



**Ethics Institute
of South Africa** NPC
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Business Ethics Survey for Angola 2012 - 2013



building an
ethical
SOCIETY

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1. Background

The Ethics Institute of South Africa (EthicsSA) conducted a business ethics survey in Angola to assess:

- The state of the management of ethics in companies in Angola;
- The state of ethics in companies in Angola;
- The interest in ethics services.

2. Methodology and sample

A questionnaire was distributed amongst company representatives by EthicsSA and its partners in Angola, namely the Camara de Comercio e Indústria de Angola (CCIA) and Mr Antonio Muhungo.

Initially, these questionnaires were distributed to a selection of companies in Angola by email and post. However, very few companies were found willing to complete the questionnaire. After one year, only 8 companies had completed the questionnaire. Therefore, it was decided to distribute the questionnaire at business ethics training workshops where delegates were asked to complete the questionnaire on behalf of the company they work for. This has *implications* for the findings as these delegates might not be informed about the ethics management process in their company, if any, or they were often from senior management level, which always has a much more positive view of processes in companies than their lower ranked staff. Also, senior management might not want to say things about the company that are negative, for example, that corruption takes place in the company.

65 companies completed the questionnaire. Of these 65 companies, 56 companies were Angolan, one was a multinational, 6 are Angolan companies affiliated with a multinational, and two did not indicate which type of company they are. Companies were free to indicate what type of company they are and in which sector they are working.

The amount of respondents is not within scientific social benchmarks as it was not possible to collect data from a large sample due to resource limitations and the unwillingness of companies to complete the questionnaire. Therefore the findings should be seen as an indication of trends and not as scientific findings.

The 65 companies that completed the questionnaire represent the following sectors:

Sector	Amount
Electronics – Engineering	2
Packaging	1
Retail	2
Construction	3
Legal	1
Petroleum	7
Education	1
Business Association	1
Hotel	2
Agriculture and fishing	2
Insurance services	1
Management	1

General commerce	3
Consulting	2
Human Resources	1
Industrial	1
Did not indicate	34

Table 1: Represented sectors

3. State of the management of ethics in companies in Angola

3.1 Values and Code of Ethics

3.1.1 Presence of values

Figure 1 below indicates that 80% of companies in Angola have a set of values in which ethics is emphasised. However, this set of values is most likely not in the form of a formal document, but rather exist informally..

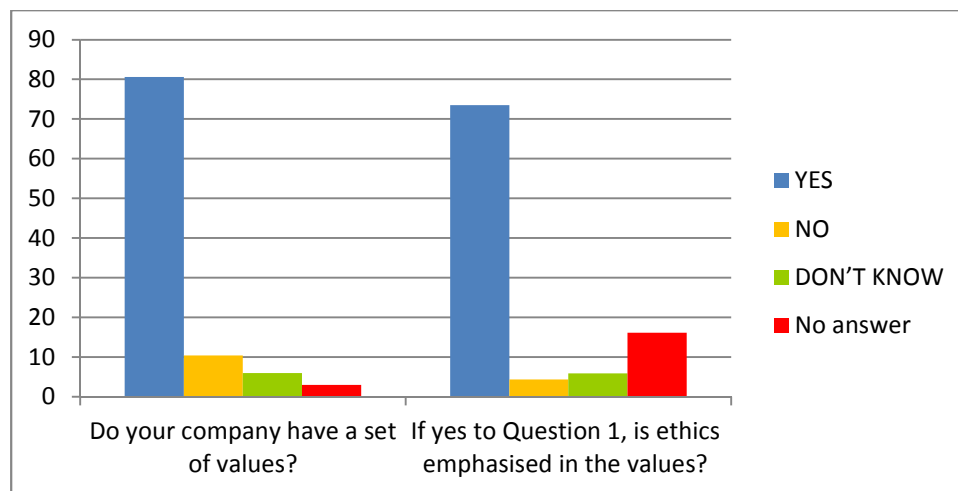


Figure 1: Presence of values

3.1.2 Presence of codes of ethics

Figure 2 (below) indicates that 32% of the companies that completed the questionnaire do have a Code of Ethics, and 51% do not have a Code of Ethics. The majority of companies therefore do not have a Code of Ethics. This trend can be assumed to apply to other Angolan companies as well as business ethics is a new concept for many companies in Angola. Companies that do have Codes of Ethics are mostly doing business with multinationals or are larger Angolan companies.

However, a group of Angolan business leaders¹ indicate that there are probably much less companies with a Code of Ethics as the 32% indicated in this figure. The reason for this is that as per the law, companies should have a compliance officer/department in place and many might confuse 'compliance' with 'ethics'. This is not the same, but some respondents might not have understood the fact that these are two different concepts, as they are not yet familiar with 'ethics' and 'ethics management'. The estimate of the business leaders is that only very few Angolan companies (not more than 10%) have a formal written Code of Ethics.

¹ The findings of this survey were discussed with a group of senior Angolan business leaders to ensure the correct interpretation.



Figure 2: Presence of codes of ethics

3.2 Presence of ethics management structure

We asked companies if they have a dedicated person or department that specifically deals with ethics and where employees can get advice on ethics issues.

Figure 3 (below) indicates that in 38% of the companies, there is a dedicated person that deals with ethics, and in 30% of the companies, there is somebody present whom people can turn to when needing advice on ethics issues. The majority of companies therefore do not have a dedicated person or department to manage ethics in the company.

Also in this case, the same comment as in 3.1 applies, namely that 'a dedicated ethics person' is most likely confused with the compliance officer, which most companies have as it is a requirement by law.

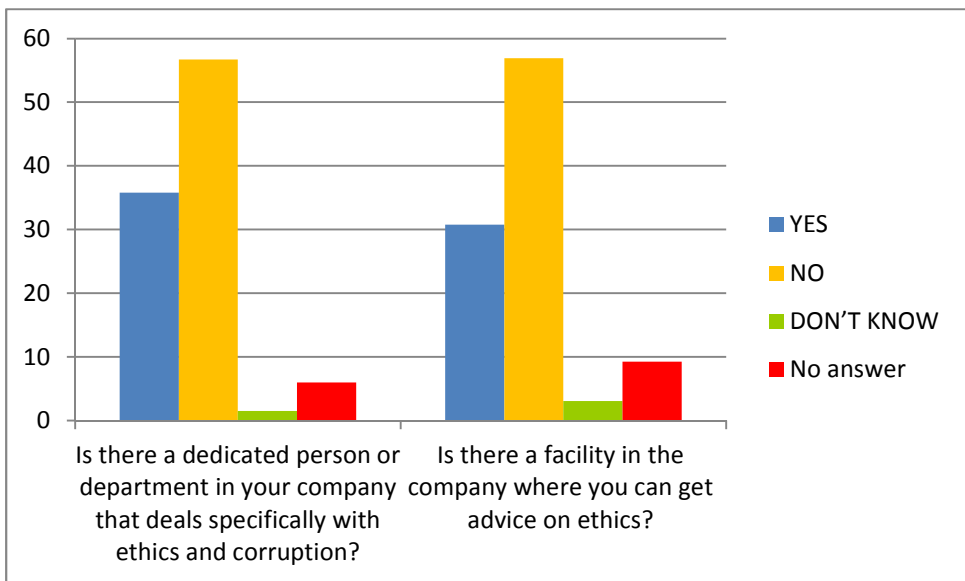


Figure 3: Presence of ethics management facility

3.3 Presence of whistleblowing facility, investigations and punishment

Figure 4 (below) indicates that almost half of the companies have a facility where unethical behaviour can be safely reported. A bit more than half of the companies indicate that cases of unethical behaviour are investigated and about 60% of companies indicate that they do punish people who are found guilty of unethical behaviour. In just over 50% of the companies, there are no safe reporting mechanisms for reporting observed misconduct.

However, discussions with Angolan business leaders regarding safe whistle-blowing facilities indicate that this facility is not present in most companies. The reporting of misconduct is low according to these business leaders due to the fear of retaliation. Figure 16 below (page 14) also confirms this assumption from the business leaders as people have strong doubt that employees can report unethical conduct without fear of retaliation. What is in place in most companies is a facility where external stakeholders (mostly clients) can report if they are unhappy with the company or the service/product they have bought. Boxes are available in many companies where clients and other external stakeholders can give feedback to the company. This is also required by the law. However, a whistleblowing mechanism for internal reports is, according to the business leaders, almost non-existent.

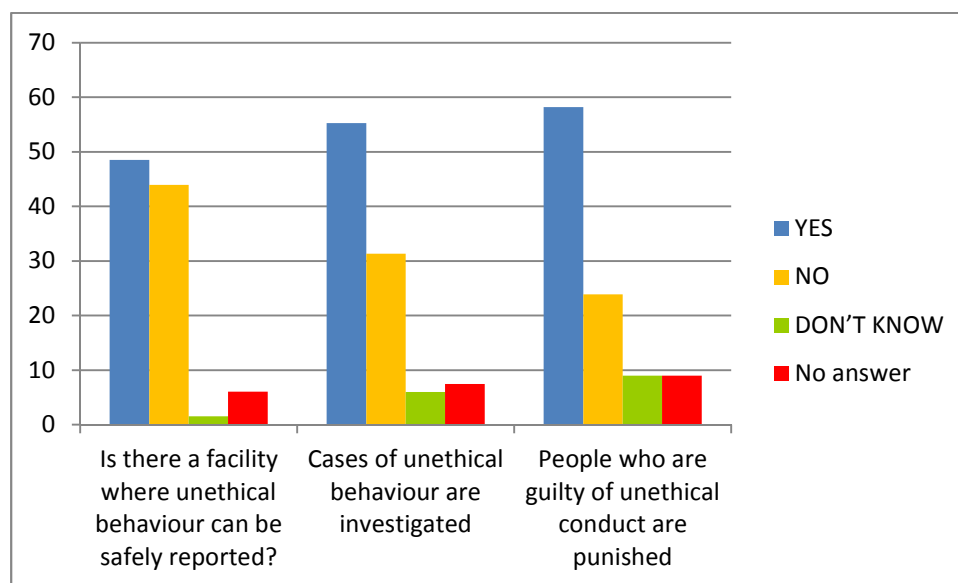


Figure 4: Presence of whistleblowing facility, investigation of unethical behaviour and punishment

3.4 Presence of ethics policies, ethics awareness campaigns and ethics training in companies

Figure 5 (below) indicates that in 49% of the companies there are ethics-related policies in place. How much these policies are known is dubious, as only 37% of the companies have ethics awareness campaigns taking place and in only 34% of the companies, employees are trained on ethics. The fact that in 8 to 12 companies, there is no answer, or the answer to the question is not known, also indicates that probably in these companies, ethics policies, ethics awareness campaigns and ethics training are *not* in place.

Also here, it could be that 'ethics' is confused with 'compliance'. Compliance policies are in place in many companies, as well as awareness campaigns and trainings offered to staff in this regard.

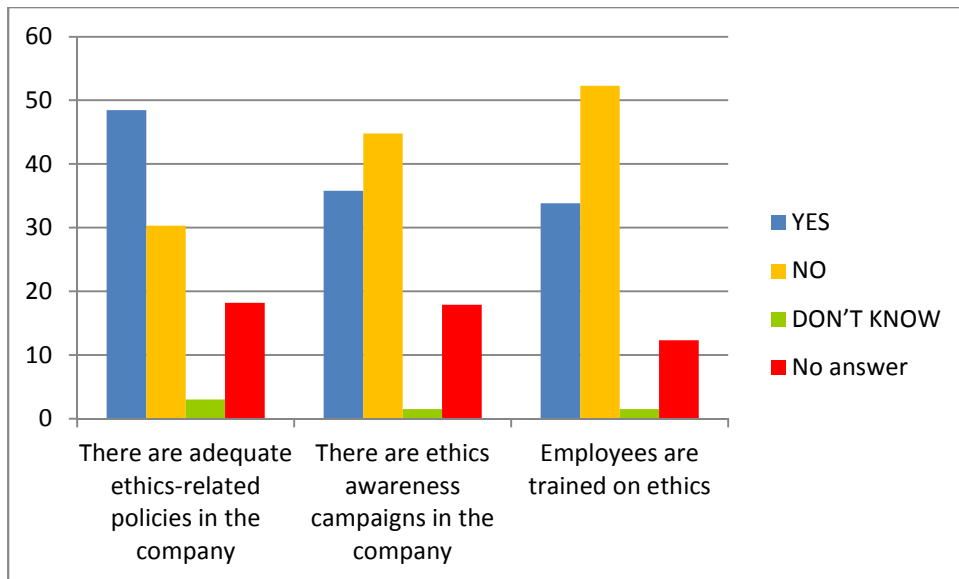


Figure 5: Presence of ethics policies, ethics awareness campaigns and ethics training

3.5 Pressure to start managing ethics

We asked companies if they felt pressure, for example from legislation or good governance initiatives, to start managing ethics in their companies. Figure 6 (below) indicates that about 32% of the responding companies do feel pressure, but another 32% does not feel pressure.

Angolan business leaders indicate that companies that feel pressure are the ones in the oil industry and the ones that are affiliated with multinationals. In other industries, there is probably not much pressure. This will change in the near future as banks are requesting information on the management of ethics and compliance when companies apply for a loan.

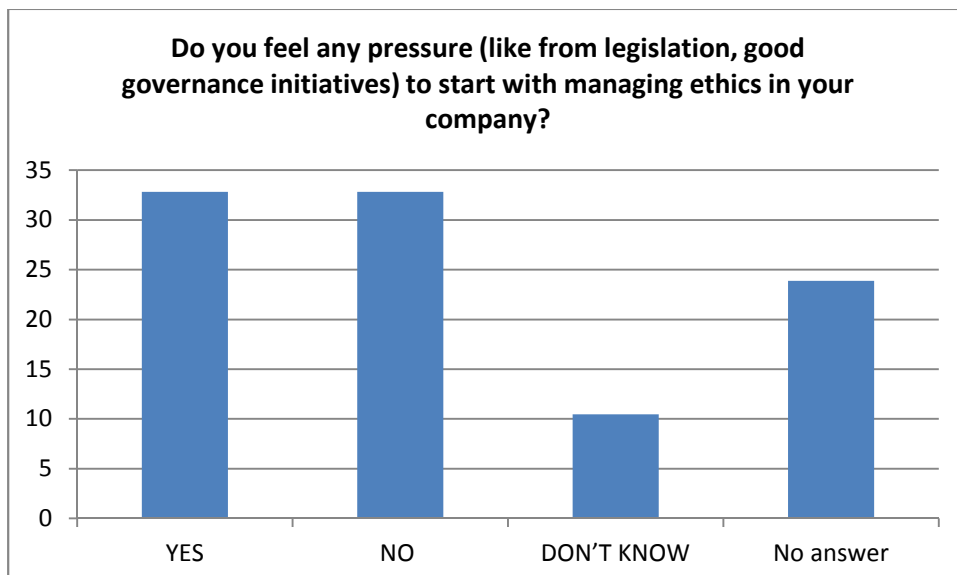


Figure 6: Pressure to start managing ethics

3.6 Interest of companies in ethics management services

Figure 7 (below) clearly indicates that companies do have a large interest in ethics management services:

- 79.0% are interested in a service to assist the company in developing a Code of Ethics;
- 77.0% are interested in a service to assist the company with ethics training for employees;
- 79.0% are interested in a service to assist the company in training a staff member who would be qualified and capable of managing ethics in the company;
- 53.0% are interested in having access to an independent, external whistle-blowing hotline where unethical behaviour can be safely reported;
- 72.0% are interested in a service to conduct an assessment to identify the ethics risks of the company.

These percentages are good news for the Centro de Etica de Angola. This independent Centre is currently being established in Angola and will specialise in providing the above-mentioned services to amongst others, Angolan companies.

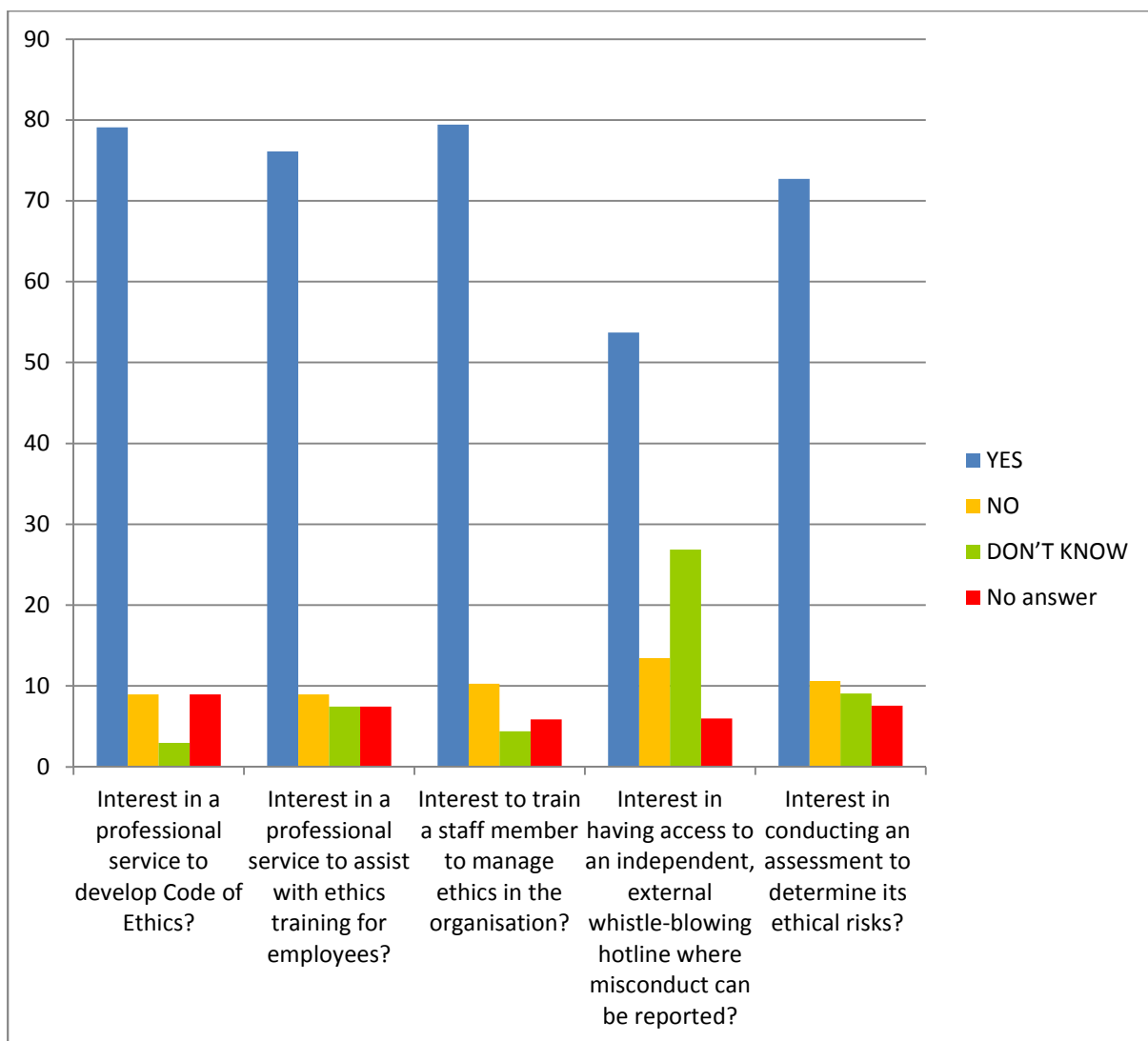


Figure 7: Interest in ethics management services

4. State of the ethics in companies in Angola

4.1 Introduction

We asked respondents ten questions which allow us to measure to some extent the ethical culture in a company. Organisational culture indicates *the ability of companies to meet their commitments to ethics standards* and it also reveals to some extent what the *ethics risks* are for companies.

4.2 Findings

Figure 8 (below) indicates whether employees in the responding companies always seek advice about ethical issues. Interesting here is that 27% of respondents *disagrees* or *strongly disagrees* with this statement, which means that in their companies, employees *do not* seek advice about ethical issues. This could be because there is no facility in the company where employees can go when they need advice about an ethical issue they might have.

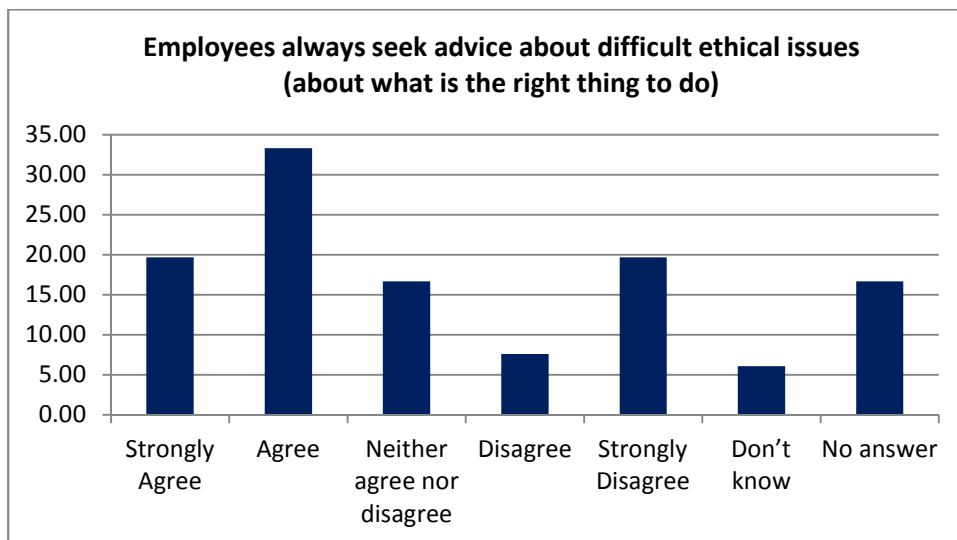


Figure 8: Employees seeking advice about ethical issues

Figure 9 (below) indicates if employees in responding companies are comfortable approaching superiors with ethical matters or concerns. The majority of respondents strongly agree or agree with this statement which indicates that employees are quite comfortable approaching superiors with ethical matters or concerns.

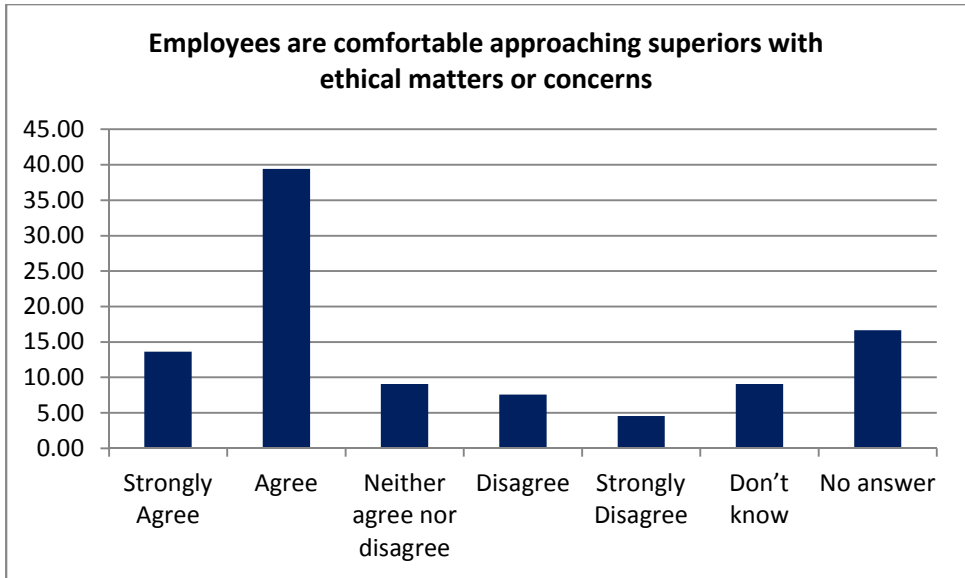


Figure 9: Employees comfortable sharing ethical matters with superiors

Figure 10 (below) indicates whether employees consider the effects on society/the community when they make decisions. 50% of respondents strongly agree or agree with this statement, while the other 50% is divided. More than 20% did not answer this statement which could indicate that the respondents did not know if employees considered the effects on society/the community when making decisions.

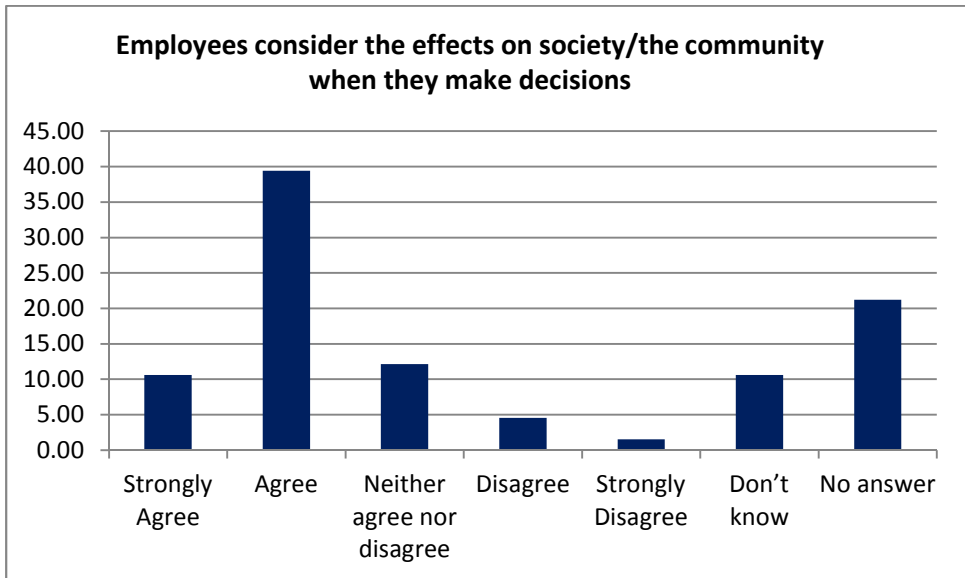


Figure 10: Employees consider the effects on society/the community when making decisions

Figure 11 (below) indicates whether employees consider the effects on the natural environment when they make decisions. A similar pattern emerges with this statement as with the previous statement: about 50% of respondents strongly agree or agrees with this statement, while the other 50% is divided and 20% did not give an answer.

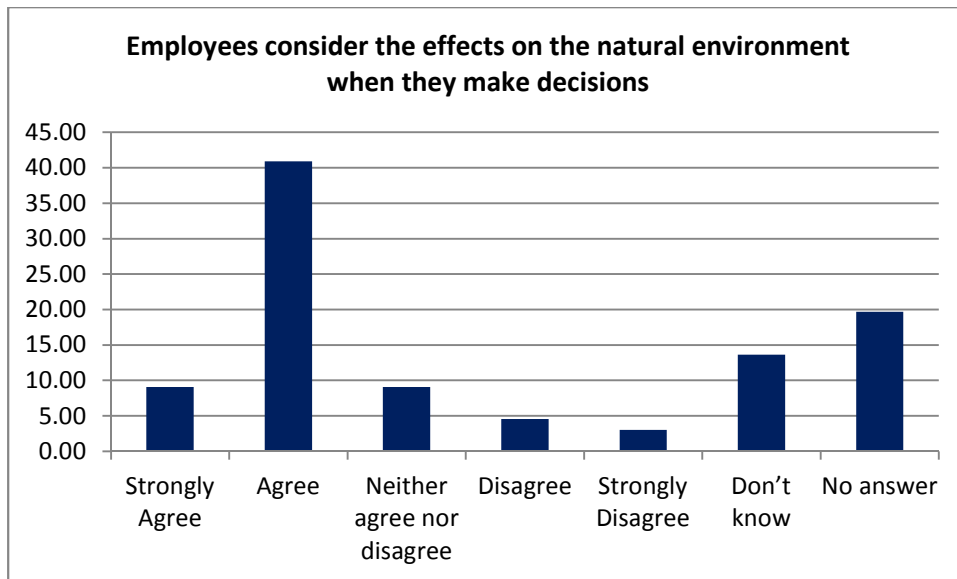


Figure 11: Employees consider the effects on the environment when making decisions

Figure 12 (below) indicates whether the company expects that its people will do what is right for clients. Almost 80% of respondents strongly agree or agree with this statement and therefore we can assume that companies in Angola indeed expect its people to do what is right for clients.

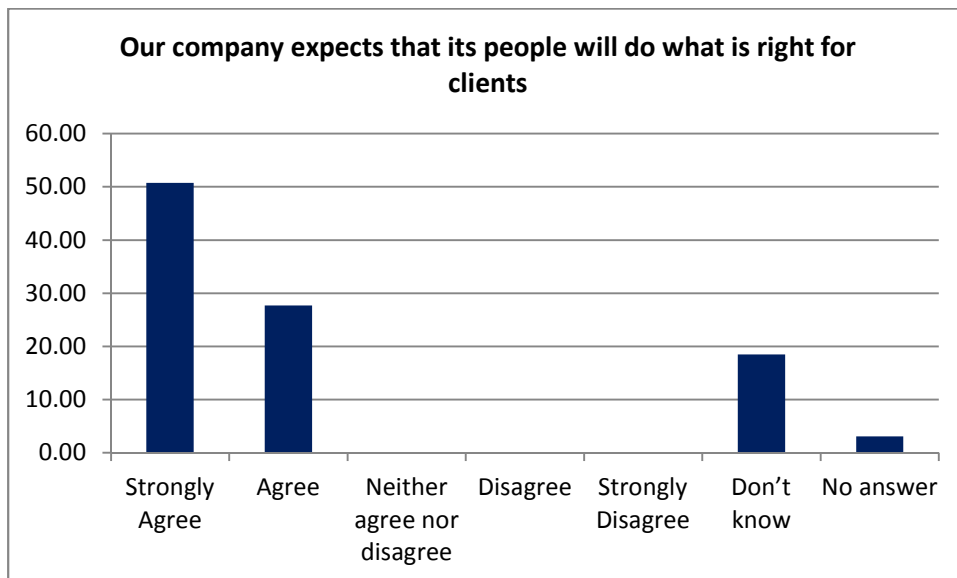


Figure 12: Company expects that its people will do what is right for clients

Figure 13 (below) indicates whether the company is fair in making decisions affecting all its staff members. 60% of respondents strongly agree or agree with this statement. Interesting is that 22% did not answer this statement which could indicate that respondents don't know whether the company is fair in making decisions affecting all its staff members.



Figure 13: Company fair in making decisions affecting all its staff members

Figure 14 (below) indicates whether employees who are honest and responsible are the ones who get ahead. 55% of respondents strongly agree or agree with this statement. The remaining 45% are divided. The business leaders discussing the findings strongly doubt that honest and responsible employees are the only ones getting ahead in the company.

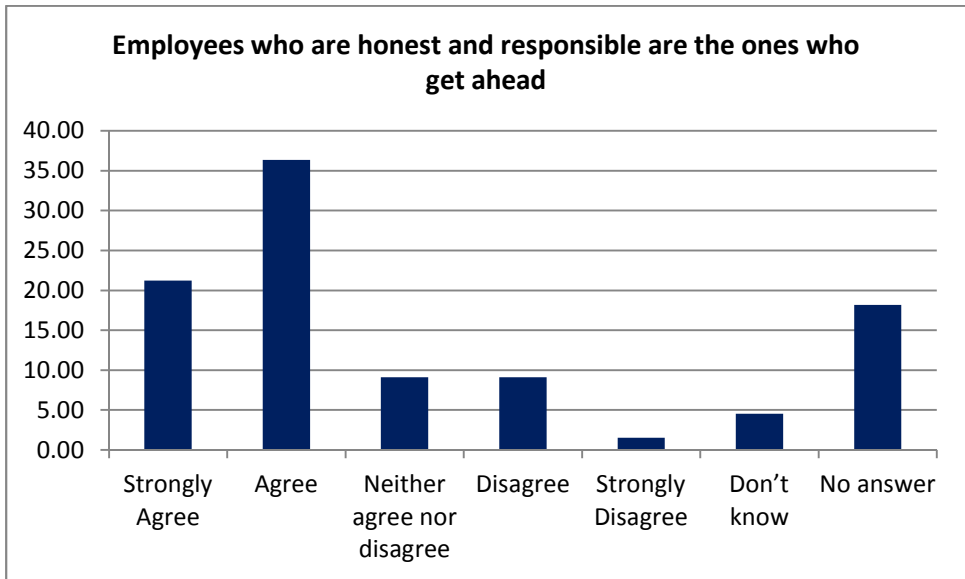


Figure 14: Employees who are honest and responsible are the ones who get ahead.

Figure 15 (below) indicates whether the company is not characterised by criminal behaviour. 66% strongly agrees or agrees with this statement, which means that these respondents believe that their companies are not characterised by criminal behaviour. About 16% are in doubt and almost 20% did not answer the question.

Once again, the business leaders discussing the findings strongly doubt that the 66% figure is correct. They expect that in reality the figure is substantially lower.

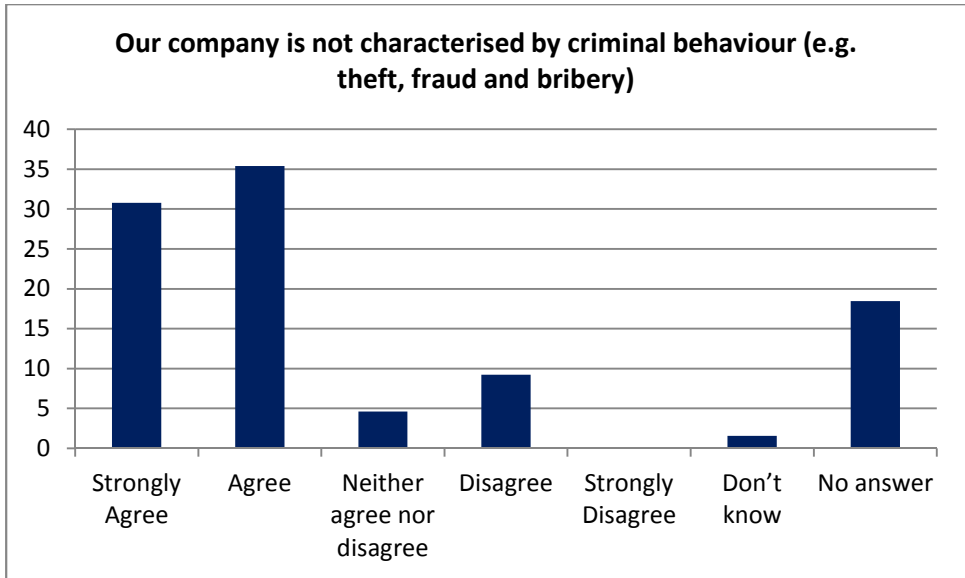


Figure 15: Company is not characterised by criminal behaviour

Figure 16 (below) indicates whether employees can report unethical practices without fear of retaliation. 46% strongly agree or agree with this statement. The remaining 54% is divided with 15% neither agreeing nor disagreeing and about 17% strongly disagreeing or disagreeing. This means that in a substantial number of companies employees cannot report unethical practices without fear of retaliation.

The business leaders indicate that there is a high probability of retaliation in case you would report unethical practices.



Figure 16: Employees can report unethical behaviour without fear of retaliation

Figure 17 (below) indicates whether employees always respect the confidentiality of information. A bit more than 50% of respondents strongly agree or agree with this statement. The remaining almost half are divided.



Figure 17: Employees always respect the confidentiality of information

5. Conclusion

These findings probably paint *a too positive picture* of the current state of business ethics in Angola. This is mostly due to three factors. The first one is a factor that plagues most ethics research, namely *socially desirability response bias*, which means that persons tend to present their own (and in this case their own company's) ethics in a more positively light than it actually is. The second factor is that fact that only one person's view per company was surveyed. Most of these people were quite senior in their companies, and senior persons in companies once more has a tendency to present their companies in a more favourable light than employees on lower levels in companies. The third reason is the already mentioned confusion that respondents might have between 'compliance' and 'ethics'. The respondents might not have really understood what 'ethics' means.

These shortcomings in the findings can be overcome in future research by eliciting the views of more persons per company and also from persons on different employment levels within companies.

Despite these shortcomings, the information in this report is still useful for companies doing business in Angola and for other stakeholders who have an interest in business ethics.

This survey would not have been possible without the dedicated help of the Angolan Chamber of Commerce and Industry. A special word of thanks to Mr José Tondela and Mr José Alentejo for their assistance in collecting the questionnaires and availing contact information of companies. Also, we would like to sincerely thank Mr Antonio Muhungo who has effortlessly contacted companies to submit the questionnaires timeously and accurately. He also assisted with the translation of the questionnaire from English to Portuguese and with the interpretation of the information in this report.

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May 2013



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