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POLICY BRIEF

A CODE OF BUSINESS ETHICS: A POLICY TOOL FOR BUILDING LINKAGES BETWEEN AFRICAN HIGHER EDUCATION INSTITUTIONS & EXTERNAL STAKEHOLDERS IN THE PRODUCTIVE SECTOR

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Nea ope se nkrofoo ye ma wo no, ye saa ara ma won



ASSOCIATION OF AFRICAN UNIVERSITIES
ASSOCIATION DES UNIVERSITÉS AFRICAINES
اتحاد الجامعات الأفريقية



Association of University and Colleges of Canada
Association des Universités et Collèges du Canada

Executive Summary

The Association of African Universities (AAU) entered into a three-year partnership with the Association of Universities and Colleges of Canada (AUCC) in 2010 in order to strengthen the effectiveness and relevance of its members. Linkages between higher education institutions (HEIs) and external stakeholders in the productive sector could be mutually beneficial for the two parties as well as the entire society. A Code of Business Ethics, which consists of policies and procedures, is an invaluable tool that helps an institution, staff, students and others to address and resolve ethical dilemmas by providing a set of behaviours that both internal and external stakeholders expect from it.

The goal of the study was to provide evidence to inform the development of an appropriate Code of Business Ethics that would assist African HEIs in their effort to establish more linkages with external stakeholders in the productive sector. The research gathered both primary data from a survey as well as secondary data from refereed documents. The survey questionnaire was designed as a qualitative tool and hence findings are mostly descriptive in nature. A total of twenty-seven (27) universities and institutions of higher learning from eighteen (18) African countries participated in the survey. Among other recommendations, higher education institutions (HEIs) should develop comprehensive Codes of Business Ethics and the AAU should provide HEIs with a practical guide on Business Ethics.

Background

What is “Business Ethics”?

Business Ethics is the application of ethical or core values to business behaviour in all business activities (Institute of Business Ethics, 2012). Business Ethics involves discretionary decisions and behaviour that are guided by a set of core values. It applies to the conduct of both individuals and an organisation as a whole. It is simply the application of everyday moral or ethical norms to business decisions (De George, 2005). It should be noted that Business Ethics is not confined to commercial businesses but extends to institutions of higher learning, government departments, not-for-profit organisations, etc. Business Ethics is applied to groups of individuals as well as one-on-one dealing with a single individual. It should also be noted that Business Ethics is the study of standards of business behaviour that promote human welfare and the good i.e. behaviour that serves the best interest of humanity (Kirk, 2010). As a study, Business Ethics is basically concerned with the day-to-day issues that are not catered for by the law and where there is no clear consensus on an action which is right or wrong (Business Ethics. Ca, 2012).



Universities and other higher education institutions, in pursuing their core functions of teaching and learning; research and community engagement; and overall goal of socio-economic development, engage with a multiplicity of stakeholders who demand ethical standards from them. An institution that is consciously and deliberately ethically aware plays a vital role in pursuing wider community and societal aims (The Council for Industry and Higher Education and Institute of Business Education, 2005). A Code of Business Ethics, which consists of policies and procedures, is an invaluable tool that helps the institution, staff, students and others to address and resolve ethical dilemmas. It provides a set of behaviours that both internal and external stakeholders expect from it. Ethical behaviour has gained prominence after the collapse of big companies, such as American International Group (AIG), Enron and Tyco, which, due to the unethical behaviour of some of their top leaders, lost their shareholder value (Weegar, 2007). Nowadays, Non-Governmental Organisations (NGOs), media, shareholders, consumers, clients, employees and other stakeholders in the productive sector are putting a lot of pressure on companies and institutions to address business ethical issues (Institute of Business Ethics, 2012).

Linkages between higher education institutions (HEIs) and external stakeholders in the productive sector could be mutually beneficial for the two parties as well as the entire society. HEIs could work together on innovations and technology which would be transferred to the productive sector and society; both could identify skills and knowledge that are critically required in the labour market. According to a survey by Ssebuwufu et.al, (2012), a good number of African HEIs have taken initial steps to establish linkages with the productive sector in key areas, such as consultancy, student attachments, banking, ICTs, environmental management, agriculture and agribusiness, computer engineering and to a less extent in mining, entertainment and pharmaceutical industries.

To strengthen the effectiveness and relevance of its members, the Association of African Universities (AAU) entered into a three-year partnership with the Association of Universities and Colleges of Canada (AUCC) in 2010 whereby experienced Canadian HEIs would assist their African counterparts to link more closely with the productive sector to better develop their skills and knowledge to meet their countries' needs, and in the process enhance graduate employability and technology transfer. The partnership agreement titled, Strengthening Higher Education Stakeholder Relations in Africa (SHESRA) also aimed at developing a number of advocacy tools that will catapult African HEIs to be more effective in their external stakeholder linkages. This Policy Brief emanates from an empirical study commissioned by the SHESRA project to ascertain the application of Business Ethics in building the relationships between HEIs and its external stakeholders.

Methodology

The research gathered both primary data from a survey as well as secondary data from refereed documents. The survey questionnaire was designed as a qualitative tool and hence findings are mostly descriptive in nature. A total of twenty-seven (27) universities and institutions of higher learning from eighteen (18) African countries completed and submitted the survey questionnaire, which consisted of six (6) sections, namely: profile of the respondent; the institution's profile; development of a Code of Business Ethics; departmental issues; implementation of a Code of Business Ethics; and monitoring and review of a Code of Business Ethics.



Conclusions

The survey's conclusions are as follows:

- i.* A significant number of African HEIs have well articulated core values and mission statements;
- ii.* Some have established specific collaborations with stakeholders in achieving their mission, vision and core values, as well as for quality improvement, facilitating internships and work attachments, and promoting human rights.
- iii.* While many of the respondents have an Ethics Committee of a type, as well as a number of documents that address various issues on ethics, most documents on ethics are generally Codes of Conduct which are not comprehensive enough to address all matters relating to staff, students and stakeholders.
- iv.* Existing documents place an emphasis on research ethics that tends to overshadow issues on ethics for other activities, particularly those related to stakeholders in the productive sector. In fact, most of the respondents do not involve external stakeholders in the design, monitoring and reviewing of the Codes of Ethics and do not have an independent Ethics Officer to manage the Ethics portfolio.
- v.* A significant number of African HEIs appreciate that a Code of Business Ethics has a positive effect on the entire activities of an institution as well as increasing confidence in stakeholders.
- vi.* A significant number of African HEIs have formulated a wide range of disciplinary actions to deal with violations or non-compliance of Codes of Business Ethics such as outright dismissal/expulsion etc.

Future Opportunities & Recommendations

The recommendations herein provide useful tools to African HEIs in their efforts to strengthen and expand their external stakeholder relations. They are based on the gaps that were identified in the current ethical set up at different HEIs; the needs that were identified by HEIs themselves from the SHESRA survey; and evidence gathered from literature review. These recommendations have been categorised as follows:

African Higher Education Institutions (HEIs)

- HEIs have well articulated core values and mission statements which form a solid foundation on which a Code of Business Ethics should be based. To this end, wider consultations with stakeholders are crucial from the inception through the monitoring, reviewing and revising of an institution's Code of Business Ethics.
- HEIs, with the support of their top leadership, should initiate a strong ethical culture and devote time, finance, commitment and other resources to building a Code of Business Ethics. To coordinate this, HEIs should institute an Ethics Committee with clear terms of reference and appoint an Ethics Officer with the requisite skills, knowledge and experience to handle Business Ethics.
- HEIs should ensure that all existing documents on ethics are linked to the institutional Code of Business Ethics. To make them effective, the Code of Business Ethics should be reviewed at least once in every three years.



- HEIs should ensure that all identified stakeholders are well informed about the Business Ethics in existence.
- HEIs should undertake regular training on Business Ethics for all members of the academic community.
- HEIs should look for opportunities to learn from other institutions that have had successful linkages with external stakeholders in the productive sector and to go further to train their academic staff in entrepreneurship as well as to manage a wide range of issues emanating from such partnerships, such as, intellectual property, conflicts of interest and other ethical dilemmas.

Association of African Universities

- The AAU should assist HEIs by developing a practical guide on how to set up a Code of Business Ethics. The practical guide should contain case studies of real ethical dilemmas. In addition, the AAU could formulate a set of core values as an external benchmark that HEIs could aspire to.
- The AAU should undertake another review of Business Ethics in higher education in the near future to assess the extent to which the practical guide on Business Ethics has been useful to HEIs in Africa.
- The AAU should set up an advisory panel or advisory personnel trained on Business Ethics for its members to provide technical assistance and updates on latest developments on good practices in Business Ethics.
- The AAU could arrange conferences, seminars, and workshops that focus on Business Ethics as part of its outreach programmes, in training, research and other activities.

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Recommended Readings

Council for Industry and Higher Education (CIHE) and Institute of Business Ethics (IBE) (2005), "Ethics matters: Managing Ethical Matters in Higher Education," CIHE and IBE publication, ISBN 1 874223 51 3

IAU-MCO (2012), "Final DRAFT IAU-MCO Guidelines for an Institutional Code of Ethics in Higher Education, Disseminated for Consultation," Retrieved on November 7, 2012 from http://www.iau-aiu.net/sites/all/files/Ethics_Guidelines_Final_0.pdf

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Ssebuwufu et al., (2012), "Strengthening University-Industry Linkages in Africa: A Study on Institutional Capacities and Gaps," a publication of AAU (http://www.aau.org/sites/default/files/shesra/casde_study_univ_ind_linkages_africa_en.pdf)

The *Emergent Topics for Strengthening Higher Education Stakeholder Relations in Africa* publication (to be finalised and released in 2013) is a resource for information on the logistical considerations of external relations between universities and industry in Africa.

The report contains the full results of the study discussed in this policy brief. Other thematic topics discussed in the report include gender equity, intellectual property rights, graduate employability, and technology uptake and generation. Free copies of the report will soon be available at www.aau.org.

