

The Role of Integrity and Communication Ethics in Corporate Governance: A Study of Selected Companies in Uasin Gishu County, Kenya

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Abstract

Communication plays a significant role in efficiency and effectiveness of corporate governance. However, if communication ethics is not practiced, it will affect the performance of corporate governance. It has been noted with concern that reports of poor quality service and lack of integrity and courtesy in communication are on the increase in Kenya. This paper seeks to analyse communication ethics in corporate governance in companies in Kenya. The study utilized the qualitative research approach. Quota sampling technique was used to obtain respondents from Uasin Gishu County. Data was obtained through secondary and primary data. Interviews and Observation schedules were used to obtain primary data from 30 participants. It was found that people lie a lot in organizations; individuals in the corporations lack courtesy in most instances; spyware, monitoring of employees e-mails and websites is also a common thing among employees; managers carelessly disclose confidential information of employees and generally, there is no freedom of speech. It is vital to know that communication ethics is essential in corporate governance and recommends that communication ethics should be practised in at all levels of organisations. The authors anticipate the paper will help bring positive change to corporate communication and governance which will also contribute to improvement in the overall performance in corporate governance.

Keywords: improving integrity, communication ethics, corporate governance, Kenya

INTRODUCTION

Corporate governance is about the way in which a board oversees the running of a company by its managers and how board members are in turn accountable to shareholders and the company. This has implications for company behaviour towards employees, shareholders, customers and banks cheating-financial frauds (Ghillyer, 2008). Mc Donnel(2006) defines corporate governance as the structure through which shareholders, directors and managers set the board objectives of the company, the means of attaining those objectives and monitoring performance. The ultimate aim of adopting good corporate governance measures is to ensure that investors (suppliers or financiers, shareholders, or creditors) get a return of their money. Corporate governance is the process by which organizations are directed and controlled and thus ethical communication is of paramount importance (Ghillyer, 2008).

Corporate governance is made up of the owners of the corporations who supply capital to the company by purchasing shares in corporation and the board of directors who are elected by the owners to represent their interest in the effective running of the corporation. The board is made up of inside and

outside members. Inside members hold management positions in the company, whereas outside members do not. The audit committee is staffed by members of the BOD and they oversee the financial reporting process, monitor internal controls, monitor the choice of accounting policies and procedures and oversee hiring and performance of external auditors. The compensation committee oversees compensation packages for the senior executives and the corporate governance committee (Ghillyer, 2008).

Ethical communication is therefore paramount in corporate governance in order to keep the relationship between the different owners glued together. This paper looks at how ethical communication can be influenced, and how it can be improved as part of instilling organisational integrity, trust and the successful pursuit of common goals.

Influence of Ethics in Corporate Governance

Values and attitudes contribute to ethical behaviours. We form our values from our attitudes. Attitudes are the learned emotional, intellectual and behavioural responses to persons, things and events. There are three components of attitudes: affective, cognitive and behavioural. The affective component of an attitude is the emotional side of our beliefs

about situations in organizations. It consists of our feelings towards people or events in organizations. The cognitive component is the intellectual side of an attitude that consists of our beliefs, knowledge and reasons about a person thing or events in organizations. The behavioural component determines how we respond to people or objects in organizations (Wilcox, 1997).

According to Wilcox (1997), the family, peer groups, role models and societal institutions directly affect our formation of our values and attitudes. Parents are the primary influence in instilling a conscience on their children. This is done through instruction, discipline, imitating or modelling parental behaviours. Peers exert pressure to conform. Peers can change or influence our values and attitudes. Role models can have a positive or negative influence as well. People become psychologically involved with their role models and assume their ideas, attitudes and conduct. Social institutions like schools and the church set the ethical tone for the conduct of its members.

The influence of managers and co-workers also plays a big part in determining ethical behaviours of a corporate. For instance, if the managers or the corporate owners do not engage themselves in ethical behaviours, then the other employees will follow suit and engage themselves in unethical communication behaviours. Therefore, written policies and examples set up by top management are important in inspiring the ethical behaviour of its members and co-workers (Wilcox, 1997).

Furthermore, in organizations, ethical communications are influenced by personal and moral standards of people. People act, reason or respond to situations depending on their personal and moral standards. Because of the different backgrounds, different views of ethical standards may be experienced. While others may view an idea as unethical, others could be unconcerned about it. However, some ethical researchers posit that we can educate people in organizations in order to convert them to our point of view. We can also refuse to take up some assignments or ask for reassignment of issues we find unethical (Newsom and Haynes, 2008).

Nelson (2006) asserts that there are four major individual differences that affect ethical behaviour in organizations: value system, locus of control, Machiavellians and cognitive moral development. The value system affects what an individual considers as right or good. Locus of control is a personality trait that affects individual behaviour. Individuals with an internal control believe they control events in their lives while individuals with an external locus of control believe

that outside forces control what happens to them. Internals are more likely than externals to take personal responsibilities for the consequences of their ethical or unethical behaviour. Machiavellianism is a personally characteristic indicating ones willingness to whatever it takes to get one' own way. Such people are less concern with notions of right and wrong. They are both deceitful and manipulative. Individuals at high cognitive moral development are less likely to cheat, engage in whistle blowing and make better ethical decisions.

Organizations set the standards they want maintained. New employees are trained into the culture and values of the organization. The purpose is to acquaint with the principal processes, techniques and policies that are to train you as an employee. People also learn organizational standards, rules and procedures through watching and associating with other employees (Newsom and Haynes, 2008). Standards are also demonstrated in vision and mission statements.

Every profession has professional code of ethics or codes of professional conduct that sets acceptable norms of behaviour for working professionals and employees. The professional ethics is what guides ethical verbal and non verbal communication in organizations (Wilcox, 1998). For example the Public Relations Society of America (PRSA) and the International Association of Business Communications (IABC) guide the conduct of Public Relations professions in Organizations.

METHODOLOGY

The study adopted qualitative method. Qualitative research is a flexible approach that seeks to generate and analyse holistic data on an issue of interest using sufficiently rigorous, trustworthy and ethical methods and techniques. Creswell (1998) defines qualitative research as an inquiry process of understanding based on distinct methodological traditions of inquiry that explorer a social or human problem. According to Creswell (Ibid.), the research builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducted the study in natural setting (p. 15). Marshall and Rossman (1995), on the other hand, say that the purpose of qualitative research is to describe, explore, and explain phenomena being studied. The study sought to find out about communication ethics in corporate governance as a phenomenon.

The study utilized both secondary and primary data. The secondary data was obtained from books, journals, magazines and the Internet. To collect rich data, interviews were conducted and data collected from respondents through face to face in-depth interviews, telephone interviews and by use of e-mails. The authors aimed to get the opinions of the

respondents about communication ethics in corporate governance. Quota sampling technique was used to select 32 respondents for the study from Uasin Gishu County. This sampling technique begins by dividing the populations into relevant demographic variables such as age, gender or geographical regions (Kombo & Tromp, 2006). Quota sampling technique was chosen because the researcher wished to interview both male and female genders in the county.

Data that was generated from the secondary data, interviews and observation were analyzed thematically. Thematic data analysis was done by the authors recording all data from the Secondary and Primary data. Transcription of the recorded data was then done. Transcription involves turning data into texts you can read. Coding of the transcribed data was done whereby the authors came up with themes.

LIMITATIONS

The study encountered some limitations that need to be acknowledged. First, due to the large number of corporate in the Rift Valley Region and the whole country, the study only dealt with those in Uasin Gishu so that it acts as a representative sample. Some respondents feared to freely divulge some information for fear of victimization some would not even turn up for work on the agreed day of handing in the questionnaire.

RESULTS

The study found out that there is a lot of dishonesty in organizations. One overriding reason as to why people don't tell the truth most of the time is because they are afraid of the consequences of telling the truth because they fear that they may lose their jobs or spoil the relationships that exist in organisations. Many others give false reasons for their absenteeism and lateness in their places of work. The same happens among the top managers who wish not to spoil the relationships that they hold between them and the shareholders of the corporate.

It also emerged that lying on reports or falsifying records is common in organisations. Employees give false information concerning their family or health backgrounds because this may put them at risk of losing their jobs. In addition, individuals in the corporations lack courtesy in most instances. They fail to use words such as sorry, excuse me, thank you and please when they are required to or when they have got the services of others. This does mean they do not care for the welfare or concerns of others.

The findings also revealed that some information provided in organizations is inaccurate. This may be caused by carelessness or it can be deliberate. Organisations *take water and drink wine*. They do not follow what they preach. For instance, what they communicate to the contractors is different from what

they actually practice. Many times, they give inaccurate and misleading information in contracts that would ultimately lock out others.

It is a professional requirement that managers do not disclose confidential information. As it emerged, however, managers find themselves unable to do so. They find themselves disclosing confidential information such as contract records, health records and so on to their friends and close associates. Secretaries also look for confidential information in the manager's desks. They spy on others' information or companies' information so as to position themselves in case of any decisions being made with respect to staff and employments. Others do it for self gratification, or out of curiosity.

Spyware, monitoring of employees' e-mails and websites was also found common among employees and managers. Some have the habit of accessing people's e-mails when they forget to sign out. Some employees befriend others on social media networks such as *Facebook* in order to know more about them and especially their private life. This is always in a bid to get to access other people's private information. When people visit organizations they expect to be served effectively. They want to be given warm reception. Unfortunately, it was found that the sitting position of the corporate managers is not always conducive. It does not encourage a client to open up or be free. Most corporate managers do not maintain eye conduct with the people who come to their organizations. Nelson (2006) agrees that eye contact may help open up relationships and improve communication between people and thus lack of it closes communication

It is unethical for corporate governors not to grant their workers or business associates the freedom of expression. Freedom of expression is a basic constitutional right. In most instances, however, it emerged that corporate managers instil fear among their employees and business associates so as to divide and rule. Employees are therefore not able to communicate their ideas that perhaps would make their businesses grow. Denial of freedom of expression, in this case, does more harm than good.

From the findings, it was also found out that some people make hostile jokes of others or of their relations. This usually makes others form a poor opinion about themselves, the organisation and their colleagues. For instance, a workmate coming to inform another that his/her daughter has been knocked down by a vehicle on her way home from school, only to find out that nothing like that happened could elicit trauma and coarse relations. That would be considered unethical.

Using company hardware and software to do personal work is also unethical. For instance, many respondents admitted they have used company

internet services to send personal e-mails and even going to an extent of applying for outside jobs. Others also admitted using company's printers, telephones and even camera for personal gain.

Labelling is used mostly to portray another person as incompetent or inefficient. The respondents said it was a common thing to nickname others depending on their work-related habits. In most instances, these labels are used in secret within a certain group. This can become worse, especially if it is discovered. Labelling is normally considered unethical.

Withdrawal of communication is also experienced in many organisations. In any relationship, it is impossible to avoid conflict. However, how well a conflict is managed depends largely on how well the emotional aspects of the conflict are managed. Different people have different ways of withdrawing communication. Disengagement is stopping communication to allow emotions to dissipate while freezing out is used to assert frame control by refusing to talk for a certain period and communicating within a strictly frame dominant manner. While to some extent this may help the company deal with conflicts, it could mess up the company's communication channel. Some people may withhold information that could determine the future of the company. Withdrawing communication could therefore be considered unethical to some extent.

Scapegoat or blame shifting is also another way in which people engage in unethical communication. It was reported that some people fail to take responsibility for their actions and shift blame on others who may not necessarily be concerned with the issues. They shift blame on other people instead of taking responsibility.

Effects of Unethical Communications on Corporate Governance

Unethical communication in any organization leads to injured feelings among the corporate workers. As a result, the employees and the corporate governors could experience high turn-over of staff, underproduction and lack of motivation. It is therefore important for all corporate managers to come up with a comprehensive communication policy.

Financial fraud as a result of cheating or altering records is also another issue that could affect corporate governance. This could be brought about by giving inaccurate information among corporate governors and the employees. Having clear policies in the corporate will go a long way in avoiding this. Communication breakdowns could affect the corporate relationships as a result of unethical communication. When employees or stake holders

withdraw communication, or engage themselves in unethical communication behaviours, there are chances that there will be a communication breakdown.

Alienation in working relationships is also possible when unethical communication is allowed among the corporate members. Individuals could be alienated racially, tribally, religiously and also in terms of their skin colour. In some instances too, individuals could be alienated depending on the relation they hold with others. For instance, someone could be alienated if they become too close to the bosses and denied important information by others.

Destructive and retaliatory behaviours are also likely to be experienced where unethical communication exists. Fights could arise among employees or even the corporate managers. Retaliatory behaviours could also arise, such as hiding information that could be important to the growth of the corporate.

Non productive efforts as a result of unethical communication can also be experienced. Corporate managers may aim at stopping a certain behaviour that might have come as a result of unethical communication behaviours. This problem-solving failure comes as a result of unethical communication.

Effects of Ethical Communications on Corporate Governance

Ethical communication cultivates trust amongst the people in the organization and also with the external publics. A good communication policy definitely makes the employees and the governors have a meaningful, open and honest conversation which is the basic principle of ethical communication. Both the reputation of individuals and the organization will be safeguarded. A single negative utterance against the company or its managers can make a company lose millions of shillings. It is always important to safeguard the reputation of the owners and this can be realised through instilling a culture ethical communication within all the corporate stakeholders. With upholding of high standards of integrity, the organization should be able to attract the best talent. This is because many potential employees would wish to work in such an organization. The organization will therefore be able to get the best employees. Having the best employees means having better business ideas and a positive business growth. This cannot, however, be achieved if the corporate has a poor communication policy that allows for unethical communication.

Conflicts will also be reduced in environment of ethical communication. At best these conflicts could even be solved amicably through dialogue, understanding and negotiations.

DISCUSSION

Communication ethics is of most importance in any organisation. All the members of an organisation have an obligation in ensuring that their communication practices are ethical. Ethical communication means that one respects the rights of others. The activities and examples set by corporate governors along with rules and policies are critical in gaining consistent ethical compliance in an organisation.

It is widely accepted that one of the most important aspects of communication is the intention and approach a communicator uses. A speaker should always have certain responsibilities when he/she presents their ideas to others. Valesquez (2002) adds that the unwritten standards of behaviour in various communication situations are referred to as communication ethics.

Valesquez (2002) came up with a framework that should be considered in the ethical use of communication. The following ways should therefore test for ethical communication:

1. Is it the truth?
2. Is it fair to all concerned?
3. Will it build good will and better friendship?
4. Will it be beneficial to all concerned?

When cooperate governors consider these issues as outlined in the framework, there is no doubt communication will be ethical. Corporate managers should realise that when dealing with communication ethics, they typically are dealing with how honest, fair and responsible communicators are being at the individual level.

There have been several reports of malfeasance or criminal conduct in many companies in Kenya affecting majorly their corporate governance, accounting practices, regulatory evasions, securities, transactions, advertising, misrepresentations and so on, which have become very common. This does not, however, mean that business people are inherently unethical.

CONCLUSIONS AND RECOMMENDATIONS

Organizations should employ people who act ethically and professionally because these will make the stakeholders to trust them as they are seen as people of integrity. Needs and the demands of the stakeholders should be fulfilled. Opinions of opposing groups should be addressed through dialogue, understanding and accommodations so as to resolve any conflict that may arise. Companies should always adhere to universal ethical communication principles because it is always the right thing to do. The consequences of dishonest communication practices lead to more harm than good.

This study recommends that employees should be trained in communication ethics. Employees should also be encouraged to adhere to their professional ethics. Companies should come up with a comprehensive communication policy that enables to curb any malpractices that may arise. Ethical and professional experts should be employed so as to reflect the organization.

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