

Ethical Dilemmas in Business Practices of Small and Medium Enterprises (SMEs) in South Africa

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The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy.

Martin Luther King, Jr.

Abstract

Following the scandalous behaviour of business persons, in a variety of different sectors and enterprises, the King Committee, provided a framework for supporting good governance and ethical conduct. However, the initiative to ensure compliance rests with the different participants in various sectors of business.

This paper argues that the SME sector is prone to unethical conduct and therefore must develop and define a practical and relevant model for implementation. Since no one model is aptly suited for this, the writers submit that an integrated model inculcating the basic human values that define the positive character traits of human behaviour be developed.

Keywords: Business ethics, corruption perceptions index, decision making models, ethical dilemmas, ethics, King Committee, SMEs.

Literature Survey

1. Introduction

In the World today, there is a growing acceptance that business cannot be successful if there are no sound moral values. Business needs ethics and ethics needs business. Prozesky (2001:7) states that business needs ethics if it is to be sustainable and profitable, and ethics needs successful businesses if it is to make a real difference to the things that trouble one's conscience. Since there is a logical connection between strong moral values and human well-being, it can be argued that the business world should now be seen as the new epicentre of ethical creativity (Prozesky 2001:7; Rossouw 1997:1539; Bradley 1998:5).

The current trend in business is that it is responsible to all its stakeholders; these being customers, employees, shareholders and investors, environment and community, suppliers and government (Chakraborty *et al.* 2004:109). It is also true that business people make difficult decisions which frequently demand ethical sensitivity without clear cut guidelines.

Owing to the global demands of business, corporate downsizing, increased legal regulations and new technologies, people at all levels of an organisation have to make decisions expeditiously and perform with the highest levels of accuracy, efficiency and success. Therefore, if the company's core business processes are not grounded in sound ethical values such as integrity, respect, trust and fairness these decision makers may be exposed to unethical behaviours that could lead to fraudulent and illegal activities (KPMG's Business Ethics website <http://www.uskpmg.com/ethics>).

The Corruption Perceptions Index (CPI), published annually by Transparency Index to confirmed the stereotypical notion that corruption is predominantly a problem of the South. While the Scandinavian countries come out on top, most of sub-Saharan Africa ranks at the bottom. The objective of this report is to raise public awareness of the problem and promote better governance. Corruption is as much a problem of the North as it is of the South. Recent scandals in Germany, France, Japan, the US or the UK attest to that.

2. Definitions of Key Terms

2.1 Ethics

First and foremost ethics means operating within the law but it goes beyond

that. It means operating according to a set of standards that provides for fairness, respect and concern for the welfare of others (www.uic.edu—13/3/05). According to Velasquez *et al.*, (1998:1) ethics refers to the study and development of one's own ethical standards and well based standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues. Ethical standards also refer to the virtues of honesty, compassion, and loyalty and include standards relating to rights, such as the right to life, the right to freedom from injury, and the right to privacy. In addition to this ethics refers to the study and development of one's own ethical standards (Velasquez *et al.* 1998:2).

Ethics is a discipline that attempts to examine and understand ways in which choices are made involving issues of right and wrong. According to Goffee and Scase (1995:3) the field of ethics uses the 'raw material' of moral discussions to define two approaches which are (1) descriptive and (2) prescriptive. Descriptive ethics is concerned with examining and analyzing the reasons people give for moral beliefs and behaviour in different cultures. Prescriptive or normative ethics deals with what 'ought' to be rather than what 'is' giving reasons which are open to public scrutiny. What 'ought' to be reflects the highest vision for conduct which is not only morally acceptable, but morally best. It is a search for authoritative standards which govern moral choices. Both of these components, which lack sharp distinctions, involve a definition of ethics requiring reflection about moral conventions and reasoning (Goffee and Scase 1995:3). The prime motive for business start up is often associated with financial rewards. There are a range of factors, many of which stem from personal needs for independence and self fulfilment. The personal motives for business start up will inevitably be a function of a variety of factors of which psychological influences will play some role ranging from no alternative, family tradition to making money (Goffee and Scase 1995:3).

The elements that inform ethical behaviour are (www.uic.edu—13/3/05):

- the greatest good to the greatest number of people;
- ethical behaviour arises from the development of personal virtue such as truthfulness, fairness, courage and caring; and

- that which is based on rules which are followed.

Although there are concepts each one has its own merits and in fact any one of them or a combination of these should be an essential and integral part of every decision (www.uic.edu—13/3/05). On examination of the DNA of successful companies it was found that values and ethics which a company displays are actually an outcome of its organisational DNA—not an input to it (Verschoor 2004:2).

2.2. Business Ethics

Takala (2005:1) defines business ethics as follows:

- a research branch which tries to describe and explain phenomena from the moral viewpoint (empirical business ethics);
- it gives advice and instructions about how to develop and change the practices of business life so that the human values would be materialized better than before in business life (normative business ethics); and
- It studies the relations between the good and bad and the right and wrong and it means, applying the meta-analysis of moral conceptions, consideration of the phenomena of business life (meta-ethics of business life).

The importance of business ethics is based on the fact that businesses are playing a public role, business ethics can assist business in building a work ethos that will unify employees thereby boosting business performance and that business ethics help to overcome the discrepancy that individuals often experience between their individual values and the values pursued by business (Rossouw 1997:1542).

Ledgerwood and Broadhurst (2000: 210) state that there are three dimensions which must be appreciated in the literature on business ethics namely, the international dimension in which the research and analytical focus is on multi-national corporations with branches in many countries; the national dimension which targets businesses operating within a single country and the meta-ethical dimension which is composed of applying the classical and modern philosophy, theology, economic theory and political

theory to the question of determining what is ethical in business. In terms of global economy it is imperative that government plays the crucial role of facilitating concerted action over time of different individuals and organisations to contribute to the improvement of the moral quality of business activities (Kopperi 2005:3).

2.3 Ethical Dilemma

Factors that influence ethical behaviour are multidimensional; that is they are rooted in differences between individuals, variations in organisational settings, and the interplay between the two (Longenecker *et al.*, 2005:7). Ethical behaviour does not emerge from the value sets of individuals in isolation from external influences, which is the upshot of established models in the ethics literature (Longenecker *et al.*, 2005:7). According to Robinson (2002:44) any decision where moral considerations are relevant can potentially give rise to an ethical dilemma, for example;

- A decision that requires a choice between rules;
- A decision where there is no rule, precedent or example to follow;
- A decision that morally requires two or more courses of action, which are in practice incompatible with each other; and
- A decision that should be taken in one's self interest but which appears to violate a moral principle.

2.4 Small and Medium Size Enterprises (SMEs)

In South Africa the National Small Business Act No 102 of 1996 states:

A small business means a separate and distinct business entity, including co-operative enterprise and non-governmental organisations, managed by one owner or which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule and which can be classified as a micro, a very small, a small or medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule.

SMEs are recognised as playing a pivotal role in the advancement of prosperity in our communities. To ensure economic prosperity in our country, the number of entrepreneurs who successfully found and develop small and micro enterprises needs to increase significantly. However, SMEs face numerous challenges in South Africa. The challenges facing SMEs in our country include (www.bankseta.co.za):

- Access to start-up and expansion finance;
- Access to markets;
- Access to appropriate technology;
- Access to Information Technology; and
- Regulatory environment impacting on SMEs.

3. *Significance of Ethics and the Nature of Ethical Dilemmas*

There is a growing need to reassess ethical business practices, especially in light of the growing perception that business and individual values are significantly different. Ethics is an important code of conduct that directs all human behaviour and gives it its moral imperative. In fact one can argue that human values are the foundation that informs the comprehensive field of human behaviour of which ethics is a significant component.

There is a dearth of research on small business especially on the ethical dilemmas faced by small businesses. The study of the role and function of ethics in companies known as ‘organizational ethics’ has unfortunately focused primarily on larger enterprises. For long periods of time organizational scientists have not attended adequately to the problems of unethical behaviour with particular reference to small businesses. In the literature there are occasional articles, chapter or book on the broad topic of ethics; however, it should be of greater concern as there are human consequences attached to businesses and their representatives engaging in unethical behaviour of bribery, marketplace manipulations, fraud and deception and an array of other workplace violations, for example, racial discrimination.

In the case of small business or owner-managed business there would be an inherent conflict in terms of separating out the rights of the owner from those of the business where the business owner may be perceived of as the

same entity. It is this tension that makes research in small business different from large organizations.

It is universally accepted that a well functioning small business sector contributes to the economic and social growth of a country. It exerts a strong influence on the economies of all countries, particularly in the fast changing and increasingly competitive global market.

King Reports 1 and 2, were introduced in reaction to corporate scandals of 2002, but 'fixing the rules is not fixing the problem' (www.businessday.co.za: 21/2/05). There is still much to be done to ensure that organisations are held to higher ethical standards than in the past (Potts and Matuszewski 2004:177).

An important finding of an Ethics Survey conducted by Financial Mail in July 2000 was that most South Africans believed that dishonesty is the route to business success (www.businessreport.co.za: 21/2/05). According to the Ethics survey conducted jointly by the Public Service Commission, Transparency South Africa and KPMG, with a view to measure the extent to which South African public and private organisations have succeeded in establishing certain basic ethics management practices (Malan 2002:34), *...a basic ethics infrastructure exists in most organisations but that practices and mechanisms are too basic to be effective and in most cases merely indicate lip service to ethics without real commitment by leadership to ethics management.*

To be fully effective, ethics must be an integrative part of organisational culture rather than an appendage grafted on to management systems (Potts and Matuszewski 2004:177). Organisational culture should be defined by management's leadership in setting values of integrity and ethical behaviour (Verschoor 2005:5).

Human values are the core scaffolding of the character of a human being. Every business decision reflects the presence or absence of these core values (Biery 2001:3). Healthy ethical practices are not limited to financial reporting and top management structures but to the entire company. Applied from top down, good ethics should filter to every activity of a company making it second nature and part of the way business is done (Business Day, 19/10/2004).

Geraldine Fraser-Moleketi, Public Service and Administration Minister of South African government, stated that special attention was being

paid to reducing corruption in the public service and an anti-corruption summit was held to adopt a wide range of resolutions on ethics, awareness, prevention, oversight, transparency and accountability (Department of Public Service and Administration: Country Corruption Assessment Report: South Africa April, 2003).

It is common knowledge that corruption promotes the wrong developmental and investment choices. It encourages competition in bribery, rather than competition in equality and in the price of goods and services. It inhibits the development of a healthy marketplace and distorts economic and social development (Department of Public Service and Administration: Country Corruption Assessment Report: South Africa April, 2003).

According to the Headline Report by the Small Business Project, an independent advocacy group, the demands of compliance with government laws and regulation was costing South African firms R79billion a year, equivalent to 6.5% of gross domestic product. This figure is significantly higher percentage of GDP than in many developing countries (www.sbp.co.za).

Some recent ethical miscues were (www.businessday.co.za):

- The fraud and corruption trial of Durban businessman Shabir Shaik—convicted on charges of corruption and fraud.
- The KwaZulu-Natal Local Government Department has reported that it has found *prima facie* evidence of fraud and corruption against three municipalities—in the Umvoti, Uthukela and Nongoma District Municipalities—out of a total of 16 which were being investigated.
- A multi-million rand fraud case against six SA Revenue Services (SARS) employees after the SARS approached the Commercial Crime Unit to investigate shortages of more than R21m.
- Four Gauteng and two Durban attorneys were fined for obtaining work from banks, bond originators or estate agents in return for cash as this is a practice that robs the consumer.

A healthy number of companies have admitted to paying bribes under a new World Bank disclosure programme which encourages firms that

have worked on bank funded projects to report corruption and fraud. Companies reported paying bribes in order to secure a contract, get a contract amended and to get paid (Sunday Tribune, 3/6/06).

This paper attempts to examine the ethical models with the view that South African SME managers are embedded with rich cultural diversity.

International Perspective

In Japan, there is a saying that ‘the human factor is the key of enterprise’. The secret of enterprise management is the optimum combination of people, materials, money and information, but the most important element is people. According to Transparency International (www.transparency.org):

- Eleven South Korean businessmen, bankers and politicians were convicted of embezzling funds and pressurizing banks to make illegal loans to a major South Korean conglomerate, Hanbo Group.
- In terms of weak minority shareholder protection, the Bangkok Bank of Commerce provides a well-documented case of expropriation by managers that worsened as the bank’s financial troubles deepened.
- The experience of creditors in Hong Kong who lent to firms doing business in mainland China was similar: Hong Kong-based company liquidators were unable to recover assets from Chinese companies that defaulted on their loans. Very few debt defaults during the Asian crisis resulted in investors receiving liquidation value.

As the World moves towards a ‘values centred’ way of conducting transactions in business, only those who have made the effort to educate themselves about these human values and practices will be able to be successful in the business arena (Biery 2001:3).

4. Ethical Decision Making Models and Approaches

4.1 Fritzsche's Model (1991)

According to Fritzsche's model (1991:842) prior to the actual decision making one must understand the personal value system of the decision maker and therefore, the human values within an individual are the linchpin of ethical decision making. These values are formed and modified over a lifetime of experiences. According to Fritzsche (1991:843) decision makers' personal values provide the underpinnings for ethical decisions in private life, in professional life personal values are mediated by other forces inside organisational structures which may alter the role played by personal values in decision making. Fritzsche's model portrays the decision-maker with a set of personal values that are mediated by elements of the organisations culture.

Fritzsche's model of decision- making incorporates ethical values which are formed and modified over a lifetime. In terms of this model while a decision maker's personal values provide the underpinnings for ethical decisions in private life, in professional life personal values are mediated by other forces inside organisational structures which may alter the role played by personal values in decision making (Fritzsche 1991:842). These mediating organizational forces are embodied in the culture of the organization. Organisational culture in this model serves as the glue which binds the organization together in common identity and actions. Organisational culture is further differentiated by the organizational climate, organisational goals and stakeholders (Fritzsche 1991:842).

The organizational climate component focuses on the relationships with superiors and peers who will affect the ethical behaviour while organizational goals refer to policy and reward structure and stakeholders refer to those groups, both internal and external to the firm, who can affect the ethical decision- making process (Fritzsche 1991:842).

Against this backdrop the recognition of a problem requiring action provides an opportunity for examining the role of ethics in decision-making. Fritzsche's model focuses on the understanding of the influence ethical issues in decision-making which will result in decision alternatives when searching for a solution to the problem. It is in the stage that decision alternatives are evaluated on the basis of the following environmental contexts of Economics, Political, and Technological, social and Ethical issues.

4.2 Vyakarnam *et al.*'s Model (1997)

In a study by Vyakarnam (1997:1630) on ethical dilemmas in small business four major themes on ethical dilemmas emerged. These are related to the following:

- The general ethos of entrepreneurial activity—is entrepreneurial activity fundamentally unethical?
- role in society or social responsibility;
- conflicts of interest(the separation of the person from the business, when they are actually the same entity, the rights of stakeholders and the rights of one's own business; and issues of personality.

There would appear to be an inherent conflict in the owner in terms of separating the owner's rights from the businesses' rights when they may be perceived of as the same entity. Vyakarnam *et al.*, (1997: 1627) refers to some of factors that affect small business as:

- in smaller firms shareholders can control managers;
- recessionary pressures and the size of the business could be the key factors when addressing ethical behaviour;
- although codes of ethics do influence the behaviour of employees it is unlikely that small firms have code of ethics; and
- organisational culture could influence ethical behaviour.

The main implications for this model are the improved understanding of what constitutes an ethical dilemma in small business and the frameworks used for resolving them. There is an overlap of a number of factors which influenced small business ethics with other business ethics literature. This overlap relates to culture of the owner of the business, the personal characteristics of owner, stakeholders concerns, economic imperative on the business and the codes of ethics.

According to Vyakarnam's model a web of filters in the decision making process were identified and encapsulated within four main headings, namely,

- situational ethics which means that one way of resolving an ethical dilemma seemed to be the use of context and time;
- quality of relationships with key stakeholders;
- consequentiality ethics which refers to the business's reputation and economic considerations, that is, risk taking in business; and
- reference to external sources of advice for the resolution of ethical dilemmas.

4.3 Wieland's Model (2001)

Wieland (2001) proposes a model which is on the ethics of governance. According to this model the decision making process will mean the incorporation of moral conditions and requirements in the management, governance and control structures of a firm (Wieland 2001:73-87). This is the contextual precondition for the long lasting and beneficial effects of the virtues of individuals within the organisation. The theoretical integration of codes of ethics, ethics management systems and other organisational measures from the implementation of moral claims in organisations requires a conceptual distinction between the moral values of an individual person (value ethics), the values of an individual in a given function or role of responsibility (management ethics) and the moral values of an organisation (governance ethics) (Wieland 2001:73-87).

4.4 Kenyon's Model (1998)

This model questions or redefines the following assumptions:

- The business (firm or company) can for be equated with persons or persons who manage it;
- The business is therefore a moral agent;
- Management team which runs the business has a collective set of values and commitments which is distinct from the value systems of its individual members;
- When the team makes judgements as between the interest of employees, customers, suppliers and the community it sees the

investors primarily as a group of people to whom the team owes duties analogous to trusteeship; and

- The business forms a continuity as it can rely on its accountability in future for its actions; and
- The business is a community.

Ethics is not concerned with legal responsibilities, but with moral choices and accountability. Kenyon (1998:220) states that for a legal entity to make such choices it must be a moral agent and thus the question whether a management team is a separate moral agent or a collective moral agent. The moral status of a collective management team is problematic in view of the following reasons:

- To hold a collection of people responsible for criminal misdeeds is wrong; and
- The individualist tendency to resist the pressures for conformity could be overwhelming.

In the model proposed by Kenyon (1998: 222) the manager is a central figure and the various relationships are mapped out in Figure 1 below.

Ethical dilemmas are for individuals as opposed to the moral status of the collective management (Kenyon 1998:221). The model maps out the relationships and linkages between the various parties and other commitments such as value systems and financial success. This model casts an unfamiliar light on the usual form of the stakeholder doctrine which suggests that businesses are excessively preoccupied with the interests of its investors as distinct from the interests of its employees, suppliers, customers and the wider community. It further draws the following conclusions:

- Only managers in legal entities or owner- managers can make choices in business;
- The survival of the business must rank before the claims of the other stakeholders like the employees; and
- There is a much stronger commitment by management to the prosperity of the business rather than the investors.

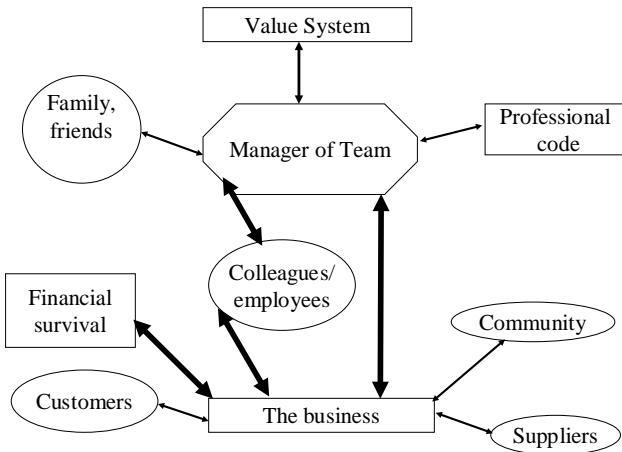


Figure 1 The complex interactions between elements of ethical decision-making, from Kenyon, A (1998) *Ethical model for managers*

4.5 Bradley's Model (1998)

In this model it was determined that to establish a positive ethical climate the following four actions have to be adopted and utilised:

- The establishment of clear ethical business values;
- The ethical behaviour must be given high priority;
- Consistently supporting ethical values; and
- Internalising ethical values within the organisation.

With regard to the first action it is important to note that simply stating desired ethical values will not adequately address the problem. Developing appropriate ethical values must involve more than ethical statements and the organisation must develop on-going series that will support the business values. Key owner support activities would include the reinforcing of those values during new employee orientation and training and in such setting the owner could convey his expectations regarding ethical behaviour.

In respect of the second action it is essential to give a higher ranking to ethical behaviour in relation to other business activities. With regard to the third action it is important that consistency of values occurs on two levels, namely, consistency throughout the entire organisation and consistency across a variety of business situations. The final action of fostering a positive ethical culture in the organisation is that there must be some type of reward and disciplinary system to reinforce desired values (Bradley 1998:8). According to Bradley (1998:8) in a small business the relationship between organisation culture and ethical values is one that is complicated and involved especially in the face of today's competitive pressures of nurturing an ethical business environment and at the same time competing to improve the bottom line.

4.6 Biery's Model (2001)

For any organisation the importance of values and ethics and an effective construct or system that captures all the key ingredients of the organisational value system cannot be over emphasised (Biery 2001: 3). Biery (2001: 2) proposes another model which is a synthesis of three core values which are justice/integrity; caring loyalty; and humility. This model is a tri-partite model based around a core set of human values from which all other values grow. These three values are held firmly and in synthesis with each other and reveal an unfolding of personal and organisational attributes. According to Biery (2001:2) this model affects everything an organisation does, that is, it

- affects organisational conduct in all aspects of business, for example, financial management, information management, marketing and media relations, human resources policies, quality improvement efforts,
- has applicability up the organisational ladder, down the organisational ladder and outside the organisational ladder; and
- determines the capacity of the organisation to improve and learn.

One has to investigate the deep consequences of the values implicit and embedded in the models of human behaviour and decision making when making conscious choices about what values one chooses to live by and inculcate in work organizations. Prominent Harvard Business School

Professor Lynn Sharp Paine wrote in Harvard Business Review (1994 March-April:106-117) that an organisation's 'integrity strategy' is one based on the concept of self governance in accordance with a set of guiding principles. Ethics is viewed as a determinant of compliance procedures and also seen as a component of sustainability of business. Therefore, ethics is considered a critical factor in an organisation's DNA (Verschoor 2005:19-20).

4.7 Model on Human Values and Decision-making (1990)

South Africa is a model of unity in diversity, and has been referred to as the 'rainbow nation'. Desmond Tutu (1999:5) refers to ubuntu as a 'human being through other human beings' and therefore it follows that what one does to others feeds through the interwoven fabric of social, economic and political relationships to eventually impact upon us as well. Although the concept long predates globalization, ubuntu has been proven in business management where it has been used as a strategy to build team spirit among employees. Ubuntu management approach incorporates many of the ingredients of the approach of finding soul in the workplace.

A person with ubuntu is open and available to others, affirming of others, does not feel threatened that others are able and good; for he or she has a proper self-assurance that comes with knowing that he or she belongs in a greater whole and is diminished when others are humiliated or diminished, when others are tortured or oppressed, or treated as if they were less than who they are (Tutu 1999:6). The existence of cultural diversity in a new democratic South Africa is impacting on the life aspirations, altitude and expectancy of everyone.

There are many ways in which the basic human values like truth, righteousness can be practiced. There are different aspects of management such as marketing, finance, and industrial relations but most important aspect is 'man management' (Seminar-Faculty of Business Management, Sai Institute of Higher Learning; 10.02.1990).

The true meaning of education and human values has to be understood: education has two aspects; the first being education which relates to the external and worldly education which is acquiring bookish knowledge and the second aspect is 'educare' which is related to human values which are inherent in every human beings (Baba 2000:253). One

cannot acquire them from outside but have to be elicited from within. Therefore 'educare' means to bring out human values and to bring out means to translate them into action. What is needed is the stimulus and the encouragement to bring them out. If the feeling that the divinity that is present in everyone is one and the same is promoted among all, human values will sprout naturally in every person.

Mbigi and Mare (1995) point out that the rapid pace of change in South Africa demands that there be a change and makes the conventional management approach inadequate and calls for other management paradigms. African traditional practices and wisdom need to become the basis for management and institutional innovation. The integration of this ancient wisdom with the modern science of the present 'UBUNTU' becomes the dynamic energy, which is essential for undertaking the task of transformation required, if Africa is to catch up with the rest of the world.

4. Evaluation of Existing Models and the Postulation of an Integrated, Locally Relevant Model

A number of authors have proposed a variety of theoretical models in the effort to explain the process by which ethical decisions are made. It is evident that factors that influence ethical perceptions and behaviour are multi-dimensional; that is, they are rooted in differences between individuals, variations in their organizational settings, and the interplay between the two. The ethical decision making models can divide the factors that impact on ethical behaviour into two broad categories, namely, individual and situational factors.

Individual factors

This category includes all those factors that are uniquely associated with the individual decision maker whose choice arises from personal variables like cognitive moral development, ego strength, locus of control.

Situational Factors

This category includes a variety of situational forces that are conceptually different from individual factors and include the individual's referent groups, the ethical values and practices of the supervisor, organisational culture,

industry norms, and overall social values. Some of these relate to the environment of the firm, while others are institutional or relate to the agency relationships that are established in organizations.

The missing link in these models is the process of the integration of 'ubuntu' and human values principles. The efforts of corporate cultural transformation in South Africa must encourage acceptance of the differences and the discovery of the similarities of its people. Mbigi and Maree (1995) contend that the process must emphasise similarities and the creation of a common survival agenda. This implies that the emancipating African concept of Ubuntu is imperative with its emphasis on human dignity, respect and collective unity. Mbigi and Maree (1995:98) further argue that Ubuntu could facilitate the development of an inclusive national and corporate vision based on compassion and tolerance as well as the will to survive in spite of the constraints of our history.

According to Mbigi and Maree (1995), the Afrocentric view of rewards is based on Ubuntu. One works for additional reward so that one's fellow man or woman can enjoy the fruits of one's labour. Whatever one earns is for the collective good of the community. The American conception is that if each person concentrates on accomplishing his personal best and on attaining inner fulfilment, this automatically contributes to the team's greater good. In the Afrocentric view one thinks in terms of collective survival and group loyalty is the key issue in building a team.

Mbigi and Maree (1995) point out that the rapid pace of change in South Africa demands that there be a change and makes the conventional management approach inadequate and calls for other management paradigms. African traditional practices and wisdom need to become the basis for management and institutional innovation. The integration of this ancient wisdom with the modern science of the present 'UBUNTU' becomes the dynamic energy, which is essential for undertaking the task of transformation required, if Africa is to catch up with the rest of the world.

In addition to this the value system of the individual or the decision maker in the decision making process is of paramount importance. The human being, be it a manager or staff is the important link in the ethical decision making process. For leaders to have an ethical behaviour in the business it is imperative for them to be practitioners of human values because by their practice a resonance is created in the business. The true meaning of

education and human values has to be understood (Baba 2000:253). Education has two aspects; the first being education which relates to the external and worldly education which is acquiring bookish knowledge and the second aspect is 'educare' which is related to human values which are inherent in every human beings. One cannot acquire them from outside but have to be elicited from within. Therefore 'educare' means to bring out human values and to bring out means to translate them into action.

For business management of the 21st century in South Africa with its rich diverse culture there has to be a 'rethink' on the management principles that guide businesses. A decision making model which integrates principles of 'ubuntu' and human values is being proposed. In the decision making process the situational and individual factors are underpinned by the human values of the decision maker.

Conclusion

Business people make difficult decisions each day that demand ethical sensitivity. Small businesses face numerous challenges in business. To remain sustainable is perhaps the most important objective in business. When operational and strategic failures continue, company survival and job security can become the overwhelming focus of business decision making, pushing employee and management concerns for ethical conduct into the background (Vyakarnam *et al.*, 1997: 1626).

This integrated model for decision making for SMEs in South Africa will improve the ethical behaviour of business owners and overall improve the business climate in South Africa. This means that the South African situation demands a more diverse approach which should be more encompassing than the models presented.

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