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INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY

Learner Name	
ID Number	
Organisation	

FORMATIVE ASSESSMENT: LEARNER WORK FILE VERSION 1

Unit Standard Title: **Demonstrate knowledge and application of ethical conduct in a business environment**

Unit Standard No: **13940**

Unit Standard Credits: **4**

NQF Level: **4**

Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
Maximum marks	27	24	31	27		109	100	

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Formative Assessment

Section 1: 27 marks

Activity 1

(12)

Fill in the table below: Use the filled portion as a guide.

Column 2 – Identify whether the Right is a Property or Personality Right.

Column 3 – Describe the Right in brief.

Column 4 – Give an example of how the Right can be extended.

Right	Property/ Personality/Both	Description	Example (extension)
Slavery, servitude and forced labour	<i>Personality</i>	<i>No one may be subjected to slavery, servitude or forced labour.</i>	<i>Children must be over the age of 16 to be employed. Laws regulating human trafficking</i>
Life			
Freedom of religion, belief and opinion			
Freedom of expression			
Property			

Activity 2

(5)

Research and discuss the relationship between moral ethics and business ethics in the evolution of legislation regulating business conduct with reference to South African Constitutional Law.

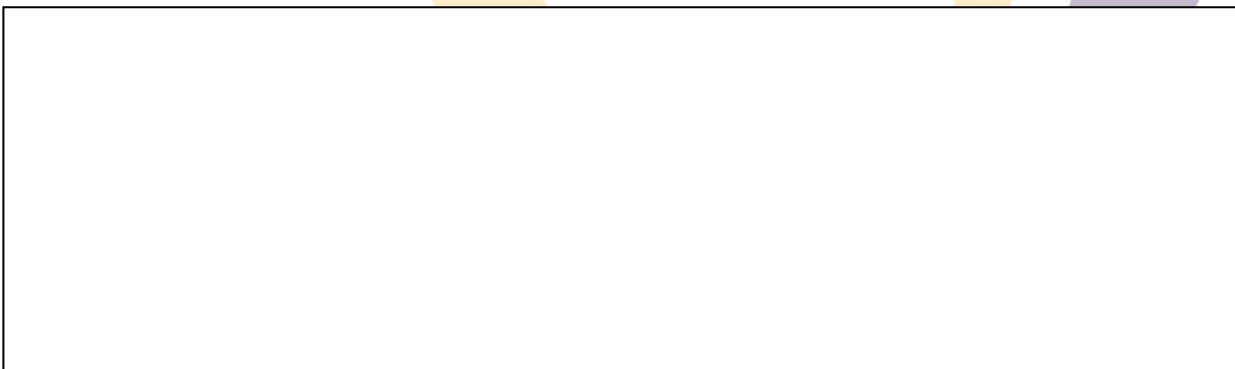
**Activity 3**

Using the Sasol Code of Ethics in the annexure for reference,

3.1: Explain the purpose of Ethics Code of Conduct within an organisation. (2)



3.2: Discuss how you feel the Code impacts on your business practices. (2)



Activity 4

(3)

What are the key components of your organisations Ethics Code of Conduct in relation to business conduct?

**Activity 5**

(3)

Using the Financial Services Industry as an example (you can use the SAIA Code of Conduct or Financial Planning Institute of Southern Africa COC) describe three types of ethical conduct that representatives would need to adhere to.

**Section 2: 24 marks****Activity 6**

(5)

With reference to legislation (E.G King II/III Reports) how has the regulation of corporate governance and business ethics affected the Financial Services Industry?



Activity 7

(5)

What value in your opinion (using a practical example), can be derived from an organisation adopting Ethical Business Practices which incorporates social responsibility as part of their ethos?

Activity 8

(8)

In this activity you are required to evaluate the code of conduct of the company that you work for with the generally accepted code (King 11/King 111) and comment on the alignment.

If the company in which you are employed does not have a code of conduct that you can use, you use the one in the annexure or you can search the web (using Code of Ethics and South Africa or Code of Conduct and South Africa) and select a suitable code. Work colleagues may be able to assist you to obtain a code of conduct or code of ethics.

Having identified a suitable code to evaluate, use the table below to summarise

- the main criteria of King 11/111 recommendations
- an indicator as to whether the criteria from King 11/111 are included in the code
- the right hand column to record the results of your evaluation

Attach the code that you have chosen to evaluate to your portfolio of evidence as proof.

King 11/ 111 recommendations	Included in business code?	Comments from evaluation of the selected code

Activity 9

(6)

Using your organisations code of conduct or a sourced one, compare to one from another organisation one in a completely different industry. Make note of the differences/similarities between the two codes of conduct. Provide at least 3 points and include actual documents as evidence in your POE.

	Code of Conduct - Similarities	Code of Conduct - Differences
1		
2		
3		

Section 3: 31 marks**Activity 10**

(3)

When making an ethical decision, identify 3 questions you could ask yourself to find guidance in making the “right” decision.

Activity 11

(3)

11.1: What are the barriers at an organisational level that hinder Ethical Business Conduct?



11.2: Name and briefly describe 4 consequences of breaching your organisation's Code of Ethics.

(4)

**Activity 12**

Read through the Case studies below and discuss the ethical principle/s being illustrated.

12.1: Case Study 1

Primark fires child worker firms

UK clothing firm Primark has fired three Indian suppliers because they used child labour to finish goods.

The suppliers sub-contracted smaller firms, which were using child labour to carry out embroidery and sequin work.

The BBC's Panorama programme, which carried out a six-month investigation, alerted Primark to the problems.

Consumers are increasingly demanding that companies produce goods in an ethical manner, turning the spotlight on worker wages and working conditions.

'Lapse in standards'

"The information provided by the BBC enabled us to identify that illegal sub-contracting had been taking place and to take action accordingly," Primark explained.

According to Primark, the garments affected accounted for 0.04% of the retailers' worldwide sourcing.

It added that "the sub-contracting involved home working and in some instances children were also found to be working at home".

"We take this lapse in standards very seriously indeed," said Primark, which is owned by Associated British Foods.

"Under no circumstances would Primark ever knowingly permit such activities, whether directly through its suppliers or through third party sub-contractors."

Code of conduct

Under the terms of its code of practice for suppliers, Primark prohibits the use of child labour in its manufacturing chain.

Primark says it will terminate relations with suppliers guilty of certain "transgressions" and those unwilling to make the "necessary changes" to their employment practices when breaches of its code are uncovered.

Primark has proved one of the UK High Street's unquestioned success stories in recent years, its mixture of low prices and accessible fashion proving a hit with varying age groups.



Primark said that only a tiny part of its clothing range was affected

“ Under no circumstances would Primark ever knowingly permit such activities ”

Primark statement

It currently has more than 170 stores and made a £200m profit last year on total sales of more than £1.6bn.

Leading European and US retailers have come under growing pressure to ensure that workers in their supply chain - particularly in labour-intensive markets such as India and China - are not exploited.

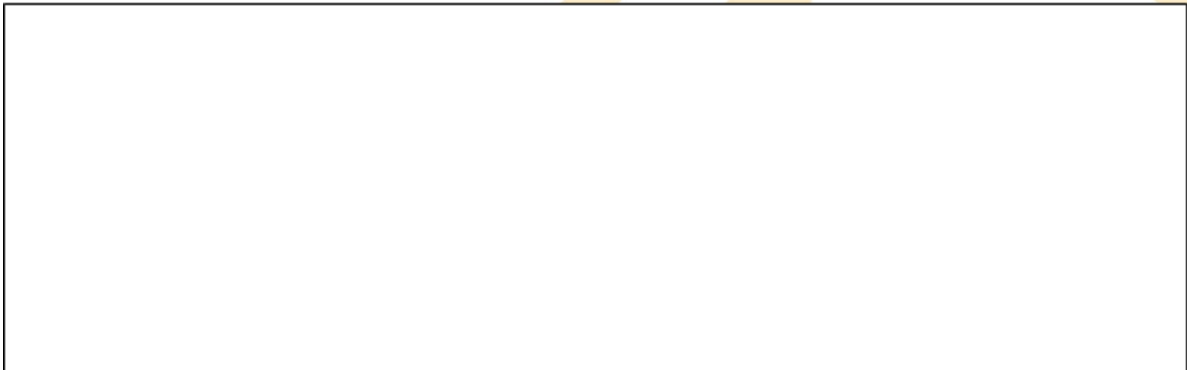
Companies such as Nike have responded to consumer concerns about ethical standards in the retail industry by making public details of all their suppliers.

But charities and fairtrade groups have criticised other retailers for failing to follow suit and argued that many popular products continue to be sold in developed countries at a fraction of their true cost of production.

12.1.1: What ethics principle/s is/are touched on in the case study? (2)



12.1.2: Do you agree with Primarks action against their suppliers? Discuss. (2)



12. 2: Case Study 2

Rory Hynes September 13, 2011

Tip of the iceberg can describe the story below. Wal-Mart is company No. 1 in the world. It has the most revenue over any other company (\$421 Billion). But its riches equal its controversies. This story is probably the most apt at describing the unethical treatment of its workers, because of the sheer senselessness of it.

In 2000, a collision with a semi-trailer left 52-year-old Deborah Shank with permanent brain damage and in a wheelchair. Her husband and three sons were fortunate for a \$700,000 accident settlement from the trucking company. After legal costs and other expenses, the remaining \$417,000 was put in a special trust to care for Mrs. Shank. However, six years later the providers of Mrs. Shank's health plan, Wal-Mart, sued the Shanks for the \$470,000 it had spent on her medical care.

Wal-Mart was fully entitled to the money; in the fine print of Mrs. Shank's employment contract it said that money won in damages after an accident belonged to Wal-Mart. A federal judge had to rule in favor of Wal-Mart, and the family of Mrs. Shank had to rely on Medicaid and social-security payments for her round-the-clock care. Wal-Mart may be reversing the decision after public outcry.

However this case pinpoints Wal-Mart's often criticized treatment of employees as a commodity and its sometimes inhuman business ethics.

12.2.1: How would you handle the situation outlined in the case study if you were Wal-Mart's CEO? Give reasons for your answer.

(3)

12.2.2: Describe the ethical principle that could be disregarded in this incident. (2)

12.3: Case Study 3

Trafigura Dumping Toxic waste on the Ivory Coast and gagging the media



Earlier in the year, there was media frenzy in the U.K. over celebrities getting court injunctions to silence the press from reporting on their various misdeeds and grubby encounters. This story actually stems from a far more serious beginning, in 2006.

Trafigura is a multinational formed in 1993, trading in base metals and energy, including oil. It makes almost 80 billion USD a year. In 2006, it caused a health crisis affecting 108,000 people, after a ship leased by the company was told that, due to toxicity levels higher than expected, the price of transferring the waste on board to the processing plant in the Netherlands had increased twenty-fold. To avoid the charge, Trafigura ordered the ship to dock at other seaports until they could find someone who would dump the waste. At Abidjan, Côte d'Ivoire, one of Africa's largest seaports, the waste was handed over to a newly formed dumping company, Compagnie Tommy, which illegally dumped the waste, instead of processing it. Many people there became sick due to exposure to the waste, and investigations began to determine whether it was intentionally

dumped by Trafigura. Trafigura said in a press statement that their tests showed the waste not to be as toxic as had been claimed. This was proven false by a 2009 UN report posted by Wikileaks.

When newspapers came to publish their own findings, which proved that Trafigura was guilty of releasing toxic waste, they “lawyered up” and started firing legal notices to all news outlets which were saying there was a connection between the dumping and the injuries reported in the Ivory Coast. The Guardian newspaper had conclusive evidence that Trafigura knew of the dumping, and had a report they were ready to publish, however the libel firm hired by Trafigura, Carter Ruck, applied for a super-injunction so that the paper couldn’t publish the report until a court decision was made. This caused MP Evan Harris to question the freedom of the press in the country. However, after a twitter campaign that spread the story in a matter of hours, the libel firm responsible backed down and allowed the report to be published.

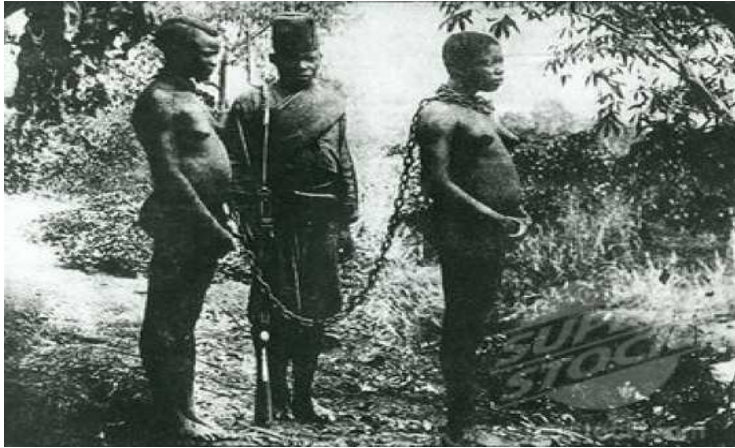
12.3.1: Describe the ethical principle that could be disregarded in this incident. (2)

2.3.2: What are the likely benefits if you make a good ethical decision? (2)

12.3.3: Which aspect of the King Report does this case study relate to? (2)

12.4 Case Study 4

Congo Free State - Genocide



Profiting from genocide and turning a blind eye to it is one thing, but only one organization has committed what can be called genocide for the sake of industry. Founded in 1885, by Leopold II, King of the Belgians, the Congo Free State garnered control over areas now known as the Congo, Rwanda and Burundi through a non-governmental organization, the Association Internationale Africaine. Leopold had acquired the Congo at the Berlin Conference of 1884, which was to regulate the European colonization of Africa.

While under the pretense of conducting humanitarian efforts, e.g. building churches and educating the people, it established an industry of collecting ivory, en masse, using huge amounts of slave labor. Surveyors hired by Leopold found that the greatest riches that the tribe's people could access was ivory. Employing the Force Publique (a combination of a police force, tax collector and gang of enforcers, who had been drafted from able-bodied Congolese men to serve the State), the men would troop along rivers finding villages, separating the men, women and children (rape was exceedingly common) and telling the men that if they did not find a certain amount of ivory they would never see their families again, though a lot of the time the families had already died of disease. Collecting ivory became harder once the elephant population had been decimated, so the FP changed tactics to frightening the villagers away and taking any supplies left behind, then burning everything to the ground.

The other chief export was rubber, Leopold wanted the workers to be proficient and highly motivated so this meant that failing to meet rubber

collection quotas was punishable by death. The officers in charge of a particular village would have to bring the hands of those who didn't reach their quotas as proof that the officers hadn't used the bullets to hunt for food. Some soldiers "cheated" by simply cutting off the hand, and leaving them to die, saving ammunition. This even caused small wars between villages; hands had become a valuable item to have, as they can be handed into the officer when they couldn't fill their unrealistic quota.

The entire control of the nation was put under very few people and King Leopold was the definite ruler (he ditched the façade of the Association Internationale Africaine soon into his rule). He directly maintained the country more than just about all other dictators before, and since, and it was his policy that for each bullet fired, a hand must be represented as proof it was used to kill a Congolese worker. This was purely for the sake of cost-cutting. He was running the most cost-efficient company the world had seen. The rubber and ivory industry was grinding to a halt due to the lack of motivation for slaves and the dwindling supply of ivory. Leopold was amassing severe debts, until the rubber boom of the 1890s, which was needed for telegraph wire and car tyres. Rubber overtook ivory as the country's main export, and profits went through the roof.

Estimates of the number of deaths that King Leopold II and the Congo Free State caused range from 10 million to 22 million, both valid claims. It also should be noted that, at the time, Africa's entire population was between 90 and 133 million people.

The Congo Free State ended in 1908, after whispers of the crimes happening in the Congo became shouts. The Congo Reform Movement, which included among its members Mark Twain, Joseph Conrad, Booker T. Washington and Bertrand Russell, led a vigorous international movement against the mistreatment of the Congolese population. The European nations had finally decided that Leopold was abusing the Berlin Treaty, and so it was annexed to Belgium, who retained it until 1960.

Leopold never intended to keep the nation for a long time, it was his twenty year get-rich-quick scheme, and it worked. Leopold died the wealthiest man in Europe after living the high-life, spending the massive profits on his favorite luxuries: expensive homes, yachts and teenage prostitutes.

BBC Documentary "[White King, Red Rubber, Black Death](#)"

12.4.1: Describe the ethical principle that could be disregarded in this incident. (2)

12.4.2: What, in your opinion, lead to the ongoing unethical practice? (2)

12.4.3: What benefits could have been derived had ethical practices prevailed? (2)

Section 4: 27 marks

Activity 12

If you were in the position of responsibility how would you handle the following scenarios and what remedial action would you take in case of future occurrences. (6)

12.1: A director is suspected of taking bribes:

12.2: A staff member is dismissed unfairly:

12.3: Falsified information is provided to a customer:

Activity 13

13.1: Do you agree that conflict of interest can influence individuals' ethical decisions? Discuss. (3)

13.2: Discuss briefly how a person's ethics can have a negative/positive influence on adhering to organisations Ethical Business Conduct when making decisions? (3)

13.3: Discuss briefly the process that will be followed if a person does not adhere to you organisations code of ethics. (5)

Activity 14

With the aid of a recent research article, what are the consequences on an individual and organisation of not adhering to the FAIS Code of Conduct (Article needs to be attached).

15.1 Individual

(3)

15.2 Organisation

(3)

Activity 5

Using a SWOT analysis as a tool, together with a partner, analyse your organisation's Code of Conduct and make recommendations on methods to improve commitment to it by employees.

(4)



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SOUTH AFRICAN QUALIFICATIONS AUTHORITY

REGISTERED UNIT STANDARD THAT HAS PASSED THE END DATE:

Demonstrate knowledge and application of ethical conduct in a business environment

SAQA US ID	UNIT STANDARD TITLE			
13940	Demonstrate knowledge and application of ethical conduct in a business environment			
ORIGINATOR		ORIGINATING PROVIDER		
SGB Financial Services				
QUALITY ASSURING BODY				
-				
FIELD			SUBFIELD	
Field 03 - Business, Commerce and Management Studies			Finance, Economics and Accounting	
ABET BAND	UNIT STANDARD TYPE	PRE-2009 NQF LEVEL	NQF LEVEL	CREDITS
Undefined	Regular	Level 4	NQF Level 04	4

REGISTRATION STATUS	REGISTRATION START DATE	REGISTRATION END DATE	SAQA DECISION NUMBER
Passed the End Date - Status was "Registered"	2003-04-09	2006-04-09	SAQA 0347/03
LAST DATE FOR ENROLMENT	LAST DATE FOR ACHIEVEMENT		
2007-04-09	2010-04-09		

In all of the tables in this document, both the pre-2009 NQF Level and the NQF Level is shown. In the text (purpose statements, qualification rules, etc), any references to NQF Levels are to the pre-2009 levels unless specifically stated otherwise.

This unit standard is replaced by:

US ID	Unit Standard Title	Pre-2009 NQF Level	NQF Level	Credits	Replacement Status
242655	Demonstrate knowledge and application of ethical conduct in a business environment	Level 4	NQF Level 04	4	Complete

PURPOSE OF THE UNIT STANDARD

This unit standard is intended for learners in a business environment. It is designed to raise moral standards as a counter to potential or real corruption within a business environment. The focus is on ethics and the learner, and does not include corporate governance.

The qualifying learner is capable of:

- Explaining the concept of ethics in relation to property and personal rights.
- Describing the role of a code of conduct in a business environment.
- Applying different ethical principles in a specific context.
- Making decisions based on a corporate code of ethics.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

There is open access to this unit standard. Learners should be competent in Communication, Mathematical and Financial Literacy at Level 3.

UNIT STANDARD RANGE

The typical scope of this unit standard is ethics and the learner:

- Personality rights are the rights to dignity enshrined in the South African Constitution.

- The source of ethics in South Africa is the South African Constitution.
- Specific code of ethics is the code of the organization where the learner is employed or a code of choice if the learner is not an employee.
- A business environment is not only an environment for profit.

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Explain the concept of ethics in relation to property and personality rights.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

1. The source of ethics is outlined in relation to property and personality rights.

ASSESSMENT CRITERION 2

2. The role of the South African Constitution in defining the source of ethics for South African society is explained in the context of the business environment.

ASSESSMENT CRITERION 3

3. The relationship between ethics and the law is described for a specific business sector.

ASSESSMENT CRITERION 4

4. The relationship between ethics and generally accepted codes of conduct is explained for a specific business sector.

SPECIFIC OUTCOME 2

Describe the role of a code of conduct in a business environment.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

1. The concept of a code of conduct is explained with reference to the role of a code in a business environment.

ASSESSMENT CRITERION 2

2. The current generally accepted code of business ethics is analysed and an indication is given of how it should be applied in a business environment.

ASSESSMENT CRITERION 3

3. A code of conduct of a business is evaluated against the generally accepted code and checked for alignment.

ASSESSMENT CRITERION 4

4. The codes of conduct of two different business sectors are compared and an explanation is given for apparent differences.

ASSESSMENT CRITERION 5

5. The code of conduct of a professional organisation in a sector is compared to that of the code of conduct of a business in the sector and an indication is given of any apparent differences.

SPECIFIC OUTCOME 3

Apply different ethical principles in a specific context.

ASSESSMENT CRITERIA**ASSESSMENT CRITERION 1**

1. The ethical principles in the generally accepted code are applied to five case studies that illustrate different principles.

ASSESSMENT CRITERION 2

2. The process to be followed when the code of ethics is breached is explained for five examples.

SPECIFIC OUTCOME 4

Make an ethical decision based on a corporate code of ethics.

ASSESSMENT CRITERIA**ASSESSMENT CRITERION 1**

1. An ethical business decision is made and supported for three different scenarios.

ASSESSMENT CRITERION 2

2. Potential conflict between a personal value system and a specific corporate code of ethics is identified and suggestions are made for potential resolution.

ASSESSMENT CRITERION 3

3. The consequences of non-compliance with a code are debated with reference to current ethical incidents.

ASSESSMENT CRITERION 4

4. Conflicts of interest that arise out of different interpretations or applications of a code of ethics are identified and suggestions are made on how the situations could be resolved in the best interests of all stakeholders.

UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS

1. Anyone assessing a learner against this Unit Standard must be registered as an assessor with the INSQA or with a relevant ETQA that has a Memorandum of Understanding with the INSQA.
2. Moderators must be registered as assessors with the INSQA or with a relevant ETQA that has a Memorandum of Understanding with the INSQA.
3. Any institution offering learning that will enable achievement of this Unit Standard or assessing this Unit Standard must be accredited as a provider with the INSQA or with a relevant ETQA that has a Memorandum of Understanding with the INSQA.
4. Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines in the relevant qualification and the agreed ETQA procedures.

Anyone wishing to be assessed against this Unit Standard may apply to be assessed by any assessment agency registered with the INSQA or with a relevant ETQA that has a Memorandum of Understanding with the INSQA .

UNIT STANDARD DEVELOPMENTAL OUTCOME

N/A

UNIT STANDARD LINKAGES

N/A

Critical Cross-field Outcomes (CCFO):

UNIT STANDARD CCFO IDENTIFYING

Learners are capable of identifying and solving problems in which responses show that responsible decisions using critical and creative thinking have been made in making an ethical decision and identifying areas of potential conflict.

UNIT STANDARD CCFO WORKING

Learners are capable of working effectively with others as a member of a team, group, organisation or community in describing the role of codes of conduct in a business environment and relating the source of ethics to the constitution.

UNIT STANDARD CCFO COLLECTING

Learners are capable of collecting, organising and critically evaluating information in comparing different codes of conduct and applying ethical principles to case studies.

UNIT STANDARD CCFO COMMUNICATING

Learners are capable of communicating effectively in explaining and describing the concept of ethics and the application of a code of conduct.

UNIT STANDARD CCFO DEMONSTRATING

Learners are capable of demonstrating an understanding of the world as a set of related systems by outlining the source of ethics and debating the consequences of non-compliance.

UNIT STANDARD CCFO CONTRIBUTING

Learners are capable of participating as responsible citizens in the life of local, national and global communities by applying a code of conduct to their own work situation.

Learners are capable of being culturally sensitive across a range of social contexts in identifying potential conflict between personal value systems and corporate codes of ethics.

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