

Perspectives on business ethics in South African small and medium enterprises

Authors:

*Ms Ireze van Wyk¹

Prof. Peet Venter²

Affiliation:

¹ Department of Business Management, University of South Africa

² Graduate School of Business Leadership, University of South Africa

E-mail:

*vanwyki@unisa.ac.za

ventep@unisa.ac.za

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**corresponding author*

Abstract

SMEs are the driving force of economies. However, they face challenges that affect their long-term survival, such as developing ethical business environments. Business ethics-related research is underdeveloped in SMEs, thus limiting our understanding of business ethics in SMEs. The purpose of this qualitative study was to investigate how business ethics is conceptualised in SMEs, using the Delphi Technique. In SMEs, business ethics is viewed as doing the right thing, having integrity, being transparent, trustworthy, and behaving responsibly towards internal and external parties. The contribution of this article is that business ethics is perceived as upholding quality, being transparent and trustworthy.

1. Introduction

Globally, small and medium enterprises (SMEs) are recognised as significant players in both developing and developed economies. Collectively, they contribute significantly to the gross domestic product (GDP), employment and economic growth (Painter-Morland & Spence, 2009; Robinson & Jonker, 2017). In developing economies, such as in South Africa, SMEs have been described as the driving force of the economy (Chanakira, 2019; Mayanja & Perks, 2017; Painter-Morland & Dobie, 2009).

It is vital for South Africa's economy to develop SMEs to ensure their success. The key role of SMEs in poverty reduction, the creation of income equality, employment opportunities, and sustainable economic growth has been acknowledged (Olawale & Garwe, 2010; Smit & Watkins, 2012). However, despite the government's various efforts, the failure rate of SMEs has remained consistently high (Fatoki & Chiliya, 2012; Filho et al.,

2017). Due to their importance, the long-term survival of SMEs has become an important strategy for the South African government (National Planning Commission, n.d.; Gopaul & Rampersad, 2020). The many ways to ensure the long-term survival or sustainability of SMEs includes developing and maintaining ethical entities (Moin et al., 2020; Painter-Morland & Dobie, 2009).

The South African business environment is characterised by unethical behaviour, and corruption remains a top challenge to businesses, including the SME sector (Van Wyk & Badenhorst-Weiss, 2019). As a result, there is a need to create ethical business environments, and to encourage ethical business leadership and practices (Booyesen, 2016; Lamprecht, 2016; Quintal, 2012). Large organisations can address this challenge through initiatives such as corporate social responsibility and formalised codes of business conduct. South Africa's lauded framework for corporate governance (the King IV report, or King Code) is another example of an initiative that promotes sustainability and ethical leadership in larger enterprises, but overlooks smaller enterprises (IoDSA, n.d.; PKF, 2016).

The field of business ethics is a prominent research field, and there have been many theoretical developments in this field within the context of South Africa (Smurthwaite, 2011). However, the general and global trend is that research in this field favours large organisations. Many scholars have highlighted this gap and have called for further research on business ethics in the context of SMEs (Fassin et al., 2011; Painter-Morland & Spence, 2009; Robinson & Jonker, 2017).

This call becomes more challenging due to the use of many related terms associated with business ethics, such as sustainability, corporate social responsibility (CSR) and corporate citizenship, to name a few. These concepts overlap, and concepts like CSR and business ethics are often used interchangeably (Fassin et al., 2011), causing challenges in academic literature. If researchers are not fully able to distinguish between concepts, it cannot be expected of organisations and practitioners, much less SMEs, to clearly differentiate between them (Fassin et al., 2011). For example, the differences between business ethics and CSR still need to be clearly defined in research (Ferrell et al., 2019). Hence, there is a need to clarify these concepts in SMEs, and to do so separately from the extant related concepts (Fassin et al., 2011).

There is a particular need to study business ethics in developing economies (Vivier, 2013), such as South Africa. The concept of business ethics is under-researched and under-developed in developing countries and in SMEs. In South Africa specifically, a need exists to increase ethics in the business regime, but scholars have yet "barely scratched the surface" (Painter-Morland & Spence, 2009). The limited understanding of the concept of business ethics in SMEs in South Africa adds to the difficulties of advancing the concept in practice. These limitations limit the development of ethical practices and measuring instruments, as well as the development of an ethical business environment, ethical leadership, and guidelines to increase business ethics in SMEs – particularly where CSR and corporate governance are voluntary and not enforced by regulations.

Following the work of Vivier (2013), Painter-Morland and Dobie (2009), Painter-Morland and Spence (2009), and Robinson and Jonker (2017), this article aims to advance the understanding of business ethics in SMEs in South Africa. The aim of this article is, therefore, to determine how South African SMEs conceptualise business ethics in practical terms.

2. Literature review

Globally, SMEs are recognised as an important sector, and more so within South Africa. The high failure rate of SMEs and issues that impact the performance of SMEs are often attributed to poor management skills, such as marketing and financial management skills, as well as lack of access to credit facilities. SMEs also face technical skills problems, poor access to markets, and a lack of resources, information and time (Fatoki & Chilya, 2012; Fernández & Camacho, 2016).

It appears that SMEs often have a narrow approach to their operations. Their lack of resources makes any commitment other than to their core functions burdensome or costly (Inyang, 2013; Ladzani & Seeletse, 2012; Painter-Morland & Spence, 2009). In South Africa, SMEs operate in an environment classified as an ethnically, culturally and linguistically rich environment. Associated with this environment are persistent socio-economic and spatial inequalities. Unemployment, corruption, and poverty are some of the major challenges in South Africa, and SMEs are often hailed as a solution to these challenges (Vivier, 2013).

On a micro level, SMEs operate in difficult economic and labour environments (Vivier, 2013), characterised by widespread corruption, fraud, conflict of interest and hostility (Painter-Morland & Spence, 2009). The general lack of peer support and organisation amongst SMEs mean that they have limited opportunities to share insights and discuss common problems, and are usually unable to create pressure groups to leverage powerful actors, such as government and large private organisations (Painter-Morland & Spence, 2009). Furthermore, they face a hostile regulatory regime, with burdensome tax structures and complex compliance requirements, and generally do not get the necessary support to assist in the burden of job creation.

Generally, SMEs experience pressure to survive (Fernández & Camacho, 2016; Robinson & Jonker, 2017) and this pressure is likely to escalate significantly during crises, such as the Covid-19 pandemic and subsequent lockdown. The South African SME Finance Association (SASFA) estimates that 75% of SMEs could close due to the trade restrictions imposed during the nationwide lockdown, and the lack of government financial support for certain categories of SMEs, such as non-black lenders (Dlamini, 2020).

Considering these challenges, SMEs often face the temptation of compromising their ethics to survive or overcome their difficulties. Stated differently, they need to survive even if that means without ethics (Arend, 2013; Enderle, 2004; Wiid et al., 2013). In addition, the challenges or risks SMEs face, alongside the poor example set by the South African government regarding corruption, negatively impact the ethical orientation

of SMEs, which means that a key challenge to SMEs is to develop an ethical business environment (Fatoki & Chiliya, 2012; Robinson & Jonker, 2017).

2.1 Contextualising business ethics

Although there have been various attempts to define business ethics, the definitions remain conflicting and unresolved (Ferrell et al., 2019; Yilmaz, 2019). In academia, the concept of business ethics is often combined with Corporate Social Responsibility (CSR). The two concepts overlap, however, and in practice they have different meanings (Ferrell et al., 2019). CSR is related to corporate performance and stakeholders, while business ethics theory is about positive and negative impacts on stakeholders (Ferrell et al., 2019). Business ethics is concerned with making good decisions and engaging in good conduct in the business setting, and is based on rules, standards and principles (Ferrell et al., 2019; Shabbir et al., 2019). Ultimately, business ethics entails good decisions and conduct within the workplace and towards other stakeholders (Borah & Hazarika, 2015; Drover et al., 2012; Goldman & Bounds, 2015; Haron et al., 2015; Pearce, 2013; Shabbir et al., 2019).

According to Schwartz and Carroll (2008), business ethics broadly means applying ethics, integrity and values in the workplace, while a narrow meaning includes adhering to laws and regulations. Corporate social responsibility and business ethics are conceptually the same concept, applied to different units of analysis. However, while they are related, they are also distinct (Ferrell et al., 2019; Weller, 2020). The distinctions, according to Weller (2020), are in the purposes of each concept. Business ethics has moral reflection as foundation, while CSR has beneficial stakeholder outcomes as foundation.

A study conducted by Fassin et al. (2011) found that SMEs differentiate between business ethics and CSR, and it suggested that the two concepts should not be used interchangeably. The study's findings indicated that CSR has a macro focus (society and the environment), while business ethics has a micro focus (behaviours and actions). Perhaps a differentiating factor lies in the differing outcomes of the two concepts. For CSR, the outcome seems to be the value created for stakeholders, while the outcome of business ethics seems to be ethical decisions and promoting ethical behaviour within the business setting. Both outcomes show evidence of overlaps in their application.

In summary, business ethics can be defined as decisions and conduct that are infused with moral reflections, compliance (to regulation, legislation, and industry rules), upholding values, and doing the right thing (decisions and behaviour) towards internal and external shareholders. The outcome, in essence, is an ethical decision and ethical behaviour. Within this definition, the levels of business ethics, namely, the individual (or personal), organisational (and managerial), industry (professional) and societal level are evident (Carroll et al., 2018; Van Wyk, 2016).

While this definition broadly assists in understanding business ethics, the concept remains dynamic, challenging to delineate with similar concepts such as CSR, and hence open to interpretation. A better grasp of this concept is to understand how business ethics is perceived (in practice) in relation to how it is defined (academically).

2.2 Business ethics in practice

Business ethics has been researched from various viewpoints, such as the perspective of the customer, managerial, non-managerial and business student (i.e., the future business leaders) on ethical businesses or related practices (see, for example, Coelho et al., 2014; Diallo & Lambey-Checchin, 2017; Marsh, 2013; Siu & Lam, 2009; Smyth et al., 2009). Various studies have compared the perspectives of customers, managers, and non-managers or students against each other (see, for example, Coelho et al., 2014; Diallo & Lambey-Checchin, 2017; Marsh, 2013; Siu & Lam, 2009).

Research in business ethics has addressed various topics, such as brand loyalty, marketing (Diallo & Lambey-Checchin, 2017; Gaedeke et al., 1992), business performance (Eisenbeiss et al., 2014), determining attitudes towards business ethics (Smyth et al., 2009; Gaedeke et al., 1992), ethical risk areas (Jonker & Robinson, 2017) and ethical leadership (Crews, 2015). However, there seems to be little research on how business ethics is conceptualised or defined in practice. From the literature and the practical perceptions and perspectives of business ethics, a few key concepts are evident in how business ethics is perceived.

Table 1 summarises these concepts, provides an explanation, and lists the sources where the concept was identified. The focus in compiling this table was on the perception or perspective displayed in the literature on business ethics or corporate ethics in a broad and practical context and by current and/or future business leaders (business students) and employees. The focus was not on individual functional areas, such as perceptions of retail business ethics or marketing ethics, or customer perceptions. Perception studies that indicate how the perceptions of business ethics differ based on traits, or how they have changed after introducing a stimulus, were not included, as these studies evaluate changes in awareness, sensitivity or attitude towards a scenario or business ethics.

Table 1: Key concepts in perceptions of business ethics

Key concepts	Explanation / Rationale	Sources	Respondents
Compliance	<ul style="list-style-type: none"> Adhering to laws and regulations (and industry standards), although ethics extends beyond the law. 	Painter-Morland & Dobie (2009) Weller (2020) Moin et al. (2020) Cacioppe et al. (2008)	<ul style="list-style-type: none"> Intermediaries and SME owners Senior managers of public, private and non-profits (large companies) Business students MBA and management students
Consistency	<ul style="list-style-type: none"> Consistency in your word and promises (doing what you said you would do). This includes delivering services/products at a cost the client agreed upon, and what is delivered matches what was promised. 	Vivier (2013)	<ul style="list-style-type: none"> Case study in one SME
Doing the right thing	<ul style="list-style-type: none"> “Doing the right thing” or “the right thing to do” 	Jonker & Robinson (2017)	<ul style="list-style-type: none"> SMEs

Key concepts	Explanation / Rationale	Sources	Respondents
Gut feeling	<ul style="list-style-type: none"> Having a sense of what is wrong and right. 	Vivier (2013) Bonde et al. (2016)	<ul style="list-style-type: none"> Case study in one SME SMME
Integrity	<ul style="list-style-type: none"> Integrity was identified, but not explained <i>per se</i>. 	Vivier (2013) Anggraeni (2014) Rambe & Ndofirepi (2017)	<ul style="list-style-type: none"> Case study in one SME SMEs SMME
Quality in products/ services	<ul style="list-style-type: none"> Maintaining ethical behaviour through high-quality products. 	Lahdesmaki (2005)	<ul style="list-style-type: none"> Small Entrepreneurs
Responsible behaviour towards broader society	<ul style="list-style-type: none"> Good decisions and conduct within the workplace and towards other stakeholders. 	Painter-Morland & Dobie (2009) Cacioppe et al. (2008)	<ul style="list-style-type: none"> Intermediaries and SME owners
Responsible behaviour towards the planet	<ul style="list-style-type: none"> Good decisions and conduct towards the environment. 	Cacioppe et al. (2008) Painter-Morland & Dobie (2009)	<ul style="list-style-type: none"> MBA and management students Intermediaries and SME owners
Values	<ul style="list-style-type: none"> The inherent convictions about desirable conduct and decisions. Values identified in business ethics literature include quality, social responsibility, transparency, credibility, respect and integrity, commitment, humility and fairness. Values can include religious values and societal values. Having predefined values or core values that inform codes of ethics, training, and orientating initiatives. 	Weller (2020) Moin et al. (2020) Vivier (2013) Painter-Morland & Dobie (2009) Rambe & Ndofirepi (2017)	<ul style="list-style-type: none"> Senior managers of public, private and non-profits (large companies) Business students Case study in one SME Intermediaries and SME owners SMME
Societal causes	<ul style="list-style-type: none"> Being involved with societal causes or activities aimed at the betterment of the community. Responsibility and responsiveness to worthy causes regarding humanity, community, environment and government. 	Painter-Morland & Dobie (2009) Moin et al. (2020)	<ul style="list-style-type: none"> Intermediaries and SME owners Business students
Moral judgements	<ul style="list-style-type: none"> Moral judgements about what is right and what is wrong. 	Bonde et al. (2016)	<ul style="list-style-type: none"> Students
Obeying social standards	<ul style="list-style-type: none"> Obeying the social standards of society. 	Bonde et al. (2016)	<ul style="list-style-type: none"> Students

From Table 1, managers in large organisations, business students and SME owners/managers perceive business ethics as the act of being compliant to legislation and regulations. Consistency and doing the right thing were observed in the perceptions of SME owners/managers, while having a sense or gut feeling about right and wrong was identified by SMEs and business students. Integrity was noted in the perceptions of

SMEs, while quality of products and services were identified in the perceptions of small entrepreneurs. Being responsible towards stakeholders, society and the planet were identified in the perceptions of business students and SME owners/managers.

Values were identified in the perceptions of large organisations, business students and SMEs. Values and integrity were the predominant key concepts related to business ethics. Integrity refers to the moral character of an entity (individual or organisation). It means being consistent in applying personal values, while values refer to inherent convictions about right and wrong (Noelliste, 2013; Rossouw & Van Vuuren, 2017). Although integrity is identified as a value, values and honesty are also associated with integrity (Noelliste, 2013).

Social causes were identified in the perceptions of SMEs and business students. Moving from responsible behaviour to being responsive to societal problems, indicates value creation for stakeholders, and there is a blurry line between business ethics and CSR for SMEs (and students, the future business leaders). This indicates mixed findings and that SMEs may and may not differentiate between business ethics and CSR. Lastly, business ethics is perceived as making moral judgements on what is right and wrong, and obeying social standards as perceived by students.

The concepts identified in Table 1 are not novel to business ethics literature. However, they do give insight into how ethics is, in practical terms, conceptualised by the individuals responsible for managing ethical behaviours and creating ethical businesses. Comparing the perceptions of business ethics in larger organisations to those in SMEs, the differences in the perceptions of business ethics of SME owners/managers appear to be on consistency, quality, gut feeling, being responsible towards society/stakeholders and the planet, and doing the right thing. It may be that large organisations have guidelines or predetermined standards, and therefore, may have a relatively more defined perceptions of business ethics rather than merely perceiving it as doing the right thing. Larger organisations may also relatively clearly differentiate between business ethics and CSR, with responsible behaviour towards the planet and stakeholders/society associated with CSR often situated in an organisational function.

In addition, social causes add to the debate and confusion related to delineating business ethics from CSR. The social causes are also typically associated with the notions of CSR, indicating the complexity between the two concepts in practice. This may also indicate that there is perhaps no clear understanding of business ethics in SMEs in certain contexts, countries, or business sizes.

Moral judgement and adherence to society's standards were observed within the perceptions of business students. Moral judgement may relate to the perceptions of doing the right thing, while social standards may relate to responsible behaviour towards society.

A few studies have included SMEs as a unit of analysis (see, for example, Painter-Morland & Dobie, 2009; Vivier, 2013; Anggraeni, 2014; Bonde et al., 2016; Jonker & Robinson, 2017).

However, there is limited literature on the perception of business ethics in SMEs, and how business ethics is defined, perceived, and applied in this context. This is especially true within South Africa, the context of this article. An interesting observation in defining business ethics is seen in the identification of the complex concepts. Mentioned earlier were the conflicting terms of CSR, and now integrity and values seem to be equally confusing, with values and integrity part and parcel of each other.

In the South African context, only two studies asked the question: “How would you define ethics?” as a sub-focus within the broader purpose of the articles. The primary focus was on the SME owners’ perception of business ethics or the role of ethics in relation to stakeholders. The central view of business ethics, based on empirical findings, is that it concerns compliance, values, consistency, community (including social causes), and gut feeling. For its part, integrity was identified as a value (Painter-Morland & Dobie, 2009; Vivier, 2013).

Compared to the broader perceptions of business ethics, moral reflections, quality, and doing what is right were identified in literature, but not explicitly identified in the empirical findings for South African SMEs (Vivier, 2013; Wiid et al., 2014). The notion of quality as an expression of business ethics was also not observed, either theoretically or empirically, within the South African SME context.

The view on business ethics presented by these two studies done in South Africa, are bound by the limitations of the studies. Painter-Morland and Dobie (2009) included participants that either dealt with, or represented SMEs, with most participants (21) being intermediary organisations working with SMEs, and only five (5) SME owners. The study of Vivier (2013) included one (1) SME with three participants (the three owners). The sample, namely, one SME with three owners, vs the perception of intermediaries, and a handful of SMEs could contribute to the differences in the findings of the two studies. The studies contribute towards understanding how business ethics is viewed in SMEs, but to reiterate the words of Painter-Morland and Spence (2009), researchers have “barely scratched the surface”.

3. Research method and design

As SME owners generally have limited time, and often do not see the value of research, this affects their willingness to set time apart to participate in research studies. In addition, this research was conducted during the Covid-19 pandemic and ‘hard’ lockdown (level five), which further affected their willingness to participate. Within these constraints, South African SMEs were recruited using both convenience and snowball non-probability sampling techniques. For this article, the number of employees in the SME (maximum 100) was used as a criterion to define SMEs (Kloppers & Kloppers, 2006; Liberman-Yaconi et al., 2010; Nene, 2017).

Table 2 lists the profiles of the participants, including the details pertaining to the service/products, entity size, and years of experience as a top-level manager or owner.

The SMEs that participated originated from diverse industries, had operations across all nine provinces of South Africa, and were VAT registered.

Of the SMEs that participated in the study, four were micro entities, five were very small entities, seven were small entities, and four were medium-sized entities (South Africa, 1996:2). Most of the participants were male (16), and the demographics pertaining to home language included IsiZulu(3), Sesotho(1), Shangaan(1), IsiXhosa(1), Tswana(1), English(5), and Afrikaans(8), indicating a reasonable inclusion of different cultures.

Table 2: Participants' profiles

Pseudonym	Products / Services	Years of experience	Size of the company (number of employees)
Participant 1	Mechanical and civil work	9	11–20
Participant 2	Retailer	10	0–5
Participant 3	Advisory services, capital raising	4	6–10
Participant 4	Construction	10	6–10
Participant 5	Health, safety and environmental consulting services	5	0–5
Participant 6	Property management services; real estate; supply and deliver; construction	5	0–5
Participant 7	Legal services	4	51–100
Participant 8	Manufacturing services – Oil and gas/marine	16	51–100
Participant 9	Maintenance services and plant hire	5	11–20
Participant 10	Mining engineers	23	0–5
Participant 11	Accounting and auditing	30	21–50
Participant 12	Steel and hardware	15	51–100
Participant 13	Animal health remedies	11	21–50
Participant 14	Industrial instrumentation	31	11–20
Participant 15	Location intelligence solution and spatial data asset and inventory management systems for the telecommunications industry	26	11–20
Participant 16	Retail meat and deli products	12	51–100
Participant 17	Strategic brand and marketing communication services	40	21–50
Participant 18	Litho and digital printing	16	11–20
Participant 19	Training and development	18	0–5
Participant 20	HR consultancy	28	11–20

The Delphi Technique, a qualitative research design that uses elements of induction and deduction to develop theory, was used. The combination of elements of induction and deduction allowed the participants to define and refine the data and do continuous member-checks. According to Saunders et al. (2016), using these two approaches in combination to develop theory is possible and advantageous. During the various rounds, no additional data were collected and tested (thereby no abduction), and by implementing elements of deduction, the study was able to refine the initial findings.

The Delphi Technique is ideal when investigating complex issues (such as business ethics) and allows the researcher to capitalise on expert knowledge (Fefer et al., 2016). This technique ensures anonymity, and the feedback process is controlled (Hsu & Sandford, 2007). It is also inexpensive, minimises group conflict, and is an effective method to combine knowledge from various experts in different locations (Fefer et al., 2016). The Delphi Technique also minimises researcher bias, since the technique relies on the participants to define and refine the data collected during various rounds of iterations. This technique consists of a series of rounds (or feedback loops), with the aim of reaching a consensus (Hsu & Sandford, 2007). Iterations also allow participants to reevaluate their initial judgements (Fefer et al., 2016).

Convenience and snowball sampling allowed the researcher to obtain a sample group, namely, VAT-registered SMEs, with no more than 100 employees. One multinational organisation with offices in South Africa, and a South African-based membership institution agreed to distribute the open-ended online questionnaires (and subsequent rounds) to their SME members and/or vendors. A few additional SMEs were recruited through snowball sampling. A total of 313 online open-ended questionnaires were initially distributed. Round 1 was completed by 20 participants, and Round 2 was completed by 10 participants. This is well within the parameters of the Delphi Technique and the needed panel size (Sobaih et al., 2012).

In the first round, participants were asked an open-ended question: *How would you define business ethics in your workplace?* Round 1 resulted in 20 usable responses. The findings were diverse, and in most cases, practical and entity-specific answers were given. In other cases, mere listings were provided (for example, “honesty”, “value”, “integrity”). To limit the risk of sample fatigue, it was decided to identify the most frequently occurring themes (or universal descriptions) in the data (i.e., identifying universal descriptions and key opinions and issues) (Grisham, 2009; Hasson et al., 2000).

These themes were drafted as ‘group generic statements’ and presented to the participants in Round 2. Examples from the original statements were included. They were asked to agree, add, or correct the group statements, or to remove them. While the most frequently reoccurring themes were reflected in the group statements, the draft statements were continuously reviewed and compared against the original data. This was done to ensure that no important statement (albeit not an identified theme) was accidentally overlooked.

The second round consisted of the group findings of Round 1 condensed into a set of statements, with which participants had to indicate their agreement. Percentage ranges for consensus has been a common method of interpretation and observation (Avella, 2016; Giannarou & Zervas, 2014; Hsu & Sandford, 2007; Powell, 2003). For this study, consensus was determined when 70% or more of the participants agreed (or disagreed) with statements (Sekayi & Kennedy, 2017). A seven-point Likert scale was used, as it provides more freedom and distinction (especially in terms of qualitative research designs) (Grisham, 2009). Given the seven-point rating scale, 70% of the responses had

to fall within either the positive or negative side of the scale. The number of rounds in the Delphi Technique can range from two to six rounds (Hallowell & Gambatese, 2010). In this study, consensus was reached during Round 2. The third round provided the remaining participants with the opportunity to give feedback.

The authors ensured transferability, credibility, dependability, and confirmability (Given & Saumure, 2008) through proper paper trials and detailed documenting of the methods. Real-world knowledge was obtained from experts (SME owners), and the Delphi Technique allowed for member-checks during the three rounds. Lastly, the participants were central to analysing the data (through defining and refining), which minimised researcher bias.

The incorporation of thematic analysis assisted in simplifying the data analysis process and provided for flexibility, while offering dependable data. During this process, common patterns and crucial topics were identified, organised and understood across the data collection process (Schutte et al., 2019; Uys et al., 2019). All data were imported into ATLAS.ti and a research notebook was kept. Ideas and insights that emerged from reading through the data were logged. The answers varied from written responses to one-word answers and listings. Through coding 'in vivo' (50 codes in vivo), open coding and research notes, the specific codes emerged and were logged in the research notebook (Babbie, 2016; Saunders et al., 2016; Sekayi & Kennedy, 2017).

Axial coding (16 recurring themes) grouped open codes with similar meaning together, and redundant codes were excluded. 'Specific-entity-related' practical statements were reworded to present a group generic statement to participants (Babbie, 2016; Saunders et al., 2016; Sekayi & Kennedy, 2017). The remaining codes were revised and grouped under overarching themes (Schutte et al., 2019).

3.1 Data analysis

During Round 1, five (5) themes were identified (pertaining to elements for a definition for business ethics). The concepts of values, honesty, and integrity were evident in the data. In accordance with the literature, the theme was identified as integrity, with values and honesty as two sub-themes. In addition, the concepts of openness, honesty and transparency were also evident in the data, with honesty and transparency listed in the same response. For these reasons, honesty (and "keeping no secrets") was included under integrity, while transparency and openness were included under the theme of transparency.

The concepts of trustworthy, loyal, always on time, trust and reliability were also identified from the empirical data. Consistency indicates keeping to business commitments, and the authors regarded loyalty and reliability as extensions of the concept of consistency. While not explicitly identified in the literature on defining business ethics or on the perceptions of business ethics, trust is a prominent construct in business ethics literature. Trust refers mostly to building trust in the workplace and with stakeholders, as well as building organisational trust (Turyakira, 2018). Trust, in essence, refers to one individual's

(a customer or staff member) positive perception of another (a business leader or the business) as ethical, competent, honest and benevolent (Pučėtaitė et al., 2010; Pučėtaitė et al., 2015).

Trust seems to be an outcome, and is evident within business relationships, with integrity and trustworthy behaviour and characteristics, leading to trust (Engelbrecht et al., 2015; Holley et al., 2019). The antecedents of trustworthiness are ability, benevolence and integrity (Holley et al., 2019). Trustworthy behaviour refers to the behaviour of individuals, such as keeping promises, commitment to obligations, performance and being reliable (Cairney & Wellstead, 2020; Schweitzer et al., 2006). Therefore, the concepts trustworthy, loyal, always on time, trust and reliability were included under the theme trustworthiness.

True to the nature of the Delphi Technique, the respondents had the opportunity to correct statements, and provide input on each generic statement drafted in the follow-up rounds. Table 3 summarises the five (5) themes and indicates the frequencies (number of times they were observed).

Table 3: Frequencies of themes observed

Participant	Theme 1: Doing the right thing	Theme 2: Integrity		Theme 3: Transparency	Theme 4: Trustworthy	Theme 5: Responsible behaviour	
		Values	Honesty			Internal	External
1	-	-	-	-	-	-	X
2	-	-	-	-	-	X	X
3	-	-	-	-	-	-	X
4	-	-	X	X	-	-	-
5	X	-	-	-	-	-	-
6	-	X	X	-	-	-	-
7	X	X	X	X	-	X	-
8	-	-	X	-	X	-	-
9	-	-	-	X	-	-	-
10	X	X	-	-	X	X	X
11	X	-	X	-	-	-	-
12	-	-	-	-	X	-	X
13	X	-	X	-	-	-	-
14	X	X	-	-	-	X	-
15	-	-	-	-	-	X	-
16	-	-	-	-	-	-	-
17	-	X	-	-	-	X	-
18	-	X	-	-	X	-	-
19	-	X	X	X	-	X	X
20	-	X	-	-	-	-	-
Sub-theme totals	-	8	7	-	-	7	6
Theme totals	6	15		4	4	13	

4. Empirical findings

Table 4 provides examples of verbatim statements from the participants on which the conclusions were based, and from which the generic statements were developed. The last column includes the generic statements generated, as well as the few additional statements identified from the data, for example, being compliant was identified in the data but did not fall under a specific theme and was only identified once (one count). In the literature, compliance was included in the discussions on being ethical, and doing the right thing. Considering the themes and perceptions of business ethics, it best suited the theme of doing the right thing.

The generic statements (presented in the last column in Table 4) were forwarded to the participants in Round 2 to indicate their agreement, and to give them the opportunity to modify the statements (optional). The participants' original answers were also provided, but they could only see their own answers.

Table 4: Generic statements

Themes	Verbatim statements	Generic statements (GS)
Theme 1: Doing the right thing	<ul style="list-style-type: none"> • “Do the right thing always, delivering the best quality products, services, processes, and technologies in the industry.” (Participant 14) • “Doing the right thing.” (Participant 5) <p><u>Additional statement identified:</u></p> <ul style="list-style-type: none"> • “It is one of our critical values which we live by dealing with our clients, employees and suppliers ethically and by compliance to all legal and financial laws.” (Participant 19) 	<ul style="list-style-type: none"> • Business ethics is about doing the right thing. (GS 1) <p><u>Additional statement drafted:</u></p> <ul style="list-style-type: none"> • Business ethics is about being compliant with legal and industry-specific regulations (for example, financial regulations). (GS 2)
Theme 2: Integrity	<ul style="list-style-type: none"> • “Honesty, value and integrity.” (Participant 6) • “We are what we repeatedly do. Excellence, then, is not an act. But a habit.” (Participant 14) • “It is better to take the correct and honest decision, as opposed to taking decisions solely based on short-term gain.” (Participant 13) • “I would say we operate in a highly professional manner to all our principals, users and staff.” (Participant 15) • “Our people, planet, and principles framework, guides our responsibility to sustainable operations and enables us to accomplish our business priorities.” (Participant 14) • “We are guided by our own moral compass. The business has been successful because of the integrity, respect and trust that exists in relation to its shareholders and senior executives.” (Participant 10) 	<ul style="list-style-type: none"> • Business ethics is upholding integrity (values and honesty) while doing business. (GS 3) • Business ethics is about upholding values (for example, upholding principles, excellence, beliefs, or being professional). (GS 4) • Business ethics is about being honest. (GS 5)
Theme 3: Transparency	<ul style="list-style-type: none"> • “Good. We conduct business in an open and transparent manner.” (Participant 9) • “Of utmost importance, we believe in doing business openly and honestly.” (Participant 19) • “We believe that transparency, communication, honesty and integrity is the foundation of our company culture and ethics.” (Participant 7) 	<ul style="list-style-type: none"> • Business ethics is being open and transparent while doing business. (GS 6)
Theme 4: Trustworthy	<ul style="list-style-type: none"> • “Professionalism, Trustworthy, Loyal, Always on Time.” (Participant 18) • “Trust is the foremost quality I look for when entering a business relationship with someone.” (Participant 12) • “Loyalty, honesty and be creativity.” (Participant 8) 	<ul style="list-style-type: none"> • Business ethics is about being trustworthy (reliable and loyal) in what we do. (GS 7)

Themes	Verbatim statements	Generic statements (GS)
Theme 5: Behaving responsibly	<ul style="list-style-type: none"> “As a small entrepreneurial business, we have a well-defined purpose and a clearly articulated set of values with corresponding behaviours applicable to our people. We follow a relatively simplistic philosophy of doing good, purposeful business and ensuring that the work we do makes a positive impact across the business.” (Participant 17) “Our motto has always been that we source and produce only the best quality that is possibly available. Our suppliers also know that we stand for quality, and nothing less.” (Participant 16) “Trust is the foremost quality I look for when entering a business relationship with someone.” (Participant 12) <p><u>Additional statements identified:</u></p> <ul style="list-style-type: none"> “Company responsibility” “Taking energy forward - making it safer, cleaner, and more efficient for people and the planet.” “Do the right thing always, delivering the best quality products, services, processes, and technologies in the industry. Maintain ethical practices.” 	<ul style="list-style-type: none"> Business ethics means behaving responsibly towards internal and external stakeholders. (GS 8) Business ethics means behaving responsibly towards other members on the management team. (GS 9) Business ethics means behaving responsibly towards other stakeholders (for example, our employees, customers, and suppliers). (GS10) <p><u>Additional statements drafted:</u></p> <ul style="list-style-type: none"> Business ethics means behaving responsibly towards the planet. (GS 11) Business ethics is about delivering products and services of good quality. (GS 12)

All the responses (100%) in Round 2 were on the positive side of the rating scale used, with the majority in the last two scales of the seven-point Likert scale (See Table 5). The participants made no changes (adaptions) to these statements and no added elements were suggested. Round 2 provided 10 total responses (out of 20 from Round 1) and consensus was reached after this round.

Table 5: Findings and consensus

Generic statement (GS)	Strongly not applicable to my definition	Mostly not applicable to my definition	Not applicable to my definition	This is neither applicable or not	Applicable to my definition	Mostly applicable to my definition	Strongly applicable to my definition	Consensus (%)
Theme 1: Doing the right thing								
GS 1	-	-	-	-	-	4	6	100%
GS 2	-	-	-	-	2	2	6	100%
Theme 2: Integrity								
GS 3	-	-	-	-	-	3	7	100%
GS 4	-	-	-	-	1	3	6	100%
GS 5	-	-	-	-	-	2	8	100%
Theme 3: Transparency								
GS 6	-	-	-	-	-	4	6	100%
Theme 4: Trustworthy								
GS 7	-	-	-	-	-	2	8	100%
Theme 5: Behaving responsibly								
GS 8	-	-	-	-	-	2	8	100%
GS 9	-	-	-	-	-	3	7	100%
GS 10	-	-	-	-	-	3	7	100%
GS 11	-	-	-	-	1	5	4	100%
GS 12	-	-	-	-	-	2	8	100%

The above themes provide guidance on how business ethics is seen by the SME owners that participated in this study. However, the themes are not always straightforward, and

some are integrated. For example, one could argue that doing the right thing is also about upholding integrity, and being honest is also about being transparent.

4.1 Doing the right thing

“Doing the right thing” or “do the right things” appears to be integral to the view of business ethics. It was often mentioned in the empirical data, but no further elaborations were provided by the participants. Our suggestion is that “doing the right thing” is a very broad theme and includes both internal matters and external matters. It can also encompass all the other themes in “doing the right thing”. For example, being honest or behaving responsibly towards the planet can be seen as doing the right thing. Due to the encompassing nature of this theme, it was decided to include being compliant to regulations (industry standards) and legislation. An industry-specific standard, such as financial regulations, was mentioned.

4.2 Integrity

Integrity was frequently mentioned, coupled with honesty and values, which are part and parcel of the definition of integrity. Doing business in an honest way, and being honest when dealing with clients, employees and suppliers, as well as having a set of values, were highlighted. Some of the values identified in the data were being fair and having respect for employees, being honest, and being professional.

4.3 Transparency

Being open and transparent was also a recurring theme and was closely followed by “being honest”. Participants highlighted the importance of being open and transparent. This implies that information ought to be communicated (or shared), provided and should be accessible. One respondent mentioned that transparency (amongst other matters) is the foundation of the entity’s culture and business ethics. Transparency and openness imply deliberate communication and deliberate sharing of information – and perhaps in a proactive way.

4.4 Trustworthy

Participants indicated matters such as trust and loyalty as important, hence, the theme trustworthy which condenses both elements. These two elements were specifically mentioned in the context of co-owners, as well as a quality (or trait) sought when entering business relations. Although loyalty was mentioned, it was more in reference to consistency or continuous support. This could possibly refer to the loyalty of clients and suppliers, or to loyalty in the behaviour of the manager and entity itself towards their clients, suppliers or distributors. Unlike the other themes, which indicate the traits that SME owners or the entity ought to have or display towards shareholder and stakeholders, trust was also sought in business relationships.

4.5 Behaving responsibly

The last identified theme was “behaving responsibly”. This theme captured the essence of business ethics in SMEs. Participants indicated that being ethical means to behave responsibly towards internal shareholders (management team) and external stakeholders (client, employees, or the planet).

5. Discussion

The findings provide empirical evidence of consensus on the elements of a definition of business ethics or how ethics is viewed in practice amongst SME owners/managers in South Africa. The study also addresses the current gap on this topic in the literature and adds to the understanding of how business ethics is conceptualised in SMEs. The above findings both validate and highlight differences in the current discussions on how business ethics is viewed in SMEs.

Aligned with the broader perceptions of business ethics (see Table 1), business ethics is perceived as doing the right thing (Jonker & Robinson, 2017), being compliant (see, for example, Painter-Morland & Dobie, 2009; Weller, 2020), having integrity (see, for example, Vivier, 2013; Anggraeni, 2014), behaving responsibly towards stakeholders, shareholders and the planet (see, for example, Cacioppe et al., 2008; Painter-Morland & Dobie, 2009). These findings also concur with how ethics is defined by scholars (see, for example, Schwartz & Carroll, 2008; Borah & Hazarika, 2015; Drover et al., 2012; Goldman & Bounds, 2015; Haron et al., 2015; Pearce, 2013; Shabbir et al., 2019). While transparency and integrity were listed as values (see, for example, Vivier, 2013; Painter-Morland & Dobie, 2009), the findings of this study emphasise transparency and integrity as key concepts of business ethics in South African SMEs. Perhaps these should be regarded as core entity or business values over and above personal values.

Consistency was identified in the SME context and in the literature (see Table 1) (Vivier, 2013), and the empirical findings of this study appear to validate consistency through the notions of integrity and trustworthiness. The empirical findings emphasise trustworthiness, integrity, quality and transparency as key concepts of business ethics for SMEs. Social causes and gut feeling were not empirically validated in this study, as per the broader perceptions on business ethics. Moral reflections (see Table 1) (Bonde et al., 2016) were also not empirically validated or identified; however, moral reflections are implicitly evident considering values, integrity and in doing the right thing.

The findings may indicate that, within this context, SMEs view business ethics as behaviour and actions, with an emphasis on business relationships. The findings reflect mostly the perceptions of smaller SMEs and may be differentiated from business ethics and CSR in larger SMEs. The study also contributes to bridging the different perspectives on the current view of business ethics in South African SMEs. Business ethics in SMEs appear to be more value-driven than rule-driven.

Perceived or expected rules of behaviour or informal codes of conduct were mentioned by Painter-Morland and Dobie (2009). In SMEs, the practice of business ethics is more

informal, with no or few formal policies. It appears to be based on an internal or morally infused drive, with the owner central to it. Being owner-driven and informal is the characteristic of SMEs, and while there may not be a formal business ethics framework as one might find in large organisations, the findings indicate a business ethics framework. However, the lack of predefined core values or expectations may cause employees to grapple with ethics in the workplace.

A business ethics framework could assist SMEs to better understand business ethics in their own enterprises, assist with business ethics-related communication, or shape business ethics training – for owners/managers and non-managers. This framework could also assist with building ethical infrastructures in SMEs, and direct future research to measure or elaborate on these elements (constructs) in SMEs.

Business ethics in SMEs can be described in three dimensions (see Figure 1). Figure 1 illustrates and summarises the view on business ethics in relation to SMEs as found in this study. Firstly, there are certain pre-defined traits that are associated with “being ethical”. The SMEs that participated in this study regard integrity (encompassing honesty and positive values) and transparency as traits they associate with the ethical orientation of their entity.

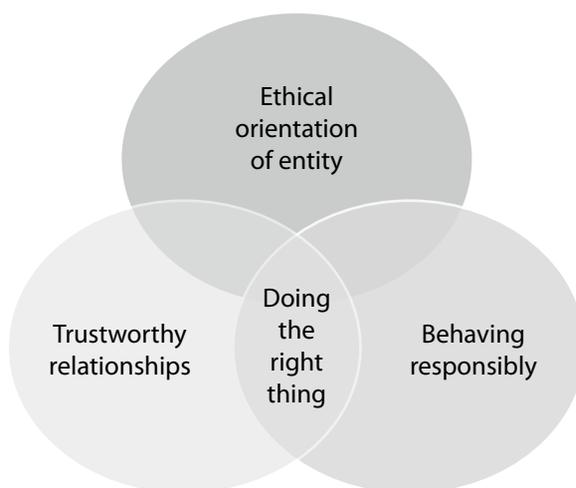


Figure 1: How SMEs view business ethics

Secondly, ethical relationships were also identified as being integral to ethical business, and were characterised as “being trustworthy”, which means that there is trust, reliability and loyalty between relationship partners. Trustworthiness has not previously been explicitly identified in empirical research in the South African SME context, as it has in this study. More research is needed on loyalty and what it means for SMEs, particularly, to determine if it is a trait they seek for in business partners (as with trust), or a trait they want to cultivate in the entity itself. A relational basis of business ethics in SMEs is evident in SMEs, which is also integral to the characteristics of SMEs. This was highlighted by Vivier (2013) and Painter-Morland and Dobie (2009), and evident when reflecting on the themes and the findings of this study. Being loyal and trusting, open and honest,

and behaving responsibly towards the relevant parties point to the relationships with internal and external parties.

Finally, ethical behaviour was described as “behaving responsibly” towards stakeholders and delivering quality products and services. Quality is also a newly identified element in the perceptions on business ethics in South African SMEs. Research could investigate how quality is determined, defined or measured in the context of business ethics in South African SMEs. This could be done from the perspectives of the SME owner/manager, or perhaps the customers.

The findings of this study did not explicitly support the view of business ethics involving a gut feeling, as well as the responsibility and being responsive to worthy causes regarding humanity, community, environment and government as highlighted by the broader perspectives on business ethics (Table 1). It is perhaps within this dimension of business ethics that the lines between business ethics and CSR overlap?

The dimension “doing the right thing” seems to encompass a trait (i.e., someone that tends to do the right thing), a characteristic of relationship (i.e., doing the right thing in business relationships) and a behavioural component (i.e., doing what is right). According to Vivier (2013), it is an internal sense of what is right and wrong. For that reason, it was seen as integral to the other three components. In this study it is proposed that “doing the right thing” broadly encompasses all the themes identified.

This internal sense or gut feeling also relates to the nature of strategic decision-making in SMEs being dominated by intuitive approaches (Brouthers et al., 1998; Liberman-Yaconi et al., 2010). Further research could explore this intuitive view or application to business ethics. Included in this theme was compliance to legislation and regulations. Only accounting and financial regulations were mentioned. While compliance with the law was identified as being ethical, legislation is not always ‘ethical’, for example, discrimination and restrictions on human rights were legal under the Apartheid regime in South Africa.

However, adhering to the ‘bare minimum’ (compliance), and the internal or morally infused view on business ethics is a stark reality for SMEs, as they do not have many resources to allocate to matters other than their core functions. Hence, we generally find business ethics in SMEs being informal, with no formal policies or documentation being present.

6. Conclusions and future recommendations

The purpose of this study was to add to and provide additional insight into the current limited knowledge and advances on the view of business ethics in SMEs in South Africa – a field that requires additional research and development. Using a qualitative design and the Delphi Technique, the findings support the current views on business ethics, in the broader context, in SMEs and in South African SMEs, but also expanded on the current knowledge in this field.

Within the limitations of this study's scope, and in concurrence with current broader literature, business ethics is viewed as doing the right thing, being compliant with legislation and regulations, maintaining values, and behaving responsibly towards various stakeholders and shareholders. This study found that, in addition to the current debate, business ethics in SMEs, specifically, is viewed as being transparent, trustworthy, which includes being reliable (and this was also expected from third parties) and providing quality products and services.

The contribution of this study adds to the current limited knowledge on the views related to business ethics within the South African context – specifically, smaller SMEs. The findings indicate that business ethics entails responsible behaviour towards shareholders, however, being responsible towards social causes is still debatable. The latter is typically associated with CSR, and perhaps 'value created for stakeholders' or 'stakeholder (beneficial) outcomes' is a possible differentiating factor. Future research opportunities could investigate social causes in SMEs, and whether these social causes add value for stakeholders, or whether they are mere charity causes (i.e., sustainable uplifting projects versus ad hoc donations). The findings confirm the broad and narrow definitions to business ethics provided by Schwartz and Carroll (2008).

Research on transparency could possibly investigate any deliberate communication, and deliberate sharing of information with shareholders to determine the means they use to share information. This would assist in differentiating transparency as a deliberate managerial activity or merely maintaining honesty as a value, and if there is a difference in perception between transparency and honesty. In addition, it could determine what information is being communicated and shared, and how, and with whom.

Research could also investigate the apparent differences related to the view of business ethics purely in enterprises versus the view related to business ethics towards other parties. Research on responsible behaviour could include a focus on the type of responsibility and responsive behaviour it entails, as well as what SMEs define as worthy causes in their communities. Such research could attempt to classify such initiatives as business ethics or CSR and distinguish between smaller SMEs and medium-sized SMEs.

Future research could explore how business ethics is communicated or maintained in the SME workplace and/or communicated to internal and external parties. Based on the constructs (for example, transparency or trustworthiness) that are identified models or instruments may be developed that can assess the 'ethical' SME environment.

The opportunities for future research, in line with the call for research to investigate business ethics separately from other related concepts, include conducting similar studies in other developing countries. Future research could also broaden this study to include a larger sample or focus on the size of the entity (for example, micro enterprises) to investigate differences related to the views regarding business ethics. Another area worth exploring is the various concepts, and how these concepts are conveyed, or communicated in the entity.

Lastly, research could focus on developing models or instruments, based on the concepts identified, that can assess the 'ethical' SME environment, as well as identify additional concepts through extensive literature reviews and empirical research.

The research examined the view on business ethics amongst a variety of SMEs, and a few additional concepts were identified that can be added to the body of knowledge. The findings give an indication and guideline to SMEs' business ethics-related strategies, and could guide conversations between practitioners, ethicists, and academics. On a practical level, these findings provide SME owners with greater awareness of their view on business ethics, and also provide guidelines for thoughts, decisions, communications, and behaviour within their own practices. The findings could also assist SMEs to informally develop ethical business environments, leadership and practices, and guide the SMEs' policy initiatives should a formal approach be considered.

Ethical considerations

Participation in this study was voluntary, and participants could decline and/or withdraw their consent to participate in this research study. They could do so at any stage during this study, and the data obtained from withdrawing participants were discarded. The authors maintained objectivity as much as possible in the analyses of data and the reporting of the findings.

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