

**THE ANTI-INTIMIDATION AND
ETHICAL PRACTISES FORUM**

Ethical Practises Survey 2021:

REPORT



**ANTI-INTIMIDATION
&
ETHICAL PRACTICES FORUM**

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BACKGROUND


The Anti-Intimidation and Ethical Practises Forum (AEPF) is a collective forum made up of professional body organisations, who share a common concern about the rising levels of corruption, fraud and lack of corporate governance in South African organisations. It was established to assist and support professionals who are experiencing forms of intimidation and who want to expose corruption in their workplaces, safely and responsibly. The purpose of the AEPF Ethical Practises Survey is (1) It is a measuring barometer and quantitative tool, used, to capture the perceptions of professionals regarding ethical practises in society, organisations and professional institutions and (2) It reports on how unethical behaviour is perceived by professionals in the governance, auditing, risk management, fraud management and ethical practices domain in organisations in South Africa. In 2021 **1089** professionals responded to the AEPF Ethical Practices Survey. This is the fourth survey since its inception in 2017.

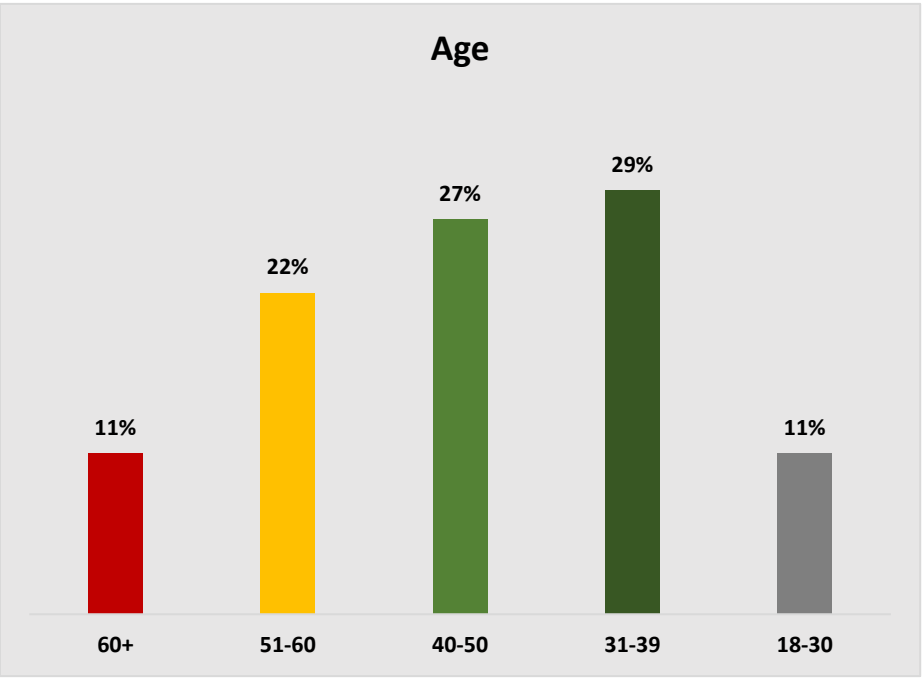
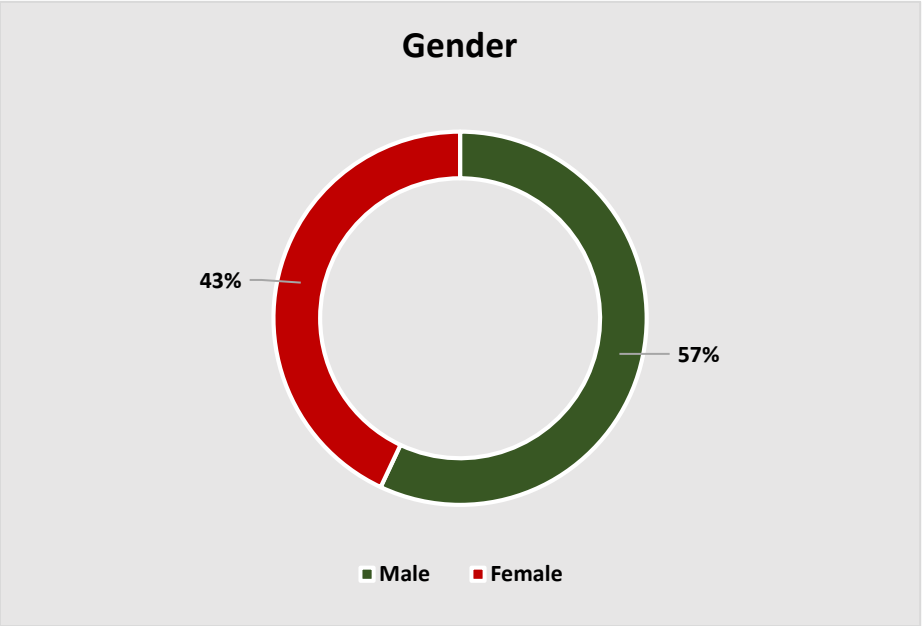
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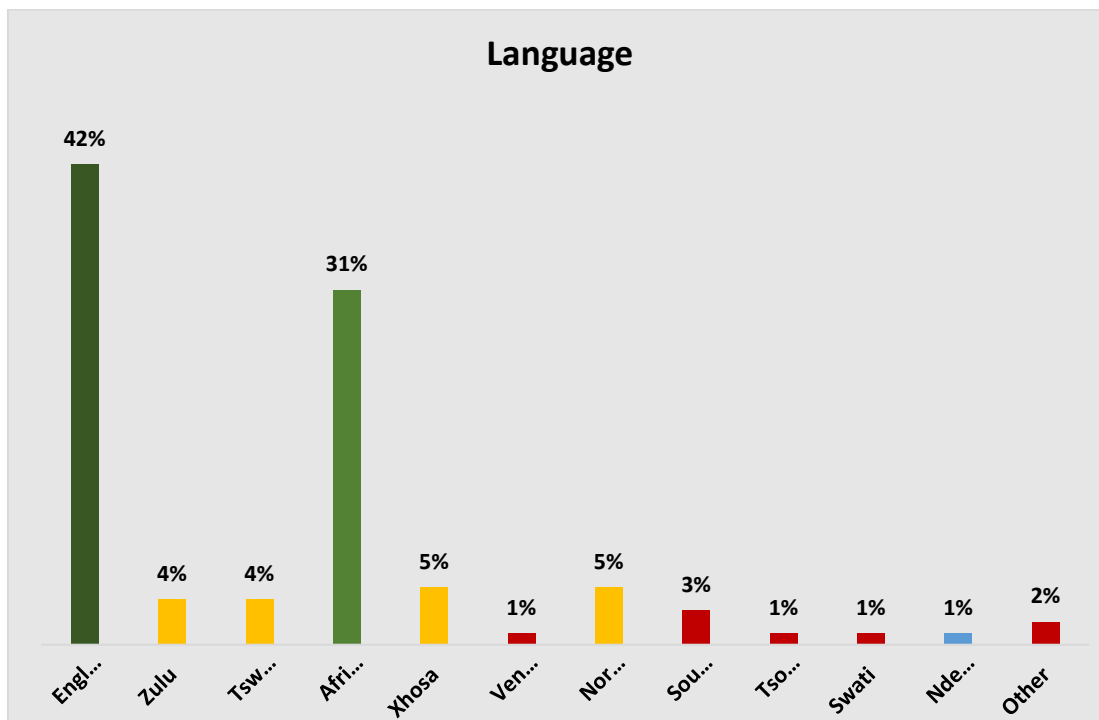
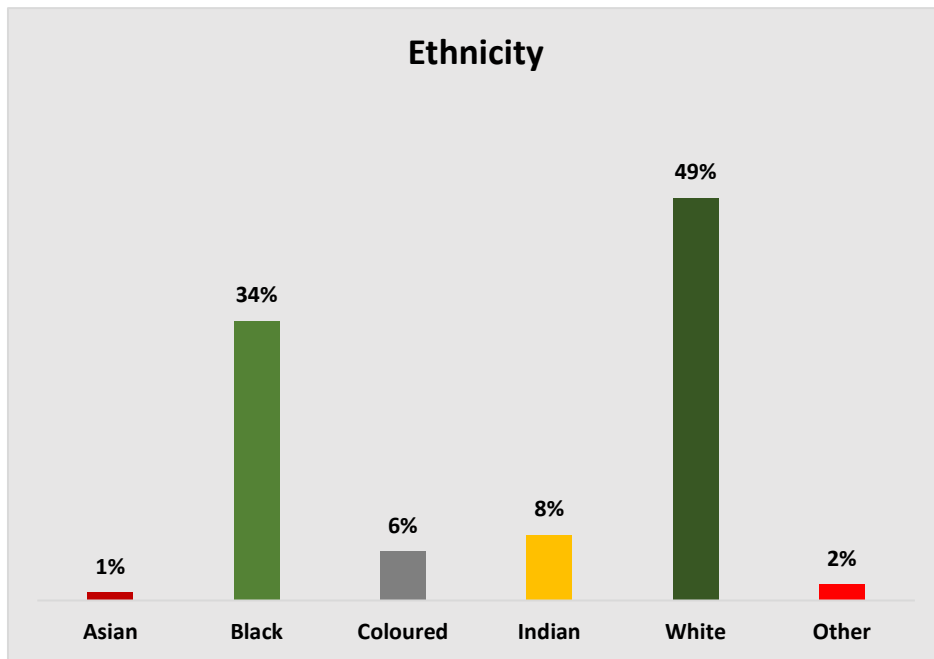
EXECUTIVE SUMMARY

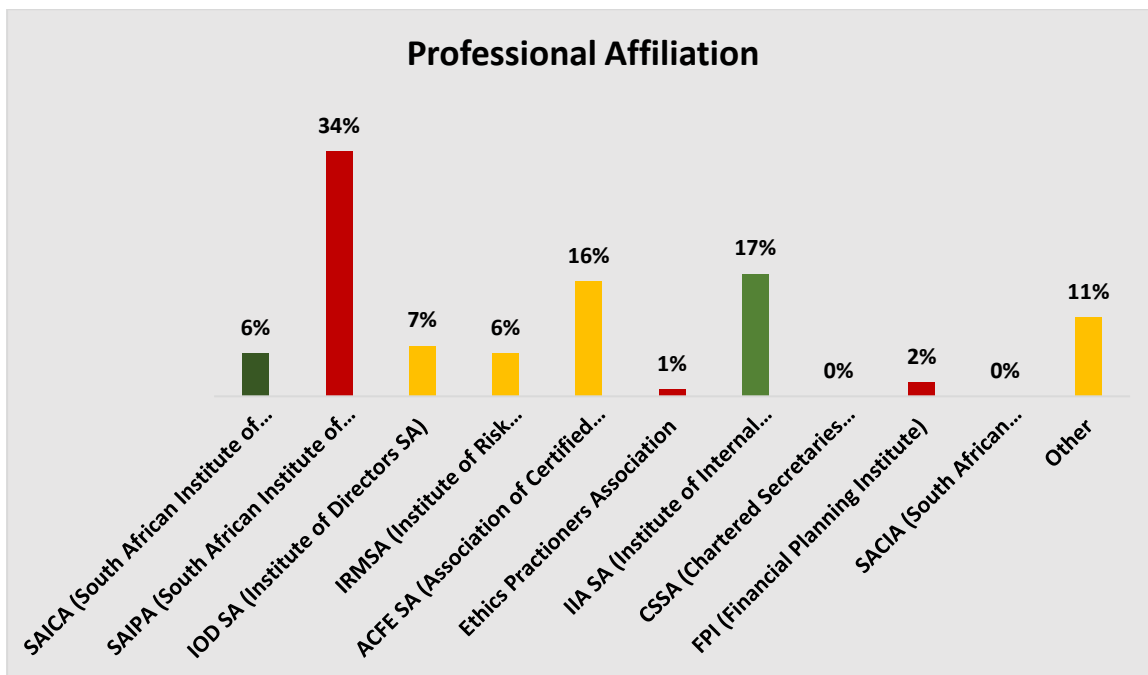
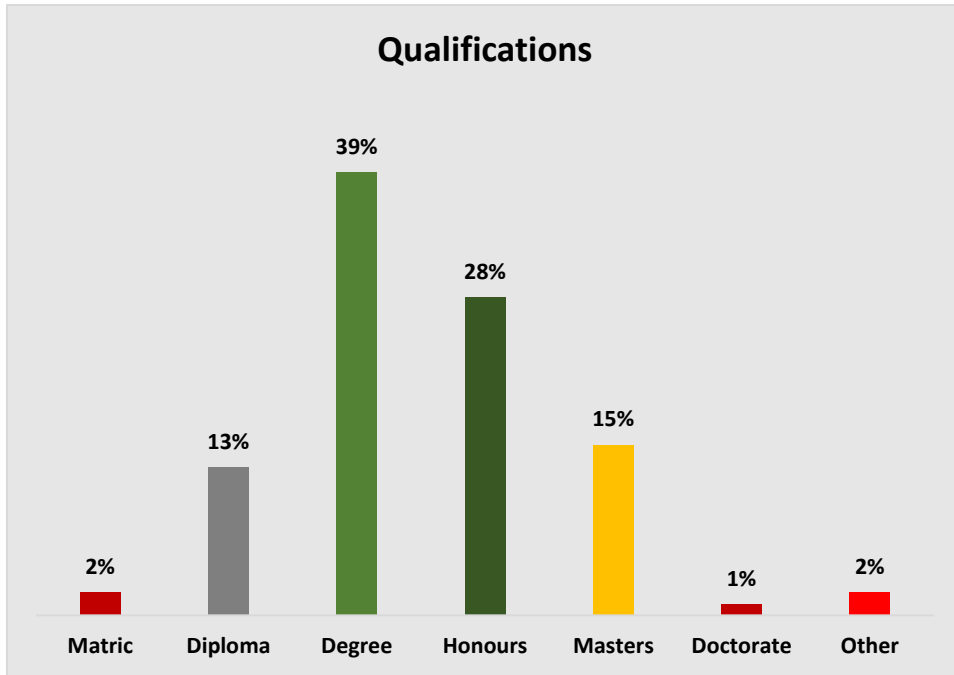
Key findings in the 2021 research study indicated the following:

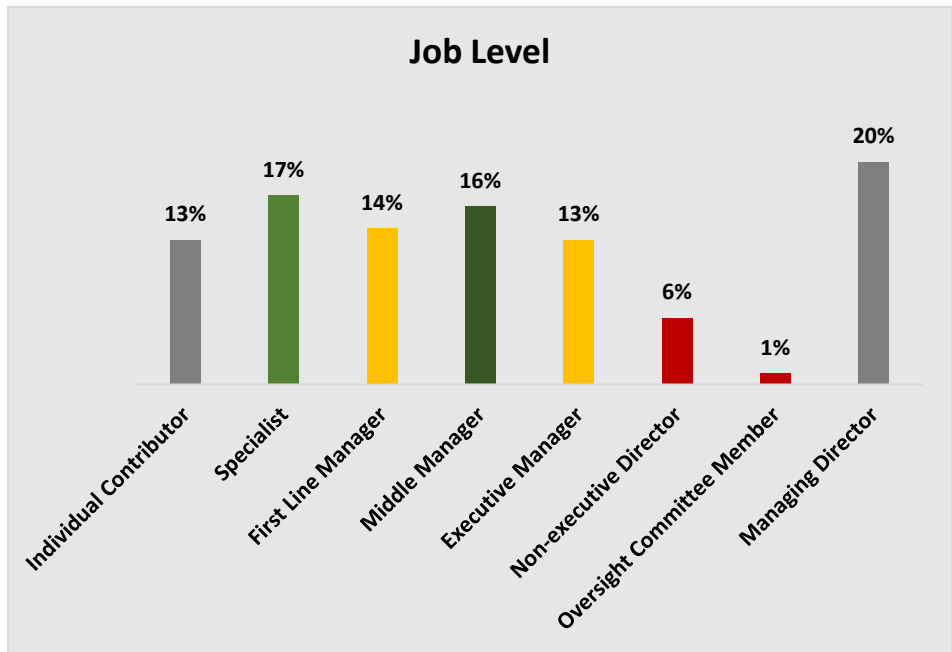
1. The number of respondents has decreased significantly as there were 1890 in 2017, in 2018 there were 1910 and in 2021 there were 1089.
2. Mostly white male professional specialists, 31-39 years, with a Bachelor's Degree (43%) completed the survey.
3. **Highest no of Respondents:**
 - a. *Accounting Professionals* -34%
 - b. *Banking and Finance* in the Industry sector-28%
 - c. *SMME* in the Economic sector-22%
 - d. *National Government* in the Public sector-8%
4. **Public /Private sector responses**
 - a. Private sector 67%
 - b. Public sector 25%
 - c. Other 8%

- 
5. The **most significant drop** in rating is the statement on whether “Leadership took positive action when I reported on unethical practices”. In 2018 this area was rated 46%, in 2019 28% and in 2021 only 19% strongly agreed.
 6. The **most notable finding** is that there has been an **increase** of respondents in the category of **SMME and Private Practice Owners**. It would seem that since the Covid-19 pandemic professionals have opted to open up their own business practices as the pandemic regulations has increased unemployment. In 2017 this category made up 34% of the overall respondents, in 2019 it was 42% and in 2021 it is 43%.
 7. **Society Rating:** In the statement, “In society, leaders in the public sector are ethical” the rating has remained below 5% of respondents who strongly agree to this point, for the past four survey reports. Government leadership needs to take this area seriously in order to enhance their trust from a societal point of view.
 8. **Organisation Rating:** In the statement, “In my organisation, talking about ethics is encouraged”, 50% strongly agreed. This rating has always been below 50% and has steadily increased in rating and confidence. This is a positive indicator and we remain encouraged that organisations are seen to maintain their programmes for employees to report on unethical behaviour.
 9. **Professional Bodies:** In the statement, “My Professional Body supports me to do the right thing” the rating increased in 2021 to 58% where it started out at 46% strongly agreed in 2017. Professional Bodies are maintaining and enhancing awareness of ethical behaviour and practices amongst its members, increasing trust and a good reputation.
 10. **Reporting on unethical behaviour:** In the statement of “I believe it is my personal duty to report on unethical behaviour and practices” 67% strongly agreed in 2021, this area of rating has increased over the four years where in 2017 it was rated 60%. The data indicates that 40% report on unethical behaviour to their direct line manager.
 11. **Reporting Experience:** In the statement, “It was easy to report on unethical practices and behaviour”, 23% strongly disagreed in 2021 where in 2017 the rating was 16%. This indicates that professionals are finding it harder to report on observed unethical practices as the experience of reporting is difficult in society and organisations.

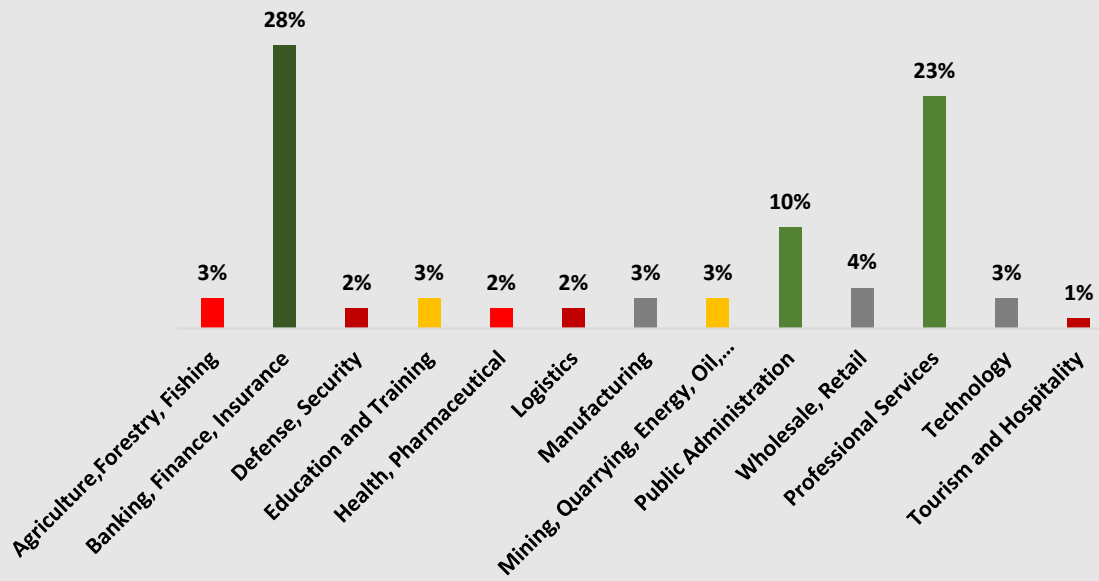




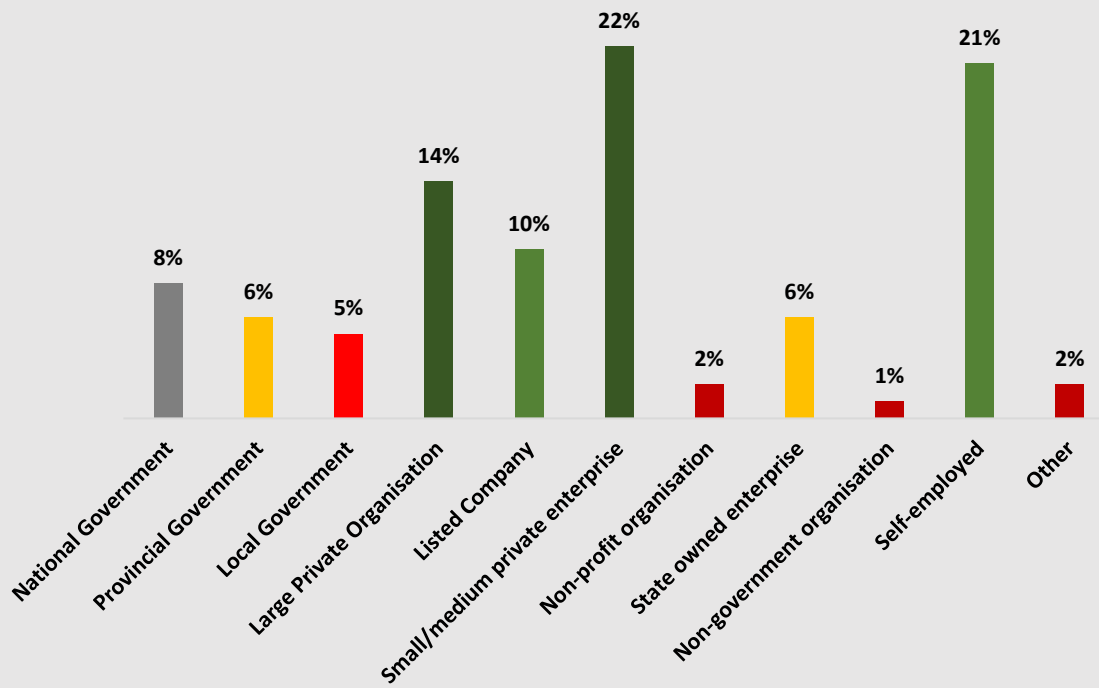


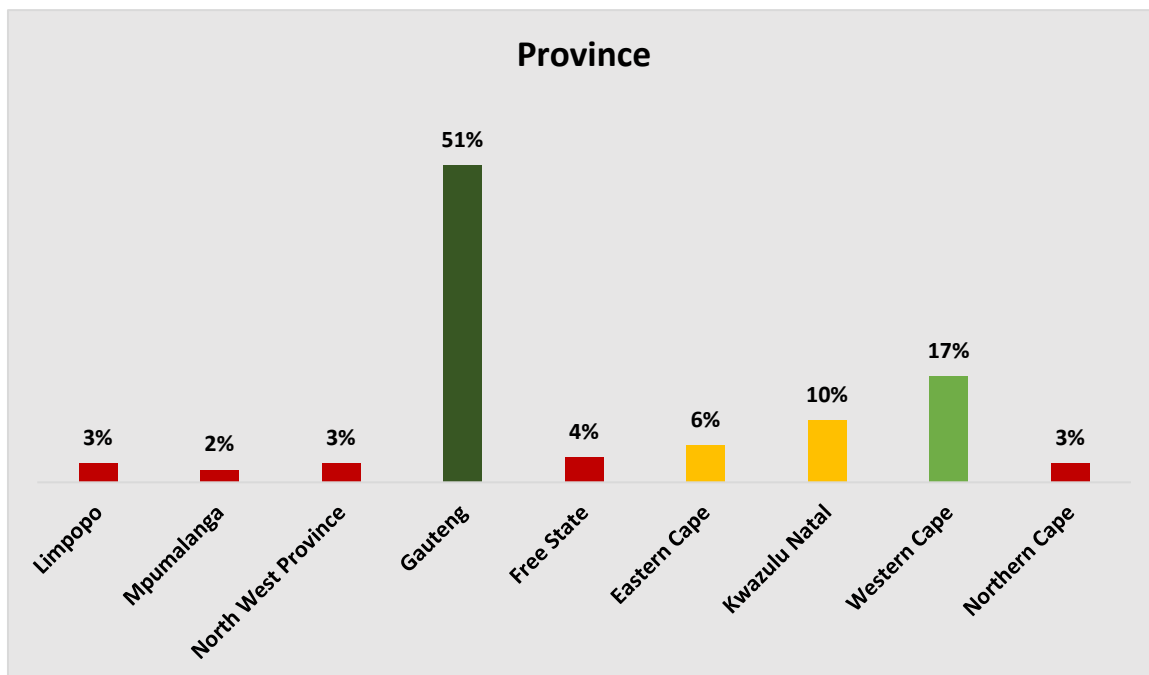
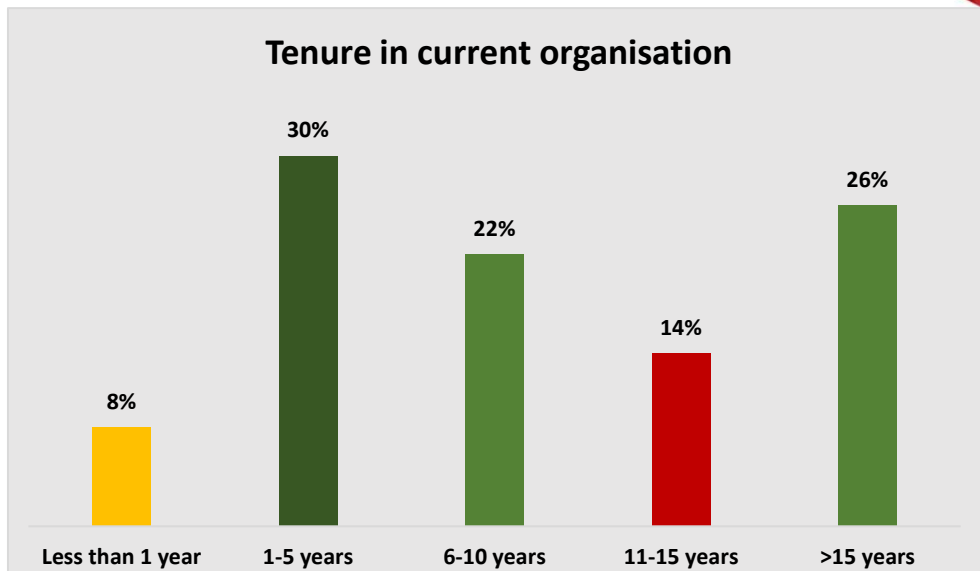


Industry Sector



Economic Sector





SECTION 2: ETHICAL PRACTICES PERCEPTIONS

2.1. Research Methodology

The research report survey questionnaire relates to questions crafted with the perception of the state of Ethics in South Africa. Professionals in the field of risk and fraud management, auditing, accounting, law, compliance and governance were targeted to complete the survey through the Professional Body organisations who are founding and forum members of the AEPF. The survey took the form of a self- administered Quantitative web-based questionnaire and was strictly anonymous. The survey consisted of two sections, (1) Demographical information and (2) Research information. It was opened in April 2019 and closed in July 2019.

The responses were rated on the six point Likert-type scale, which is factorial and anchored in (1) “Strongly Disagree” or (6) “Strongly Agree” at either end of the scale.



Theme One:

PERCEPTION OF ETHICS IN SOCIETY

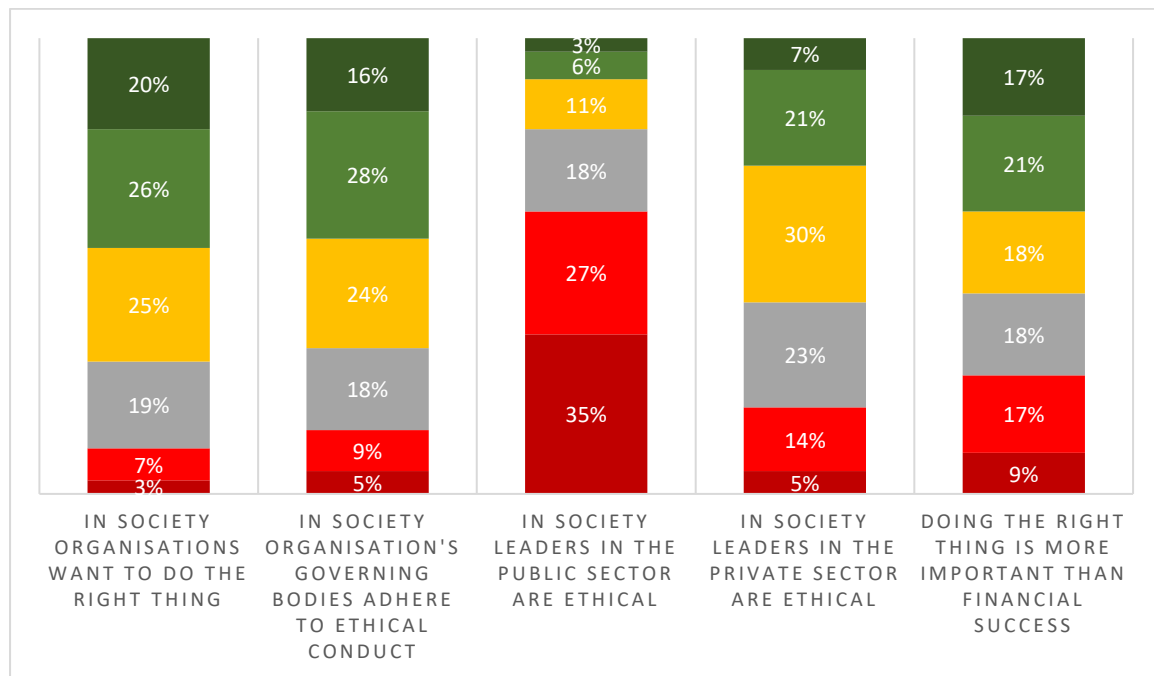


Figure 1: Perception of ethics in Society

2.2. Scale results

The last two years has seen major disruptions in societies across the globe with regards to regulations, compliance, health and safety risks and an overall socio-economic decrease. When looking at the 2021 bi-annual AEPF Ethical Practices Survey results, in terms of the society ratings, there has not been significant shifts in perceptions overall. Leadership is still lagging way behind in terms of trust in both the public and private sector. On the statement “In society leaders in the public sector are ethical”, 35% of the respondents strongly disagreed which has been the highest rating in this category since 2017 where it was rates 28% strongly disagreed. Only 3% strongly agreed. The private sector perception has not increased since its 48% in 2017 as only 7% strongly agreed in 2021 that leaders in the private sector are ethical. However only 5% strongly disagreed. On the statement of “Governing bodies adhere to ethical conduct”, it has consistently rated under 20% strongly agreed. This in an area we would like to see an improved rating and an increase in trust on governing bodies in organisations such as boards that oversee public entities in terms of public interest in mind. It is the perception that while organisations want to do the right thing at most times, as it was rated 20% strongly agreed in 2021, doing the right thing is not seen as a priority as this rating has not gone above 20% strongly agreed for the past 4 years. The overall society ratings has shown a distrust in leadership in business and service delivery and a strong lack of ethical values in general. We cannot emphasise enough that leadership needs to improve from the top down in order to stimulate trust back into society. Ethical values and always doing the right thing should be entrenched in society.

Theme Two:

PERCEPTION OF ETHICS IN ORGANISATIONS

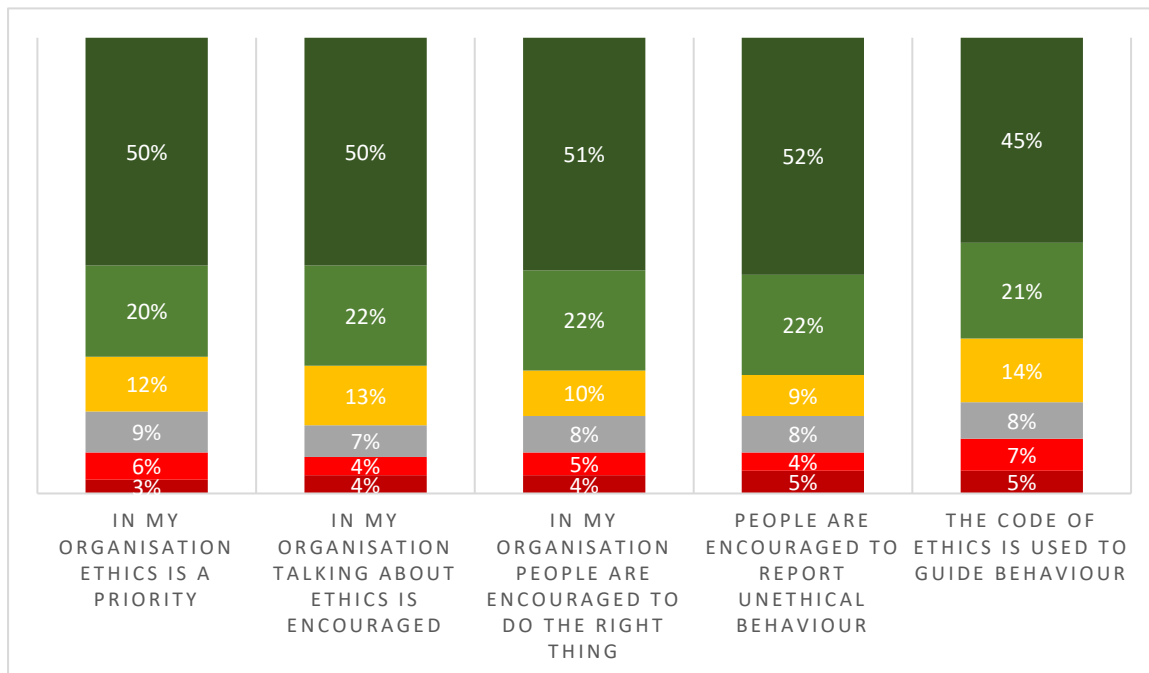


Figure 2: Perception of ethics in Organisations

2.3 Scale results

Overall organisations have shown a concerted effort in raising perceptions of good ethics and ethical practices over the past four years. Ethical practices is a priority in organisations as it was rated at 50% in 2021 and only 41% strongly agreed in 2017. Talking about ethics is encouraged has enjoyed its highest rating of 50% strongly agreed in 2021 where it started out with a rating of 42% in 2017. The reporting of unethical behaviour and practices is encouraged in organisations across South Africa and was rated 52% strongly agreed in 2021. The most significant rating in this category was that organisations are utilising and promoting their code of conduct to guide ethical behaviour to their stakeholders. In the statement “the code of ethics is used to guide behaviour in organisations”, it was rated 36% strongly agreed in 2017 and in 2021 it was rated 45%. It is encouraging to note that most industries and economic sectors in South Africa has a code of ethics that guides good ethical practices and behaviour. Leadership in organisations have taken a positive step in this regard.

Theme Three:

PERCEPTION OF ETHICS IN PROFESSIONAL BODY INSTITUTIONS

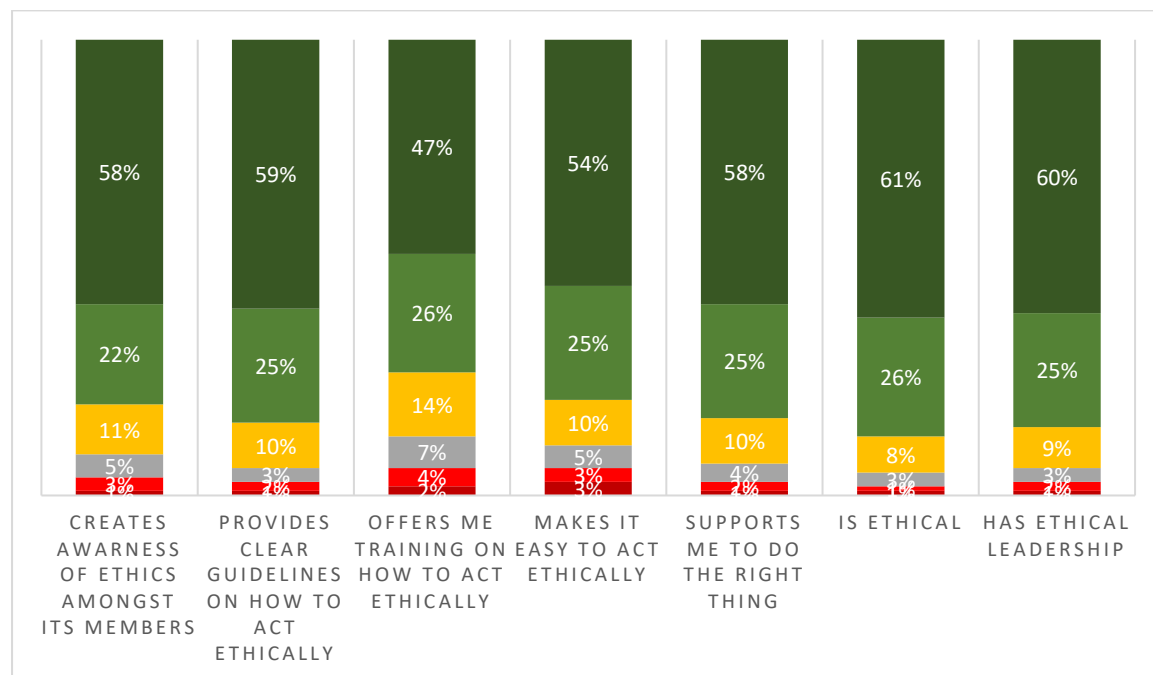


Figure 3: Perception of ethics in Professional Body Organisations

2.4 Scale results

This category has consistently enjoyed a high rating as professionals' perceptions of their respective professional bodies adhering to ethical practices are very positive. Professional Bodies have stepped up their training on ethics to their members in the past two years. It was found that in 2019 on the statement "My professional body offers me training on how to act ethically" was rated only 36% strongly agreed where it started out in 2017 as rated 40%. However in 2021 it has enjoyed its highest rating of 47% strongly agreed. It is encouraging to note that Professional Bodies have listened to members and leadership in this regard has made concerted efforts to improve on the training ethics. There is an overall 55% general perception of good ethical practices instilled and practiced in Professional Bodies in South Africa.

Theme Four:

REPORTING UNETHICAL BEHAVIOR

Table 1: Reporting Unethical Behaviour

Have you ever reported unethical behaviour?	Frequency	Percentage
No	463	53%
Yes	417	47%
Skipped (209)		

Table 2.

Reporting Unethical Behaviour- to whom

To whom did you report unethical behaviour?	Frequency	Percentage
My Professional Institution.	71	14%
My Organisation.	190	37%
The AEPF	7	1%
The Media	19	4%
Whistle-blowers Hotline	87	17%
My direct manager	205	40%
The person responsible for ethics	59	11%
Human Resources	68	13%
Internal Audit	57	11%
External Audit	24	5%
Internal Fraud Examiners	26	5%
Risk Management	43	8%
Social and Ethics Committee	26	5%
Other	76	15%

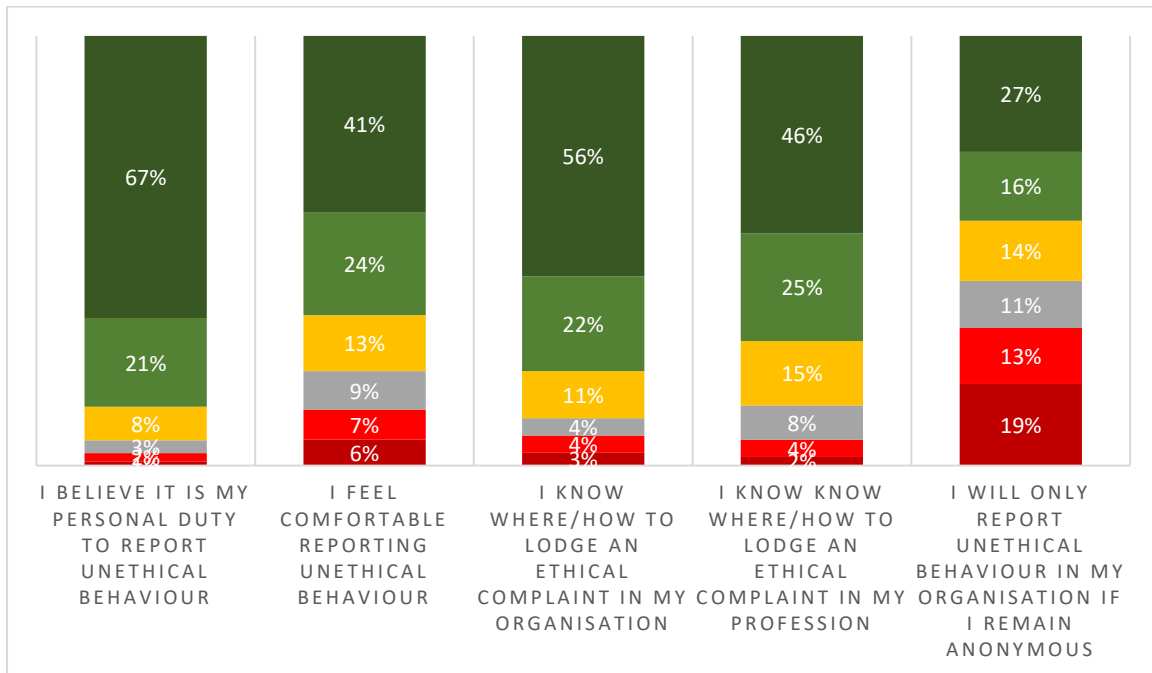


Figure 4: Reporting on unethical behaviour (1)

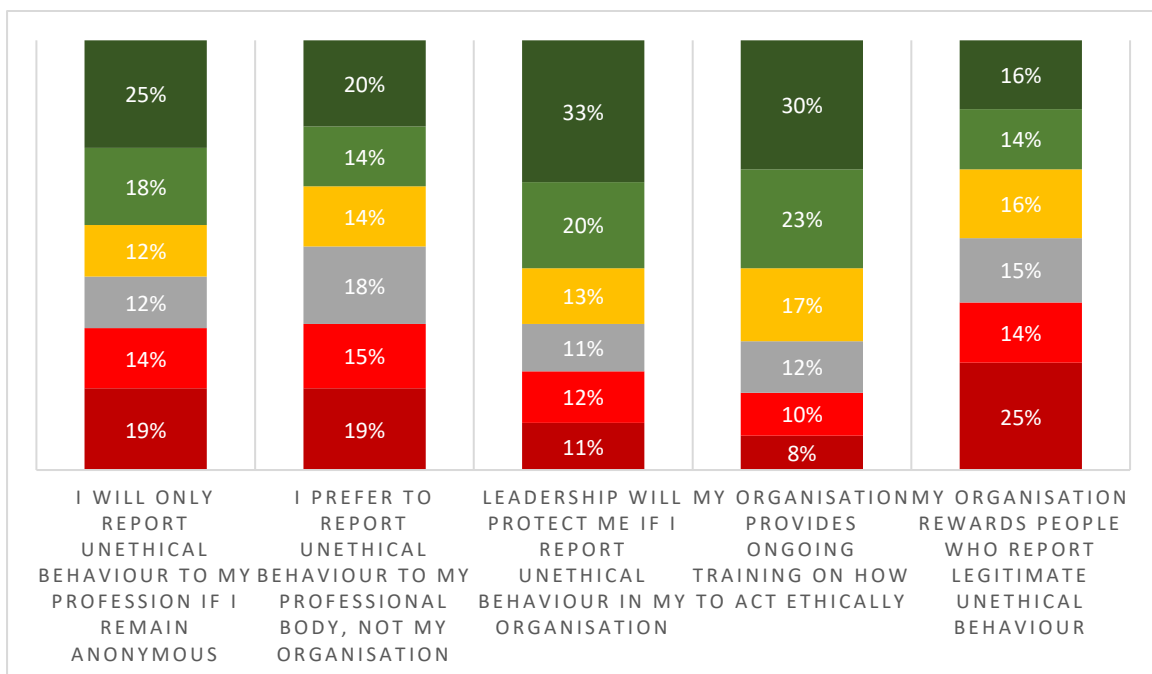


Figure 5: Reporting on unethical behaviour (2)

2.5 Scale results

67% of Professionals strongly agree that it is their personal duty to report on unethical behaviour, 47% have indicated that they have reported and 40% have reported to their direct line manager. More professionals agree that they feel comfortable to report on unethical practices and behaviour (41%) and know where and how to report in their respective places of work/organisations (56% strongly agreed). In 2019 only 37% of members indicated they knew how and where to report in their Professional Body organisation, however in 2021 this rating has increased to 46% as Professional Bodies have increased their efforts in the past two years to inform and train members on ethics and ethical practices. Most respondents agreed that leadership would protect them if they reported (33%). The rating for anonymity remained under 30% strongly agreed to report anonymously. It would also seem that organisations have stepped up efforts on training of ethics to employees with 21% strongly agreed in 2019 and 30% in 2021. The rating for organisations rewarding the reporting of unethical practices remains below 20%. We are still of the opinion that Whistleblowing should be encouraged in society, organisations and professional bodies and the reporting processes should be easily accessible to all.

Theme 5:

EXPERIENCE OF REPORTING UNETHICAL BEHAVIOR

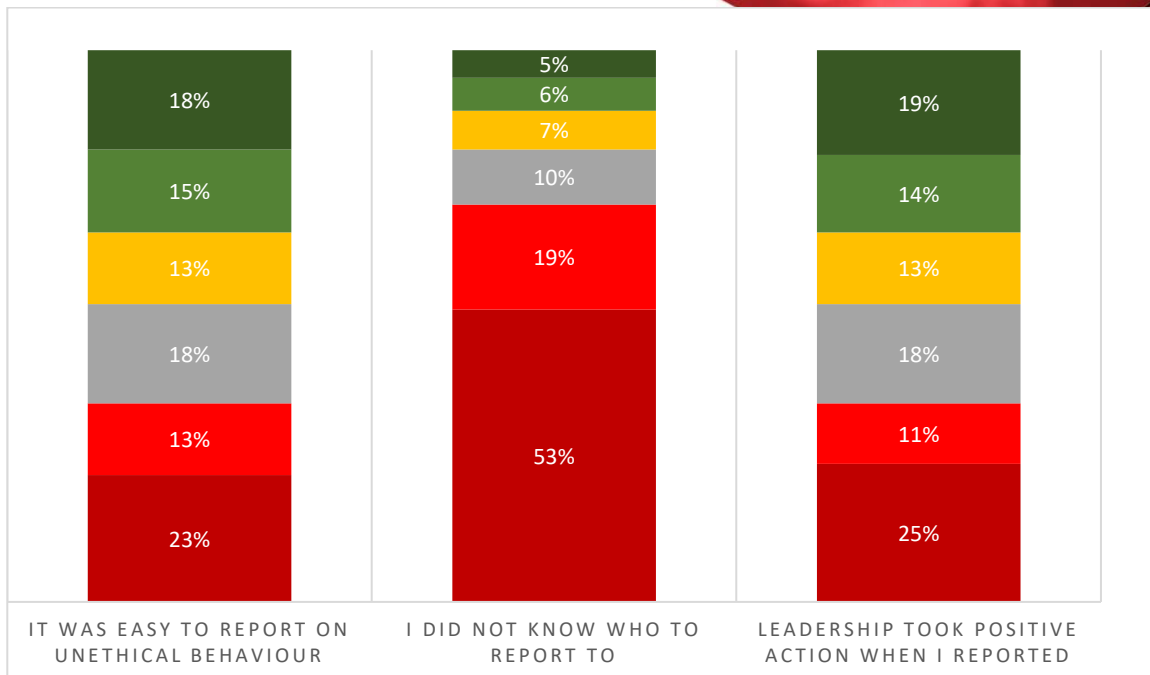


Figure 6: Experience of reporting unethical behaviour (1)

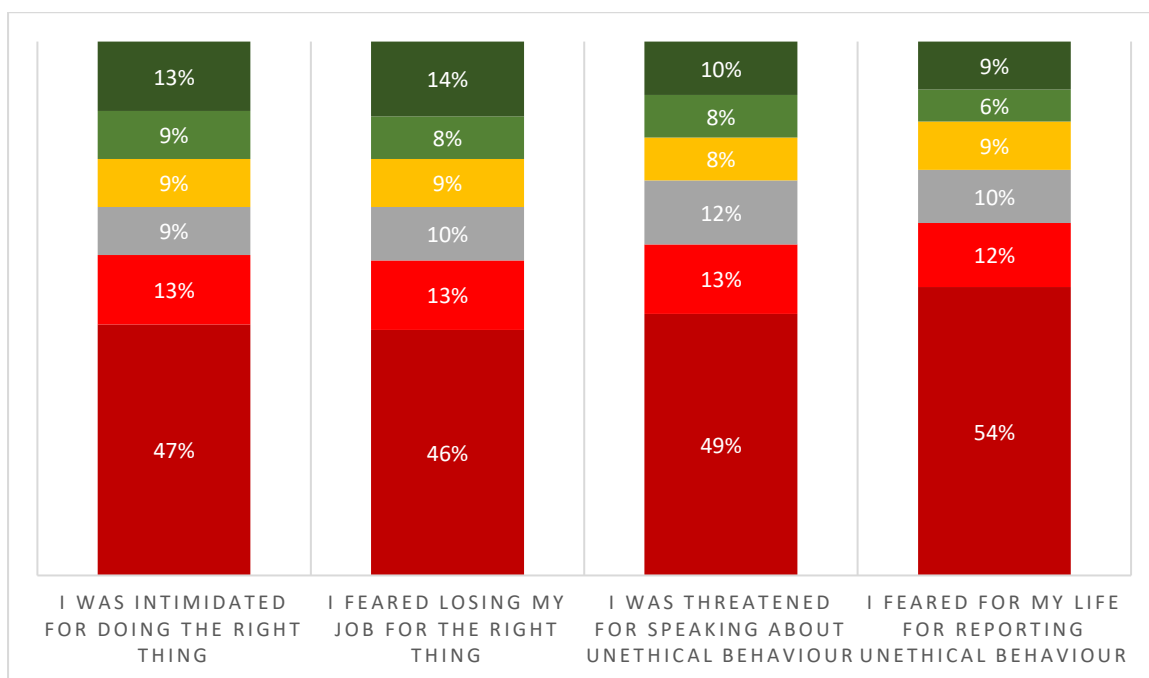


Figure 7: Experience of reporting unethical behaviour (2)

2.6 Scale results

The experience of reporting is still not an easy process as only 18% strongly agreed. Notable is that in the past two years the rating for leadership taking positive action when reporting of unethical practices and behaviour occurred is 25% in 2021 where in 2019 it was only 16% strongly disagreed. What remains encouraging to note is that professionals do not feel intimidated, victimised, threatened or fear when reporting on unethical practices in their places of work, society or professional bodies. These ratings remain above 45% strongly disagreed.

Theme 6:

COMPARATIVE RESULTS ON PUBLIC AND PRIVATE SECTORS

6.1 Ethics in society

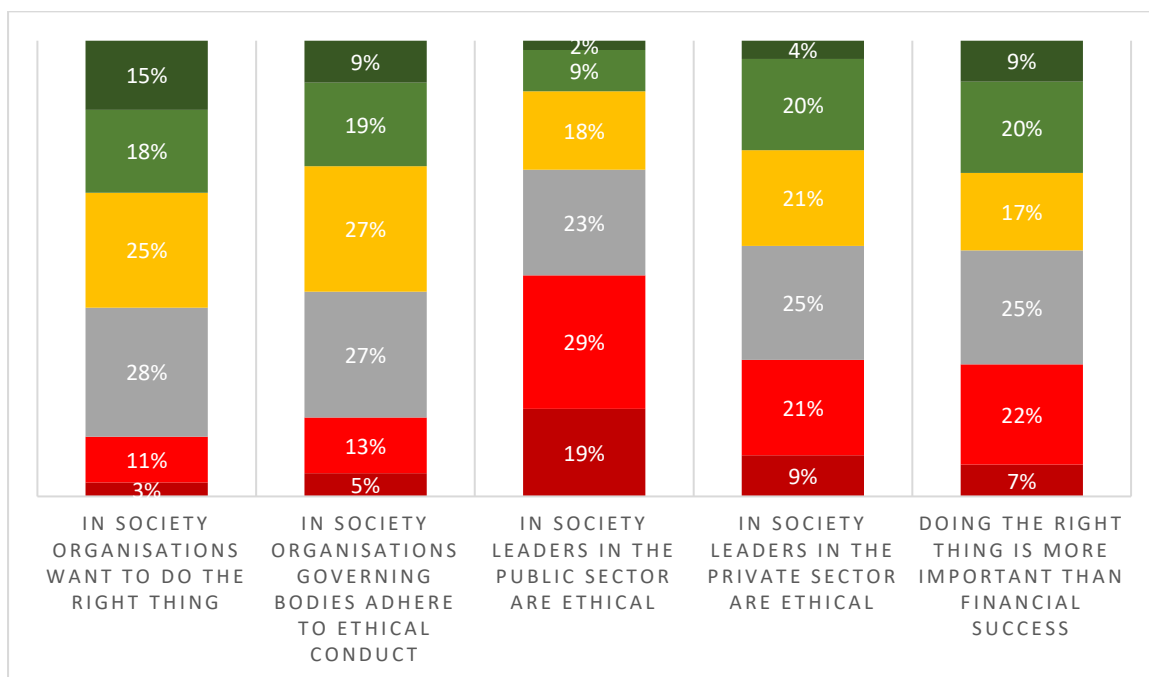


Figure 8: Perception of Ethics in Society-Public Sector

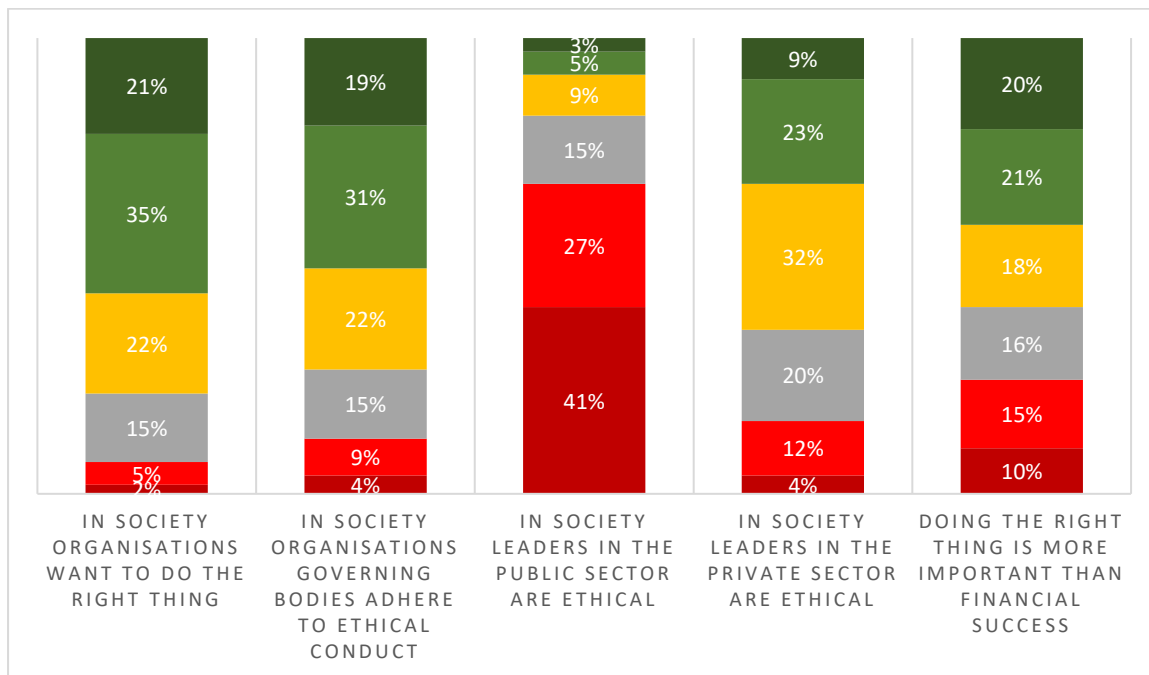


Figure 9: Perception of ethics in society –Private sector

2.7 Scale results

The public sector remains a concern in this area as the perception indicated by respondents feel that not enough is done to improve trust in leadership and doing the right things is not a key priority. Only 2% strongly agreed that leaders in the public sector are ethical and only 9% strongly agreed that doing the right thing is more important than financial success. The perception of leadership in the private sector being ethical is also a concern as it was rated by the public sector as 45% strongly agree in 2017 and decreased in rating to only 4% strongly agreed in 2021. The overall trust in leadership has significantly fallen short in the last four years in both the public and private sector.

6.2 Ethics in organisations

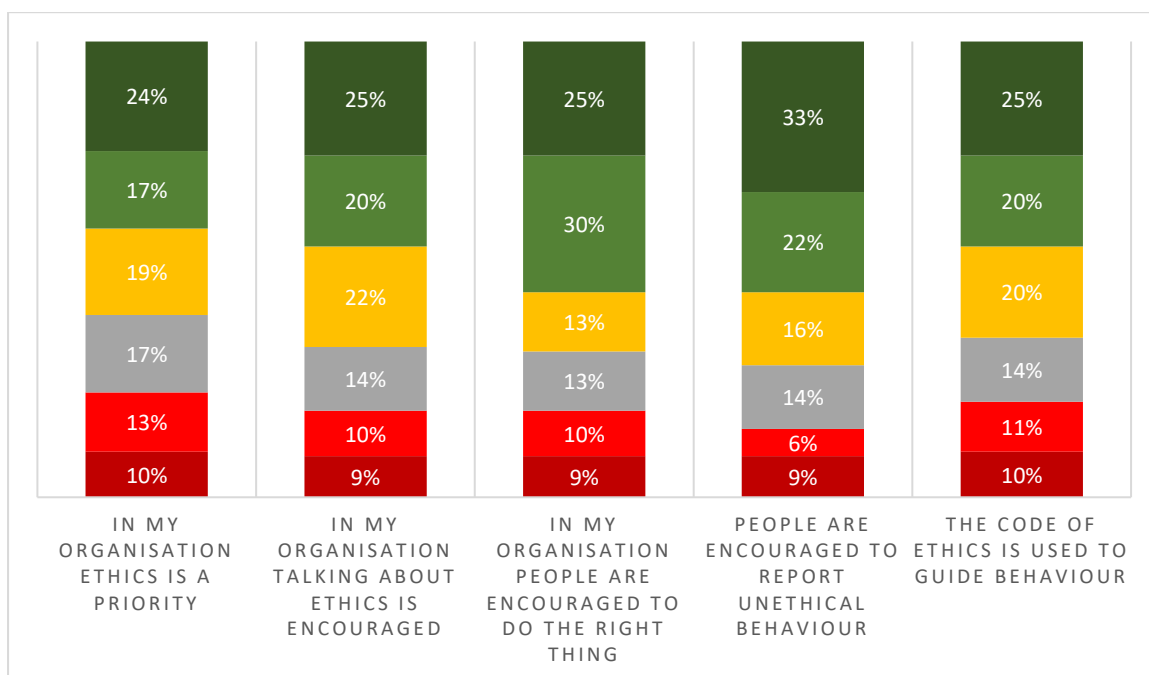


Figure 10: Perception of ethics in organisations-public sector

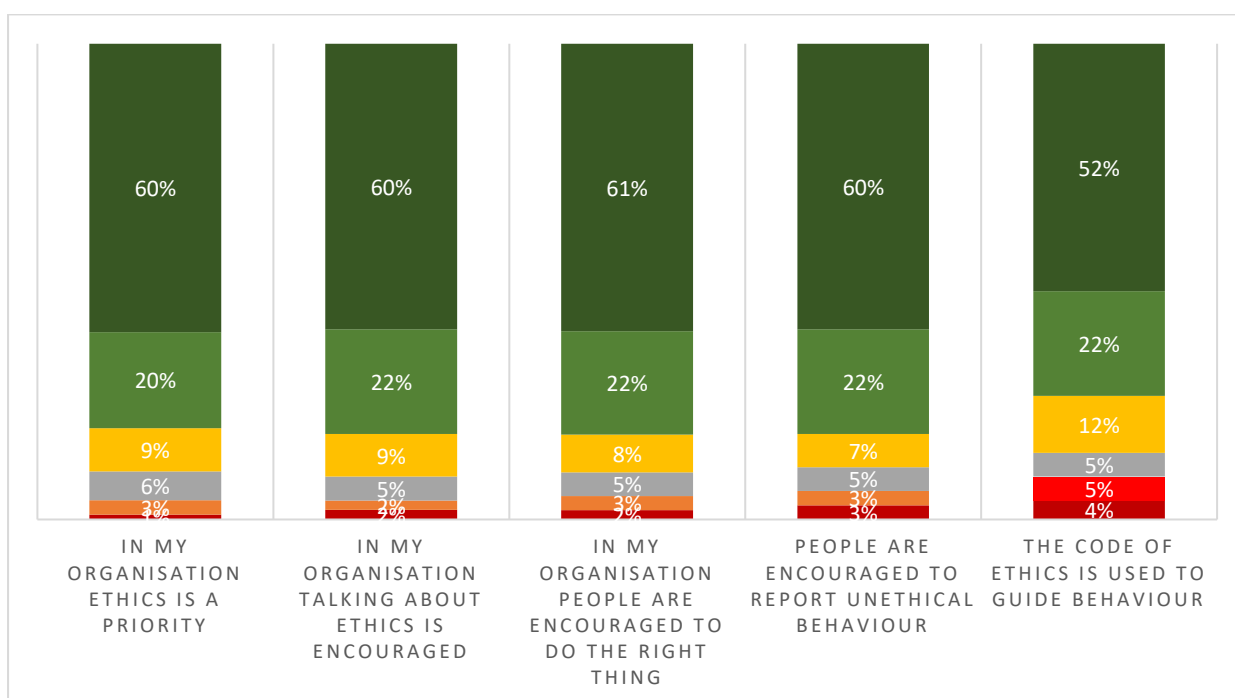


Figure 11: Perception of ethics in organisations-private sector

2.8 Scale results

The sentiment that organisations are encouraging ethical practices and behaviour and ethical training is positive as overall respondents in both the private and public sector agree albeit that the private sector is more confident in their agreement. In the public sector in 2017 this area was rated 30% strongly agreed overall that organisations are encouraging good ethical practices, in 2019 it decreased to 20% strongly agreed and in the past two years has slowly improved to an overall 24%. Ethical awareness, talking about ethics and the reporting of ethics is of utmost importance and needs improvement in the public sector. We are encouraged that in the private sector organisations are doing the utmost to encourage ethics and good ethical practices.

6.3 Ethics in Professional Body Institutions

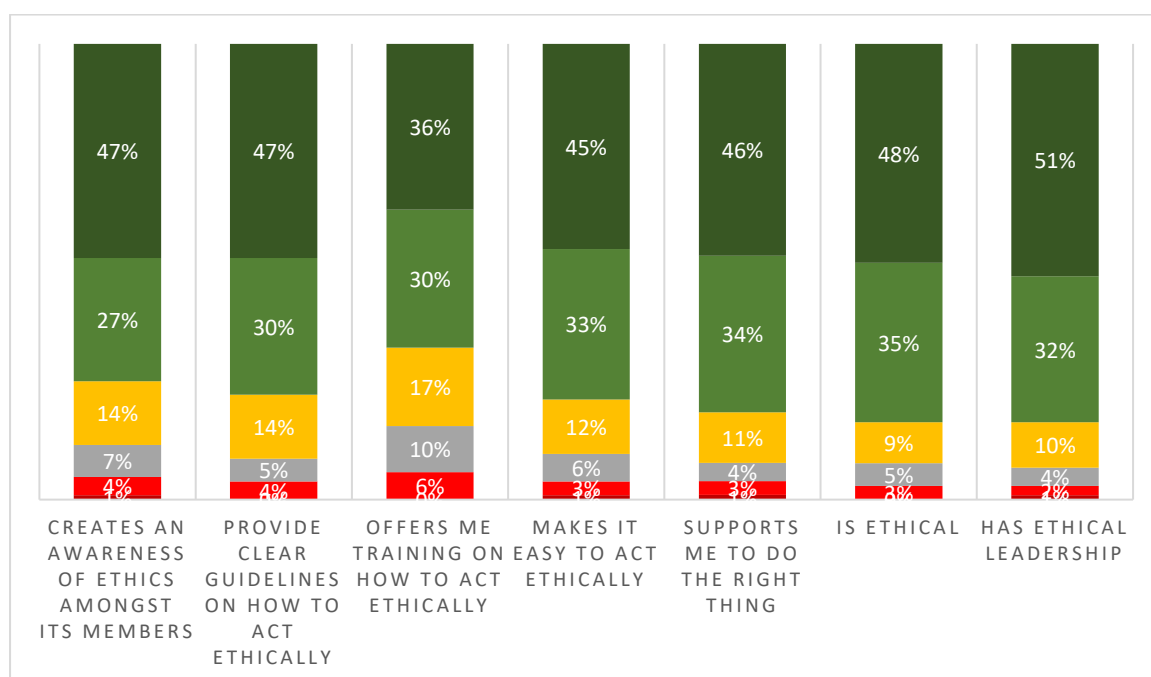


Figure 12: Perception of ethics in professional institutions-public sector

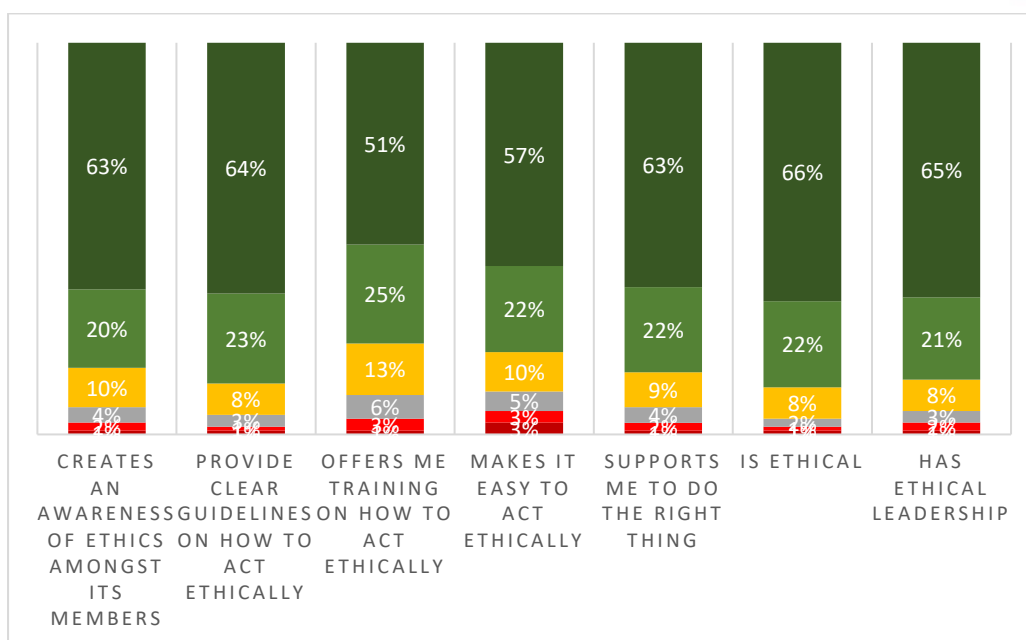


Figure 13: Perception of ethics in professional institutions-private sector

2.9 Scale results

The efforts for ethics awareness, ethics information and good ethical practices in Professional Bodies, is very positive in both the public and private sector. This area has consistently been rated 50% overall strongly agreed. An area that was of concern was that not enough training on ethics was offered by professional bodies, particularly from public sector respondents (36%). Where efforts have improved, by professional bodies to increase training of ethics to their members more is needed when it comes to training of public sector members.

6.4 Reporting on unethical behaviour

Table 3.

Reporting unethical behaviour in the public and private sectors

Did you report unethical behaviour in the past?	Frequency	Percentage
Public Sector		
Yes.	115	52%

	No.	108	48%
Private Sector			
	Yes.	284	46%
	No.	332	54%

Table 4- Reporting unethical behaviour in the public and private sectors-to whom

To whom did you report unethical behaviour?					
Public	Private	{Percentage}	Entity	Public	Private {Frequency}
4%	10%		Professional Institution	11	58
16%	24%		Organisation	39	143
1%	1%		AEPF	3	5
2%	2%		Media	6	14
12%	8%		Whistle-blowers Hotline	31	49
26%	22%		Direct Manager	66	129
8%	6%		Ethics Officer	19	34
5%	8%		Human Resources	13	49
10%	5%		Internal Audit	25	32
4%	2%		External Audit	10	13
3%	3%		Internal Fraud Examiners	8	16
6%	4%		Risk Management	15	25
2%	3%		Social and Ethics Committee	6	19

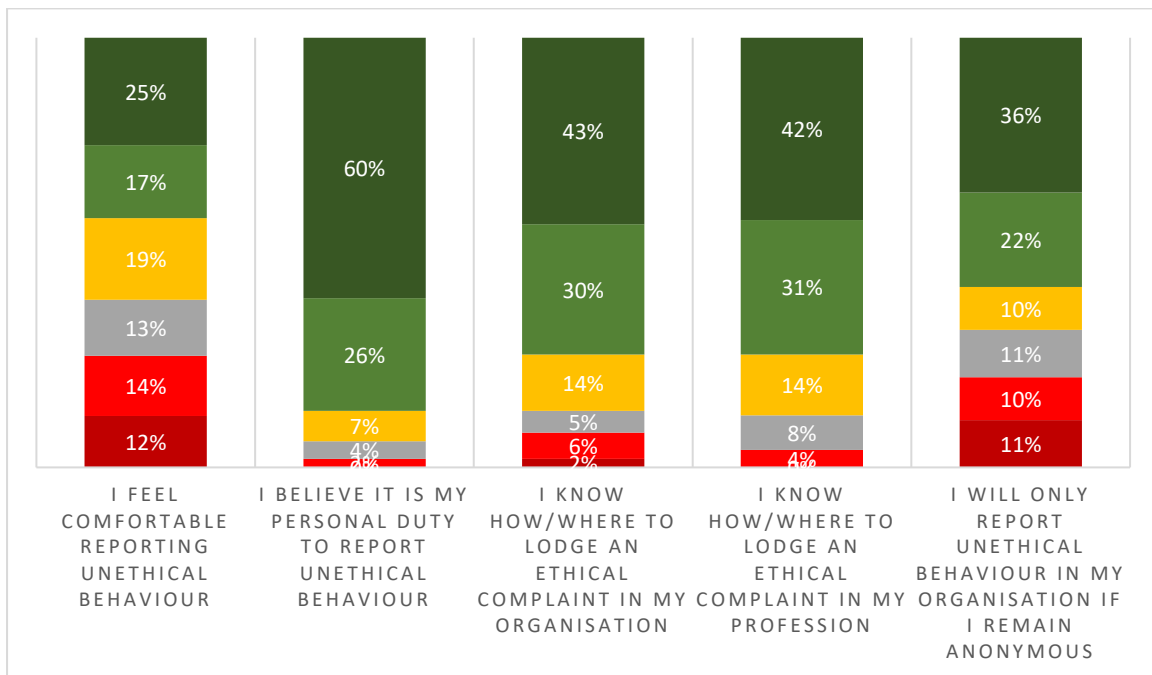


Figure 14: Reporting on ethics-public sector (1)

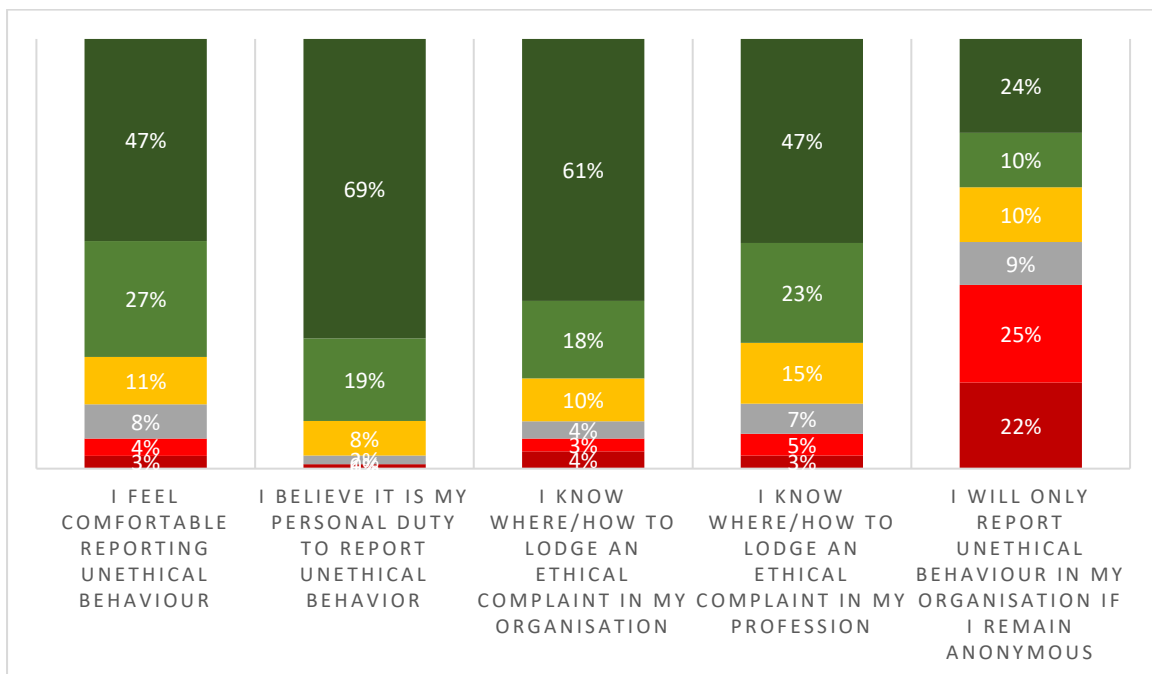


Figure 15: Reporting on ethics-private sector (1)

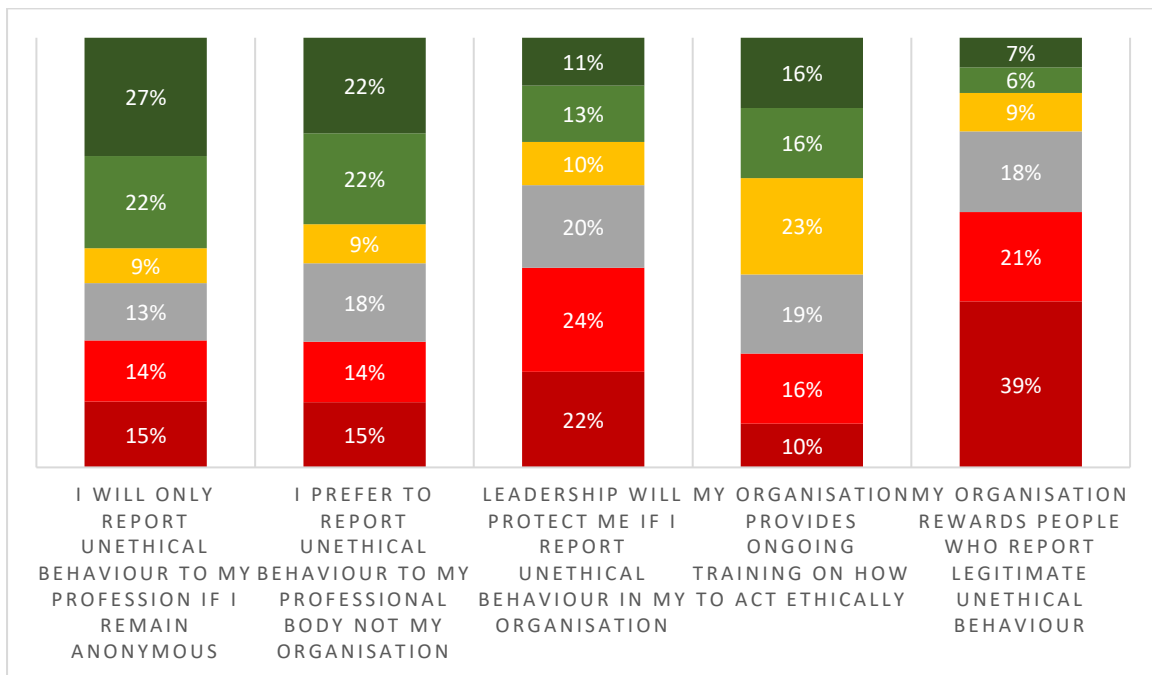


Figure 16: Reporting on ethics-public sector (2)

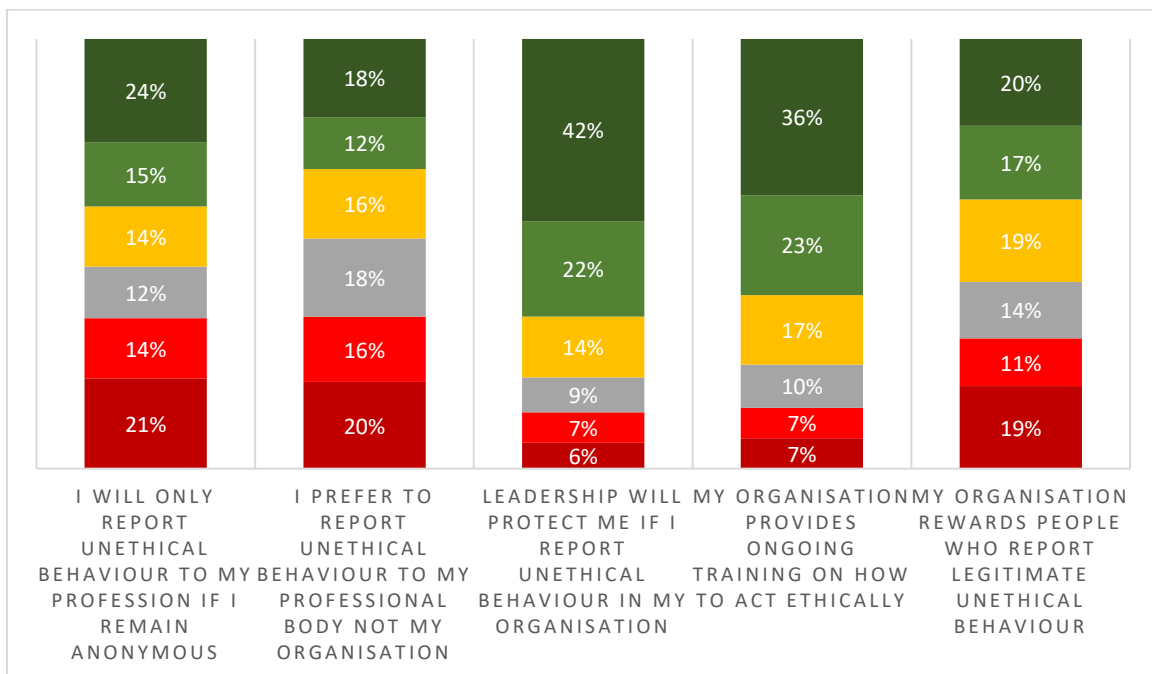


Figure 17: Reporting on ethics-private sector (2)

2.10 Scale results

The reporting of unethical behaviour has increased in the past four years where in 2017 in the public sector it was 39% and in 2021 this has increased to 52% having agreed to report. In 2017, in the private sector 41% reported and in 2019 that increased to 52% but decreased in 2021 to 46% having reported on unethical behaviour. In the public sector most preferred to report to a direct line manager (26%) while in the private sector it was in the organisation (24%). Over 60% of respondents feel it is their duty to report on unethical behaviour and know how and where to lodge a report. In the public sector it is perceived that leadership will not protect whistle-blowers (11% strongly agreed) where in the private sector the perception is the complete opposite (42% strongly agreed). An area that could see improvement is training of ethics in organisations.

6.5 Reporting Experience

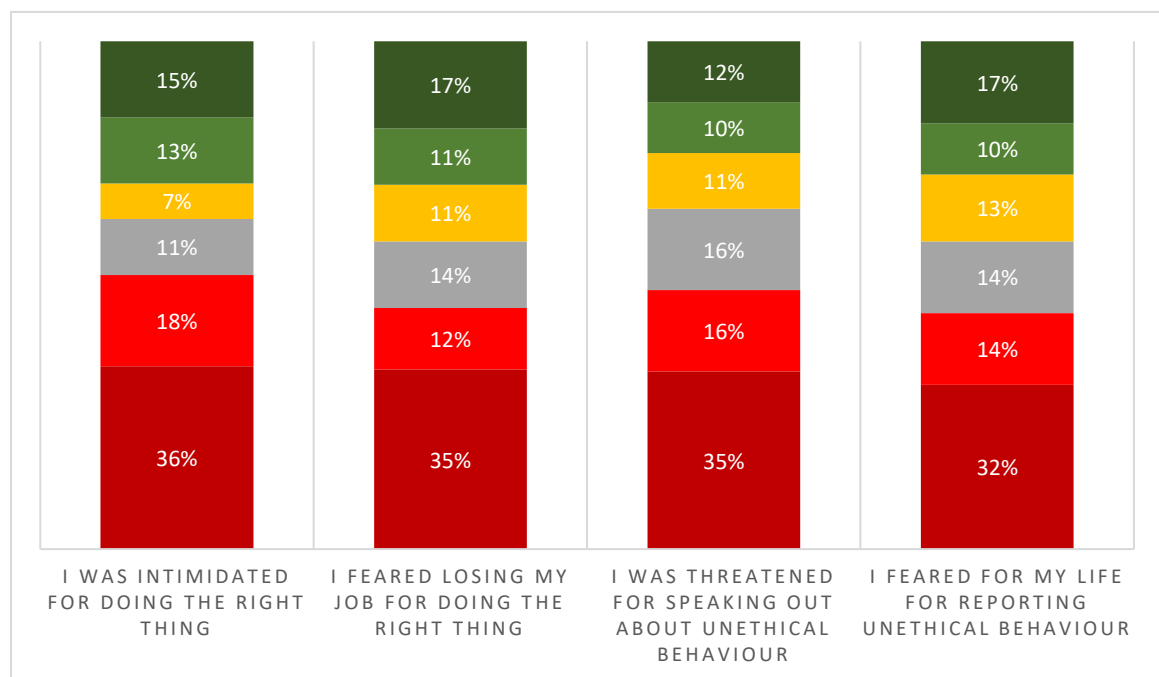


Figure 18: Reporting Experience -public sector (1)

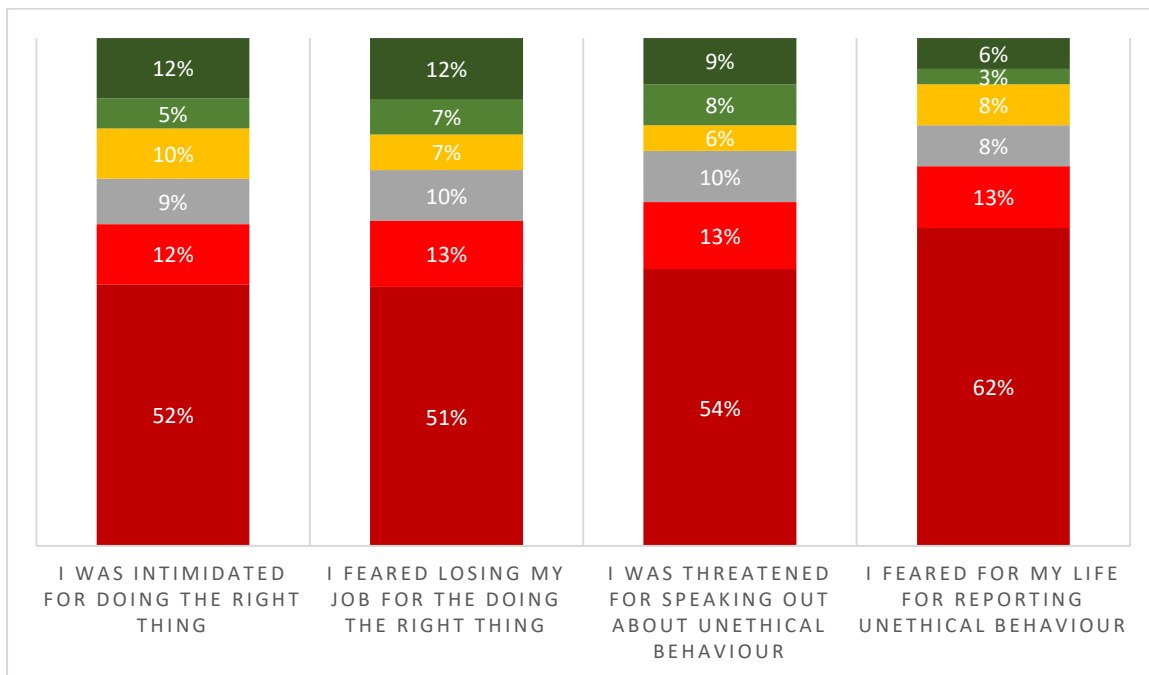


Figure 19: Reporting Experience -private sector (1)

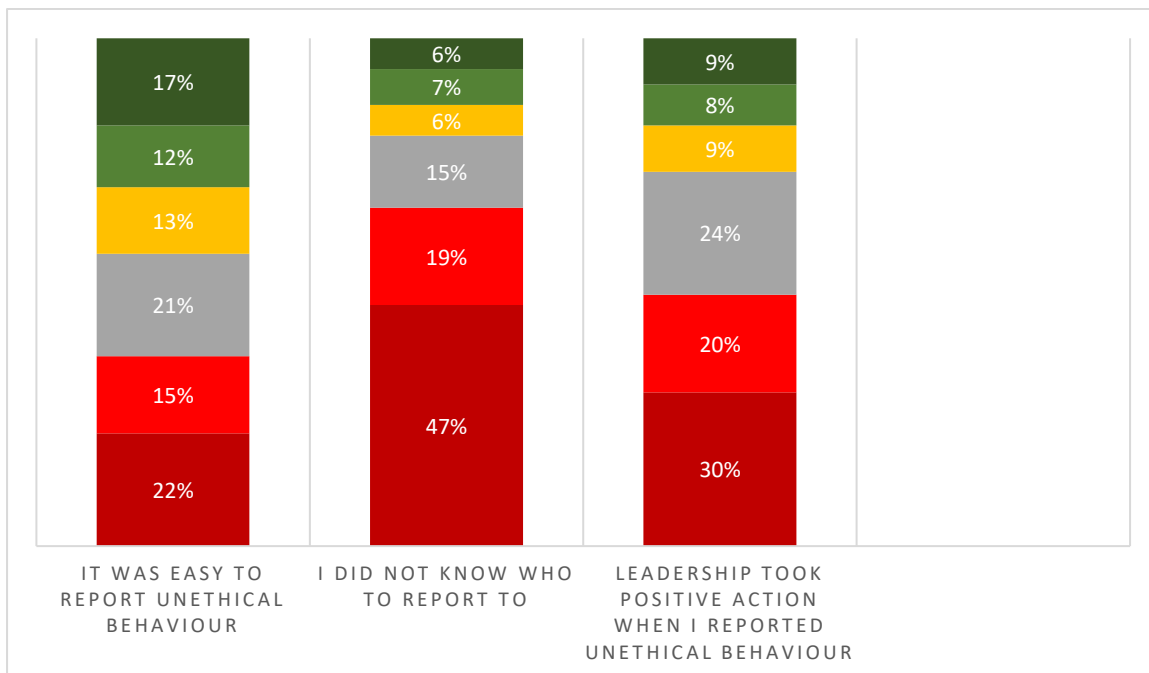


Figure 20: Reporting Experience -public sector (2)

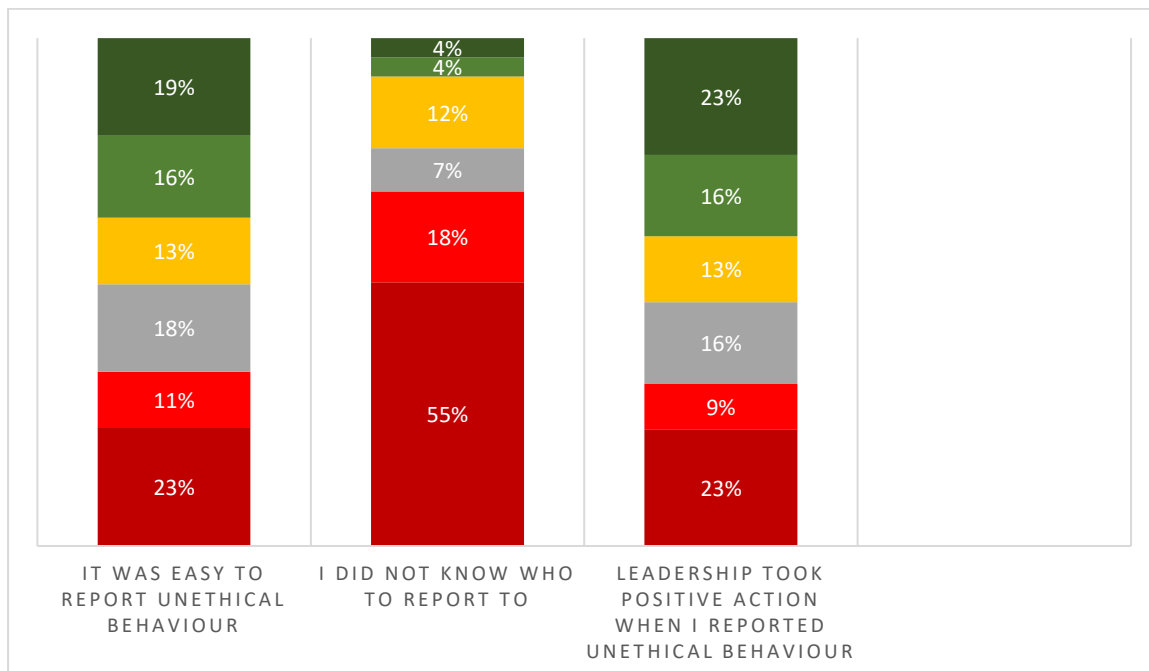


Figure 21: Reporting Experience -private sector (2)

2.11 Scale results

The 2021 findings reveal that it remains not an easy process, in both the private and public sectors to report on unethical behaviour and practices. Respondents know where and how to report but feel that leadership does not take positive action when whistle-blowing occurs. Respondents strongly disagree that they were threatened or experienced fear, intimidation, and victimisation when they reported unethical behaviour, however this was experienced less in the public sector than in the private sector.

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 - Parmi Natasan (Institute of Directors SA)
 - Pat Semanya (Institute of Risk Management SA)
 - Karam Singh (Corruption Watch)
 - Jeanne Viljoen (SA Institute of Chartered Accountants)
 - Jaco De Jager-deputy chairperson (Association of Certified Fraud Examiners SA)
 - Faith Ngwenya (SA Institute of Professional Accountants)
 - Russel Morena (SA Institute of Government Auditors)
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 - Kevan Jones-Southern African Communications Industries Association (SACIA)
- The annual AEPF Ethical Practices Survey report is managed and developed by the AEPF secretariat, Laverne Leibrandt-(IIA SA) (laverne@iiasa.org.za)

REFERENCES

AEPF 2017 and 2018 and 2019 Ethical Practices Survey reports

www.aepf.co.za