

THE CORPORATE ETHICS JOURNEY

Empowering business organisations to transform ethical culture
through an effective 7-Stage Ethical Culture Journey

WHITE PAPER

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Embracing a 7-stage transformative process
to strengthen ethical culture and standards,
in business organisations

The need to embrace ethical principles and practices in business is quasi-uncontested in all quarters and across hierarchies. Over and above guiding oneself, ethics also plays a fundamental role in business organisations as it sets the right norms of behaviour and business practice. The role of leadership and the importance that leaders place on ethical principles in their decision making, conduct and actions dictate how the ethical climate and culture will gradually evolve and permeate the organisation.

Does it start and stop with the rollout of the commonly found Code of Ethics in organisations? Has such deployment been effective in reinforcing ethical culture and curtailing unethical behaviour? These are typical questions we need to ask ourselves if we have a genuine intention to bring transformational changes to organisational climate and culture.

This white paper reveals how employees, in the Mauritian context, view and rate the state of ethical practices in their organisations, the types of ethics programs in place, the key challenges they face, and the key ethics related actions that would help them in their work environment. Drawing from empirical findings and established support models, the author puts forward a Corporate Ethics Journey, coined the “**7-Stage Ethical Culture Journey**”, that can help business leaders transform and reinforce ethical climate and culture within their organisations for enhanced effectiveness, engagement, conduct, and performance.

Pressing Need for Business Ethics

Globalisation, climate change, the emergence of new digital trends with the rise of AI, and the pervasiveness of social networking platforms have resulted in behavioural and social changes such as cross-border telecommuting, collaboration, and networking, requiring people around the globe to evolve and adapt quickly and differently. Furthermore, the challenging business context is putting increasing pressure on stakeholders (shareholders, leaders, and employees alike) to promptly find economic solutions for business survival, recovery, sustainability and growth, more so in an era marked by the pandemic's adverse socio-economic effects, as well as rising geopolitical tensions and war. At times, the business challenges are so immense that ethical issues are cropping up due to conflicting goals.

This is not a new phenomenon, but empirical evidence shows that ethical transgressions are being committed at the expense of other forms of business interests and are on the rise across continents (Ethics & Compliance Initiative., 2020; Ernst & Young, 2020). This puts the spotlight on ethics and further raises its prominence on the agenda of business leaders, scholars, and researchers with a view to transforming ethical challenges.

Defining Business Ethics

Several factors affect ethical behaviour and conduct of individuals or groups of people in an organisation or society. It can take the form of our own guiding values, organisational and societal norms, culture, leadership, workplace pressures, socio-economic conditions, and situational challenges, amongst others. These factors dictate how an individual behaves in a particular situation.

In the early days, ethical theorists developed approaches geared towards standards of behaviour and codes of conduct. These were qualified as *normative* approaches (Beck et al., 2010; Chonko, 1995). Later, broader definitions were put forward by scholars and researchers.

For instance, business ethics is viewed as “*the rules, standards, codes, or principles which provide guidelines for morally right behaviour and truthfulness in specific situations*” (Lewis, 1985). Others view ethical behaviour in business as “*behaviour that is consistent with the principles, norms, and standards of business practice that have been agreed upon by society*” (Trevino & Nelson, 2014, p.20).

These two definitions cover broadly similar aspects of principles, rules, norms, codes, and standards required to guide behavioural practices in business. However, Lewis (1985) added a situational dimension to his definition while Trevino and Nelson (2014) gave a benchmark for measurement which has generally been agreed by society or organisation. Such developments have made it relatively easier for someone to gauge the ethicality of particular actions from the generally-accepted viewpoint of the society or organisation.

Ethics in Business & its Linkages with National Culture: A Global Overview

Prior to examining the ethical culture in the multi-cultural context of Mauritius, it would be enlightening to determine whether there is any linkage between the underlying ethical culture in business and the broader nation’s culture.

In other words, *does the culture prevailing in a particular country or region of the world influence the ethical culture that prevails in businesses?* Cross-country studies on ethical business culture were examined for further insights and empirical evidence. The ones by Alas (2006) and Ardichvili, Jondle and Kowske (2010) are of particular interest and noteworthy. The latter study surveyed 13 countries in Europe, Asia, and America as well as evaluated the responses of over 23,000 managers and employees, particularly on the prevailing ethical business practices. The key findings are as follows:

The Anglo Cluster

Countries including the United States, United Kingdom, Canada, and Australia formed part of this cluster given their shared cultural heritage and their relatively close ratings on several cultural dimensions. The studies suggest that these countries come out as having a culture of *high individualism* and place heavy emphasis on the development, implementation, and enforcement of ethics standards, practices, and formal training, including setting out ethics-based mission statements, codes, enforcement procedures for reporting ethics deviances, as well as an alignment with corporate values (Ardichvili et al., 2010; Meyers, 2004; Trevino & Nelson, 2014).

The studies also suggest that *the authentic behaviour of leaders and their personal moral development* play a major role in setting the right operating framework for maintaining ethical standards and combatting threats in businesses.

China (including Hong Kong)

Studies show that these countries are heavily reliant on the foundations of Confucianism with Chinese business leaders being guided by values originating from Confucianism of “Ren” (Compassion), “I” (Appropriateness), “Li” (Norms), and “Chin” (Wisdom) (Ip, 2003). A key underlying operating philosophy of Chinese business leaders is trust, whereby they tend to rely more on the trustworthiness of business partners than on formalising business engagement through contracts or agreements (Koehn, 2001). Emphasis is also placed on *social harmony* and *nurturing genuine relationships*, as these help in addressing sensitive issues openly (Chatterjee & Pearson, 2003). Chinese business leaders are also very sensitive to upholding their *prestige* and *honour* by being right, successful, and demonstrating stewardship in their ethical behaviour and practices (Hwang et al., 2003; Koehn, 2001; Li et al., 2007).

Also guided by *collectivism*, Chinese business people promote such moral values across their organisations, thereby reinforcing the ethical culture in the group and ensuring that deep-rooted socio-cultural phenomena continue within the organisation and society at large. The lack of emphasis on formal contracts or codes of behaviour stands out as an inherent characteristic of their culture, unlike the Anglo cluster which places heavy reliance on such aspects.

Japan

Though Japanese cultural traits and ethical behaviour are also based on Confucianism, their leaders have developed their own society and ethical value system. Although based on the same principles of harmony and benevolence (as seen in the Chinese

culture), Japan places more prominence on “*situational ethics*” and tends to rely on business ethics policies to guide ethical decision making (Chung et al., 2008; Nakano, 1997). According to these studies, this ethical behaviour was found to be stronger in the Japanese business context as compared to the United States.

Continental Western and Central Europe

The underlying cultural and historical diversities in this particular cluster render it difficult to make a common view on the ethical approaches in Western and Central Europe (Mele, 2008). The ethical systems, approaches and practices prevailing in this particular cluster are somewhat different to the ones prevailing in the United States. According to Crane and Matten (2004), Continental Europe places more emphasis on *strengthening the legal frameworks* to guide and regulate business conduct, with relatively lesser emphasis on ethical systems such as code of ethics. This could be explained by the fact that the United States provide stronger incentives to businesses operating in the country for implementing effective ethics-related programs as compared to what companies in Europe are offered (Mele, 2008). The ethical practices prevailing in the United States are viewed as being overly prescriptive and legalistic due to their culturally-conditioned belief in procedural justice, and in maintaining a level playing field for all (Palazzo, 2002). This explains why legalistic emphasis is laid on corporate code of ethics in the United States as compared to the European counterparts. It can be argued that this legalistic emphasis on corporate code of ethics is too compliance-driven as one would expect ethical behaviour to transcend the legal aspects.

Latin America

Countries in this cluster have been subjected to a higher level of ethical violations, corruption, political instability, poverty, and a disconnect between established religious, moral values and business practices (Arruda, 1997). Furthermore, the business culture prevailing in a country like Brazil is heavily characterised by paternalism, power concentration, loyalty to leaders and social cohesion whereby group leaders reward their supporters' loyalty through welfare strategies (Tanure & Duarte, 2005). An interesting piece of findings from Tanure and Dharte's (2005) study is that Brazilian leaders have embraced an "intermediary path" or "adaptation mechanism" which enables them to manoeuvre between a tight legislative environment and what is practically possible. In other words, people and businesses find a middle ground between what is and what is not allowed (referred to as "jeitinho" in the Brazilian culture). While this flexible approach brings possible benefits to the Brazilian business community, it also exposes it to potential abuses or ethical violations by walking through the "grey" zone.

Saudi Arabia and Middle East

As found in various cross-country cultural studies, individual and business behaviours in Arab countries are largely influenced by Islamic principles and moral values. Business transactions within this cluster are governed by the law of Islam and most dealings have to pass the moral filter test, with traders obliged to provide full disclosures on their products and services in a fair and transparent manner (Abbasi et al., 1989; Rice, 1999).

Characterised by collectivism, countries in this particular cluster favour *group cohesion*, *social welfare for all*, and maximising *social good*. As such, business leaders tend to base their decisions on what is right or wrong, and what will yield the maximum value for the organisation and society at large (Rawwas, 2001). However, it appears that gaps exist between the ideal and actual practices due to the underlying political systems, divergent behaviours, and pressure to survive in difficult contexts (Rice, 1999).

India

India has been studied in comparison with the ethical culture and practices in the United States. The findings of Chakraborty (1997), Jackson (2001) and Carroll, Brown and Buchholtz (2016) demonstrate considerable differences between these two cultures as to how they view ethical business behaviour. The business leaders in the United States are more analytical in their ethical decision making and rely more on normative ethics, whilst Indian business leaders tend to rely more on *intuition*, *traditions*, *relations* (an assessment of who is involved in specific cases), and unconditional loyalty to their organisations (viewed as a highly ethical behaviour). What would be viewed as significantly unethical in the US context (e.g. gift giving, nepotism, etc.), might not be equally viewed in the Indian context. On the other hand, the study suggests that Indians rated harming the environment as more dishonest as compared to their US counterparts. However, it was also noted that business leaders in these two states view *profit and value creation* as being most important as compared to ethics in business (Christie et al., 2003).

The Role of National Culture on Ethical Business Culture in Mauritius

Mauritius is considered one of the model economies in the African region, characterised by a strong economic development profile and ranked 1st in Africa in a number of economic and governance indicators (Economic Development Board Mauritius, 2021). It now stands under the global spotlight as a case study to learn from its economic development. Although business ethics research has progressed substantially around the world, empirical studies in Mauritius have nevertheless been relatively limited on this important topic, as compared to other developing countries. Furthermore, the specific attributes of Mauritius make it a complex yet interesting context for study, as characterised by:

(a) **Its plurality of cultures, ethnicities and colonial background**

Asgarally (2007) named Mauritius “*An Island of Cultures*”, with its culture originating from Asia, Africa, and Europe, characterised by a plurality of languages, religions, myths, and festivals. In such a context, *does it imply that Mauritius has a combination of the inherent cultural traits from these major regions in its culture or does it have a completely distinctive culture of its own?*

(b) **Its economic, social, political and governance influences**

Ng (2015) coined the French phrase “*L'économie de la diversité*” to characterise the diversification of the Mauritian economy since its independence. *Has the diversity in its economic, socio-cultural, political, environmental, and demographic factors shaped an ethical business culture of its own?*

(c) **Its sectoral transformation and industry diversification**

Evolving from a traditional agriculture-based and manufacturing landscape to a diverse and growing services industry characterised by strong contributions from the financial services, technology, hospitality, and other services sectors, Mauritius is now focused on developing renewable energy, a blue economy, and a digital economy with FinTech and AI (Economic Development Board Mauritius, 2018a, 2018b; Foreign Affairs, 2017). Given the industrial evolution and diversification in Mauritius, *is there a common or diverse macro-organisational culture that has shaped up across industries in the country?*

Furthermore, Mauritians are generally considered to be family-oriented in nature because of their cultural origins, where family ties are considered important. The ancestors of a large segment of the population have originated from Asian communities, which explains their cultural heritage and family-oriented traits. Mauritians are also driven by their quest to make economic progress, whether at a national, organisational, family or personal level. This could also justify why Mauritius outshines on a number of economic indicators in Africa. It also explains the high level of literacy, which has fundamentally been the backbone of many individuals and families in their advancement towards a better career, lifestyle, and social status.

Still a male-driven society but with growing participation and contribution of female professionals and entrepreneurs in the economy, Mauritians are known for their “*débrouillardise*” (French term for resourcefulness). They share a unique culture of juggling multiple goals and challenges while fulfilling their personal duties and uniting on societal causes, more so, when people's welfare is at stake.

Generally, Mauritians are perceived as people who usually comply with rules, laws, and policies. However, their inherent traits of being, on the one hand, driven by their quest to progress in life and, on the other hand, being inherently inclined to walk their ways to achieve their goals could lead to potential ethical conflicts, especially when the stakes are high for their survival, growth, or families' welfare. The beauty, nevertheless, lies in sharing a common national culture (*une nation arc-en-ciel*) while respecting each other's cultural and ethnic diversity and appurtenance. Ng Tseung-Wong et al., (2019) coined it the "*blended bicultural identity*" in their studies of the Mauritian culture.

The Emergence of an Organisational Culture of its Own

526 employees operating across hierarchy levels and 19 industries in Mauritius were surveyed in a multi-faceted in-depth ethics study, to assess the prevailing organisational culture, ethical organisational climate, ethical leadership, and workplace pressures, amongst others.

The empirical findings revealed three emerging factors characterising **Organisational Culture** in business organisations in Mauritius, namely:

- **Achieving Business Goals** (a culture focused on setting and working towards achieving business goals and mission);
- **People Consideration** (a culture of addressing people's concerns and positively fostering team dynamics to achieve organisational goals); and
- **Work Ethics** (a culture encompassing ethical compliance and dutiful traits in the organisation, although not rated prominently by most respondents).

Similarly, when assessing the underlying characteristics that define **Ethical Organisational Climate** prevailing in businesses in Mauritius, the main factors that emerged are:

- **Principle-oriented** (complying with laws, organisational policies, and rules);
- **Benevolence** (a kind concern and interest in what is best for the employees and clients); and
- **Altruism** (a selfless concern for the interests of others, including the employees, customers, organisation, and society at large, by creating the right work environment, providing support and help in addressing issues, meeting goals, and volunteering, amongst others).

45%

**of respondents
observed ethical
issues or
malpractices.**

The State of Ethics in Mauritius

Like in many other countries, the implementation of ethics standards in Mauritius has been made through the articulation of the Code of Ethics, which stakeholders must abide by within their economic, social, and political bodies. While it was found that the prevalence of the Code of Ethics across industries is considered to be low (only 19% of the participants confirmed the presence of the Code of Ethics in their organisations), the empirical study also reveals that the level of training on ethics standards and codes is even lower (only 12% confirmed such training in place).

Furthermore, the study shows that employees are facing another dilemma in determining what is ethical and what is not. In certain cases, they are unable to discern which particular action or behaviour is considered to be ethically correct and which is not. Coupled with these findings, the study also highlights fundamental deficiencies in applying an effective and consistent approach across industries, in setting ethical standards and codes, raising awareness, providing the necessary means to clearly understand ethics related matters, and making ethical decisions. These issues indicate that organisations in Mauritius are at an infancy stage in the deployment of ethical standards and practices, which may also explain why ethical deviances have been observed to a considerable extent, as illustrated in Figure 1.

FIGURE 1

Types of Observed Misconduct and Nature of Pressure to compromise Ethical Standards in business organisations in Mauritius

(n = 523, Rating: Agree and Strongly Agree)



The nature of the reported malpractices and pressures to compromise ethical norms, albeit at varying degrees, are causes for concern. If prevailing ethical issues are not addressed, are relegated to lower levels of priority for resolution, or are simply approached superficially, they will fuel anomie in the workplace, thereby impacting employee conduct and performance in the medium to long term.



The findings of the study demand that business leaders, executives, managers, and their subordinates take a selfless yet collective call to identify the ethical challenges being observed or felt, and evaluate the state of ethical practices in their organisations.

Determining consistently what action is right or wrong is fundamental to shaping the proper ethical behaviour and culture. Due to the varying profiles, backgrounds, and education levels, employees face difficulties in consistently discerning what is ethical and what is not.



Business and HR leaders must therefore establish and promote ethics support mechanisms that can progressively educate and enable employees to better recognise ethical issues, make sound ethical judgement and take the right action.

Such mechanisms encompass sound theoretical models (for conducting ethical checks), corporate ethical guidelines and training programmes (for elevating the level of understanding of ethical norms and adopting the right conduct in the workplace), and institutionalising the required platforms to sense ethical challenges and support employees in tackling ethical dilemmas through appropriate systems, guidance, and advice.

Transforming Ethical Culture and Climate

Business leaders with a genuine interest and determination to bring transformational changes to the ethical culture and climate of their organisations, for the best interests of their stakeholders, realise that it is not a simple task. It is rather a sensitive and complex journey to question and assess prevailing practices and call for radical changes in behaviour and practices, starting from the topmost hierarchy down to the bottom of the organisation.

Embracing such a journey brings immense benefits as it consolidates the organisational ethical foundation and DNA while shaping a conducive work environment that drives employee engagement and performance, ethical conduct, and organisational citizenship behaviour.

A good starting point for embracing such a transformational journey is to reflect on some key topical ethics questions in business, such as:

1. What is the ethical climate and culture prevailing within the organisation, and what does it tell us?
2. What is considered right and wrong conduct?
3. How do we assess and determine what is ethical and what is not?
4. What constitutes an ethically acceptable practice?
5. How do we ensure that all stakeholders in the organisation have a common view of ethics, ethical standards and their application?
6. Where do we refer for ethical guidelines?
7. Does the journey start and stop with the roll out of the commonly found Code of Ethics in organisations?
8. Has the deployment of the Code of Ethics been effective in reinforcing ethical culture and curtailing unethical behaviour?
9. Where do we go to obtain clarification about ethics-related matters and issues, and who advises us on how to address these ethical dilemmas?
10. How easy and safe is it to raise, discuss and resolve an ethical dilemma in the organisation?
11. How do we perceive and rate the leadership, management and supervisors' actions with regards to their ethical stewardship and role modelling?
12. What happens if someone transgresses ethical norms? Does it go unnoticed or can someone find ways and means to avoid any form of reprimand or disciplinary action? Would it be tolerated or allowed by the bosses if the person fulfilled their demands or orders for their own self-interest?

The list could go on and on, but these pertinent introspective questions are critical for gauging the state of ethics, the ethical leadership, the prevailing climate and culture, as well as the effectiveness and maturity level of the ethics program in place within the organisation. This will in turn bring the necessary insights to start the transformational Corporate Ethics Journey.

The Corporate Ethics Journey



The 7-Stage Ethical Culture Journey

An empirically driven *7-Stage Ethical Culture Journey* has been developed and put forward to support organisational leaders and stakeholders in setting up a *Vision, Strategy, Implementation, and Reinforcement Roadmap*. It is a step-by-step practical ethics strategy, framework, and approach to embrace the journey of transforming and reinforcing the organisational ethical culture, climate, and systems for enhanced moral conduct and right ethical practices in business.

The *7-Stage Ethical Culture Journey*, shortly referred to as the *ECulture Journey*, is illustrated in Figure 2. It considers the typical challenges that stakeholders face in the implementation journey, and offers practical and effective guidelines and best practices on how to objectively address these challenges, and shape a stronger DNA and foundation for organisational success.

The *ECulture Journey* further integrates the key ethics related actions (*KERAs*) that emerged from the respondents in the study, contributing towards the transformational journey of ethical culture and climate in business.

Given their relevance, inherent merits, and contribution to the business community, two established models; the essence of the Corporate Ethical Virtues Model (Kaptein, 2008) and the *3-Ethics Checks for Leaders and Managers* (Blanchard & Peale, 1988), have also been incorporated into the *ECulture Journey*, as they play a pivotal role in enriching the ethical knowledge, conduct, and practices within business organisations, and equip their stakeholders with effective and practical approaches to encourage and reinforce ethical culture at large.

FIGURE 2

The 7-Stage Ethical Culture Journey for business organisations



Stage 1: Ethics Commitment by the Top Most Stakeholders

The effectiveness of any transformation strategy depends heavily on the stewardship, engagement, commitment, drive, and support of the topmost hierarchy. Embracing an ethical culture transformation journey demands the strategic involvement and commitment of the Shareholders, Board, and Senior Leadership team, as well as their genuine interest and serious determination to shape the right ethical culture through a top-down approach. It also requires a strong demonstration of the importance placed on ethical approaches and standards to guide business practices within the organisation. It further calls for setting an effective ethics-driven vision, framework, process, systems, and tools that would guide every member of the organisation in steering forward and fulfilling their duties ethically, irrespective of the nature and level of workplace pressures, and business objectives set.

The ECulture Journey thus starts with the topmost stakeholders in the organisational hierarchy setting forth an ethics-gear vision that guides the decision making and operating norms at the Board, management, and operations levels. The success of the ECulture Journey is heavily dependent on the levels of commitment of all stakeholders, particularly leaders, in steering forward the realisation of such a strategic and ethics-driven vision with genuine commitment to its importance, strong beliefs in its merits, and unwavering determination in setting the ethical norms and their adoption, as well as remaining guided regardless of what is at stake.

The dangers lie, however, when business pressures mount, either for economic survival or for economic gains, whereby the ethical dials get disturbed and ethical consideration gets relegated to the lower levels of importance. The dangers also lie in starting the journey with vigour but then allowing it to fizzle out as other pressing business priorities demand prominent attention.

This would then tend to gradually lead towards a superfluous approach to ethics, if it is not fully instilled and lived as part of the organisational culture. Conversely, when a strong ethical culture prevails within the organisation, it is likely to withstand any adverse pressures that could transgress ethical norms.

The leadership vision for an ethically driven organisation and the demonstration thereof (walk-the-talk) which includes recognising those employees who are demonstrating the right and exemplary conduct, as well as, sanctioning those who are deviating from ethical norms, irrespective of their relationships and affinities, would lay a strong foundation for the right ethical culture and climate in the organisation.

At this stage of the ECulture Journey, the stakeholders have to jointly agree on the underlying ethical philosophies for running their businesses, as well as the ethical standards and culture they wish to see from within. It is imperative to set a clear vision and goal for an ethics-driven culture and commit to putting in place the right structures, resources, and systems to operate a dynamic, self-reinforcing, and self-regulating ethical culture mechanism within the organisation.

It also calls for leaders to realise the importance of setting realistic and attainable goals and targets. Several studies suggest that when excessive and unrealistic targets are set, it is likely to encourage unethical behaviour as the employees find themselves compelled to find ways and means (proper and improper) to meet such targets (Schweitzer et al., 2004). Kaptein (2008) calls it the *organisational virtue of feasibility* as it lays the foundation for employees not to transgress norms due to pressure to meet unreasonable goals and targets.

At this initial stage, it is paramount for business drivers to grasp the intricacies and implications of goal and target setting, and make the right commitment to ensure feasibility, fairness, and congruence in the process.

Stage 2: Upholding Ethics Commitment through the Institutionalisation of an Ethics Office

Under the stewardship of senior stakeholders and their common pledge to nurture an ethically-driven business culture, organisations must evolve their structures to encompass a living, empowered and effective Ethics Office. The institutionalisation of such an office will demonstrate the importance and commitment that the business drivers place on an ethics-driven business culture. The Ethics Office must have a clear mandate that embodies the following functional roles in spearheading the ethics mission at an enterprise level:

- (a) It will serve as both the independent driving force that establishes the ethical charters, ethical culture and climate goals, framework, norms and operating guidelines, as well as the spearheading unit that leads the implementation of high quality ethics strategies and programs with the goal of cultivating a strong ethical culture within the organisation for the welfare of all stakeholders.
- (b) It will be empowered to carry out its mission independently and implement any such measures required to transform and reinforce ethical norms and practices in full transparency. This encompasses holding forums for goal alignment with senior stakeholders and operating teams, as well as breaking down any barriers or resistance to change.
- (c) It will play a pivotal role in connecting all organisational stakeholders, regardless of their hierarchical levels or business functions, so that they can use this medium or platform to collectively align themselves with ethical norms and approaches, as well as relay ethical issues, dilemmas, ideas, and suggestions.
- (d) The Ethics Office will neutrally act as the bridge between the policymakers, business drivers, and on-the-ground players so that the underlying ethical principles are known, clarified, disseminated, and reinforced amongst the workforce.
- (e) It will also act as the “voice” that propagates ethical work standards, reinforcement practices, as well as raises alarms when the ethical climate starts getting “polluted” or shows signs of conflicting agendas or potential transgressions of ethical principles and standards in place.

Stage 3: Line up Highly Effective Ethics Program (HEEP)

The ECulture Journey demands an all-encompassing evolutionary approach when it comes to putting in place the programs required to raise the ethical standards and culture to the next level of maturity and effectiveness. Unfortunately, just defining and publishing a written Code of Ethics or Code of Conduct is not enough. It might even be perceived as a superfluous articulation for the purpose of showing one has it in the organisation (“tick box” approach to compliance) whilst not being lived and promoted actively. Although its definition is key, its deployment and active application in every decision and action is equally vital in shaping the right culture.

Shifting gears and moving to the next level of maturity in ethical practices demand that organisations develop effective Highly Effective Ethics Programs (HEEPs) that foster workplace integrity and right conduct amongst leaders, managers and employees at all levels, and must fundamentally encompass the following key components:

■ **Setting clear ethical norms and standards**

According to Kaptein (2008), a lack of clarity is an antecedent of unethical behaviour. It was empirically found that unethical behaviour occurred due to a lack of clear norms and framework in organisations. Kaptein's Corporate Ethical Virtues call for the implementation of a clearly defined set of norms that supports managers and employees in their decision making process rather than leaving them to rely on their own moral intuition and judgement. Further studies suggest that bringing clarity to corporate policies and procedures leads to the reduction of unethical conduct and practices (Schnatterly, 2003; Tyler & Blader, 2005).

When an organisation stays silent or is unclear on what is ethical and acceptable and what is not, employees will tend to be guided by their own judgement, thus leaving room for someone to potentially take the wrong stand or action. In such situations, one may also hide behind excuses of ignorance or being uninformed to defend his/her own wrongdoings.

Vagueness and ambiguity in ethical norms have been found to be sources of unethical conduct and practices, which thus calls for a thorough examination of what normative frameworks are in place, how clearly they have been described, and to what extent they have been properly understood by the employees for correct interpretation, judgement, and conduct.

■ **Setting up a learning platform for an ethics-oriented organisation**

This learning platform must aim to raise ethical awareness, knowledge, and the ability to spot ethical conflicts and dilemmas, and learn how to resolve them. Such initiatives must be spearheaded by the Ethics Office and executed jointly with the leaders and team members through regular training sessions, workshops for brainstorming and evaluating ethical cases,

deployment of online tools, questionnaires for self-evaluation by employees of their abilities to decipher between what is right and wrong, and open communication sessions to discuss ethical challenges and the process of addressing conflicting goals and approaches.

■ **Setting Ethics Climate Indicators (ECI)**

Ethics Climate Indicators (ECI) will help in gauging the state of ethical practices in the organisation and taking proactive remedial measures. As the saying of Peter Drucker goes, *"What gets measured gets managed"*. We often find performance indicators and business metrics being measured and monitored on enterprise dashboards.

However, we barely find organisational ethics indicators being measured and reported. Such a gap leaves space for improper practices to go unnoticed and an ethically deviant culture to gradually settle in.

It therefore calls for proper ethics indicators to be defined, established, and measured in order to gather the pulse of the state of ethics in the organisation on an ongoing basis. This could be in the form of initially measuring the rate of "observed misconduct", "retaliation" and "pressure to compromise ethical standards", which would provide a view of the ethical climate prevailing in the organisation and on which the leadership team and the Ethics Office could act proactively to address emerging issues that could have irreversible and far-reaching impacts.

■ **Setting up an anonymous reporting platform**

An anonymous reporting platform will encourage employees to flag issues concerning workplace integrity, cases of ethical deviance, and suspected malpractices in the early stages. This can also come in the form of whistleblowing policies that many governance systems recommend for implementation.

However, such platforms are only effective when the whistleblowers do not face any form of retaliation from their bosses, and when reported cases are promptly actioned upon. Retaliation has been found to be counter-productive when reinforcing ethical culture and should be measured periodically to ensure people are safe to flag issues without any fear of retaliation or covert sanctions and penalisation.

■ ***Setting up an Ethics Rewards and Sanctions System***

When ethical transgressions are ignored, tolerated, or go unpunished within an organisation, the work environment can become chaotic. Sutherland (1983) posits that employees will avoid engaging in unethical conduct if they expect it to be punished and if the severity of the punishment outweighs the potential gain from engaging unethically.

With a view to creating and nurturing a strong ethical culture in organisations, it is thus vital to sanction unethical behaviour as well as reward ethical initiatives. Such practice brings transparency, whereby ethical rewards or sanctions are made visible to all employees. This reinforces respect for ethical norms and codes in place, as well as deters ethical deviants from exercising adverse pressures or engaging in unethical acts in the workplace.

■ ***Systemise the Appraisal of Ethical Conduct and Behaviour***

The evaluation of ethical conduct and behaviour must be systemised into the employee performance appraisal in order to enforce the practice of ethical rewards and sanctions. Not only will this enhance the HR system, it will also demonstrate and emphasise the importance and value placed on employee ethical behaviour in the overall principles of good business conduct. Employees will realise and endorse that performance is measured and rewarded not only when financial and other

quantitative key performance indicators are met, but also when they act with full integrity, demonstrate ethical conduct, and help nurture the ethical culture of the business unit, department, and organisation. Employees will also refrain from improper participation in malpractices or unethical acts if they know they will be punished or penalised by the HR system in place.

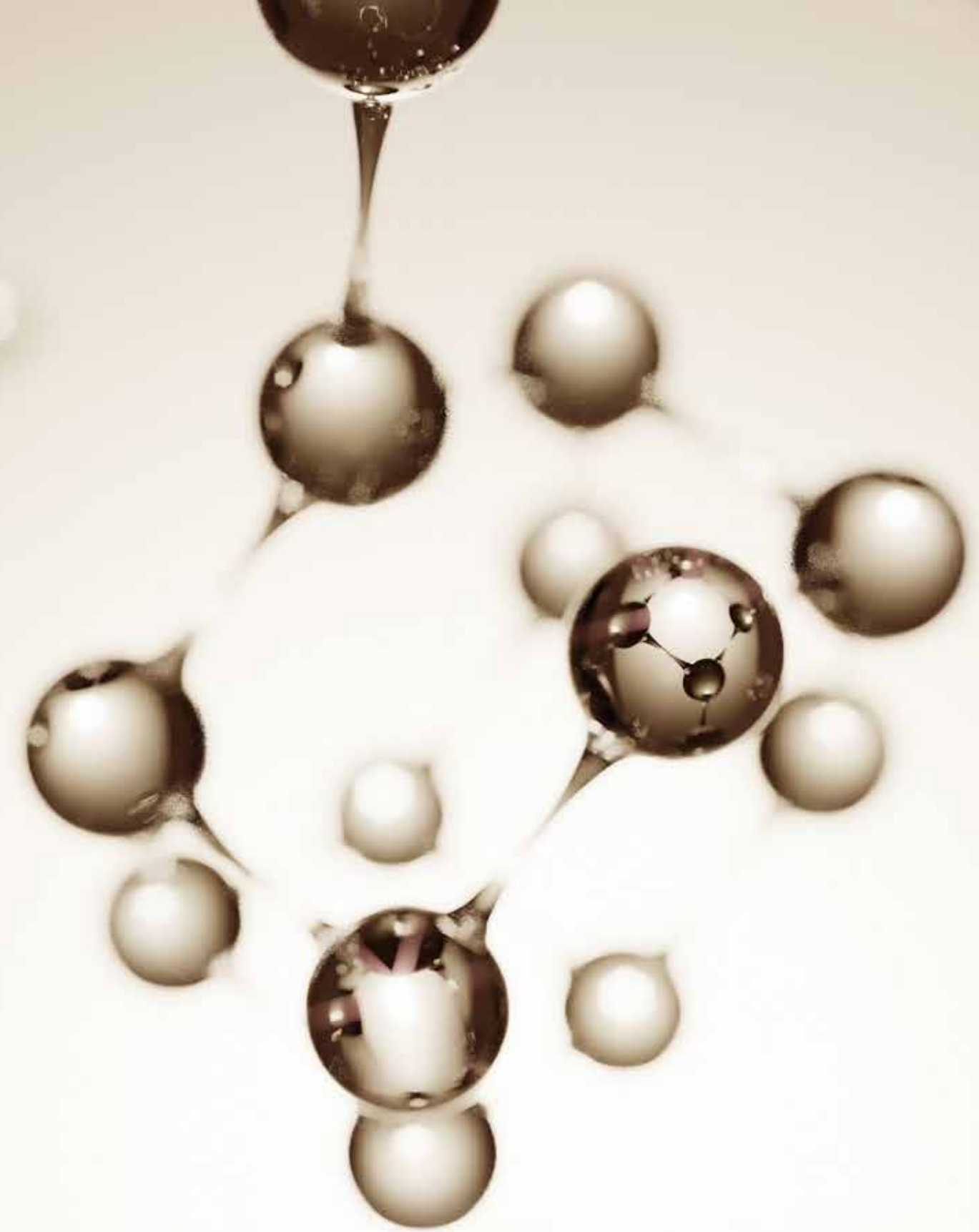
■ ***Sharpening the Saw***

HR development programs and workshops must include the reinforcement of the leadership and managerial abilities of business drivers to enable them to better fulfil their deontological roles. These should cover aspects such as:

- how ethical decision making should be undertaken;
- how they should act and be perceived to be acting from an ethical standpoint vis-à-vis their employees and followers;
- their leadership role modelling; and
- how they should address ethical dilemmas, sanction deviations, and reward exemplary behaviour in the organisation.

All these will lead to the transformation and reinforcement of the ethical culture and climate in the organisation over the long run.

Furthermore, transparency in leadership decision-making and actions within the organisation helps employees understand the rationale behind a particular decision or action. It also deters them from engaging in unethical behaviour when they know and see that any form of misconduct in the workplace is exposed and sanctioned openly. When employees are fully aware of the consequences of unethical actions (e.g. facing disciplinary sanctions including termination of job), they will tend to adjust and correct any deviant thoughts and behaviour that could eventually cause them harm in their career or life.



Encoding the Ethics Program into the organisational DNA will reinforce the ethical culture and climate for long term sustainability and success.

Stage 4: Transcend Ethics Commitment across Hierarchies

Like any great idea must be “sold” prior to its implementation to ensure full adoption, the ethics programs, tools, and systems put forward to elevate the ethical norms and practices in the organisation must also obtain the senior stakeholders’ commitment for adherence when they are rolled out. Ethics programs often fail to serve their real intent and purpose due to a lack of ownership, adoption, and adherence by certain influential quarters, and powerful or disgruntled employees. Senior leaders’ influence and commitment to supporting such programs are therefore prerequisites for a successful roll out. Goal congruence is also required to avoid contradictory or inconsistent signals between what is written as ethical expectations, and what is being lived and promoted.

The agreement for adoption must thus be sought from the topmost leadership realm of the organisation so that it becomes a top-down leadership initiative for adoption and adherence. The mere fact of seeking this agreement also implies a further level of engagement of the policymakers and enlistment of their support in the communication and dissemination of the ethics program. Most importantly, a commitment to the implementation of HEEPs across organisational hierarchies is equally critical for effectively transforming ethical culture. Employees will respect such programs when they hear their superiors value such initiatives (leader-follower relationship). Employees look for cues from their leaders on the importance they place on such matters and will then align their consideration and conduct accordingly.

Cascading such commitment at every level of the organisation enables gaining enterprise-wide engagement, validation, endorsement, and adoption more effectively.

Stage 5: Undertake the Rollout of HEEP Enterprise-Wide

At this stage of the ECulture Journey, the focus is on making HEEP an inherent part of the organisational DNA. It is about effectively rolling out enterprise-wide systems and tools that would elevate the ethical norms and practices amongst employees. It is imperative that such implementation engages employees at all levels so that they understand their roles, what is expected from them, what is considered as right practices, and how they form an integral part of the journey toward enhancing workplace integrity and ethical culture. It is equally important that language barriers do not render the implementation and understanding of ethical matters complex for employees of various education levels and backgrounds.

Effective implementation also necessitates an open platform for communication to promote understanding, feedback, and voicing out ethical dilemmas and issues that impact moral judgement and behaviour. Such a platform encourages internal interactions, work collaboration, and ultimately defuses any apprehensions that one may have when discussing sensitive matters without fear of reprisal.

The implementation of the HEEP also calls for the implementation of an effective “*Ethical Pulse Taking*” mechanism that “*Senses, Evaluates & Responds*” to ethical challenges and dilemmas.

Sensing the ethical pulse can originate from various sources, including:

- Regular anonymous organisational surveys on the prevailing ethical climate;
- Anonymous reporting through the whistleblowing mechanisms;
- Formal ethical issues escalated to the Human Resources Department, Corporate Ethics Office or Management;
- Audit and risk reports from independent sources;
- Exit interview reports;
- Media reports; and
- Reported ethics implementation gaps and deficiencies, amongst others.

Such feeders provide useful data and insights on the behavioural dynamics regarding ethics in the workplace so that appropriate leadership actions can be taken.

The **evaluation of the ethical climate** can be approached through a process of scorecarding or the use of heat maps to classify and rate the frequency and intensity of ethical issues being reported. Such tools would enable organisations to gauge the ethical climate prevailing in the organisation on a quantitative scale, which is a crucial indicator for leadership attention.

Responding to ethical challenges can take multiple forms. It can imply a review, reorientation, and recalibration of the ethics program in place to address the prevailing issues. It can also call for enhancing current HR policies in relation to sanctioning malpractices, rewarding and recognising ethical conduct and practices, and fine tuning mechanisms pertaining to training, stakeholders' interventions, communication, as well as other leadership actions that are required to address pressing ethical issues.

Stage 6: Reinforce Ethics Discussions & Judgement Platform

What if there are recurring ethical challenges in the organisation but no one has the freedom or the platform to raise and discuss them without any risk of retaliation?

What if certain ethical guidelines are ambiguous or unclear, with no open channels to brainstorm about them and render their application more effective?

The organisational virtue of discussability as posited by Kaptein (2008), aims to attend to such questions.

Central to creating and nourishing an ethics-driven business culture lies in the openness of bringing forward corporate ethics issues for open discussion without any fear of retaliation. In other words, learning from reported and resolved issues helps in gaining insights on how best to handle ethical dilemmas. Such platforms must cater to the examination and assessment of unethical cases and malpractices to gain insights on the causes of such deviations and how they can be avoided and mitigated in the future. The lessons learnt must then be fed back into the ethics programs and systems to address shortcomings. As revealed in the ethics study, the rate of observed misconduct in Mauritius shows that situational stress and adverse workplace pressures are amongst the key factors leading to the transgression of ethical standards. Such matters must form the basis for discussions with a view to elevating the judgement process, especially when someone is faced with conflicting goals and ethical dilemmas.

When it comes to making an ethical judgement, employees are often confronted with a myriad of situations whereby it becomes difficult for them to recognise, gauge, and/or decide on whether a certain decision or action could be viewed as right or wrong from an ethical standpoint. Rest (1986) calls it moral recognition.

Is the employee able to recognise an ethical issue, evaluate, and make a judgement on the correct course of action?

Is the employee aware of the potential harm and/or benefit that an action may entail for other people within the organisation or society?

These questions tend to fuel debates, disagreements, confusion, tension, and stress, especially if the culture, context, knowledge, and exposure are different, and there are no common methodologies, guidelines, or basis to gauge what is ethically correct or not.

Employees can also find themselves misguided, conflicted, or pressured to compromise ethical codes in challenging situations, and sometimes for the self-interests of their supervisors or bosses. Such situations have emerged as ethical issues to be resolved in the local context. It thus necessitates that every individual in the organisation must be able to recognise whether a particular situation, decision, or action has an ethical implication of some form or not.

Blanchard and Peale (1988) put forward a simple yet effective ethics check model as shown in Figure 3 to help individuals evaluate, analyse, and decide whether a decision or an action is ethical or not.

FIGURE 3

Ethics Check Model

ECQ1	<p>Is it legal?</p> <ul style="list-style-type: none"> ■ Will I be violating either a civil law or company policy?
ECQ2	<p>Is it balanced?</p> <ul style="list-style-type: none"> ■ Is it fair to all concerned parties in the short & long term? ■ Does it promote a win-win relationship?
ECQ3	<p>How will it make me feel about myself?</p> <ul style="list-style-type: none"> ■ Will it make me feel proud? ■ Would I feel good if the decision was published? ■ Would I feel proud if my family knew about it?

Adapted from Blanchard and Peale (1988)

The main purpose of the first ethics check question is to examine the decision or action from a legal standpoint by considering both the prevailing laws and the applicable company policies, codes, and standards. If the answer to this question is “No”, then there is no point in examining further or undertaking further checks. One simply has to refrain from such a decision or action.

The second ethics check question aims to establish the degree of fairness and rationality with regard to a particular decision or action.

Does it favour one over the other?

A decision or action that creates imbalance or unfairness must be avoided because it violates the fundamental principle of fairness in the organisation or society and is therefore considered unethical.

The third question lays emphasis on the feelings and emotions that one would have as a result of undertaking a particular decision or action.

Does the action bring pride or embarrassment to yourself, your family or vis-à-vis others?

Does the action lead to sleepless nights or question your conscience?

The answers to such questions provide the necessary guidance in determining the rightness or wrongness of the action.

Conclusively, holding ethics discussions and judgement forums between the Ethics Office, business stakeholders, and employees will go a long way towards transforming and reinforcing the ethical culture and climate, as people view such initiatives as constructive, enriching, and ethically-oriented.

Stage 7: Enforce Ethics Disclosures & Pledges for Continuous Reinforcement of Ethical Culture

Corporate governance initiatives are laying more and more emphasis on disclosures that provide internal stakeholders and the general public with insights into how organisations are being governed and the types of practices that prevail in the normal course of events.

In our quest to transform and reinforce ethical culture and climate in businesses, it is imperative to provide quantitative metrics through Ethics Climate Indicators prevailing in the organisation, as well as highlight the types of ethical initiatives implemented and the number of cases where sanctions were applied and where exemplary ethical conduct was noted and rewarded. Such disclosures have multifold benefits, namely:

- They openly demonstrate to all internal stakeholders the value and importance placed on ethical behaviour and conduct in the organisation, as well as, how the organisation deals with ethical deviants and those who uphold and promote ethical principles.
- They forewarn potential deviants and put them back on the ethical path due to the risk of being sanctioned and impacted, both from a reputational and career perspective.

- They further motivate employees in general to work fearlessly as they feel reassured by the independent and transparent systems in place that protect them against coercion and adverse pressures to compromise ethical norms, even if they come from higher-ranked officers or bosses.
- With a view to further broadening transparency and demonstrate the crucial role that ethics plays in the organisation and in the eyes of external stakeholders, ethics indicators must be integrated into corporate reporting and disclosures.

Such disclosures, when spearheaded and enforced by external authorities or bodies promoting good governance standards, will inherently act as a self-regulating mechanism, influencing shareholders, boards, and senior leadership teams to take corrective pledges and actions where necessary to restore the equilibrium between right business practices and economic gains, thus actively redressing, enhancing, nurturing, and transforming the ethical culture and climate from within on an ongoing basis.

Conclusion

With the ever growing pressures for survival and growth in the post-pandemic era, also characterised by geo-political tensions and war in certain regions of the world, organisations across continents are requiring to rethink about their business and operating models to steer through the challenging waters. Studies indicate that such pressures are also causing organisational stakeholders to transgress ethical norms in the quest for economic gains and for other forms of interests. A perpetuation of such conditions is heavily counterproductive for the welfare of employees, organisations, industries, and a nation at large. The risk of anomie creeping in and impacting the employees' engagement, morale, health and productivity becomes prevalent when there is a lack of ethical standards and practices in business. A superfluous approach to ethics is equally detrimental to business, as it will prove to be ineffective, serving no purpose. All these conditions adversely impact the work environment, ethical climate and culture, endangering the survival of businesses.

With persistent unethical practices being reported across countries (Ethics & Compliance Initiative., 2020), ethics in business is more than ever necessitating increased consideration and bold transformational measures from business leaders before organisations get trapped in the whirlwind of an irreversible state of anomie. The focus should therefore be on ethical leadership and the need to instil and nurture the right ethical climate and culture within organisations.

As evidenced in several global studies, the approaches to handling ethical matters in business are somewhat diverse across countries and cultures. While some are heavily guided by formally driven approaches favouring prescriptive and enforcement mechanisms, others place more emphasis on personal values and deep rooted socio-cultural practices to provide ethical guidance in business. Mauritius has its own cultural diversities and peculiarities, and the present study indicates that prescriptive

approaches in the forms of codes of ethics and organisational policies are prevalent, albeit at a relatively lower rate compared to other countries. The maturity level of ethics program in place is also at a rather infancy stage in Mauritius as compared to other developed countries. The study conducted indicates that the prevailing organisational culture across industries is characterised by the underlying traits of **(a) achieving business goals**, **(b) people consideration**, and **(c) work ethics**, though the latter appears to be less prominent with a lower mean score compared to the former two traits. This is also substantiated by the adverse workplace pressures felt by employees to compromise ethical norms and the types of observed misconduct reported through the survey. These conditions thus call for a profound reflection on how best to lay the ethical foundation and transform the current state for sustainable workplace integrity and welfare of the employees.

Having a passive approach to ethics implementation would prove to be ineffective and deficient in strengthening the ethical foundation of organisations. Embracing a transformational journey and strengthening the organisational DNA with an ethics-driven culture, requires an authentic, practical, effective and yet a bold approach. The 7-Stage Ethical Culture Journey attempts to bridge this gap between an embryonic stage of ethics implementation and a transformational state of a highly effective, reinforced and mature ethical culture in business. The 7-Stage Ethical Culture Journey can enable a profound transformation of the organisation ethical culture capable of fostering highly engaging and productive work environment for employees to outperform and shine with pride. It also stands as a structured approach guiding policymakers, business leaders and other organisational stakeholders to shift ethical standards and practices across enterprises to the next stage of maturity and reap long lasting benefits from an ethics-driven business culture.

A genuine thrust for an ethics-driven culture from the top most hierarchy will reshape and strengthen organisational operating philosophies, foundation, norms, and performance that transcend across business generations. A broad adoption of the 7-Stage Ethical Culture Journey will gradually help in reinforcing ethical culture across industries and empower the larger community to operate with higher ethical standards and practices, leading to enhanced organisational citizenship behaviour, employee conduct and performance.

Methodology and Participants' Profiles

Methodology: Quantitative study, cross sectional design & survey strategy executed between November 2019 and February 2020.

Target Population: 2,534 'large' establishments across 19 industries in Mauritius (employing 10 or more persons as defined by Statistics Mauritius, 2017).

Sample Size: 526 participants of varying backgrounds working in these 'large' establishments (523 retained post quality assurance and controls).

Data gathering: Through Computer Aided Personal Interview ("CAPI") undertaken by Kantar as per scope entrusted.

Instruments: Master questionnaire of 232 items, compiled and marginally adapted from well-established instruments used globally. Measured through a 5-point Likert scale (1 being Strongly Disagree and 5 being Strongly Agree). Key instruments used for this multidimensional study are as follows:

- State of Ethics & Compliance Standards and Practices: Adapted from Ethics & Compliance Initiatives (2018)
- Organisational Culture: Organisational Culture Assessment Questionnaire (Sashkin & Rosenbach, 2013)
- Ethical Organisational Climate: Ethical Climate Questionnaire (Victor & Cullen, 1998)
- Ethical Leadership & Decision Making: Ethical Leadership at Work Questionnaire (Kalshoven et al., 2011)
- Internal & External Workplace Pressures : Adapted from "Factors eliciting Managerial Unethical Decision Making" (Lasakova & Remisova, 2017)
- Organisational Citizenship Behaviour: Organisational Citizenship Behaviour Scale (Podsakoff et al., 1990)
- Employee Ethical Behaviour & Conduct: Adapted from Scale of Measurement of Questionable Behaviour (Maesschalck, 2004)

- Perceived Employee Performance: Adapted from Perceived Organisational Performance (Delaney & Huselid, 1996)

Statistical analysis: Descriptive statistics, correlation, multiple regression, exploratory and confirmatory factor analysis, path analysis and model fit indices amongst others.

Tools used: IBM SPSS, Amos Software Packages, Hayes' Process Procedures for SPSS and Microsoft.

FIGURE 4
Size of organisation surveyed

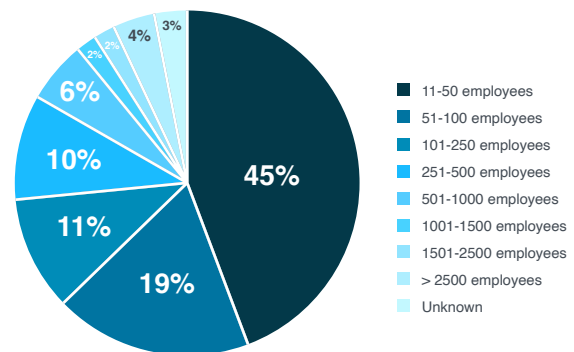
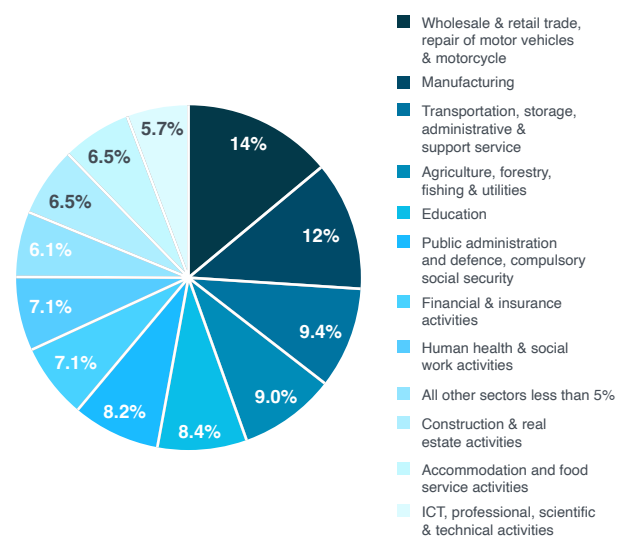


FIGURE 5
Key industry sectors surveyed (regrouped)



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About this Paper

This paper forms part of an overarching strategy to share and disseminate the research findings from the author's multifaceted study "The dynamics of ethical climate: mediating effects of ethical leadership and workplace pressures on organisational citizenship behaviour" in the business context of Mauritius. <https://doi.org/10.1080/23311975.2022.2128250>

The main objective of this paper is to discuss about ethics in business from a national culture perspective, share insights from the empirical study on the state of ethics, and propose a 7-Stage Ethical Culture Journey to transform and reinforce the culture and climate in business organisations.

Through this paper, the author attempts to bring together key concepts, findings, insights, views, and recommendations on the topic of focus in a relatively non-technical format to ease the dissemination to a broader audience for the welfare of the business community. An attempt has also been made to recognise the work of other scholars and researchers through the references, to help bridge the academic and business worlds.

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We also acknowledge the strategic mindset and creative capabilities of Peppi Ltd, our brand innovation consultant, in helping us build, develop and connect our LeadEthics purpose-driven brand and experiences.

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Rishi O. Sookdawoor is a Doctor of Business Leadership from the Graduate School of Business Leadership, University of South Africa. He is a multi-functional, strategic and board-level executive with a 20-year track record of spearheading strategic ventures and transforming businesses. With a strong passion and advocacy for ethical leadership, Dr. Sookdawoor aims to contribute to the body of knowledge through his research and opinion papers on ethical leadership and organisational citizenship behaviour. In his quest to contribute towards shaping a stronger ethical culture in business organisations, he advocates for the collective drive and stewardship of business leaders in fostering ethical culture and behaviour in the business community.

Dr. Sookdawoor is also the founding research member of LeadEthics, a platform dedicated to steering forward the mission of fostering ethical leadership at national and global levels. He can be reached at: rsookdawoor@leadethics.com

About LEAETHICS

LEAETHICS is a platform dedicated to empowering the business community to foster ethical leadership and culture. Through its research, LEAETHICS provides insights on the ethical culture, behaviour, and leadership in business organisations in Mauritius. Based on empirical research, insights, and experiences, it puts forward the key ethics related actions required to implement highly effective ethics standards and programmes in the business community.

LEAETHICS aims to bring together policymakers, industry leaders, business drivers, professionals, ethics & governance experts and scholars from Mauritius and all over the world to share their experiences, ideas, resources, and techniques, and make the right call to collectively commit to putting ethics at the top of the leadership agenda and drive the transformation of ethical organisational culture and leadership for the greater good.



For more information about LEAETHICS or to get in touch, visit us at:

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