Organisational Ethics Management to Promote Good Governance in the South African Public Service

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Abstract

This paper summarizes the arguments and counterarguments within the scientific discussion on the issue of misconduct. The purpose of the research is to explore the need for organizational ethics management to promote good governance in the South African Department of Public Works and Infrastructure. Systematization of the literary sources and approaches for solving the problem of misconduct indicates that despite the legislative and institutional frameworks that are implemented, various forms of misconduct persist in the department, the cause of which could be institutional and explored and described in the study. The relevance of this scientific problem decision is that this study intends to promote good governance in one chosen department in South Africa, and the findings may also apply to other government departments. Investigation in the paper is conducted in the following logical sequence: conceptual frameworks of organisational ethics management and good governance are explained, followed by an explanation as to how organisational ethics management can promote good governance; after that, a contextual framework is discussed, exploring various cases of misconduct that impede good governance in the Department of Public Works and Infrastructure. The methodological tools of the research methods were conceptual and document analysis and synthesis. The paper presents the qualitative study results which show few institutional factors, such as lack of audit action plans, absence of funding models, ineffective internal control systems, and lack of compliance. These may be considered factors impeding good governance in the Department. The results show that organisational ethics management needs to incorporate various aspects of ethics into the Department, such as ethics training, code of conduct, establishing an ethics committee, promoting ethical behaviour, and disciplinary measures to combat misconduct and promote good governance. The results of the research could be helpful for other South African government departments to combat misconduct and promote good governance.

Keywords: Code of Conduct, Department of Public Works and Infrastructure, Disciplinary Measures, Ethical Behaviour, Ethics Training, Good Governance, Misconduct, Organisational Ethics Management.

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Introduction

Regular fraud and corruption awareness workshops are conducted across the Department of Public Works and Infrastructure (DPWI), targeting all staff members regardless of their level to guarantee compliance with ethics and raise awareness and educate the staff. The aim of these workshops is to educate “employees regarding whether doing the right thing matters; makes doing what is right expected; and includes formal ethics program elements, rewards, and punishment systems, as well as organisational myths aimed at
ensuring compliance with ethical standards” (National Association of State Boards of Accountancy (NASBA), 2021: 1 cited in Mothabi & Vyas-Doorgapersad, 2022: 1). Till 2020, a total of 262 fraud awareness presentations have been conducted within the Department since the 2012/13 financial year, targeting all officials (Parliamentary Monitoring Group (PMG), 2020: 2). The Department surveyed the impact of these workshops, and the findings are published in the 2020-2021 Annual Report. The results are summarised and narrated as (DPWI, 2021: 46): the department establishes an output indicator of an ‘ethics and fraud prevention rating’. The achievement for 2020/21 was received as ‘17.8% - Good progress, 67.8% - In progress, and [only] 14.2% - Interventions required’. Despite the excellent survey responses and the ethical tools used, the DPWI still experiences misconduct that adversely affects its operations. The mentioned information concerning misconduct in the DPWI indicates that public service's main challenges are a lack of compliance by officials and staff with laws and regulations and a poor organisational culture. Therefore, the article deduces that the department lacks sufficient ethical tools to combat misconduct and promote good governance and effective organizational performance. Organisational Ethics Management (OEM) is therefore considered necessary to provide guidelines and principles on how to reduce misconduct and promote good governance in the DPWI.

Various forms of misconduct are perpetrated within the DPWI, and it was impossible to cover all of them in this study. This study focuses on financial misconduct in the DPWI. The aspects of financial misconduct addressed in the study (criteria obtained from Public Service Commission (PSC) 2015) for the 2015/16-2019/20 financial years documented by the DPWI include the total number of completed financial misconduct cases; the types of financial misconduct cases; the levels of the employees charged with financial misconduct; the outcome of financial misconduct cases; financial misconduct sanctions; the amount of money lost due to financial misconduct; and criminal procedures brought against personnel found guilty of financial misconduct. The information was gathered from the PSC and DPWI annual reports to compile information. Drawing from the background, the research question formulated for the study was: “How can organisational ethics management reduce misconduct and improve good governance in the Department of Public Works and Infrastructure?”

Conceptual Frameworks for Organisational Ethics Management and Good Governance. An organisation is formed when people with different aims and ways of thinking converge to work toward pre-defined goals and objectives. Employees are an organisation's assets, and they must maintain the decorum and atmosphere of the workplace to achieve good governance and improve the organisation's performance (Butts, 2012: 2). According to Sarna (2021: 1), organisational ethics refers to an organisation's active attempt to establish its mission and basic principles; identify values that may cause conflict; seek the best solutions to these conflicts and manage operations in a way that maintains its values. Organisations with morals and values have recognised the importance of communicating and practising ethical procedures and policies in their administration (Brimmer, 2007 cited in Grigoropoulos, 2019: 2). Paliwal (2006: 19) posits that “to increase awareness of employees and ‘define criteria for ethical decision-making within the organisation’, the organisation should provide a comprehensive training program to prepare employees for the policies, practices, and expectations”. Ethics in organisations lead to the development and enhancement of internal and external relationships (Brimmer, 2007: 3 cited in Grigoropoulos, 2019: 3). An organisation’s reputation paves the way for stakeholder approval and acceptance, which is necessary for it to remain competitive, prosper and achieve the desired outcomes (Watson, 2007 cited in Kumar & Reddy, 2015: 1). Vyas-Doorgapersad (2007: 299) opines that “to control misconduct and have the measures to control it, the public service should establish the right ethical climate in which the ethical conduct of its public officials can be monitored.” This study found that the DPWI should build an organisational ethics management system capable of preventing misbehavior and supporting good governance.

Ewandt (2001: 9-11 cited in Pillay, 2016: 8) views governance as directly related to public administration processes and the essential ingredients of accountability, democracy, ethics, the rule of law and transparency. At the same time, Huberts (2012: 188) defines it as an authoritative policymaking process to address a wide range of problems and implement these policies. Strategies must be implemented to improve the government’s efficiency, accountability and responsiveness, control corruption and establish ethical norms, make public administration more responsive, strengthen judicial institutions and decentralize the government (Rondinelli & Shabbir-Cheeman, 2003: 46-49 cited in Prinsloo, 2013: 6) to promote good governance. Good governance is especially important in the public sector because of the involvement of public funds (Melouney, 2017: 1).
Good governance can be thought of as a new paradigm in public administration. According to Vyasa-Doorgapersad and Aktan (2017: 31), “the neoliberal paradigm shift, pure marketplace ideology, and private sector efficiency approach failed to sustain the values espoused by new public management (NPM), creating an environment” whereby the central issues of equity, fairness and market failure are resurfacing as government after government realizes that the lives of the majority, the ordinary citizens, cannot be ignored in favor of the few, the powerful particularistic interest group elites (Ikeanyibe, Ez’Ori, & Okoye, 2017: 3 cited in Vyasa-Doorgapersad & Aktan, 2017: 31). Therefore, to be effective, governance requires parameters.

Sharma, Sadama, & Harpreet (2013: 69) and Onichakwe (2016:4) opine that participation, accountability; transparency; the rule of law; consensus; effectiveness and efficiency, responsiveness, inclusiveness, and equity are all elements of good governance. Other organisations and scholars, such as the United Nations Development Programme (UNDP) (2008) and Vyasa-Doorgapersad and Ababio (2010: 413-414), discussed these elements in detail with other principles that include participation and the rule of law; transparency; equality; responsiveness; vision; accountability; oversight; efficiency and effectiveness; and professionalism.

**Organisation Ethics Management to Promote Good Governance.** According to Vyasa-Doorgapersad (2007: 299), measures to combat corruption are most successful in an ethical environment subject to monitoring. This can be achieved by establishing ethics-based management practices and measures to promote good governance in organisations. The relationship between ethics and governance is established by an organization’s owners or executive managers, who demonstrate the governance and decide which ethical principles employees will follow. This link ensures everyone is treated equally and fairly (Vitez, 2021: 1). Several scholars opine that OEM and good governance concepts strive for organisational integrity and trust. Integrity measures are now essential components of good governance, according to the Organisation for Economic Co-operation and Development (OECD, 2000: 10), because ensuring integrity means that public servants’ behaviour is consistent with the goals of the organisation in which they work, decision-making procedures are transparent to the public and measures are in place to allow public scrutiny and redress.

According to a consultation draft for an international framework (International Federation of Accountants (IFAC), 2013: 11), achieving good governance requires maintaining integrity; ethical values; accountability, and transparency. To achieve good governance, organisations need ethics management that can foster norms by ensuring that the governing body upholds specific values for the organisation and its employees (IFAC, 2013: 14). It requires a code of conduct, professional integrity, anti-corruption measures, and abiding ethics regulations to ensure that “the organisation’s integrity and its commitment to ethics” (IFAC, 2013: 14) is maintained. In a study into the effects of business ethics and company culture on the application of good governance principles, Ariesti, Yolanda, and Hia (2014) cited in (Kesuma, Risanty, Mubarok & Marisa, 2020:186) found a positive and substantial relationship between business ethics and the adoption of good corporate governance principles. Sari (2011), cited in (Kesuma et al., 2020: 186) researched the impact of business ethics, codes of conduct, shareholders, and dividend policy on exemplary corporate governance implementation and found that business ethics, codes of conduct, and policy have a significant impact on the performance of good governance. According to Petersen (2013: 4), the role of corporate ethics in good governance practices are that ethics are the bedrock of governance and can assure the long-term viability of business operations and the maintenance of a positive corporate image. Applying ethical behaviours in organisations may ultimately create good governance.

Moreover, as suggested by Kesuma et al. (2020: 191), the management must safeguard stakeholders’ interests to maintain their trust as the organization has high responsibilities. These stakeholders include creditors, shareholders, employees, and society at large. Finally, an ethical code may improve an organisation’s integrity and corporate governance (Kesuma et al., 2020: 8). According to IFAC (2001: 18), good public sector governance necessitates successful arrangements for “defining outcomes in terms of long-term economic, social, and environmental benefits; identifying the interventions required to maximise the achievement of the desired outcomes; developing the capacity of the entity, including the leadership's and individual's capabilities; risks and performance are managed through strong internal controls and public financial management; and adopting best practices in transparency, reporting, and auditing to ensure effective accountability”. According to this information, OEM appears to be crucial in ensuring good governance because each of the abovementioned arrangements can be included in an institution’s OEM program.
Misconduct that Impedes Good Governance in the Department of Public Works and Infrastructure.

The Department of Public Works and Infrastructure (DPWI) is the custodian and portfolio manager of the government's immovable assets, according to the Constitution of the Republic of South Africa of 1996 and the Government Immovable Asset Management Act (GIAMA) No. 19 of 2007 (GIAMA, 2007: 4). The study focuses on cases of financial misconduct common in the DPWI. The DPWI has been criticized in the media for corruption, fraud, theft, and maladministration, with Minister Patricia de Lille revealing disturbing corruption allegations within the Department (The Citizen, 29 September 2019). To date, the total value of alleged irregularities investigated by the Special Investigating Unit (SIU) in infrastructure-built investigations exceeds R10 billion. It is essential to introduce transparency into the infrastructure construction procurement process and a practical corruption risk framework (Mail & Guardian, 24 May 2021).

The Department conducted 293 corruption-related investigations from the 2012/13 budgetary year to the end of March 2020, of which 256 were finalized, 18 are in various stages of research, and 19 cases have been referred to other law enforcement agencies. Of the investigations, 325 disciplinary proceedings against departmental officials have been initiated for misconduct, including corruption, financial misconduct, and non-compliance with departmental policies and procedures (DPWI, 2020: 143). 288 of the 325 disciplinary proceedings that were recommended have been completed. Dismissals, final written warnings, suspensions without pay, resignations before disciplinary procedures, and retirement are all possible outcomes. Forty-six cases involving criminal acts such as fraud, corruption, and misrepresentation have been reported to SAPS for possible investigation and prosecution (DPWI, 2020: 143).

Dismissals, final written warnings, suspensions without pay, and resignations are all punishments for officials. The DPWI conducted approximately 176 investigations into various fraud and corruption charges during the 2015/16 financial year, and 215 disciplinary proceedings against department officials were initiated because of these investigations for corruption, financial misbehaviour, and non-compliance with departmental policies and procedures (DPWI, 2021: 104).

During the 2020/21 financial year, the Accounting Officer identified the material irregularities discussed hereunder (DPWI, 2021: 161).

➢ The cost of state events exceeds the contract's budget. Rates charged on invoices for three state events that occurred between 6 July and 7 November 2018 differed from the prices quoted on the pricing schedule provided by the supplier during the procurement process, resulting in an R825 832 material financial loss.

➢ Variations in the cost and number of funerals. The prices charged on invoices for some state funerals held between May and December 2018 differed from the amounts quoted on the pricing schedule supplied by the service provider during the tender process. In other cases, the supplier's invoice for payment includes items that were not initially quoted on the pricing schedule that was submitted by the supplier during the bidding process and the quantities on the invoices differed from the quantities agreed to on the quotation in certain cases, with no record of the department's request for additional items. A financial loss of R9 121 374 ensued as a result of this.

The DPWI executive authority, the Acting Accounting Officer and the executive authority in the presidency's office are all taking disciplinary action against the personnel found to be involved. Due to legal cases filed by the implicated officials against the departments, the disciplinary proceedings are taking longer than anticipated (DPWI, 2021: 162). The Accounting Officer filed a criminal complaint against the service provider with the South African Police Service (SAPS) under CAS 792/3/2020 and notified the supplier of the intention to bar the state (DPWI, 2021: 162).

R4.76 million in irregular spending was incurred in the 2020/21 financial year due to officials whose appointments were deemed to be irregular in previous years after an examination by the Public Service Commission (PSC). The case is currently in court and officials who served on the panels that approved their nominations have been subjected to disciplinary action (DPWI, 2021: 238). In addition, the audit team found a R19.7 million loss in the previous year linked to a contract for state events, where changing prices of essential items were recorded. All costs incurred in connection with state events are being investigated by management (DPWI, 2021: 238).

The DPWI was investigated by the auditor-general and the Department's Anti-Corruption Unit (SIU) during the Beitbridge border fence project. The project was intended to repair and replace the boundary fence between South Africa and Zimbabwe. According to the SIU, a projected cost of R40.4 million was over-estimated (EyeWitness News, 8 August 2020). On 23 September 2020, the SIU applied to freeze the service
provider's bank accounts. The contractor will not make any future claims for payment from the trading entity, according to the Special Tribunal Order issued on 23 September 2021 (DPWI, 2021: 312). The SIU filed a lawsuit against the suppliers with the Special Tribunal on 17 November 2020, under the case number GP/17/2020. The case is still under investigation. Since then, the trading organisation has taken disciplinary action against its workers for their involvement in the project. The disciplinary hearings are ongoing (DPWI, 2021: 312).

As far as the investigation conducted at the DPWI is concerned, the Public Service Commission report on Phase 1 and Phase 2 investigations into irregular appointments in the Department reveals that in 12 instances, the appointments of 37 members of the SMS were irregular, and regarding salary levels 12 and below, in 10 cases the appointments of 647 employees were irregular (PSC, 2020:49). The details of the misconduct are presented in Tables 1 and 2.

Table 1. Misconduct and Disciplinary Hearings Finalized

<table>
<thead>
<tr>
<th>OUTCOMES OF DISCIPLINARY HEARINGS</th>
<th>NUMBER</th>
<th>PERCENTAGE (%) OF TOTAL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dismissal</td>
<td>05</td>
<td>10.60</td>
<td>05</td>
</tr>
<tr>
<td>Suspension from work without pay</td>
<td>04</td>
<td>8.51</td>
<td>04</td>
</tr>
<tr>
<td>Final written warning</td>
<td>12</td>
<td>25.53</td>
<td>12</td>
</tr>
<tr>
<td>Written warning</td>
<td>17</td>
<td>36.17</td>
<td>12</td>
</tr>
<tr>
<td>Verbal warning</td>
<td>01</td>
<td>2.12</td>
<td>1</td>
</tr>
<tr>
<td>Cases withdrawn</td>
<td>04</td>
<td>8.51</td>
<td>04</td>
</tr>
<tr>
<td>Cases not pursued</td>
<td>04</td>
<td>8.51</td>
<td>04</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>47</strong></td>
<td><strong>100.00</strong></td>
<td><strong>47</strong></td>
</tr>
</tbody>
</table>

Source: DWPI Annual Report, 2021, p. 150

Table 1 shows the details of misconduct in the DPWI for the 2020/21 financial year and the outcomes of the disciplinary hearings. During that financial year, the department dismissed five employees, suspended four without pay, and issued 12 final and 17 written warnings. One employee was verbally reprimanded, four cases were dropped, and four were not pursued.

Table 2. Types of Misconduct Addressed at Disciplinary Hearings

<table>
<thead>
<tr>
<th>TYPES OF MISCONDUCT</th>
<th>NUMBER</th>
<th>PERCENTAGE (%)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribery, fraud, corruption, and nepotism</td>
<td>02</td>
<td>4.25</td>
<td>02</td>
</tr>
<tr>
<td>Absent from work without reason or permission</td>
<td>06</td>
<td>12.76</td>
<td>06</td>
</tr>
<tr>
<td>Non-compliance with SCM/procurement procedures</td>
<td>01</td>
<td>2.12</td>
<td>01</td>
</tr>
<tr>
<td>Misuse, abuse or unauthorised use of state vehicle or property</td>
<td>03</td>
<td>12.34</td>
<td>03</td>
</tr>
<tr>
<td>Negligence/dereliction of duties</td>
<td>14</td>
<td>29.78</td>
<td>14</td>
</tr>
<tr>
<td>Displayed disrespectful, disgraceful, and unacceptable behaviour</td>
<td>03</td>
<td>6.38</td>
<td>03</td>
</tr>
<tr>
<td>Failure to carry out lawful instructions/insubordination</td>
<td>10</td>
<td>21.27</td>
<td>10</td>
</tr>
<tr>
<td>Prejudiced the administration of discipline and efficiency of the department</td>
<td>03</td>
<td>6.38</td>
<td>03</td>
</tr>
<tr>
<td>Operating money lending society scheme</td>
<td>04</td>
<td>8.51</td>
<td>04</td>
</tr>
<tr>
<td>Performed remunerative work outside the public service without permission</td>
<td>01</td>
<td>2.12</td>
<td>01</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>47</strong></td>
<td><strong>100</strong></td>
<td><strong>47</strong></td>
</tr>
</tbody>
</table>

Source: DPWI, 2021, p. 150

The types of misconduct reported in the 2020/21 financial year were bribery, fraud, corruption, and nepotism with two cases constituting 4.25% of the total, absent from work without reason or permission with six cases constituting 12.76% of the total, non-compliance with SCM/procurement procedures with abuse including unauthorized use of a state vehicle or property with three cases and negligence with 14 cases. Furthermore, three employees showed disrespect in the workplace, and 10 cases of employees failing to follow lawful instructions were reported. Three officials jeopardized the administration's discipline and efficiency, four were running a money lending scheme within the department, and one case of an official performing additional paid work without approval was recorded. The misconduct may have been due to institutional causes and strategies not being properly implemented.

Methodology

The article applies qualitative methods with exploratory and descriptive research designs. A qualitative research approach “refers to any type of research that produces findings that are not based on statistical procedures or other quantitative methods” (Strauss & Corbin, 1990 cited in Golafshani 2003: 600).
The study compiles information through literature and document reviews. The data is analyzed using conceptual and document analysis. Maxwell (2005, cited in Nyikadzino & Vyas-Doorgapersad, 2020: 236), a conceptual analysis can be seen as a system of concepts, assumptions, expectations, beliefs, and theories that inform research and is generally regarded as an explanation proposed to reach a better understanding of the social reality/phenomena being investigated. Document analysis “involves analytical reading and a review of large amounts of written material” (Creswell 2013, cited in Nyikadzino & Vyas-Doorgapersad, 2020: 236).

**Discussion and Results**

The causes of misconduct may be due to institutional factors in those strategies are not implemented or have implementation gaps, as discussed in the ensuing paragraphs. Audit action plans are not always carried out as planned. Several of the cases of misconduct that were identified occurred repeatedly for several years and have not yet been adequately addressed, according to the committee. People are not held accountable for causing unacceptable audit outcomes because of ineffective leadership and slow response by senior management in implementing action plans (DPWI, 2020: 165).

During the 2020/21 budgetary period, the Department's overall performance was measured at 55%. The primary causes of the underperformance were attributed to ineffective management and the absence of funding models. These institutional challenges have had an impact on the DPWI's core delivery functions (DPWI, 2021: 18). The DPWI's internal control system is ineffective, which makes it difficult to implement an ethical culture (DPWI, 2021: 111). The system has proven unsuccessful and inefficient in the case of the DPWI, as overpayments to landlords in terms of privately leased properties continued in the 2020/21 fiscal year. There are no assessments or monitoring of compliance with applicable rules and regulations and this has resulted in material non-compliance findings in the areas of expenditure, procurement, and contract management (DPWI, 2021: 111).

**Conclusion**

As the DPWI deals with large, unique, and costly projects, the department attracts corruption in the form of misconduct, creating challenges in achieving a transformed, built environment sector that can improve people's lives. Corruption, fraud, bribes and performing remunerative work outside of public service without permission are examples of the financial misconduct perpetrated within the department. The DPWI’s processes for combating unethical behaviour should be strengthened. According to this study’s findings, the DPWI has an audit committee to which allegations of misconduct are reported quarterly for investigation. It would be preferable if the cases were reported monthly. Oversight must also be strengthened, and cases of misconduct must be addressed by taking immediate action, evaluating the investigations as soon as possible and conducting follow-ups to ascertain if the matter has been concluded. The DPWI should put in place mechanisms to reward ethical behaviour, as this is a good way to promote the importance of ethical behaviour. An ethical organisational culture is created by leaders and employees who follow an ethical code. An organisation’s leaders can foster an ethical culture by modeling the behaviour they wish to see in their employees. Employees that display principles and integrity that are consistent with the organisation's code of ethics might be rewarded, while those who make poor decisions can be disciplined.


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