ABSTRACT

This study investigates how business ethics are institutionalised in a number of life insurance companies in South Africa. The perceptions of employees working in prominent life insurance companies across South Africa were gauged on the manner in which business ethics principles are institutionalised at their respective companies. According to the respondents, the two most important mechanisms to instil an ethical culture in their organisations were that clear ethical standards and guidelines were set in their code of conduct and that management was committed to the fair treatment of clients. Other important issues related to the setting of clear ethical standards and guidelines in policy documents, disciplining violators of ethical norms, being committed to the fair treatment of employees, and having a clear ethics management strategy.

KEY WORDS

Business ethics, institutionalisation, unethical behaviour, life insurance sector
INTRODUCTION

The cost of unethical behaviour and the loss of reputation act as driving forces behind organisations’ concerns with business ethics. Business ethics has become strategically important to such a degree that it cannot be ignored by organisations any more (Van Vuuren and Rossouw, 2003:2).

Business scandals globally and nationally have demonstrated the destructive nature and the consequences of unethical corporate behaviour. Although ethical behaviour is important in all sectors of the industry, the insurance sector is of particular importance. This is because the insurance sector often experiences an image problem owing to ethical lapses. Insurance products are complex in nature and confusing to many clients. Although this sector is heavily regulated, investors are still, to some extent, vulnerable to unethical behaviour on the part of employees in this sector (Eastman, Eastman and Eastman, 1996:951). As the insurance sector plays a key role in securing the financial future of individuals, this sector will form the focal point of the study.

To organisations and employers, acting morally and legally means saving billions of rands each year with regard to lawsuits, settlements and theft. Other costs to an organisation include declining employee productivity, creativity and loyalty, ineffective information flow throughout the organisation, and absenteeism (Weiss, 2006:10-11). The 2007-2009 global financial crisis could also be seen as a result of unethical behaviour. Bank employees in the USA were granting sub-prime mortgages to candidates who were not credit-worthy, just to write more business.

Drummond and Bain (1994:9) identify a number of reasons why organisations are interested in business ethics. They argue that the high costs of corporate scandals result in low employee morale, increased employee turnover, difficulty in recruiting, and loss of public confidence in the organisation’s reputation. By creating an ethical business foundation, a firm can thus establish a competitive advantage and increase profits (Goessl, 2009).

Investors, too, are increasingly aware about ethics, social responsibility, and the reputation of companies in which they invest (Hofmann, Hoelzl and Kirchler, 2008; Benson and Humphrey, 2008). Progressive asset management companies increasingly assist investors in purchasing securities in responsible companies (Demystifying responsible investment performance – a review of key academic and broker research on ESG factors, 2007).
The importance of employee and investor loyalty having been mentioned, the importance of customer loyalty cannot be ignored. Without clients there would be no business, and that is why customer satisfaction is one of the most important variables in a successful business strategy. Meeting customers’ needs more effectively than competitors can lead to a competitive advantage over competitors, and survival in the marketplace (Doole and Lowe, 2005:65). Building a long-term relationship with consumers is critical, and the public’s trust is essential with regard to this. Contented customers will come back, but displeased customers will discourage friends and family from dealing with a specific business. It is always good to engage customers in cooperative problem-solving, so that they too have the opportunity to present their opinions and feedback (Ferrell, 2005:16-18).

In the light of the above the problem statement and research objectives will now be formulated.

PROBLEM STATEMENT

Due to the perceived unethical nature of the life insurance sector and the disadvantages associated with such behaviour, the purpose of this study was to evaluate how business ethics are institutionalised in a sample of life insurance companies.

RESEARCH OBJECTIVES

Given the problem statement, the primary objective of this study was to contribute to a better understanding of the institutionalisation of business ethics in the life insurance sector. To achieve the primary objective, a number of secondary objectives were formulated, namely:

- To undertake a theoretical investigation into the nature and importance of business ethics with particular reference to the financial services industry and life insurance sector in South Africa, as well as the institutionalisation of business ethics in South African companies.
- To develop a measuring instrument that will empirically identify the most important mechanisms perceived by respondents of institutionalising business ethics in their organisations.
- To provide guidelines to life insurance companies and other financial services providers in South Africa on how to effectively institutionalise business ethics in their businesses.
RESEARCH METHODOLOGY

In this research, methodological triangulation was employed. A research instrument was designed to gauge the views of five members of the ethics committee of a large local life insurance company. In-depth personal interviews were conducted with the purpose of refining the quantitative research instrument. The quantitative research instrument consisted of four sections. For the purpose of this paper mention will only be made of Section B. This research instrument was pilot tested among 35 respondents before being electronically distributed to six life insurance companies in South Africa. Descriptive statistics were performed using the SPSS statistical package. In total, 303 usable questionnaires were returned.

Before presenting the empirical results of the study, various mechanisms that can be used in to institutionalise of business ethics are explained.

INSTITUTIONALISING BUSINESS ETHICS

Managers can try to prevent the occurrence of unethical business practices in their organisations by setting clear ethical standards, institutionalising ethical standards, establishing a confidential reporting system, and dealing with offenders. In the next section, the importance of these mechanisms as means of managing ethics in an organisation will be explained.

Setting clear ethical standards

Uncertainties regarding a firm’s ethical standards should be clarified by establishing an ethics management programme. According to McNamara (2008), ethics programmes typically include corporate values, codes and policies to guide decisions and behaviour, and training and evaluating. An ethical programme provides direction in ethical dilemmas. An ethical dilemma is a situation that requires a decision between alternative courses of action that involves questions with respect to right and wrong. Brenner (1992:391-399) claims that many organisations have ethical programmes, but that not all employees know about them. Generally speaking, a corporate ethics programme consists of values, policies, and activities which affect the propriety of an organisation’s behaviour.

Ethical codes have traditionally been a distinguishing feature of professions, and in the last 30 years they have become part of business practice. Ethical codes have gained such importance that
they are sometimes mistakenly regarded as the only mechanism for managing business ethics. A code of ethics is a document or agreement that specifies morally acceptable behaviour inside an organisation. A well-written code conveys the principles to be followed by employees in an organisation, and gives examples of these values in action. Sometimes other names are used to refer to a code of ethics such as credo, value statement, and standard of conduct, or a code of conduct. As the minimum, a code of ethics should lay down a foundation for conducting business. A code provides specific guidelines regarding what is expected from members in an organisation in specific circumstances, and it can spell out the consequences if someone disregards the code (Rossouw, 2002:126-130; Moore, Petty, Palich and Longenecker, 2008:52-53).

Organisations sometimes publish their ethical codes because they feel that the public is entitled to know what standards of service they provide. Many organisations make a point of highlighting, in a written code of practice, those ethical requirements which go beyond general legal requirements (Kaler and Chryssides, 1996:184). Ethical codes can thus serve many purposes, namely to state an organisation’s values and beliefs, to define the moral identity of the organisation, to set a moral tone in the work environment, to provide guidelines for right and wrong conduct, to control autocratic power, to serve business interests, to assist in ethical training of employees, and to offer a basis for adjudicating disputes inside an organisation (Weiss, 2006:319).

**Institutionalising ethical standards**

In order to ensure sustained ethical behaviour, an ethical organisational culture needs to be cultivated. Ethical standards must be institutionalised on a strategic, systems and operational level. Goosen (2004:1-2) states that to address business ethics on the strategic level only, and only in the boardroom, is not sufficient. A business consists of various sub-systems. To implement ethics on one sub-system while ignoring others, will limit the impact of the institutionalisation in the organisation and create tension at the interface between the systems. A holistic, systems approach is thus necessary, in which business ethics is institutionalised into strategic plans, processes, management, communication, and culture of the organisation.

It is important that the commitment to ethics is reflected in the vision and mission of an organisation, and in this way the organisation defines itself. Consequently, an organisation has to adopt an ethics strategy. The board has the responsibility to decide on an appropriate strategy to manage the ethical performance of the organisation. The chosen strategy will be largely determined by whether the organisation wants to merely protect itself from ethical failure, or wants
to benefit from good ethical performance (Paine, 1994:106-117; Jeurissen, 2004). Goosen (2004:7) acknowledges the importance of institutionalising business ethics, and concedes that organisations with clearly defined values, mission, and objectives should convey it to all employees, in order to ensure its institutionalisation.

Strategising for ethics implies that once an organisation has identified the strategic importance of business ethics and has decided to make ethics part of the business, it needs to decide on a suitable ethics management strategy. In order to manage ethical performance, four broad strategies are identifiable, namely: the reactive strategy, compliance strategy, integrity strategy, and totally aligned strategy. According to Rossouw and Van Vuuren (2004:227-231) the reactive strategy, which is usually the starting point for most businesses, is a defensive approach that is used out of fear of scandals.

The compliance strategy, on the other hand is a rule-based approach. Organisations that want to commit themselves to managing their ethics performance and support a directional code of ethics, implement this strategy. The code prescribes ethical standards of behaviour, and the importance of illicit behaviour is stressed. The objective of the compliance strategy is consequently to prevent unethical behaviour (Paine, 1994; Jeurissen, 2004).

Jeurissen (2004), Paine (1994) and Rossouw and Van Vuuren (2004:229-230) are of the opinion that the integrity strategy is a value-based approach based on a limited number of broad and motivating guidelines that set the parameters of corporate ethical conduct. Organisations implementing this strategy recognise the importance of raising the level of corporate ethics, as well as the strategic importance of ethics. The purpose of this strategy is to enhance the level of ethical performance of the company.

The fourth strategy, the totally aligned strategy, entails incorporating ethics seamlessly into the purpose, mission and goals of the organisation. In a Totally Aligned Organisation, ethics is no longer viewed as just another aspect of the organisation that needs to be managed. Unethical behaviour in a Totally Aligned Organisation is regarded as jeopardising business success and undermining the reason for its existence. The objective of using a Totally Aligned Organisation strategy is to support ethics as a component of a business culture and purpose (Rossouw and Van Vuuren, 2004:230-231).
Systems need to be implemented in order to ensure that strategies are made real throughout the organisation. These systems include the recruitment, socialisation and training of employees. Firstly, an organisation must recruit and select employees who can align their ethical orientations with those espoused by the organisation. An organisation’s recruitment strategy should thus be clear if it wants to attract people who can align their ethical orientations with those of the organisation. A selection interview or an integrity test is a helpful way to ascertain whether a person’s integrity will match that required by the potential employer, and to shape these expectations. Secondly, socialisation explains the process of becoming a group member. New employees are most susceptible to influence, and are open to instructions regarding their ethical behaviour in the organisation.

Socialisation begins before an employee joins a new organisation as employees have expectations of the organisation that they have gathered from recruitment brochures, Web sites and other sources. Lastly, formal socialisation mechanisms start when the new employees “learn the ropes” by participating in training and orientation sessions. These sessions are developed to integrate the new employees into the organisation (Sudan and Kumar, 2004:523-528).

Employees can be trained to understand, interpret and apply the organisation’s code of ethics. They should be trained in their responsibilities to take part in creating an ethical culture as well as in the purpose of helplines and confidential reporting lines (Rossouw and Van Vuuren, 2004:231-241; Johnson, 2007:253). In relation to the above, Goosen (2004:24) notes that high-level individuals need to be assigned to oversee compliance with standards and procedures, and that these standards and procedures need to be communicated to employees through training.

After the institutionalisation of ethics on a strategic level, and suitable systems for strategy implementation having been designed and implemented, ethical principles need to be applied in the daily activities of the employees of the organisation. This can be done through the inclusion of ethical requirements in job tasks, and the use of line managers and ethical role models to mentor, coach and train employees with regard to various ethical issues (Rossouw and Van Vuuren, 2004:241-242). Mentorship is a confidential (one-to-one) relationship in which an individual uses a more senior and experienced person for guidance and as a sounding board (Bard and Moore, 2000:256; Goosen, 2004:44).

Mentors should thus be well-trained on ethical principles before they embark on mentoring programmes (Goosen, 2004:114). Employees need to display courage when making an ethical
decision which could have adverse consequences for them. Moral courage is important, particularly as it can result in personal loss (consequences). Not everyone may agree with the decision of the employee. An example of moral courage is an employee who reports a co-worker for misusing organisational funds, especially if this worker is a close friend or even the boss (Ricks, 2007). Bennis (1996) believes that it is every manager’s duty to set the climate for ethical behaviour based on mutual respect. In an organisational environment characterised by mutual respect, employees will be more willing to talk about ethical issues and dilemmas. Managers should thus act as role models to other employees regarding ethical behaviour. This is often referred to as “setting the tone at the top”.

Organisations should monitor, audit and provide safe reporting systems in order to prevent offences and recurrence. The next section discusses the establishment of a confidential reporting system.

**Establishing a confidential reporting system**

Confidential reporting is another system that an organisation can implement to institutionalise ethical standards. A review of the literature indicates that large organisations often develop organised ethics programmes in response to public scandals, potential misconduct and competitors’ programmes. Ethics programmes include telephone hotlines as lines of communication to report grievances and enforce ethical codes. In contrast to these hotlines that act as normal communication channels between the organisation and employees, another more serious action to report illegal and immoral behaviour is whistle-blowing (Weiss, 2006:322,411).

An organisation will always look for loyal employees, but can an organisation expect that an employee must remain silent about wrong-doing? An employee who exposes malpractice (unlawful or unethical) in a business is known as a “whistle-blower”. Whistle-blowers are employees (or former employees) who sound an alarm outside the regular or standard communication channels to an appropriate audience that transcends the business in order to highlight any abuse or behaviour that is opposed to the public interest (Bosch, Tait and Venter 2006:798).

Internal whistle-blowing occurs when an employee acts as an informer in an organisation. An example is an employee that exposes other employees who steal in the organisation. External whistle-blowing occurs when an employee’s organisation is involved in malpractice and such an
employee exposes his/her organisation to a body higher and beyond the organisation (Kaler and Chryssides, 1996:96). In order to restrict retaliation against whistle-blowers, they must remain anonymous. Anonymous reporting systems (whistle-blowing hotlines) are thus essential (Kohn, Kohn and Colapinto, 2004:152). Employees in South Africa are protected from retribution from employers under the Protected Disclosures Act (No 26 of 2000). This act protects whistle-blowers against dismissal or victimisation for reporting wrongdoing in organisations (ODAC, 2009).

Hotlines are usually monitored by an outside organisation. This organisation or agency does not trace the source of the information, but passes the information along, with any possible traces to the source removed. A reward system is a good way to encourage whistle-blowing. In a case where rewards are given to whistle-blowers, the agency provides possible informants with code numbers. Information along with the code number is reported to the organisation. After a due process of investigation into the issue and its legitimacy, the reward is made available at a bank where the informant can just present the code number supplied to him/her, without presenting any other personal information. Notice of the reward is usually published in the organisation’s newsletters or website and the informant has a limited time to claim the reward (Rabin, 2003:459). Markopolos and Casey (2010:279) state that whistle-blowers need to be encouraged and compensated by offering a reward for the risks they take in reporting misconduct. Similarly, Miceli and Near (2005:108) explain that rewards for internal whistle-blowing would lead to greater internal reporting.

From the preceding paragraphs it is evident that a whistle-blowing hotline needs to be complemented by a due process of investigation, and there should be a contact person or agency that has authority to respond to information supplied by an informant. According to Shichor, Gaines and Ball (2002:43) rewards and anonymity encourage whistle-blowing. In the KPMG 2005 Africa Fraud and Misconduct Survey, it was evident that there has been an increase in the number of whistle-blowing hotlines for employees in recent years. An example is that of a prominent South African life insurance company whose employees have access to a fraud and ethics hotline in order to report unethical conduct. This is an anonymous reporting facility that guarantees the protection of the identity of employees who report unethical conduct. The board should be satisfied that adequate complaint and disciplinary procedures are in place to ensure the enforcement of the code of ethics, and to attend to any violations of the code (Annual report, 2008:68).
Dealing with offenders

Carroll and Buchholtz (2000:161) state that there are several cases of top management officers who have engaged in unethical behaviour but have retained their positions in their organisation. The same happens at lower level management when top management overlooks unethical behaviour of subordinates. In order to create a credible ethical climate, violators of ethical norms must be disciplined. This is becoming difficult in South Africa, as offenders in the public sector often go unpunished when found guilty of misconduct. In some cases offenders even require substantial severance packages. This sets the tone for other want-to-be offenders, as they think they can get away with misconduct.

Organisations that are ethically conscious have stipulations for disciplining violators. The foremost purpose is, however, to encourage compliance and not to administer punishment. The aim of reporting unethical behaviour is not primarily to get someone into trouble, but rather to prevent future misconduct (Thompson and Strickland, 2003:445).

In conclusion, Gibbs (2005:36) asserts that disciplinary efforts must be completed by communicating to all employees that by disciplining offenders, unethical behaviour will not be tolerated in the organisation. Management’s unspoken approval of violations has undermined efforts to bring about an ethical climate in many organisations.

Next, the results of the empirical enquiry are discussed.

RESULTS

Table 1 relates to the mechanism the respondents’ companies use to institutionalise business ethics in their respective organisations. This section is based on interval-scaled data, and items are ranked from the highest to the lowest mean score. The mean indicates the average response for the question, and the standard deviation indicates the degree of dispersion with regard to the mean. All questions were phrased on a five-point Lickert scale.
### TABLE 1

**INSTITUTIONALISATION OF BUSINESS ETHICS**

<table>
<thead>
<tr>
<th>ITEM: MY ORGANISATION:</th>
<th>MEAN(^{(a)})</th>
<th>STANDARD DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>INS2: sets clear ethical standards and guidelines in its code of conduct.</td>
<td>4.37</td>
<td>0.69</td>
</tr>
<tr>
<td>INS14: is committed to the fair treatment of clients.</td>
<td>4.34</td>
<td>0.75</td>
</tr>
<tr>
<td>INS1: sets clear ethical standards and guidelines in its policy documents.</td>
<td>4.31</td>
<td>0.71</td>
</tr>
<tr>
<td>INS12: disciplines violators of ethical norms.</td>
<td>4.29</td>
<td>0.77</td>
</tr>
<tr>
<td>INS13: is committed to the fair treatment of employees.</td>
<td>4.24</td>
<td>0.81</td>
</tr>
<tr>
<td>INS3: has a clear ethics management strategy.</td>
<td>4.23</td>
<td>0.74</td>
</tr>
<tr>
<td>INS8: has an anonymous whistle-blowing hotline available to employees who want to expose unethical behaviour</td>
<td>4.16</td>
<td>0.93</td>
</tr>
<tr>
<td>INS15: regularly communicates the importance of business ethics throughout the organisation.</td>
<td>4.15</td>
<td>0.98</td>
</tr>
<tr>
<td>INS9: has an anonymous whistle-blowing hotline available to clients who want to expose unethical behaviour</td>
<td>4.05</td>
<td>0.97</td>
</tr>
<tr>
<td>INS11: protects whistle-blowers.</td>
<td>3.99</td>
<td>0.99</td>
</tr>
<tr>
<td>INS4: implements ethics training systems.</td>
<td>3.98</td>
<td>0.91</td>
</tr>
<tr>
<td>INS6: uses line managers to mentor employees with regard to ethical issues.</td>
<td>3.97</td>
<td>0.91</td>
</tr>
<tr>
<td>INS5: uses socialisation to introduce the ethical standards upheld and programmes offered to employees in the company.</td>
<td>3.88</td>
<td>0.93</td>
</tr>
<tr>
<td>INS7: uses role models to mentor employees with regard to ethical issues.</td>
<td>3.79</td>
<td>0.98</td>
</tr>
<tr>
<td>INS10: provides incentives for whistle-blowers who reveal unethical practices.</td>
<td>3.22</td>
<td>1.34</td>
</tr>
</tbody>
</table>

\(^{(a)}\) The following scales are used to measure the importance of respondents’ perceptions.  
- Mean scores ranging from 1.0 ≤ M < 1.8: Very low importance  
- Mean scores ranging from 1.8 ≤ M < 2.6: Low importance  
- Mean scores ranging from 2.6 ≤ M ≤ 3.4: Neutral  
- Mean scores ranging from 3.4 < M ≤ 4.2: High importance  
- Mean scores ranging from 4.2 < M ≤ 5.0: Very high importance

The two most important mechanisms perceived by respondents in terms of institutionalising business ethics in their organisations were that management sets clear ethical standards and guidelines in the company’s code of conduct (mean = 4.37) and that management was committed to the fair treatment of clients (mean = 4.34). Other important issues related to the setting clear ethical standards and guidelines in its policy documents (mean = 4.31), disciplining violators of ethical norms (mean = 4.29), being committed to the fair treatment of employees (mean = 4.24) and having a clear ethics management strategy (mean = 4.23). The mean values of these items are
all higher than 4.2, indicating that the majority of the respondents considered them as important in their organisation’s ethics institutionalisation process.

The standard deviations of the majority of the items are less than one, which indicates that the scores/responses for each item do not differ greatly from each other. These results are consistent with the findings in the literature which elaborated on the importance of the institutionalisation of business ethics. Only one item (my organisation provides incentives for whistle-blowers who reveal unethical practices) obtained a neutral mean score (mean = 3.22). This result was also evident during the qualitative data results, where the majority of respondents indicated that their organisation does not reward or provide incentives for whistle-blowers who reveal unethical behaviour. The general sentiment was that employees should report unethical behaviour because it is the “right thing to do”, and as ethical behaviour induced by rewards does not amount to true ethical behaviour. The qualitative findings however indicated that an anonymous reporting system is important so that whistle-blowers feel safe and are not threatened or intimidated. Having a confidential reporting system thus reduces the risk of victimisation.

Furthermore, the general sentiment of respondents during the qualitative investigation was that business ethics is important for sustainability, trust and a successful organisation. In this respect, respondents were of the opinion that a code of ethics is indeed important so that employees, irrespective of their background and culture, have a guideline and framework for ethical behaviour in the organisational context. The interviewees also agreed that ethics strategies as well as training and socialisation systems are essential for the successful institutionalisation of business ethics. The outlook among the interviewees was that strategies are necessary in order to promote ethical behaviour and give the company direction with regard to ethics, whereas systems are important to ensure that strategies to institutionalise ethics are properly implemented throughout the organisation. In cases where employees engage in unethical behaviour, violators should be disciplined in order to encourage compliance (prevent future misconduct) and not to administer punishment.

CONCLUSIONS AND RECOMMENDATIONS

The results of this study show that it is critically important that organisations set clear ethical standards and guidelines in their codes of conduct and policy documents. However, having guidelines, policies and programmes is not sufficient, as employees might not be aware of them.
Ethical guidelines, policies and programmes need to be communicated widely throughout the organisation.

The findings suggest that the life insurance companies in this sample seem to be committed to the fair treatment of clients and employees. Due to the perceived unethical nature of insurance companies, companies in this sector should thus ensure that they build a good reputation and trust among clients and employees. When a company respects and takes care of its employees, employees are likely to do the same (Ferrell, 2005:14). As indicated in the literature review, customer loyalty is important for a company’s long-term feasibility, especially in the highly competitive financial services sector. Building long-term relationships with customers ensures a good reputation with the public, and instils trust (Rossouw and Van Vuuren, 2004:148-153; Ferrell, 2005:16-18). A good reputation will also be advantageous in relationships with other stakeholders such as investors, suppliers, local communities and the government.

Based on the perceptions of the respondents, organisations in this sample have clear ethics management strategies which suggest that the respective organisations are committed to upholding high ethical standards. Goosen (2004:7) acknowledges the importance of institutionalising business ethics and concedes that organisations with clearly defined values and objectives should convey them to all employees in order to ensure their institutionalisation. Ethics should thus be incorporated into a company’s general vision and mission. This was also the general sentiment of the members of the ethical committee at the organisation that was interviewed during the qualitative study.

Respondents (in both the qualitative and quantitative investigations) placed a great deal of emphasis on disciplining violators of ethical norms. Ethical norms must be shown to be enforced in order to set a precedent and example for future transgressors of ethical norms. Organisations in the financial services industry cannot afford to be associated with a financial scandal as it could lead to serious repercussions for such an organisation i.e. a deprived reputation. Communication on ethical policies and programmes throughout the organisation did not feature as prominently in the results as expected. Companies in the life insurance sector should, however, ensure that any issues regarding ethical conduct (or the lack thereof) should be clearly communicated throughout the organisation, as explained earlier.

Based on the literature review, it was further expected that respondents would attach more value to incentives offered to employees who report unethical behaviour. The qualitative findings
explained a possible reason for the lack of incentives for reporting unethical behaviour namely, that ethical behaviour induced by monetary rewards could lead to reporting of unethical behaviour for the wrong reasons. In this regard, non-monetary rewards such as personal recognition could be an alternative for reporting unethical behaviour. Moreover, ethics committees of life insurance companies in South Africa need to ensure that business ethics is properly institutionalised. Particular attention should be given to the following aspects of the process: the implementation of a whistle-blowing hotline to employees and clients to report unethical behaviour; the protection of whistle-blowers; the implementation of ethics training systems; the assignment of role models and line managers to mentor employees regarding ethical issues; socialisation in order to introduce ethical standards, and the communication of the importance of business ethics throughout the organisation.

Associations such as ASISA (the Association of Savings and Investments South Africa) and LOA (Life Offices Association of South Africa) that represent the majority of South African asset managers, collective investment scheme management companies, linked investment service providers, multi-managers and life insurance companies also have an important role to play with regard to the education of their members. These associations could assist their members on issues such as writing good codes of conduct and hosting ethics workshops.

Additionally, an authority such as INSETA (Insurance Sector Education and Training Authority) which promotes and enables quality skills development through funding education and training in South Africa, should integrate more ethical issues into their training programmes.

The government should regularly update and promulgate stricter legislation in the life insurance sector. Compliance and consumer protection are important in the financial services industry, and legislation such as the FAIS Act (No.37 of 2002), concerns itself amongst others with the rights of consumers. Other pieces of legislation include the Long and Short Term Insurance and the Financial Markets Control Act (No.40 of 1999). As was reported in the qualitative findings of this study, new legislation could change organisational behaviour. One interviewee claimed that in the 2000s the law was changed with regard to pension funds. This respondent was referring to surplus pension fund money being invested for other purposes. He said: “In the past when you used surplus money for other purposes it was not illegal or even improper in terms of any legislation or the public’s view, but now because the law has changed the public regard that as theft as they see it as their money being used to enrich the company’s profits”. This supports the idea that it is important to constantly update legislation. But then again, should it really be necessary for new
legislation to be a guideline of what is ethical, or should organisations use their own value structures/principles to make decisions? In the words of Plato 407BC: “good people do not need laws to tell them to act responsibly, while bad people always find a way around the law”.

The mechanisms to institutionalise business ethics mentioned above are those considered the most important with regard to the institutionalisation of business ethics.

**LIMITATIONS OF THIS STUDY AND SUGGESTIONS FOR FUTURE RESEARCH**

The present study attempted to make an important contribution to the body of knowledge concerning business ethics in the financial services industry in general and the life-insurance sector in South Africa in particular. Certain limitations, as with all empirical studies, did however arise. Although specific areas pertaining to the successful institutionalisation of business ethics were explored and a greater understanding attained, new opportunities for future research have also been revealed. Consequently, the following limitations of the present study and recommendations for future studies are suggested.

Although the sample of the quantitative study is thought to be a good representation of the population as a whole, the extent to which the sample of the qualitative study represents the population can be questioned. Nonetheless, the researcher feels that the organisation in the case is large enough to allow for generalised findings. This argument is supported by the fact that most of the qualitative findings are consistent with the quantitative findings.

Although it was not the purpose of this study, a section could have been created on the quantitative questionnaire to indicate the name of the company. This would have allowed for comparisons between perceptions of employees in the different companies.

Despite the limitations identified, the results of this study are consistent with existing theories. In the light of the above, numerous ideas can be proposed for future studies in the field of business ethics. The present study could be extended to other industries or sectors such as banking or asset management companies.

A further study could also focus on the implementation of the recommendations put forward in this study. Lastly, another study could focus on the perceptions of different demographical groups regarding unethical decision-making and behaviour.
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