Ethical Business Practice in the South African Tourism Industry

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Abstract

The conflagration of scandals in the corporate world in recent times involving major players such as Parmalat, Enron, Fannie Mae and Freddie Mac, has once again highlighted the need for virtuous character traits to be instilled in individuals employed in business corporations at all levels. Africa is not immune to the shenanigans of unscrupulous managers and she too has a plethora of socio-economic problems many of which are the direct or indirect result of greed, leading to bribery and corruption, especially in business conduct. The purpose of this paper is to demonstrate that within African society, the philosophy of ubuntu, which is in accord with Christian morality, can be utilized by businesses to develop a code of conduct or credo by which all employees in a business will be expected to operate. Ubuntu espouses key values such as solidarity, respect and human dignity and seeks the common good in society. It is argued that all employees must be empowered to develop a code of conduct or credo as their buy-in will make them likely to act in a way that they have suggested, rather than as seeing a code of conduct or credo as an imposition from above. A code of conduct should incorporate the ubuntu philosophy as the concept of solidarity and respect for others is very important to Africans (Mbigi : 2005). It is only in this way that motivation for doing the right thing can be part and parcel of an environment in which transparency prevails and in which African businesses be expected to act ethically and thus remain sustainable.

Key words: Ethics, tourism, ubuntu

Introduction

In the African business environment of the new millennium, the behaviour of managers is under greater scrutiny than was previously the case. The access to information of the public at large makes transgressions on the part of employees virtually impossible to keep secret. Unethical business practice, clearly, also leads to the reputations of businesses and even governments, becoming tarnished. The customers of today expect managers to adhere to high standards of ethicality in their behaviour. Added to this is the fact that there are increased governmental regulations in place for all organizational activities to remain ethical (Wright & Noe : 1996). Any behaviours, which are in line with the narcissistic value system that is prevalent in the West and are based on the ethic of self-preservation, are not conducive to effective business practice in Africa, and yet such practice is rife. Conduct which strays from the moral imperatives governing the behaviour of individuals and businesses is deemed to be unethical and tends to destabilize the system in which a business operates. In this regard, the ethic of self-preservation (ESP), is highly destructive in the long-term. Businesses which opt for this particular approach in their dealings with employees and customers do not have a
long-term vision in which their sustainability is assured. Sadly, more and more businesses are becoming more narcissistic in their cultural orientations (Irvin: 2002). What is needed is a vision which is realistic enough to be achievable and which encompasses ‘imaginative insight into what is to be done so that the result will lead the organisation to great heights of excellence in pursuing a purpose or goal’ (Van Zyl: 1998). An organization that is devoid of ongoing commitment, enforcement and strong leadership concerning business ethics cannot achieve success. Many employees in South African businesses often feel compelled to engage in unethical actions as the result of a conflict between their perceptions of the organization's requirements and expectations and their own personal values. Sadly, these employee behaviours are often ignored by management because of the misconception that nothing can be done to curtail or even prevent them from happening in the first instance.

Employees in most segments of business and to an extent in government, have developed their own unique responses to these ethical conflicts. It is essentially their responses that adversely impact on both the organizations' effectiveness and the employees' levels of satisfaction in the workplace.

The Root of Values

The values governing conduct are products of the normative responses from within a system and form the basis of all moral reasoning. Values are related to attitudes because they contribute to the development and content of attitudes (Reisinger and Turner: 2003).

To put it plainly, African ethics is part of a social quintessence that has strong cultural roots and presents itself in actions and behaviours which are ultimately aimed at guaranteeing the survival of the system from which they emanate. The roots of African life, culture and value systems, in Southern Africa, are found in the philosophy of ubuntu as well as in the imported Judaeo-Christian tradition. Both ubuntu and Christianity call for caring for others and for upholding moral integrity. In ubuntu, it is only through others that a person can be considered to be a person-‘Umuntu ngumuntu ngabantu’. It is only through imbizo or participation, that all people are treated inclusively and have their suggestions and ideas considered and they are treated with human dignity. Ubuntu has its foundation on democratic ideals and welcomes consultation and inclusivity from all role-players in all walks of life and this can be translated into the workplace. Only by having a common set of mutually inclusive values in place, which are embraced by all employees, can a business have any hope of truly ethical business conduct. Ubuntu transcends cultures and is a strong unifier of all peoples irrespective of race or creed. In fact the Platonic-Aristotelian traditions of individual and social virtues is highly compatible with ubuntu. There is somewhat of a combination of accident and sagacity in business recognizing the significance of the idea that ubuntu is compatible with ethical behaviour in the western sense.

What prevents businesses internalizing the value systems of ubuntu? Egoism and self-centredness and especially the ethic of self-preservation are clearly major hurdles to cross. It is nonetheless necessary for the business world to adopt a common set of values from all employees and incorporate these into a code-of-conduct or a credo for use by business. The value systems espoused by businesses in South Africa should thus include aspects such as codes of conduct and credos as these will guide them to function with integrity and uphold a strong ethical stance even in turbulent economic times. These value systems should be based on a wide range of philosophies, especially including ubuntu, as the majority of employees in South Africa are black and embrace this philosophy.

Ubuntu can be integrated into company values with relative ease as many of its values, for example, integrity, care for others, pride in performance and safety, are all in harmony with what responsible businesses should be instilling in all their employees. The ethics of ubuntu is the pursuit of equity and justice and the protection of an individual's rights and needs parallel to those of others. Its focal
What happens on the ground?

Work is not purely a contractual relationship with people having obligations to each other. It is essentially a service. So that when one becomes part of the personnel of a business, he or she is making a commitment to the community and society at large. If value-systems are in place and followed by all employees, every employee will be valued and included in the decision making process and strive to share with others, always acting ethically correctly. In truth many African businesses do not act out ethical behaviour in their conduct with clients, and many employees act unethically in their place of employ.

Many businesses bribe decision-makers in other companies to award them contracts and this in itself affects all employees indiscriminately and influences the behaviour of employees and customers in unpredictable ways. The truth is that any business which fails to take cognizance of the welfare of its customers, is ultimately dysfunctional, and will eventually lose them to their competitors in the marketplace. Such a business is also likely to ignore the essentiality of a healthy workplace environment and will consequently also experience an abnormally rapid rate of employee turnover. In especially turbulent economic times, a business, which opts to go the ethical route, will have greater prospects for success and will ensure the sustainability of the enterprise. There should be no place for self-preservation at the expense of others, and corruption in African business. In South Africa, the Constitution of the country is quite clear on the fundamental principle of honesty (Section 195[1]. Constitution of the Republic of South Africa). Businesses and individuals are accountable and obliged to explain their actions if these are contrary to the values of society, and they are expected to act ethically, i.e. apply the values of society to their actions at all times. The trial of the ex-Deputy President of the Republic of South Africa, Jacob Zuma, is a case in point.

South African society and business are opposed to bribery. This does not, of course suggest that bribery is not occurring. Clearly, business has a major role to play in promoting acceptable business practice conduct. Once a business opts to use bribery to obtain favoured status, it promotes the corruption of regulatory institutions, whereas it should in essence be trying to strengthen the regulatory framework and all its institutions (Rossouw : 2002).

There are many reasons why businesses may act unethically. Greed and the total disregard for business codes of conduct are but two reasons (Bayat & Meyer :1994). In Africa, as indeed in other parts of the globe, many businesses are dysfunctional because their managers are simply not willing to transform their enterprises in terms of ethical practice, and thus disregard what is in essence managerial wisdom in practice. According to the United Nations, corruption and bribery is rife in most African countries and this fact undermines the prospects for economic investments on the continent by foreign firms. Sadly, the greatest impact of corruption and bribery is on the poor who are unable to absorb its costs (Cookey : 2005). Corruption and bribery, whether at the governmental or business levels, results in reduced investments and even de-investment in some cases. It is common practice for many national and international companies in Africa to conduct business by offering bribes in order to secure business and undercut their legitimate competitors in the marketplace. The recent arrest of thirty three (33) high ranking officials on charges of corruption from the Department of Tourism in Brazil (Agencies, 2011) shows that corruption is not only limited to organizations.

In South Africa, there are more and more cases of corruption in business and these are considered to be a manifestation of the moral disintegration of society and the natural result of great poverty and ethnic discrimination (Mafunisa: 2000). This is so despite being ranked the second least corrupt county in Africa and also way ahead of similar major emerging markets such as China, India and Brazil (Alexander, 2006).
Corruption, including bribery, lowers the levels of ethical consciousness in the society in which it manifests itself on an ongoing basis (Ferrel et al.: 2002). The criminal justice process is a major deterrent for corruption in society as many would be perpetrators are fearful of the consequences of their actions (Rich: 1975). Hall and Jenkins (1995:92) argued that governments may use monitoring and evaluation to delay legitimate decisions and actions already taken in order to vindicate the programme in the eyes if their constituents, funders and the public.

As a society accepts relatively minor infractions of the law as being in line with what is considered to be acceptable behaviour, it is likely that people in that society will become ethnically desensitized and unethical behaviour becomes reinforced as the norm (Baack et al.: 2000). According to Kohlberg (1981), people are orientated towards social norms and are judged by others in terms of how they comply when they are what he calls the conventional stage of moral development. By means of contrast, those beyond the conventional stage behave in ways, which can be evaluated according to normative standards that are based on principles. The implication of this is that if ethical behaviour in the workplace is to become part of an employee’s mindset, it is essential for the underlying ethical principles to be recognized, understood and internalised by employees.

The consequences of corruption and bribery are destructive in that sound competition is undermined and standards of service tend to fall. Furthermore, products become inferior while prices become unrealistic. Very often, the environment is even threatened. Even more disturbing is the rapid disintegration of morality and conscience amongst the people of the country and the loss of credibility by the country in the eyes of potential or actual foreign investors who logically seek out more politically and economically stable countries (Malan & Smit: 2001). The avoidance of devastating scandal is not the only reason to observe ethical behaviour. Doing the right thing also tends to generate more tangible dividends and enhances the bottom-line for a business.

**Does Culture affect Bribery?**

Ethics in the workplace is a communal and collective mindset and it is this collective mindset which obliges us to make correct choices about how we deal with others (Sartre: 1960). It is clear from the literature and from the daily newspapers that one reads, that even minor ethical lapses in a business can inculcate a corporate culture that is accepting of more egregious infractions.

Gordon & Miyake (2001) express the opinion that bribery and corruption is a huge obstacle to development in many areas across the globe. In fact, in many developing countries, bribery is expected as a natural business practice and if one is not bribed then something is amiss (Wong & Beckman: 1992). By contrast, in developed countries it is generally accepted that employees should not accept bribes in any shape or form. They should not allow themselves to be influenced to arrive at a business decision by accepting any special favours, gifts or bribes. According to Ferrel et al. (2002), many managers have fallen from favour because of their acceptance of some or other bribe. In certain African cultures, giving a gift to obtain business is more or less a norm (Millet: 2004). Culture is then a great influencer. How is it then that African culture which espouses ubuntu tolerates unethical business practice? Clearly, what is a solid philosophy of goodness, has been hijacked by greed and corruption emanating from western business practices. While western business frowns on corruption and bribery, there are nonetheless individuals and businesses who opt to go for the easy way out, bribing their way through business deals and corrupting otherwise ethical people.

**What happens and what should be happening?**

If we seek the internationalization of ethical values and standards and desire an ubuntu value-based approach to ethics in the workplace and beyond, businesses
should strive for the inclusion of all employees in the decision-making process, irrespective of rank in the operational hierarchy. Corruption in any shape or form must be condemned out-of-hand. A transformational approach to managing ethics is desirable in which all stakeholders in a business are engaged and in which an ethos of ethics prevails which has been to an extent inculcated by a code of conduct. A necessary prerequisite is however, the employment of ethically competent managers.

The opinions of all employees should be considered seriously and valued. Employees need to feel a sense of worth and ownership in a business and will commit themselves more to their employer as a consequence of such acknowledgement on the part of their employers. This is clearly one aspect, which is lacking in most South African businesses. Employees generally do simply not trust their employers, who they see as narcissistic promoters of ESP. There is no *esprit d’corps* between the employees and the employer in such businesses and in most cases, employees are not treated with the dignity and respect they deserve. This is why managers should pro-actively promote ethical behaviour and not seek to undermine ethics initiatives by lacking a clear pro-ethics corporate identity.

In African society, a manager who disrespects his employees is at once considered to devoid of decency and humanity, and such a manager is not taken seriously at the best of times. African society is for the most part, highly compassionate as evidenced in *ubuntu*. Individuals will share with the have-nots in their society and will strive to uplift them. Such regard for others leads to greater sustainability in African society. Whilst such behaviour is paid lip-service to in most businesses, in practice, it is not supported as most businesses are caught up in ESP. While western business models tend to focus on ‘the bottom-line’ and narcissism, African businesses are more committed to uplifting society and creating a new workable community in which all can prosper. This is not to say that some black managed companies are also not ESP promoters.

It is the CEO, General Manager and other leaders who sets the tone and develops the strategic long-term vision of a business. They has the power to mould the behaviour of all employees in the business. Business is a metronome for society and the actions of its leaders set models in place for individual as well as group behaviour. They morality these individuals exhibit begin as a set of culturally defined values and are generally gradually inculcated as habits. In African society, *ubuntu* and Christian morality are the cornerstones of moral behaviour, and yet unethical conduct takes place daily. The point is that business is about people and business ethics concerns how we treat employees and customers as well as all the other stakeholders. Various South African businesses have implemented codes of conduct that define unacceptable employee behaviour and these serve as a guideline for the practice of ethical conduct. The majority have based their codes on Eurocentric ideals. That is a step in the right direction, but it is clearly not enough for an organization to have a code of ethics based on western philosophies-after all, not everything in the West is sound ethically speaking. Indigenous African philosophy should also be utilized as an ethical driver. Business should vigorously pursue a more proactive position in promoting the day-to-day practice of ethical behaviour amongst all stakeholders that it serves. The focus is gradually shifting to developing strong values based African businesses. It is equally important to communicate *Ubuntu* values to all stakeholders. Consequently, codes of conduct that are implemented should be formulated with full employee participation and buy-in. Any code that is adopted should not be overly legalistic in tone neither should it be strictly compliance orientated. What is desirable is to change mindsets where unethical business conduct is seeing as correct. Ethics programmes should be in place that are not solely focused on compliance but rather, seek to encourage responsible employee conduct. When a business is reactive to unethical conduct in its rank and file, rather than proactive, it is probably already to late to avoid disaster. Businesses that establish and communicate clear standards and
guidelines to employees for dealing with urgent situations relating to ethics in the workplace, are in a better position to avoid disaster.

Effective communication is clearly a key factor in promoting ethical behaviour within a business. The Business Unity South Africa (BUSA) (2009) in its chatter of business practice reaffirm that ‘sectors and professional bodies must adopt sector and profession-specific codes of conduct and/or ethics as well as a training and communications regime to support their application’. This includes the implementation of effective anti-corruption communication and awareness programmes at community level, within the business sector and across civil society.

An open-door policy should prevail at all times across the board and all employees, irrespective of station in the workplace, should be encouraged to discuss unethical situations or decision-making dilemmas with their superiors so as to address issues which could be detrimental to the business, all its stakeholders and the society which it serves.

Employee empowerment against ESP

Another aspect which deserves attention is employee empowerment, which has been receiving greater attention than was the case in the past (Zani & Pietrantoni : 2001). There is no doubt that empowerment of employees goes a long way in fostering an ethical workplace ethos. Much literature supports the view that the major determinant of empowerment, by category, is the psychological variables affecting it (Menon & Hartmann : 2000, Dimitriades : 2002). By empowering or ‘granting power’ to an employee, a business is seen to be acting ethically as it is considering the employee’s human dignity and is according him/her a status of worth. The employee has a sense of having free choice in “initiating and regulating” his or her actions (Spreitzer : 1995) and is able to shape his/her work role and context. In essence, employees have a locus of control in which they believe that they, rather than external forces, determine what happens in their workplace environments and thus feel empowered.

To empower employees is neither excessive nor unique, it is the right thing to do. It should be part and parcel of fair treatment of all employees.

There is an erroneous perception in many African businesses that because employees are not all in management positions, they are not concerned about ethical questions. In fact, the more they are involved in the decision-making process and participate, the more they will feel the desire to be part of an ethically responsible workplace. Any management style which stifles the individual and does not respect human dignity, is problematic, for in such a workplace ethical behaviour is less likely to be maintained. Such autocratic management styles are thus deleterious to both employees and employers and therefore to the community at large. A business’s dynamic core of human interaction cannot be ignored. Any style of management which fosters self-centredness is antithetical to the creation and maintenance of a sustainable business operation.

If employees are not sufficiently empowered, they will perceive themselves to be separate entities and will make all decisions based on ESP (Irvin : 2002). They will thus not take into account the effect of their actions on those around them, either in the workplace or in society, and will have their moral reasoning inhibited to the detriment of all who may come into contact with them. A business that empowers its employees will have enlightened leaders who are also the initiators of new values. These leaders will of necessity, strive for creating a sense of commitment and ownership in all employees and make certain that all the values proposed by them are in harmony with the basic goals of the business and be part of its processes. According to Bass (1990), ‘The organizational philosophy includes its assumptions, values, foci of attention, priorities, and goals and the techniques it promulgates to implement its efforts. Clearly its philosophy and culture overlap and reinforce each other in determining what is the right thing to do and what is important and good’. As such, leaders of businesses are thus important developers of business philosophy and drive the value system of their business. It
is incumbent upon them to co-opt all employees in the decision-making process concerning the preparation and formulation of the business’s philosophy including the code of ethics to be adhered to by all employees. Business leaders need to be concerned about employees and human relations and are obligated to consider the interests of individual employees and society into consideration.

The virtues that employees are expected to develop in the workplace must also be expressed in the culture of the business. Rules on how employees should act when practical dilemmas arise are equally important. In fact the modes of expected behaviour in given scenarios should be spelled out clearly for all employees who should be empowered to act as they see fit within given parameters of behaviour. It is only in this way that ESP can be effectively countered and the welfare of all be upheld in business practice. The leaders’ total buy-in to ethical conduct is non-negotiable and they should be interactive and collaborate totally in upholding codes of ethics or credos in the workplace. It is the role of leaders to be effective managers of the values espoused in a business (Peters & Waterman : 1982).

Conclusion

Serious managers need to identify the need for change in their business and seek first and foremost to improve the organization that they serve. They may need to personally adapt and foster the desired positive changes in employees. They will needs to start the process of designing an ethics strategy to combat corruption and bribery in the workplace by clearly defining the businesses’ strengths, weaknesses, opportunities and threats in terms of both the micro and macro environments (SWOT analysis). Once this objective has been achieved, it is necessary to clearly spell out what the business wishes to achieve in terms of its mission and its long-term strategic plan. It must also address the question of how it will face up to the multiplicity of environmental challenges and opportunities (McDonald : 2000). Having rules and regulations on ethical behaviour in place in a business may well deter corruption in the short term, but the way to affect change in the long term is to focus intensely on instilling integrity in the workforce and especially in management. A manager who is devoid of virtues may still obtain superb financial results but will never be a good manager because he is unable to understand the long-term consequences of his unethical actions. Only by striving for virtue and understanding human behaviour and its consequences can he hope to be analytically astute and a truly capable leader in the workplace. Intellectual capacity alone is not enough.

It is not simply a question of drawing up a list of values considered to be important, but to rather discuss with employees which values are considered important to ethical business conduct. What is essential is that the values that a business intends to operate by need to be credible and consistent and place in a hierarchical order of importance from most essential value first. A business cannot simply ignore the fact that it employs people from different religious, socio-cultural and political backgrounds. Each person may thus differ from the next in that he or she emanates from a society, which has a somewhat unique, if not similar, value system. Given that ubuntu and Christian morality are highly compatible, there is great likelihood that a code of conduct or credo based on these will be highly successful once implemented. The values that are selected must be selected and accepted by all employees in the business, irrespective of level of seniority in the business. This requires the value systems of a worker to be respected by his fellow workers and places management in a position where it is obliged to acknowledge cultural diversity in the workplace and sensitize employees to this. After this process, the values accepted by all should be communicated to all through a code-of-conduct or a credo. Without the total formal commitment of the senior management, it is unlikely that the rest of the employees will buy into the code-of-conduct or credo. Surveying the literature, there is evidence to suggest that the incorporation of Ubuntu into the ethics mindset of the modern African business enterprise may do much to improve the

While the business leader offers a vision, it is necessary for the employees to buy into the vision. Judgments may need to be made with regard to differing viewpoints on an ethical issue. If ethical behaviour is to be achieved, the whole business structure, from top to bottom, must be totally committed to it. The best way to achieve ethical business conduct from employees is of course, for the leaders of the business to be perfect role-models for their employees. There must be limits to human actions. By making and taking immoral decisions, managers will in essence deteriorate as human beings and they will ultimately harm the communities they serve and society at large.

References


