UNIVERSITY OF ZIMBABWE

FACULTY OF COMMERCE

GRADUATE SCHOOL OF MANAGEMENT

THE EFFECTS OF UNETHICAL FINANCIAL DECISIONS TO PARASTATAL PERFORMANCE. A CASE OF THE AGRICULTURAL AND RURAL DEVELOPMENT AUTHORITY (ARDA).

CHAPTER 1-5

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2014
RESEARCH SUPERVISOR APPROVAL FORM

I, Addmore Chikobvu, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other diploma or degree to any other university.

Student’s signature ........................................ Date......................

Supervisor’s signature ................................. Date......................
DEDICATION

This dissertation is dedicated to my family for being patient with me during the time of my studies. I hope this inspires you to go beyond this level and attain PhDs in your lives.
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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ANOVA:</td>
<td>Analysis of Variance</td>
</tr>
<tr>
<td>ARDA:</td>
<td>Agricultural and Rural Development Authority</td>
</tr>
<tr>
<td>CEO:</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>KPI:</td>
<td>Key Performance Indicator</td>
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<tr>
<td>NGO:</td>
<td>Non-Governmental Organisation</td>
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<tr>
<td>NOCZIM:</td>
<td>National oil Company of Zimbabwe</td>
</tr>
<tr>
<td>PSMAS:</td>
<td>Premier Service Medical Aid Society</td>
</tr>
<tr>
<td>SPSS:</td>
<td>Statistical Package for Social Scientists</td>
</tr>
<tr>
<td>USA:</td>
<td>United States of America</td>
</tr>
<tr>
<td>ZBC:</td>
<td>Zimbabwe Broadcasting Corporation</td>
</tr>
<tr>
<td>ZESA:</td>
<td>Zimbabwe Electricity Supply Authority</td>
</tr>
<tr>
<td>ZIMRA:</td>
<td>Zimbabwe Revenue Authority</td>
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<tr>
<td>ZISCO:</td>
<td>Zimbabwe Iron and Steel Company</td>
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<td>ZTA:</td>
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ABSTRACT

This research sought to investigate the effects of unethical financial decisions on parastatal performance. This was a case study of the Agricultural and Rural Development Authority (ARDA). Amidst a background of falling organisational performance, particularly in terms of the total area under crop in Zimbabwe, the national maize, wheat and sorghum yields, high staff turnover as well as declines in annual sales, the researcher investigated the extent to which unethical financial behaviour in ARDA is impacting upon the organisation. With such research questions as the need for an integrated framework on unethical financial decisions and their impact on company performance, the need to identify or know the factors causing unethical financial conduct in ARDA in relation to known framework on ethical financial decisions and firm performance, that to understand the nature of ethical and unethical financial decisions and to establish a relationship between the unethical financial decisions and the performance of ARDA, the researcher employed corporate governance theories and provisions like the theory of justice and the stewardship theory as well as the King Report and the Combined Code. Using questionnaires and interviews as the research instruments as well as secondary data in the form of ARDA’s reports and publications, the researcher investigated the extent and effects of unethical behaviour in ARDA. The organisation’s staff and employees formed the research population for the study. The results showed that there were high levels of unethical behaviour in ARDA, with the nature of such unethical practices being conflicts of interest, unauthorised use of company resources for personal benefit, conducting private business during working hours, falsifying records, disclosing confidential information, sexual harassment, false sick leaves and absenteeism from work. The major causes of such unethical conduct were identified as selfishness, poor management, the lack of expertise and experience, the lack of independence, corruption as well as the lack of a strategic direction for the organisation. These unethical problems significantly affected the organisation’s performance. As such, it was recommended that various stakeholders, such as the organisation’s management, the Government and ARDA employees should participate in ensuring that this organisation performs better through undertaking various strategies, within their capacities, to end unethical behaviour in the organisation. Among these strategies include reviewing the organisation’s code of conduct, the national policy on the governance of parastatals and practicing rationality for the management, the Government and the employees respectively.
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CHAPTER ONE

The Problem and its Setting

1.0 Introduction
This study focuses on how unethical financial decisions within parastatals affect their performance, using the case of Agricultural and Rural Development Authority (ARDA). This chapter introduces the background, problem statement, research objectives and justification of the study are discussed herein, among other things pertaining to how the parastatal’s performance may be affected by unethical decisions.

1.1 Background to the Study
Business ethics is increasingly becoming an area of interest for study by most academics. This is mostly necessitated by the fact that there have been concerns over the conduct of some professionals in the way they carry out their day to day business functions (Gunthorpe, 1997). Tied to this interest is the general increase in the number of unethical cases that are increasingly becoming a cause of worry. Standard business practices are now often compromised and as economic recessions and stagnation continue to trouble the world, more and more professionals are resorting to unethical approaches in the manner that they are handling their business transactions.

Unethical business practices have often been criticised for compromising the effectiveness and efficiency of most business operations. Poor business ethics has become one of the greatest threat to the growth, viability and survival of most corporate organisations, with unethical practices in such areas as business marketing, production and financial reporting compromising corporate identity (Arnold, 1995). The world over, such unethical problems often result in the poor financial performance of organisations, above the functional problems that it poses to them. Globally, various corporate scandals arising from unethical and unprofessional business conduct have been recorded for a long time in history. These include the Medici Bank scandal of 1494,
the speculative behaviour of the Scottish economist, John Law of the Mississippi Company in the United States, the Allied Crude Vegetable Oil Refining Corporation’s 1963 defrauding of clients as well as the relatively recent cases of Quintex CEO Christopher Skase, Britain’s Equitable Life Assurance Society, Bear Stearns (2008), the Royal Bank of Scotland Group (2008) and Anglo Irish Bank (2009) (Brewstar, 2003). Such international companies as McDonald’s, Nestle, Mattel, Wal-Mart and CitiBank have often been fingered as unethical in the way they carry out their businesses (Brewster, 2003).

In Africa, unethical business practices are reportedly on the rise (OECD, 1998). This is particularly in terms of public governance and accountability. There have been many cases, some dating way back into the continent’s history, marred with unprofessional business conduct, theft and misrepresentation (Jenkins, 1998). For instance, the South African-based De Beers company, which is involved in the mining of diamonds on the continent, has often been sucked into fraud scandals, such as transgressing from internally-recognised legal provisions in the field, such as the Sherman Act (Robbins and Coulter, 2008). Unethical business practices are a major worry for anyone engaging in business in such African countries as Gabon, Gambia, Cameroon, Morocco, Nigeria and Sierra Leone, especially since they are promulgated by the extreme poverty and poor economies of these countries (Disoloane, 2012).

The situation is also critical in the case of Zimbabwe, which is ranked 163 out of 176 countries on the Transparency International Corruption Perceptions Index (Robbins and Coulter, 2008). The country is also currently ranked 2.0 on the Corruption Perceptions Index, a decline from 1999’s 4.0 and showing that there has been a marked increase in corrupt cases since the given year (Robbins and Coulter, 2008). Poor business ethics is generally rampant in Zimbabwe, and it has since been argued that as of 2011, the country’s retail sector had the second highest incidences of unethical conduct at 45 percent, followed by engineering (37,50 percent), automotive (35 percent), agriculture and agri-processing (32,30 percent), education (32,10 percent), construction (28,60 percent) and tourism and hospitality (26,30 percent), mining (25 percent), non-governmental organisation (25,00 percent), IT and telecommunications (23,80 percent), manufacturing (21,10 percent), financial services (18,60 percent), marketing and
advertising (13.80 percent) and medicine and pharmaceuticals (8.70 percent) (Parliament of Zimbabwe, 2010).

Unethical business practices also continue to stifle the country’s public sector, diamond trade as well as the relatively recently proposed indigenisation bill. Examples of poor business ethics has been observed in such cases as the War Victims Compensation Fund Scandal, abuses of the Constituency Development Fund, diamond scandals, wealth accumulation, the VIP Housing Scandal, the National Oil Company of Zimbabwe (NOCZIM) Scandal, the Zimbabwe Iron and Steel (ZISCO) Scandal, the Fertiliser Scandal as well as the Harare Airport Extension Scandal. Of recent, scandals involving the country’s major public companies such as Air Zimbabwe, Premier Medical Aid Society (PSMAS) and the national broadcaster, the Zimbabwe Broadcasting Corporation (ZBC) has made headlines in the news. Owing to these observations, there is a need for a systematic academic study to understand how such unethical practices influence the performances of such parastatals.

1.2 Problem Statement.

Although the country is just emerging from one of its worst economic crises, there is little or insignificant recovery in the overall performance of its major public institutions. Service delivery remains compromised and there is a general decline in the financial viability of the majority of these institutions, despite how they have frequently benefited from funds from the national fiscus. Employees remain poorly remunerated whilst the functions of these parastatals have virtually been replaced, where possible, by private companies which have since become more reliable for the general Zimbabwean population. Where such parastatals still practice complete service monopoly, as in the case of the Zimbabwe Electricity Supply Authority (ZESA), functional problems and inefficiency are the major result. Among the reasons for the failure of these parastatals to deliver are intra-organisational issues that have to do with corporate administration, particularly in financial affairs. With the current effects of the harsh economic climate that obtained in 2008, particularly the liquidity crisis, are associated increases in unethical business practices as both employees and management alike seek personal gain. From this, the questions raised are over the nature of the financial decisions been undertaken in public institutions and their relationship to the organisation’s performance. What are the organisational
governance and ethical issues that are being raised and what are their effects upon the financial performance of the country’s parastatals? Are there any significant solutions that can be recommended thereof?

1.3 Research Objectives.

The study seeks to;

1. To come up an integrated framework on unethical financial decisions and their impact on company performance.
2. To identify factors causing unethical financial conduct at Agricultural and Rural Development Authority (ARDA) in relation to known framework on ethical financial decisions and firm performance.
3. Determine the nature of ethical and unethical financial decisions in Agricultural and Rural Development Authority (ARDA).
4. Establish a relationship between the unethical financial decisions and the performance of Agricultural and Rural Development Authority (ARDA).
5. Recommend solutions to unethical financial decisions in Agricultural and Rural Development Authority (ARDA).

1.4 Research Questions.

The study seeks to answer the following pertinent questions;

1. What are the ethical financial parameters, benchmarks or standards that significantly affect organisational performance in Zimbabwe and other countries?
2. What are the major factors that cause unethical business conduct in Agricultural and Rural Development Authority (ARDA)?
3. What is the nature of ethical and unethical financial decisions being made in Agricultural and Rural Development Authority (ARDA)?
4. Is there a relationship between the unethical financial decisions undertaken by Agricultural and Rural Development Authority (ARDA) management and the organisation’s performance?
5. What are the possible solutions that can be adopted to mitigate or resolve the unethical business conduct in Agricultural and Rural Development Authority (ARDA)?

1.5 Significance (benefits) of the study
The study is of importance as it helps, (but is not limited to) the following stakeholders in the following ways;

1.5.1 To the Agricultural and Rural Development Authority
• The research will help management at Agricultural and Rural Development Authority (ARDA) to come up with better strategies with regards to financial decisions which are ideal for the Authority thereby improving corporate performance. This will be achieved through an in-depth assessment of the organisation’s current financial decisions and ethical conduct which will help to identify any problems of shortfalls which the organisation’s management will therefore address.

• The research will establish effective business ethics which will motivate Agricultural and Rural Development Authority (ARDA)’s employees to increase performance levels of the Authority, whilst also helping to remove those systems that result in inefficiency and ineffectiveness.

• The study is significant to the human resource practitioner as well as to management as it presents some ideas on how best the problem of unethical business conduct can be resolved. No evaluation of Agricultural and Rural Development Authority (ARDA) has been done previously so the study will fill in the literature gaps currently present. It will assist management to plan ahead.

• It is significant to the employees as it will provide a platform for them to air out their sentiments and highlight on areas that they feel should be improved.

1.5.2 To ARDA’s Clients (Farmers)
• The research will help Agricultural and Rural Development Authority (ARDA)’s clients, who are mainly farmers, to benefit from the services of a highly professional employee, who will be productive, friendly and confident.
This will serve to increase the confidence of the farmers when dealing with Agricultural and Rural Development Authority (ARDA).

1.5.3 To the Researcher
• The study will enable the researcher to improve his statistical knowledge and it will also assist the researcher to improve his researching skills for future research.

1.5.4 To the Academic Board
• The research will provide information and knowledge to the field of business ethics and how they influence performance, particularly in parastatals like Agricultural and Rural Development Authority (ARDA) and in developing countries like Zimbabwe.
• The findings of this study will add value to the University’s board of knowledge and create intellectual property for the institution.

1.5.5 To the Government
• The study will also benefit the Government through providing information on the relationship between unethical financial decisions and organisational performance. This information can be used to improve the performance of Governmental agencies and arms like Agricultural and Rural Development Authority (ARDA).
• The data generated in the study will also be useful in the formulation of rules and regulations to govern the parastatals.

1.5.6 To Other Stakeholders
• Other parties are also set to benefit from the findings of this study. These include non-governmental organisations (NGOs) as well as investors and donors with a special interest in the agricultural and public sectors of Zimbabwe.

1.6 Delimitations of the Study
The scope of a research sets the boundaries of the study in the terms of the time, area of reach and the respondents, as well as the limitations and delimitations of the study.
Research Period
The study will use information for the period between 2010 and 2013. This period is proper for study since it provides a useful time for analysis, which was after the harsh economic climate of 2008. The period also allows the researcher to carry out an in-depth analysis of data and findings.

Coverage
The study will focus on Agricultural and Rural Development Authority (ARDA)’s headquarters in Harare. This will be strategic as the headquarters will contain all the information of the organisation’s various departments countrywide, which will cut down on time and transportation costs as they will be located in one centralized place.

Respondents
The respondents for this study will be Agricultural and Rural Development Authority (ARDA) management, employees as well as those farmers who have recently dealt with the organisation. These respondents have been selected as they will be in better positions to explain the functioning of the organisation.

The research was confined to Harare, where the Authority is located. This made it easier and cheaper for the researcher to locate the Agricultural and Rural Development Authority (ARDA) staff who were the key respondents in this research.

1.7 Limitations of the Study
The study had the following limitations;

The researcher faced problems in obtaining information which was deemed confidential but eventually managed to get authority from management and convinced those with the necessary statistics that the information was purely for academic purposes and would be treated in high confidentiality.

There was also the challenge of no responses from the anticipated respondents owing to such issues as other commitments, limited time and negative perceptions from the respondents who
deemed this research as something that jeopardised their business or professional interests. The respondents were, however, persuaded to return the questionnaires.

The study was also affected by the effect of the current decentralised system that exists in Agricultural and Rural Development Authority (ARDA). The organisation has various branches and estates that are spread throughout the country, which made the researcher’s approach of using only the organisation’s headquarters inappropriate. However, the researcher got communications and reports from these branches of Agricultural and Rural Development Authority (ARDA) so as to mitigate this negative effect.

The researcher is an employee at Agricultural and Rural Development Authority (ARDA). This was of benefit as it improved access to organisational literature and the researcher took advantage of the familiarity with respondents in avoiding otherwise detrimental differences in opinion and problems in identity.

1.8 Research Assumptions
The study holds the following key assumptions;

1. That there was a significant level of unethical behaviour in Agricultural and Rural Development Authority (ARDA). Without this significant level of unethical behaviour, it would be difficult to undertake the study as there would virtually be nothing necessitating the investigation.

2. It was also assumed that the economic environment currently prevailing would continue throughout the research period. This was necessary as the role of the economy in the extent of unethical behaviour at ARDA could not be neglected.

3. It was also assumed that all the required data and information for use in this study would be obtained. Without this data, the research would become incomplete.

4. It was also assumed that respondents would co-operate. Their cooperation was important as it determine the extent to which the researcher was able to meet the objectives of the study.
1.9 Definition of Key Terms

**Effect;** This refers to the impact, consequence or influence something has on another. It is the power of making a strong, immediate impression or the impression made by an idea. In the context of the study, effect therefore refers to the degree of change in Agricultural and Rural Development Authority (ARDA)’s performance owing to the existence of unethical financial decisions.

**Financial decisions;** These are decisions that involve and is not limited to: (1) determining the proper amount of funds to employ in a firm; (2) selecting projects and capital expenditure analysis; (3) raising funds on the most favourable terms possible; and (4) managing working capital such as inventory and accounts receivable.

**Parastatal;** A parastatal refers to a company or organisation that is wholly or partly owned and controlled by the government. Its activities are meant to serve the state directly or indirectly. It is a legal entity created by a government to undertake commercial activities on behalf of an owner. In Zimbabwe, examples of parastatals include Zimbabwe Investment Authority, Competition and Tariffs Commission, ZESA, ZIMRA, ZIMTRADE, ZTA amongst others.

**Performance;** An analysis of an organisation’s outputs as compared to goals and objectives. Within corporate organisations, there are three primary outcomes analyzed, which include financial performance, market performance and shareholder value performance. In this case, performance refers to the development of agriculture in Zimbabwe.

**Unethical;** Unethical behaviour is wrong and unacceptable according to rules or beliefs about morality in Zimbabwe. What is ethical in Zimbabwe may be unethical in United States of America.

1.10 Chapter Summary

This chapter introduced the research topic of the effect of unethical financial decisions on organisational performance. Among other things, it highlighted the background to the problem, the problem statement, the aim and objectives of the study, hypotheses, the justification, the
research questions and assumptions, delimitations and limitations as well as definitions of key terms used in the study. The following chapter reviews literature on the topic of unethical financial decisions and the performance in Parastatals like the Agricultural and Rural Development Authority (ARDA), highlighting the major principles, findings and literary gaps.
CHAPTER TWO

Literature Review

2.0 Introduction
The purpose of this Chapter is to assist the research process by comparing the research intention with works done by other scholars and theorists. It also shows where the research fits into the existing body of knowledge and enables the research to learn more on the subject, including flaws and gaps in previous research.

Boote and Beile (2005) define literature review as an evaluative report of studies found in the literature related to your selected area. Its benefits are that it provides a context and justifies the research; ensures that the research has not been done before unless it is a replication study; allows for learning from writers and show that the work can complement the current understanding and knowledge of the field.

The Chapter will initially review literature on theories that have highlighted the role of ethical decisions on the performance of the organisation. The chapter will also review empirical examples relating to the study area.

2.1 Conceptual and Theoretical Framework
The Conceptual Framework sets out the concepts that underlie the study. It pronounces the major analytical thinking for the research. In this study, the key concepts that will be adopted are those that help understand unethical behaviour. These include the Ethical Egoism Theory, Deontology, the Rights Theory as well as the Theory of Justice, which are briefly outlined below.

2.1.1 Theories relating to Unethical Conduct
The research was based on the following theories of unethical behaviour; Agency Theory, Stewardship Theory, the Theory of justice, the Moral Rights Theory, Deontology and Ethical Egoism, each of which is discussed below.
Ethical Egoism
Teleological or consequentiality theories measure morality based on the consequences of actions. Ethical egoism focuses exclusively on maximising the good for the moral agent (Reidenbach and Robin, 1990). There are a few variations of the theory, but two forms of egoism are the most dominant: psychological egoism and ethical egoism. Psychological egoism is a descriptive theory of human behaviour that holds that people are naturally programmed to behave only in their own self-interest. Ethical egoism is the normative theory whereby people ought to act exclusively in their self-interest (Jones, 2007). Thus, the moral principle of ethical egoism suggests that an act is ethical when it promotes the individual's long-term interest (Jones, 2007). It is possible for people to help others, follow the rules of society, and even grant gifts if they believe that those actions are in their own best interest.

In this study, ethical egoism was useful as it provided insights into the factors leading employees at ARDA into unethical conduct. Through it, the researcher was able to identify the motivators of unethical conduct, or its chief causes, which was in line with the second objective of the study that sought to identify the factors causing unethical financial conduct in the organisation.

Deontology
Deontology is associated mostly with Immanuel Kant who argued that the highest good was the good will, and morally right actions are those carried out with a sense of duty (Kant, 1998). Thus, it is the intention behind an action rather than its consequences that make that action good (Bowie, 2002). Kantian moral philosophy is based on the categorical imperative: "Act only on that maxim by which you can at the same time that it will become a universal law." Kant's second formulation of the categorical imperative dictates that human beings should be treated not simply as a means to one's own ends but also as ends in themselves (Bowie, 1999; Sullivan, 1989). It follows that people in business relationships should not be used, coerced, or deceived, and that business organisations and practices should be arranged so that they contribute to the development of human rational and moral capacities (Bowie, 2002). The third Kantian rule requires that one should act as if he were a member of an ideal “kingdom of ends,” in which he is both king and sovereign at the same time.
In the organisational arena, this means that the rules that govern an organisation must be such that can be endorsed by every member in the organisation. Moreover, a person who adopts a Kantian point of view sees the organisation as a moral community within which each member of the organisation stands in a moral relationship with all others (Bowie, 1999). A manager who accepts Kantian morality would ask whether the principle on which any given decision is based passes the test of the categorical imperative. Is the principle based on good will? Does it treat people as ends in themselves? And can it be willed universally without contradictions? Unless the principle of your action can be universalized, it is immoral to make an exception for yourself (Bowie, 2002).

The incorporation of deontological perspectives in this study was necessitated by the fact that ARDA’s governance may be explained in the sense of the organisation as a community of related individuals pursuing a common goal. This was useful as it helped to identify and explain that behaviour which deviated from the common goals or aims of the employees at ARDA.

**Moral Rights Theory**

The moral rights theory states that human beings have certain fundamental rights that should be respected in all decisions. These include the right to free consent, privacy, freedom of conscience, free speech, and due process (Cavanagh, 1981). A right is defined as a capacity, a possession, or condition of existence that entitles either an individual or a group to enjoy some object or state of being. Rights theories distinguish between negative and positive rights. In the case of negative rights, the duty is to allow the party to act freely within the domain covered by the right. In the case of positive rights, the obligation is to provide the party with a benefit of some type. The moral force of a right depends on its strength in relation to other moral considerations applicable to the context in question (Jones, 2007).

According to rights theory, as long as the distribution of wealth in society is achieved through fair acquisition and exchange, the distribution is a just one regardless of any degree of inequalities that may ensue (Budd, 2004). The morally correct action is the one that a person has the moral right to do, that does not infringe on the moral rights of others, and that furthers the moral rights of others (Rachels, 1999). The rights theory emphasizes the entitlement of
individuals (Cavanagh, 1981). Restrictions on behaviour should prevent harm to others, but unless one’s actions harm others, they are free to do as they please. A manager making a decision based on this theory should avoid violating the rights of others who may be affected by the decision (Cavanagh, 1981).

The incorporation of the moral rights theory in this study found great use as it helped to explain the moral obligation that most of the ARDA employees are faced with. It also helped in the definition and understanding of unethical behaviour from a moral perspective, which provided insightful information on the extent of this behaviour in the organisation, as well as its financial effects.

**Theory of Justice**

Under a veil of ignorance, rational, self–interested, and equal individuals will agree that each person is to have an equal right to the most extensive total system of equal basic liberties (Rawls, 1971). Social and economic inequalities are to be arranged so that they are both to the greatest benefit of the least advantaged, attached to offices and positions open to all under conditions of fair equality of opportunity (Budd, 2004). The first virtue of social institutions is justice for the individual and not aggregate welfare. Inequalities are just only if they result in benefits for everyone, with particular emphasis on the least advantaged (Jones, 2007).

The theory of justice requires decision makers to be guided by equity, fairness, and impartiality (Cavanagh, 1981). It relies on three types of moral prescriptions, namely:

(a) that individuals who are similar in a relevant respect should be treated similarly and individuals who are different in a relevant respect should be treated differently in proportion to the difference between them;

(b) that rules should be administrated fairly and clearly; and

(c) that individuals should not be held responsible for matters over which they have no control, and should be compensated for the cost of their injuries by those responsible for these injuries (Cavanaugh, 1981). Decision making and reasoning based on the theory of justice focus on the distributional effect of actions (Cavanagh, 1981).
The concepts of the theory of justice found application in this study as they helped to explain the required or expected ethical standards within ARDA, and to explain behaviour varying or deviating from this.

**Stewardship Theory**

Stewardship theorists suggest that the shareholders and directors consistently and frequently share some similar interests. It is the duty of a steward to give protection as well as increase the wealth of the shareholder through firm performance. Such a role maximizes the utility functions of the steward. According to Donaldson and Davis (1991), what motivates organisational role-holders is the desire to have intrinsic satisfaction by doing some challenging tasks so as to be recognized by colleagues and superiors. Silverman (1970) in Donaldson and Davis (1991) however posits that the perceptions a person has as a manager will eventually lead them to take some individual calculative actions, thus connecting the self esteem of an individual with the prestige of the corporate. Stewardship theory does not see any problem of executive motivation (Cullen, Kirwan and Brennan, 2006). This implies that extrinsic incentive contracts may be of less importance where managers achieve intrinsic satisfaction from discharging duties.

The perspective of stewardship is of the suggestion that the success of the organisation will also gratify the steward’s personal needs. The steward will see high utility coming from the satisfaction of the goals of the organisation and not self-serving behaviour. The theory of stewardship also appreciates the role of structures that empower the steward, which offer great independence predicated upon trust. This reduces some of the costs of mechanisms meant to monitor and control behaviours (Silverman, 1970).

Daily et al. (2003) argues expert decision makers’ reputation can only be protected if executives and directors manage the company in a way that enables the maximization of financial performance indicators, which include the shareholder returns, on the grounds that the company’s performance has an influence over perceptions of their individual performance. Ross (1973) views that in being efficient stewards of their firm; it means that the executives and directors are also efficiently managing their own career paths. In the same way, managers bring back finance to the investors so as to build a good name, which allows them to enter again the
market for future finance (Vegas, 1998). Whilst a lot of the governance theories have an economic and finance background, the stewardship theory appears to carry sociological and psychological nature. Vegas (1998) identifies that the theory allows for misappropriation of owners’ fund as a result of the board structure, that is, insiders and the CEO duality role.

Stewardship theory and its pronunciations were useful in helping the researcher to understand the roles played by each of the ARDA employees, who not only served as the representatives of the organisation’s board but also of the parent Ministry and the people as it is a public institution. Specifically, the theory helped the researcher to understand the sources of employee authority and their expectations in their employees.

**Agency Theory**

The agency theory is traceable to economic theory and it has great dominance on the literature relating to corporate governance. The theory, as conceptually simple as it is, reduces the corporation to two participants, managers and shareholders and also contains the notion of human beings as self-interested is a generally accepted idea (Yu, 2003). It brings an understanding of the agency problems that emanate from the ownership and control separation and also explains relationships when the interests of parties are at variance and can be aligned through a well-planned compensation system as well as proper monitoring. Generally, there are two areas of the theory; namely principal-agent and positivist. The principal-agent relationship focuses on the principal-agent relationship, a theory that can apply to any agency relationship, for example, between an employee and the employer or a client and his lawyer. The agency theory from a positivist perspective, on the other hand, focuses on recognizing situations where the agent and principal may have differing goals and then gives a view of the governance mechanisms that curtails the self-serving behaviour of the agent. The agency relationship gives an understanding of the relationship between those that provide corporate finances and the ones who manage the firm’s affairs (Cadbury, 2002).

Agency theory is greatly behind use of compensation incentives, as well as the concentration and delegation of control in the board of directors. The board of directors monitors agents by way of reporting and communication, reviewing and auditing and implementing of policies and codes.
Figure 2.1 The Agency Theoretical Perspective. (Cadbury, 2002)

Under the agency theory, the organisation’s control function is primarily done by the board of directors. Concerning the board as a governance mechanism, details that dominate literature are board composition and the responsibilities and roles of the board (Yu, 2003).

In this study, the agency theory is of importance as it views the board of directors as a mechanism which has dominance on corporate governance literature. The theory also highlights the nature of the association between those entrusted to manage the affairs of the firm and the providers of corporate finances. This applies to Agricultural and Rural Development Authority (ARDA)’s case, as it is a government-owned body which has an employee component that is entrusted to use the organisation’s financial resources for optimal performance. This is also in accordance to the works of Monks (2001), Dallas (2004) and Cadbury (2002).
### Table 2.1 Various ethical theories useful in this study.

<table>
<thead>
<tr>
<th>Theory</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deontology</td>
<td>It has a focus on preserving the rights of individuals, motives, intentions and values which are linked to a particular behaviour which guides people’s choices, regardless of their consequences. Also, this is grounded on the view that people have absolute rights which deserve to be respected.</td>
</tr>
<tr>
<td>Egoism</td>
<td>This views rights as those actions that maximize a particular person’s self interest as is viewed by that person as an individual. In any ethical situation of decision-making, an egoist has to make a choice whose consequences contribute most to their self interest.</td>
</tr>
<tr>
<td>Moral rights</td>
<td>Describes human beings as having fundamental rights which include the right to free consent, privacy, freedom of conscience, free speech, and due process.</td>
</tr>
<tr>
<td>Justice</td>
<td>Even though it has many different forms, it assesses ethicalness on the grounds of fairness. For instance, distributive justice aims to ensure that outcomes are evenly spread; procedural justice has its focus on the activities and processes that produce results and interactional justice will assess communication process taken.</td>
</tr>
<tr>
<td>Stewardship</td>
<td>Suggests that directors’ and shareholders’</td>
</tr>
</tbody>
</table>
interests that are consistent such when organisational success is attained, it eventually satisfies the steward’s personal needs.

Agency

Explains the association between those entrusted to manage the firm’s affairs with those of the providers of corporate finances.

### 2.1.2 Theories of Organisational Governance

Apart from theories relating to general unethical conduct, the study was also based on those theories relating to organisational governance, namely The King Report, The Combined Code, The Smith Report and The Greenbury Report. The key pronunciations of these theories, their principles and applicability to this study are discussed below.

**The King Report**

The King Report was brought forward in 1994 and is a Code of Corporate Practices and Conduct which was aimed at promoting the highest standards of corporate governance in South Africa (Karpoff, 2006). The Report was later reviewed in 2002 from the previous interests on shareholders to include the economic, environmental and social aspects of a company’s activities.

The King Report recommends the structure and functioning of the organisation’s directors and their responsibilities. Among other things, it gives recommendations of who should be on the board, its functions and the roles of the chairperson or Chief Executive Officer (CEO). It also details the roles of remuneration committees, recommendations for dealing in securities, annual reports and general meetings and the roles of the organisation’s secretary. The report also recommends importance, application and reporting on risk management and internal audit and gives recommendations on the sustenance, accounting, compliance and enforcement of the organisation (Karpoff, 2006).
**The Combined Code**
This is a United Kingdom corporate governance code for best organisational practice for companies that are listed on the London Stock Exchange. Although it is not a statutory instrument, the code is useful for organisations and shareholders (Karpoff, 2006). It is divided into two segments, the first of which applies to companies and details issues that pertain to directors, remuneration, accountability and auditing as well as relations with shareholders. The code gives the main principles, supporting ones as well as provisions for each of these organisational issues. The second section of the code applies to the shareholders of organisations and has three main principles and five supporting ones. It gives recommendations on dialogue with companies, evaluation of governance disclosures and voting (Brealey, 2006).

The Combined Code was of importance in this study as it provided information on how organisations and their shareholders should perform. It was especially useful as it provided information on accountability, which is closely related to unethical business practices in the area of study, ARDA.

**The Smith Report**
This study was also based on the pronunciations of the Smith Report of 2003. This was a corporate governance report that sought to deal with the independence of firm auditors, particularly against the 2002 Arthur Andersen and the Enron scandal in the USA (Brealey, 2006). The recommendations of the Smith Report are currently being used in the London Stock Exchange although it has since been influenced by the European Commission.

This report was useful in this study as the researcher sought to also understand how the use of the internal audit function at ARDA may be one of the best recommendations that the organisation should undertake.

**The Greenbury Report**
This report was brought forward in the year 1995. It was formed by a corporate governance committee of the United Kingdom Confederation of Business and Industry (Karpoff, 2006). The report was released to deal with the then growing concerns pertaining to the issue of the
remuneration of directors. The report also culminated in the formation and establishment of the United Kingdom Corporate Governance Code.

2.2 Definition of key concepts

Against this background, the key terms or concepts used in this thesis are briefly demystified at the outset to maintain the lucidity of the thesis. These include the issue of ethics, code of conduct, values and norms, unethical behaviour, morality and accountability, which are singly discussed below.

2.2.1 Ethics

Ethics are a system of moral principles that predicates itself upon the values that relate to human conduct, with regards to the wrongness and rightness of some actions and to the badness and goodness of the ends and motives of such actions (Brown, 2004). Ethics concerns obedience to the unenforceable moral principles that determine what is honest and fair, and the distinction between right and wrong. Ethics is a set of rules or standards governing the moral conduct of employees in an institution. Ethics are concerned with values relating to the conduct of humans, with respect to the morality of actions and to the morality of the ends as well as motives of such actions. Rightness refers to what ought to be or what is approved and wrongness to what ought not to be or what is disapproved by society. Public service ethics refers to the determination of what is ‘right’ and ‘proper’ and ‘just’ in the decisions and actions that affect people (Yu, 2003). Thus concern with ethics in the public service focuses on what is considered the right and proper behaviour of public officials.

In order to understand ethics, one must accept the responsibility and accountability for one’s actions. Further, people must have a concept of ‘right and wrong’ and a ‘moral code’. Religions have a moral code of conduct, and different cultures have a minimum code of conduct also, but in the case of society's code of conduct, its laws are usually a reflection of the moral values of a super majority of its population. Moral codes define rights and wrongs, and are usually cultural specific (Ross, 1973). This combination of determining right and wrong and being responsible for actions creates the standards for ethical conduct.
2.2.2 Code of conduct

A code of conduct is a statement of principles and standards about the right conduct of public officials (Dallas, 2004). It normally contains only a portion of a government’s rules on public service ethics. It is therefore, a more narrow term than ethical rules which include statutes, regulations and guidelines. It is defined as a set of principles that is adopted by associations or institutions to define specific principles for which the institution stands. A code of conduct makes a policy selection of the basic ethics present in general society and seeks to use them to influence a particular institution’s definition of its actions and what kind of institution-oriented behaviour is acceptable.

2.2.3 Ethical conduct

Ethical conduct relates to a desire of doing what is right, particularly when doing so comes with financial, social or emotional costs (Freeman, 1984). Whilst some are dissatisfied with the ethical quality of society, they believe that the profession they have is more ethical than others and that they are at least as ethical as those in their profession. There is need for people to understand that ethical principles are vital decision making, and not just factors to consider.

2.2.4 Unethical behaviour

Unethical behaviour may be defined as deliberate or negligent conduct constituting a deviation from or breach of the guidelines designed to inform an expected pattern of behaviour in a given situation. Unethical behaviour, although it is an indication of a decline in morality, can be regarded as an indication of a negative work ethic only in so far as it relates to work performance (Yu, 2003). In other words unethical behaviour can include theft and misuse of public property and accepting outside employment during one’s tenure in government without approval.

2.2.5 Values and norms

These refer to the general standards which guide people to live, and the views about what is good and desirable. Values relates to ethical standards, which fosters deep emotional dedication to certain views of the value of objects normally relating to activity of humans. Individuals’ views of public managers within local government are influential on formulating goals of organisation
Values and ethics play a role in determining organisational goals and what the organisation is willing to devote to social responsibility and the development of employees. Managerial values influence and set the culture of the organisation.

Values are views about what is desirable; they are general standards by which persons live. Values refer to ethical standards. They involve deep emotional commitment to certain cognitive views of the value of objects and normally relate to human activity. Values also refer the conscious, affective wants of people that direct how they should behave (Cadbury, 2002). For the purpose of this study, they are decisions and preferences which standardize how municipal functionaries live.

Values are enduring beliefs that influence the choices people make from among available means and ends. Clearly, not all values are ethical values, that is, not all values relate to questions of right and wrong, good or evil. It is helpful, therefore, to distinguish ethical values from other types of values. Accountability, ethical and democratic values and excellence as both ethical and professional value, fall into more than one category of ethical values (Vegas, 1998). A broad classification of public service values that cuts across all other classifications is a division into traditional or ‘old’ values and ‘new’ or ‘emerging’ values. For example, values such as integrity, efficiency, effectiveness, neutrality, responsiveness and accountability have in many countries been traditionally associated with the notion of public service (Monks, 2001).

2.2.6 Morality

Morality in its various forms is a dominant influence on the conduct and evaluation of day-to-day life. Appeals to rights and responsibilities are found in the discourse occurring in every sphere of social life where moral commitments shape the goals and aspirations that give direction to individuals’ lives, and moral judgements are constituent elements in the determination of appropriate courses of action (Monks, 2001). Morality has to do with personal conduct. It can therefore refer to human behaviour and to what happens in practice.
2.2.7 Accountability
Political office bearers and municipal managers in local government should be held accountable for their actions, as they are in the employ of the public. The notion of accountability has ascribed many and varied forms of interpretations and meaning, most with specific context, to suit the area under consideration (Cadbury, 2002). Accountability is an important yet elusive concept whose meaning and characteristics differ, depending upon the context. Accountability has traditionally been taken to mean answerability for one’s action or behaviour, which came to mean that the actions of municipal functionaries and councillors had to be justified, their reasons explained and their deeds and misdeeds accounted for before the court of public opinion. So defined, accountability is a fundamental concept in ethics, rule of law and democracy (Ross, 1973). It cannot exist if responsibility is not included in the discussion. Responsibility means the manner in which an individual performs his or her task, the value a person attributes to the task and the manner in which this person attaches value to other people with whom he or she comes into contact in order to perform a task. It is therefore conspicuous in some government officials that this aspect of adding value (respect) is lacking in their everyday functioning and the execution of their

2.3 Ethical Principles
Values are the long term beliefs which are held by a person, and these guide their way of making decisions and that determines choices between particular courses of conduct to take. These beliefs strongly held, but they are bound to change over time in some respects. Values basically guide the actions, behaviours, and judgments of what is right and wrong people take in selecting social goals or ends that are desirable to them.

Velasquez, Andre and Meyer (2005) note that there are two groups of values. The first group is terminal values, and it defines the outcomes towards which individuals strive, which include security, wisdom and accomplishment. The second group concerns instrumental values that provide the very means on how those outcomes can be achieved, for example, such as responsibility, obedience, honesty and courage.
It is also argued by others that ethical principles should be followed without regardless of circumstances. Kitchener (2000) argues as well that, if being honest is an absolute principle, then it ought to be followed even in the face of any circumstance, even death. However, some are of the belief that the principles should be applied depending on the situation faced.

In this study the argument is that that there are various ethical principles applicable to the making of decisions associated with advice of financial planning. Ethical principles outlined in this section were as well used in stage one of this research undertaken to determine the primary types of unethical conduct currently engaged in by financial planning participants. Table 2.2 below therefore summarises the ethical principles discussed above, highlighting the key definitions for each as adopted in this study.

**Table 2.2 The core principles of ethical decision making.**

<table>
<thead>
<tr>
<th>Principle</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justice</td>
<td>Gives consideration to what is just, fair and right in any social arrangement.</td>
</tr>
<tr>
<td>Honesty</td>
<td>To be of truth, without deception or distortion.</td>
</tr>
<tr>
<td>Accountability</td>
<td>To be responsible for one’s actions and decisions. This includes being a role model for others and avoiding the impropriety appearance.</td>
</tr>
<tr>
<td>Promise keeping</td>
<td>Ability to keep commitments. Agreements and promises to stakeholders create expectations and obligations that have to be met.</td>
</tr>
<tr>
<td>Pursuit for excellence</td>
<td>Being industrious, diligent, and well prepared (known as exercising “due care and skill”).</td>
</tr>
<tr>
<td>Loyalty</td>
<td>Being loyal and faithful to those with whom one has dealings.</td>
</tr>
<tr>
<td>Fairness</td>
<td>This requires disclosure of conflicts of interest, intellectual honesty and impartiality. It encourages that a person treats others the very</td>
</tr>
</tbody>
</table>
same way he or she would want to be treated.

<table>
<thead>
<tr>
<th>Integrity</th>
<th>Judgment should be exercised with a view to improve a situation. If the good is outweighed by the harm, then there should be a return to the status quo. This is regarded as the principle of do no harm.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible citizenship</td>
<td>A person’s actions should be in sync with the values of a society and a person should apply appropriate standards when exercising judgement of discretion.</td>
</tr>
<tr>
<td>Respect for others</td>
<td>It is the duty of everyone to act with courtesy, respect and dignity in dealing with all stakeholders. A person should also be decent and prompt as they recognise each person’s rights.</td>
</tr>
</tbody>
</table>

For the purposes of this study, the unethical behaviour will be measured using the degree of accountability in Agricultural and Rural Development Authority (ARDA)’s financial transactions as described by Monks (2001), Cadbury (2002) and Yu (2003).

### 2.4 Importance of business ethics

Behavioural ethics is described as being so much in concern with how to explain individual behaviour that is subjected to moral norms of behaviour that are generally accepted and occurring in contexts of larger social prescriptions. Martin (2000) describes professional ethics as involving the moral requirements which are connected to a profession and imposed on all of its members. Professional ethics aims to motivate professionals to identify and do good when dealing with the dilemmas they normally face.

The term “professional ethics” as applied to this study concerns the ethical issues that arise due to the specialist knowledge gotten by a financial planner, and how knowledge is used, within the
professional ethical boundaries set, in the provision of services to the clients. To support this definition, the test of professional ethics therefore of acting in ways that are consistent with the duties entrusted to the professional role rather than only gratifying one’s personal conscience (Preston 1996).

Profession is defined as the infinite levels of ethical ambiguity and complexity in this making of decisions (Neely, 1995). Further, the impact of made decisions and their consequences to clients is not less significant. Davis (2002) and Lagan (2000) define business ethics as discussion of the moral obligations of companies and the standard of conduct that the society should hold such entities to. In Lagan’s (2000) view, this would also include the values that control the behaviour of organisations towards stakeholders, such as customers, suppliers and competitors as well as fellow employees. In contrast, Ferrell, Fraedrich and Ferrell (2002) argue that the study of business ethics is about systematically linking the concepts of decision-making within organisations and ethical responsibility.

In view of the discussion above, this study therefore views professional ethics as those issues that arise due to the specialist knowledge attained by a financial planner, and how this knowledge can be utilized for good, within set professional ethical boundaries, in the provision of services to clients. Furthermore, business ethics is viewed as the systematic linking of decision making and corporate ethical responsibility within financial planning organisations, emphasizing much on the making of decisions at the micro level.

2.5 Ethical financial decisions

To understand the contextual factors that influence ethical decision making within organisations, a broader analysis of the business ethics literature related to organisational obligations in the making of decisions is required. It is noted that Friedman (1982) in the 1960s argued that there is no ethical or social responsibility for a business beyond that of making profit for its shareholders, on strict conditions that has uncompromised open and free competition. In effect, Friedman’s (1982) thesis is that the function of business is to make sure that it boosts its shareholders’ wealth.
Preston (1996) and Solomon (1993), however, are of the view that a business operates within a social environment which is beneficial to it and to which the business should contribute as a moral agent. This means that business should play a contributory role of defining and regulating role behaviour and individual responsibilities of those it employs.

A series of corporate and global financial scandals such as Enron (Dallas 2002) may also have precipitated a new social mantra that society expects business to be trustworthy and avoid harming others, even if it is illegal. Tactics to remain competitive in a modern commercial environment leads to a belief that ethical behaviour is unprofitable. (Ferrell 2002). Yet, Heineman (2007) and Lagan (2000) have unearthed the cost to organisations of a lapse in organisational integrity in terms of reputation, distraction and money. Court settlements, penalties and statutory fines for such ill behaviour can run into the hundreds of millions of dollars and see a company eventually collapse (Dallas, 2004).

Brown (2004) posits that one business myth is that unethical conduct in business is result of bad apples. However, social psychology researchers including Milgram (1965) demonstrate that when individuals are put under pressure by a strong corporate culture to be a “team member” and perceive that a command comes from a legitimate authority, it tempts even persons of good moral reasoning to be unethical (Brown, 2004). Table 2.3 below shows the most common forms of ethical problems in organisation, both for management as well as other employees.

Table 2.3 Common ethical problems in organisations

<table>
<thead>
<tr>
<th>Management</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict of interest</td>
<td>Personal use of company assets</td>
</tr>
<tr>
<td>Unauthorised use of company resources</td>
<td>False sick leave or absenteeism</td>
</tr>
<tr>
<td>Conducting private business during working hours</td>
<td>Conducting private business during working hours</td>
</tr>
<tr>
<td>Falsifying the company’s records</td>
<td>Sexual harassment</td>
</tr>
<tr>
<td>Disclosing confidential information</td>
<td>Disclosing confidential information</td>
</tr>
<tr>
<td>Sexual harassment</td>
<td>Conflict of interest</td>
</tr>
</tbody>
</table>
Thus, for the purposes of this study, the five problems of conflict of interest, the unauthorized use of company resources, conducting private business during working hours, falsifying company records as well as the disclosure of confidential financial information will be used as the independent variables representing the various characteristics of management.

2.6 Factors affecting ethical decision making

There are various factors which affect the making of ethical decisions in organisations. These include the individual factors; such as one’s cognitive ethical reasoning, demographic attributes (such as sex, age and level of education) as well as personality and moral values; situational factors, such as the size and complexity of the concerned organisation, issues of perceptions and moral intensities within it as well as contextual factors, such as ethical culture and climate, leadership, the remuneration system as well as the role played by a given individual in that organisation. This is summarized in Figure 2.2 below.

![Figure 2.2 Factors affecting ethical behaviour in organisations. (Dallas, 2004)](image-url)
2.7 Background of the Agricultural and Rural Development Authority (ARDA).

The Agricultural and Rural Development Authority (ARDA) was formed in 1965 with its major role to boost agricultural production and rural development as well as productive utilization of State land. Currently ARDA is said to be running 26 estates countrywide and out of these three estates, namely Nuanetsi, Nyamandlovu and Chirundu have no title deeds to carry out operations. Agricultural and Rural Development Authority (ARDA) has 14 000 hectares of developed and working irrigation and only 60% in Middle Sabi and Chisumbanje is operational (Parliament of Zimbabwe, 2010).

ARDA runs projects which include dairy projects, heifer and livestock programmes, vegetable, tea and coffee projects. During the land reform programme, ARDA provided mechanization schemes to new farmers in the form of tillage, planting and spraying services. In addition, the new farmers took ARDA as the sole provider of mechanization equipment, and all these services were offered at non-commercial rates (Parliament of Zimbabwe, 2010).

Agricultural and Rural Development Authority (ARDA) has been performing at 40% of its full potential, because of economic challenges experienced particularly in 2008 (Parliament of Zimbabwe, 2010). Workers at various ARDA estates have been and continue to work without pay for long periods of up to three months, and equipment at many estates has been lying idle and neglected for over 10 to 15 years (Parliament of Zimbabwe, 2010). Currently the organisation is facing the following challenges:

- Absence of capital inflows from government, ARDA has not been able to re-capitalise for the last 15 years and during the last 10-12 years there has been a breakdown of irrigation infrastructure and other machinery such as tractors.
- Lack of mechanization throughout the country during the land reform programme made the parastatal the sole provider of tillage services at nominal rates.
- Lines of credits have been closed by banks and financial houses.
- Brain drain as experienced workers and managers leave the parastatal in numbers.

It is critical to establish the level of business ethics in order to facilitate high level organisational performance as ARDA plays an important national role of economic development and
sustainability. This research will therefore highlight the effect of unethical business practices on corporate performance at the Agricultural and Rural Development Authority.

2.8 Definitions of Performance

Performance is defined as the achievement of a task given, measured against some preset known standards of speed, cost, completeness and accuracy. Some scholars describe performance as the level to which a feat is being or has been achieved. For instance, the success level of a salesperson in accomplishing a monthly goal of writing orders for new customers (Yu, 2003). Performance is also viewed as the return which an investment provides (Freeman, 1984).

2.8.1 Employee Performance

Employee performance relates to the activities expected from an employee and the extent to which the employee has gone in doing them. Employee performance is usually assessed annually or quarterly so as to identify critical areas for betterment. The performance criteria are standards for employee behaviour at work and the employees are evaluated in comparison with a set of criterion set by the employer (Freeman, 1984).

2.8.2 Organisational Performance

Organisational performance comprises the actual output or results of an organisation as measured against its intended outputs (or goals and objectives). According to Richard (2009) organisational performance encompasses three specific areas of firm outcomes, which are;

(a) Financial performance (profits, return on assets, return on investment, among others);

(b) Product market performance (sales and market share); and

(c) Shareholder return (total shareholder return, economic value added, among others).

Organisational performance is also an evaluation of the extent to which an organisation has gone in meeting its goals. In companies, there exist three basic outcomes that can be seen. These are the financial performance, market performance and shareholder value performance. In several
cases, production capacity performance may also be evaluated. In the cases of parastatals, performance can be measured in the terms of the extent to which the goals of the organisation have been met, the contribution of the parastatal to the national or ministry mandate as well as in terms of its staff and human resource component (Richard, 2009). In ARDA, for example, performance could be evaluated through how employees perform as well as in terms of the agricultural development of the country, which is part of the mandate of the Ministry of Agriculture and Farm Mechanisation of Zimbabwe.

2.8.3 Performance Measurement

According to Chen and Silverthorne (2008), performance measurement is in three types. One is the measure of amount of sales over a given period of time, output rates, the production of a group of employees reporting to manager, and so on. The second type relates to ratings of individuals by someone and not the one whose performance is being considered. The third type concerns self-ratings and self-appraisal. The adoption of self-appraisal and self-rating techniques are important to employees as they are encouraged to take an active role in setting their own goals (Neely, 1995). Thus, job performance measures the social objectives, responsibilities and business achievement level from the judging party’ point of view (Hersey and Blanchard, 1993).

2.9 Empirical Evidence

Various researches have been carried out in the area of unethical business practices and their effects. Among these, Smith (2009) investigated the relationship between professionalism and ethics in financial planning. This study purports to enhance the understanding of the ethical decision making of financial planning participants. However, the researcher settled mostly on the financial planning aspect and did not evaluate the performance of the said organisations.

In the same vein, Zaal (2012) investigated organisational determinants of unethical behaviour in commercial banking. Although the researcher made efforts to cover factors of organisational performance, his study did not include a clearer understanding of the relationship between these determinants and performance. Similarly, Omolewu (2011) investigated the strategies for improving ethical behaviours in organisations. The researcher came up with such recommendations as the need for the establishment of business conduct and whistle-blowing
mechanisms and a commitment by management to annual business ethics training for employees, but failed to cover how poor ethics affected performance. Disoloane (2012) investigated reception of a code of conduct at the Capricorn District Municipality in the Limpopo Province, South Africa. Although this study advanced towards understanding business ethics in parastatals as aimed by this one, it failed to properly outline the relationship between unethical concerns and the performance of parastatals and dwelt much on the ethical side.

From these observations, the literature gap is thus identified as the need for a clearer understanding of the relationship that exists between unethical financial practices and organisational performance in parastatals. Whereas some researchers have investigated associated components, such as unethical financial practices as well as how they can relate to performance, the area of parastatals, particularly in Zimbabwe, has not been significantly covered. This therefore necessitates this research.

2.10 Chapter Summary

This chapter offered a review of relevant literature pertaining to unethical financial decisions and their effects on organisational performance. It highlighted the definitions of unethical practices and their effect on organisational performance. The chapter also covered literature on the theories explaining unethical behaviour, such as ethical egoism, deontology, the moral rights theory, the theory of justice, stewardship and the agency theory. Important concepts were also defined, such as ethics, the code of conduct, unethical behaviour, morality and accountability as well as other ethical principles. The importance of business ethics, ethical financial decisions and factors affecting ethical decision-making were also discussed. Also contained in this chapter was the background of ARDA as well as a discussion of performance. Lastly, the chapter also reviewed empirical evidence from other studies done within the scope of this study. The next and third chapter discusses the methodology adopted for this study.
CHAPTER THREE

Methodology

3.0 Introduction
Research methodology is a common design of how the researcher intends to provide solutions to the research questions. It also considers the sources from which to gather data and also the limitations that the researcher might have such as access to data, time, location and money. In this chapter, various methods used in collecting and analysing primary and secondary data, which constitute the methodological framework of the study are outlined. The chapter further justifies and explains why the research methods were chosen ahead of others, noting key advantages and disadvantages of specified research tools and methodologies.

The research methodology outlines how the research will be taken. This chapter first presents the research design adopted for the study and then describes the sources of data, population and sampling procedures, the data collection techniques, data presentation and analysis approaches, the maintenance of data validity and reliability as well as the ethical considerations for the study.

3.1 Research Design
A research design is a framework or blueprint for guiding, collection and analysis of data (Kumar 1999). The researcher used the Quantitative research design which assisted in getting a better understanding of business ethics at Agricultural and Rural Development Authority (ARDA). The study adopted quantitative methods to describe the population or phenomena under study. This was useful in identifying and obtaining information on the characteristics of the particular problem or issue. A descriptive study was used in this research in order to obtain information on the characteristics of the problem, as described by Kothari (2004).

3.2 Sources of data
This data is collected specifically for the research problems at hand from respondents using questionnaires and interviews. The sources of data for this research were secondary and primary data. The primary data was collected with the intention of directly applying it in the actual study,
while secondary data came from other sources other than the actual study. Secondary data is material collected and refined by others. A common way to gather data is combining the two types of data discussed by utilising secondary data to analyse gathered primary data (Preece, 1994). To broaden the knowledge in the area of study, the researcher had interviews with the human resources manager and colleagues. The interview is an inductive strategy in order to gain knowledge and perspective on the subject, thus drawing conclusions for the current study. The main primary source adopted in the research was a survey, which was employed to collect information pertaining to the research problem.

3.2.1 Primary Data
The primary sources of data were ARDA employees and management. ARDA employees and management were engaged as they had knowledge of the existing business ethics at the Authority. Farmers participated in providing information about the efficiency in service of the employees at Agricultural and Rural Development Authority (ARDA).

3.2.2 Secondary data
This was collected from Authority’s Policy documents, brochures, strategic plans, reports, academic journals and the press. These sources enabled the researcher to get accurate information on business ethics and organisational performance at Agricultural and Rural Development Authority (ARDA).

3.3 Population and Sampling
The population and sampling methods to be used in the study are described below;

3.3.1 Target population.
The target population for the study consisted of employees (55), management (10) and out-grower farmers at Agricultural and Rural Development Authority (ARDA), making an estimated total population of 350. In the study, the sample size was 58 respondents. Of these respondents, 35 were employees from ARDA whilst 5 were senior ARDA management and the remaining 10 were farmers who have dealt with the organisation before. The researcher endeavoured to achieve a sample frame of not less than 33% of the population as detailed by Leedy (1996).
3.3.2 Sampling techniques
The researcher used probability sampling techniques. Zikmund (1991:462) refers to probability sampling as a technique used when the probability of any particular member of the population being chosen is known. The researcher used stratified sampling to involve strategic participants to reduce bias of choice. The respondents were grouped into three (3) stratus according to whether they were general ARDA employees, ARDA management or outgrower farmers contracted by ARDA.

3.4 Data Collection Techniques
The data collection tools for the study were questionnaires and structured interviews.

3.4.1 Questionnaires
The researcher used self administered questionnaires. A self administered questionnaire is one that is going to be filled by the respondent independently. These helped the respondents to answer objectively since they completed it without the influence of the interviewer. Questionnaires enabled the researcher to get a large number of standardized responses that could be compared. Respondents were divided according to their departments to ensure adequate representation. A total of fifty (50) questionnaires were used in the study.

3.4.2 Interviews
The researcher used structured interviews. According to Dyer, (1995), a structured interview is one in which the interviewer determines the precise form and direction of the questioning in advance of actually meeting the interviewee. A total of eight (8) such interviews were held with tobacco outgrower farmers. These interviews were either be face-to-face or telephone depending on the availability of the respondent. The use of structured interviews in this research was necessitated by two factors; to generate information specific to meet the objectives of this study, which is unique to Agricultural and Rural Development Authority (ARDA) and to the Zimbabwean case, as well as due to the need for straightforward questions that avoid the highly likely transgressing of the respondents owing to the fact that they may have negative perceptions about the purposes of this research and its researcher, such as the insecurity arising from the inquiries of an insubordinate in the researcher.
3.5 Data Presentation and Analysis

Data were presented in the form of tables which were easy to understand. Diagrams were given brief and clear descriptive titles. In this study data was analysed using graphs, pie charts, tables and narratives. The Pearson’s correlation coefficient with a 0.05 level of significance was used to determine the level of correlation between the dependent variable (accountability) and independent variables in this study (conflict of interest, unauthorised use of company resources, conducting private business during working hours and the falsifying of company records). This helped to understand the relationship between the unethical practices and the financial performance of Agricultural and Rural Development Authority (ARDA).

For the data collected through the interviews, the researcher began the data analysis process by the transcription of recordings and notes from the interviews. The data were sorted into themes using the thematic analysis technique. Under such themes, the analysis of the data was done to help explain the findings made through the questionnaires used in the study.

3.6 Validity and Reliability

According to Kothari (2004), reliability is the instrument which measures the repetition of the research findings, whilst the validity is the extent to which research findings accurately represent what is really happening in the situation. An effective research instrument needs to measure what it intends to focus on in order to attain its objectives. Thus the researcher engaged in a pilot study to test the questionnaires. The researcher also made sure that the questionnaires and field interviews in this study were done correctly to ensure the reliability and validity of the findings through personal involvement in the distribution and collection of the questionnaires and avoiding intermediaries who could damage or disturb the data collection and interpretation processes. Triangulation was also be used to ascertain checks and balances on both research designs that is qualitative and quantitative designs. This formed an integrated approach with checks and balances considered appropriate to produce results that are valid, reliable and generalisable.
3.7 Ethical Considerations

The researcher made prior arrangements to gain official permission to undertake the research to avoid unforeseen ethical problems that could arise from the carrying out of the research, particularly with regards to data collection. To this end, the researcher sought a letter of introduction and authority by ARDA’s human resources manager, which was taken to relevant respondents and by so doing the researcher sought the informed consent from the respondents as an ethical principle in research. The information obtained was confidentially treated to avoid fear and victimisation from the respondents. In general, the researcher upheld the following ethical considerations; confidentiality, informed consent, anonymity and voluntarism.

Confidentiality is a key component and a critical requirement for any credible research which was adopted in this study owing to the need to deal courteously with ARDA’s sensitive organisational information. The informed consent in research relates to obtaining the consent of respondents to use the information they give the researcher for academic purposes. It was adopted in this study as it removed conflicts between the researcher and the respondents. The researcher also made sure that the anonymity of the respondents was upheld. This was important as it allowed the protection of the respondents’ identities as revealing it could have been detrimental to them one way or the other. Voluntary participation was important since it could affect the day to day business of the respondent and could possibly affect privacy.

3.8 Chapter Summary

This chapter has outlined the methodology of the study. The research design, data sources, population and sampling techniques, methods of data presentation and analysis, the validity and reliability and the ethical considerations of the study were also discussed. This chapter examined the methodology used for this study and focused on the strengths and weaknesses of qualitative interviewing, the issue of ethics, reliability and validity, recruitment process and a description of the research sample, among others. The next and fourth chapter presents the key findings of the study as well as discussing their interpretations.
CHAPTER FOUR

RESULTS, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction
This chapter discusses and analyses the findings of the study from the questionnaires that were distributed and returned to the researcher. The researcher started by analysing the response rate of the respondents before analysing the results using different pictorial figures. The chapter presents the findings on unethical financial decisions and their impact on ARDA’s performance.

4.1 Response Rate
The table below shows the overall response rate of the research study for the two research instruments, the questionnaire and the interviews.

Table 4.1 The Response Rate

<table>
<thead>
<tr>
<th>Research Instrument</th>
<th>Target Population</th>
<th>Number responded to</th>
<th>Percentage response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires</td>
<td>50</td>
<td>37</td>
<td>74%</td>
</tr>
<tr>
<td>Interviews</td>
<td>8</td>
<td>7</td>
<td>87.5%</td>
</tr>
</tbody>
</table>

(Source: Primary data, 2014)

Table 4.1 shows the response rate for the study conducted. The researcher distributed 50 questionnaires to respondents. Out of the 50 questionnaires sent out, 37 questionnaires were returned thereby creating a response rate of 74%. This response rate is good enough to warrant the validity of the findings. The researcher also carried out a total 7 interviews and the response rate was 87.5%, because one of the respondents was a senior manager who failed to respond owing to his busy schedule. Other causes of no responses were identified as the lack of interest and trust as well as the fear of victimisation.
4.2 Demographic Profiles of the Respondents

The section below reviews the demographics of the respondents as obtained in the study. Such factors as the sex, age and level of education are detailed.

4.2.1 Sex

The sex of the respondents was noted. Of the respondents, 67.57% were males whilst the remainders (32.43%) were females. This is a shown in Figure 4.1 below.

![Figure 4.1 Sex of the Respondents](image)

**Source:** Primary data (2014)

From these observations, it can be deduced that the majority of the employees and staff at ARDA are males. This observation is hardly surprising owing to the phenomenon of male dominancy in the majority of the economic activities, a notion common in African countries like Zimbabwe. However, the significant number of females (32.43%) is explained by the growing social
appreciation of women in areas of work and employment (Parliament of Zimbabwe, 2010). Males were the most abundant sex as they are generally the bread winners for families. Employee gender is an important determinant of the expectations that such employees would have as well as their conduct at work. Whilst females are usually the mostly docile employees, males, on the other hand, are the ones most likely to express unethical business practices, as opined by Verschoor (1998). Hence the sex of the respondents was an important demographic in this study as it could help the researcher understand the causes of unethical financial practices by ARDA’s staff and employees.

4.2.2 Age

Figure 4.2 shows the age distribution of the respondents in the study. Of these, 23.68% respondents were aged between 25 and 35 years, followed by those aged between 36 and 50 years, who were 57.89% and were the most abundant age group, and those above 50 years of age, who were 15.79%. None of the respondents were aged below 20.

Figure 4.2 Age of the Respondents

Source: Primary data, (2014)
The age of the respondents reflected that the majority of ARDA’s workers (57.89%) are between 36 and 50 years. This attests to the fact that the majority of the organisation’s employees are young people who are still active, energetic and motivated to work both effectively and efficiently. This is also suggestive of the fact that ARDA’s performance should be above average as it has a competent and able workforce. Also, the significantly large number of employees aged above 50 years indicates that the organisation has a mature leadership with the ability to make well-informed, strategic decisions for good corporate governance and organisational performance.

In this study, the age of the respondents was imperative as age has been linked to unethical behaviour. According to Gunthorpe (1997), the age of a given employee has a significant effect on his or her level of ethical conduct. Generally, younger employees have been seen to display a higher level of unethical conduct owing to such factors as the lack of understanding and experience, being over-ambitious as well as poor or unrefined professional skills (Gunthorpe, 1997). Hence the fact that ARDA was found to have a lot of young people within its staff could serve as one of the explanations for high levels of unethical behaviour within the organisation.

4.2.3 Level of Education
From the study, five levels of education were identified. These included high school and below, certificate level, diploma, degree and the masters or doctorate academic level. Of these, a total of 10.53% of the respondents indicated that they possess first academic degrees whilst 15.79% of the respondents reported having masters or doctorates, and 5.26%, had secondary education, respectively. The majority of the respondents, however, reported having diplomas. These formed 65.79% of the respondents. Figure 4.3 below shows the academic levels of the respondents.
The level of education of the employee plays a key role in making sure that a given organisation has a competent individual who has the knowledge and devotion to meet organisational goals and objectives with minimal supervision and effort from his superiors. As such, an organisation with highly skilled and educated employees is more likely to perform better than one with poorly educated employees (Neely, 1995).

From these results, it can be concluded that the majority of ARDA’s employees are well-educated people who are capable of working effectively and efficiently in the pursuit of the organisation’s goals and are hence expected to show ethical financial conduct as they are better trained. As opined by Verschoor (1998), education is one of the key ways of ensuring that organisations adhere to strict ethical codes as well educated employees are better at understanding organisational goals and objectives as well as the ethical expectations from them.

*Source: Primary data, (2014)*
unlike poorly educated ones. However, Yu (2003) also provided an opposing view to Verschoor’s, arguing that educated employees are the ones most likely to exhibit unethical financial conduct owing to their ability to ‘exploit their education to their benefit’.

4.3 Unethical Financial Conduct in ARDA

In line with the objectives of the study, the researcher investigated the extent of unethical financial conduct in ARDA, factors causing it, its nature, how it is related to the organisation’s performance (where the organisation’s Key Performance Indicators were identified as the total area under crop, the stock value, sales, yields as well as labour turnover) as well as possible solutions to these unethical financial decisions. The findings from the study pertaining to these areas are presented and discussed below.

4.3.1 Extent of Unethical Financial Conduct in ARDA

The researcher investigated the extent to which unethical financial decisions exist within ARDA. To evaluate this, the researcher first investigated the level of knowledge of ethical principles among the respondents, their views on the level of unethical conduct within their organisation as well as the extent to which such core ethical principles as justice, honesty, accountability and fairness, to mention a few, are being upheld in ARDA.

Level of Knowledge of Ethical Principles

From the study, it was discovered that the majority of the employees in ARDA have a significantly high level of knowledge about ethical issues. It was found that 81.1% of them have good knowledge of such ethical principles as ethics, the code of conduct, unethical behaviour and accountability, whilst 70.3% of them understand what values and norms are. Table 4.2 below summarises the findings on the level of knowledge of ethical principles among the respondents.
Table 4.2 Level of Knowledge of Ethical Principles in ARDA

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Level of knowledge</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>7</td>
<td>18.9</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>30</td>
<td>81.1</td>
<td>100</td>
</tr>
<tr>
<td>Code of Conduct</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>7</td>
<td>18.9</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>30</td>
<td>81.1</td>
<td>81.1</td>
</tr>
<tr>
<td>Unethical Behaviour</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>7</td>
<td>18.9</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>30</td>
<td>81.1</td>
<td>100</td>
</tr>
<tr>
<td>Values and Norms</td>
<td>1</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>8</td>
<td>21.6</td>
<td>29.7</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>26</td>
<td>70.3</td>
<td>100</td>
</tr>
<tr>
<td>Accountability</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>7</td>
<td>18.9</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>30</td>
<td>81.1</td>
<td>100</td>
</tr>
</tbody>
</table>

Given such high levels of knowledge, it would be expected that these employees and staff from ARDA will understand the importance of observing them in their areas of work and spheres of influence. The ability to know is associated with the ability to not only practice but to also undertake evaluations and allows for self-correction, which would enhance organisational performance (Silverman, 1970).

**Level of Unethical Conduct in ARDA**

The researcher investigated the level of unethical conduct in ARDA. The criteria with which this was evaluated included three levels, namely negligible, significant and critical. As shown in Figure 4.4, it was found that 97.3% of the respondents believed the level is critical, showing that there is high unethical financial conduct in ARDA. Only 2.7% of the respondents expressed the
level as only significant whilst none (0%) said it was negligible. This is shown in Figure 4.4 below.

![Figure 4.4 Level of Unethical Conduct in ARDA](image)

The above findings show that there are extremely high levels of unethical financial conduct in ARDA. This could possibly be the major cause for the falling productivity in the organisation as noted in the problem statement of this study, which is supported by Klassen and McLaughlin (1996) who jointly opined that unethical practices seriously negate the performance of a given firm or organisation.

**Figure 4.4 Level of Unethical Conduct in ARDA**

The above findings show that there are extremely high levels of unethical financial conduct in ARDA. This could possibly be the major cause for the falling productivity in the organisation as noted in the problem statement of this study, which is supported by Klassen and McLaughlin (1996) who jointly opined that unethical practices seriously negate the performance of a given firm or organisation.

**Level of Upholding of Ethical Principles in ARDA.**

The researcher investigated the levels to which certain ethical principles, as pronounced by various theorists and reports like ethical egoism, deontology, stewardship theory and the Cadbury and Smith reports, respectively, to mention but a few. These ethical principles, namely, were justice, honesty, accountability, promise keeping, the pursuit for excellence, loyalty, fairness, integrity, responsible citizenry and the respect for others. The level of their upholding were categorised as 1,2 and 3 for poor, fair or good, respectively.

The findings showed that the upholding of ethical principles in ARDA is generally poor. From the study, 89.19% of the respondents said there was a critical lack of justice in their organisation.
The most probable reasons for this was that the majority of the employees at ARDA are not being satisfactorily paid and remunerated, which is leading them to seek alternative options for financial viability and survival, as suggested by Neely et al (1995). This was followed by 100% of them saying honesty lacked in ARDA, whilst 89.19%, 100%, 86.49%, 75.68%, 97.30%, 89%, 78.38% and another 100% said ARDA’s accountability, promise keeping, pursuit for excellence, loyalty, fairness, integrity, responsible citizenship and respect for others were critical, respectively. Figure 4.5 sums these and other findings pertaining to the upholding of these ethical principles in ARDA.

![Figure 4.5 Upholding of Ethical Principles in ARDA.](image-url)

The above findings are rather saddening as they describe the unfortunate level of unethical financial practices in ARDA. It can be seen that the majority of the ethical principles and practices as advocated for by various theorists and ethical reports are not being adopted in ARDA, as according to the views of the respondents. This critical lack of ethical financial conduct negates various performance indices of the organisation, as well as the meeting of
organisational goals and objectives. This is also what Gunthorpe (1997) as well as Cadbury (2002) have opined.

**4.3.2 Factors Causing Unethical Financial Conduct in ARDA**

In line with the objectives of the study, the researcher also investigated the factors causing unethical financial conduct within ARDA. The findings showed that these factors were identified as selfishness, poor management, the lack of experience, the lack of independence, corruption and the lack of strategic organisational direction. For each of these factors, it was found that

<table>
<thead>
<tr>
<th>Factor</th>
<th>Number of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selfishness</td>
<td>33</td>
<td>89.2</td>
</tr>
<tr>
<td>Poor Management</td>
<td>36</td>
<td>97.3</td>
</tr>
<tr>
<td>Lack of Experience</td>
<td>33</td>
<td>89.2</td>
</tr>
<tr>
<td>Lack of Independence</td>
<td>34</td>
<td>91.9</td>
</tr>
<tr>
<td>Corruption</td>
<td>35</td>
<td>94.6</td>
</tr>
<tr>
<td>Lack of Strategic Direction</td>
<td>31</td>
<td>83.8</td>
</tr>
</tbody>
</table>

From these findings, it follows that these factors are responsible for the occurrence of unethical behaviour in ARDA. As Gunthorpe (1997) puts it, the problem of unethical behaviour in organisations can only be put to rest if there is an ‘exhaustive’ understanding of the factors causing it in the first place. Hence the identification of the above factors is important to ensuring that the problem of unethical financial behaviour is eradicated or dealt with in this organisation. Such unethical issues as selfishness and corruption are well documented in their ability to cost the organisation in terms of performance (Gunthorpe, 1997).

**4.3.3 The Nature of Unethical Financial Conduct in ARDA**

The researcher also sought to understand the nature of unethical financial decisions in the organisation, or how unethical behaviour manifests itself in ARDA. The findings showed that the major forms through which unethical financial decisions exist in the organisation were conflicts
of interest, unauthorised use of company resources for personal benefit, conducting private business during working hours, falsifying records, disclosing confidential information, sexual harassment, false sick leaves and absenteeism from work. Figure 4.6 below shows the responses over the nature of these problems within ARDA.

![Chart showing percentages of ethical problems in ARDA](chart.png)

**Figure 4.6 The Nature of Ethical Problems in ARDA**

The above findings show that the nature or major forms through which unethical behaviour occurs in ARDA is through absenteeism (94.6%), the disclosing of confidential information (97.3%), record falsification (89.2%) as well as the unauthorized use of company resources (91.9%). However, there are also significant levels of false sick leaves, sexual harassment and the conduction of private business during working hours, which stood at 54.1%, 43.3% and 78.4%, respectively.

**4.3.4 Relationship between Unethical Financial Decisions and ARDA’s Performance**

The researcher, in line with the study’s objectives, also sought to understand how unethical financial decisions impact upon ARDA’s performance. Using the key performance indicators (KPIs) of the organisation as the total area under crop (in hectares), the stock value in United States Dollars for each year end, the net sales in dollars, the organisation’s maize, wheat and
soyabean yields and the labour turnover, the researcher evaluated how unethical financial decisions impact on ARDA’s performance.

The researcher arranged the data for the performance indicators against that for the level of unethical practices in SPSS. This study used ANOVA to test the formulated hypothesis as well as to ascertain goodness of fit of regression models computed. Simple regression was also utilised so as to quantify and establish the relationship between the performance of ARDA and the unethical financial practices. The linear method was used for curve estimation because unlike the logarithm, quadratic and exponential methods it best fitted the data. The relationship between unethical conduct indicators and performance and regression equations computed to explain the relationships are presented and discussed in the subsequent sub-sections.

4.3.4.1 Effect of Unethical Financial Decisions on Total Area under Crop
The researcher investigated how unethical financial decisions affect ARDA’s total area under crop. The findings from the study are shown below in Figure 4.7.
Figure 4.7 Effect of Level of Ethical Conduct on Total Area under Crop

The research question in this study sought to determine the significance or difference brought by the unethical financial conduct in ARDA to the total area under production. One Way ANOVA is the one which was made use of in the testing of the hypothesis formulated. From the calculations, the value obtained was 7.050 and the critical value also obtained was 0.133 and the P value of 0.001598 at 0.05 significance level. In the light of these findings, the null hypothesis was rejected and the alternative hypothesis which stated that there was significant difference to the total area under production was accepted. The $R^2$ value for the regression was 0.752 which showed a significant level of relationship between the variables under study.

The above findings showed that the level of unethical behaviour in ARDA impacted significantly upon the organisation’s performance in the terms of total area under production. This finding
was also supported by several respondents during the interviews who expressed the critical level of unethical conduct within their organisation.

4.3.4.2 Effect of Unethical Financial Decisions on Stock Value
As required by the research objectives, the researcher also evaluated the effect of unethical financial decisions on ARDA’s stock value. The findings of the linear regression are shown in Figure 4.8 below.

![Scatterplot](image)

**Figure 4.8 Effect of level of Ethical Conduct on Stock Value**

The null hypothesis specified that there was no significant relationship between the variables under investigation, namely the stock value and the level of unethical behaviour in ARDA. The researcher used a One Way ANOVA to test the hypothesis formulated and the critical value
obtained was 18.497 with a P value of 0.50 at 0.05 significance level. Accordingly, the null hypothesis was rejected and the alternative hypothesis was adopted. The regression coefficient stood as 0.902, which showed a strongly linear relationship between the two variables under investigation.

The above findings show a strong relationship between the level of unethical financial behaviour and the performance of ARDA in terms of stock value over the research period. It follows that ARDA’s performance has been significantly affected by the level of unethical behaviour, which has steadily risen over the years from 2010 to 2013. As shown by the $R^2$ value, this steady rise was met with a similar, directly proportional one in the stock value. In other words, as ethical standards fell in ARDA, so did the value of the organisation’s stock.

4.3.4.3 Effect of Unethical Financial Decisions on Labour Turnover
The effects of unethical financial decisions upon ARDA’s labour turnover were also evaluated. Figure 4.9 below shows the findings from the linear regression.
Figure 4.9 Effect of Level of Unethical Conduct on Labour Turnover

Like with the other performance indicators, the null hypothesis that was brought forward in this study was that there lacked significance in the relationship between the labour turnover and the level of unethical conduct. The results of the One-Way ANOVA undertaken included critical value obtained was 12.778 and the P value of 0.070 at the .05 level of significance. Again the null hypothesis was rejected and it was accepted that there was a significant relationship between the variables.

From the above findings, the level of unethical behaviour in ARDA is also significantly affecting the organisation’s labour turnover. This is explained by the fact that when unethical behaviour is critical within an organisation, more employees tend to be affected by it and may end up deciding to leave for better organisations. Those employees who suffer innocently as a result of
unethical behaviour may end up deciding that ‘enough is enough’ and thus move out of the organisation, whilst, on the other hand, those employees who practiced unethical conduct may be dismissed from the organisation owing to breaches of its code of conduct (Zaal, 2012). This explains why ARDA’s employee turnover has been on the increase during the concerned years as enshrined in the problem statement.

4.3.4.4 Effect of Unethical Financial Decisions on Yields

The researcher also investigated how unethical financial decisions affect ARDA’s yields. Figure 4.10 analyses how unethical financial decisions impacted on ARDA’s productivity in the terms of maize, wheat and soya bean yields.

![Figure 4.10 Effect of Level of Unethical Conduct on Yields](image)

**Figure 4.10 Effect of Level of Unethical Conduct on Yields**

From the figure above, it can be seen that there were corresponding falls in the yields of maize, wheat and soya beans over the years from 2010 to 2013. This was in response to the rising levels of unethical conduct in ARDA, which were 4.13, 4.11, 4.33 and 4.44, respectively. The yield of maize fell from 2010’s 10 tonnes per hectare to 7, 5 and 4 tonnes for the years 2011, 2012 and 2013, respectively.

The findings above show that the level of unethical conduct in ARDA significantly affected the yields. As opined by some of the interviewed respondents, there were drastic rises in the number
or instances of corruption, the lack of appreciation of rules and regulations and selfishness within their organisation during the stated time period. This rise in the level of unethical behaviour reportedly mostly manifested itself through corruption which, according to Monks and Minow (2001) is one of the most severe unethical behaviour to ever haunt an organisation. Given high levels of corruption, an organisation almost always fails to meet its goals and objectives and often suffers from a good deal of subsequent ethical problems which include the lack of transparency, unfairness and injustice (Monks and Minow, 2001). These are some of the problems that ARDA continues to face, continuously negating its performance.

4.3.4.5 Effect of Unethical Financial Decisions on Sales

The effect of unethical financial decisions on ARDA’s net sales was also evaluated. Figure 4.11 below shows the findings from the linear regression that was carried out.

![Scatterplot](image)

**Figure 4.11 Effect of Level of Ethical Conduct on Sales**
The linear regression results showed a significant relationship between ARDA’s level of unethical behaviour and its total sales. This is evidenced by the high degree of relationship between the variables ($R^2=1.108$). Furthermore, the ANOVA test produced an F value of 6.584 and a P value of 0.124 at the 0.05 level of significance.

On the basis of the above information, it was deduced that the sales in ARDA continue to be subdued and to nosedive owing to the growing lack of ethical conduct in the organisation, which is supported by the notions of Dallas (2009). Providing how investors, managers, directors and other stakeholders can properly understand and manage firm ethical problems, Dallas (2004) showed how sales may be negated by ethical problems inherent in the organisation’s way of doing business, which supports the findings of this study pertaining to the relationship between the unethical behaviour and ARDA’s performance in the terms of sales. Although Smith (2009) also argued that ethical concerns play a less pivotal role in determining the performance of a firm’s sales, Dallas (2009) strenuously emphasized the need for the strategic manager to look into ethical concerns, positing that if not checked, ethical issues have the potential to ‘balloon’ to catastrophic levels.

### 4.3.5 Possible Solutions to Unethical Financial Decisions in ARDA

In line with the objectives of the study, the researcher also investigated possible solutions to help end or mitigate unethical financial decisions in ARDA. Table 4.4 below shows the suggested solutions for ARDA’s unethical financial problems as brought forward by the respondents, in their priority order.

**Table 4.4 Possible Solutions to ARDA’s Unethical Financial Problems.**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Solution</th>
<th>Percentage of Respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Annual external audits</td>
<td>86.5</td>
</tr>
<tr>
<td>2</td>
<td>Board restructuring</td>
<td>94.6</td>
</tr>
<tr>
<td>3</td>
<td>Refresher courses for staff</td>
<td>81.1</td>
</tr>
</tbody>
</table>
From the above table, it can be seen that the majority of the respondents in the study believed regularized, annual external audits, board restructurings, refresher courses for staff, practicing corporate governance and appointing either a substantive general manager or a CEO are imperative solutions to ARDA’s current unethical financial problems. Specifically, 86.5%, 94.6% and 81.1% of the respondents believed in annual audits, board restructuring and refresher courses. Likewise, all of the respondents (100%) and 97.3% of them believed adhering to good corporate governance principles and appointing a substantive general manager are the solutions for ARDA’s unethical financial problems.

4.7 Chapter Summary
This chapter discussed and analysed the findings of the study as gathered through questionnaires and interviews. It addressed the key research objectives and highlighted the effects of unethical financial practices on ARDA’s performance. The following chapter, Chapter Five, comes up with the conclusions and recommendations that were adopted in the study.
CHAPTER FIVE

Summary, Conclusions and Recommendations

5.0 Introduction
This chapter presents the summary, conclusion and recommendations of the study. These conclusions and recommendations are significant for ARDA’s employees and management, as well as the majority of state-owned enterprises. The chapter first presents a summary of the study then provides the conclusions made by the researcher. The recommendations from the observed conclusions are then presented before the discussion of areas for further research as well as the summary of the chapter.

5.1 Summary
This study sought to investigate the effect of unethical financial practices on the performance of ARDA, which was a response to the research problem of declines in the organisation’s total area under crops, the stock value, labour turnover, the maize, wheat and soya bean yields as well as the sales.

The study found significance as its outputs inform and dictate the development of acceptable ethical financial behaviour and conduct in ARDA and in other similar Parastatals. Literature on the characteristics and types of ethical and unethical conduct, organisational performance, the theoretical framework and empirical evidence was reviewed.

A total of 50 respondents were used in the study, although the questionnaire and interview response rates were 74% and 87.5%, respectively. Primary and secondary data were collected through questionnaire and interview techniques. The data was analysed using Microsoft Excel and the Statistical Package for Social Scientists (SPSS).

From the study, it was found that the level of unethical behaviour is high in ARDA as shown from the poor level of knowledge of ethical principles as well as that of upholding them. The study identified the various factors causing unethical financial conduct in ARDA as selfishness, poor management, the lack of experience, the lack of independence, corruption as well as the lack of strategic direction. An investigation of the nature of unethical financial conduct in ARDA
showed that unethical conduct mostly occurs through absenteeism (94.6%), the disclosing of confidential information (97.3%), record falsification (89.2%), the unauthorised use of company resources (91.9%), and false sick leaves, sexual harassment and the conduction of private business during working hours, which stood at 54.1%, 43.3% and 78.4%, respectively.

From the study, there were significant relationships between the unethical financial decisions and ARDA’s performance in the terms of its total area under crop, the stock value, labour turnover, yields and sales. The researcher also identified the possible solutions to ARDA’s unethical financial decisions as regular annual external audits, board restructurings, refresher courses for staff, practicing good corporate governance and appointing either a general manager or a CEO.

5.2 Conclusions

The segments below give the conclusions on ARDA’s unethical financial decisions and their effect upon the organisation’s performance.

5.3 Recommendations

From the findings of this study, the following recommendations were made for the named stakeholders;

5.3.1 The Agricultural and Rural Development Authority (ARDA)

On the part of the Authority’s management, there is a need to review the current code of conduct to make it more comprehensive and disciplinary. ARDA should respect its code of conduct and laws and the organisation should also engage and involve staff in the formulation of decisions that affect them.

5.3.2 Government and other Administrative Stakeholders

There is a need for the Government to support ARDA through channeling more resources and funding to enable it to meet its obligations and mandate more effectively. There is also a need for the Government and other regulatory stakeholders to craft policies, reforms and statutory provisions that allow ARDA to deal with the problem of unethical conduct and to thus effectively harness its staff complement in fulfilling the organisation’s mandate.
5.3.3 ARDA Employees

The organisation’s employees should be sensitive and rational to the challenges affecting their organisation and the broader economy. This will help them to avoid exhibiting or practicing unethical conduct much to the detriment of their organisation and the nation at large. The study found that it is the unethical financial conduct of the organisation’s staff that is impacting upon its performance and thus, it is the employees who have the power to improve the fortunes of ARDA.

These major recommendations are summarized in Table 5.1, which shows the key recommendation per stakeholder, the reasons for which they should act, the means through which to effect these recommendations as well as the required times and resources.

Table 5.1 Summary of Recommendations

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Recommendation</th>
<th>Why</th>
<th>Means</th>
<th>When</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARDA</td>
<td>Craft a comprehensive code of conduct in line with other parastatals</td>
<td>To remove the high levels of unethical behaviour in the organisation</td>
<td>Organisational policy documents</td>
<td>As soon as possible</td>
<td>Through the annual budget allocated by the Government</td>
</tr>
<tr>
<td>Government</td>
<td>Improve ARDA’s funding and policy framework</td>
<td>To improve the current declines in ARDA’s performance, whose effects are on a national scale</td>
<td>Addition of financial allocations to ARDA as well as legal provisions</td>
<td>Now</td>
<td>Through public as well as donor funds</td>
</tr>
<tr>
<td>ARDA employees</td>
<td>Be sensitive, rational and practice sound corporate governance and professionalism</td>
<td>To avoid unethical behaviour</td>
<td>Employee engagement and involvement</td>
<td>As soon as possible</td>
<td>Through worker contributions and gatherings</td>
</tr>
</tbody>
</table>
5.4 Areas for Further Study

Similar studies should be done in other parastatals, such as in the Zimbabwe Electricity Supply Authority (ZESA), the Zimbabwe Revenue Authority (ZIMRA), Air Zimbabwe and the Zimbabwe Tourism Authority (ZTA). Also, it is important that there be studies on the effects of unethical financial behaviour on the performance of individual employees in parastatals.

5.5 Chapter Summary

The chapter presented the summary, conclusions and recommendations of the study. These were on the level of unethical financial behaviour in ARDA, its effects on the organisation’s performance and the roles that such stakeholders as the organisation’s management, the Government and ARDA employees have to play in order to change the current undesirable performance of the organisation. The chapter also presented areas for further study in order to address those areas that this study failed to effectively articulate owing to limitations in time, resources and scope.
References.

Books


**Journals**


Verschoor (1998) “*Corporate Performance is Closely Linked to a Strong Ethical Commitment*” (Unnamed)

APPENDIX A: Request for Authority to Collect Data

27th January 2014

The Acting General Manager
Agricultural and Rural Development Authority
No 3 McChlery Avenue South
Eastlea
Harare

Dear Sir

RE: PERMISSION TO CARRY OUT A RESEARCH PROJECT ON ARDA AND COLLECTING DATA THEREFROM.

My name is Chikobvu Addmore and is employed by ARDA as the Chief Internal Auditor. I am studying for a Masters degree in Business Administration with the University of Zimbabwe.

I am seeking for your permission to carry out a study on the organisation and to collect data/information therefrom.

Your usual support is greatly appreciated.

Yours faithfully

Chikobvu Addmore (R093285F)

Approved/ Not approved

ACTING GENERAL MANAGER

APPENDIX B: Authority to Collect Data
APPENDIX C: Research Questionnaire

UNIVERSITY OF ZIMBABWE
My name is Addmore Chikobvu and I am a student from the Faculty of Commerce at UZ and I am assessing the effects of unethical financial decisions on parastatal performance, using ARDA as a case study. I would be grateful if you answer the questions below that might help me achieve my objectives.

**Questionnaire**

**Section A: Demographic Details.**

*(Please tick in the appropriate box)*

1. Sex:
   - Male
   - Female

2. Age:
   - <20
   - 20-35
   - 36-50
   - >50

3. Academic level:
   - Primary
   - Secondary
   - Diploma
   - First degree
   - Second degree
   - Other (specify)

**Section B: Unethical Financial Behaviour Details.**
4. To what extent do you understand the following ethical terms and concepts?

(Rank your level of understanding between 1 and 3, with 1 being the lowest understanding and 3 the highest)

<table>
<thead>
<tr>
<th>Term</th>
<th>Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics</td>
<td></td>
</tr>
<tr>
<td>Code of conduct</td>
<td></td>
</tr>
<tr>
<td>Unethical behaviour</td>
<td></td>
</tr>
<tr>
<td>Values and norms</td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td></td>
</tr>
</tbody>
</table>

5. What is the level of unethical financial conduct in ARDA?

<table>
<thead>
<tr>
<th>Level</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Negligible</td>
<td></td>
</tr>
<tr>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>Critical</td>
<td></td>
</tr>
</tbody>
</table>

6. To what extent are the following principles of ethical financial conduct upheld in ARDA? To what extent are they also affecting its performance?
(Rank the extent as Poor, Fair or Good for the extent of upholding them and use Negligible, Significantly and Critically for effect on performance)

<table>
<thead>
<tr>
<th>Principle</th>
<th>Extent of upholding</th>
<th>Effect on ARDA’s performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Poor</td>
<td>Fair</td>
</tr>
<tr>
<td>Justice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honesty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promise keeping</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pursuit for excellence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fairness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible citizenship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respect for others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. How do you rank the level of Education and Experience of ARDA’s senior management on average terms?

<table>
<thead>
<tr>
<th></th>
<th>(Masters degree)</th>
<th>(First degree)</th>
<th>(No degree)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Experience</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. What do you believe are the root causes of unethical financial conduct in ARDA?
(Please provide at least 5 factors)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

9. Which of the following do you believe significantly result in unethical financial decisions in your organisation?

<table>
<thead>
<tr>
<th>Individual issues</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Situational issues</td>
<td></td>
</tr>
<tr>
<td>Contextual issues</td>
<td></td>
</tr>
</tbody>
</table>

10. Does the ARDA Board have board committees?

<table>
<thead>
<tr>
<th>YES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td></td>
</tr>
</tbody>
</table>

11. If the answer is YES to 9 above, name any four (4) Board committees in the table below:

<table>
<thead>
<tr>
<th>1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
12. Is the post of Chief Executive Officer and that of the Board Chairman held by two different people?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

13. What is the level or extent of the following unethical financial problems in ARDA?

*(Please rank the levels from 1-5, with 1 being the less critical level and 5 being the most critical level)*

<table>
<thead>
<tr>
<th>Unethical Financial Problem</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Conflict of interest</td>
<td>2</td>
</tr>
<tr>
<td>Unauthorised use of company resources for personal benefit</td>
<td>3</td>
</tr>
<tr>
<td>Conducting private business during working hours</td>
<td>4</td>
</tr>
<tr>
<td>Falsifying records</td>
<td>5</td>
</tr>
<tr>
<td>Disclosing confidential information</td>
<td></td>
</tr>
<tr>
<td>Sexual harassment</td>
<td></td>
</tr>
<tr>
<td>False sick leave</td>
<td></td>
</tr>
<tr>
<td>Absenteeism</td>
<td></td>
</tr>
</tbody>
</table>
14. Can you formulate a priority list of solutions to the unethical financial problems being experienced in ARDA?

(Please rank the priorities from 1-5, with 1 being the critical solution and 5 being the less critical solution. Provide at least 5 solutions)

<table>
<thead>
<tr>
<th>Solution</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU FOR YOUR COOPERATION
APPENDIXD: COMPUTATION OF THE ETHICAL INDEX FROM PRIMARY DATA.

<table>
<thead>
<tr>
<th>Year</th>
<th>Conflict of Interest</th>
<th>Unauthorized use of company resources</th>
<th>Conducting private business during working hours</th>
<th>Falsifying records</th>
<th>Disclosing confidential information</th>
<th>Sexual harassment</th>
<th>Falsified sick leave</th>
<th>Absenteeism</th>
<th>Total average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3.89</td>
<td>3.46</td>
<td>4.12</td>
<td>4.96</td>
<td>3.87</td>
<td>3.97</td>
<td>4.17</td>
<td>4.61</td>
<td>4.13</td>
</tr>
<tr>
<td>2011</td>
<td>4.12</td>
<td>3.51</td>
<td>4.16</td>
<td>4.18</td>
<td>3.92</td>
<td>3.97</td>
<td>4.29</td>
<td>4.71</td>
<td>4.11</td>
</tr>
<tr>
<td>2013</td>
<td>4.84</td>
<td>3.71</td>
<td>4.47</td>
<td>4.98</td>
<td>4.06</td>
<td>4.27</td>
<td>4.33</td>
<td>4.89</td>
<td>4.44</td>
</tr>
</tbody>
</table>
# APPENDIX E: Financial Performance Analysis for ARDA (2010-2013)

<table>
<thead>
<tr>
<th>ARDA ANALYSIS</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITEMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 TOTAL AREA UNDER CROP (Ha)</td>
<td>85,000.00</td>
<td>45,000.00</td>
<td>15,000.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>2 GROSS PROFIT MARGIN (%)</td>
<td>(33.55)</td>
<td>(8.79)</td>
<td>19.49</td>
<td>26.40</td>
</tr>
<tr>
<td>3 NET PROFIT MARGIN (%)</td>
<td>(205.41)</td>
<td>(78.36)</td>
<td>(63.38)</td>
<td>(93.99)</td>
</tr>
<tr>
<td>4 NON-CURRENT liabilities ($)</td>
<td>13,954,254.00</td>
<td>12,059,392.00</td>
<td>12,455,257.00</td>
<td>15,310,221.00</td>
</tr>
<tr>
<td>5 BANK AND CASH YEAR END ($)</td>
<td>96,732.00</td>
<td>35,894.00</td>
<td>542,559.00</td>
<td>37,205.00</td>
</tr>
<tr>
<td>6 STOCK VALUE YEAR END ($)</td>
<td>2,204,411.00</td>
<td>1,686,209.00</td>
<td>697,689.00</td>
<td>232,686.00</td>
</tr>
<tr>
<td>7 DEBTORS TURNOVER ratio (Times)</td>
<td>2.16</td>
<td>1.50</td>
<td>1.44</td>
<td>0.75</td>
</tr>
<tr>
<td>8 CREDITORS PAYMENT PERIOD (days)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 LABOUR TURNOVER (Times)</td>
<td>1.00</td>
<td>3.00</td>
<td>5.00</td>
<td>7.00</td>
</tr>
<tr>
<td>10 YIELDS (Tonnes per Ha)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maize</td>
<td>10.00</td>
<td>7.00</td>
<td>5.00</td>
<td>3.50</td>
</tr>
<tr>
<td>Wheat</td>
<td>7.00</td>
<td>5.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Soya beans</td>
<td>4.00</td>
<td>3.50</td>
<td>3.50</td>
<td>2.50</td>
</tr>
<tr>
<td>11 LONG TERM LOAN ($)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 ACID TEST RATIO</td>
<td>0.47</td>
<td>0.40</td>
<td>0.37</td>
<td>0.30</td>
</tr>
<tr>
<td>13 CURRENT RATIOS</td>
<td>0.68</td>
<td>0.58</td>
<td>0.54</td>
<td>0.50</td>
</tr>
<tr>
<td>14 SALES ($)</td>
<td>3,757,354.00</td>
<td>4,837,255.00</td>
<td>5,174,251.00</td>
<td>3,230,460.00</td>
</tr>
<tr>
<td>15 SHORT TERM LOAN ($)</td>
<td>6,294,587.00</td>
<td>9,229,527.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIXF: ANOVA Tables

#### ANOVA for Relationship between Level of Ethical Conduct and Total Area Under Production

**ANOVA(b)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>.058</td>
<td>1</td>
<td>.058</td>
<td>6.077</td>
<td>.133(a)</td>
</tr>
<tr>
<td>Residual</td>
<td>.019</td>
<td>2</td>
<td>.009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>.076</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Predictors: (Constant), VAR00003  
b Dependent Variable: VAR00002

#### ANOVA for Relationship between Level of Ethical Conduct and Stock Value Year End in ARDA

**ANOVA(b)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>2306368238</td>
<td>1</td>
<td>23063682366</td>
<td>18.497</td>
<td>.050(a)</td>
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<td>1246871989</td>
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<td>6412.750</td>
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</tbody>
</table>

a Predictors: (Constant), VAR00002  
b Dependent Variable: VAR00001

#### ANOVA for Relationship between Labour Turnover and Level of Ethical Conduct in ARDA

**ANOVA(b)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>17.293</td>
<td>1</td>
<td>17.293</td>
<td>12.778</td>
<td>.070(a)</td>
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<tr>
<td>Residual</td>
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<td>2</td>
<td>1.353</td>
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<td>Total</td>
<td>20.000</td>
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</table>

a Predictors: (Constant), VAR00002  
b Dependent Variable: VAR00001
ANOVA for Relationship between Maize Yield and Level of Ethical Conduct in ARDA

ANOVA(b)

<table>
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<tr>
<th>Model</th>
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<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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</thead>
<tbody>
<tr>
<td>1 Regression</td>
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<td>.059</td>
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<td>2</td>
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</table>

a Predictors: (Constant), VAR00003
b Dependent Variable: VAR00002

ANOVA for Relationship between Wheat Yield and Level of Ethical Conduct in ARDA

ANOVA(b)

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<th>F</th>
<th>Sig.</th>
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</thead>
<tbody>
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</tbody>
</table>

a Predictors: (Constant), VAR00003
b Dependent Variable: VAR00002

ANOVA for Relationship between Soya Bean Yield and Level of Ethical Conduct in ARDA

ANOVA(b)

<table>
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</thead>
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a Predictors: (Constant), VAR00003
b Dependent Variable: VAR00002
ANOVA for Relationship between Sales ($) and level of Ethical Conduct in ARDA

ANOVA(b)

<table>
<thead>
<tr>
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<th>Sig.</th>
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</thead>
<tbody>
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a Predictors: (Constant), VAR00003
b Dependent Variable: VAR00002