Chapter 4
Analysis of Business Ethics and Social Responsibility Practices in Government Agencies in South Africa

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ABSTRACT

Government agencies are important due to their contributions to the growth of economy and the benefits they bring to the society. However, there is an increasing need for these agencies to be ethical, especially in the 21st century, an era full of competitors, and also characterized by an increasingly globalized business world and a cascade of corporate corruption and fraud in both developed and developing countries. Government agencies thus require the enforcement of business ethics for long-term business success and sustainability. Although the main objective of business is to earn the money and profit, government agencies should take initiative for the welfare of the society and perform their activities within the framework of environmental norms and social responsibility. These agencies should provide goods and services legally, and profitably to the society and operate responsibly to address social and environmental issues. The study utilised literature review to critically analyse business ethics and social responsibility practices in government agencies in South Africa.

INTRODUCTION

The earlier you create ethical culture and apply business ethics in your organization the better as the proverbs say: A man without ethics is a wild beast loosed upon this world. – **Albert Camus**

As noted by Mohammed (2012) organizations that are committed to long-term success realize that creating a culture where ethical behaviours are rewarded and encouraged is the ultimate key to survival today and growth in the future. Government agencies are important due to the benefits they bring to the

people who are the consumers of goods and services. These agencies should thus run their operations in the most economical, efficient and effective manner possible to increase performance and focus on creating an ethical culture for business sustainability. The interest in business ethics that began in the 1970s, was in realization that businesses could be tempted to act immorally and unethically whenever necessary in pursuit of profit. This interest grew rapidly in recent years when it became evident that many heavy global businesses like Enron collapsed due to breaches in good corporate governance and business ethics (Ugoani, 2019). Business ethics thus become an international issue as the globalization process takes hold and the world begins to resemble a global village.

Sexty (2011) described ethics as codes of values and principles that govern the action of a person, or a group of people regarding what is right versus what is wrong. In the business setting, being ethical means applying principles of honesty and fairness to relationships with co-workers and customers (Daft, 2001). Sahin (2018) define business ethics as ethically the right way to run business and similarly as to apply ethical principles and values to business practices. Brimmer (2007) also described business ethics as a set of moral principles, values and standards that guides business practices to reflect a concern for society as a whole while pursuing profit (Brimmer, 2007). Furthermore, Albdour (2017) described business ethics as the ability and willingness to reflect on values in the course of organizational decision-making process, and thus to determine how value, and decision affect the various stakeholder groups are fundamental to organizational performance and sustainability. It is the behaviour that a business adheres to in its daily dealings with its stakeholders (i.e employees, customers, suppliers, immediate community and society in general (Dombin, 2012).

Employees in an organization are critical stakeholders, therefore when management considers business ethics in its actions they can be able to increase productivity (Ugoani, 2019). Business ethics are thus necessary to ensure ethical business decision-making and to this extent more than 90% of global sustainable organizations have code of ethics and huge regard to prevailing laws (Ugoani, 2019). On the other hand, ethical behaviour is defined as a practice that applies to everyone employed in the organization regardless of position, level of responsibility and range of responsibilities (Paliwal, 2006). It relates to actions which are characterized by honesty, integrity, morality and good management practices (Paliwal, 2006), while earning profits for the business organization. Business leaders are making decisions on a daily basis that could alter the likelihood of survival in today's market and are often forced to adopt a code of ethics or ethical codes and apply them in their daily business operations. Codes of ethics are formal standards and rules on beliefs about right or wrong that managers can use to help themselves in making appropriate decisions with regard to the interests of the stakeholders (Ezigbo, 2013). The decisions made within the organization forces business leaders to weigh pros and cons regarding benefiting the business, shareholder needs, legality issues, geographical concerns and other business matters.

However, when business people make decisions that are unethical, many people can be hurt, including employees, customers and members of the general population as well as the business itself (Mohammed, 2012). Organizations that choose not to do what is right, often do not survive for the long term and this may result in short term profit and also lead to eventual demise of the organization. However, ethics in business may be affected by many factors including the strength of legal, business regulation and human characteristics such as ethnicity, gender, level of education and socio-cultural environment (Wise, Ali, & Wise, 2010). As noted by Wise, Ali and Wise (2010) a low level of ethics adoption in the business sector is a part of wider socio-economic and political problems faced by many countries, such as loopholes in legal and business regulation often contribute to the corruption that can plague business

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