

**AN ETHICAL LEADERSHIP COMPETENCY FRAMEWORK FOR MANAGING
THE EFFICIENCY OF INTERNAL CONTROLS AND ACCOUNTABILITY TO
FACILITATE EFFECTIVE GOVERNANCE**

by

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Developing an ethical leadership competency framework for managing the efficiency of internal controls and accountability to facilitate effective governance

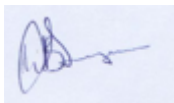
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Dedication

I dedicate this thesis to my late parents, my husband, and my daughter, and to everyone who believed in me and supported me during the demanding and often challenging journey to the successful completion of this qualification.

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I gratefully acknowledge the grace and mercy of the Living God, Jesus Christ, whose guidance and strength made the completion of this qualification possible. My academic journey has been grounded in the principles reflected in Scripture, including *Proverbs 16:3* (“Commit your work to the LORD, and your plans will be established”), *Galatians 6:9* (“Let us not become weary in doing good”), and *Joshua 1:9* (“Be strong and courageous”), which have continually inspired and sustained me.

I extend my sincere appreciation to my husband, Philip, for his unwavering support, encouragement, and selfless assistance throughout this journey, all of which were instrumental in enabling me to complete this qualification.

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I acknowledge the Heads of the two government institutions for granting permission to conduct the research, as well as the relevant Unit Heads for their ongoing support; without these approvals and cooperation, this study would not have been possible.

I am deeply appreciative of all the participants who took part in the study. Their willingness to contribute made this research achievable.

Finally, I wish to thank my family, friends, and former colleagues for their continued support, encouragement, and motivation throughout the course of this qualification.

ABSTRACT/SUMMARY

DEVELOPING AN ETHICAL LEADERSHIP COMPETENCY FRAMEWORK FOR MANAGING THE EFFICIENCY OF INTERNAL CONTROLS AND ACCOUNTABILITY TO FACILITATE EFFECTIVE GOVERNANCE

by

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This study aimed to develop an ethical leadership competency framework to strengthen internal controls and accountability, thereby enhancing effective governance. A cross-sectional quantitative research design was employed, using a purposive sample of 274 permanently employed officials at post levels 9 to 15 from two national government institutions. The sample represented diverse sociodemographic characteristics, including age, race, gender, years of public service, staff category, and educational level. The study examined the relationships between ethical leadership, internal control, accountability, and effective governance, while also analysing perceptual differences across sociodemographic groups to inform the development of an ethical leadership competency framework and a governance and ethical leadership scorecard.

Data were analysed using descriptive statistics, correlation analysis, and inferential techniques, with structural equation modelling applied to test the relationships among the constructs. Ethical leadership was operationalised through three dimensions: character, influence, and morality. Effective governance was measured using six dimensions: inclusiveness, managerial structures, staff support, management controls, staff loyalty, and work–life balance. Internal control effectiveness was assessed through compliance frameworks and structures, compliance culture, risk management, and operational controls, while accountability management was measured at both strategic and operational levels.

The results revealed significant and positive relationships among ethical leadership, internal control, accountability, and effective governance. Ethical leadership was found to enhance accountability and strengthen internal control systems. Internal control emerged as the central pathway to effective governance, exerting a particularly strong influence on governance

outcomes. While ethical leadership plays a critical enabling role, the quality of governance was primarily driven by the robustness of internal control systems rather than leadership practices alone. Governance was most effective when ethical leadership behaviours were embedded within organisational practices, creating an environment conducive to accountability. Sociodemographic variables, including age, race, gender, length of public service, staff category, and education level, significantly influenced perceptions of ethical leadership, governance, internal control, and accountability.

This study contributes to the field of Business Administration by proposing an ethical leadership competency framework and scorecard to support the institutionalisation of ethical leadership, enhance internal controls and accountability, and promote effective governance in both public and private sector organisations.

KEY TERMS

Accountability; governance; internal control; management; ethical leadership; morality; leadership character; compliance; values; ethics; culture; principles.

OPSOMMING

DIE ONTWIKKELING VAN 'n ETIESE LEIERSKAPVAARDIGHEIDSRAMWERK OM DIE DOELTREFFENDE BESTUUR VAN INTERNE KONTROLES EN AANSPREEKLIKHEID VIR EFFEKTIEWE BESTUUR TE BEVORDER

deur

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(Besigheidsadministrasie)

Hierdie studie fokus op die ontwikkeling van 'n etiese leierskapvaardigheidsraamwerk om die doeltreffende bestuur van interne kontroles en aanspreeklikheid vir effektiewe bestuur te bevorder. 'n Dwarsnit kwantitatiewe navorsingsontwerp was gebruik vir die doelgerigte steekproef van 274 permanent aangestelde amptenare op posvlakke 9 tot 15 van twee nasionale staatsinstellings. Die steekproef het 'n verskeidenheid van verskillende sosiodemografiese groepe ingesluit naamlik ouderdom, ras, geslag, jare in die staatsdiens, posvlak en opleidingsvlak. Die studie het die verhoudings tussen etiese leierskap, interne kontrole, aanspreeklikheid en effektiewe bestuur ondersoek asook verskille tussen die verskillende sosiodemografiese groepe ten opsigte van die veranderlikes. Die resultate was gebruik vir die ontwikkeling van 'n leierskapvaardigheidsraamwerk en 'n telkaart vir die evaluering van leierskapsvaardighede.

Beskrywende statistiek, korrelasies en inferensiële statistiek was gebruik om data te analiseer. Die verband tussen die veranderlikes was getoets deur middel van strukturele vergelykingsmodellering. Etiese leierskap was gemeet deur drie faktore: karakter, invloed en moraliteit. Effektiewe bestuur was gemeet deur ses faktore: inklusiwiteit, bestuurstrukture, ondersteuning, bestuurskontroles, werknemerlojaliteit en werk-lewe balans. Interne kontrole effektiwiteit was gemeet deur nakomingsraamwerke en strukture, nakomingskultuur, risiko bestuur en operasionele kontrole. Aanspreeklikheid was gekategoriseer volgens strategiese en operasionele verantwoordelikhede.

Die resultate toon betekenisvolle en positiewe verhoudings tussen etiese leierskap, interne kontrole, rekenpligtigheid en effektiewe bestuur. Daar is bevind dat etiese leierskap

aanspreeklikheid bevorder en interne kontrole stelsels verbeter. Interne kontrole speel 'n kritieke rol in effektiewe bestuur wat bestuursprestasie betekenisvol beïnvloed, terwyl etiese leierskap 'n kritiese rol speel as instaatsteller. Die kwaliteit van bestuur word hoofsaaklik gedryf deur die robuustheid van die interne kontrole stelsels in plaas van leierskapspraktyke per se. Aanspreeklikheid is die doeltreffendste wanneer etiese leierskap gedrag deel vorm van organisasiepraktyke wat 'n omgewing skep wat bevorderlik is vir aanspreeklikheid. Die sosiodemografiese veranderlikes soos ouderdom, ras, geslag, jare in die staatsdiens, posvlak en opleidingsvlak het 'n betekenisvolle invloed op die persepsies van etiese leierskap, bestuur, interne kontrole en rekenpligtigheid gehad.

Die studie lewer 'n bydrae tot die vakgebied van Besigheidsadministrasie deur die aanbeveling van 'n etiese leierskapsaardigheidsraamwerk en die ontwikkeling van 'n telkaart om die institusionalisering van etiese leierskap te ondersteun, interne kontrole en aanspreeklikheid te verbeter, en effektiewe bestuur in beide die openbare en privaat sektor te bevorder.

SLEUTEL TERME

Aanspreeklikheid; bestuur; interne kontrole; etiese leierskap; moraliteit; leierskap karakter; nakoming; waardes; etiek; kultuur; beginsels.

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CHAPTER 1. INTRODUCTION AND RATIONALE FOR THE STUDY

1.1 INTRODUCTION

With reference to the article by Hassan, Wright and Yukl (2014) on '*Does Ethical Leadership Matter in Government? Effects on Organisational Commitment, Absenteeism and Willingness to Report Ethical Problems*', government organisations, worldwide, are required to reduce costs and find more efficient ways of providing public services within more complex, dynamic and interdependent environments. There is also increased demand from citizens for the government to be more responsive, transparent, and accountable (Hassan et al., 2014).

While prior studies such as Hassan et al. (2014) highlight the increasing complexity of public sector governance, similar trends have been observed globally. Evidence from OECD countries and emerging economies indicates that governments face growing pressure to improve transparency, accountability, and efficiency in increasingly complex governance environments (OECD, 2020; World Bank, 2021). These pressures are further intensified by digital transformation, fiscal constraints, and rising public expectations for ethical conduct.

From a theoretical perspective, these developments suggest that leadership behaviour plays a critical role in shaping organisational responses to governance challenges. Ethical leadership is increasingly recognised as a mechanism through which organisational values, accountability structures, and control systems are reinforced (Brown & Treviño, 2006; Eisenbeiss, 2012).

Weinberg (2014:344) drew on the saying "The fish rots from the head" to illustrate the critical role of ethical behaviour among government leaders. He explains that this idea is particularly relevant given numerous cases in which senior officials have been linked to bribery and other forms of misconduct. Weinberg (2014) further argued that unethical actions by those at the top not only influence the organisational climate but are also closely associated with reduced effectiveness among employees.

Drawing from these insights, it can be argued that ethical leadership is not merely a desirable attribute but a critical governance mechanism that influences organisational behaviour, accountability structures, and control effectiveness. In addition, the report highlighted that leaders have a responsibility to detect and respond swiftly to any breaches of these ethical standards.

In addition to the recommendations above, the Auditor-General has also issued several reports. The following two key reports, among others, emphasised the importance of conducting a more in-depth investigation to establish whether ethical leadership influences how effectively an institution implements internal controls and upholds accountability:

- a) The *Out of Bounds* report, issued on 31 March 2016, addressed a complaint concerning alleged breaches of the Executive Ethics Code by a former Member of Parliament. The investigation focused on claims that the individual had not properly declared their financial interests in the Parliamentary Register of Members' Interests and the Register of Executive Members (Public Protector, 2016a).
- b) The "*Who Tampered?*" report, published in September 2016, examined allegations of maladministration by Eskom. The inquiry concerned accusations of unjustified electricity disconnections and the improper charging of tampering and reconnection fees (Public Protector, 2016b)

This study focused on developing an Ethical Leadership Competency Framework to enhance the efficiency of internal controls and accountability, thereby facilitating effective governance.

1.2 BACKGROUND TO AND MOTIVATION FOR THE STUDY

Weinberg (2014) discussed the study by Hassan et al. (2014), titled *Does Ethical Leadership Matter in Government? Effects on Organisational Commitment, Absenteeism and Willingness to Report Ethical Problems*, noting that it introduced three hypotheses on ethical leadership, which later informed broader research. Weinberg (2014) further emphasized that more comprehensive investigations are

necessary, particularly those that examine public sector employees across various roles and hierarchical levels, and that consider demographic and regional factors. He also stressed the importance of future research examining ethics training initiatives in relation to the nature of the government institution being studied, such as whether it is overseen by an elected or appointed leader, as well as the scope and mandate of the organisation.

Building on the research areas identified by Weinberg (2014) and considering the audit findings, remarks, and observations made by the AGSA (2014-15) about leadership, control, and accountability shortcomings in public sector institutions, it becomes essential to examine whether ethical leadership contributes to strengthening internal controls and enhancing accountability.

The importance of ethical leadership, internal control, accountability, and governance extends beyond the South African context and has attracted increasing international attention. Across Organisation for Economic Co-operation and Development (OECD) countries, public-sector reforms have consistently emphasised the need for leadership that promotes integrity, accountability, transparency, and ethical decision-making as foundations of effective governance. The OECD (2020) noted that public trust in government institutions is closely linked to leaders' ability to foster ethical cultures, strengthen accountability mechanisms, and ensure that internal control systems operate effectively. Similarly, the International Federation of Accountants (IFAC, 2022) highlighted that governance failures in both developed and developing countries are frequently associated with weaknesses in ethical leadership, oversight structures, and organisational accountability. Studies conducted in the United States, Canada, Australia, and several European countries have reported that ethical leadership contributes positively to organisational commitment, employee trust, compliance behaviour, and the effectiveness of governance systems (Hassan et al., 2014; Eisenbeiss, 2012; Bedi, Alpaslan & Green, 2016).

Comparable challenges have also been documented in developing-country contexts. Research conducted in Asia, Africa, and Latin America has shown that public-sector organisations continue to struggle with corruption, weak accountability systems, ineffective internal controls, and governance failures despite the existence of formal

regulatory frameworks (United Nations Development Programme [UNDP], 2022; Transparency International, 2023). In many cases, governance deficiencies have been linked not only to procedural weaknesses but also to shortcomings in leadership behaviour and organisational ethical culture. Recent studies suggest that ethical leadership plays a critical role in strengthening institutional capacity by promoting compliance, improving accountability practices, reducing unethical conduct, and enhancing governance performance (Abuzaid et al., 2024; Al Halbusi et al., 2024). These international findings indicate that the relationship between ethical leadership, internal control, accountability, and governance represents a global governance concern rather than one confined to a specific national setting, thereby reinforcing the relevance and significance of the present study.

In presenting the 2014-15 Consolidated Annual General Report on national and provincial audit results, Auditor-General Kimi Makwetu indicated that government departments at both levels could have realised far stronger audit performance had they acted more promptly and effectively on the recommendations issued by his office to improve internal controls and mitigate governance-related risks.

In addition, the Auditor-General of South Africa (AGSA, 2014-15) observed that internal control systems showed little progress and emphasised the need to reinforce several key areas. These included:

- a) fostering leadership that upholds integrity, ethical conduct, and sound governance principles;
- b) implementing and utilising audit action plans to remedy weaknesses in internal controls; and
- c) consistently reviewing and monitoring adherence to legislative requirements.

The AGSA (2014-15) further noted that a key leadership challenge is implementing processes and procedures in daily disciplines to enforce compliance with legislation.

Further examples of leadership challenges in government entities were also identified by AGSA, for example, in the financial statements of state-owned government entities.

The persistence of these governance failures suggests that technical compliance mechanisms alone are insufficient to address systemic weaknesses. From a theoretical standpoint, this raises questions regarding the behavioural and leadership drivers underpinning control effectiveness. Ethical leadership theory proposes that leaders influence organisational norms, decision-making processes, and accountability practices through role modelling and reinforcement mechanisms (Brown et al., 2005).

Accordingly, the recurring audit findings may not only reflect procedural deficiencies but also deeper leadership and ethical culture challenges within public sector institutions.

PetroSA's 2015 Integrated Annual Report highlights significant governance and control challenges within the organisation. The entity faced substantial unfunded rehabilitation liabilities, reflecting weaknesses in financial planning and compliance with statutory obligations under the National Environmental Management Act (Act No. 107 of 1998). In addition, irregular, fruitless, and wasteful expenditures point to deficiencies in internal control systems and accountability mechanisms (PetroSA, 2015).

The Auditor-General of South Africa (AGSA) further identified persistent non-compliance with legal and regulatory requirements, emphasising the need for stronger oversight, regular assessment of control activities, and continuous improvement of organisational policies and procedures. These findings suggest that existing control mechanisms were insufficiently embedded and enforced.

Moreover, PetroSA's reported financial losses and inability to meet performance objectives were linked to internal inefficiencies and leadership shortcomings (Writer, 2015). Collectively, these issues illustrate the interplay between weak internal controls, inadequate accountability, and leadership failures, reinforcing the need to examine ethical leadership as a potential driver of improved governance outcomes. The persistence of these governance failures suggests that technical compliance mechanisms alone are insufficient to address systemic weaknesses. From a theoretical standpoint, this raises questions regarding the behavioural and leadership

drivers underpinning control effectiveness. Ethical leadership theory proposes that leaders influence organisational norms, decision-making processes, and accountability practices through role modelling and reinforcement mechanisms (Brown et al., 2005). These examples illustrate recurring patterns of governance failure, including weak internal controls, inadequate financial oversight, and ineffective leadership accountability. From a conceptual perspective, such failures highlight the need to examine the role of ethical leadership as a potential driver of improved governance outcomes.

The eThekweni Municipality's 2014/15 Annual Report drew attention to issues raised by the Auditor-General of South Africa (AGSA), who identified significant uncertainties within the Municipality's financial statements for that year. These included several legal claims filed against the Municipality. The AGSA indicated that the outcomes of these cases were still unknown and, as a result, no provisions for potential liabilities were recorded in the financial statements. The AGSA also reported notable losses and asset impairments. The Municipality, for instance, recorded material water losses amounting to R669 million (134.33 kl), an increase from R602 million (131.02 kl) reported in 2014. This escalation was primarily due to illegal water connections and infrastructure deterioration. Furthermore, the Municipality made a provision for doubtful debts amounting to R2.5 billion (compared to R2.01 billion in 2014) in respect of consumer debtors, as the recoverability of these amounts was deemed uncertain (eThekweni Municipality, 2015).

The AGSA's 2022-23 Consolidated Annual Report on Local Government audit outcomes highlighted that, despite various commitments to improve, progress in the local government sphere has been slow, producing only modest gains. Just 34 municipalities, about 13% obtained clean audit opinions. Since the 2020/21 financial year, audit results have improved for 45 municipalities, while 36 have regressed. Although 43% of municipalities received unqualified audit opinions, these were still accompanied by shortcomings in performance reporting and/or legislative compliance. Of those in the 43%, 77 municipalities received the same audit opinion as in previous years, suggesting limited effort or success in enhancing their audit performance (AGSA, 2022-23).

In its 2023-24 Consolidated Annual Report on National and Provincial Government Audit Outcomes, the AGSA acknowledged an improvement in audit results compared to previous years, while noting that the overall pace of progress remains slow. AGSA further noted that the audit outcomes of more national and provincial auditees have improved in the 2018/19 financial year than those that have regressed. By the 2023/24 financial year, 139 auditees had improved their audit outcomes, compared with 50 that regressed, resulting in a 24% improvement (AGSA, 2023-24).

1.3 **KEY CONCEPTS IN THE STUDY**

To ensure conceptual clarity and alignment with the empirical component of this study, the key constructs outlined above are operationalised into measurable dimensions. Ethical leadership is conceptualised in terms of integrity, fairness, accountability, and transparency; internal controls are operationalised through control environment, risk management, and compliance mechanisms; accountability is measured through answerability, transparency, and enforcement; and governance is assessed in terms of effectiveness, efficiency, and ethical compliance.

These operational definitions provide the foundation for developing the measurement instrument and for subsequent empirical analysis.

1.3.1 **Accountability of accounting officers**

Mathebula (2015) explained that accountability refers to the process by which individuals and organisations provide reports to an authorised body and accept responsibility for their decisions and actions. Accountability is viewed as an essential element for enhancing government performance, strengthening corporate governance practices, ensuring sound public financial management, and improving service delivery (Mathebula, 2015).

Under the Public Finance Management Act (Act 1 of 1999), the national Minister and the provincial MEC act as the political leaders of their respective departments and are accountable for setting policy direction and overseeing the outcomes linked to those policies. The administrative leadership, namely the Director-General of a national

department or the head of a provincial department, acts as the accounting officer for that department (National Treasury, 1999).

Section 52 of the Municipal Finance Management Act (MFMA) (Act 56 of 2003) assigns the mayor as the municipality's political leader, while Section 60 designates the municipal manager as the accounting officer (National Treasury, 2003). However, because this study focuses on national government, the discussion is guided by the Public Finance Management Act (PFMA). According to Section 38(1)(a) of the PFMA (National Treasury, 1999), as amended, accounting officers of national departments, trading entities, and constitutional institutions have defined accountability obligations. They are required to create, maintain, and oversee internal control systems that are transparent, effective, and efficient. Section 38(1)(b) further obliges accounting officers to ensure that departmental resources are managed economically, efficiently, effectively, and transparently, and to take disciplinary steps against officials responsible for unauthorised, irregular, or fruitless and wasteful expenditure.

According to the PFMA (National Treasury, 1999), unauthorised expenditure occurs when spending exceeds the approved budget vote or its primary divisions, or when funds are used for purposes not originally permitted. Irregular expenditure refers to spending, other than unauthorised expenditure, that is incurred in contravention of legislation such as the PFMA or its associated regulations. Fruitless and wasteful expenditure is defined as spending that produces no value and could have been avoided had reasonable care been taken.

To advance the objectives of the Public Finance Management Act (PFMA), the State Tender Board Act (Act 86 of 1968) was amended to grant accounting officers enhanced control over departmental procurement activities and the procedures used to obtain goods and services (Munzhedzi, 2016). However, the shift toward a decentralised procurement system led to several unintended difficulties. Among these were inadequate skills and capacity, poor adherence to established policies and regulations, weak accountability mechanisms, and an increase in instances of corruption (Munzhedzi, 2016).

1.3.2 **Corporate governance**

Biegelman and Bartow (2012) characterised corporate governance as a framework of oversight mechanisms that balances the roles of management and other stakeholders to support lawful, efficient, and effective organisational operations. They also highlighted that the essence of corporate governance lies in upholding principles such as fairness, integrity, and openness.

According to KPMG (2016), the King IV Report, released on 1 November 2016, introduces an outcomes-driven governance model that places responsibility on governing bodies to realise four central results: ethical leadership, strong performance, sound control, and stakeholder legitimacy. Implemented from 1 April 2017, King IV builds on the principles of King III and aligns its governance guidance with global best practices. The Report also aligns with evolving trends in corporate governance by strengthening the responsibilities of governing bodies, raising compliance standards, introducing further governance structures, and responding to new risks and opportunities arising from technological developments and shifting disclosure and reporting expectations.

1.3.3 **Compliance by the organisation with ethical standards**

Biegelman and Bartow (2012) highlighted the following seven steps for compliance with the 'Federal Sentencing Enhanced Guidelines for Organizational Crimes', which could improve the internal control environment of any organisation to improve compliance and curb irregularities:

a) **Development of compliance standards:**

Organisations should create and implement clear standards and procedures designed to prevent and detect unlawful behaviour, while ensuring that operations are aligned with all relevant legal requirements.

b) **Leadership commitment and fostering a compliance culture:**

The organisation's governing body must have a thorough understanding of the compliance and ethics programme, taking responsibility for overseeing its

implementation and performance. Specific personnel should be appointed to manage the daily operations of the compliance programme. These individuals are expected to report regularly to senior management and, where necessary, to the governing authority on the programme's progress and effectiveness. They must also be granted sufficient authority, resources, and direct access to the leadership to effectively carry out their duties.

c) **Preventing the involvement of unsuitable individuals:**

The organisation is expected to act responsibly and take proactive measures to prevent the hiring or appointment of individuals with known records of illegal or unethical conduct. Due diligence processes should be used to identify such risks before hiring or contracting.

d) **Education, communication, and awareness:**

The organisation must implement appropriate measures to regularly inform and educate employees about the compliance and ethics programme, including its standards, procedures, and individual responsibilities. Training efforts should primarily target senior management, board members, employees, and, when necessary, external agents representing the organisation.

e) **Monitoring, auditing, and performance evaluation:**

Regular monitoring and auditing should be undertaken to verify adherence to the compliance and ethics framework and to identify any instances of potential misconduct. The organisation should periodically review and assess the effectiveness of the programme. Additionally, secure and confidential reporting channels, such as anonymous hotlines should be made available to employees and agents to report or seek advice on suspected or actual wrongdoing without fear of retaliation.

f) **Incentives and disciplinary measures:**

The organisation should actively promote compliance by rewarding ethical conduct and adherence to compliance principles. Conversely, appropriate and consistent disciplinary action should be taken against individuals who engage in, or fail to prevent, unethical or illegal conduct.

g) **Corrective and preventive measures:**

Upon identifying criminal or unethical behaviour, the organisation must respond promptly and effectively to address the issue. The compliance and ethics framework should be reviewed and improved to prevent future occurrences. Regular risk assessments should also be conducted to identify potential vulnerabilities and strengthen preventive measures accordingly.

Standard Bank's Sustainability Report (Standard Bank Group, 2014) highlighted the importance of ensuring that the organisation's operations keep pace with the speed, intensity, and breadth of regulatory changes, particularly given the substantial financial penalties and other sanctions that can result from failing to comply with environmental legislation.

In his article "*South African public sector procurement and corruption: Inseparable twins?*", Munzhedzi (2016) noted that public-sector procurement is highly prone to corruption, administrative weaknesses, and poor management practices. He linked this susceptibility to issues such as political interference, non-compliance with legal requirements, and other unethical behaviours.

According to Mathebula (2014), law can be used to create a moral culture that limits corruption and malpractices in the management of government funding and prevents public servants from engaging in or accepting bribes. However, if the law fails to change the attitudes and behaviours of citizens, it may result in a moral conflict where government officials act in their own interest (Mathebula, 2014). Mathebula (2014:943) noted that "*culture that supports good morals produces change*". South Africa could therefore limit corruption if priority is given to changing the behaviour, cultural norms, and morality of its citizens.

1.3.4 Efficiency and effectiveness

Alsemgeest, Booysen, Bosch, Boshoff, Botha, Cunningham, Henrico, Musengi-Ajulu and Visser (2018) described efficiency as carrying out tasks in a manner that keeps costs low while making optimal use of scarce resources. Similarly, Botha and Vrba (2022) and Van der Waldt (2023) affirmed that efficiency is concerned with achieving intended results by utilising limited resources, whether financial, human, or otherwise, as effectively as possible. Resources are, in general, limited, and it is not always affordable to increase them to achieve the outcomes and deliver the required outputs within the set timeframe. It is therefore crucial to utilise available resources as efficiently as possible (Bourne & Bourne, 2022). The term efficiency relates to “*doing things right*” (Bourne & Bourne, 2022: 7; Botha & Vrba 2022: 45).

Alsemgeest et al. (2018) indicated that **effectiveness** relates to the way operations are executed to achieve the best value of the organisation. Botha and Vrba (2022) supported Alsemgeest et al. (2018) and noted that effectiveness refers to the formulation and achievement of appropriate goals by an organisation. Van Der Waldt (2023) supported Alsemgeest et al. (2018), who stated that effectiveness relates to an organisation's ability to achieve the desired result and meet the set objectives. Effectiveness relates to “*do the right thing*” (Bourne & Bourne, 2022: 7; Botha & Vrba 2022: 45).

Organisations should ensure that their scarce resources are utilised both effectively and efficiently to accomplish their established goals. It is the responsibility of managers to maintain a balance between achieving organisational objectives and optimally utilising available resources. Placing too much focus on either effectiveness or efficiency alone may result in poor management outcomes (Botha & Vrba, 2022).

1.3.5 Ethics

Lakshimi (2014) explained that ethics entail setting moral principles based on widely accepted values and beliefs about what is right or wrong, as well as what is viewed as good or bad.

The Public Sector Integrity Management Framework (Department of Public Service and Administration, n.d.) describes ethics as the set of moral principles that determine what is right or wrong and identify the duties and responsibilities individuals have toward society. Ethics guide how people should behave, interact with others, and conduct their daily lives by providing principles for morally acceptable conduct. The Framework further emphasised that ethical conduct within the Public Service is a constitutional obligation. Section 195(1) of the Constitution (Republic of South Africa, 1996) states that public administration should embody democratic values and principles, one of which is the cultivation and upholding of strong professional ethical standards.

Concerns have been raised regarding the deterioration of ethical conduct within corporate South Africa (Van der Walt, Jonck & Sobayeni, 2016). According to Van der Walt et al. (2016), the pressures arising from the country's sluggish economic conditions often lead employees to take shortcuts, disregard regulations, or engage in unethical practices. In such an environment, where unethical conduct becomes widespread, fostering ethical decision-making and objectively evaluating the consequences of actions becomes increasingly challenging (Van der Walt et al., 2016).

Furthermore, Van der Walt et al. (2016) argued that ethical behaviour is also shaped by the nation's historical context and the growing diversity within the workforce. Their study observes that the South African workforce is growing increasingly diverse, with greater variation in age, gender, ethnicity, culture, values, and belief systems. As a result, organisational leaders must recognise generational and cultural differences and place stronger emphasis on promoting ethical standards and reinforcing integrity through human resource policies (Van der Walt et al., 2016).

Lakshimi (2014) emphasised that ethics are critical in leadership decision-making, which is the main area where ethical challenges need to be resolved, and difficult choices must be made between right and wrong, good and bad. Lakshimi (2014) suggested that one way to bring ethics into an organisation is through the development and implementation of an 'Ethical Orientation' plan, which considers strategic decisions from an ethical perspective.

1.3.6 Ethical leadership

Crews (2015:33) described ethical leaders as those who demonstrate honesty, integrity, fairness, and genuine concern for others' well-being.

Building on the work of Crews (2015), the King IV Report (King, 2016) emphasised that ethical leadership is founded on qualities such as integrity, capability, responsibility, accountability, fairness, and openness. The report further stresses that leaders who act ethically should be proactive in recognising and mitigating any potential adverse impacts that an organisation's decisions, resource allocations, and activities may have on the broader economy, society, or the natural environment.

Crews (2015) proposed that ethical leadership is characterised by three central themes: alignment with organisational values, sound governance practices, and a focus on building strong relationships. In a subsequent study, Crews (2015) provided a further explanation of the key elements that comprise each of these themes, outlining their distinctive features.

- a) Value alignment encompasses traits such as integrity, courage, and trustworthiness. Respondents in the study regarded this principle as a vital component of an ethical leader's character. An individual's character is reflected through enduring qualities, attitudes, and beliefs that shape their perceptions, actions, and overall way of life.

- b) Governance refers to the organisational structures and processes that promote accountability. It includes the administrative systems, regulations, and policies that guide an organisation's operations. Governance can be divided into two primary dimensions: accountability and discernment. Ethical leaders are expected to exercise these responsibilities while considering economic, social, cultural, and environmental factors.

- c) Relationship-centeredness focuses on fairness and altruism. Leaders who embody this quality actively foster inclusivity and demonstrate genuine concern for others by encouraging open and participatory communication.

According to a study by Sarwar (2013), a need was identified to enhance ethically effective leadership performance. The study by Sawar (2013) found that respondents may require the same or different attributes across three performance levels: *other leadership aspects*, *outcomes*, and *work-related values*. The study also proposed that implementing specific training strategies could help improve and align ethically effective leadership performance with the desired standard of ethical leadership. However, Sarwar (2013) pointed out that additional factors should be considered to reach a more comprehensive and definitive conclusion on this matter.

The findings of Hogan and Evans (2013) suggest that the quality and consistency of a firm's earnings may improve when management sends a consistent ethics message to all role-players (internal and external) and stakeholders and translates words into action. This finding specifically relates to the alignment between resource allocation and ethical principles, as well as the firm's strategy (Hogan & Evans, 2013).

1.3.7 **Good governance**

The governance tone at the top has implications for employee actions (Njanike Mutengezanwa & Gombarume, 2011). The Public Sector Integrity Management Framework (Department of Public Service and Administration, n.d.) outlines eight core components that form the foundation of good governance. These include promoting participation, fostering consensus, ensuring accountability and transparency, and encouraging responsive, efficient, and effective administration. The framework also highlights the importance of equity, inclusivity, and adherence to the rule of law. Collectively, these principles seek to reduce corruption and ensure that the interests of society's most vulnerable members are adequately considered.

Section 217 of the Constitution (Republic of South Africa, 1996) upholds these governance principles by mandating that all procurement processes, pertaining to goods, services, or construction, be carried out in a manner that is fair, equitable,

transparent, competitive, and cost-effective (Republic of South Africa, 1996). To realise this constitutional requirement, the public service must adhere to certain key standards (National Treasury, 2015), including:

- Upholding and fostering strong standards of professional ethics.
- Ensuring that resources are utilised in an efficient, economical, and cost-effective way.
- Providing services in an impartial, fair, and equitable manner.
- Ensuring accountability in all organisational activities.
- Enhancing transparency by making accurate, timely, and accessible information available to the public.

Although these principles exist, submissions from accounting officers and authorities to the National Treasury, together with audit findings from the Auditor-General of South Africa (AGSA), indicate that difficulties in complying with the Supply Chain Management (SCM) regulatory framework persist (National Treasury, 2015). The findings highlighted persistent shortcomings in both policy implementation and operational management, coupled with insufficient institutional oversight to ensure effective enforcement of SCM laws, regulations, norms, and standards, all of which are essential to achieving public service delivery goals.

The National Treasury highlighted that reducing waste in the public sector requires eliminating corruption and promoting improved performance, ethical behaviour, integrity, transparency, and accountability. Weaknesses in governance and compliance, such as fronting, bribery, nepotism, collusion, fabricated quotations, undisclosed conflicts of interest, forgery, and improper tender splitting, are frequently associated with fraudulent conduct. Despite a comprehensive legislative framework being in place, the National Treasury (2015) noted that these issues persist, largely due to inadequate enforcement and poor adherence to existing regulations. As a result, the Treasury urged stronger cooperation between government bodies, the private sector, civil society, and other stakeholders to promote integrity and rebuild public trust in supply chain management (SCM) processes.

In addition, the National Treasury (2015) emphasised that integrity is crucial in ensuring that public funds, resources, and assets are utilized solely for their

designated purposes and in ways that serve the public interest. The Treasury identified several integrity breaches, which include:

- Corrupt activities, including bribery, nepotism, fraud, theft of resources, conflicts of interest, collusive behaviour, and interference in bidding processes;
- Misuse or manipulation of information and organisational procedures; and
- Discriminatory actions, along with the improper use or squandering of public funds and assets.

According to the National Treasury (2015), establishing transparent, professional, and legally compliant interactions between suppliers and public institutions is crucial for minimizing the likelihood of integrity breaches. Open and transparent procurement processes are considered essential for reducing corruption, improving governance, ensuring value for money, and enabling the provision of high-quality public services.

The National Treasury (2015) further advised that procurement systems should be reinforced by coordinated oversight and uniform standards, greater transparency and disclosure, and the adoption of a clear accountability framework. This framework should ensure that both public officials and private-sector entities are held responsible for any losses resulting from noncompliance, fraud, or corruption.

1.3.8 Internal audit function

According to Treasury Regulation 3.2.11 (National Treasury, 2005), the internal audit unit is responsible for supporting the accounting officer by ensuring that internal control mechanisms function properly. This includes reviewing whether these controls are sufficient, efficient, and effective, and recommending improvements where necessary. The assessment should consider not only how effectively the institution operates but also the degree to which it adheres to applicable laws, regulations, and control frameworks.

Treasury Regulation 3.2.12 (National Treasury, 2005) also emphasises that internal audit is essential in supporting the accounting officer to fulfil the organisation's objectives. This is done by reviewing and suggesting improvements to processes related to:

- a) the formulation and communication of organisational goals and core values;
- b) the monitoring of progress towards achieving the set goals;
- c) the reinforcement and maintenance of accountability mechanisms; and
- d) the safeguarding and promotion of ethical and corporate values.

According to Njanike et al. (2011), the key components of internal control systems consist of the control environment and control procedures. Historically, internal controls were primarily designed to ensure that employees' actions aligned with management's directives. Njanike et al. (2011) noted that contemporary internal control frameworks have expanded beyond traditional practices to encompass several key components. These include management supervision, promoting a sound control culture, identifying and evaluating risks, overseeing operational activities with appropriate separation of duties, ensuring effective information flow and communication, continuous monitoring, and rectifying any weaknesses detected.

The King III Report also highlighted the important contribution of internal auditors in reviewing an organisation's risk management practices. Their duties involve carrying out annual assessments and providing reports on whether the organisation's internal control systems are sufficient and function effectively (Meyer, Roodt & Robbins, 2011).

1.3.9 Internal controls

According to the Florida Gulf Coast University (2007) presentation titled "*Internal Control – An Overview*," there are four fundamental types of internal controls: preventive, detective, corrective, and compensating controls. The University explained that a *control point* refers to a stage in a process where an error or irregularity is most likely to occur, thereby necessitating the implementation of a control measure.

Florida Gulf Coast University (2007) emphasised that internal control represents one of the four fundamental management functions, namely planning, directing, leading, and controlling. Effective internal controls enable managers to delegate responsibilities with confidence that desired outcomes will be achieved. Accordingly, managers are required to establish appropriate internal controls for each activity under their supervision. The University also identified three key functions of internal control

systems: supporting efficient and effective operations, promoting reliable and accurate financial reporting, and ensuring compliance with applicable laws and regulations.

The Florida Gulf Coast University (2007) identified several major threats to an organisation's internal control structure. These threats remain highly relevant today and include the following:

a) **Management override**

Even a well-designed control system becomes ineffective when management overrides it, negating its intended risk mitigation.

b) **Access to assets**

Proper control over asset access is essential to safeguard them. Limiting and monitoring access helps prevent misuse or theft.

c) **Substance over form**

Controls that appear robust on paper may, in practice, lack real effectiveness. The substance and actual operation of controls are more important than their formal design.

d) **Conflicts of Interest**

When employees face divided loyalties, there is a risk they may act in ways that harm the organisation's interests. Effective internal controls must address and mitigate such conflicts.

e) **Failure to Anticipate Risks**

If management fails to identify or anticipate potential risks, it may not develop and implement the necessary controls to address them.

f) **Collusion**

Internal controls can be undermined when two or more employees conspire to bypass or manipulate them. Controls must therefore include measures to detect and deter collusion.

According to the Florida Gulf Coast University (2007), internal controls are essential for ensuring accountability by public sector managers in managing the resources entrusted to them for implementing government programmes. These controls support effective management by aligning departmental policies and procedures to help protect organisational assets, enhance the accuracy and reliability of information, improve operational performance, and reinforce adherence to sound governance practices.

Biegelman and Bartow (2012) emphasised the importance of the Committee of Sponsoring Organizations' (COSO) Internal Control–Integrated Framework as a foundational guide for designing and sustaining effective internal control systems. When applied correctly, this Framework enhances organisational performance, improves the accuracy and dependability of financial reporting, and supports adherence to relevant legal and regulatory obligations.

Biegelman and Bartow (2012) noted that the Framework outlines five fundamental components that underpin a well-functioning internal control system.

- a) **Control environment:** This element establishes the organisational culture by influencing ethical conduct, discipline, and the overall structural setup.
- b) **Risk assessment:** Management identifies and evaluates potential risks that may hinder the achievement of strategic and operational goals.
- c) **Control activities:** This element encompasses the policies and procedures designed to ensure that management's directives are implemented and that identified risks are managed effectively.
- d) **Information and communication:** Clear and consistent communication channels enable employees to understand their roles in maintaining internal controls and the significance of those responsibilities.

- e) **Monitoring:** Continuous evaluation by management and internal or external auditors ensures that control systems remain effective and compliant with established requirements.

Okubena (2016), in the article titled “*Accountability and Transparency: Procurement Issues in Selected Municipalities in South Africa,*” noted that more rigorous application and enforcement of internal control practices can significantly improve public sector supply chain management. The study further underscores the need to reorganise institutional structures to promote a clear separation of duties among stakeholders responsible for different supply chain management activities.

1.3.10 Leadership

According to Bourne and Bourne (2022), leaders are those individuals within an organisation who guide its activities, foster a conducive work environment, and unite employees to carry out tasks aimed at achieving the organisation’s goals.

Bourne and Bourne (2022) identified the following reasons for the changes in leadership over the past years:

- Complexity and specialisation, which make it impossible for a leader to know and understand everything, including technology and the number of relationships that organisations require for their operations. Therefore, a leader must consider the input and advice of others who may have a better understanding of these matters.
- Employee expectations. The relationship between employees and employers has undergone significant changes. Employees are also better educated and want to be more involved in how work is done to improve job satisfaction. Employees typically do not stay in one organisation for long periods during their career and instead move between different employers or organisations to meet their job expectations. The introduction of new technologies enables employees to work remotely from home or other locations outside traditional office structures, with leadership implications that require greater trust in employees.

- Availability of information has become easier than in the past. This allows stakeholders and other interested parties to more readily draw on available information and social media platforms to share their perspectives and comment on an organisation's activities and overall performance.

The above changes to the leadership environment result in a less structured, more complex working environment, with a higher demand for flexibility and adaptability in response to rapid change. Thus, the traditional command-and-control model of leadership is difficult to apply. Furthermore, modern leaders are expected to craft a convincing long-term vision and cultivate a positive organisational culture, while engaging collaboratively with key stakeholders and experts to ensure that the organisation achieves its goals and performance targets (Bourne & Bourne, 2022).

1.3.11 **Organisational culture**

Marinova (2005) investigated how an organisation's culture affects employees' understanding of their roles and the behaviours that follow from those perceptions. The research identified four primary cultural types within organisations, such as: clan, entrepreneurial, market, and hierarchical. Each of these cultural types establishes distinct expectations for how employees should act. These expectations subsequently influence role-related behaviours such as cooperation, innovation, goal achievement, and adherence to rules. The study also examined the contextual factors that shape the connections between organisational culture and role perceptions, as well as between these perceptions and employees' actual conduct. The results largely supported the proposed relationships, demonstrating that organisational culture significantly determines which behaviours are valued and encouraged in the workplace. Moreover, Marinova (2005) found that the strength of organisational culture moderated the link between culture and role behaviours, with notable effects observed in both clan and hierarchical cultures.

Nwibere (2013) supported Marinova's (2005) findings by emphasising that organisational culture significantly influences how employees establish their personal and job-related goals, perform their duties, and apply resources to achieve organisational objectives. Nwibere (2013) added that organisational culture affects

both the conscious and unconscious ways in which individuals think, make decisions, interpret situations, experience emotions, and behave. According to Nwibere (2013), organisational culture exerts a substantial impact on key aspects such as employee performance and commitment.

Kotter and Heskett (1992) emphasised that certain corporate cultures are more effective at adapting to change and sustaining organisational performance than others. Supporting this view, Nwibere (2013) found that corporate culture significantly influences a firm's long-term economic performance. Nwibere (2013) further observed that organisations fostering cultures that prioritise key managerial constituencies, customers, stockholders, and employees tend to promote leadership across all managerial levels, and as a result, outperform those lacking such cultural attributes.

Nwibere (2013) emphasised that corporate culture is a critical factor in driving organisational success and achieving strategic goals. However, this success largely depends on developing and sustaining a culture that aligns with and reinforces the organisation's managerial values, attitudes, and behaviours (Nwibere, 2013).

Hassan et al. (2014) indicated that ethical leadership is essential for encouraging employees to voice and report ethical concerns within the organisation. They argued that such transparency is essential for fostering an ethical organisational environment within the public sector. This type of environment helps deter unethical behaviour and reflects employees' confidence that leadership will handle reported issues fairly and appropriately.

Hassan et al. (2014) argued that ethical leadership can boost employees' commitment to their organisation, which may in turn reduce staff turnover, improve job performance, and encourage organisational citizenship behaviours. They also reported that their study was the first to demonstrate a link between ethical leadership and reduced employee absenteeism. In addition, they emphasised the value of monitoring absenteeism, as unusually high levels may signal possible misuse or abuse of sick leave provisions.

Demirtas (2015) highlighted that the ethical values held by managers, along with the ethical perspectives of organisational members, such as absolutism, exceptionism, situationism, and subjectivism, can negatively influence the organisation. Furthermore, Demirtas (2015) highlighted that how employees perceive and emotionally react to unethical conduct by their leaders significantly influences their own behaviour in the workplace.

Duncan, Ginter, and Swayne (1998) noted that as internal and external environments become increasingly complex and exert greater pressure on organisational operations, it becomes essential for managers to have a solid grasp of the organisation's strengths, resources, and competencies. Supporting this view, Hogan and Evans (2013) noted that one of the key challenges for management is effectively directing the firm's limited resources to support its various objectives and achieve sustainable, long-term success.

Babalola, Stouten, and Euwema (2016) determined that frequent changes in an organisation can lead to the voluntary quitting of jobs by employees, and that ethical leadership can influence the self-esteem of employees. Babalola et al. (2016) noted that ethical leadership encourages positive social learning and organisational development, creating a workplace where employees feel appreciated, experience greater self-worth, and are less likely to consider leaving the organisation.

Cho, Park, Kim and Song (2015) found that ethical leadership enhances employees' in-role performance by fostering a stronger sense of psychological ownership, which in turn improves their work outcomes. When employees feel a personal stake in their organisation, they tend to act more responsibly and show greater commitment. In the modern, fast-paced work environment, employees are increasingly required to take on diverse responsibilities, illustrating the shifting expectations embedded in the psychological contract between organisations and their staff. Individuals who are intrinsically motivated tend to participate actively in both their assigned duties and additional voluntary activities, thereby advancing their personal development and strengthening overall organisational effectiveness.

Cho et al. (2015) found that granting employees greater autonomy and assigning them supportive work responsibilities can enhance the impact of ethical leadership on their role performance. Their study also showed that psychological ownership serves as an important mediating factor between ethical leadership and employee behaviour in public sector settings, especially where employees do not have formal ownership stakes in the organisation.

Ljungholm (2015) stressed that cultivating a culture of trust within an organisation is essential, as it enables public managers to shape ethical behaviour and support the development of sound ethical judgement. Ljungholm (2015) further indicated that the organisational environment of public managers impacts decision making, performance, and ethical conduct. He also highlighted that ethical standards could serve as an inspiration for performance, operationalising values and promoting conduct that is appropriate for the public service.

1.3.12 **Risk Management**

Meyer et al. (2011) pointed out that organisations allocate financial resources with the expectation of earning returns that correspond to the level of risk undertaken. Therefore, ineffective monitoring and management of risks can negatively affect the attainment of organisational goals. Meyer et al. (2011) stressed that effective risk management is crucial for improving operational performance, maintaining compliance with legal and regulatory obligations, ensuring the organisation's long-term sustainability, delivering dependable information to stakeholders, and encouraging ethical and responsible employee conduct.

Meyer et al. (2011) emphasised that managing human resource (HR) risks has become increasingly important in modern organisations, noting that these risks are closely linked to overall organisational risk exposure. The global nature of HR functions exposes organisations to a wide range of risks, including political instability, fraud, terrorism, regulatory changes, health and safety issues, human rights violations, and intellectual property challenges. HR risk refers to any people-, culture-, or governance-related factor that introduces uncertainty into the business environment and may negatively impact organisational performance or the ability to address risks

effectively. Meyer et al. (2011) advised that human resource professionals should adopt a proactive approach by ensuring that:

- Risk management practices are fully integrated into all organisational activities, including initiatives aimed at managing change.
- The influence of human and cultural dimensions is acknowledged by considering the capabilities, attitudes, and motivations of both internal and external stakeholders who may either facilitate or obstruct the achievement of organisational goals.
- Managers receive the necessary support to align organisational culture with established risk management frameworks and policies.
- Performance management systems include risk-related measures that correspond with the organisation's broader performance objectives.
- HR practitioners are key to ensuring adherence to legal and regulatory requirements and to building employee capability by providing orientation and continuous training in risk management.
- Organisational designs clearly outline responsibilities and accountability mechanisms for effective risk governance.
- Collaborative relationships with internal stakeholders are developed to shape perceptions, build mutual trust, and strengthen shared organisational values.

1.3.13 **Values and principles for the public service**

The Explanatory Manual on the Code of Conduct for the Public Service (Department of Public Service and Administration, 2002) explains that the core values and principles underpinning South Africa's public service are rooted in the Constitution. These constitutional requirements mandate that public service activities embody democratic principles and uphold exemplary professional ethics. They further stressed the importance of managing public resources responsibly, efficiently, and effectively. A key expectation is that the public service should be development-focused, ensuring that services are provided fairly, equitably, impartially, and without prejudice. It must actively respond to citizens' needs, foster participation in the formulation of public policies, and maintain accountability for its decisions and actions. Transparency is another cornerstone, achieved through consistent, accurate, timely, and accessible information sharing with the public. In addition, the public service is required to foster

effective human resource management and career development practices that build both individual and organisational capability. Ultimately, it must strive to be representative of South Africa's diverse population, with recruitment and employment practices guided by merit, fairness, objectivity, and a commitment to addressing past inequities.

According to Ljungholm (2015), ethics focus on promoting proper and principled behaviour. The author further explained that ethics in public administration encompass interactions among politicians, public officials, external stakeholders, the media, various public institutions, and citizens. The ethical conduct of government employees is largely influenced by the prevailing organisational framework, legal regulations, and established moral norms and principles. As public sector activities expand, officials increasingly face ethical dilemmas that require difficult moral decisions or compromises (Ljungholm, 2015).

Ljungholm (2015) emphasised that public trust is rooted in the public's perception of ethical practices and the ongoing efforts to strengthen the ethical standards and conduct within the public sector. Consequently, leaders in public administration must maintain a high level of morality and integrity in their interactions with society, exemplifying personal accountability, sensitivity, and honesty (Ljungholm, 2015).

1.4 **RESEARCH PROBLEM**

In the 2014-15 Consolidated Annual General Report on National and Provincial Audit Outcomes, Auditor-General Kimi Makwetu noted that audit outcomes had improved only marginally. While there was some improvement in the standard of financial statements submitted for auditing, the total number of institutions receiving unqualified audit opinions remained unchanged at 355 (76%). Twenty-eight departments received qualified opinions, one received a disclaimer, and these together accounted for 21% of the total departmental budget. Among public entities, 16 received disclaimed or adverse opinions, and 40 were qualified.

The Auditor-General of South Africa (AGSA, 2014-15) found that most qualified, adverse, or disclaimed audit opinions resulted from insufficient or absent evidence to

support the financial information submitted. Although some improvements were observed, significant non-compliance with legislative requirements continued—particularly regarding the enforcement of consequences for violations of the Public Finance Management Act (PFMA). These violations included unauthorised, irregular, and wasteful expenditure, suspected fraud, unethical practices in Supply Chain Management (SCM), and unresolved cases of financial misconduct. The AGSA also noted that 58 auditees repeated the same findings reported in 2013-14, suggesting that prior investigations had not effectively addressed or prevented ongoing misconduct.

The AGSA (2014-15) further highlighted a deterioration in auditees' financial health. Nearly 47% were financially vulnerable, and 13% (33 entities) were in severe distress, facing uncertainty about continued operation. For five entities, financial status could not be determined due to adverse or disclaimed opinions. Although most departments operated within budget, 96 (58%) lacked funds to meet all year-end obligations once unpaid expenses were factored in. Twenty-one (13%) entered the next financial year already having spent more than 10% of their operational budgets. Debt recovery remained weak, with 22% of entities taking more than 90 days to collect payments and 33% expecting 10% or more of their debtors to default. Overall, 36% of auditees overspent their available resources, while 18% had current liabilities exceeding current assets. A modest improvement was observed in human resource management controls, rising from 202 to 210 auditees. However, vacancies in key leadership roles remained high, 15% for department heads, 19% for CEOs, 16% for departmental CFOs (18% in entities), and around 20% for SCM heads. Senior management vacancies averaged 17%. While most institutions designated senior managers for strategic planning (79%) and monitoring and evaluation (76%), gaps persisted in areas where these functions were not allocated. Performance management systems were often incomplete, and some senior officials lacked performance agreements. The management of consultants also worsened, as 43% of departments exhibited weaknesses in skills transfer, performance monitoring, and oversight, up from 38% in the prior year.

Finally, the AGSA (2014-15) reported little change in internal control systems compared with the previous year. Key weaknesses remained in leadership integrity

(present in 67% of auditees), audit action plan implementation (48%), record-keeping and document management (46%), daily and monthly transaction controls (46%), and compliance monitoring (32%). The AGSA concluded that substantial improvements were still required to strengthen governance, accountability, and compliance across the public sector.

The concerns raised by the AGSA are echoed in PetroSA's 2015/16 audit outcomes (PetroSA, 2015) and in the findings presented in the Public Protector's earlier reports (Public Protector South Africa, 2016a; 2016b).

The significance of this study is further supported by the Auditor-General of South Africa (AGSA), which again highlighted three persistent weaknesses that had already been noted in earlier reports (AGSA, 2023-24):

- A pervasive culture of no accountability and a lack of consequences;
- Ineffective management of resources; and
- Inadequate intergovernmental planning, coordination, and support.

To address the above-mentioned persistent weaknesses, AGSA (2023-24) recommended, among others, the following measures for leadership and oversight bodies, which directly align with the objectives of this study:

- a) Advancing the professionalisation of the public service by ensuring that competent and suitably skilled employees are equipped to perform their responsibilities with integrity and ethical conduct. This also includes supporting the implementation of the professionalisation framework, which prioritises merit-based management.
- b) Enhancing governance by utilising audit committees and internal audit units more effectively.

With reference to the above, it is critical to identify the root causes of why, amongst others, internal controls and compliance with legislative requirements, as a key governance responsibility of an organisation's management, have not significantly improved over the years. The outcomes of this assessment will guide the actions needed to address the control weaknesses identified by the AGSA, with the goal of

improving audit outcomes across government institutions at the national, provincial, and local levels.

The earlier literature discussed in this document, together with the work of Waldman and Balven (2014) on “Responsible Leadership: Theoretical Issues and Research Directions,” offers valuable insights and research findings on themes including ethics, ethical leadership, internal controls, and accountability.

A competency framework for ethical leadership was developed to enhance the effectiveness of internal controls and reinforce accountability, ultimately strengthening governance practices. The development of this framework aligns with Ljungholm’s (2015) discussion on ethical values in the public sector, which emphasises the ongoing need to examine ethical and moral principles in public service, along with expected ethical standards and behaviours in public administration.

The outcome of the study will contribute to research on ethical leadership for enhancing the efficiency of internal controls and accountability, thereby facilitating effective governance within an organisation.

1.4.1 Research questions for the literature review

The literature review aims to address the following central research questions:

- a) How are ethical leadership, internal control, accountability, and governance conceptualised?
- b) Does a theoretical link exist among ethical leadership, internal controls, accountability, and governance?

1.4.2 Research questions regarding the empirical study

The empirical component of the study seeks to answer the following primary research questions:

- a) What are the key factors of ethical leadership?
- b) What are the key factors of internal controls?
- c) What are the key factors of accountability?
- d) What are the key factors of effective governance?

- e) What is the relationship between ethical leadership, internal control, accountability, and effective governance?
- f) How do members from different ages, races, genders, years in the public service, staff category, and highest educational qualifications groups differ regarding ethics, effective governance, internal controls, and accountability?
- g) Which ethical leadership competency framework will assist in managing the efficiency of internal controls and accountability to facilitate effective governance?

1.4.3 Theoretical Framework

This study is grounded in Social Learning Theory (Bandura, 1977) and Agency Theory (Jensen & Meckling, 1976). Social Learning Theory explains how ethical leadership influences employee behaviour through role modelling, reinforcement, and observational learning. Leaders who demonstrate ethical conduct establish behavioural norms that shape organisational culture and employee decision-making.

Agency Theory provides a complementary perspective by highlighting the need for control mechanisms and accountability structures to mitigate opportunistic behaviour and ensure alignment between organisational stakeholders. Ethical leadership plays a critical role in strengthening these mechanisms by promoting transparency, responsibility, and ethical decision-making.

Together, these theoretical lenses provide a foundation for understanding how ethical leadership influences internal controls and accountability systems within public sector organisations.

Despite extensive research on ethical leadership and governance, limited empirical studies have systematically integrated ethical leadership competencies with internal control effectiveness and accountability mechanisms within the public sector. Furthermore, existing studies often examine these constructs in isolation, with insufficient attention to their interrelationships within complex governance systems.

This study addresses this gap by developing and empirically testing an ethical leadership competency framework that links leadership behaviour to internal control efficiency and accountability outcomes.

While ethical leadership is a central focus of this study, governance outcomes are influenced by multiple interacting factors, including institutional capacity constraints, political dynamics, and structural governance challenges. Ethical leadership is therefore conceptualised as one of several critical determinants of effective governance rather than the sole explanatory factor.

1.5 RESEARCH OBJECTIVES

1.5.1 General objective

The objective of this study was to develop an ethical leadership framework, grounded in theory and suitable for practical implementation, to enhance the effectiveness of internal controls and strengthen accountability processes. In doing so, it sought to address gaps in current governance practices and support more effective organisational governance.

1.5.2 Specific objectives

Literature review

The specific objectives for the literature review are to:

- a) Conceptualise ethical leadership, internal control, accountability and governance.
- b) Determine if there is a theoretical relationship between ethical leadership, internal controls, accountability, and governance.

Empirical study

The objectives of the empirical study are to:

- a) Determine the key factors of ethical leadership.
- b) Determine the key factors of internal controls.
- c) Determine the key factors of accountability.
- d) Determine the key factors of effective governance.

- e) Determine the relationship between ethical leadership, internal control, accountability, and effective governance.
- f) Determine how members from different ages, races, genders, years in the public service, staff category, and highest educational qualifications groups differ regarding ethics, effective governance, internal controls, and accountability.
- g) To develop an ethical leadership framework to manage the efficiency of internal controls and accountability to facilitate effective governance.

The hypotheses proposed in this study are grounded in Social Learning Theory and Agency Theory. Ethical leadership is expected to influence organisational outcomes through behavioural modelling and reinforcement mechanisms, while accountability and internal controls serve as mediating structures that translate leadership behaviour into governance outcomes.

1.5.3 Research Hypothesis

- a) There is a relationship between ethical leadership, internal control, accountability and effective governance. This hypothesis is supported by Social Learning Theory, which suggests that ethical leaders influence organisational behaviour through role modelling, thereby shaping governance outcomes.
- b) Accountability mediates the relationship between ethical leadership and effective governance.
- c) Internal control mediates the relationship between ethical leadership and effective governance. The mediating role of accountability and internal controls is supported by Agency Theory, which emphasises the importance of monitoring and control mechanisms in ensuring effective governance.
- d) There are statistically significant differences between **age groups** regarding: ethical leadership; effective governance; internal control and accountability.

- e) There are statistically significant differences between **race groups** regarding: ethical leadership; effective governance; internal control and accountability.
- f) There are statistically significant differences between **gender groups** regarding: ethical leadership; effective governance; internal control and accountability.
- g) There are statistically significant differences between **years in the public service groups** regarding: ethical leadership; effective governance; internal control and accountability.
- h) There are statistically significant differences between **staff category groups** regarding: ethical leadership; effective governance; internal control and accountability.
- i) There are statistically significant differences between **education groups** regarding: ethical leadership; effective governance; internal control and accountability.

1.6 RESEARCH DESIGN

A quantitative research approach, using both primary and secondary data sources, was used to explore how ethical leadership affects the effectiveness of internal controls and accountability. Primary data was gathered through a purpose-designed questionnaire containing structured quantitative items, while secondary data was obtained from audit reports and other pertinent documentation.

The data on ethical leadership, internal controls, accountability, and governance were obtained through responses to a self-developed questionnaire. Officials at job levels 9 to 15 were involved in this study, and other biographic details, such as age, race, gender, years in public service, staff categories, and highest educational qualification, were used for further analysis.

1.6.1 Research variables

The research considered the possible role that ethical leadership may play in the efficiency of internal controls and accountability, as well as in effective governance.

The dependent variables in this study were internal controls, accountability, and governance, while ethical leadership served as the independent variable.

The study aimed to determine whether a significant empirical association existed among the variables under investigation and to assess whether respondents differed in any important way according to the selected socio-demographic characteristics. The findings were subsequently applied to formulate an ethical leadership competency framework designed to enhance internal control efficiency, strengthen accountability, and promote effective governance.

1.6.2 Type of research

Salkind (2014) identifies two general types of research: non-experimental and *experimental*.

This study used *non-experimental* research. The key non-experimental research methods identified by Salkind (2014) are *descriptive*, *historical*, *correlational*, and *qualitative*. The *descriptive* method describes the characteristics of an existing situation. The *historical* method involves relating past events to the current study. The correlational research method identifies the relationship between two or more variables and assesses the extent to which one or more factors can predict a specific outcome. In contrast, the qualitative research method explores human behaviour within its broader social, cultural, and political contexts, providing a deeper understanding of the circumstances in which the study takes place (Salkind, 2014).

The study employed a combination of descriptive and explanatory research methods. As noted by Leedy and Ormrod (2005), these methods focus on outlining, summarising, and clarifying existing conditions or phenomena without seeking to change them.

The study adopted a quantitative research approach to describe observable phenomena and examine possible relationships among key variables (Leedy & Ormrod, 2005). The analysis involved descriptive, correlational, and inferential statistical methods. Descriptive statistics were used to summarise and organise the data collected from the sample (Welman & Kruger, 2001), while correlation analysis evaluated the direction and strength of the relationships between variables. Inferential statistics were then applied to test the study's hypotheses and to draw probability-

based conclusions that allow the findings from the sample to be generalised to the broader population (Leedy & Ormrod, 2005).

The measurement instrument used in this study was developed based on theoretical constructs identified in the literature. A structured scale development approach was followed, whereby items were derived from existing theoretical frameworks and adapted to the public sector context. Constructs were operationalised into measurable indicators, and internal consistency reliability was assessed using Cronbach's alpha coefficients.

Although a formal pilot study was not conducted, content validity was enhanced through alignment with established theoretical constructs and prior empirical studies (DeVellis, 2017).

1.6.3 Methods used to ensure reliability and validity

1.6.3.1 Reliability

Reliability was assessed using statistical methods, including internal consistency measures such as Cronbach's alpha. Validity was established through exploratory and confirmatory factor analyses to verify construct validity, and content validity was enhanced through expert evaluation of the research instruments. These methods helped ensure that the gathered information was reliable, precise, and suitable for drawing conclusions about the larger population.

Bhattacharjee (2012) described reliability as the degree to which a measuring instrument produces stable and consistent results across repeated applications.

Salkind (2014) described reliability as the degree to which a measurement tool consistently yields stable results over time, reflecting its ability to produce similar outcomes when applied under the same conditions. The correlation coefficient is often used to assess reliability, with standardised tests in most research projects typically yielding reliability coefficients between 0.80 and 0.90. A reliability score of 1.00 reflects perfect consistency with no measurement error, whereas a coefficient close to 0.00 or

below indicates poor reliability. In this study, internal consistency was assessed using Cronbach's alpha (Salkind, 2014).

To produce credible findings that can be applied more broadly, it is essential to gather multiple measurements that demonstrate consistency with one another. This involves using several items per construct and sampling across different contexts to ensure that the findings are applicable beyond the specific study sample (Welman & Kruger, 2001). Findings that can be generalised should remain consistent across different times, administrators, and versions of the measurement tool. To assess the reliability of the instruments used in this study, Cronbach's alpha coefficients and inter-item correlation values will be calculated (Kerlinger & Lee, 2000). These indicators show both the strength and the direction of the relationships between pairs of items or variables (Welman & Kruger, 2001).

1.6.3.2 **Validity**

Kumar (2011) defined **validity** as the degree to which a tool precisely measures what it is meant to assess. In agreement, Bhattacharjee (2012) noted that validity indicates how accurately a measurement captures the underlying concept it was developed to evaluate.

Salkind (2014) identified the following key concepts to describe validity: *Truthfulness, accuracy, authenticity, genuineness, and soundness*. Salkind (2014) also confirmed the viewpoints above, as expressed by Kumar (2011) and Bhattacharjee (2012), that validity ensures the test or instrument used measures what needs to be measured. Salkind (2014) emphasised three key considerations regarding the validity of an instrument within the context of its application. Firstly, validity pertains to the results produced by a test rather than the test itself. Secondly, validity is not an absolute state, and tests can demonstrate varying degrees of validity, ranging from low to high. Lastly, the validity of a test must always be evaluated in relation to the specific context in which it is administered.

Salkind (2014) outlines three main types of validity: content, criterion, and construct validity. Content validity examines whether an instrument adequately captures the full scope of the concept it intends to measure. Criterion validity includes two components:

concurrent validity, which evaluates how well the instrument's current results correspond with those of established measures, and **predictive validity**, which considers the instrument's ability to forecast future outcomes accurately. Construct validity, on the other hand, assesses whether the tool genuinely measures the theoretical concept it is meant to represent, often by analysing how the variables related to that construct interrelate.

Internal and external validity are essential elements of a sound research design. Terre Blanche, Durrheim and Painter (2007) explain that ensuring validity requires thoughtful and informed decisions about the study's purpose, theoretical foundations, research setting, and the methods used to gather and analyse data. In this study, internal validity is strengthened by drawing on theories and models that align well with the research problem, topic, and objectives, and by using measurement instruments that are appropriate, relevant, and consistently applied.

External validity will be maintained by choosing a sample that accurately reflects the essential characteristics of the broader population. Design validity will be ensured by formulating clear research questions and analysing their implications and results in a structured, systematic manner.

1.6.4 **Unit of study**

Bhattacharjee (2012) explained that a unit of study can take many forms, including individuals, groups, organisations, nations, technologies, or physical items. He further emphasises the need to define this unit clearly, as it determines the kind of information that will be collected and helps identify the most appropriate data sources.

In this study, the unit of analysis distinguishes the characteristics, contexts, perspectives, and behaviours of individuals, groups, and the organisation, with each treated as a separate level of examination. At the individual level, it specifically includes employees working within the selected national government institutions. Furthermore, the group-level analysis focused on staff members classified within specific post levels (9 to 15), representing the collective characteristics of these participants. The study examined several demographic characteristics of employees

to explore whether these attributes are linked to their perceptions of ethical leadership, effectiveness of governance, effectiveness of internal controls, and the level of accountability. Additionally, the unit of analysis was employed to assess whether socio-demographic groups differ in these areas (Bhattacharjee, 2012).

1.6.5 Limitations and recommendations of the study

This study has several limitations that should be considered when interpreting the results. Firstly, the sample size (N=279), while adequate for exploratory analysis, is relatively small for advanced statistical techniques such as structural equation modelling (SEM), which may limit statistical power and generalisability.

Secondly, the study focuses on two national government institutions, which may restrict broader applicability. Thirdly, although reliability and validity were assessed, the absence of a pilot study and independent validation sample may affect the robustness of the measurement model.

To mitigate these limitations, rigorous statistical procedures were applied, and results were interpreted with appropriate caution. Future research should validate the model using larger and more diverse samples.

1.6.6 Methods to ensure compliance with ethical research principles

The study complied with the ethical guidelines and procedures established by the University of South Africa (UNISA, 2013). All institutional research ethics guidelines were strictly observed throughout the research process. Participation was entirely voluntary, and informed consent was secured from every individual involved. Data, information, and results were managed with the utmost confidentiality. The research was ethically executed to protect participants from any possible harm, while also ensuring that the outcomes contributed positively to individuals, organisations, and the wider community (Lefkowitz, 2008).

1.6.7 Confidentiality

A formal invitation letter was provided to all prospective participants, requesting their voluntary participation in the study and assuring them of confidentiality and anonymity. The letter made it clear that the information gathered would be used only for this research and for no other purpose. It also underscored that all data would be kept confidential, not disclosed to any external parties, and used strictly for research activities.

1.6.8 Informed consent

Salkind (2012) highlighted that an informed consent form is a crucial tool for upholding ethical standards in research. Participants were fully briefed on the objectives, procedures, and expectations of the study, as well as their voluntary participation. This ensured their participation was voluntary, with the option to withdraw at any time without consequences. Before the research commenced, official authorisation to carry out the study was secured from the management of the respective government institutions.

The ethical principles that informed this study, as set out in the University of South Africa's Research Ethics Policy (Unisa, 2013), are presented verbatim below:

- *All research participants have the right to privacy to the extent permitted by law (e.g. child abuse cases should be reported to the appropriate authorities in terms of the law).*
- *Privacy includes autonomy over personal information, anonymity and confidentiality, especially if the research deals with stigmatising, sensitive or potentially damaging issues or information. When deciding on what information should be regarded as private and confidential, the perspective of the participant(s) on the matter should be respected.*
- *All personal information and records provided by participants should remain confidential. The cover letter to participants will make it clear that confidentiality and anonymity will be safeguarded. Whenever it is methodologically feasible, participants should be allowed to respond anonymously or under a pseudonym to protect their privacy.*

- *All personal information obtained directly or indirectly on or about the participants (e.g. names obtained by researchers from hospital and school records), as well as information obtained in the course of research which may reveal the identity of participants, will remain confidential and anonymous. This guarantee will be given when researchers ask consent to use data which is not already available within the public domain (e.g. classified data on prisoners held by the Department of Correctional Services).*
- *In the case of covert observation (e.g. of a public scene) steps should be taken to ensure that the information will not be used or published in a form in which the individuals could be identified.*
- *Researchers should maintain privacy, anonymity, and confidentiality of information in collecting, creating, storing, accessing, transferring and disposing of personal records and data under their control, whether these are written, automated or recorded in any other medium, including computer equipment, graphs, drawings, photographs, films or other devices in which visual images are embodied.*
- *Researchers should make appropriate arrangements for the preservation and confidentiality of research records for one year after the submission of the report or the results.*
- *Risk minimisation should be applied to research records. The possibility of a breach of confidentiality and anonymity should be anticipated, addressed and explained to the participants as an attendant risk.*
- *Codes or other identifiers should be used to break obvious connections between data and individuals/organisations/institutions where possible. Where there is a mixture of information obtained from the public domain and information obtained with the participants' informed consent, no traceable link should be left between the two sets of information.*
- *Confidentiality and anonymity of participants and their localities should be maintained when reporting to clients/sponsors/funders. Participants should not be identified or made identifiable in the report unless there are clear reasons for doing so. If the researcher or institution intends to identify participants or communities in the report, their informed consent allowing such disclosure should be obtained, preferably in writing.*

- *Research findings published in the public domain (e.g. theses and articles) which relate to specific participants (e.g. organisations or communities) should protect their privacy. Identifiers which could be traced back to the participants in the study should be removed. However, public interest may outweigh the right to privacy and may require that participants be named in reports (e.g. when child labour is used by a firm).*
- *Participants' consent should be sought where data identifying them are to be shared with individuals or organisations not in the research team. They should be provided with information about such individuals or organisations (their names, addresses etc.).*

Responsibility for safeguarding participants' privacy, anonymity, and confidentiality extends beyond the research team. It also extends to other UNISA researchers, support staff, and any authorised individuals, whether inside or outside the institution and who may have access to the study's data.

1.7 RESEARCH METHOD

The study unfolded in two phases: first, a review of the relevant literature, and second, the empirical investigation.

Phase One: Literature review

From a theoretical standpoint, the literature review addressed two key areas:

- Step 1 involved clarifying the concepts of ethical leadership, internal controls, accountability, and effective governance.
- Step 2 examined whether existing theory suggests a relationship among these four constructs.

Phase Two: Empirical study

The empirical part of the study used a quantitative research approach. This method entails collecting and analysing numerical data to detect patterns, relationships, and trends, thereby enabling generalisation of the results from a selected sample to a larger population. Quantitative research typically addresses questions such as "how

many,” “how long,” and “to what extent,” and quantifies the prevalence of views or opinions within the sample group. Surveys are commonly utilised in this approach as a key instrument for gathering structured and measurable data.

Terre Blanche et al. (2007) explained that empirical research generally uses two main types of sampling methods: probability and non-probability sampling. In probability sampling, every member of the target population has a known, non-zero likelihood of being selected. In contrast, non-probability sampling does not involve random selection, and individuals are included without equal or predetermined chances of being selected. Probability sampling is guided by methodological and theoretical principles that structure the selection process, while non-probability sampling relies more on the researcher’s discretion, introducing its own set of potential challenges and biases (Terre Blanche et al., 2007).

This study employed stratified proportional random sampling to select officials from two specific national government institutions. Stratified sampling is used when a population comprises distinct subgroups (strata) that differ by certain characteristics. This method ensures that each subgroup is properly represented in the overall sample. A randomly selected sample is considered unbiased because every element has an equal chance of being chosen, helping ensure that the sample mean closely reflects the population’s mean. For this method to be effective, each stratum must be clearly defined according to one or more variables (such as biographical characteristics), and a random sample must be selected from each subgroup. Consequently, all officials within the two government institutions were afforded an equal opportunity for selection (Salkind, 2014).

The empirical study was conducted among permanently appointed officials occupying post levels 9 to 15 in the identified two government institutions, representing a total population of approximately 1,296 employees.

A questionnaire was designed and administered to the sample, comprising three sections: (A) biographical details, (B) ethical leadership and governance, and (C) internal control, compliance, and accountability. The questionnaire was distributed via

email, and the survey was done on-line in collaboration with identified contact persons as well as the HR departments of the institutions.

All participant responses were entered into an electronic spreadsheet, and the dataset was then analysed statistically. This analysis was conducted using SPSS (Version 29), a software package designed for social science applications. The researcher and statistician had access to the data, and all data was stored electronically with restricted access via a password.

The statistical analysis followed four organised phases:

Stage 1: An exploratory factor analysis was carried out using responses from the self-administered questionnaires completed by officials on post levels 9 to 15 in the participating organisations.

Stage 2: Descriptive statistics, such as Cronbach's alpha coefficients, means, and standard deviations, were produced to examine the data and evaluate the reliability and validity of the measurement instrument (Salkind, 2014).

Stage 3: Pearson's product-moment correlation analysis was used to identify the direction and strength of relationships among the **constructs** (Salkind, 2014).

Stage 4: Multivariate methods, including correlation and multiple regression analyses as well as structural equation modelling, were used to determine the extent to which the independent variable (ethical leadership) accounted for variance in the dependent variables (internal controls, accountability, and governance). Independent-samples t-tests and ANOVAs were also conducted to identify significant differences in mean scores across socio-demographic groups (Salkind, 2014).

A significance threshold of $p \leq 0.05$ was used, indicating that the results were evaluated at the 95% confidence level (MacDonald & Headlam, 2011).

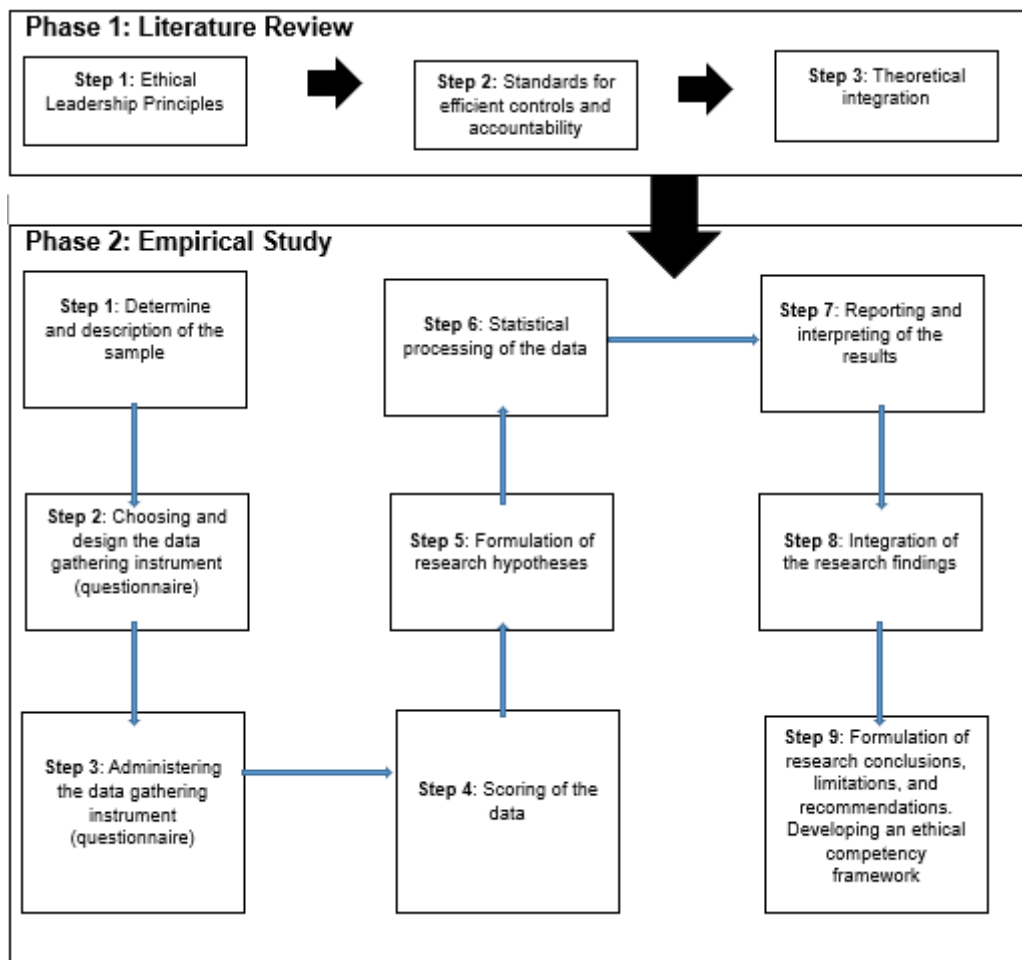
The results were displayed in a variety of tables, charts, and graphs, organised in a logical sequence to enhance clarity and support effective interpretation. These

empirical results were subsequently combined with insights from the literature review to formulate an ethical leadership framework that strengthens internal control effectiveness and accountability, thereby promoting sound governance.

The concluding stage involved interpreting the results and linking them to relevant theoretical frameworks. This phase also outlined the study’s limitations and offered recommendations for future research intended to enhance and more effectively align ethical leadership, internal controls, and accountability within the organisation.

The above-mentioned research method is summarised in Figure 1.1.

Figure 1.1: Research method



1.8 CHAPTER LAYOUT

The chapters were structured as follows:

Chapter 1: Introduction and rationale for the study

Chapter 1 outlined the purpose of the research and explained the reasons motivating the study.

Chapter 2: Ethical Leadership and Good Governance

Chapter 2 explored issues related to ethical leadership and effective governance, with the aim of clarifying how ethical leadership connects to internal controls and accountability. The chapter further sought to identify the fundamental principles of ethical leadership within an organisation and to outline the specific objectives associated with each principle.

Chapter 3: Internal audit controls and accountability

This chapter discussed the key indicators of an efficient and sound internal control environment and efficient internal controls to be implemented by an organisation. The chapter also identified the key factors associated with accountability. The literature review sought to explore the theoretical connections among ethical leadership, internal controls, and accountability, and to identify the key factors shaping these relationships.

Chapter 4: Research Methodology

Chapter 4 addressed the empirical aspect of the study and provided an in-depth account of the methodological approach. It began by outlining the target population and the sampling strategy, followed by a description of the measurement instruments and the reasons for selecting them. The chapter also summarised the data collection process and detailed the statistical techniques employed to analyse the data.

Chapter 5: Results

In Chapter 5 the statistical results of the study are reported and interpreted by drawing on descriptive, explanatory, and inferential statistical techniques.

Chapter 6: Results and recommendations

In Chapter 6, the results of the study were analysed and connected to the existing body of literature. The study's limitations were identified, and recommendations were

offered on how the organisation could enhance or better align ethical leadership, internal controls, and accountability. An ethical leadership competency framework was also introduced to support managers in strengthening internal controls and accountability to promote effective governance. The chapter closed with an integrated summary of the key research results.

1.9 **SUMMARY**

This chapter outlined the background and rationale for the study, presented the problem statement, and described the research objectives, design, and methodological approach.

Chapter 2 will examine the core principles of ethical leadership and their relationship to effective governance.

CHAPTER 2. ETHICAL LEADERSHIP AND GOOD GOVERNANCE

This chapter examines the relationship among ethical leadership, internal controls, and accountability to determine whether a connection exists among these concepts. The purpose of the chapter is to highlight the fundamental principles of ethical leadership that should be present within an organisation and to outline the specific objectives associated with each principle.

2.1 INTRODUCTION

Hassan, Wright and Yukl (2014), in their article *“Does Ethical Leadership Matter in Government? Effects on Organisational Commitment, Absenteeism and Willingness to Report Ethical Problems,”* argue that public-sector institutions across the world are under increasing pressure to cut costs and deliver services more efficiently, particularly as they operate in environments that are becoming more complex, rapidly changing and highly interconnected. There is also increased demand from citizens for the government to be more responsive, transparent, and accountable (Hassan et al., 2014).

Weinberg (2014) cited the earlier work of Hassan et al. (2014) and noted that their article proposed three hypotheses on ethical leadership, offering a strong basis for further research. Weinberg (2014) emphasised the need for more research that explores factors such as the type of ethics training provided, and the specific characteristics of the government agency being studied. This includes considering whether the organisation is headed by an elected or appointed leader, along with its overall mandate, scope, and purpose.

Weinberg (2014:344) cited the saying “the fish rots from the head” to highlight growing public concern about the essential role of ethical leadership in government. He observed that numerous recent cases have involved government leaders accused of bribery and other forms of misconduct. While unethical behaviour at the top can influence the organisational culture and working environment of subordinates, Weinberg (2014) cautioned that this does not necessarily imply a direct link between unethical leadership and employee performance.

Building on the insights of Hassan et al. (2014) and Weinberg (2014), the Auditor-General (Auditor-General South Africa, 2014-15: Section 6: Governance and Controls) emphasised that accounting officers, executive authorities, and senior managers must exemplify integrity and ethical values through their conduct and decisions. These leaders are also expected to define and communicate clear standards of behaviour within their organisations. Furthermore, the Auditor-General of South Africa (AGSA, 2014-15) underscored that organisational leadership should promptly identify and address any deviations from these established ethical standards.

While the studies discussed above highlight the importance of ethical leadership within public sector contexts, they remain largely fragmented in their treatment of leadership, internal controls, and accountability. Existing literature tends to examine these constructs in isolation, with limited integration of how ethical leadership competencies influence control systems and accountability outcomes within governance frameworks.

From a theoretical perspective, this fragmentation limits a comprehensive understanding of how leadership behaviour translates into improved governance outcomes. This study therefore seeks to integrate these constructs into a unified framework, linking ethical leadership competencies to internal control effectiveness and accountability mechanisms within the public sector.

2.2 ETHICS

Ethics is broadly understood as a system of moral principles that guides behaviour and distinguishes appropriate from inappropriate conduct within both individual and organisational contexts. The concept originates from the Greek term *ethos*, referring to character or customary practices, and has evolved into a discipline concerned with moral standards that shape human behaviour (Mihelič, Lipičnik & Tekavčič, 2010). Across the literature, ethics is consistently associated with judgments about what is right or wrong, good or bad, and the responsibilities individuals hold toward others (Lakshmi, 2014; Department of Public Service and Administration, n.d.).

While definitions of ethics vary, a common thread emphasises the role of individual moral judgment and accountability. Lewis and Gilman (2012) argue that ethics ultimately rests on voluntary moral decision-making, with individuals remaining responsible for their actions even within collective organisational contexts. This is particularly relevant in the public sector, where managers often face pressures that may challenge their personal values and ethical standards. Similarly, Rossouw and Van Vuuren (2017:4) conceptualise ethics as the consideration of what is morally right in interactions between the self and others, highlighting that ethical conduct requires balancing self-interest with the broader good.

Beyond individual responsibility, ethics also operates at an organisational and societal level, where shared norms and institutional frameworks shape expectations of behaviour. The Public Sector Integrity Management Framework (Department of Public Service and Administration, n.d.) reinforces this view by defining ethics as a set of guiding principles that inform rights, responsibilities, and obligations within society. In organisational settings, these principles influence how individuals interact, make decisions, and fulfil their roles, thereby shaping the ethical climate of the institution.

Closely related to ethics is the concept of integrity, which reflects the consistent application of moral principles in behaviour. Rossouw and Van Vuuren (2017) note that although ethics and integrity are often used interchangeably, integrity has a more specific focus on the character of individuals and organisations. Ethical behaviour that is consistently demonstrated through honesty, fairness, and reliability contributes to perceptions of trustworthiness and organisational credibility.

Importantly, contemporary perspectives emphasise that ethics extends beyond mere compliance with legal requirements. Lazenby (2024) argues that ethical behaviour includes discretionary actions aligned with organisational values and codes of conduct, highlighting the distinction between rule-based compliance and value-driven behaviour. This distinction is critical, as organisations may formally comply with regulations while still failing to uphold ethical standards in practice.

From an organisational perspective, ethics therefore encompasses both formal systems (rules, codes, and policies) and informal elements (values, culture, and

leadership behaviour). This dual nature suggests that ethical conduct cannot be ensured through compliance mechanisms alone but requires reinforcement through leadership and organisational practices. Ethical leadership plays a central role in translating ethical principles into everyday organisational behaviour by shaping norms, influencing decision-making, and reinforcing accountability structures (Brown & Treviño, 2006; Eisenbeiss, 2012).

Consequently, understanding ethics within organisations requires moving beyond definitional perspectives toward examining how ethical principles are embedded, enacted, and sustained within governance systems. This provides the foundation for analysing the role of ethical leadership in strengthening internal controls and accountability, which are central to this study.

2.1.1 **Good and Ethical Conduct**

Ljungholm (2015) stated that ethics relates to the principles that guide appropriate and moral conduct. Within public administration, ethical issues arise in the relationships and interactions among politicians, public officials, external stakeholders, the media, government institutions, and the broader public. The ethical behaviour of government officials is primarily based on the current organisational structure and legal aspects, as well as conventional standards, ethical rules, and principles. The activities in public administrations increase the demand for ethical decisions when confronted with ethical dilemmas that require morally unsatisfactory choices or trade-offs (Ljungholm, 2015). Ljungholm (2015) argued that public trust rests on citizens' perceptions of ethical behaviour and on ongoing efforts to strengthen ethical awareness within the public sector. As a result, leaders in public administration are expected to demonstrate high moral standards and integrity in their dealings with the public, as well as to show personal accountability, ethical sensitivity, and openness.

However, existing literature tends to focus predominantly on normative expectations of ethical behaviour, with limited empirical examination of how such expectations are operationalised within organisational systems and control mechanisms. This highlights the need to move beyond descriptive accounts of ethical conduct toward analysing the mechanisms through which ethical behaviour is institutionalised.

In addition, the Public Sector Integrity Management Framework (Department of Public Service and Administration, n.d.) points out that ethical behaviour within the Public Service is a constitutional obligation. Section 195(1) of the Constitution (Republic of South Africa, 1996) outlines the democratic values and principles that must guide public administration, including the expectation that high standards of professional ethics are upheld and advanced.

Van der Walt et al. (2016) raised concerns about the evident deterioration of ethical behaviour in South Africa's corporate sector. They noted that the pressures created by the country's sluggish economy often led employees to take shortcuts, violate regulations, and engage in unethical practices. In an environment where unethical conduct is prevalent, it becomes increasingly challenging for individuals to make ethical choices or assess the impact of their actions objectively (Van der Walt et al., 2016).

Van der Walt et al. (2016) noted that ethical behaviour is influenced by people's historical backgrounds as well as diverse factors such as culture and age. Their study further highlighted that South Africa's workforce is becoming increasingly diverse, comprising individuals from different generations, genders, ethnicities, cultural backgrounds, values, and beliefs. Therefore, organisational leaders must be mindful of these cultural and generational variations and prioritise the development of strong work ethics and ethical behaviour by implementing suitable human resource policies (Van der Walt et al., 2016).

These results suggest that ethical behaviour is not solely an individual phenomenon but is shaped by organisational systems, leadership practices, and contextual factors. This reinforces the importance of examining ethical leadership as a driver of ethical conduct within complex organisational environments.

According to the *Explanatory Manual on the Code of Conduct for the Public Service – A Practical Guide to Ethical Dilemmas in the Workplace* (Department of Public Service and Administration, 2002), the South African public service is anchored in ten core values and principles. These responsibilities include upholding the Constitution's

democratic values, demonstrating a strong commitment to ethical and professional standards, managing public resources in an efficient, economical and effective way, and adopting a developmental perspective in service delivery. They further call for service provision that is fair, impartial and free from bias; responsiveness to community needs and active public involvement in policy-making; strong accountability mechanisms; transparency supported by timely and accessible information; effective human resource and career development systems that help employees realise their potential; and employment practices that are fair, merit-based and aimed at creating a diverse public service that addresses historical inequalities.

Rossouw and Van Vuuren (2017:43) pointed out that a prevalent misconception in contemporary organisational thought is the belief that organisations consist of purely rational individuals, or “homo economicus,” who are motivated solely by economic self-interest. This assumption often leads to business practices that prioritise financial gain over broader human, social, and environmental considerations. Consequently, it fosters the notion among employees that ethical principles and business objectives are incompatible. This environment may lead organisational members to overlook ethical issues in both their decision-making and everyday business practices.

Rossouw and Van Vuuren (2017:45) noted that certain managers adopt an amoral stance, captured in the idea that “business should focus solely on business.” Such leaders tend to be assertive and persistent in achieving their goals but often overlook the ethical dimensions of their decisions and actions. While they may not intentionally harm stakeholders, these managers might either consciously choose to ignore ethical considerations in their decision-making or focus solely on financial outcomes without balancing them against the organisation’s broader ethical responsibilities. This approach can weaken organisational cohesion and integrity, as these leaders may fail to recognise the moral consequences of their choices.

Rossouw and Van Vuuren (2017:45) differentiated between “*intentional amoral management*” and “*unintentional amoral management*”. Managers who hold the view that ethics and business are incompatible, and that moral judgment has no place in business operations, typically exhibit intentional amoral management. This perspective is often reinforced by accounts from successful business figures who

claim that the only unethical act in business is financial failure. On the other hand, unintentional amoral managers, like their intentional counterparts, do not consider business decisions from an ethical standpoint. They tend to be indifferent or inattentive to the potential harm their actions may cause and display little ethical awareness, giving minimal thought to the moral aspects of their professional decisions (Rossouw & Van Vuuren, 2017).

Mullins (2016) explained that the causes of the 2008 financial crisis were diverse and multifaceted. Many attributed the crisis to weak regulatory frameworks and the ineffective enforcement of existing rules. However, observers from various political backgrounds also suggested that a significant contributing factor was the decline in moral consciousness within business and public life, including the erosion of an inherent sense of ethical judgment or moral direction.

Saint-Martin (2008) observed that politicians are often viewed as a privileged elite who, at times, misuse their power. He argued that it is essential for politicians to adopt and uphold ethical standards because: (a) it aligns with democratic principles, (b) disregarding ethics is politically untenable, (c) ethical guidelines serve as accessible tools in political debates, (d) they offer symbolic protection against accusations of misconduct, and (e) they are relatively inexpensive to implement due to weak enforcement mechanisms. Furthermore, Saint-Martin and Thompson (2006) noted that political scandals tend to trigger ethical reflection among both those directly implicated and those who expose or respond to them. Once politicians become subjects of public scrutiny, they cannot easily withdraw from public attention.

Dresang (2017) stated that it is generally expected that all employees, regardless of their workplace, demonstrate honesty and diligence. These expectations are even higher within public and non-profit organisations, many of which establish formal codes or statements outlining ethical standards for their staff. Professionals are guided by codes of ethics that define the quality and integrity of their work, as well as the extent of service they provide to those requiring their expertise. Such professionals may adhere to both their organisation's ethical guidelines and the standards set by their professional associations. Additionally, Dresang (2017) noted that requiring

employees to disclose financial interests is an effective way to help preserve ethical conduct in the workplace.

Lazenby (2024) outlined four primary factors that shape ethical behaviour:

- a) **Individual factors:** The personal values and moral principles of executives and employees play a key role in guiding their decisions and actions. Each person's sense of right and wrong is influenced by their unique traits, beliefs, and experiences.
- b) **Organisational factors:** Decisions are made within the context of organisational norms and expectations. The established culture, policies, and ethical standards within an organisation significantly affect how employees behave and make ethical choices.
- c) **Societal norms and culture:** The ethical conduct of individuals is also shaped by the broader cultural and social values of the community or country in which the organisation operates.
- d) **Legal and regulatory frameworks:** When organisations fail to regulate their own ethical standards, it can negatively impact consumers and other businesses. To promote socially responsible practices, compliance with relevant legislation is essential. In the South African context, this entails complying with various pieces of legislation, including the Employment Equity Act, the Labour Relations Act, the Occupational Health and Safety Act, the Competition Act, the Consumer Protection Act, and the Broad-Based Black Economic Empowerment Act.

2.1.2 Ethical Agency

Lewis and Gilman (2012) described an agency as an abstract entity comprising legal authority and a network of relationships. They argue that moral accountability rests with individuals rather than with the agency itself. The ethical duties of an agency are therefore reflected through the moral obligations placed on its members by management, officials, legislative frameworks, and the organisation's functional purpose. Furthermore, Lewis and Gilman (2012) emphasised that regardless of how

extensive an organisation's ethical framework may be, its success and implementation ultimately depend on individual responsibility.

Lewis and Gilman (2012) emphasised the importance of developing ethical institutions within the public service by establishing administrative relationships, systems, procedures, and standards that promote ethical behavior, encourage moral reasoning and dialogue, and integrate ethical considerations into everyday operations.

According to Lewis and Gilman (2012), public institutions should encourage ethical conduct alongside legal compliance. They argue that concentrating solely on compliance or individual integrity is insufficient, as neither approach has proven effective in isolation. A stronger connection between personal and public ethics can be achieved through organisational systems and procedures that promote ethical accountability, the creation of frameworks that support integrity, and by empowering ethical practitioners while cultivating ethical reasoning and behaviour within public organisations.

Lewis and Gilman (2012) stated that developing a written policy or code is the initial step toward systematically enhancing ethical behaviour. They note that officials and managers' involvement in initiatives, as well as the endorsement of communications such as internal memoranda, newsletters, budgets, and updates, contribute to this effort. However, they caution that verbal commitments alone are insufficient. Public servants must also pay attention to how organisational resources are allocated, as this serves as a powerful nonverbal indicator of genuine ethical commitment. The extent to which time, funding, and training are devoted to ethical development, along with performance measures and ethical dimensions of agency policies, can help assess the sincerity of these commitments. Ultimately, ethics should be embedded in everyday routines and expected behaviours (Lewis & Gilman, 2012).

Koven (2014) pointed out that individuals represent the core human capital of public organisations. As such, the ethical values held by both individuals and society shape the character of these organisations, while external societal norms determine the extent to which public institutions adhere to or disregard ethical standards. According to Koven (2014), organisations that uphold strong ethical principles help strengthen

public trust and legitimacy, whereas unethical behaviour within the public sector can erode confidence and credibility. He further observed that institutions committed to ethical improvement are more likely to advance employees who demonstrate ethical conduct, though he also acknowledged that organisations differ in how consistently they apply reward systems and disciplinary measures.

Barret (2017) noted that organisations that overlook unethical conduct are likely to face growing scrutiny and sanctions from regulatory bodies, along with potential damage to their reputations. As Barret (2017) asserted, success today depends less on *what* an organisation does and more on *how* it conducts its operations. Long-term success and sustainable competitiveness are important for both organisations and their employees and are therefore rooted in maintaining ethical behaviour and integrity.

Lazenby (2024) outlined the following key steps for building ethical organisations:

- Develop a well-defined and thorough code of conduct that sets out the organisation's expected ethical standards.
- Review and update the code regularly in consultation with all relevant stakeholders.
- Ensure that the code of conduct and any updates are effectively communicated to all stakeholders so that everyone remains aware of the organisation's ethical expectations.
- Implement and uphold ethical standards through mechanisms such as an internal audit committee and a fair rewards system that recognises employees who report unethical behaviour.
- Foster a positive and respectful workplace culture where all individuals are treated with equality, fairness, and dignity.

While the literature emphasises individual responsibility for ethical conduct, it also suggests that organisational systems and leadership practices play a critical role in enabling or constraining ethical behaviour. This reinforces the need to consider ethical leadership not only as an individual attribute but as an organisational mechanism embedded within governance structures.

2.1.3 Ethics and values

Lewis and Gilman (2012) described ethical values as deeply rooted beliefs that distinguish right from wrong and reflect what individuals consider important. More broadly, values are evaluative judgments that shape decision-making and behaviour. According to Lewis and Gilman (2012), ethical values provide a moral framework that balances emotional and rational considerations in guiding conduct. However, not all values promote ethical behaviour. Some values take the form of virtues or moral traits grounded in character and demonstrated through consistent ethical actions. Virtues are generally viewed as universally accepted qualities that exemplify good behaviour without the need for justification. Lewis and Gilman (2012) further noted that certain values become so widely shared that they evolve into social norms or rules governing appropriate behaviour. As ethical and non-ethical values differ, management scholars and practitioners often develop context-specific sets of core values and virtues relevant to their fields, such as general management or public administration.

Despite the extensive discussion of values in the literature, there remains limited consensus on how these values are translated into measurable constructs within empirical research. This presents a challenge for studies seeking to operationalise ethical leadership and assess its impact on organisational outcomes.

Mihelič et al. (2010) explained that ethical or moral values relate to the types of behaviour individuals should demonstrate to achieve desired end goals or ultimate values. Within organisations, these values are promoted and reinforced through value-based leadership. Such leadership is characterised by a relational dynamic between leaders and employees that is grounded in shared and internalised values, which the leader consistently embodies and applies in practice.

Ljungholm (2015) highlighted that ethical standards could serve as an inspiration for performance, operationalising values and promoting conduct that is appropriate for the public service.

Rossouw and Van Vuuren (2017) emphasised that although ethics and values are closely related, they are distinct concepts. Values are described as relatively enduring

beliefs about what individuals or groups consider important. Consequently, certain values may exist independently of ethical considerations, align with them, or, in some cases, have no direct connection to ethical principles.

Rossouw and Van Vuuren (2017) highlighted that values function at both personal and organisational levels. Within organisations, values are commonly grouped into three categories: strategic, work, and ethical values. Strategic values express the collective beliefs about the organisation's long-term goals and desired future, often articulated in its mission and vision statements. These values shape expectations about how employees should carry out their responsibilities to support organisational goals. Work values relate to the behaviours and priorities that staff are expected to demonstrate in their everyday tasks, such as reliability, creativity, and a commitment to high standards. Effective organisational functioning also depends on sound relationships among employees and stakeholders, which are reinforced by common ethical values. Ethical values, including principles such as fairness, respect, and openness, foster trust and collaboration both internally and externally. As such, ethical values form a distinct component within the wider framework of organisational values.

Mihelič et al. (2010), identified the following five values to be critical for ethical leaders:

1. **Pride:** Ethical leaders must demonstrate healthy pride.
2. **Patience:** The ethical leader must have patience to deal with challenges.
3. **Prudence:** The leader must exercise sound judgment in practical affairs.
4. **Persistence:** A leader should demonstrate determination and perseverance in pursuing the actions required to attain established objectives.
5. **Perspective:** A leader needs the capacity to identify and focus on the most important aspects of any situation.

Rossouw and Van Vuuren (2017) asserted that ethical values serve as guiding principles that help determine the most appropriate and acceptable course of action. Human systems establish ethical standards that provide context and direction for individual and collective behaviour. These systems foster harmony, reduce conflict, promote fairness, and strengthen mutual trust. Consequently, the way individuals interact with one another reflects their underlying values and their sense of accountability toward others.

Rossouw and Van Vuuren (2017) highlighted that an organisation should have a well-defined vision, mission, and core values that are understood and supported by its members, as these elements provide direction for its activities. These elements establish the parameters for appropriate actions and expected behaviours among employees. Core values articulate the organisation's identity, its aspirations for the future, and its stance on ethical conduct. However, individual employees may interpret these values differently due to variations in cultural backgrounds, religious beliefs, education levels, and languages within the workplace. Consequently, leaders play a crucial role in clarifying how organisational values should be understood and applied within specific roles and contexts. Rossouw and Van Vuuren (2017) emphasised that organisations need to place strong emphasis on ethical values, such as integrity, accountability, fairness, transparency and to promote ethical behaviour among employees. When individuals feel assured that such values uphold their human rights, they are more likely to pursue justice, foster trust, and experience a sense of personal fulfilment. This, in turn, contributes to enhanced self-perception, purpose, and self-actualisation.

Barrett (2017) asserted that organisational culture and its underlying values are not only essential for achieving a competitive advantage but also form the foundation of effective leadership. Leaders carry a key responsibility to model strong moral integrity and ethical behaviour, and to ensure these standards are consistently maintained by the leadership team and employees across the organisation.

The Moral Regeneration Movement (2017) outlined a range of values and principles, inspired by the philosophy of Ubuntu and consistent with the South African Constitution, to promote ethical behavior and support sound governance. These include the following:

- **Respect for human dignity and equality:** In accordance with the Constitution, all individuals are born free and possess equal worth and dignity.
- **Promotion of freedom, the rule of law, and democracy:** Individual freedom, exercised within the framework of the rule of law, forms the foundation for justice, fairness, nation-building, and sound governance.

- **Advancement of material well-being and economic justice:** Socio-economic rights contained in the Constitution call for policies and initiatives that support and uplift disadvantaged groups, helping to enhance human dignity and overall living conditions.
- **Strengthening of family and community values:** Families and communities serve as vital socialising institutions responsible for nurturing and instilling moral and ethical principles within society.
- **Commitment to honesty, integrity, and loyalty:** These virtues are essential for sustaining ethical behaviour and upholding good governance practices.
- **Promotion of harmony among cultures, beliefs, and consciences:** South Africa's cultural and ethnic diversity offers the potential to enrich a shared moral and value system that supports the principles of the Moral Regeneration Charter.
- **Demonstration of respect and compassion for all:** Respect and care for others should remain central characteristics of South African society.
- **Pursuit of justice, fairness, and peaceful coexistence:** National reconciliation depends on a shared commitment to justice, fairness, and mutual respect, which helps the country move beyond past divisions and advance democracy, social justice, and human rights.
- **Protection of the environment:** Safeguarding the natural environment is essential to preserve it as a valuable inheritance for future generations.

2.1.4 Code of ethics

Saint-Martin and Thompson (2006) explained that ethical codes are often transformed into codes of conduct that carry enforceable sanctions, as administrative laws and regulations are typically easier to draft and amend than formal legislation. As a result, organisations establish conditions of service that are legally binding under civil or administrative law to safeguard both employees and employers. These service conditions are typically reflected in internal policies that address areas such as discipline, confidentiality, loyalty to the organisation, honesty, dedication, and employment matters, including remuneration and promotion, which are issues generally outside the scope of criminal law.

Lewis and Gilman (2012:191) strongly advocated the use of codes, describing them as the “art of virtue” and a means of demonstrating ethical conduct in practice. Such codes serve to define the basic standards of acceptable behaviour, guide individuals in their actions, and often include consequences for non-compliance.

Lewis and Gilman (2012) noted that codes of conduct fulfil several functions. In some cases, they are designed to specify the basic ethical and professional standards that public officials within a particular organisation are required to meet. These standards are often established through laws or regulations, and breaches may result in criminal, civil, or administrative consequences, depending on the nature of the misconduct. Violations of criminal ethical codes may result in imprisonment, while administrative breaches could lead to disciplinary actions such as dismissal or unpaid suspension.

Lewis and Gilman (2012) explained that codes generally serve three main purposes: (1) fostering exemplary conduct, (2) strengthening public trust, and (3) guiding ethical decision-making. They note that these goals can give rise to various types of code models. Legislated codes, for instance, establish legal sanctions and safeguards that both regulate official authority and curb potential misuse of administrative power. In contrast, administrative standards and procedures function as practical tools that support decision-making and provide managers with a structured framework for action.

Mullins (2016) observed that while ethical codes alone cannot ensure ethical behaviour, they play an important role in fostering such conduct within organisations. These codes provide staff with explicit guidance on the conduct expected of them, while also signalling to the public the ethical standards against which the organisation wishes to be judged.

Rossouw and Van Vuuren (2017) described a code of ethics as an official document or commitment that outlines the ethical principles and behaviour standards an organisation requires from its members and applies in its activities. It establishes the ethical norms and guidelines that all members should follow in their decisions and actions. The main aims of a code of ethics include the following:

- **Discouraging unethical conduct** by clearly identifying behaviours that are unacceptable within the organisation.

- **Setting out the organisation's ethical values and the standards of conduct** that everyone within it is expected to follow.
- **Offering direction and support** for resolving ethical dilemmas that employees may face.
- **Encouraging organisational culture transformation** by emphasising the organisation's fundamental ethical principles.
- **Reflecting a shift in leadership mindset** towards ethical governance.
- **Boosting employee morale** by demonstrating that management places confidence and trust in its workforce.
- **Projecting an ethical image** to the organisation's external stakeholders.

Building on the perspectives discussed above, Lazenby (2024:51) explained that a code of ethics is a formal declaration outlining an organisation's ethical principles and social responsibility commitments. Such a code typically addresses areas such as respect for individuals, relationships with clients and suppliers, the handling of confidential information, the acceptance of gifts or favours, and environmental protection.

Lazenby (2024) further distinguished between two main types of ethical codes: **principle-based** and **policy-based**. Principle-based codes emphasise the organisation's core values, including accountability, product and service quality, and fair treatment of employees. In contrast, policy-based codes outline specific procedures for managing ethical challenges, such as conflicts of interest, receipt of gifts, and handling of proprietary information.

2.1.5 **Organisational culture**

Marinova (2005) investigated how organisational culture influences employees' roles and their corresponding behaviours. The research explored four distinct cultural types: clan, entrepreneurial, market, and hierarchical. Each type applied different, and at times opposing, pressures that shaped unique expectations of employee conduct. These expectations subsequently influenced specific patterns of role-related behaviour, such as cooperation, innovation, goal achievement, and adherence to rules. The study also explored the conditions under which organisational culture

affects the connection between role perceptions and behaviour. The empirical results generally validated the proposed relationships, showing that organisational culture significantly shapes which behaviours are viewed as valuable and appropriate within the workplace. The study also showed that the robustness of an organisation's culture influenced how culture affected employee roles, with this effect being especially evident in clan and hierarchical cultural settings (Marinova, 2005).

Nwibere (2013) echoed the findings of Marinova (2005), noting that organisational culture plays a crucial role in shaping how individuals establish both personal and professional objectives, carry out their duties, and manage resources to reach those goals. The author also noted that organisational culture shapes both the conscious and unconscious ways people think, as well as their decisions, perceptions, emotions, and behaviours. Moreover, Nwibere (2013) pointed out that culture within an organisation significantly impacts key aspects such as employee performance and organisational commitment.

Kotter and Heskett (1992) observed that certain corporate cultures are more capable of adjusting to change and sustaining organisational performance, whereas others struggle to do so. Supporting this perspective, Nwibere (2013) found that corporate culture exerts a strong influence on an organisation's long-term financial success. Nwibere (2013) further emphasised that organisations fostering cultures that prioritise key managerial stakeholders, such as customers, shareholders, and employees, which promote leadership across all management levels, tend to achieve superior performance compared to those lacking such cultural characteristics.

Nwibere (2013) emphasised that corporate culture is crucial to achieving organisational success and fulfilling its goals and objectives. However, this success relies on establishing and sustaining a suitable culture that aligns the organisation's managerial values, attitudes, and behaviours with its strategic direction (Nwibere, 2013).

Babalola et al. (2016) determined that frequent changes in an organisation could lead to the voluntary quitting of jobs by employees and found that ethical leadership could influence the self-esteem of employees.

Ljungholm (2015) emphasised the importance of an organisational culture that instills confidence and allows public managers to design ethical conduct for promoting ethical judgments. Ljungholm (2015) further noted that the organisational context in which public managers operate influences their decision-making processes, performance outcomes, and ethical behaviour.

Mullins (2016) explained that workplace culture reflects the underlying ethos and core values of an organisation, which are demonstrated through its everyday operations and practices. The author further argued that organisational culture shapes employees' attitudes and behaviours, thereby creating a clear connection between culture and work ethics. Mullins (2016) noted that an organisation's culture strongly influences managerial behaviour and has a significant effect on the organisation's overall performance and effectiveness. An organisational culture characterised by blame can create an unhealthy working environment, as employees may avoid reporting mistakes due to fear of repercussions. In contrast, a culture that prioritises safety and promotes proactive error management encourages open communication and facilitates effective handling of mistakes. Moreover, a culture that supports the sharing of new ideas from all levels of staff can enhance morale and foster a more positive work environment. Mullins (2016) also highlighted that competitive pressures and job insecurity can contribute to a culture of presenteeism, in which employees feel compelled to remain constantly available, even beyond regular working hours, via email or mobile communication. Ultimately, Mullins (2016) emphasised that organisations with engaged, and content employees tend to perform better than those plagued by negativity and internal politics.

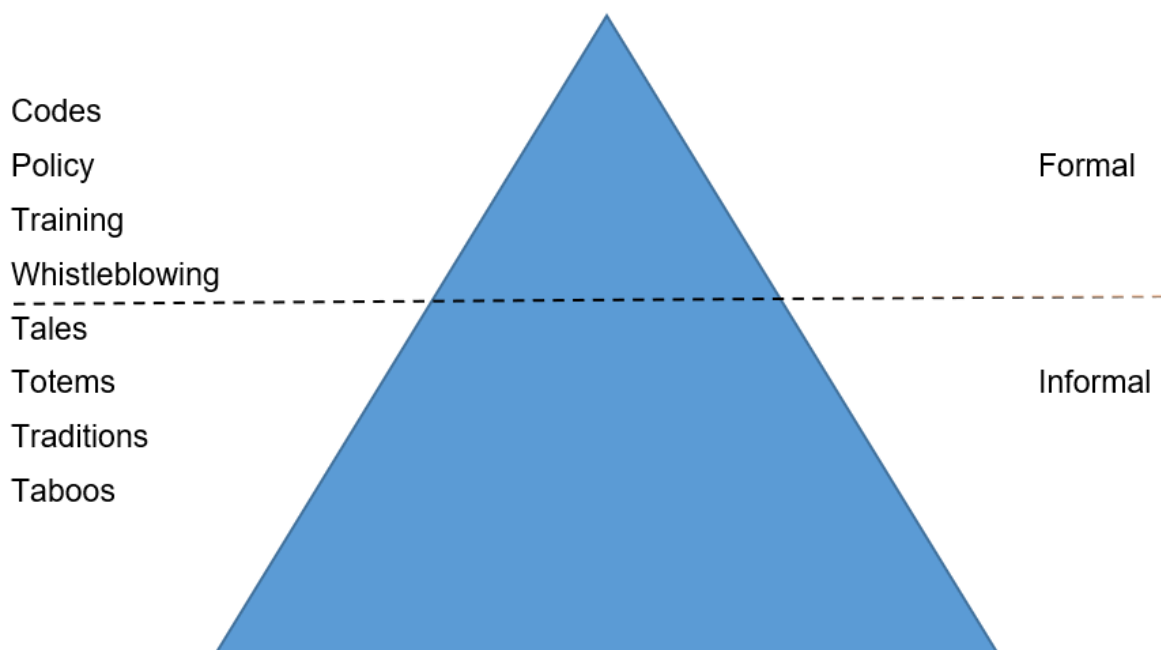
As attention to ethical culture within organisations grows, there is a need to shift from merely implementing standard ethics management programmes to creating a workplace environment grounded in transparency, trust and integrity (Rossouw & Van Vuuren, 2017).

According to Rossouw and Van Vuuren (2017), the ethical aspect of organisational culture involves the values, norms and expectations that define what the organisation regards as appropriate ethical conduct. They argue that maintaining ethical behaviour

is difficult when it is not supported by a broader organisational culture that reinforces ethical principles. Consequently, many business ethics scholars contend that weak ethical cultures increase the risk of unethical behaviour and moral decline among both employees and leaders.

Rossouw and Van Vuuren (2017) pointed out that it is often challenging to differentiate between the visible elements of an organisation's ethical culture and those that are less apparent or hidden. Both aspects encompass various decision-making mechanisms and practices that influence and direct behaviour within the organisation. They also stressed that the deeper, less visible elements are vital in forming and maintaining an organisation's overall ethical culture. Rossouw and Van Vuuren (2017) likened ethical culture to an iceberg, as illustrated in Figure 2.1, where the visible, formal, and measurable aspects represent only the surface, while the deeper, informal, and intangible elements remain largely unseen but equally significant.

Figure 2.1: Ethical culture as an iceberg



Source: Adapted from Rossouw and Van Vuuren (2017:306)

Lazenby (2024) explained that organisational culture represents the implicit behaviours, attitudes, and social patterns that reflect the organisation's goals. It is

expressed through shared values and beliefs that shape actions, guide decisions, and establish common assumptions and norms within the group. Organisational culture and leadership values are therefore inseparable as they reflect the leadership attitudes, beliefs, and values (Lazenby, 2024).

The literature therefore suggests a strong interdependence between ethical leadership and organisational culture. Leaders play a critical role in shaping ethical culture, while culture simultaneously influences leadership behaviour. This reciprocal relationship highlights the importance of examining ethical leadership as both a driver and outcome of organisational culture.

Lazenby (2024) outlined four key levels of corporate culture that contribute to promoting ethical behaviour within organisations:

- **Ethical awareness:** Employees are expected to take an active part in identifying ethical issues and proposing suitable actions that are consistent with the organisation's code of conduct and ethical principles.
- **Ethical reasoning:** Organisations have a responsibility to equip employees with the necessary tools, frameworks, and training to assess and manage ethical dilemmas effectively. Ethics training programmes can strengthen employees' ability to reason through ethical issues.
- **Ethical action:** To foster ethical conduct, organisations should create supportive systems and structures. This may include setting achievable goals that encourage ethical behaviour, providing confidential channels such as hotlines for reporting misconduct, and designating ethics officers to offer guidance on ethical matters.
- **Ethical leadership:** Senior executives must demonstrate ethical behaviour in practice, serving as role models and reinforcing an ethical organisational culture. Moreover, every employee share accountability for upholding ethical principles and reporting any violations of the organisation's code of conduct.

According to Lazenby (2024), a whistle-blower is an individual who exposes wrongdoing within the workplace by reporting it to the relevant authorities or the media, with the aim of stopping or preventing further misconduct. He emphasised that unethical practices in organisations can only be effectively addressed when all

members collectively work to eliminate such behaviour. Lazenby (2024) further asserted that organisations cannot depend solely on ethical frameworks or codes of conduct to curb unethical actions; instead, employees should be encouraged to report any observed illegal, unsafe, or unethical activities. He also highlighted that whistleblowing should be recognised as a valuable mechanism for promoting integrity and that organisations must take steps to ensure the adequate protection of those who come forward.

2.1.6 **Business Ethics**

Freeman and Stewart (2006) explained that ethical leaders embody the organisation's mission, vision, and core values while remaining mindful of ethical principles. Such leaders strive to create an atmosphere of open communication, encouraging the exchange of diverse perspectives, beliefs, and opinions. They recognise that embracing these different viewpoints can enhance the overall performance and effectiveness of the organisation.

Mihelič et al. (2010) suggested that within organisations, ethics involves open and honest discussions about values and issues that are significant to both stakeholders and the business. According to Mayer, Kuenzi, and Greenbaum (2010), the level of unethical conduct in organisations is deeply concerning. Their research, based on a survey of American companies, found that more than half of employees (56 percent) had witnessed some form of workplace misconduct. Examples of such unethical actions include dishonesty towards colleagues or clients, abusive treatment of others, falsifying work hours, misuse of the company's internet, violation of safety rules, spreading confidential information, theft, and sexual harassment. Mayer et al. (2010) further pointed out that unethical behaviour tends to persist when it goes unnoticed or unreported, often due to employees' fear of retaliation or their desire to shield the wrongdoers.

These results highlight a critical gap between formal ethical frameworks and actual organisational behaviour. This gap underscores the importance of leadership in enforcing ethical standards and creating an environment in which unethical behaviour is discouraged and reported.

Dessler (2011) noted that business ethics involve recognising and applying standards of behaviour that prevent organisations from causing harm to their stakeholders. At a higher level, business ethics encompasses practices and principles that actively promote and advance the well-being and interests of everyone influenced by the organisation's activities.

Rossouw and Van Vuuren (2017) explained that business ethics centre on creating and upholding behavioural standards within an organisation to safeguard the interests of all stakeholders. The ethical principles of the *self*, the *good*, and the *other* are also relevant to business ethics. In this context, business ethics centre on clarifying what is regarded as appropriate or good conduct, guided by the organisation's own values and norms in its interactions and relationships with stakeholders. Societies generally share common views about what constitutes ethical or unethical behaviour. For instance, showing respect for employees' dignity and safeguarding company property are considered ethical actions, while discrimination or theft are considered unethical. However, in the business environment, certain situations arise where determining the morally correct course of action is not straightforward. Situations in which it is difficult to determine the morally correct option are known as moral dilemmas (Rossouw & Van Vuuren, 2017).

Freeman and Stewart (2006) emphasised that ethical leadership extends beyond the leader themselves and must also consider followers and other important stakeholders. This is because leaders are part of the organisation and its broader stakeholder community. Consequently, their goals, vision, and values should serve the interests and well-being of both the organisation and its stakeholders.

Mullins (2016) explained that business ethics represent a branch of applied ethics that examines how general ethical principles influence business conduct. This perspective challenges the notion that moral values are irrelevant to business or that the sole purpose of business is to generate profits. Mullins (2016) further stressed that any discussion of ethics within organisations should consider both the organisation's purpose and its strategic objectives. It is essential to reflect on what the business aims to achieve in a competitive environment, as these aims directly affect organisational

decisions and their impact on individuals both within and outside the organisation. The close relationship between business and society is therefore of great importance. Moreover, Mullins (2016) noted that managers' daily decisions are not always driven solely by calculations of shareholder value but must also address ethical challenges that arise in real-world situations.

Lazenby (2024) explained that business ethics involve applying moral principles and standards to business decisions, actions, and situations to protect and respect stakeholders' interests. These ethical considerations extend to every part of an organisation's operations, from the strategic decisions made in the boardroom to the day-to-day interactions with employees and suppliers, as well as sales practices and financial reporting.

2.1.7 Public sector ethics

Lewis and Gilman (2012) explained that the public service is characterised by its commitment to serving the public interest, as defined by national laws and formal governmental frameworks. In terms of ethics, the line separating public and private sector responsibilities is often blurred, as the boundaries between the two shift constantly. Relationships, collaborations, partnerships, and roles evolve over time in response to changing circumstances and organisational dynamics. Many public officials simultaneously occupy multiple roles, and the increasing integration of activities through mechanisms such as public–private partnerships and contractual collaborations often place them in direct cooperation with government entities that share a focus on public service.

Public sector ethics is inherently complex due to the multiple and often competing demands placed on public officials. These include legal compliance, political accountability, and service delivery obligations. As a result, ethical leadership becomes particularly important in navigating these competing demands and ensuring that decisions align with both legal and moral expectations.

Evidence suggests that individuals employed in the public sector are largely motivated by a desire to make a meaningful contribution to society, a motivation that lies at the

heart of public service. Unlike private-sector actors, who are primarily driven by financial gain, many public managers aim to create broader social impact. This sense of purpose fosters optimism and progress, reflecting the ethical principle of discerning and pursuing what is right for the public good. Ethical decision-making and innovation are thus central to the role of public managers as they navigate the complex, interdependent nature of modern governance.

Concerns about ethics and managerial accountability extended beyond academia and government institutions, touching all areas of public life. Contemporary expectations require public officials to demonstrate advanced ethical reasoning and to apply strict moral standards in their professional conduct. According to Lewis and Gilman (2012), ethical scrutiny of public managers arises for three key reasons: firstly, ethics is inherently significant; secondly, the legitimacy of public authority in a democratic system relies on public trust; and thirdly, there is a prevalent belief that the public sector does not always meet the ethical standards expected by citizens. Public service, therefore, is fundamentally rooted in public trust that is built upon fairness, reliability, and integrity. Ethical governance is crucial for maintaining this trust and ensuring effective administration. For instance, labour strikes in South Africa in 2018, such as those involving Eskom and the South African Social Security Agency (News24, 2018), disrupted service delivery and may have eroded citizens' confidence in the government's ability to govern effectively.

Koven (2014) noted that public sector ethics is the key success factor for public employees to fulfil their responsibilities as public servants.

Dresang (2017) noted that working within a public bureaucracy is considered a privilege. Government positions often provide stable employment, authority, and, in many societies, a certain degree of social respect and prestige. However, such employment also comes with specific limitations placed on public employees. Legislative bodies, courts, and executive leaders have all contributed to defining what types of behaviour are acceptable for public officials, both during and outside of working hours. Policies governing public sector employees aim to strike a balance between protecting the personal freedoms of government and non-profit workers, the rights that they share with other citizens, and the imposition of restrictions necessary

to maintain the competence, integrity, and professionalism of public institutions. Achieving this balance also influences how public servants can engage in political activities. Additionally, the equilibrium between employee rights and obligations influences how public workers are expected to conduct themselves and represent their institutions within their communities.

Flowing from the Public Sector Ethics Survey done in 2022, the following aspects were identified for further attention (Dobie, 2022):

- Reviewing the appointment processes for senior management roles is intended to ensure the recruitment of capable, ethical, and stable leaders, thereby facilitating the selection of professional heads of departments and senior executives. This concern is similarly highlighted in the National Implementation Framework towards the Professionalisation of the Public Service (National School of Government, 2020) as well as in the National Anti-Corruption Strategy 2020–2030.
- Implementation of appropriate interventions to improve accountability. The survey highlighted that leaders are not always capable of holding those below them accountable, or that political considerations, rather than professional ones, frequently have a negative impact on accountability and perceptions of impunity. It was noted that professional accountability can only improve through fair and professional leadership at the top management level.
- Whistle-blowing is another area that was identified to suffer from low trust. The Departments of Public Service Administration (DPSA) and Cooperative Governance (COGTA) are tasked to monitor the implementation of whistle-blowing response systems in departments and municipalities. An integrated public service information management system should be considered to record and report cases, improving transparency in disciplinary matters. It is critical to regain trust in whistleblowing as people fear that they will be victimised and that nothing will be done about their reports. Ethical and professional leaders are crucial in promoting accountability and effective discipline management, which should also positively influence perceptions.

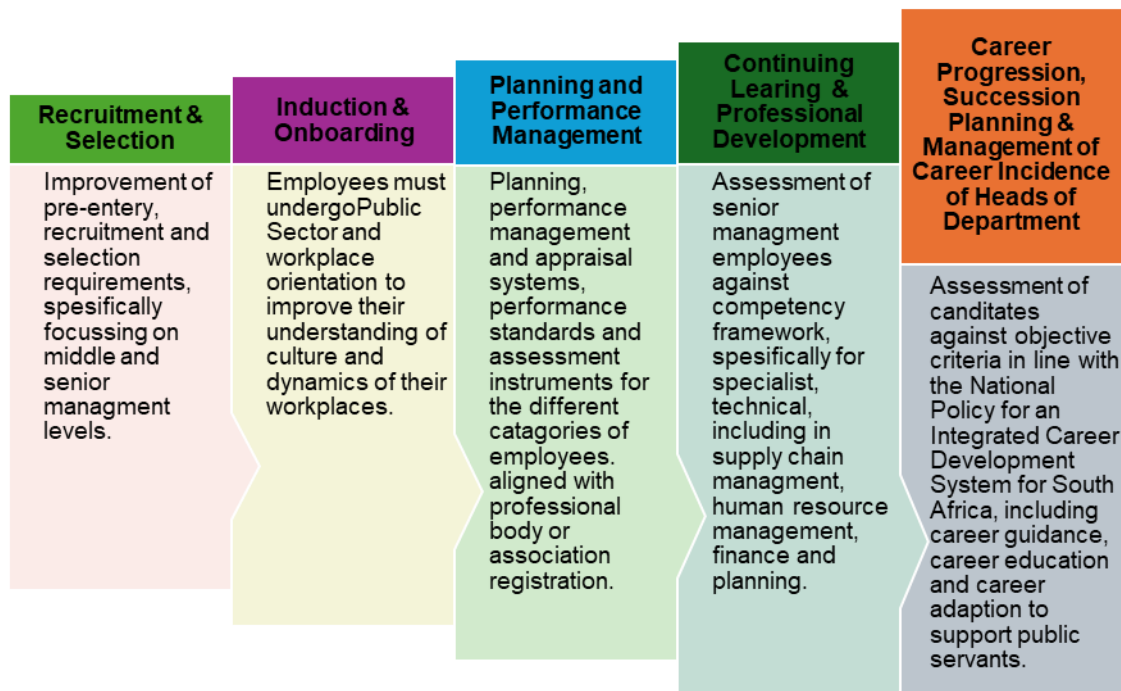
According to the School of Government's (2022) publication, *A National Framework Towards the Professionalisation of the Public Sector*, the South African government, through the 2019–2024 Medium-Term Strategic Framework (MTSF), has committed itself to building a capable and ethical state. The framework highlights several key interventions needed to realise this goal, including fostering professional and ethical public service, improving leadership quality, and reinforcing governance and accountability structures. It further stresses that these initiatives must align with the values and principles outlined in Chapter 10 of the Constitution of the Republic of South Africa (1996). In addition, the document states that these constitutional principles apply across all spheres of government, including state institutions and public enterprises (School of Government, 2022).

In South Africa, Section 197 of the Constitution establishes that the public service forms part of the broader public administration and operates within a range of institutional arrangements. A public servant is defined as an individual employed within public administration in accordance with the Public Service Act, 1994 (Act No. 103 of 1994). The National Framework Towards the Professionalisation of the Public Sector also clarifies that its scope is not limited to those appointed under the Public Service Act; it includes personnel in other sectors of government such as the defense force, state security agencies, the police, and correctional services (School of Government, 2022).

Figure 2.2 illustrates the five core pillars that make up the value chain for professionalising the public sector, as outlined in the School of Government's (2022:9) booklet. These pillars are:

- Recruitment and Selection
- Induction and Onboarding
- Planning and Performance Management
- Continuous Learning and Professional Development
- Career Progression, Succession Planning, and the Management of Career Incidents for Heads of Department.

Figure 2.2: Pillars in the value chain for the professionalisation of the public sector of South Africa



Source: Adapted from the School of Government (2022:9)

The Department of Public Service and Administration (2024) released Circular 13 of 2024 to enhance ethical conduct within the public sector. The directive focuses on formalising the role of ethics officers in all public institutions, managing situations where public servants engage in business with state entities, and monitoring issues related to additional remunerative work. Moreover, the Public Administration Ethics, Integrity, and Disciplinary Technical Assistance Unit is tasked with providing guidance and support to departments and officials responsible for implementing the directive’s provisions.

Despite extensive regulatory frameworks and ethical guidelines, persistent governance failures suggest that compliance alone is insufficient. This highlights the need to examine the behavioural and leadership factors that influence the effectiveness of these frameworks.

2.1.8 Management of ethical dilemmas

Lewis and Gilman (2012) argue that all adults face moral choices, particularly in complex situations or when confronted with ethical dilemmas involving conflicting duties or competing interests. They further note that factors such as unfamiliar situations, the impersonal nature of organisations, and technology, as well as the influence of professional and public authority, can intensify ethical pressures. The public service environment is complex and often requires sound ethical judgment when officials face choices that may involve morally questionable alternatives or difficult trade-offs. Ethics in the public sector is significant because it encompasses not only moral reflection but also behaviour and practical action.

Lewis and Gilman (2012) further suggested that using a transparent decision-making framework, one that welcomes diverse perspectives and values, enables managers to engage in thorough fact-finding, consider differing opinions, and make informed, value-based decisions through reasoned compromises. When guided by ethical principles, managers can consider three approaches: (1) choosing to avoid risk, (2) acknowledging that collective decisions may have adverse effects on some individuals, and (3) balancing the first two options. Ethical conduct is not the responsibility of specialists alone; it is a duty shared by all employees. Since decision-makers represent the organisation, they carry a responsibility to act ethically. Moreover, public managers must possess the capability to handle tasks they cannot ignore or rightfully assign to others. Ethics training is considered an essential element for the effectiveness of any ethics programme. These learning opportunities may be delivered through ongoing, specialised courses or workshops offered to both managers and employees. These sessions play a crucial role in explaining and providing guidance on complex compliance and regulatory issues. However, for ethics training to be truly effective, it should extend beyond merely reiterating rules and procedures. Public managers should not only be familiar with the established rules but also possess a deep understanding of the ethical principles that underpin them (Lewis & Gilman, 2012).

Building on the views of Lewis and Gilman (2012), Koven (2014:99) highlighted that ethical dilemmas can also emerge from several psychological and organisational

dynamics. These include instances of *blind obedience* to authority, as reflected in the Nuremberg principle; a *loss of personal autonomy and accountability*, often described as an *agentic shift*; the justification of unethical behaviour as being necessary for a *greater good*, referred to as the “*dirty hands*” phenomenon; and the tendency to conform uncritically to collective opinions or decisions, known as *groupthink*.

Lazenby (2024) supported Lewis and Gilman (2012) by emphasising that ethics training should not only be provided to new employees but also be conducted on a regular basis as refresher courses for existing employees. Ethics training should, among other objectives, emphasise the development of ethical reasoning skills and promote mechanisms that encourage employees to report unethical conduct. Such initiatives contribute to embedding the organisation’s code of ethics and its underlying values into everyday workplace practices. Training interventions may take various forms, including virtual learning sessions, structured workshops, or regular meetings dedicated to discussing ethical challenges and dilemmas encountered in the workplace (Lazenby, 2024).

2.1.9 **Ethics management**

Lewis and Gilman (2012) noted that ethical dilemmas within government are often linked to instances of misconduct or scandals, and the ways in which these are addressed can vary significantly. They distinguish between two primary systems designed to manage such challenges: the anticorruption system and the integrity system. These ethical frameworks are based on the premise that unethical behaviour stems from individuals’ moral failings and aim to establish rules and processes that promote ethical conduct and compliance within organisations. The anticorruption system focuses on enforcement measures such as investigations, prosecutions, audits, and control mechanisms, whereas the integrity system takes a preventative stance, emphasising clear ethical standards, guidance, and shared values. Integrity systems operate on the belief that most public officials are inclined to act ethically when supported by a strong moral framework.

Rossouw and Van Vuuren (2017) outlined five distinct approaches that organisations can adopt to manage ethics effectively. These approaches, or modes, include the

immoral, reactive, compliance, integrity, and total alignment modes. In the immoral mode, ethical issues are completely ignored, and the organisation has no measures or systems to manage ethical behaviour. The reactive mode, by contrast, shows a passive or hands-off approach to ethics, with minimal dedication to ethical governance and organisational values that tend to be largely symbolic or not genuinely practiced. The compliance mode adopts a rules-based or transactional approach, establishing formal codes of conduct, structures, and systems to regulate behaviour and enforce disciplinary measures for ethical breaches. The integrity mode represents a more transformational strategy, focusing on stakeholder involvement, open dialogue about ethical matters, and the institutionalisation of robust ethics management systems. Finally, the total alignment mode is the most advanced form, where ethical responsibility is shared across all levels of the organisation. Ethics are embedded into the organisation's culture, ethical leadership is recognised and celebrated, and stories that reinforce ethical conduct are widely shared.

Rossouw and Van Vuuren (2017) highlighted that after an organisation conducts an ethics risk analysis, it needs to choose an appropriate strategy for managing ethics. The chosen approach should align with whether the organisation's primary goal is to mitigate ethical risks or to enhance ethical performance for long-term benefit. To ensure consistent ethical behaviour, both an ethical mindset (an ethical organisational culture) and its practical application (ethical conduct) must be embedded into the organisation's systems and daily practices. A genuine and sustained commitment to ethical behaviour should be reflected in the organisation's vision, mission, and overall identity. Ultimately, it is the board's responsibility to determine and approve the strategy for managing the organisation's ethical conduct. Within the governance framework for ethics, the ethics management strategy comprises the following essential components (Rossouw & Van Vuuren, 2017):

- **Leadership Commitment:** Senior executives and leaders at all levels must demonstrate and promote ethical behaviour, setting a clear tone that supports an effective ethical culture and control environment.
- **Governance Structure:** Ethics management needs to be formally embedded within the organisation's governance structures so that ethical behaviour is

consistently supported and enforced throughout all departments and levels of operation.

- **Ethics Management Process:** The organisation should develop and implement a structured ethics management process, focusing on five key areas:
 - **Ethics Risk Assessment:** Conduct a comprehensive assessment to identify ethical risks and opportunities, evaluate the organisation's ethical risk profile, and address potential vulnerabilities.
 - **Ethics Strategy:** Develop a detailed ethics management strategy and action plan that aligns with the organisation's risk profile. This strategy should define ethical standards, clarify the roles and responsibilities of key participants, and specify short-, medium-, and long-term objectives, along with corresponding timelines and accountability measures.
 - **Codes and Policies:** Create or refine a code of ethics and supporting policies that outline expected ethical behaviour, define responsibilities, and specify consequences for non-compliance or misconduct.
 - **Institutionalisation:** Implement the ethics management strategy throughout the organisation to ensure that ethical standards are understood, accepted, and practiced by all stakeholders.
 - **Monitoring and Reporting:** Continuously monitor how the ethics management strategy is being implemented and provide regular updates to management and the governance structures responsible for overseeing ethical performance.

- **Independent Assessment and External Reporting:** The organisation's ethics management practices should undergo independent evaluation, ideally conducted by an internal audit, to confirm their effectiveness and ensure accountability. Ethical performance should also be communicated in public documents, such as the annual report, to promote transparency with stakeholders.

Figure 2.3 presents a schematic framework outlining how ethics should be governed within an organisation.

Figure 2.3: Framework for the governance of ethics



Source: Adapted from Rossouw and Van Vuuren (2017: 222)

The ethics management framework illustrated in Figure 2.3 enables an organisation to identify and understand its ethical risks and opportunities, thereby embedding ethics management within its operations. In many cases, the initial implementation of ethics management serves primarily to demonstrate the organisation’s compliance with corporate legislation or adherence to the principles outlined in corporate governance codes.

Lazenby (2024) identified three types of ethical management that can exist in an organisation:

- **Immoral management:** The actions of this type of management are selfish and focus on personal gain that actively oppose what is regarded as ethical.
- **Moral management:** This management style reflects firm ethical principles and professional integrity, ensures compliance with legal obligations, and shows a strong awareness of and responsiveness to ethical standards and expectations.
- **Amoral management:** This type of management may not intend wilfully wrong actions but does not give attention to moral behaviour or outcomes. People are

treated without any concern for the consequences of actions and are only seen as “*instruments for realising the economic interests of the business*”.

The distinction between compliance-based and integrity-based approaches to ethics management further reinforces the importance of ethical leadership. While compliance mechanisms focus on rules and enforcement, integrity-based approaches emphasise leadership behaviour, organisational values, and ethical culture as drivers of sustainable ethical conduct.

2.2 LEADERSHIP

Mihelič et al. (2010) defined leadership as the capacity to inspire and motivate followers to voluntarily work toward the goals and tasks established by the leader. The leader's role is to guide and influence individuals' actions toward achieving specific objectives. Leaders differ in their values, attitudes, beliefs, and behavioural patterns, which are shaped by the culture of the organisation, profession, or institution in which they operate.

According to Dessler (2011), leaders with integrity should display ethical behaviour and loyalty towards the agreed-upon values and strategy of the company. Integrity-based leadership also helps develop trust with the company's stakeholders.

Hassan et al. (2014) found that ethical leadership positively influences employees' organisational commitment, which subsequently contributes to lower staff turnover, better job performance, and greater engagement in organisational citizenship behaviours. Furthermore, Hassan et al. (2014) noted that their study was the first to demonstrate that ethical leadership can reduce absenteeism. This finding is especially significant, as absenteeism is often linked to the misuse or abuse of sick leave provisions.

Rossouw and Van Vuuren (2017) stressed that when leaders overlook the significance of ethics in organisational life, the quality of relationships inside the organisation deteriorates. This observation highlights the strong connection between ethical conduct and organisational relationships, as unethical behaviour conflicts with

fundamental human values, beliefs, and expectations. The degree to which leaders and organisations acknowledge and act upon the ethical responsibility inherent in relationships influences the level of stakeholder trust. Rossouw and Van Vuuren (2017) explained that ethics underpin all relationships. When these relationships are shaped by values such as integrity, honesty, fairness, compassion, and accountability, organisational fear declines, while confidence and trust grow stronger.

Rossouw and Van Vuuren (2017) noted that value-based management calls on leaders to engage authentically with their followers. When leaders behave authentically and base their actions on strong values, they enable employees to find purpose in their work and cultivate a shared sense of meaning within the organisation. Leaders have a pivotal influence on an organisation's ethical consciousness, which means they must set ethical expectations and demonstrate those standards through their own behaviour. Leadership is not merely a formal role; it is a moral relationship grounded in trust, responsibility, commitment, emotional bonds, and a shared vision aimed at advancing the collective good. Because ethical principles underpin all human relationships, they are just as essential in shaping the relationship between leaders and their teams. Notably, effective ethical leaders avoid micro-managing ethical behaviour; instead, they cultivate a culture of trust that empowers employees to act ethically and engage in work that holds both personal and organisational significance.

There is a continuous and reciprocal relationship between leaders and an organisation's culture, with leaders exerting a strong influence on the development of that culture, while also being influenced or constrained by it. Rossouw and Van Vuuren (2017) identified several key attributes of ethical leadership, including commitment, competence, communication, courage, creativity, consistency, and congruence. To foster an ethical organisational culture, leaders must demonstrate a deliberate and steadfast dedication to ethical principles. This involves linking ethical behaviour to corporate reputation, recognising that treating employees ethically is fundamental to unlocking their full potential, and responding appropriately to the legitimate interests of stakeholders. Rossouw and Van Vuuren (2017) argued that developing a credible and lasting ethical culture requires leaders to have the appropriate expertise and understanding to manage and oversee ethics effectively within the organisation.

Johannessen (2019) identified moral courage as an emotional strength of a leader, enabling them to exercise the will to achieve goals despite any external and internal opposition.

Lazenby (2024) emphasised that strategic leaders and managers are expected to serve as ethical role models who help shape and strengthen the organisation's ethical climate. For an organisation to uphold ethical standards, it needs morally grounded individuals who demonstrate integrity, honesty, fairness, and trustworthiness in their actions and decision-making, and who reflect a high level of moral maturity.

Lazenby (2024) observed that the King IV Report regards ethical leadership as a fundamental pillar for fostering an ethical organisational culture. While ethical leadership originates with the board's actions and decisions, it should extend across all managerial levels to positively influence employees through their immediate supervisors and managers. Furthermore, Lazenby (2024) emphasised that ethical leadership entails management's active role in promoting ethical behaviour and establishing the core organisational values that guide conduct within the company.

Although the literature clearly establishes the importance of leadership, there remains limited integration of how ethical leadership specifically influences governance outcomes through internal controls and accountability mechanisms. This study addresses this gap by linking ethical leadership competencies to these governance dimensions.

2.2.1 Principles of ethical leadership

Freeman and Stewart (2006) proposed a set of guiding principles that form part of a framework for cultivating ethical leadership. According to them, ethical leaders should:

- Clearly express and exemplify the organisation's core purpose and values.
- Prioritise the success of the organisation over personal ambition or self-interest.
- Recognise and nurture talented individuals within the organisation.
- Maintain continuous dialogue about ethics, values, and the creation of stakeholder value.

- Implement systems that help identify ethical challenges and find appropriate solutions.
- Show respect for the beliefs and values held by others.
- Make firm decisions while remaining receptive to alternative perspectives and creative possibilities.
- Acknowledge the boundaries of their own moral principles and ethical viewpoints.
- Approach decision-making and actions through an ethical lens.
- Align the organisation's foundational values with stakeholder interests and the broader good of society.

Freeman and Stewart (2006) noted that becoming an ethical leader is not a complex process, but it demands genuine commitment. Leaders must be prepared to reflect on their own conduct and personal values, while also demonstrating the courage and accountability to recognise how their actions and decisions affect both themselves and others.

Mayer et al. (2010) explained that ethical leadership is made up of two core elements. The first is the *moral person*, which encompasses traits like honesty, fairness, compassion and reliability. The second is the *moral manager*, which involves establishing and communicating ethical expectations, reinforcing them through appropriate actions and discipline, and modelling ethical behaviour. Ethical leaders, therefore, embody positive moral qualities and intentionally guide their employees by managing ethical behaviour. Through their actions, they demonstrate that integrity and doing what is right are both valued and expected within the organisation.

According to Crews (2015), ethical leaders are individuals who demonstrate honesty, trustworthiness, fairness, and genuine concern for others' well-being. In a subsequent study, Crews (2016) outlined three overarching themes that capture the essence of ethical leadership: value alignment, governance, and relationship focus. Each of these themes is associated with specific defining features, as previously discussed in Crews' (2015) work:

a) **Value alignment**

This theme encompasses three key components: integrity, courage, and trustworthiness. Respondents viewed value alignment as a fundamental aspect

of a leader's character. Crews (2015) described character as the enduring traits, attitudes, and beliefs that shape how a person thinks, behaves, and engages with others.

b) **Governance**

Governance refers to the systems, processes, and structures that promote accountability within an organisation, encompassing its policies, regulatory frameworks, and operational procedures. It is defined by two core components: accountability and sound judgment. Crews (2015) further emphasised that ethical leaders approach governance not only from an economic standpoint but also with consideration for social, cultural, and environmental responsibilities.

c) **Relationship-centeredness:**

This theme consists of fairness and altruism. Ethical leaders are expected to demonstrate genuine care for others and promote inclusion by fostering open communication and participation.

Babalola et al. (2016) suggested that ethical leadership, facilitated through social learning and social influence, plays an essential role in reducing employee turnover. Their findings also showed that ethical leaders help create a supportive workplace where employees feel valued, experience increased self-esteem, and are more inclined to stay with the organisation.

While these principles provide a normative framework for ethical leadership, they need to be translated into measurable constructs that can be empirically tested. This study operationalises these principles into specific competencies that can be assessed within the public sector context.

2.2.2 Ethical leadership performance

Mihelič et al. (2010) observed that consumers prefer to engage with organisations they perceive as dependable. Similarly, business partners are drawn to trustworthy companies, as these relationships are more likely to be grounded in mutual trust. The

authors further emphasised that an organisation's reliability is strongly influenced by the dependability and effectiveness of its leadership.

Sarwar (2013) found that leaders need to strengthen their ethical leadership capabilities across three key dimensions: general leadership attributes, performance outcomes, and work-related values. The study highlighted that leaders are crucial in establishing the organisation's ethical tone and must continually demonstrate and promote compliance with the ethics management policy through their everyday actions and interactions with staff.

The findings of Hogan and Evans (2013) suggest that the quality and consistency of an organisation's earnings improve when management sends a consistent message by allocating resources in line with the organisation's ethical principles and strategy. Hogan and Evans (2013) also further highlighted that alignment provides a consistent message and serves to translate the words of management into actions, even to external role-players and stakeholders of the organisation.

2.2.3 **Ethical decision making**

Lewis and Gilman (2012) highlighted that within the public service, adherence to the law is paramount. Thus, prioritising legal compliance forms the foundation of everyday decision-making in this sector. Nonetheless, they cautioned that a purely legalistic approach may overlook important ethical dimensions. Public officials should therefore ensure that their actions are both lawful and morally sound.

Furthermore, Lewis and Gilman (2012) identified a third crucial factor, namely *effectiveness*, as public service work is inherently focused on delivering services. Consequently, decisions should be practical and contribute to solving problems and meeting service goals. Rational public managers are expected to make decisions based not on personal gain but on advancing organisational goals, ensuring that their choices logically align with these objectives. Effective decision-making can be guided by three key questions: (1) Is the decision lawful? (2) Is it ethically sound? and (3) Is it effective? A "no" to any of these questions signals a significant issue, and only an affirmative response should allow progression to the next consideration. Action should

be taken only when the answer to all three is “yes.” This straightforward go/no-go decision-making framework is designed to prompt immediate yet thoughtful action, ensuring that ethical aspects are integrated into the process. According to Lewis and Gilman (2012), this simple model helps decision-makers fulfil their legal duties while also addressing broader ethical and practical considerations.

Ethical decision-making ultimately rests with individual managers. When overly rigid and prescriptive rules are imposed, they can undermine personal accountability and restrict rather than empower public officials. Nevertheless, some managers may require clearer directives and structured rules grounded in duty or legal obligations. Many, however, favour flexible guidelines instead of strict regulations, as these allow them to exercise judgment in diverse, everyday situations while retaining ownership of their decisions. Although procedures and rules are essential in any organisation, an overreliance on them can hinder effectiveness and responsiveness. Guidance, on the other hand, supports both compliance and integrity while preserving individual accountability (Lewis & Gilman, 2012).

Lewis and Gilman (2012) identified four broad principles that describe the ethical duties and expected behaviours of public servants:

- Individuals are responsible for the choices they make and the actions they take.
- They are also accountable for the results of those actions.
- Responsibility covers not only what is done but how it is done.
- Responsibility must stay with the person to whom it legitimately belongs.

Mullins (2016) highlighted the importance of moral reflection in guiding ethical decision-making in business, referencing Adam Smith’s *Theory of Moral Sentiments* (1759). This theory suggests that while markets function as highly effective mechanisms for matching the supply of goods and services with consumer demand, they cannot provide moral direction or ensure that market outcomes align with ethical standards. The responsibility for bridging this moral gap, therefore, lies with individuals participating in the market, who must apply their moral judgment to guide their actions.

Mullins (2016) explored the question of how individuals within organisations can make ethical decisions. While there is no definitive or universally applicable answer, ethical

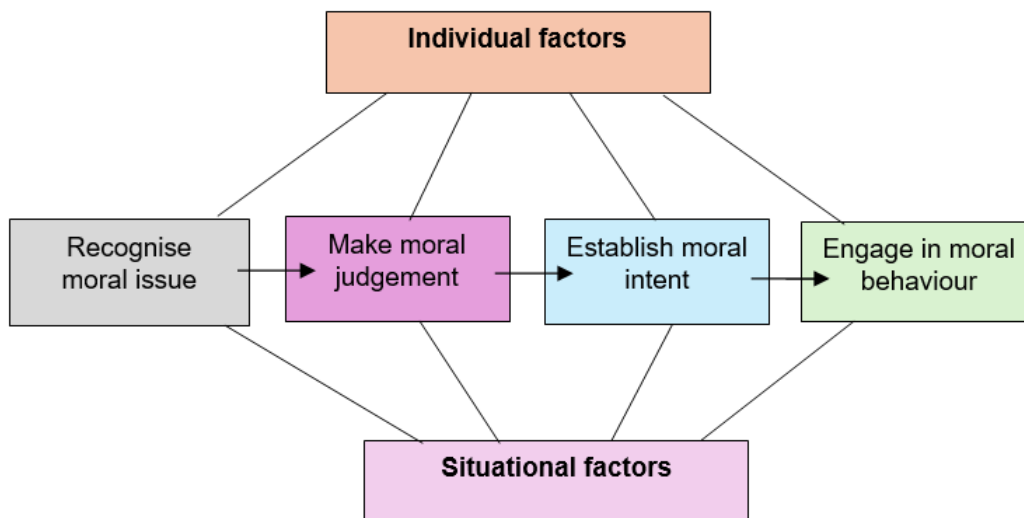
awareness can be developed, and examining different viewpoints can contribute to a deeper understanding of this complex issue. Certain ethical approaches may be more suitable in specific contexts. Nevertheless, it is often challenging to exclude some degree of consequentialist reasoning when determining how an organisation should behave. At the same time, duty-based principles, essentially an individual's moral compass, are crucial, especially when it comes to treating employees fairly and ethically. An individual's personal integrity and underlying values play a substantial role in shaping ethical decisions within the workplace.

Rossouw and Van Vuuren (2017) noted that ethics is essential in decision-making, as it informs not only decisions involving people but also business choices that impact both financial results and individuals.

Lazenby (2024) noted that ethical behavior and decision-making enhance the efficiency and effectiveness of organisational processes involved in executing strategic plans. Embedding ethical practices into the organisation's decision-making processes and overall culture is essential, as it helps shape and positively influence employees' behaviour and judgement.

Figure 2.4 outlines the steps an individual can take when making an ethical decision. According to Lazenby (2024), this process is shaped by the person's unique characteristics, including factors such as age, education, personality, attitudes, job responsibilities, reward structures, and the organisation's culture.

Figure 2.4: Model of managing ethical decision making



Source: Adapted from Lazenby (2024:49)

2.3 GOVERNANCE

Lazenby (2024) noted that the word *governance* comes from the Latin term *gubernare*, which means “to steer,” and refers to the processes involved in guiding and managing a government or an organisation.

According to Dessler (2011), effective governance offers a range of benefits, such as:

- Improving the organisation’s public image and credibility.
- Encouraging broad stakeholder participation, covering shareholders, staff, leaders, suppliers, consumers, and the surrounding community through practices grounded in accountability and responsible conduct.
- Supporting the establishment and maintenance of ethical behaviour within the organisation.
- Strengthening the organisation’s long-term sustainability by improving performance across all three elements of the triple bottom line, financial outcomes, social contribution, and environmental responsibility.

The Public Sector Integrity Management Framework (Department of Public Service and Administration, n.d.) outlines eight key characteristics that underpin good

governance. These features help to curb corruption and ensure that the needs of society's most vulnerable groups are effectively met. The eight characteristics of good governance are outlined below:

1. **Participatory:** activities are done in partnership with other role-players and not in isolation.
2. **Consensus-oriented:** Open to the views and inputs of other role-players.
3. **Accountable:** Take ownership of actions or decisions, as well as for any inaction, where action was required.
4. **Transparent:** Make information and decisions known to role-players and stakeholders.
5. **Responsive:** Proactive and results-oriented.
6. **Effective and efficient:** Act correctly from the outset and complete the task properly the first time, using resources in the most cost-effective manner.
7. **Equitable and inclusive:** Treat every person equally and make them part of the Team of the organisation without any favouritism.
8. **Follows the rule of law:** Comply with all legislative and policy requirements.

Section 217 of the Constitution establishes a key basis for good governance by requiring that the procurement of goods, services, and construction works be conducted in a manner that is fair, equitable, transparent, competitive, and cost-effective. According to the National Treasury (2015), achieving this constitutional mandate in the public sector depends on several principles:

- Upholding strong professional and ethical standards.
- Managing public resources efficiently, economically, and cost-effectively.
- Delivering services that are fair, impartial, and equitable
- Holding managers accountable for their decisions and actions.
- Enhancing transparency by ensuring that information made available to the public is timely, accurate, accessible, and easy to understand.

According to the National Treasury (2015), submissions from accounting officers and authorities, together with findings from the Auditor-General of South Africa, indicate ongoing poor compliance with the Supply Chain Management (SCM) legal framework. These reports point to continual weaknesses in policy implementation, operational

efficiency, and organisational oversight in applying SCM legislation, regulations, norms and standards, as well as other essential components required for the government to achieve its service delivery objectives.

The National Treasury further noted that reducing wasteful expenditure, tackling corruption, and improving public sector performance rely on strengthening ethics, integrity, transparency, and accountability. Weaknesses in governance and compliance often create opportunities for unethical or fraudulent practices such as fronting, bribery, nepotism, collusion, cover quoting, conflicts of interest, forgery, and tender splitting. Although a robust legal framework exists, these problems persist largely because laws are ignored or poorly implemented, often due to ethical shortcomings. To restore confidence and protect the integrity of SCM processes, the National Treasury (2015) stressed the need for stronger strategic collaboration between government, the private sector, civil society, and other key stakeholders. It also highlighted that integrity is essential to ensuring that public funds, assets, and resources are used correctly and in ways that advance the public interest.

The National Treasury (2015) further outlined various types of integrity breaches, such as:

- Acts of bribery and favouritism.
- Instances of fraud or theft.
- Situations involving conflicts of interest.
- Collusive behaviour and bid manipulation.
- The distortion or improper use of information and procedures.
- Discriminatory practices, as well as the wasteful or abusive use of public resources.

The National Treasury (2015) emphasised the need for transparent, professional, and legally compliant engagement between suppliers and public sector institutions to reduce the likelihood of integrity breaches. It noted that open and competitive procurement processes are vital for curbing corruption, promoting good governance, achieving value for money, and delivering quality public services.

The National Treasury (2015) further recommended reinforcing these processes by introducing coordinated oversight mechanisms and uniform standards, improving transparency and disclosure practices, and creating an accountability framework that holds public officials and private sector partners accountable for losses resulting from non-compliance, fraud, or corruption. While these measures are commendable, their success depends on the active enforcement of laws and procedures. Without consistent compliance, corruption and waste will continue to erode public confidence in government institutions. More importantly, compliance should be approached from an ethical standpoint. Ethical behaviour, rooted in moral values, is fundamental, and without it, even the most robust legal frameworks cannot effectively address corruption, fraud, negligence, or unethical conduct. Ethics, at its core, involves doing what is right even in the absence of supervision. Since it is impossible to monitor every action of decision-makers, society must be able to trust that those in authority will act with integrity, even when no one is watching.

The King IV Report, which took effect on 1 November 2016, introduces an outcomes-based governance model that places accountability on the governing body to deliver key results: cultivating an ethical organisational culture, driving strong performance, ensuring sound internal control, and building credibility with stakeholders (KPMG, 2016). Effective from 1 April 2017, King IV builds on the principles set out in King III, further aligning governance practices with international benchmarks and contemporary best-practice standards.

Referring to KPMG (2016), Lazenby (2024) pointed out that the King Committee on Corporate Governance in South Africa was responsible for developing the King IV Report. The report provides a set of voluntary governance principles and recommended practices intended for use across all types of organisations. Although not legally binding, King IV shifts from the former King II requirement of “apply OR explain” to “apply AND explain,” meaning organisations must show how they have implemented good governance practices in their operations.

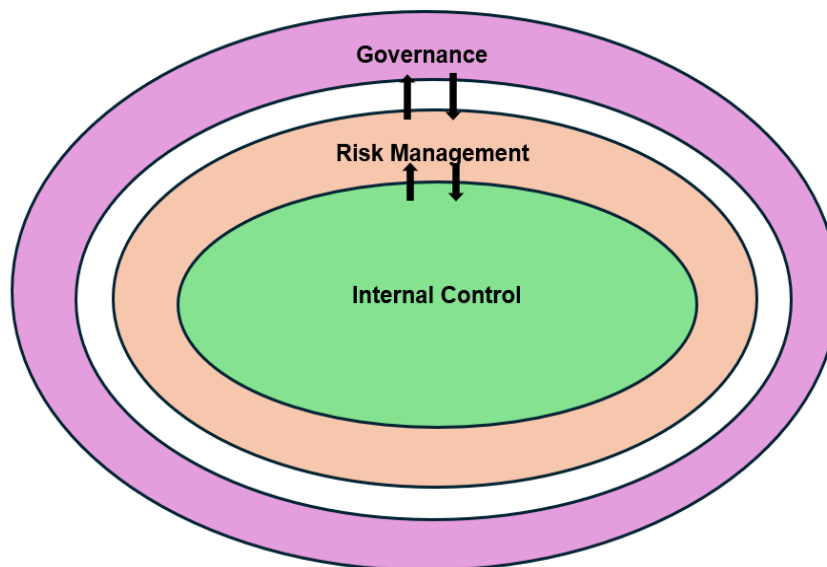
According to Lazenby (2024), the King IV Report retained seven core characteristics of good governance from the King II framework, which organisations and their employees should consider:

- **Discipline:** A commitment to act appropriately and with integrity.
- **Transparency:** Operating in a manner that is open, accessible, and observable to all stakeholders.
- **Independence:** Acting with impartiality and without conflicts of interest, consistently placing the organisation's best interests first.
- **Accountability:** Taking ownership of assigned duties and being answerable for outcomes.
- **Responsibility:** Accepting and managing the results and consequences of one's actions.
- **Fairness:** Ensuring equitable treatment and respect for the rights of all stakeholders.
- **Social responsibility:** Conducting oneself as an ethical and responsible corporate citizen, contributing positively to the community, economy, and environment.

Lazenby (2024) also emphasised that the 17 principles outlined in the King IV Report should underpin an organisation's mission, serving as a foundational guide for implementing sound and effective corporate governance practices.

Thys and Wait (2020:153) highlighted that management is responsible to all stakeholders to provide "*authoritative directives and control*" of the Organisation. Since risk is multifaceted and an integral part of an organisation, Risk Management is a critical success factor for good governance. Figure 2.5 provides a schematic indication of the key governance elements that an organisation must effectively manage.

Figure 2.5: Key governance elements



Source: adopted from Trevor and Wait (2020:153)

While these principles provide a normative framework for ethical leadership, they need to be translated into measurable constructs that can be empirically tested. This study operationalises these principles into specific competencies that can be assessed within the public sector context.

2.3.1 Corporate Governance

Biegelman and Bartow (2012) described corporate governance as a framework of checks and balances designed to regulate the relationship between management and other stakeholders, with the objective of ensuring that the organisation operates effectively, efficiently, and within the boundaries of the law. They also stress that the core of corporate governance is to promote fairness, integrity, and transparency throughout the organisation.

Expanding on the perspectives of Biegelman and Bartow (2012), Lazenby (2024) described corporate governance as the system of processes used to direct, manage, and oversee an organisation in pursuit of its strategic goals. Lazenby (2024) also explained that, according to the King IV Report, corporate governance requires the governing body to exercise ethical and effective leadership to achieve four key

outcomes: an ethical organisational culture, sound performance, effective control, and organisational legitimacy.

Furthermore, corporate governance covers three fundamental areas of impact: economic, social, and environmental (physical). Its primary aim is to minimise the risk of fraud while enhancing the overall interests of all stakeholders. Corporate governance outlines the roles, rights, and responsibilities of stakeholders, including shareholders, as well as those of the board, management, and employees. It ensures that legal rights are upheld, duties are carried out, conflicts are appropriately addressed, and that effective structures and mechanisms are established to guide organisational behaviour.

Lipman and Lipman (2006) argued that strong corporate governance is essential for organisations, as it helps prevent corporate misconduct, fraud, exposure to civil or criminal legal risks, and reputational harm. Practical corporate governance refers to the process of developing a cost-efficient corporate governance structure for the organisation and implementing best practices based on an analysis of identified risks and cost-benefit analysis outcomes, as well as lessons learned from past corporate scandals. Lipman and Lipman (2006) emphasised the significance of corporate culture and an effective compensation system in promoting corporate governance. They also emphasised the importance of conducting regular legal reviews within departments and units to support the board and management in recognising and addressing potential risks. In addition, Lipman and Lipman (2006) highlighted the necessity of maintaining a robust internal audit function that reports directly to the relevant committee, with responsibilities that include examining expense and related reports to detect and report any possible unlawful activities or indications of bribery.

Rossouw and Van Vuuren (2017) observed that perceptions of corporate governance and business ethics differ across countries, and these national attitudes often shape how individual organisations approach governance and ethical conduct. When a country gains a reputation for unethical behavior or corrupt business practices, it can create a ripple effect that extends to the entire nation, including its officials and citizens, who are viewed as untrustworthy. Over time, the misuse of power for personal benefit can become deeply ingrained, resulting in corruption being normalised not only within

that country but also among those who engage in business with it (Rossouw & Van Vuuren, 2017).

Dessler (2011) noted that the board of directors carries the main responsibility for overseeing corporate governance within an organisation. The board's role encompasses two core functions: providing strategic direction and exercising control over the company's operations. These functions are guided by four fundamental principles: fairness, accountability, responsibility, and transparency.

In addition, the board is tasked with overseeing the organisation's ethical performance, which involves four key areas of focus:

1. Identifying the organisation's ethical risks.
2. Formulating and documenting the company's ethical standards.
3. Embedding these ethical standards within the organisation's culture and operations.
4. Overseeing and communicating the organisation's performance in upholding ethical standards.

Dessler (2011) noted that in South Africa, both private and public companies are expected to implement the fundamental corporate governance principles set out in the King I, King II, and King III Codes. The King II Report introduced the concept of the *triple bottom line*, which considers an organisation's social, environmental, and economic performance. Its emphasis was placed on the social responsibility of companies, active stakeholder engagement, and effective risk management. Both King I and King II promoted a holistic approach to good governance that considers the interests of diverse stakeholders. These codes emphasised key principles such as financial integrity, ethical behaviour, social responsibility, and responsible environmental management. The development of the King III Report became necessary due to amendments in South Africa's Companies Act and evolving international corporate governance standards, which demanded greater compliance and accountability from organisations. King III reaffirmed the significance of the triple bottom line and expanded its scope by highlighting additional areas, such as the strategic importance of risk management, information technology, and board-level auditing. Moreover, it placed stronger emphasis on stakeholder engagement,

business continuity in the wake of the global economic downturn, and the crucial role of ethical leadership in promoting responsible corporate citizenship.

Blunden and Thirlwell (2013) described reputational risk as the potential threat to an organisation's credibility or the trust it holds among stakeholders. This form of risk arises when an organisation's actions fail to align with stakeholder expectations. The impact of reputational harm can be significant, potentially leading to reduced investment, the loss of important employees, suppliers, and customers, difficulties in accessing new markets, exposure to legal proceedings, and increased regulatory scrutiny. In extreme cases, reputational loss can lead to the complete collapse of a business, as seen with Enron and Andersen, as well as Steinhoff. A significant contributor to reputational risk is *institutional conditioning*, a cultural environment in which an organisation gradually shifts the boundaries between acceptable and unethical behaviour without realising it, a phenomenon often referred to as *ethical creep*. Additionally, when organisations engage in unethical conduct without facing consequences, such behaviour may persist and become normalised over time.

2.3.2 Responsible government

Potter (2006) noted that there is a substantial debate about how the concept of a responsible government should be interpreted. Within the parliamentary context, particularly in relation to the relationship between the executive and the legislature, the concept is understood in two main ways. Firstly, it refers to the principle that ministers are legally responsible for exercising powers granted by statute, making them accountable to Parliament for their actions. Within the Cabinet system, the notion of responsible government therefore encompasses two dimensions of ministerial accountability: individual and collective. Individually, each minister is accountable for the operations of their respective department, while collectively, ministers share responsibility for the government's overall policies and decisions. Beyond these legal and parliamentary dimensions, responsible government also implies a broader ethical duty. This higher form of responsibility involves moral obligations that accompany leadership in a constitutional democracy. It embodies a mindset grounded in reflection, moral conviction, and integrity, in which actions are guided by conscience and the consideration of consequences rather than mere approval from others. This ethical

aspect corresponds to Potter's description of the professional ethic of responsible government, encompassing the unwritten social norms and moral expectations that underpin public leadership.

The Zondo Commission, in its examination of procurement practices within South Africa's public sector, noted that many honest and accountable accounting officers and authorities—those legally tasked with overseeing procurement under the Public Finance Management Act (PFMA), often operate in fear of unintentionally breaching the country's complex legal and regulatory framework. Consequently, they are taking little to no action, despite being required by law to monitor and prevent any violations of good procurement practices. The commission recommended that a new paragraph be introduced into the current legislation to “*prevent accounting officers from being prosecuted if they violated procurement rules but did so either inadvertently or in good faith*” (Holden, 2023: 471).

The Zondo Commission further advised that South Africa introduce new legislation or revise current laws to provide stronger safeguards for whistleblowers against intimidation or retaliation, consistent with the obligations of the United Nations Convention Against Corruption (Holden, 2023).

2.4 CONFLICT OF INTEREST

According to the Public Sector Integrity Management Framework developed by the Department of Public Service and Administration (n.d.), a conflict of interest exists when a public official's personal interests could undermine or improperly influence their capacity to perform their duties objectively. For example, such a conflict may occur if a public servant is responsible for making policy decisions that might, whether directly or indirectly, advantage their own private business.

Potter (2006) noted that determining what constitutes a conflict of interest in politics is a complex decision. Porter (2006) outlined three characteristics that set politics apart from traditional professions. In most professional-client relationships, the practitioner is expected to (1) apply specialised knowledge within (2) a defined functional field such as law or healthcare, and (3) serve an individual client or a small group. In contrast, a

Cabinet Minister's role involves (1) the exercise of authority, (2) with potentially wide-reaching social consequences, and (3) on behalf of the nation. As a result, Ministers act as representatives of multiple, and sometimes competing, stakeholders and objectives, which can give rise to conflicts of interest.

Saint-Martin (2008) explained that the purpose of ethics is to minimise situations involving conflicts of interest by blurring the boundaries between an individual's private and public life. This means that personal relationships, family connections, and business interests may be subject to public evaluation and criticism. Ethical guidelines and codes typically emphasise the importance of disclosure and reporting, enabling the media and the public to uncover undisclosed conflicts by comparing official activities with declared private interests. When individuals fail to disclose information accurately or completely, such omissions are considered breaches of ethical standards and are often exposed by the media.

Lewis and Gilman (2012) explained that while a conflict of interest often involves violating rules or legal requirements, the concept extends more broadly to encompass four key ethical principles:

1. Preserving objectivity and independent decision-making.
2. Acting in alignment with the public good.
3. Avoiding the pursuit of personal benefit from official responsibilities.
4. Safeguarding public trust in the integrity and honesty of the public service and its officials.

Lewis and Gilman (2012) observed that in the public service, responsibilities have increasingly been converted into formal obligations, which, in turn, have evolved into legal requirements through the establishment of enforceable codes of conduct. Public service positions are therefore often associated with legal duties, where minimum standards are clearly outlined in written regulations and enforced through administrative or legal sanctions. These duties are typically formalised within accountability frameworks designed to protect the public interest, making legal compliance a routine expectation. However, ethical responsibility in the public sector extends beyond mere legal compliance. Individuals in public service often juggle multiple social and personal roles, each carrying its own set of duties. While it is

unreasonable to expect public officials to sever all personal relationships or affiliations, they are ethically bound not to exploit their official positions for private benefit, as this is the essence of conflict of interest.

Lewis and Gilman (2012) further noted that such situations can create ethical tensions that challenge personal integrity. True integrity, they argued, is rooted in moral principles rather than self-interest. Therefore, the ability to uphold genuine, impartial convictions and to act consistently with ethical values reflects the strength of a leader's competence and character.

Lewis and Gilman (2012) explained that the concept of public interest, as reflected in laws and regulations, defines the boundary between one's public duties and private life, helping to manage the tension between different roles and obligations. In structured bureaucratic systems, this separation highlights where conflicts of interest are likely to arise. Lewis and Gilman (2012) argue that public managers are ethically obligated to prioritise the public's interests when carrying out their official duties. Although they inevitably have personal interests, ethical standards require that they refrain from using their positions for personal benefit. Public managers are therefore expected to recognise potential conflicts and resist any temptations that could compromise the public good. Although the importance of avoiding conflicts of interest is widely recognised, such breaches continue to occur despite established preventive measures. These actions, Lewis and Gilman (2012) emphasised, are not only unethical but also unlawful.

Lewis and Gilman (2012) noted that the Organisation for Economic Cooperation and Development (OECD, 2020) use a comprehensive and integrated approach to addressing conflicts of interest across the public sectors of its member states. According to the OECD's guidelines, a conflict of interest arises when a public official's personal interests have the potential to improperly affect the impartial and objective fulfilment of their public duties. In addition, the OECD (2020) identified four core principles that should guide the development of effective policies and mechanisms to prevent such conflicts.

1. Prioritising service to the public interest.

2. Encouraging openness and accountability.
3. Fostering personal responsibility and ethical conduct.
4. Establishing an organisational culture that rejects and does not permit conflicts of interest.

According to Lewis and Gilman (2012), conflicts of interest can also manifest in various other ways, such as engaging in nepotism, demanding sexual favours from subordinates, disclosing confidential information without authorisation, or exploiting one's official position for personal gain or political advantage.

Lewis and Gilman (2012) observed that one traditional method for promoting adherence to conflict-of-interest regulations is the requirement for financial disclosure. Such disclosure processes prompt employees to be more aware of potential conflicts, establish systems to evaluate and prevent them, and facilitate enforcement measures. They also provide a basis for taking corrective action when breaches occur.

Dresang (2017) emphasised the importance of clearly defining who falls within the scope of a potential conflict of interest, which typically includes the employee as well as their spouse or other family members. For instance, specific thresholds can be established based on ownership percentages in a business or the monetary value of transactions. In professional or managerial roles, it is often necessary to specify the amount of time an employee may devote to outside economic activities beyond regular working hours without raising concerns about potential conflicts of interest. Generally, organisations also limit the use of workplace resources and facilities for any activities linked to external business interests.

Mlambo, Mpanza and Simangele (2023) observed that when institutional accountability is lacking and governance systems are weak, it often creates an environment where those in authority can act with impunity, leading to potential conflicts of interest and corrupt behaviour. The World Bank described corruption as the misuse of entrusted authority for personal benefit. According to Mlambo et al. (2023), corruption is a complex, multidimensional problem that manifests in many forms, including bribery, embezzlement, nepotism, and extortion.

Mlambo et al. (2023) noted that the term “state capture,” highlighted in the Zondo Commission’s findings, has come to describe a contemporary form of corruption in South Africa, rooted in significant weaknesses in state integrity and accountability.

2.5 SUMMARY

This chapter addressed three key areas: (1) **Ethics**, covering good conduct, ethical organisations, values, codes of ethics, organisational culture, business ethics, approaches to handling ethical dilemmas, and ethics management; (2) **Leadership**, with attention to the principles of ethical leadership, its application and effectiveness, the moral responsibilities of public managers, and the process of making ethical decisions; and (3) **Good governance**, with a particular focus on its link to responsible government and the management of conflicts of interest.

Chapter 3 will address the key indicators for an efficient and sound internal control environment. The efficient internal controls and the role of compliance will be discussed in relation to key performance indicators for accountability within an organisation. Chapter three will further explore the theoretical link between ethical leadership, internal control mechanisms, and organisational accountability, along with the main factors that influence these relationships.

CHAPTER 3. INTERNAL CONTROLS, COMPLIANCE AND ACCOUNTABILITY

This chapter will discuss the key indicators for an efficient and sound internal control environment and efficient internal controls to be implemented by an organisation, role of compliance, identify the key performance indicators for accountability by an organisation; and explore whether a conceptual link exists between ethical leadership, organisational internal control systems, and accountability, as well as the main factors that influence these relationships. These drivers include, amongst others, the internal control environment, compliance culture, performance measurement and improvement, and assurance.

While the literature highlights the importance of leadership in shaping ethical organisational environments, it remains limited in explaining how ethical leadership translates into formal governance mechanisms such as internal controls and accountability systems. This gap is particularly relevant in the public sector, where compliance frameworks and control systems are often well established, yet governance failures persist.

From a theoretical perspective, Social Learning Theory suggests that leaders influence organisational behaviour through role modelling, while Agency Theory emphasises the importance of control mechanisms in ensuring accountability. Integrating these perspectives provides a foundation for understanding how ethical leadership may strengthen internal controls and accountability systems within organisations.

However, the concept of “tone at the top” remains largely descriptive in the literature, with limited empirical linkage to specific control mechanisms and accountability outcomes. This highlights the need to examine how leadership behaviour is embedded within formal control systems rather than remaining a purely cultural construct.

3.1 INTRODUCTION

Ehrich, Harris, Klenowski, Smeed and Ainscow (2015) emphasised that organisational leaders significantly influence the ethical environment within their institutions, helping to guide responsible behaviour and informed decision-making. They noted that leadership cannot operate in isolation. Cultivating ethical behaviour requires a collective commitment across the organisation, supported by frameworks and mechanisms that encourage personal accountability, active involvement, opportunities for ethical dialogue and action, and structured feedback processes.

The Association of Certified Fraud Examiners explained that fraud is closely linked to an organisation's "tone at the top," a concept that has gained significant global attention in recent years. This tone reflects the ethical climate established by senior leaders, which shapes employees' behavior. When management models integrity and ethical conduct, staff are more likely to adopt similar values. Conversely, when leaders prioritise financial results above ethical considerations, employees may feel encouraged or pressured to engage in fraudulent behaviour. Unrealistic performance expectations can further drive staff to use improper means to meet organisational targets. Investors, analysts, and advisors increasingly take an organisation's ethical reputation and culture into account when assessing investment prospects. Factors such as the quality of leadership, the standard of products and services, and overall organisational reputation are viewed as critical indicators. To support and sustain an ethical organisational environment, four key actions are recommended:

1. Communicate expectations clearly regarding organisational values, ethical standards, and required employee conduct.
2. Demonstrate integrity consistently in both leadership decisions and behaviour.
3. Provide a safe and trustworthy mechanism for reporting unethical behaviour.
4. Reward ethical conduct, reinforcing that performance is not judged solely on financial outcomes.

Mathebula (2014) argued that legislation can play an important role in shaping a moral environment that curbs corruption and unethical conduct in the management of public funds, including discouraging bribery among government officials. However, when laws fail to influence people's attitudes or behaviour, a moral disconnect can arise,

leading public servants to prioritise personal gain over the public interest. Mathebula (2014) further emphasised that reducing corruption in South Africa requires efforts to transform societal behaviour, cultural norms and moral values, noting that positive cultural practices that reinforce ethical behaviour can drive meaningful change.

In his article *"South African Public Sector Procurement and Corruption: Inseparable Twins?"*, Munzhedzi (2016) identified a range of issues that leave public procurement vulnerable to corruption, weak administration, and inadequate managerial oversight. These reasons include, among other things, political interference, non-compliance with relevant legislative requirements, and unethical behaviour.

3.2 INTERNAL CONTROL

McCoy (2013) explained that controls refer to the measures an organisation implements to reduce or manage risks and to improve the likelihood of meeting its goals. These controls may involve various actions such as granting approvals, authorising transactions, performing verification and reconciliation processes, reviewing operational performance, safeguarding assets, and ensuring appropriate separation of duties. McCoy's (2013) interpretation is grounded in the updated COSO internal control framework (COSA, 2012).

Although internal control is widely defined in procedural and technical terms, its effectiveness is strongly influenced by behavioural and organisational factors. Research increasingly suggests that control systems are not purely mechanical but are shaped by leadership behaviour, organisational culture, and ethical values, which determine how controls are implemented and enforced in practice.

McCoy (2013) noted that internal controls form an essential part of organisational management, providing reasonable, though not absolute assurance. When developing and applying these controls, organisations must weigh their costs against the expected benefits and recognise that external influences may limit their effectiveness. Internal controls play a critical role in supporting organisational performance by promoting efficient and effective operations, ensuring the accuracy and dependability of financial reporting, and assisting the organisation in meeting legal

and regulatory requirements. McCoy (2013) also emphasised that strong management depends on well-designed systems, processes, and practices that support the organisation in fulfilling its mission, goals and objectives.

This perspective highlights an important limitation in traditional control frameworks, which often assume that formal systems alone are sufficient to ensure compliance. In practice, however, the effectiveness of these systems depends on the extent to which they are supported by ethical leadership and organisational commitment.

McCoy (2013) indicated that an organisation's primary line of defence involves protecting its assets and preventing or detecting errors and fraudulent activities. These functions form part of management's control responsibilities and support effective stewardship by helping the organisation achieve its objectives. Internal controls are not isolated events but consist of ongoing procedures embedded in daily operations. Although managers are primarily responsible for ensuring that controls function effectively, all employees contribute to their implementation (McCoy, 2013).

Control activities refer to the policies and procedures established to ensure that management's directives are properly executed. These activities operate across organisational functions and can be grouped into three main areas: operations, financial reporting, and compliance. Within these areas, control activities are designed to ensure that instructions are followed, risks are managed throughout planning and implementation processes, and accountability for public resources is maintained (McCoy, 2013).

The Florida Gulf Coast University (2007) explained that a control point refers to a stage in a process where mistakes or irregularities are most likely to occur, thereby signalling the need for a control measure. The University also noted that internal control represents the fourth key management function, alongside planning, directing, and leading. As outlined by the Florida Gulf Coast University (2007), internal controls serve several important purposes:

- ensuring that public sector managers are answerable for the proper use of the resources entrusted to them for implementing government programmes;

- supporting effective management by aligning departmental policies and procedures and protecting organisational assets;
- verifying the accuracy and dependability of information;
- enhancing the efficiency of operations; and
- strengthening adherence to sound management practices.

Rittenberg, Martens and Landes (2007) suggested that three key considerations should guide the selection of an appropriate control. A chosen control must (1) lower the identified risk to a level the organisation is willing to accept, (2) be economically justifiable, and (3) enhance the functioning of one or more of the five components that make up the COSO Internal Control–Integrated Framework.

Frazer (2016) explained that internal controls shape the general environment in which an organisation operates, influencing its ethical standards, leadership approach, allocation of resources, staff capabilities, patterns of authority and responsibility, and overall management philosophy. He added that implementing strong internal controls involves certain trade-offs, as some control measures are naturally more effective in preventing waste and safeguarding organisational resources than others. Nonetheless, when core control systems are properly established, employees should clearly understand their responsibilities at each stage of a process. A well-designed internal control system also supports consistent procedures, clear reporting requirements, and the smooth flow of documentation and information.

Frazer (2016) noted that internal controls can offer a reasonable level of assurance, but they cannot guarantee with certainty that an organisation will meet all its objectives. He further pointed out that even well-designed controls may fail if human judgment errors occur during the decision-making process.

Kapić (2018) explained that internal control consists of the systems and procedures embedded within an organisation's day-to-day activities, which management implements to support the effective operation of all business functions. He categorised the aims of internal control into three main areas: operational goals, which focus on achieving efficient and effective performance; information-related goals, which ensure

that financial data used in decision-making is accurate and reliable; and compliance goals, which relate to adhering to relevant policies, programmes, procedures, legislation, and other requirements.

Kapić (2018) stated that it is the duty of an organisation's management to put in place the necessary control activities and procedures. The main reason is that the administration and management operations of the organisation require accurate information for the execution of their functions and responsibilities to achieve the organisation's set goals. As such, control can be at the level of individual organisational units, where managers of these units receive and review performance standards and reports of exceptions, on a daily or frequent basis, as agreed. Physical control can include access restrictions to assets and documents by unauthorised persons. System approvals and authorisations require that transactions exceeding a certain amount must be approved by an appropriately delegated person, and each individual transaction can only be conducted by the relevant authorised person. Within a verification and compliance system, every transaction and activity must undergo checking. To minimise the risk of errors, concealment of irregularities or fraudulent behaviour, duties should be appropriately separated. This means that different individuals should be responsible for initiating transactions, recording them, and safeguarding the organisation's assets. Effective internal controls also rely on having skilled personnel who are committed to the organisation's objectives.

Kapić (2018) observed that control serves as an effective mechanism for managing an organisation's performance. It involves organising, planning, and integrating information, as well as overseeing human, financial, material, and information resources, to ensure that organisational goals are achieved efficiently.

Thys and Wait (2020) noted that in 1949 the American Institute of Certified Public Accountants (AICPA) broadened its definition of internal control. The updated definition describes internal control as the organisational structure and procedures established within public entities to protect assets, generate accurate and dependable accounting information, improve operational effectiveness, and ensure adherence to management directives. They also point out that COSO builds on this perspective by emphasising that internal control aims to provide reasonable assurance that an

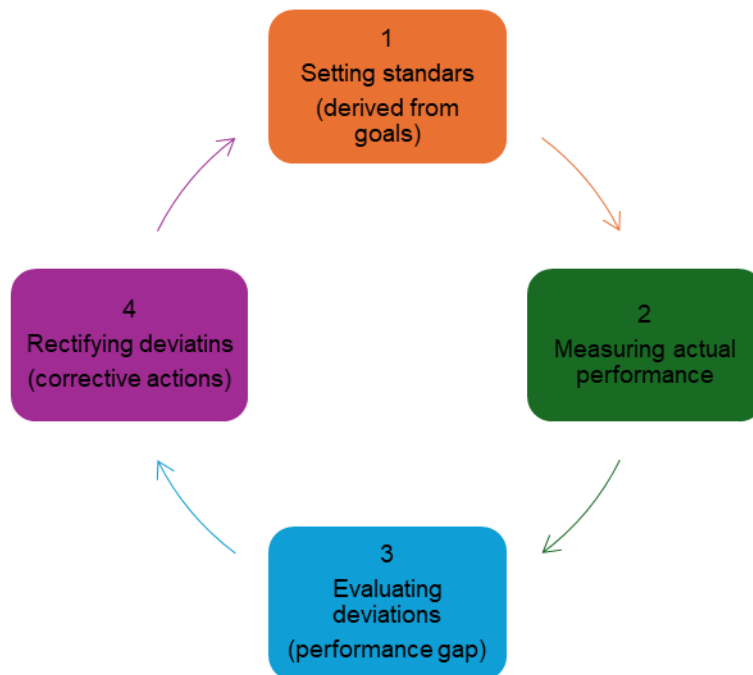
organisation will meet its objectives, which include efficient and effective operations, reliable financial reporting, and compliance with relevant laws and regulations.

Thornhill and Van Dijk (2021) stated that internal control is made up of essential elements such as supervisory oversight, checks and balances, segregation of duties, and various organisational procedures. These mechanisms are intended to promote efficient and well-organised operations, protect assets and resources, and minimise the likelihood of mistakes, fraud, or misappropriation. They also help ensure that accounting records are accurate and complete, support the production of timely and reliable financial and management reports, and reinforce compliance with established policies and plans.

Erasmus, Rudansky-Kloppers and Strydom (2021) explained that control is a management-led process intended to help an organisation achieve its objectives and ensure that its actual performance corresponds with the standards and targets that have been set. Control is a continuous process that includes four key elements: setting standards, measuring actual performance, evaluating deviations, and correcting them.

Figure 3.1 provides a visual outline of the control process as explained by Erasmus et al. (2021).

Figure 3.1: The control process



Source Adapted from Erasmus et al. (2021:294)

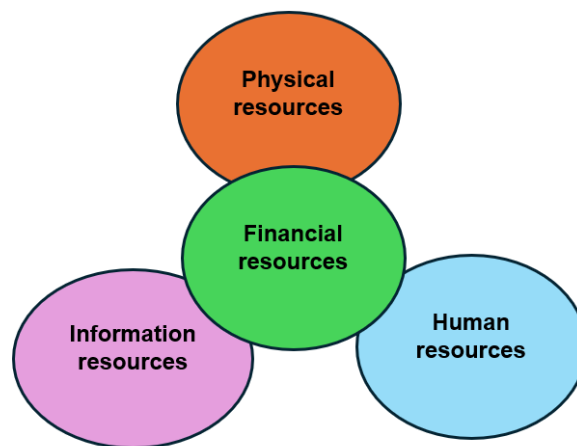
The four steps of the control process highlighted by Erasmus et al. (2021) can be summarised as follows:

- Step 1:** The initial stage involves setting performance or control standards that will serve as the basis for comparing actual results. The standard or target should be relevant, realistic, attainable, and measurable.
- Step 2:** Actual performance is measured using quantifiable information collected and reliable reports. As the size of an organisation increases, the principle of control by acceptance should be applied to ensure the effective management of large volumes of information, promoting effective performance measurement.
- Step 3:** During step three, the nature and scope of any deviation identified during the previous step, between the predetermined performance standards and actual performance. Deviations that are large or may have serious performance implications must be identified for possible further investigation.
- Step 4:** In the final stage, corrective actions must be determined for the identified deviations. Three potential courses of action may follow: enhancing actual performance, adjusting the organisation's strategies, or modifying the

performance standards by either increasing or decreasing them to ensure they remain realistic.

Erasmus et al. (2021) emphasised that strong organisational performance relies on the effective management of four key resource categories: financial, physical, human, and information resources, as depicted in Figure 3.2.

Figure 3.2: Key areas of control



Source Adapted from Erasmus et al. (2021:299)

Erasmus et al. (2021) identified four main types of organisational control, which are described as follows:

- **Physical resources:** This involves overseeing tangible assets, including managing inventory and ensuring quality control.
- **Human resources:** Control in this area covers functions such as recruiting and placing employees, providing training and development opportunities, conducting performance evaluations, and determining compensation levels.
- **Information resources:** Managing information resources includes activities like market analysis, monitoring the external environment, and conducting economic forecasts.
- **Financial resources:** Financial control relates to managing elements such as cash flow, accounts receivable, budgeting, revenue, and production expenses.

This suggests that internal controls function not only as technical mechanisms but also as governance instruments that rely on human behaviour and leadership influence.

Consequently, the effectiveness of internal controls is closely linked to the ethical climate of the organisation. Overall, the literature on internal control emphasises systems, processes, and procedures. However, there is limited integration of how these controls interact with leadership behaviour and accountability structures. This study addresses this gap by examining internal controls within a broader governance system influenced by ethical leadership.

3.2.1 **Types of internal controls**

Kapić (2018) explained that an organisation's internal control framework helps regulate and oversee its various business operations. These controls generally fall into three groups, namely: executive or administrative controls, accounting controls, and management controls.

- **Administrative or executive controls** form part of the organisation's routine operational activities, such as procurement, legal support, human resources, and maintenance. Their purpose is to support the organisation in meeting its established objectives. This category includes the plans, procedures, and documentation that guide day-to-day operations and decision-making. It also requires management to authorise certain transactions as part of their responsibility for ensuring that organisational goals are met.
- **Accounting controls** are the policies, procedures, and safeguards established to ensure that an organisation's financial information remains accurate, complete, and reliable. These controls also play a crucial role in safeguarding assets by reducing the risk of loss, misuse, or unauthorised access. Because they influence the uniform application of accounting and business policies, accounting controls directly contribute to the credibility of an organisation's financial reporting. These controls relate to all organisational measures, control methods, and procedures implemented for the effective administration and disclosure of the organisation's accounting transactions. Internal accounting controls apply throughout every stage of the accounting cycle, from the initial entry of a transaction to its processing and final recording in the organisation's accounting information system. Their purpose is to generate reliable information that supports decision-making for various stakeholders. These controls are

intended to provide reasonable assurance that transactions are properly authorised, executed as intended, and recorded accurately. The accounting system should produce information that enables the preparation of financial and related reports in line with generally accepted accounting principles and any other applicable standards.

- **Management controls** are embedded within the organisation's wider system of controls. They serve as an initial layer of oversight, demonstrating management's duty to direct operations and ensure that both strategic and day-to-day objectives are successfully met.

While these categories provide a useful classification of internal controls, they are primarily descriptive and do not fully explain how these controls operate within complex organisational environments. They do not account for the influence of leadership behaviour in ensuring that controls are effectively implemented.

Kapić (2018) identified prevention, detective, and corrective control procedures as the key types and levels of control procedures to be implemented in an organisation. The different types and levels of controls are defined as follows:

- The purpose of **preventive controls** is to prevent errors and fraud. It operates during the process where the transaction and documents are analysed to determine if they are valid and authentic. It is highlighted that although many adverse events can be prevented at the first level of control, preventive controls cannot anticipate and prevent all possible challenges and undesirable actions.
- **Detective controls** aim to detect irregularities and errors after their creation, which could not be prevented at the previous level of preventive control. Some detective controls are also known as feedback controls.
- **Corrective controls** are put in place to fix and resolve problems identified through detective controls. These actions should be integrated into the organisation's regular activities and daily processes to ensure that any issues discovered are effectively addressed.

3.2.2 Internal Control System

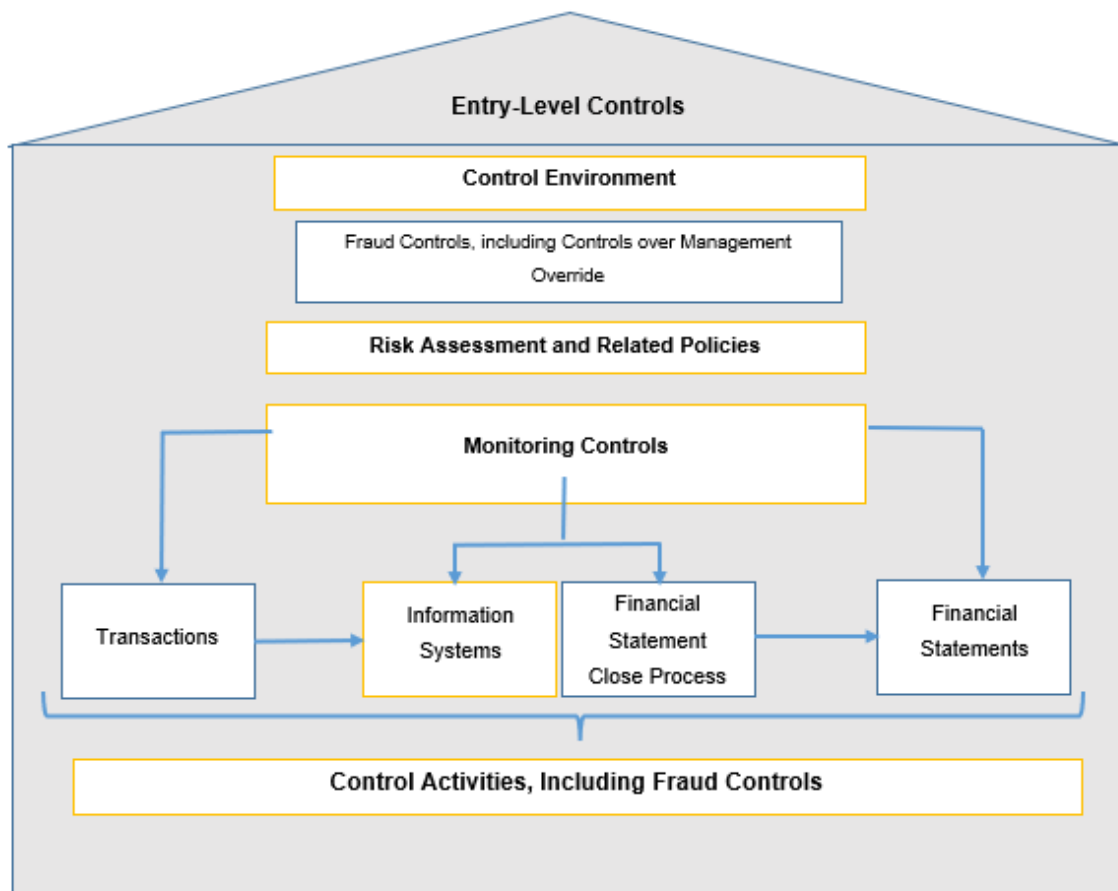
McCoy (2013) outlined five key standards that establish the baseline quality requirements for effective internal control across all organisational activities:

- **Control environment:** This relates to the organisational environment that influences how control is viewed and valued. It underpins all other components by fostering discipline, accountability, and a structured approach to operations.
- **Risk assessment:** This stage involves identifying and assessing risks that could affect the organisation, providing the basis for determining appropriate control measures.
- **Control activities:** These are the policies and procedures put in place to make sure management's instructions are carried out properly and on a consistent basis.
- **Information and communication:** This element involves collecting, documenting, and clearly transmitting essential information, including expectations, processes, procedures, and timeframes, to enable the efficient and effective delivery of services. Reporting mechanisms support organisational functions and allow for proper oversight. Communication occurs vertically and horizontally throughout the organisation.
- **Monitoring:** This involves ongoing evaluation of how well the internal control systems are functioning and reporting the findings to senior management.

The COSO framework provides a comprehensive structure for internal control; however, it assumes that these components operate effectively once implemented. In practice, the success of these components depends on leadership commitment, organisational culture, and the consistent enforcement of control measures.

Based on the above-mentioned information, McCoy (2013) provided the following general Internal Controls Framework for an organisation as illustrated in Figure 3.3.

Figure 3.3: Internal Controls Framework for an organisation



Source: Adopted from McCoy (2013:6)

Frazer (2016) reinforced McCoy's (2013) viewpoint by emphasising that the COSO Integrated Framework offers organisations a structured approach to building a strong system of internal control. The framework is built around five interconnected elements: the control environment, risk assessment, control activities, information and communication, and monitoring. Together, these components form a comprehensive model designed to enhance managerial effectiveness throughout the organisation. Within this integrated approach, various procedures and safeguards are implemented to minimise opportunities for fraudulent conduct among employees. The five components work collectively to help identify, prevent, or correct errors and irregularities that may arise in organisational processes. Furthermore, the COSO framework assists organisations in achieving internal control goals across three core areas: operational objectives, by fostering the efficient and effective use of resources; financial reporting objectives, by supporting the reliable and consistent preparation of

financial information; and compliance objectives, by helping ensure adherence to the laws and regulations relevant to the organisation's operations.

This reinforces the argument that internal control systems should not be viewed as static structures, but as dynamic systems influenced by human behaviour and organisational context.

Kapić (2018) observed that an internal control system comprises the processes and procedures introduced by management to enable effective oversight and assist the organisation in reaching its strategic goals. Such systems are not identical across organisations; they vary according to factors such as organisational size, structure, management style, and employee skill levels. Kapić (2018) also highlighted the importance of assessing the costs and potential benefits when designing an internal control system, noting that organisations should evaluate whether the anticipated advantages of specific control activities justify their implementation.

Erasmus et al. (2021) built on Kapić's (2018) work and identified the following essential features that contribute to a well-functioning internal control system.

- **Integration:** A control system is more effective when it is closely aligned with and incorporated into the organisation's planning processes. The identified deviations flowing from the control system will highlight areas for possible review and improvement of plans and goals.
- **Flexibility:** The control system must be adaptable, allowing it to adjust to changes without requiring a complete redesign. The analysis of deviations can help ensure timely review and amendment of objectives and plans.
- **Accuracy:** The control system must generate accurate information and reports to facilitate the improvement of processes, procedures, and plans, based on reliable control data.
- **Timelines:** The control system should provide regular and timely data and information, and not on an ad hoc basis.

- **Simplicity:** The control system should be effective and simplistic, with just the necessary critical information to promote personal involvement and motivation of employees. Overly complicated control systems can hinder decision-making, create unnecessary bureaucracy, reduce staff motivation, and ultimately generate resistance to the controls in place. Likewise, excessive or irrelevant information requirements, as well as systems that are either too costly or overly simplistic, may cause the organisation to lose effective control over its operations.

Thys and Wait (2020) pointed out several essential components that underpin an effective internal control system within the South African public sector:

- Strong governance founded on ethical, strategic leadership, along with clear accountability and openness.
- Appropriate and effective internal controls, compliance, and oversight.
- Honest and competent public servants who are committed to delivering public value.
- Strong public financial management stewardship through cost-effective expenditure and fiscal sustainability.
- Effective internal audit function.
- Sound human resource management (HRM) policies and procedures.
- Appropriate segregation of duties.
- Documented audit trails.
- Reliable and relevant financial and non-financial performance data.
- Effective operational management to promote performance and value for money.
- Keeping accurate and complete records to facilitate audits carried out by the Auditor-General of South Africa (AGSA).
- Implementation of appropriate consequence management actions for financial misconduct.

Despite the extensive literature on internal control systems, there remains limited empirical research linking these systems directly to ethical leadership and accountability outcomes. This gap is central to the current study.

3.2.2.1 Control Environment

McCoy (2013) stated that the control environment establishes the overall organisational tone and underpins all other elements of internal control, shaping the level of discipline and structure within the organisation. It is influenced by factors such as the organisation's commitment to honesty and ethical conduct, the skills and capabilities of its employees, management's attitudes and approach to operations, the way authority and responsibilities are allocated, the organisational structure, the priority given to staff development and support, and the guidance offered by oversight bodies.

Rittenberg (2013) explained that an organisation's control environment reflects its dedication to acting with integrity and upholding ethical standards. It also shows the extent to which the board of directors operates independently of management, thereby providing effective oversight of how internal controls are designed and function. Within this environment, management is expected to establish suitable organisational structures, clear reporting lines, and well-defined authorities and responsibilities that support the organisation's goals and align with board oversight. In addition, the control environment highlights the organisation's commitment to recruiting, developing, and retaining skilled personnel, and to ensuring that individuals are held responsible for fulfilling their internal control duties in support of achieving organisational objectives.

Frazer (2016) explained that the control of the environment establishes the overall tone of the organisation and encourages a culture in which employees understand the significance of internal control. It acts as the grounding element for all other components, supplying the structure and discipline needed for an effective system. This environment includes aspects such as integrity, ethical behaviour, staff capability, management approach and style, and the leadership provided by senior executives and the board.

Thys and Wait (2020) explained that in a government setting, a strong control environment reflects management's efforts to improve operational effectiveness and ensure that employees follow established policies. They emphasise that this

environment spans all parts of the organisation and shapes how public servants view internal control, as leadership sets the organisational tone. In the public sector, key elements of the control environment include effective organisational communication; a strong commitment to integrity and ethical conduct; competent and honest staff; a reliable audit trail; adequate supervision and continuous monitoring; clearly documented policies and procedures; visible endorsement of ethical behaviour and the organisational code of ethics; systems for tracking and enforcing ethical compliance; oversight by senior leaders to ensure adherence to the code; integrity screening during recruitment and promotion; and consistent application of consequence management to maintain discipline when required.

3.2.2.2 Risk Assessment

McCoy (2013) noted that risk assessment entails recognising and evaluating the risks that may affect an organisation. To carry out this process effectively, the organisation must establish aligned objectives at all levels and implement mechanisms to detect and manage the risks it encounters.

Rittenberg (2013) noted that an organisation's risk assessment process must articulate its objectives clearly so that risks that could hinder their achievement can be properly identified and evaluated. Risks should be identified across all parts of the organisation and then assessed to determine the most suitable response. The process should also include an evaluation of potential fraud risks and an examination of any weaknesses in existing controls that may undermine the internal control system. Identifying these gaps enables the organisation to address and strengthen them.

Frazer (2016) noted that all organisations, regardless of size or sector, face a variety of internal and external risks that must be assessed. To do this effectively, the organisation needs to establish consistent and aligned objectives across different levels, as these form the basis for a meaningful risk assessment. Frazer further explains that the process includes recognising and assessing risks that could hinder the attainment of these objectives and deciding on appropriate actions to address them. Given that economic, regulatory, industry, and operational conditions are

constantly changing, organisations also need systems in place to detect and manage new risks that emerge from these shifts.

Kapić (2018) echoed Frazer's view, explaining that risk assessment requires recognising and evaluating risks that may hinder an organisation's ability to meet its objectives, along with identifying the actions necessary to manage those risks effectively. According to Kapić, this process requires a systematic approach to examining all significant internal and external factors that might impede organisational goals. Management then uses the findings to design or refine internal control systems, helping to minimise the chances of errors or fraudulent behaviour.

3.2.2.3 **Control Activities**

Rittenberg (2013) explained that organisations need to design and select control activities that help reduce risks to a manageable level, allowing organisational goals to be met. This includes developing both general and specific control measures, supported by policies that clarify expectations and outline procedures for performing tasks. He further cautions that organisations should not depend solely on technological solutions as their primary form of control.

Frazer (2016) stated that control activities consist of the policies and procedures put in place to make sure management's instructions are carried out effectively. These activities may involve approving and authorising transactions, performing verifications and reconciliations, reviewing operational results, protecting organisational assets, and separating key responsibilities. Such measures are intended to deter fraudulent or theft-related behaviour that could result in financial losses.

Kapić (2018) emphasised that control activities include the policies and procedures designed to ensure that risks are properly managed and that the organisation is supported in reaching its objectives. These activities include ensuring that transactions are properly authorised, duties are appropriately separated, and genuine documents are used to record transactions accurately. It is also essential to safeguard access to organisational resources and documentation to maintain their integrity and security.

3.2.2.4 Information and Communication

Rittenberg (2013) explained that information and communication processes should produce reliable, high-quality data that enables internal controls to operate effectively. An organisation must ensure that details about its internal control objectives and related responsibilities are shared appropriately within the organisation and, when necessary, with external stakeholders.

Frazer (2016) emphasised that organisations must collect, record, and share key information in an appropriate format and within suitable timeframes to ensure employees can fulfil their duties effectively. Information systems play a vital role in this process by generating operational, financial, and compliance reports that support the management and oversight of organisational activities. These systems should provide not only internal information but also relevant analyses of external developments, patterns, and circumstances that affect decision-making and reporting to outside stakeholders.

Frazer (2016) further stressed that communication should flow effectively throughout all organisational levels. Senior management must clearly convey the importance of adhering to internal control responsibilities. Staff members need to understand their individual roles within the control system and how their tasks connect with those of others. They should also have channels to report important information upward to management. The organisation must also maintain open and effective communication with important external stakeholders, such as customers, suppliers, regulators, and shareholders.

Kapić (2018) pointed out that an organisation's information system should generate sufficient financial and other relevant data about key events and conditions to support sound decision-making. The accounting information system forms a core component of this broader system. It involves analysing, categorising, summarising, and assessing financial transactions to produce accurate reports for users interested in the organisation's financial and economic position. The organisation should likewise maintain clear, consistent, and effective communication with external stakeholders such as customers, suppliers, regulators, and shareholders. Consequently, the internal controls embedded within the accounting system, often referred to as

accounting controls, consist of various policies, procedures, and safeguards designed to ensure that financial information is accurate, reliable, and complete, while also protecting the organisation's assets.

3.2.2.5 **Monitoring**

McCoy (2013) emphasised that internal control systems must be continually reviewed, either through ongoing monitoring, periodic assessments, or a blend of both approaches. Routine monitoring takes place during everyday operations and involves regular oversight by managers and supervisors, as well as other activities connected to fulfilling organisational duties. The extent and regularity of independent evaluations are determined by the organisation's risk analysis and the effectiveness of continuous monitoring. These standalone reviews may involve activities such as conducting self-assessments, examining the design of controls, or directly testing the operation of internal controls.

Rittenberg (2013) explained that an organisation's monitoring efforts centre on designing, selecting, and conducting continual or periodic assessments to verify that all elements of internal control are in place and operating effectively. The results of these reviews, along with any weaknesses identified in the control system, should be promptly reported to the relevant parties responsible for addressing them, such as senior executives and, where necessary, the board of directors.

Frazer (2016) explained that monitoring involves assessing whether an internal control system remains effective over time. This ongoing evaluation can take the form of routine supervision, scheduled assessments, or a combination of these approaches. Continuous monitoring is an integral part of routine operations, involving regular oversight by managers and supervisors, as well as other activities carried out by staff during their daily responsibilities. The nature and frequency of separate assessments are guided by the organisation's risk evaluation and the strength of its ongoing monitoring efforts. Any deficiencies in the internal control system should be reported through the appropriate management levels, and major concerns must be brought to the attention of senior executives and the board of directors.

3.2.3 Internal Control Effectiveness

Chan (2006) emphasised that evaluating internal controls at an early stage is highly beneficial, as weaknesses typically emerge progressively rather than all at once. He noted that many control failures can be avoided when organisations commit sufficient resources to regularly assess and improve the performance of their control systems. Conversely, entities that do not maintain their controls or overlook developing issues are more likely to encounter significant control breakdowns. Such failures have been shown to impose substantial financial and reputational costs on organisations and their leadership. Consequently, management should design and apply controls that are both cost-effective and appropriately balanced to enhance the organisation's reliability and transparency, thereby reducing the likelihood of control failures.

Internal control effectiveness is therefore not solely dependent on system design but also on how controls are applied, monitored, and reinforced within the organisation. This highlights the importance of leadership in ensuring that control systems function as intended.

Rittenberg et al. (2007) noted that internal control systems are dynamic and must be reassessed and adapted as organisational risks and processes evolve. As a result, organisations should implement mechanisms for regularly revisiting and updating their risk identification and evaluation procedures, along with monitoring the ongoing effectiveness of their internal controls. Effective internal control relies on the proper functioning of the five fundamental components of the control system outlined earlier. When these elements work together as intended, they support the timely detection of major errors or irregularities.

Ionescu (2008) explained that creating a robust internal control system and periodically evaluating its effectiveness depend on implementing mechanisms that support the organisation in meeting its strategic goals and satisfying the expectations of shareholders and other stakeholders. The author further emphasised that a well-functioning corporate governance framework should facilitate both regulatory compliance and strong organisational performance at a level deemed acceptable by

stakeholders. Internal control measures should also be tailored to the organisation's unique needs and operating conditions.

Rittenberg (2013) noted that the updated COSO 2013 Internal Control Framework outlines three key aspects essential for evaluating control effectiveness:

1. Internal control functions as a unified system made up of five components: the control environment, risk assessment, control activities, information and communication, and monitoring.
2. Assessing effectiveness requires professional judgment regarding whether these controls exist and operate as intended.
3. Each of the five components plays a vital role and must be in place for the organisation to meet its objectives.

The control activities of an organisation would, therefore, not be sufficient if they are not appropriately articulated and communicated through policies. Furthermore, activities should be monitored and supported by reports. The overall effectiveness of an organisation's control requires that all components work together as a whole.

Kapić (2018) highlighted that supervising and assessing how well the internal control system operates is crucial for obtaining reasonable assurance that it contributes to achieving organisational goals. In this regard, the internal audit function is essential, serving as a key element of the organisation's wider approach to assessing the effectiveness of its internal controls.

This suggests that evaluating internal control effectiveness requires consideration of both technical and behavioural dimensions, including leadership influence and organisational culture.

3.2.4 Internal Control Threats

The Florida Gulf Coast University (2007) outlined the following major vulnerabilities that can undermine an organisation's internal control framework:

- **Management override:** Even a strong system of controls becomes ineffective when leaders can bypass it at will.

- **Asset access:** Effective protection of organisational resources depends heavily on restricting and monitoring who can access them.
- **Lack of real effectiveness:** Some controls may look sound on paper but fail to operate meaningfully in practice.
- **Conflicts of interest:** When staff members face competing loyalties, there is a risk that their decisions may not align with the organisation's best interests.
- **Unanticipated risks:** If management does not foresee certain threats, they may neglect to establish suitable controls to address them.
- **Collusion:** Internal controls can be defeated when two or more employees cooperate to bypass them.

Frazer (2016) noted that every internal control system has inherent limitations because it depends on people, and human involvement inevitably introduces the possibility of error. Such mistakes can stem from misinterpretation, poor judgment, carelessness, fatigue, or even the destruction of information. Even when duties are properly separated, collusion between employees can undermine this safeguard and enable wrongdoing. Controls may also fail to detect mistakes or misconduct, and measures that were once effective can lose their relevance as circumstances evolve. Frazer further points out that an overly rigid control environment can distance employees and reduce morale, especially if tasks are poorly supervised or allocated. In some cases, the system itself may be poorly designed or unsustainable. Excessive trust in the control framework by management can also create opportunities for fraud, as staff may exploit this reliance. Likewise, auditors may depend too heavily on a seemingly strong control system, potentially weakening their audit procedures and exposing the organisation to financial loss.

Many of these threats, particularly management override and collusion, are directly linked to leadership behaviour and ethical culture. This further emphasises the importance of ethical leadership in mitigating risks associated with internal control failure.

3.3 COMPLIANCE

McCoy (2013) noted that a well-designed compliance strategy is essential for organisations, as it helps prevent criminal behaviour, regulatory breaches, and actions driven by personal gain, such as conflicts of interest. It also serves to establish clear behavioural expectations for staff. In addition, McCoy (2013) referred to an integrity-based approach that complements compliance efforts. This integrity strategy focuses on fostering an environment where ethical behaviour is encouraged by promoting the organisation's values and vision, ensuring that employees' standards are consistent with those of the organisation, and involving the entire management team rather than limiting responsibility to legal or compliance specialists.

While compliance frameworks are essential for ensuring adherence to laws and regulations, they often focus on rule enforcement rather than ethical behaviour. This distinction highlights the limitations of compliance-based approaches when not supported by ethical leadership.

According to the King IV Report (King, 2016), those responsible for governance should recognise that compliance is not merely a duty but also a means of safeguarding and empowering the organisation. The report further stresses the importance of adopting an integrated perspective on the relationship between relevant laws and the various voluntary codes, standards, and guidelines, including how corporate governance frameworks align with statutory requirements. Organisations should consistently track changes in the regulatory landscape and respond appropriately to new requirements and reforms as they arise.

According to Principle 13 of the King IV Report (King, 2016), the accounting officer or governing body is responsible for ensuring compliance with all applicable laws. In addition, they should consider adopting relevant voluntary codes, standards, and guidelines to support ethical behaviour and responsible corporate citizenship. The accounting officer bears overall responsibility for overseeing compliance and for providing clear direction on how the organisation should manage and respond to compliance requirements. Furthermore, the organisation is expected to implement an

approved compliance policy that explains and operationalises its compliance function, ensuring alignment with the applicable voluntary rules, codes and standards.

This integrated approach to compliance aligns with governance frameworks that emphasise the importance of ethical leadership in ensuring that compliance is not merely a formal requirement but a reflection of organisational values.

Downing and Spanyi (2007) introduced the *Business Process Management* (BPM) approach for effective compliance by an organisation. This approach entails identifying, designing, carrying out, documenting, monitoring, and evaluating business processes to ensure consistent outcomes that support the organisation's strategic objectives. The BPM includes the following five key steps to ensure successful and sustainable compliance by an organisation:

1. **Capturing and illustrating** the organisation's current or intended business processes to gain clarity about how they function and to highlight potential areas where enhancements can be made.
2. **Evaluating opportunities** for refining processes after the existing workflows and controls have been documented, with the aim of pinpointing where meaningful improvements and strengthened controls are needed.
3. **Designing improved processes and controls** by identifying processes that present opportunities for improvement, design modifications, or completely new processes with key controls.
4. **Establishing which processes** should be addressed first by focusing on improvements that will enable long-term, cost-effective compliance throughout the organisation.
5. **Putting the redesigned processes into practice** once the analysis and improvement planning are finalised. Successful implementation relies on senior management's backing, adequate resources, strong change-management practices, staff training and engagement, and the use of appropriate tools and techniques

The Compliance Institute of South Africa (2008) noted that meeting regulatory obligations has become increasingly difficult because organisations face a growing and ever-expanding set of requirements. The difficulty is mainly related to the

interpretation of these requirements and the fact that they are applied differently by each organisation. Legislation outlines the powers and responsibilities assigned to a Regulator, including the power to enforce disciplinary action. These actions can range from imposing financial penalties and publicly disclosing misconduct to suspending or deregistering a financial services provider. Consequently, organisations must pay close attention to how their conduct is perceived not only by the regulator but also by their clients and investors.

Thys and Wait (2020) noted that the King IV Report outlines the respective compliance-related roles of the board, management, and the compliance officer in ensuring adherence to laws, rules, codes, and standards. While the board retains overall accountability for compliance, it delegates the execution of compliance processes to management and assigns the responsibility for appointing a compliance officer to the head of the organisation. It is essential that managers remain informed and up to date on compliance obligations and any changes to them, which requires ongoing training. A key factor for effective compliance is the clear identification, proper documentation, and efficient communication of all relevant legal and regulatory requirements, both binding and voluntary, for employees.

3.3.1 Objectives of compliance

The Compliance Institute of South Africa (2008) outlined several key aims of compliance. These include helping an organisation demonstrate to regulators that it meets the necessary standards to conduct its operations, ensuring compliance-related risks are effectively managed, preventing regulatory sanctions, and reducing the likelihood of civil or criminal proceedings being brought against the organisation.

In addition to the guidance offered by the Compliance Institute of South Africa (2008), the Organisation for Economic Co-operation and Development (OECD, 2021), along with Ethisphere (2024), MetricStream (2024), and PwC (2025), identified several further key compliance objectives that organisations are advised to adopt.

- **Legal and regulatory adherence:** The organisation identifies and complies with all applicable laws, regulations, and licence/permit conditions.

- **Prevention of misconduct:** Reducing and ultimately eliminating unethical behaviour—such as bribery, fraud, price-fixing, and other improper actions—by establishing suitable controls, implementing clear policies, and continually monitoring adherence to them.
- **Risk identification and mitigation:** Identify the applicable regulatory, operational, and reputational risks for the organisation and reduce the possible losses through appropriate controls, monitoring, and remedial actions.
- **Protect reputation and stakeholder trust:** Maintaining the confidence of stakeholders and the broader public by consistently demonstrating transparency and integrity in the organisation's operations.
- **Enable resilient business operations and transformation:** Ensure that the transformation and growth in the business operations are compliant with all applicable laws, regulations, and policy requirements.
- **Promote ethical decision-making and organisational values:** Do not only focus on legal compliance but ensure the values of the organisation are demonstrated through ethical choices and in daily behaviours (tone at the top).
- **Compliance as value-creation / competitive advantage:** Well-established compliance programmes will promote a safe environment for innovation, access to markets (e.g., public procurement), and improved governance of an organisation.

3.3.2 Compliance role-players and responsibilities

The Compliance Institute of South Africa (2008) identified the following key stakeholders involved in the compliance environment, along with their respective duties:

- **Board of directors:** The board carries ultimate accountability to shareholders for directing, controlling, and overseeing the Group's affairs. This includes ensuring sound governance and monitoring adherence to regulatory obligations.
- **Audit committee:** As a specialised subcommittee of the board, the audit committee is tasked with providing oversight on matters related to compliance.
- **Executive management committee:** This committee is responsible for running the organisation within an acceptable level of risk to support long-term

profitability. In terms of compliance, its role is to ensure that systems and processes addressing regulatory risks are properly implemented.

- **Line management and/or boards of divisions and subsidiaries:** Managers at divisional or subsidiary level are responsible for managing risks within their areas in accordance with the organisation's broader risk framework. Their compliance-related duties include establishing procedures to ensure compliance with applicable regulatory requirements.
- **Internal audit function:** Internal audit evaluates whether management's control systems are in place and sufficient, and whether the organisation complies with policies, procedures, plans, and legal or regulatory provisions.
- **Compliance function:** Operating independently, this function oversees all compliance-related activities, including the monitoring of compliance risks and processes.
- **External audit function:** External auditors review the organisation's risk management processes as part of their statutory obligations under relevant legislation.
- **Employees:** Staff members are considered the main participants in ensuring compliance. They are expected to understand and apply the specific regulatory requirements relevant to their roles.
- **Regulators:** The role of regulators varies according to the industry and operational landscape. Their primary aim is to promote stability by issuing guidance and ensuring it is followed. Ongoing communication between regulators and other compliance stakeholders is essential for building mutual understanding and addressing compliance concerns effectively.

3.3.3 Compliance culture

The Compliance Institute of South Africa (2008) described a compliance culture as the collective norms, attitudes, assumptions, and actions within an organisation that shape how it conducts its activities in line with its compliance responsibilities.

MetricStream (2024), in support of the Compliance Institute of South Africa (2008:5), added that a compliance culture "*makes regulatory adherence and ethical decision-*

making the normal way of working". It is further noted that a sustained compliance behaviour can be achieved through the combination of leadership (tone at the top), policies, incentives, training, reporting mechanisms, as well as the daily management practices.

The key elements of a strong compliance culture, identified by OECD (2021) in collaboration with Ethisphere (2024), MetricStream (2024), and PwC (2025), are as follows:

- **Leadership commitment and tone at the top:** Continuous and clear messages and supporting actions from the members of the Board and senior executives to illustrate that ethics and compliance are a priority for the organisation.
- **Clear policies and standards:** Codes of conduct, role-specific rules, and policies must be appropriate, clearly documented, and available to all employees.
- **Risk-based program design:** Controls and monitoring must be prioritised for the areas with the highest regulatory and operational risks.
- **Employee training and awareness:** Relevant training should be provided on an ongoing basis to ensure that employees at all levels, as well as specific departments or units, understand the organisation's compliance expectations and obligations.
- **Incentives and performance management aligned to compliance:** Incentives (e.g., pay, promotion, etc) should be aligned to the set Key Performance Indicators and to promote ethical outcomes.
- **Safe reporting / speak-up channels and non-retaliation:** The organisation should establish appropriate and accessible whistleblowing and protection mechanisms to facilitate the early identification of non-compliance aspects.
- **Monitoring, testing, and remediation:** The organisation should conduct regular control testing, audits, incident analysis, and timely remediation actions.
- **Integration with business processes and technology:** Compliance must be integrated into daily work activities and processes, supported by technology (automation) and data as enablers, where appropriate.

The literature therefore suggests that compliance culture is closely linked to leadership behaviour, as leaders play a central role in shaping organisational norms and reinforcing ethical conduct.

3.3.4 **Compliance Risk**

The Compliance Institute of South Africa (2008) described compliance risk as the potential or future threat of harm to an organisation's business model, strategic goals, reputation, or financial stability that may occur when it fails to meet regulatory obligations or the expectations of key stakeholders, including customers, employees, and the broader community.

The Compliance Institute of South Africa (2008) noted that although organisations may implement compliance systems in different ways, the fundamental principles guiding the compliance risk management process remain consistent. These core principles include:

- **Compliance risk identification:** Management must determine and evaluate all applicable regulatory obligations, along with the organisation's broader regulatory environment.
- **Compliance risk assessment:** Management should prioritise these obligations by assigning a risk rating to each.
- **Compliance risk management:** It is the responsibility of management to develop and implement suitable controls that promote compliance and to ensure that these controls operate effectively.
- **Compliance risk monitoring:** The organisation's Compliance Officer must oversee and review the implemented controls to determine the extent of compliance and assess whether these controls are functioning effectively.

3.3.5 **Compliance monitoring**

The Compliance Institute of South Africa (2008) described compliance monitoring as the process of reviewing organisational activities to help management and the board determine whether operations align with applicable legal and regulatory obligations.

The Compliance Institute of South Africa (2008) outlined the following core elements of the legal compliance monitoring process:

- a) Carrying out checks to ensure that employees follow required procedures and that the compliance system functions effectively.
- b) Recognising that compliance monitoring is a continual and sometimes complex activity, which may differ from one organisation to another.
- c) Reviewing business operations to gain reasonable confidence that they are being performed in line with applicable regulatory obligations.
- d) Embedding monitoring expectations within the organisation's regulatory framework.

3.3.6 Minimum standards

According to the Compliance Institute of South Africa (2008:47), establishing overarching compliance standards creates the framework necessary for implementing detailed compliance procedures within an organisation. Each standard must be clearly defined and could be structured under the following *headings*: “*Staff training; Compliance manual; Compliance monitoring; Advisory services; Compliance communication; Regulators/Supervisors; Customer complaints; Objectivity and status; Resources; Access Control; Group Structure; Acceptable business practices/Business ethics; Compliance procedures and Conflicts of interest*”.

The Compliance Institute of South Africa (2011) identified the following fundamental expectations for Management in ensuring the continuous and effective oversight of compliance risk within an organisation:

- Develop a formal compliance policy that outlines the organisation's commitment to compliance, its overall approach, and the responsibilities of all employees.
- Ensure that this policy is communicated clearly across the organisation.
- Put the policy into practice.
- Embed compliance policies and procedures into everyday operational activities.
- Take ownership of compliance within their specific functional areas.
- Demonstrate leadership by consistently following and promoting the organisation's compliance policy.

- Confirm ongoing adherence to the policy, including overseeing compliance with established controls, procedures, and requirements that support regulatory obligations.
- Address compliance concerns promptly and appropriately.
- Apply corrective or disciplinary measures where breaches occur.
- Provide reports to senior management on the status of compliance risk management so that informed decisions can be made, and management remains updated on compliance matters.

3.4 **ACCOUNTABILITY**

The Public Finance Management Act, 1999 (Act 1 of 1999), identifies the accounting authority in Section 1 as the individual or entity specified in Section 49 of the Act (King, 2016). Within the PFMA framework, the political head of a department, either a national Minister or a provincial Member of the Executive Council (MEC), is responsible for setting policy direction and ensuring that intended outcomes are achieved. The administrative leader, such as a Director-General at the national level or the head of a provincial department, is appointed as the department's accounting officer (National Treasury, 1999).

Although accountability is widely recognised as a fundamental principle of governance, there remains considerable variation in how it is conceptualised and implemented across organisations. This highlights the need for a more integrated understanding of accountability within governance systems.

Section 52 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), designates the mayor as the municipality's political leader. Furthermore, Section 60 assigns the role of accounting officer to the municipal manager (National Treasury, 2003).

Joshi (2013) noted that defining accountability initiatives is a challenging task. Public accountability refers to the relationship between those who exercise authority (the account providers) and those who delegate that authority (the account demanders). This relationship typically involves four components: establishing performance

expectations, gathering information about actions taken, assessing whether those actions meet expectations, and applying consequences when performance falls short. Accountability for service delivery may be expected from various stakeholders, for example: elected representatives for adopting ineffective policies; public officials for failing to carry out their duties in line with rules or entitlements; oversight bodies for not ensuring adequate service standards; and service providers for failing to deliver acceptable levels of access and quality. Efforts to hold these different actors accountable may originate from either government institutions or the public.

This conceptualisation highlights that accountability is not only a formal requirement but also a relational and behavioural construct influenced by organisational systems and leadership practices.

Pitesa and Thau (2013) described accountability as the anticipation that one may need to explain or defend their opinions, emotions, and actions to others, which is an element inherent in all decision-making. They emphasise that decisions with possible negative social impacts never occur in isolation. People's conduct is guided by the knowledge that they can be held responsible for their choices. Organisations reinforce appropriate behaviour and deter misconduct through both formal and informal mechanisms, including performance appraisal systems and ethical codes, which outline expected conduct and clarify accountability requirements.

Omotoso (2014) explained that citizens expect public officials to act with transparency and responsibility. As a result, ethical conduct and accountability in the public sector are crucial for fostering trust, good governance, and development. Public servants are expected to uphold ethical standards and be accountable for their actions, ensuring their work serves the broader community.

Brinkerhoff and Wetterberg (2015) noted that studies on politics and service delivery in developing countries consistently emphasise accountability as a crucial factor for improving service outcomes, strengthening governance, and empowering citizens. Efforts to strengthen accountability have targeted both government institutions, legal systems, and administrative processes (the supply side) and civil society and public participation (the demand side, commonly known as social accountability). They

pointed out that achieving effective social accountability depends heavily on contextual conditions that influence both demand and supply dynamics.

According to Brinkerhoff and Wetterberg (2015), accountability involves one actor being required to provide information and justification for their behaviour to another actor who holds the authority to request such explanations and impose consequences. This concept includes the elements of answerability and enforcement. State-based accountability mechanisms (horizontal accountability) involve public institutions that oversee, evaluate, or limit the actions of other government bodies. In contrast, social or citizen-driven accountability (vertical accountability) consists of efforts by civil society and individuals to compel public officials to explain and justify their actions—often serving as a counterbalance when formal, state-led accountability systems are weak.

The King IV Report (King, 2016) defined accountability as the duty to answer for, or take ownership of, how responsibilities are carried out. It emphasises that accountability remains with the original holder and cannot be transferred to someone else. Although tasks and responsibilities may be delegated, the person who delegates them still retains ultimate accountability for their performance.

According to the King IV Report, the governing body holds overall responsibility for directing the organisation's governance and overseeing its performance. The specific form of this body varies across institutions and may include a board of directors, the accounting authority of a state-owned enterprise, a municipal council, or an equivalent structure (King, 2016).

The King IV Report (King, 2016) indicated that transparency requires openly and accurately showing how accountability is upheld. This is reflected in how decisions are made and how an organisation conducts its operations, including the disclosure of both favourable and unfavourable results, in a manner consistent with ethical principles.

Chermack (2017) argued that autonomy must be accompanied by accountability. Granting freedom without requiring accountability can lead to unintended negative

outcomes, as individuals may act without regard for organisational obligations. It is also essential to distinguish between accountability and responsibility, as the two are often confused. A person may hold responsibility without being accountable, but accountability always entails some responsibility. Accountability implies a hierarchical or functional link between the individual who must answer for the outcome and the person or team tasked with carrying out the work within an agreed scope and timeframe. The accountable individual typically has the authority and resources needed to ensure the task is completed. Responsibility, on the other hand, relates to the duties assigned to an individual as part of their role within the organisation's operations.

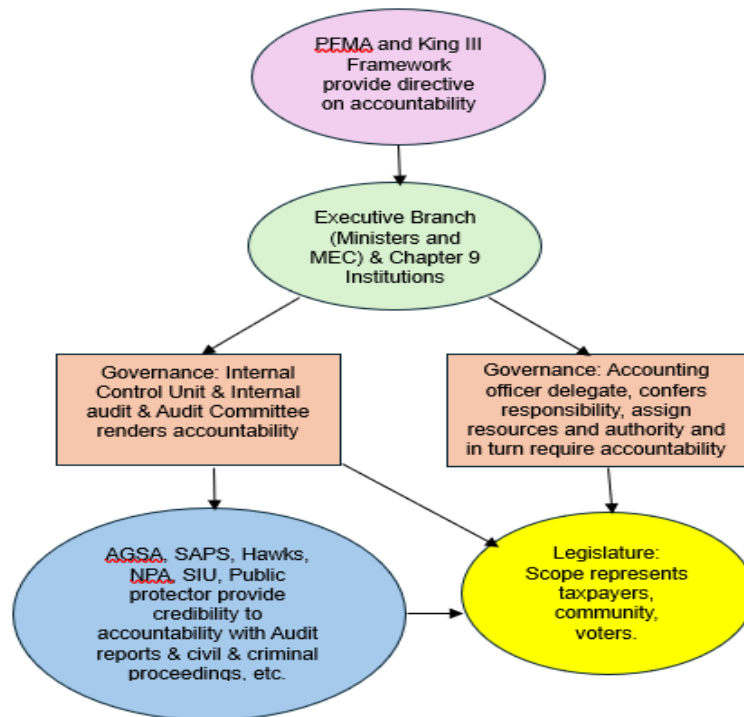
Trybus (2017) observed that connecting compliance with accountability can lead to uncertainty and anxiety in an organisation if not managed thoughtfully and strategically. For accountability to function effectively, there must be a shared understanding that organisational beliefs and values form the foundation of an accountability culture. When groups establish clear performance expectations, they help build an environment that supports innovation, embraces change, and strengthens accountability throughout the organisation.

Weber (2018:20) indicated that *accountability is a "kind of supercharged word"*, which is sometimes misinterpreted and misused by executives through the creation of fear and *"a shame-and-blame thinking process"*. An accountable system, however, should focus on performance and its improvement. The first step in creating an effective system of accountability is to determine what exactly must be achieved.

A government can create public value through a number of interrelated activities, which include the constitutional framework of laws that support the rule of law; creation of an open and transparent government; use of relevant information to enable cost-benefit and cost effectiveness analysis to inform public decisions and to provide public goods and services in a cost-effective way (Thys & Wait, 2020).

Figure 3.4 provides a schematic representation of the various role-players in the South African public sector responsible for accountability.

Figure 3.4: Accountability schematic representation



Source: Adapted from Thys and Wait (2020:43)

Thys and Wait (2020) observed that public institutions must establish clear standards against which the conduct of public officials can be assessed, as these entities ultimately owe accountability to the citizens they serve. They also stressed that legislatures and other key stakeholders should be answerable for their policies, decisions, and actions, particularly in matters related to public finance.

Accountability is the obligation of an individual or organisation to provide explanations and justification for their actions, decisions, use of resources, and the outcomes they produce. This means that both individuals and organisations must show that their activities align with established rules and standards, and that they report their performance honestly and accurately in accordance with their mandated responsibilities and planned objectives (Thys & Wait, 2020; Erasmus et al., 2021; Thornhill & Van Dijk, 2021).

Building on the views of Erasmus et al. (2021), Laine, Tregidga and Unerman (2022) emphasised that various laws and regulations set out the fundamental rules governing how individuals and organisations may operate and interact. They pointed out that no organisation functions in isolation; it must engage with a range of stakeholders, including individuals or groups who influence, or are influenced by, the organisation's ability to meet its objectives.

Laine et al. (2022) further noted that both individuals and organisations have a legal obligation to disclose information that explains their actions and the consequences of those actions. Organisations are required, among other things, to report on how financial resources are used and to provide information that supports decision-making and demonstrates their corporate responsibilities. These responsibilities extend to the organisation's broader role in society, as its operations depend on shared environmental, social, and economic resources and have effects on people, other living beings, and fellow organisations. Laine et al. (2022) recognised that although organisations are increasingly confronted with broader accountability demands, these obligations differ based on the organisation's functions, policy choices, and the nature of its interactions with various stakeholders.

Despite the extensive literature on accountability, limited research has examined how accountability mechanisms are influenced by ethical leadership and internal control systems. This study seeks to address this gap by integrating these constructs.

3.4.1 **Types of accountabilities**

Lindberg (2009) outlined the following forms of accountability that can occur within public organisations:

- **Business accountability** relates to the organisation's operational performance. Executives are answerable to shareholders for results, as well as for the quality of products and services delivered.
- **Bureaucratic accountability** operates within the hierarchy of a public institution. Senior managers may demand information from junior managers and

employees, and have formal authority over promotions, career decisions, and working conditions in line with the organisational structure.

- **Audit accountability** functions as a specialised version of business or bureaucratic oversight. Internal auditors, for example, review the actions of colleagues within the same organisation, focusing primarily on financial integrity and sound financial management.
- **Informal accountability** emerges through less structured relationships, such as upward accountability from clients to patrons or downward accountability from patrons to clients.
- **Professional or peer accountability** occurs within professional communities, either formally in academic or occupational bodies or informally among colleagues who hold one another to shared professional standards.
- **Representational accountability** in democratic systems gives citizens mechanisms to oversee elected officials. Voting is a key tool, but individuals may also contact public institutions, communicate through the media, participate in demonstrations or engage in other forms of civic action to influence political leaders.
- **Fiscal and legal accountability** can be arranged vertically or horizontally. Legislatures may hold ministries and agencies accountable for financial management, while in other cases, a finance ministry can scrutinise the fiscal decisions of other ministries. Legal accountability often involves external judicial bodies enforcing legal compliance on citizens, officials, and organisations. Courts may also review the actions of other state institutions, creating horizontal accountability across branches of government.
- **Societal accountability** involves civil society groups and the media putting pressure on political, administrative, business, and legal actors to justify their decisions. This differs from representational accountability because these groups

are not formally appointed; rather, they take the initiative to demand transparency. Brinkerhoff and Wetterberg (2015) describe this form of citizen engagement, also known as social accountability, as essential for addressing weaknesses in public-sector performance. They contend that social accountability contributes to enhanced service delivery, improved governance, and greater citizen empowerment. Effective accountability in service delivery requires an adequate institutional capacity, robust financial systems, well-defined planning processes, effective monitoring mechanisms, and clear channels for reporting and public input. Price, Schwartz, Cohen, Scott and Manson (2016) further explain that public or social accountability concerns the responsible use of public resources, the exercise of authority, and the conduct of public institutions. Government departments are therefore expected to establish formal structures to meet these obligations in line with their mandates.

- **Political accountability** is typically downward facing. Public bureaucracies manage a wide range of issues daily, while elected politicians have limited time and must prioritise among multiple responsibilities. As a result, politicians often oversee only a small proportion of bureaucratic activities directly, relying heavily on bureaucratic expertise. Nevertheless, they remain answerable to the public through elections (Prince et al., 2016).
- **Reputational accountability** occurs horizontally among peer organisations. The behaviour of an organisation can enhance or damage its standing depending on how well it aligns with accepted norms and expectations. This form of accountability relies heavily on informal standards shared among actors.

Pitesa and Thau (2013) distinguished between two central forms of accountability: **procedural** and **outcome** accountability. Procedural accountability requires individuals to explain the methods, reasoning, and steps they followed in their decision-making. This type of accountability encourages decision makers to reflect on how their decision-making processes may be perceived by others. In contrast, outcome accountability emphasises the result of a decision. When this form of accountability is applied, attention shifts toward achieving a particular outcome,

sometimes at the expense of critically assessing whether the decision itself was appropriate. According to Pitesa and Thau (2013), procedural accountability is generally more effective than outcome accountability in curbing self-interested choices, especially under ethical pressure.

Omotoso (2014) affirmed that organisations entrusted with managing public funds must demonstrate strong accountability. They are expected to function in a transparent and open manner, ensuring that the actions of government officials are visible, that expectations of government conduct are clearly defined, and that compliance with legal obligations is ensured.

Piatak, Romzek, LeRoux and Johnston (2018) noted that organisations operating within multisector service networks must navigate multiple stakeholder expectations, conflicting performance goals, the delegation of intricate responsibilities, challenges in establishing meaningful performance indicators, and the interconnected nature of client outcomes. As a result, network managers are required to build a collaborative environment, promote shared objectives, and take on roles that emphasise facilitation and leadership. Informal accountability develops through the unwritten expectations and voluntary behaviours that arise as network members interact repeatedly and recognise their mutual dependence in pursuing collective aims. Central to this form of accountability are shared norms, such as trust, reciprocity, and ongoing communication, which act as an informal code guiding participants' views on acceptable and unacceptable conduct.

3.4.2 Performance measurement and improvement

Joshi (2013) argued that bolstering public accountability and promoting transparent governance practices are central strategies for enhancing public-sector performance. According to Joshi (2013), improving access to information, particularly details and procedures that were previously hidden from public view, along with citizen-driven efforts to hold officials and service providers accountable, are essential components of these reforms. He further noted that accountability initiatives typically operate alongside a broader set of tools used by community groups to secure better services. These complementary approaches may include community mobilisation, political

advocacy, acting as intermediaries, direct self-provision of services, and active participation in decision-making processes.

Joshi (2013) also contended that collective action tends to yield stronger improvements in service delivery than efforts undertaken by individuals alone. Mechanisms that enable groups, especially those who are marginalised or economically vulnerable, to demand accountability are more effective at generating public or shared benefits, in contrast to the more limited private gains that individual actions often produce. In addition, collective accountability approaches are more likely to curb corrupt behaviour and strengthen citizen empowerment. The research further indicated that accountability and transparency tools that carry the possibility of meaningful sanctions are generally more successful in eliciting responsive behaviour from service providers. Social accountability efforts tend to be most impactful when they trigger formal follow-up processes such as audits, investigations or inspections.

Prince et al. (2016) noted that enhancing performance is one dimension of public accountability, specifically within the realm of performance accountability. They explained that performance improvement centres on an organisation's outputs, outcomes, and the broader effects of its activities. To reach targeted results and refine existing processes, organisations must be able to manage performance effectively, which involves developing measurement tools that generate reliable evidence to guide sound decision-making.

The King IV Report (King, 2016) explained that an organisation's performance is assessed by considering how well it meets its strategic objectives and how its activities influence the broader "triple context" in which it operates. This triple context encompasses the economic, social, and environmental conditions surrounding the organisation. Consequently, organisational performance reflects the overall effects, both beneficial and harmful for its value-creation activities. According to King (2016), creating value can increase, reduce, or alter the organisation's various forms of capital, and these processes may generate neutral, positive, or negative outcomes.

The King IV Report (King, 2016) advised that the governing body, as well as its committees and individual members, should undergo a formal evaluation at least every

two years. King (2016) further emphasised that the governing body is ultimately accountable for the organisation's performance, as it is responsible for providing leadership and ensuring that the organisation's strategy reflects and upholds its core purpose and values.

Trybus (2017) pointed out that effective leaders go beyond simply drafting a strategic plan. They must also establish and commit to clear goals, define performance measures, allocate responsibilities, and acknowledge achievements when progress is made.

Weber (2018) emphasised the need for leaders, managers, and associates to understand the "principles of operational excellence" in order to promote a sustainable culture that makes achieving set outcomes the norm, rather than just a desire.

3.4.3 Key performance indicators for accountability by an organisation

According to the King IV Report (King, 2016), it is the duty of the governing body to make sure the organisation acts and is seen to act as a responsible corporate citizen. The report further describes corporate citizenship as recognising that an organisation exists within a broader societal context and, as a legal entity, possesses specific rights along with related responsibilities and obligations.

Omotoso (2014) pointed out that governments across the globe struggle not only with ensuring that public services operate efficiently, effectively, and with adaptability, but also with making these services answerable to and easily reachable by citizens. In this context, organisations must be structured in a way that prioritises results and can deliver quality services to the people they serve (their clients or customers).

Omotoso (2014) argued that ethical conduct forms the foundation of professionalism and effective performance within the public sector. Ethics is understood as a value-driven culture grounded in principles such as efficiency, professional discipline, respect, equity, impartiality, fairness, commitment to the public good, and courteous behaviour when fulfilling one's responsibilities. Public-sector ethics, therefore, serve

as overarching guidelines that inform how government officials, acting on behalf of the state, should use their judgment and discretion when performing their duties.

Pitesa and Thau (2013) suggested that a significant factor in decision-making under moral strain is the level of power held by the individual. Power refers to the ability to influence others' actions, control access to resources, or impose penalties and consequences. When individuals possess power, they may become more focused on potential rewards and more inclined to prioritise their own interests, even when this negatively affects others.

The regulatory mechanisms of organisations should be based on procedural rather than accountability for outcomes, as power may result in more self-serving decisions when there is moral pressure. An organisation's code of conduct and practices should focus on the enforcement of its norms and consequence management actions and should be clearly outlined in procedural manuals and policies (Pitesa & Thau, 2013).

Markić (2014) noted that evaluating organisational performance in both the public and private sectors is a complex, multifaceted process that involves more than merely assessing outputs. Performance management can be applied to individual units or to the organisation, and it may serve various purposes, such as enhancing overall effectiveness, fostering competition, strengthening accountability, or informing resource allocation.

According to Markić (2014), the growing reliance on performance indicators in the public sector stems from increased expectations for accountability from oversight bodies, the media, and society. These indicators have also emerged from a stronger managerial focus on results and continuous performance improvement.

Well-designed and aligned with clear criteria, performance indicators offer significant advantages in the public sector. They support performance monitoring and improvement, guide policy development, enable the setting and assessment of targets, and facilitate organisational reform. They also assist with benchmarking, strategic decision-making, project and programme management, strategic planning, resource distribution, and performance-based budgeting. Additional benefits include

enhanced service quality, performance contracting, transparent reporting on progress, improved communication with the public, evaluation of service delivery effectiveness, recognition of achievement, and identification of corrective measures to prevent repeated failures.

3.4.4 Internal Audit and Assurance

Treasury Regulations 3.2.11 (National Treasury, 2005) state that the internal audit function assists the accounting officer by helping to ensure that the organisation's control systems continue to operate efficiently and effectively. This involves providing recommendations to enhance or refine existing control measures. These controls must be continuously reviewed and should address, among other aspects, operational efficiency and compliance with applicable laws, regulations, and internal policies.

Treasury Regulation 3.2.12 (National Treasury, 2005) specifies that the internal audit function should support the accounting officer in fulfilling the organisation's objectives by reviewing and suggesting improvements to the processes that ensure:

- a) organisational objectives and values are clearly defined and communicated;
- b) progress toward these objectives is monitored;
- c) accountability is maintained; and
- d) the organisation's core values are upheld.

Goodwin-Stewart and Kent (2006) noted that internal auditors are generally professionally qualified and focus primarily on providing assurance related to compliance, although their involvement in wider corporate governance matters is sometimes restricted. They added that Internal Audit is responsible for considering potential fraud risks and assessing how these risks are managed within the organisation. In addition, Internal Audit should assess whether the current controls are sufficient and effective in managing risks related to governance, operations, and information systems, thereby supporting the accuracy and reliability of financial and operational information.

Leung, Cooper and Perera (2011) described internal auditing as an independent and objective assurance and advisory function designed to add value and improve an

organisation's operations. They noted that internal audit's responsibilities have broadened over time. Contemporary internal audit functions are expected to assess and enhance governance, risk management, and control processes. In terms of governance, internal audit should encourage ethical behaviour and reinforce organisational values, support effective performance management and accountability, ensure that information on risks and controls is communicated to the appropriate management levels, and help foster coordination and information-sharing among the board, external auditors, internal auditors, and management.

Hermanson, Smith and Stephens (2012) pointed out that both internal and external auditors, together with management, must pay particular attention to issues such as the leadership's attitude toward accountability, any departures from established policies, and instances where management may override controls. They emphasised that the combined oversight of auditors, the audit committee, and management is essential for promoting reliable financial reporting, strong leadership, and a culture of transparency, honesty, integrity, and ethical conduct. When an organisation's control environment is weak, it can undermine the effectiveness of all other internal control components. For this reason, auditors must consider the organisation's broader context and risk profile when planning and conducting their audit work.

Vasile and Croitoru (2012) argued that internal audit should strengthen organisational performance by adding value through effective oversight of activities. This includes delivering assurance services, which entail objectively assessing the organisation's processes and operations. Internal Audit must also provide an independent view on whether risk management, control, and governance practices are adequate, while offering advisory input to strengthen overall governance. Crucially, internal auditors must preserve their independence and should not assume managerial responsibilities.

According to Vasile and Croitoru (2012), Internal Audit's assurance is credible only when it is founded on a structured and thorough review of all relevant facts, enabling auditors to determine:

- whether control systems operate efficiently, effectively, and as intended;
- whether risks are being managed and kept within acceptable limits; and

- where control weaknesses exist, what limitations should be noted, and what recommendations should be made to address those deficiencies.

Vasile and Croitoru (2012) noted that several elements shape the assurance work performed by Internal Audit in the public sector. These include:

- the presence of detailed, institution-specific rules and procedures governing service delivery;
- the inherently complex nature of public sector mandates and objectives; and
- the extent to which assurance activities rely on the organisation's risk management processes and internal control systems.

Vasile and Croitoru (2012) noted that Internal Audit can never provide absolute assurance, as audit testing is performed on a sample basis and audit cycles are determined by the organisation's risk levels. They further explained that the advisory support Internal Audit provides is a value-adding service that strengthens corporate governance.

Bently-Goode, Newton and Thompson (2017) emphasised that an organisation's business strategy should play a central role in audit planning and in assessing internal controls. Effective business risk auditing, therefore, requires auditors to have a solid understanding of the organisation's strategic direction.

Kapić (2018) stated that Internal Audit serves a monitoring role by verifying whether an organisation's internal controls function as designed. It is regarded as an independent evaluation function created to examine and assess all aspects of organisational operations for the organisation's overall benefit. Its primary aim is to support staff, management, and governance structures in fulfilling their responsibilities effectively. Internal auditors supply management with analyses, evaluations, recommendations, advice, and information about organisational processes. Their objectives include promoting strong and efficient controls without incurring unnecessary costs. This involves assessing, investigating, and reviewing the internal control system and its effectiveness within business operations, reporting the outcomes, and suggesting improvements. Beyond financial statement audits, internal

audit should also examine and evaluate operational activities to help advance the overall success of the organisation. Its preventive role is becoming more important, as internal audit assists management in anticipating and preparing for future risks. Accordingly, Internal Audit should recommend control systems capable of mitigating these emerging risks. The internal audit report serves as a key communication tool between Internal Audit and management. It presents the audit conclusions and outlines relevant details of the audited areas, along with proposed corrective actions and recommendations to reduce or eliminate risks and address control weaknesses.

According to Kapić (2018), a systematic approach to internal audit provides the following advantages for an organisation:

- An analysis of capabilities.
- Improvements to the control system.
- Regularly results, with suggestions for improvement of the internal control system.
- Prevention of errors instead of detecting them at a later stage.

The systemic approach to internal audit also satisfies a wide range of management needs and can be implemented in all types of organisations, regardless of size and industry type. Internal audits are not uniform; they are varied and multifaceted. To complete an internal audit, a report must be compiled, and a final audit report issued. However, it is also critical that Internal Audit monitor and determine whether management took the necessary actions to address the identified weaknesses and whether the desired results were achieved. In the event of potential deviations, Internal Audit must take suitable corrective action.

The King IV Report (King, 2016) identified Internal Audit as a crucial assurance provider and an essential element in improving corporate governance. As the function has evolved, Internal Audit has taken on a broader role and is now also regarded as a trusted adviser that contributes to value creation by providing insight and proactive guidance to strengthen organisational performance and service delivery.

The King IV Report (King, 2016) stated that assurance includes engagements conducted by independent external parties, such as external auditors, in accordance with the International Engagement Standards issued by the International Auditing and Assurance Standards Board. It also covers assurance activities conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. These activities provide an impartial evaluation of organisational processes to offer an independent view on the effectiveness of governance, risk management, and control systems. King IV further explains that the combined assurance model brings together and strengthens all assurance providers so that, collectively, they contribute to a strong control environment, improve the reliability of information available to management, the governing body, and its committees, and enhance confidence in the organisation's external reporting.

3.5 POSSIBLE THEORETICAL RELATIONSHIP BETWEEN ETHICAL LEADERSHIP, INTERNAL CONTROLS, AND ACCOUNTABILITY OF AN ORGANISATION, AND THE KEY DRIVERS

3.5.1 Relationships

With reference to the literature and sources considered for this study, a strong theoretical relationship appears to exist between ethical leadership, internal controls, and organisational accountability. The key drivers of the relationship can be summarised as ethical behaviour, clear expectations, collectively agreed-upon morals and values, individual accountability, good governance, effective internal controls, and compliance with legislative requirements, all of which facilitate the organisation's achievement of its set objectives.

While the relationships between ethical leadership, internal controls, and accountability are conceptually supported in the literature, these relationships are often discussed independently rather than as part of an integrated framework. This study contributes to the literature by proposing a model that links these constructs within a unified governance framework.

Steinbauer, Renn, Taylor and Njoroge (2014) explained that ethical-leadership theory centres on the idea that a leader's own ethical conduct shapes how employees make ethical choices and behave. They argue that leaders guide followers' ethical behaviour by modelling appropriate actions, emphasising the value of ethical norms through communication, fostering ethical behaviour via social exchange, and applying performance management practices that reinforce accountability.

Steinbauer et al. (2014) described perceived accountability as the belief that individuals may be called upon to explain or justify their choices to others who have the authority to reward or sanction them. They argued that this sense of accountability plays a crucial role in encouraging ethical behaviour, as employees are more inclined to act ethically when they know they are personally responsible for their actions and may face serious repercussions for misconduct. Ethical leaders should clearly outline expectations while still allowing employees the autonomy to make their own decisions, but those decisions must carry corresponding accountability. According to Steinbauer et al. (2014), such accountability supports the development of followers' self-leadership in ethical matters. Ethical leadership, in turn, is positively linked to employees' ethical decision-making. As a result, organisations can strengthen ethical judgment among staff by prioritising and cultivating ethical leadership.

Ehrich et al. (2015) noted that moral accountability (ethical leadership) requires moral values that are an integrated part of ethical leadership. Ehrich et al. (2015) argued that leaders actively choose the values and norms that guide them, and these choices underpin ethical behaviour through three core virtues: responsibility, authenticity, and presence. These virtues reflect the social and relational nature of ethical leadership, requiring leaders to genuinely acknowledge and engage with others' rights and obligations. Ehrich and colleagues further noted that leadership expresses what people consider meaningful and has the potential to bring out the best in individuals and what they can achieve.

Azizal, Rahman, Alam and Said (2015) observed that governance in public administration has emerged as a worldwide concern, largely because of ongoing challenges such as governance breakdowns, fraud, inefficiency, corruption, and shortcomings in internal control and financial management. Worldwide, public sector

institutions are under growing pressure to demonstrate how resources are acquired and utilised, while also being expected to improve the quality and effectiveness of their delivery service. Ensuring transparency and efficiency in public administration is a right of the public, underscoring the need for sound governance and a clear understanding of how accountability can be strengthened. Aziz et al. (2015) described good governance as a concept grounded in values, offering guidance on appropriate administrative conduct while discouraging unethical or questionable practices. Shared values and principles shape the relationship between government bodies and citizens. Accountability is an integral part of good governance, requiring that public institutions manage public affairs and resources responsibly, uphold human rights, and operate free from corruption and misuse of power, all within the framework of the rule of law.

Aziz et al. (2015) explained that an Internal Control System in the public sector functions as a continuous, organisation-wide mechanism designed to manage the numerous risks faced each day. These risks include, among others, breakdowns in control processes, non-compliance, and breaches of regulatory requirements. As a result, organisations acknowledge the essential role that internal controls and risk management play in protecting operations and supporting the achievement of objectives. Internal control frameworks are also fundamental to internal audit activities and are a key component of an organisation's broader governance structure. Overall, the primary aim of an Internal Control System is to guide and oversee organisational activities in a way that upholds transparency, accountability, responsibility, and fairness to all stakeholders.

According to Lazenby (2024), the King IV Report emphasizes that corporate governance is fundamentally centered on leadership and the proper use of authority. He further explained that governance-related leadership is characterised by principles such as efficiency, integrity, responsibility, openness, and accountability. Strategic leaders are expected to champion sound governance practices and ensure that all employees are familiar with the organisation's governance framework and ethical standards.

3.5.2 Key drivers

Aziz et al. (2015) pointed out that strong leadership plays a vital role in enhancing teamwork, raising quality and safety standards, and fostering innovation within an organisation. They further identify several key traits as essential for leaders to be truly effective, including:

- conforming to morals and values
- acting ethically
- honouring integrity and acting honestly and trustfully
- acting respectfully
- showing commitment
- displaying compassion
- acting fairly
- being courageous
- listening actively
- being inspired and inspiring others
- being authentic
- being adaptable to change

Research suggests that when a leader's conduct does not align with followers' expectations, it can lead to negative outcomes and diminish both individual and team performance. Aziz et al. (2015) further noted that a leader's reputation shapes the extent to which formal accountability measures are applied to their decisions and actions. This underscores the intricate connections between a leader's reputation, the trust they command, and their overall accountability, all of which ultimately influence their effectiveness. Leaders who uphold ethical principles and articulate a clear vision and mission tend to inspire followers to embrace shared positive values, thereby strengthening organisational accountability. For these reasons, ongoing leadership development is essential, particularly in the public sector, where it directly contributes to improved accountability.

Campbell, Li, Yu and Zhang (2015) noted that senior leaders in several high-profile companies, such as Enron, WorldCom, Steward and Madoff have, in recent years,

attracted significant scrutiny for various unethical practices. These failures stemmed from multiple causes, including problematic behaviours, inadequate oversight, unethical decision-making tied to business operations and performance, and deliberate manipulation of information and people. In response, regulators have strengthened governance requirements to better align the interests of corporate insiders with those of key stakeholders, thereby reducing the risk of fraud and misconduct. Despite these interventions, some executives continue to engage in practices that fail to meet reporting requirements, industry standards, and legal obligations.

Campbell et al. (2015) argued that the organisational dynamics underpinning decision-making roles have not been fully addressed, prompting the development of occupational communities aimed at improving internal control. These communities consist of groups of employees who share defining features that foster a distinct professional identity. Such features may include long-term collaboration, unique working conditions that set them apart from other groups inside or outside their organisation, and characteristics shaped by the specific nature of their work. A critical dimension of organisational decision-making relates to internal control. This requires a comprehensive, leadership-driven, and adaptive system for operational analysis, compliance, and reporting, all supported by robust organisational policies and monitoring mechanisms. Campbell et al. (2015) noted that strong internal controls help organisations achieve their goals by enhancing operational efficiency and effectiveness, ensuring that financial information is reliable, and supporting compliance with applicable laws and regulations. They also enable organisations to provide trustworthy information to external audiences, thereby strengthening stakeholder confidence in top management's ability to fulfil the organisation's mission and vision. Conversely, weak internal controls increase the likelihood that managers may either deliberately manipulate or inadvertently misreport financial and operational data.

Prezyna, Garrison, Lockte and Gold (2017) stressed that an individual's understanding of their position within the workplace significantly influences how they behave on the job. The Role theory emphasizes that clear role expectations are crucial for effective performance. Interactions between supervisors and employees play a central role in

establishing this clarity. When roles are not clearly defined, employees may experience role conflict due to uncertain or conflicting expectations. Such ambiguity can create stress, which may ultimately lead to reduced effectiveness, lower job satisfaction, increased workplace tension, and difficulties in decision-making.

Beaumier and Sum (2018) noted that the trend of increased sanction activities will continue, and organisations will need to develop or strengthen compliance programs to avoid the necessity for enforcement actions such as civil monetary penalties. Organisations can thus attend to compliance management by focusing on policies and procedures, governance, training, and reporting. Sanctions compliance programs need to be more robust, and the types of customers/clients, products/services, and geographies might warrant additional controls.

This integrated perspective provides the foundation for the empirical investigation presented in the following chapter, which tests the relationships among ethical leadership, internal controls, and accountability.

3.6 SUMMARY

This chapter explored four main themes. The first focused on internal control, outlining the various types of controls and explaining the key components of an internal control system: the control environment, risk assessment, control activities, information and communication, and monitoring. It also considered factors affecting control effectiveness and highlighted emerging developments in the field. Secondly, it considered **compliance-related** matters, including the purpose of compliance, the roles and responsibilities of those involved, the development of a compliance-focused culture, approaches to compliance monitoring, and the minimum standards that should be met. Thirdly, **accountability** encompassing various aspects, including types of accountabilities, performance measurement and improvement, key performance indicators for accountability within an organisation, and internal audit and assurance, was discussed. Fourthly, a possible **theoretical relationship** between ethical leadership, internal controls, and accountability of an organisation, and the key drivers was discussed

Chapter four presents the empirical component of the study and outlines the research methodology employed. The chapter begins by describing the study's population and sample. The chapter then explains the measurement instruments used, including the rationale for selecting each one, and concludes with a discussion of how the data were collected and processed.

CHAPTER 4. RESEARCH METHODOLOGY

Chapter 4 introduces the empirical section of the study and details the methodological framework adopted. It first outlines the population of interest, and the sampling procedures used to draw participants. The chapter then describes the measurement tools employed, including their justification, and explains the procedures followed for data gathering and handling. The empirical results are organised according to the sequential stages of the research process, and the chapter ends with a concise summary of the key results.

4.1 INTRODUCTION

Empirical research focuses on gaining knowledge through the observation of phenomena, either directly or indirectly. This study adopted a quantitative research approach, which required defining the key variables, gathering data associated with them, and analysing the measurements obtained from a sample drawn from a defined population (Leedy & Ormrod, 2015). According to Leedy and Ormrod (2015), the purpose of quantitative research is to investigate how variables relate to one another and to use the results to support, refine, or modify existing theories or professional practice.

While quantitative research enables the examination of relationships between variables, its effectiveness depends on the extent to which constructs are clearly defined, operationalised, and measured using valid and reliable instruments. In studies involving latent constructs such as ethical leadership and accountability, particular attention must be given to the development and validation of measurement scales (DeVellis, 2017).

In this study, the empirical design is informed by Social Learning Theory and Agency Theory, which provide a foundation for examining how ethical leadership influences internal control systems and accountability mechanisms. These theoretical perspectives guide both the selection of variables and the analytical techniques employed.

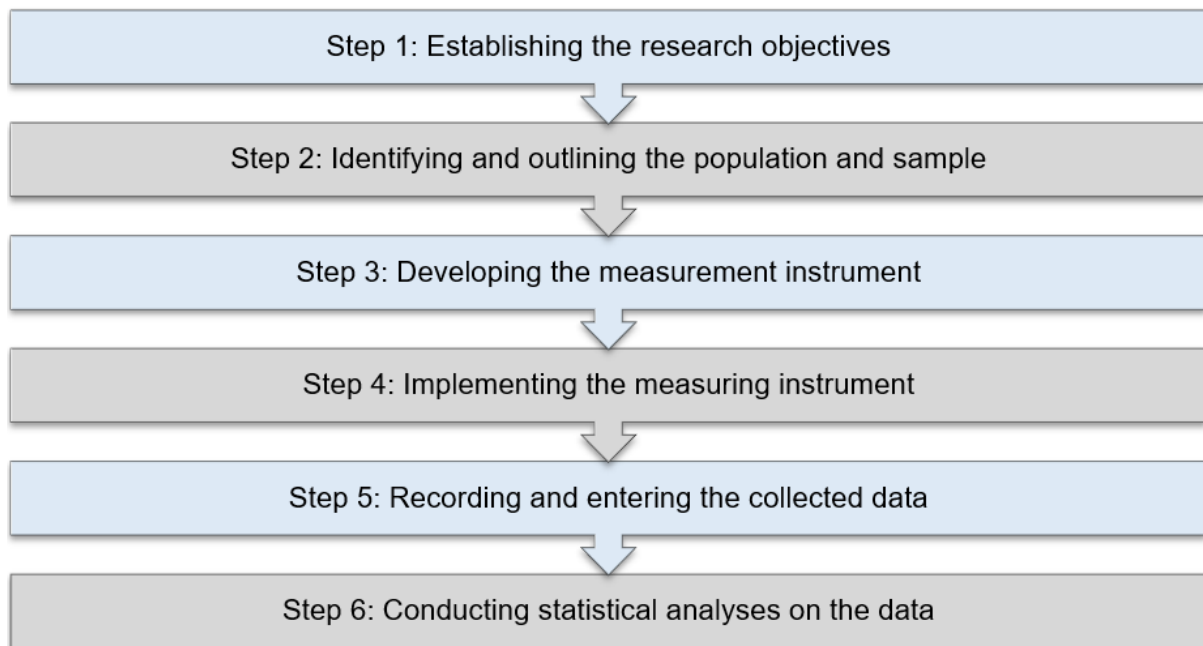
The chapter outlines the statistical techniques used in the empirical phase of the study. Its central aim was to formulate an Ethical Leadership Competency Framework intended to improve the effectiveness of internal controls and reinforce accountability within a particular national government department or institution. This central objective guided the entire study and informed the development of all accompanying aims and sub-objectives.

Importantly, the development of the Ethical Leadership Competency Framework is grounded in the empirical identification of latent constructs through factor analysis and the testing of relationships among these constructs using structural equation modelling. This ensures alignment between the conceptual framework, measurement model, and statistical analysis.

The chapter opens with a statement of the research objectives, followed by a description of the sampling approach used in the study. It then examines the measurement instrument, detailing how the questionnaire was developed and refined. This is followed by an explanation of the data-collection procedures. The research questions are then presented together with the statistical techniques selected to analyse the results. The chapter closes by outlining the ethical considerations underpinning the methodological decisions and offering a summary of the key conclusions.

The empirical component of the study was conducted through several stages, as illustrated in Figure 4.1.

Figure 4.1: Stages in the research process



Source: Adapted from Moosa (2016)

4.2 FORMULATION OF RESEARCH OBJECTIVES

The empirical component of the study was guided by the following specific objectives:

- a) **Research objective 1:** Determine the key factors of ethical leadership.
- b) **Research objective 2:** Determine the key factors of internal controls.
- c) **Research objective 3:** Determine the key factors of accountability.
- d) **Research objective 4:** Determine the key factors of effective governance.
- e) **Research objective 5:** Determine the relationship between ethical leadership, internal control, accountability, and effective governance.
- f) **Research objective 6:** Investigate the extent to which members from different ages, races, genders, years in the public service, staff categories, and highest educational qualification groups differ regarding ethics, effective governance, internal controls, and accountability.
- g) **Research objective 7:** Develop an ethical leadership competency framework for managing the efficiency of internal controls and accountability by a government department/institution to facilitate effective governance.

These research objectives are sequentially structured, with the first four objectives focusing on the identification and validation of underlying constructs, followed by the examination of relationships among these constructs, and culminating in the development of an integrated competency framework. This progression reflects a structured scale development and validation process consistent with quantitative research standards (DeVellis, 2017).

4.3 IDENTIFICATION AND EXPLANATION OF THE TARGET POPULATION AND SAMPLE

4.3.1 Sampling Approach Employed

The sample was drawn from a group comprising full-time staff members employed in two national government institutions. The empirical study was conducted among female and male employees at job levels 9 to 15, who are permanently employed. The various occupational levels are defined in the Department of Public Service and Administration's (n.d b) Code of Remuneration. At the time the data were gathered, the combined workforce of the two national government institutions comprised approximately N = 1,296 permanent staff members.

A sample of 274 respondents was obtained for the empirical analysis. While this sample size is adequate for exploratory statistical techniques such as factor analysis, it is relatively modest for more complex procedures such as structural equation modelling (SEM). However, the sample size meets the minimum recommended thresholds for exploratory research and allows for meaningful interpretation of relationships among variables (Hair et al., 2018).

Researchers need to clearly describe and interpret the outcomes of their studies. Since it is often not feasible to investigate an entire population, they generally rely on a smaller, representative sample that mirrors the characteristics of the larger group. This ensures that conclusions can reasonably be applied to the larger population (Leedy & Ormrod, 2015). A population encompasses all individuals or units relevant to a study, while a sample consists of a subset selected from that population (Salkind,

2012). Through sampling, researchers can infer characteristics of the whole population by examining only a portion of it (Salkind, 2012; Thompson, 2012).

Steyn, Smit, Du Toit, and Strasheim (2003) explained that sampling methods generally fall into two broad groups: probability and non-probability approaches. If the size of the population is unclear or its units cannot be individually identified, Kumar (2014) suggests using a non-probability sampling approach. For this study, however, the population was clearly defined, making a probability sampling technique the appropriate choice.

According to Amedeo, Golledge, and Stimson (2009), probability sampling ensures that every member of the population has a known and equal chance of being selected. This approach also allows researchers to estimate sampling error (Leedy & Ormrod, 2015; Steyn et al., 2003). Affleck (2010) adds that probability sampling rests on three core principles: the random selection of units, equal selection opportunities for all units, and the ability to calculate the likelihood of choosing any specific unit. These characteristics make probability sampling the preferred choice when researchers aim to generalise results from the sample to the wider population (Amedeo et al., 2009).

Kumar (2014) explained that probability sampling can be carried out using various techniques, such as simple random sampling, cluster sampling, and stratified sampling. Although simple random sampling is often considered the strongest approach for producing results that can be generalised to the full population, Bezuidenhout (2011) points out that achieving a genuinely random sample can be challenging in real-world research settings. This difficulty arises when it is impossible to identify all members of the population or when selected individuals choose not to participate. Steyn et al. (2003) further argued that obtaining a perfectly random sample is unlikely because of natural human biases; true randomness can only be achieved through an objective, mechanical process.

This study employed simple random sampling as its probability-based approach. Despite being one of the most straightforward sampling techniques, it is widely used because every individual in the population has an equal and independent probability of being chosen. Given these advantages, this method was considered the most

suitable for the current study (Affleck, 2010; Kumar, 2014; Salkind, 2012; Steyn et al., 2003). A simple random sample of 1,296 participants was drawn, and the questionnaires were administered to permanently employed staff members on salary levels 9 to 15 in the two national government institutions.

Although simple random sampling was employed to enhance representativeness, practical constraints such as non-response and accessibility may have influenced the final sample composition. These limitations were acknowledged and considered with the interpretation of the results.

4.3.2 Representation of the sample

The researcher obtained the population data from the Human Resource units and other authorised representatives within the two government institutions. They provided de-identified information for all permanent employees who met the sampling criteria. The representativeness of the sample was then assessed by comparing key demographic characteristics, such as age, race, gender, length of public sector service, staff category, and highest educational qualification, with those of the overall population.

The representativeness of the sample supports the generalisability of the results within the context of the selected institutions; however, caution should be exercised when extending the results to other public sector environments.

4.3.3 Demographic characteristics of the sample

4.3.3.1 Age

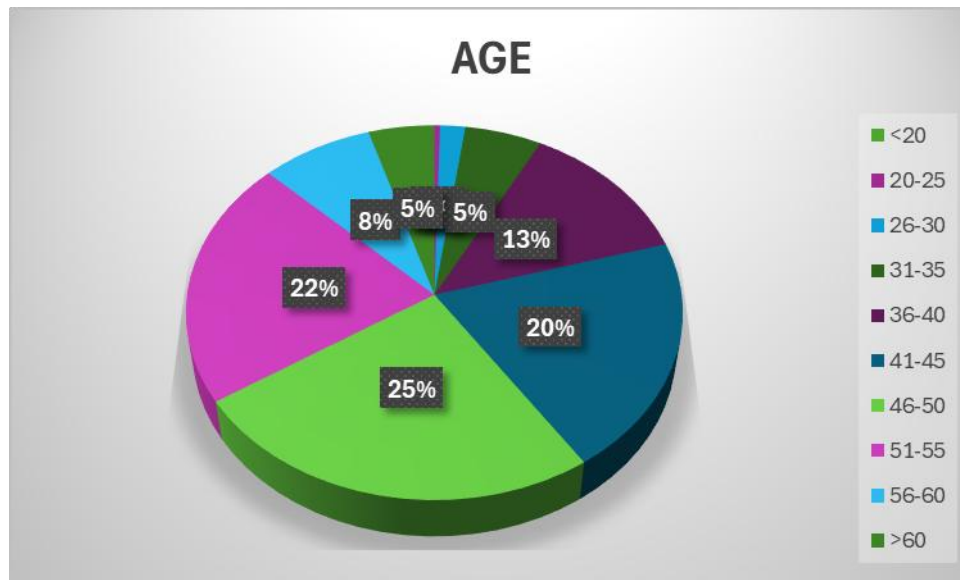
Table 4.1 and Figure 4.2 present the respondents' age distribution.

Table 4.1: Age distribution

AGE					
Valid	Group	Frequency	Percent	Valid Percent	Cumulative Percent
	<20	-	-	-	-
	20-25	1	0.4	0.4	0.4
	26-30	5	1.8	1.8	2.2
	31-35	15	5.5	5.5	7.7
	36-40	35	12.7	12.8	20.4
	41-45	55	20.0	20.1	40.5
	46-50	69	25.1	25.2	65.7
	51-55	59	21.5	21.5	87.2
	56-60	22	8.0	8.0	95.3
	>60	13	4.7	4.7	100.0
	Total	274	99.6	100.0	-

Figure 4.2 illustrates, in graphical form, the distribution of the valid percentage of respondents across the different age groups.

Figure 4.2: Age distributions



According to Figure 4.2, most of the respondents were between the ages of 36 and 55 (218). 25.1% (69) of the respondents were in the 46-50 age category, 21.5% (59) in the 51-55 age category, 20% (55) in the 41-45 age category, and 12.7% (35) between

36 and 40 years of age. 12.7 % (35) were in the age group 56 to older than 60, and 7.7% (21) were between 20 and 35 years of age. This distribution indicates that the sample is sufficiently diverse to support meaningful analysis of differences across demographic groups.

4.3.3.2 Race group

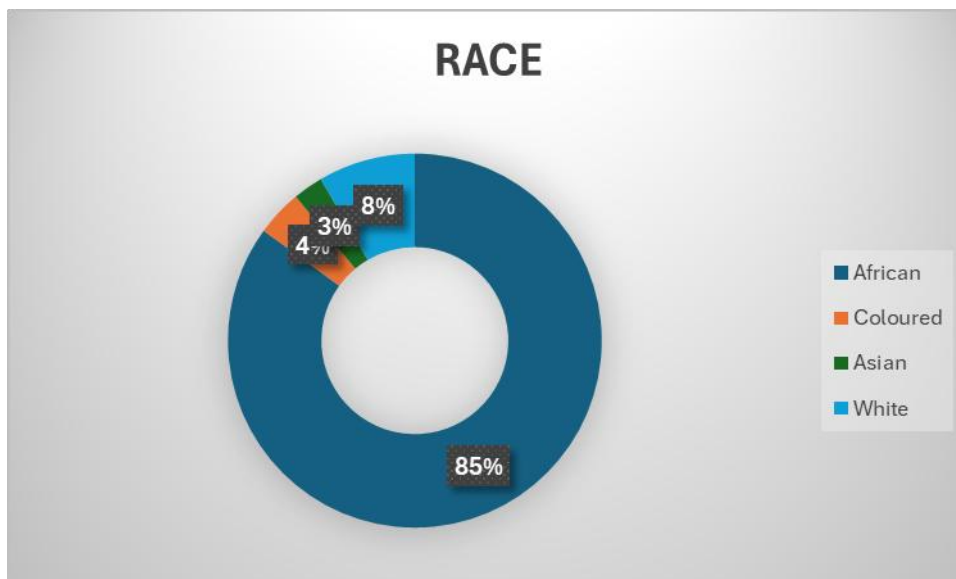
Table 4.2 and Figure 4.3 present the distribution of respondents across the four racial categories: African, Coloured, Asian, and White.

Table 4.2: Race distribution

RACE					
Valid	Race Group	Frequency	Percent	Valid Percent	Cumulative Percent
	African	233	84.7	85.0	85.0
	Coloured	11	4.0	4.0	89.1
	Asian	7	2.5	2.6	91.6
	White	23	8.4	8.4	100.0
	Total	274	99.6	100.0	-

Figure 4.3 provides a visual representation of the distribution of respondents across the various racial groups.

Figure 4.3: Race distribution



According to Figure 4.3, the majority of respondents were African, at 84.7% (233). The second-largest number of respondents, or 8.4% (23), were White. The respondents from the Coloured and Asian race groups represented 4% (11) and 2.5% (7), respectively. This distribution indicates that the sample is sufficiently diverse to support meaningful analysis of differences across demographic groups.

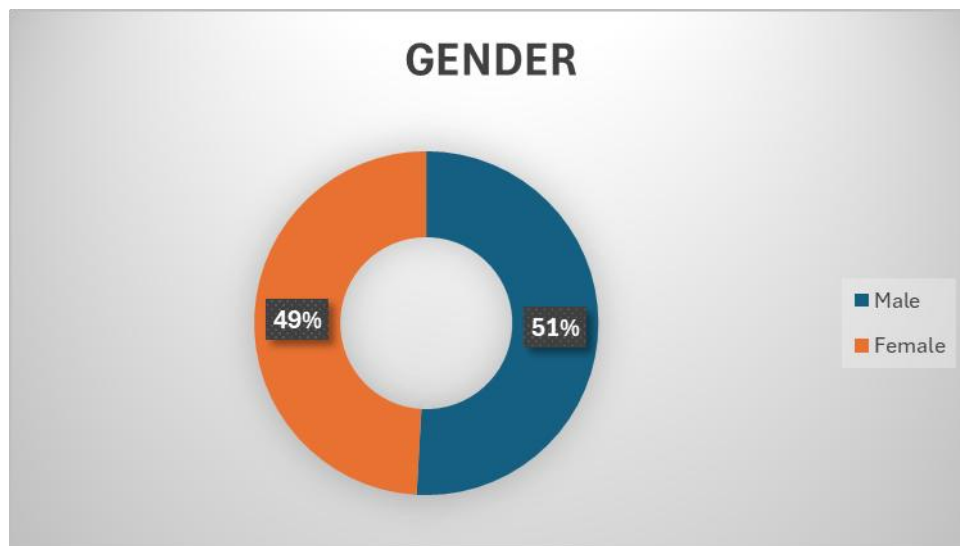
4.3.3.3 Gender

Table 4.3 and Figure 4.4 below display the gender breakdown of the respondents.

Table 4.3: Gender distribution

GENDER					
Valid	Group	Frequency	Percent	Valid Percent	Cumulative Percent
	Male	140	50.9	50.9	50.9
	Female	134	49.1	49.1	100.0
	Total	274	100.0	100.0	

Figure 4.4: Gender distribution



According to Figure 4.4, most respondents were male (50.9%) (140). Females represented 49.1% (134) of the sample. This distribution indicates that the sample is sufficiently diverse to support meaningful analysis of differences across demographic groups.

4.3.3.4 Number of years in the public service

Because the study examined how permanent employees of the two national government institutions perceive ethical leadership in relation to internal control effectiveness and accountability, the length of time individuals had served in the public sector was a relevant factor. These results are presented in Table 4.4 and Figure 4.5.

Table 4.4: Number of years in the public service

NUMBER OF YEARS IN THE PUBLIC SERVICE					
Valid	Groups	Frequency	Percent	Valid Percent	Cumulative Percent
	0 - 5 years	17	6.2	6.2	6.2
	6 - 10 years	28	10.2	10.2	16.4
	11 - 15 years	56	20.4	20.4	36.9
	16 - 20 years	86	31.3	31.4	68.2
	21 - 25 years	39	14.2	14.2	82.5
	26 - 30 years	26	9.5	9.5	92.0
	31 - 35 years	12	4.4	4.4	96.4
	36 - 40 years	8	2.9	2.9	99.3
	Above 40 years	2	0.7	0.7	100.0
	Total	274	99.6	100.0	-

Figure 4.5: Number of years in the public service

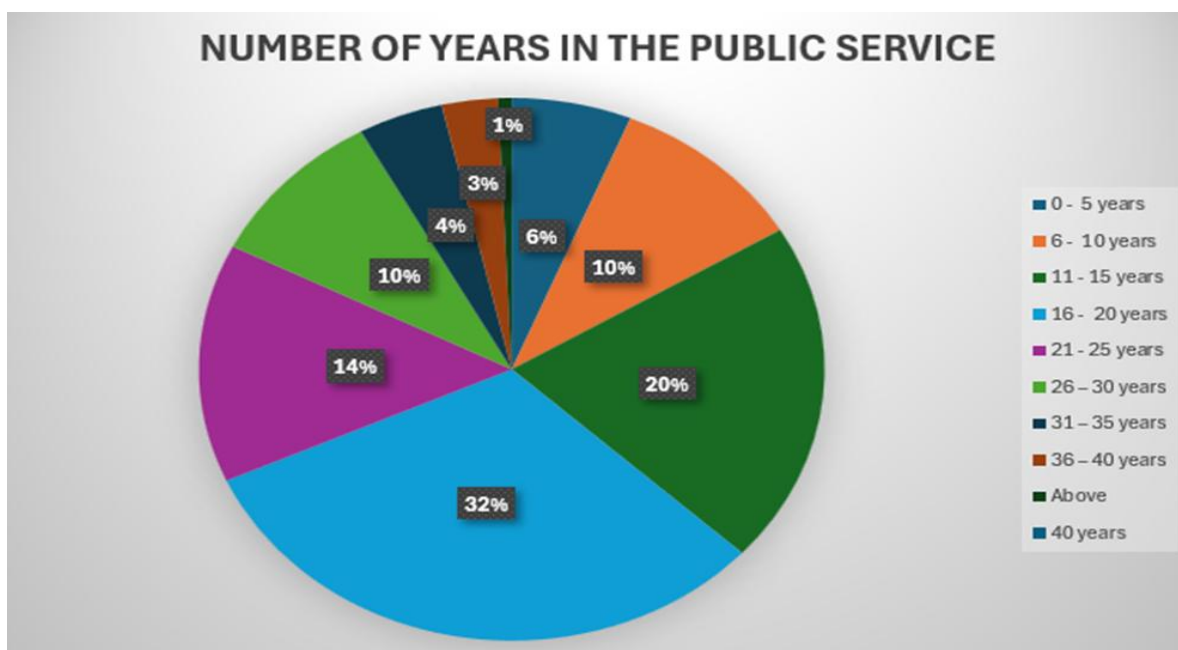


Figure 4.5 indicates that most respondents (229, or 84%) had more than 10 years of experience in the public service, suggesting that they likely possessed a solid understanding of the public sector environment. 31.3% (86) of the respondents had between 16 to 20 years service, 20.4% (56) between 11 to 15 years, 14.2% (39) between 21 to 25 years, 9.5% (26) between 26 to 30 years, 4.4% (12) between 31 to 35 years, 2.9% (8) between 36 to 40 years and 0.7% (2) above 40 years. Only 16.4 % (45) had been in the public service for less than 10 years, with 10.2% (28) between 6 and 10 years, and 6.2% (17) for less than 5 years. This distribution indicates that the sample is sufficiently diverse to support meaningful analysis of differences across demographic groups.

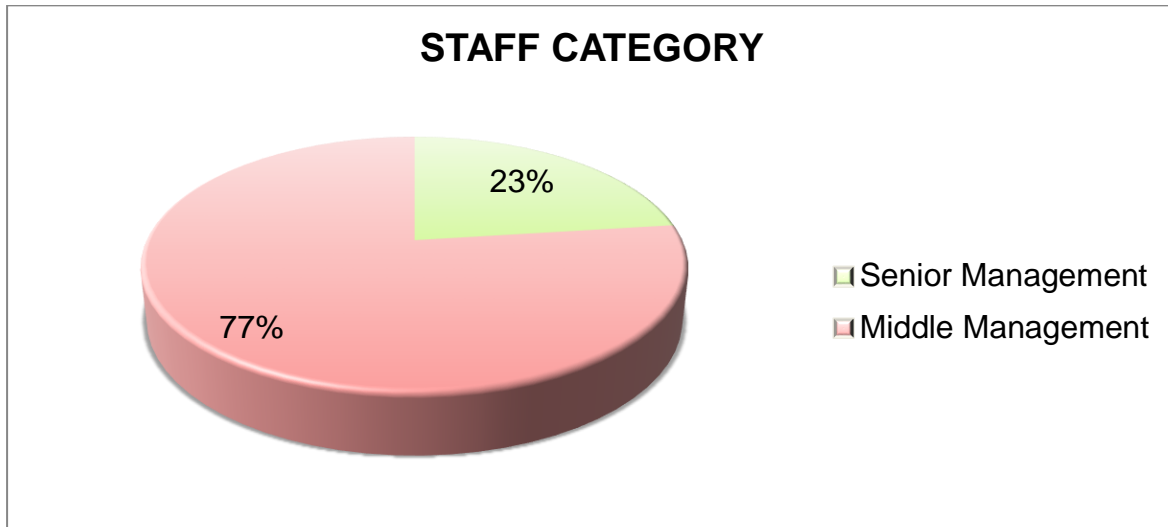
4.3.3.5 Staff Category

The study focused on staff at the Middle and Senior Management levels. The results are presented in Table 4.5 and illustrated in Figure 4.6.

Table 4.5: Staff categories

STAFF CATEGORY					
Valid	Groups	Number	Percent	Valid Percent	Cumulative Percent
	Senior Management (L13 to L16)	64	23%	23%	23%
	Middle Management (L9 to L12)	210	77%	77%	100%
	Total	274	100	100	100

Figure 4.6: Staff categories



According to Figure 4.6, 77% (210) of respondents were in Middle Management, and 23% (64) were in Senior Management. This indicates that the respondents were well-informed about issues such as leadership, governance, and controls, and would have been able to provide valuable insights into their experiences with ethical leadership. This distribution indicates that the sample is sufficiently diverse to support meaningful analysis of differences across demographic groups.

4.3.3.6 Highest Educational Qualification

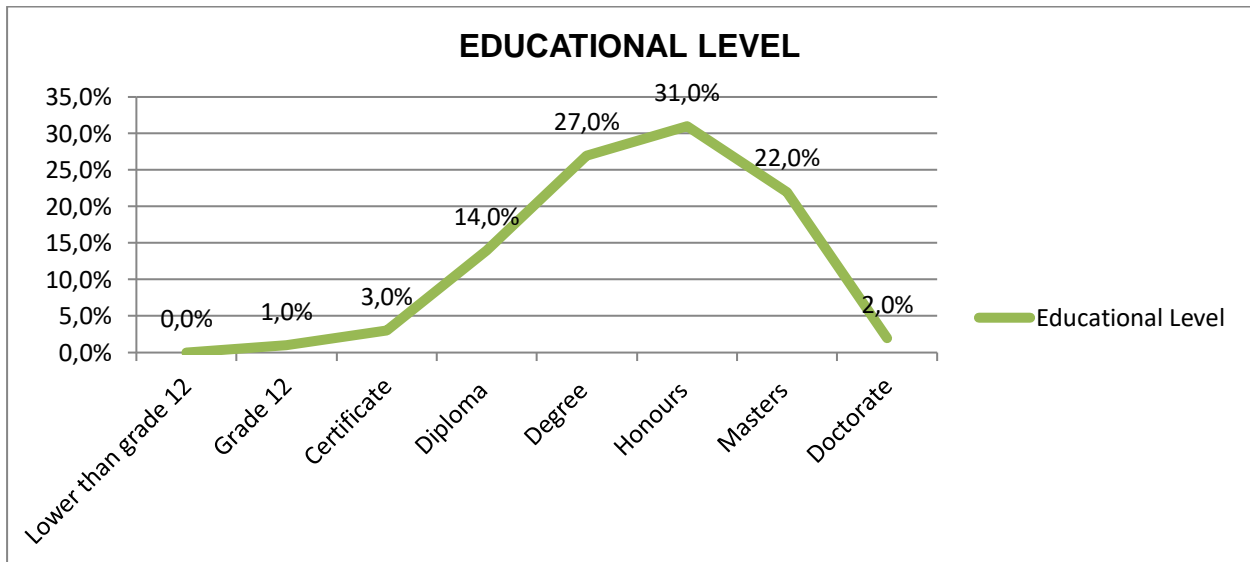
Respondents were asked to report their highest level of education, and the results are summarised in Table 4.6 and depicted in Figure 4.7.

Table 4.6: Highest Educational Qualification

HIGHEST EDUCATIONAL LEVELS					
Valid	Groups	Frequency	Percent	Valid Percent	Cumulative Percent
	Lower than grade 12	0	0	0	0
	Grade 12	4	1	1	1
	Certificate	8	3	3	4
	Diploma	39	14	14	18
	Degree	73	27	27	45
	Honours	85	31	31	76

Masters	59	22	22	98
Doctorate	6	2	2	100
Total	274	100.0	100.0	

Figure 4.7: Highest Educational Qualification



The distribution of respondents' highest educational levels shows a strong skew toward higher qualifications. No participants reported having less than a Grade 12 education, and only a small proportion held Grade 12 (1%) or certificate-level qualifications (3%). Diplomas account for 14% of the sample, while bachelor's degrees make up 27%. The largest group of respondents holds honours degrees (31%), followed by master's degrees (22%), indicating that more than half of the sample (53%) possess postgraduate qualifications. Doctoral graduates represent a small but notable 2%. Overall, the data reflect a highly educated sample, with the cumulative percentages showing a progressive increase toward advanced tertiary qualifications. This distribution indicates that the sample is sufficiently diverse to support meaningful analysis of differences across demographic groups.

4.4 DESIGN OF THE MEASURING INSTRUMENT

4.4.1 Overall research design

The selected research design largely influences the choice of appropriate measurement instruments. In this case, the study made use of quantitative research

design. The empirical component employed a cross-sectional design that incorporated descriptive, explanatory, and exploratory elements to examine the relationships between ethical leadership, governance, control, and accountability. Cross-sectional research provides a one-time snapshot of a phenomenon by gathering data from participants at a single point in time, using predetermined variables (Kumar, 2014; Welman, Kruger & Mitchell, 2005). Descriptive studies do not seek to establish cause-and-effect relationships; instead, they aim to portray and interpret a situation as it naturally occurs within a given sample (Leedy & Ormrod, 2015; Welman et al., 2005). Explanatory research, by contrast, is concerned with uncovering and explaining causal links between variables (Terre Blanche et al., 2007). Exploratory studies are conducted when researchers wish to investigate a topic or set of questions more broadly, without expecting to reach conclusive answers (Terre Blanche et al., 2007).

The cross-sectional design adopted in this study provides a snapshot of relationships among variables at a single point in time. While this design is suitable for identifying associations, it does not allow for causal inferences. This limitation is acknowledged and considered in the interpretation of results.

4.4.2 Type of measuring instrument

The type of data required for a study typically guides the selection of appropriate data-collection methods. Given the quantitative orientation of this research, a survey approach was selected. Surveys are particularly useful for exploring possible relationships among multiple variables (Welman et al., 2005). Measuring instruments help researchers interpret information and link responses to specific numerical criteria (Leedy & Ormrod, 2015; Welman et al., 2005). Web-based surveys involve distributing online questionnaires, typically via an email link, to invite participants to participate in the research (Feinberg, Kinnear & Taylor, 2013). In this study, an electronic questionnaire served as the primary measurement tool.

The selection of a survey instrument is consistent with the study's objective of measuring latent constructs such as ethical leadership, internal control effectiveness, and accountability. Surveys are particularly appropriate for capturing perceptions and

attitudes across a large sample, enabling statistical analysis of relationships among constructs.

A questionnaire is broadly understood as any data collection tool that requires all participants to respond to an identical series of questions presented in a fixed sequence (Saunders, Lewis & Thornhill, 2000). It is essentially a structured set of items designed to gather information that can be analysed in relation to the study's objectives (Babbie, 2005).

Salkind (2012) highlighted several benefits of using questionnaires. One advantage is that they are self-administered and can be completed within a relatively short period. Additionally, distributing surveys via email enables researchers to reach participants across a wide range of geographical regions. Online questionnaires have become increasingly common because they save time and financial resources, require fewer fieldworkers, and often encourage more candid responses due to the anonymity they offer. Salkind (2012) noted, however, that questionnaires have an important drawback: they often yield lower response rates than many other data-collection methods because participants must complete and submit them on their own. In this study, a questionnaire was selected because it provided a practical and efficient means of collecting information from a large group of respondents.

Aldridge and Levine (2001) noted several drawbacks of electronic surveys. First, some participants may be concerned about whether their anonymity is truly protected, which can lead to discomfort about sharing information online or having their data stored on external servers. Second, online surveys often introduce sampling bias, as they tend to attract younger, more educated respondents who are comfortable with digital technologies. Lastly, respondents could participate only if they had access to a computer with the necessary software and the required skills to operate it.

These limitations were mitigated by providing respondents with clear instructions to aid completion of the questionnaire. In addition, all permanent employees in government departments have access to computers and the Internet, reducing the likelihood of technological availability challenges.

4.4.3 **Development and design of the questionnaire**

A review of the literature on ethical leadership, internal control effectiveness, and accountability showed that no existing questionnaire was fully suitable for the purposes of this study. Consequently, a customised instrument was developed consisting of three sections: Section A gathered demographic details, Section B focused on Ethical Leadership and Governance, and Section C addressed Internal Controls, Compliance, and Accountability. The items included in Section B were informed by relevant academic sources, including research articles and specialised books that cover ethics, leadership, governance, internal controls, compliance, accountability, and related themes.

The development of the questionnaire followed a structured scale development process. Initially, constructs were identified through a comprehensive review of the literature. These constructs were then operationalised into measurable items based on established theoretical dimensions. Where possible, items were adapted from existing validated instruments, such as the Ethical Leadership Scale (Brown et al., 2005), to enhance content validity.

The draft questionnaire was refined through iterative review to ensure clarity, relevance, and alignment with the research objectives. Although a formal pilot study was not conducted, the instrument was carefully designed to reflect established theoretical constructs and prior empirical research (DeVellis, 2017).

This structured approach ensured that the measurement instrument was theoretically grounded and suitable for subsequent statistical validation.

4.4.3.1 **Scaling of the questions**

A structured questionnaire was utilised in this study. Such questionnaires present respondents with predetermined response options for each item, requiring them only to choose and indicate the option that best reflects their view (Salkind, 2012).

The use of a Likert scale is appropriate for measuring perceptions and attitudes, as it allows respondents to indicate the intensity of their agreement with specific statements. The four-point scale used in this study eliminates a neutral midpoint, thereby encouraging respondents to make a definitive choice and reducing central tendency bias.

Research employs various types of tests, one of the most widely used being attitude tests or scales. Such instruments are intended to capture individuals' perceptions or judgments about a particular person, situation, or object (Salkind, 2012). This is distinct from achievement tests, which are commonly used to evaluate someone's knowledge or proficiency in a specific area.

Before drafting the questionnaire items, the researcher first had to select an appropriate rating scale. Salkind (2012) explained that rating scales are typically based on either the Likert or Thurstone method. This study adopted the Likert scale, originally developed by Likert in 1932, because it is widely used in research and relatively easy to design. With this type of scale, respondents indicate the extent to which they agree or disagree with each statement using predefined response options (Hair, Celsi, Money, Samouel & Page, 2015; Welman et al., 2005). Effective scales include clear verbal descriptors for each option to ensure participants interpret the responses correctly. To minimise central tendency bias, a four-point Likert-type scale with distinct categories was used, as outlined in Table 4.7.

Table 4.7: 4-point Likert scale

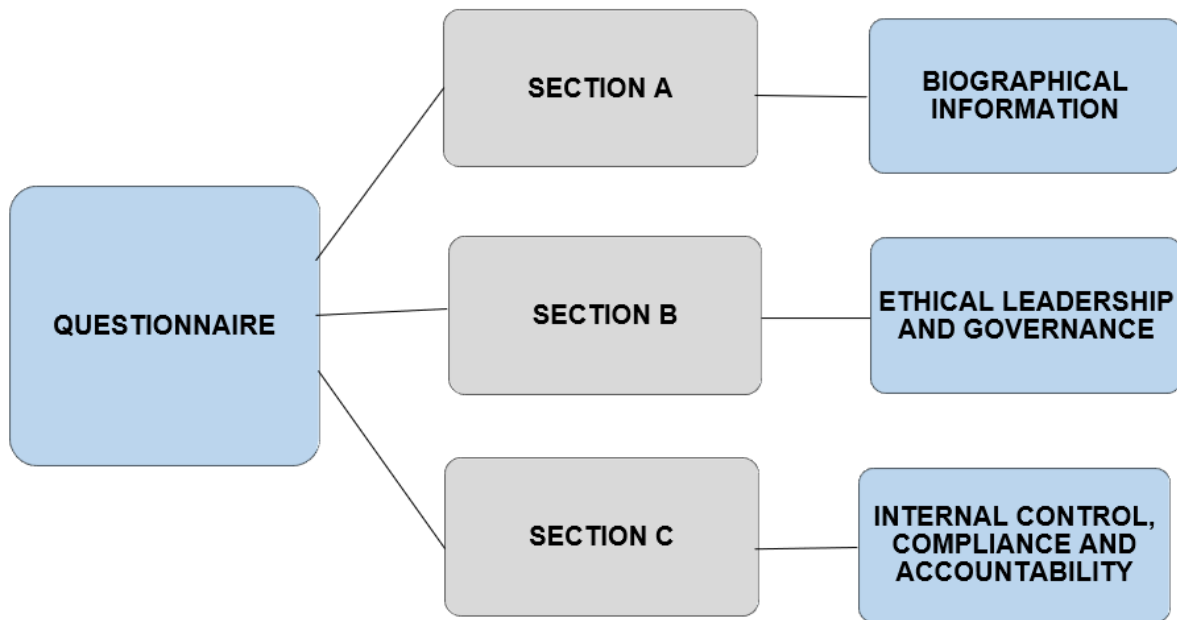
Strongly Disagree		Strongly Agree	
1	2	3	4

4.4.3.2 Layout of the questionnaire

Leedy and Ormrod (2015) noted that researchers should draw on established guidelines when developing questionnaire items to ensure that the questions are clearly phrased and easy to understand. In this study, the items were designed specifically to align with the research objectives. The questionnaire was organised into

three primary sections, each containing its own set of categories, as illustrated in Figure 4.8.

Figure 4.8: Questionnaire layout



Source: Researchers' own work

a) **Biographical Information**

The biographical section captured information such as respondents' age, racial group, gender, years of service in the public sector, employment category, and highest level of education.

b) **Ethical Leadership and Governance**

The section focused on the following key aspects:

- Understanding and practice of ethical leadership.
- Effectiveness of governance.

c) **Internal control, compliance, and accountability**

This section focused on the following key aspects:

- Efficiency of internal controls in relation to the levels of compliance.
- Effectiveness of accountability.

4.4.4 Reliability and validity of the measuring instrument

It is important to report on the reliability and validity of the instruments used in a study, as this reflects the quality of both the measurement tools and the broader research design. Reliability concerns the likelihood that an instrument will yield consistent and dependable results when applied repeatedly to the same phenomenon (Babbie & Mouton, 2001). According to Struwig and Stead (2001), the dependability of a test's scores must be confirmed before its validity can be assessed. As Salkind (2006) noted, although reliability is a prerequisite for validity, it does not guarantee it. In other words, a measure may produce consistent results without necessarily measuring what it is intended to measure, but it cannot be considered valid unless it is first reliable.

In addition to reliability, construct validity is a critical consideration in studies involving latent variables. Construct validity ensures that the measurement instrument accurately reflects the theoretical concepts it is intended to measure.

The questionnaire's reliability was assessed using Cronbach's alpha (first introduced by Cronbach in 1951), with the results presented in Chapter 5. This coefficient reflects the degree to which items within a scale collectively measure the same underlying concept (Girden & Kabacoff, 2011; Salkind, 2012). Pallant (2005) suggests that an alpha value of 0.70 or higher typically indicates acceptable reliability.

Babbie and Mouton (2001) defined validity to be the extent to which a measurement genuinely represents the true meaning of the concept being studied. In other words, validity concerns whether an instrument accurately measures what it is intended to measure within a given context. In this study, validity was supported through the following measures:

- **Content validity** relates to how well the items included in a measure represent the full range of characteristics associated with the concept being assessed (Girden & Kabacoff, 2011). In practice, this involves examining whether the construct is adequately and fairly captured by the selected items.
- **Construct validity** concerns the extent to which a measurement instrument accurately represents the theoretical concept it is intended to assess (Girden &

Kabacoff, 2011). Establishing this form of validity starts with clearly defining the construct and anticipating how it should relate to other variables or concepts (Bezuidenhout, 2011). Once a tool designed to represent the construct has been created, and its reliability confirmed, its connections with other measures or variables can be explored to determine whether it behaves as expected (Struwig & Stead, 2001).

The questionnaire's content, construct, and factorial validity were assessed through Exploratory Factor Analysis (EFA), with the detailed results presented in Chapter 5. A key purpose of conducting the EFA was to evaluate whether the instrument effectively measured its intended underlying constructs. Leedy and Ormrod (2015) note that latent constructs are not directly observable and must instead be inferred from their influence on measurable indicators. The analysis therefore involved identifying the underlying dimensions within the dataset and determining the factor structure that best represented them (Hair, Black, Babin, Anderson & Tatham, 2010). As explained by Hayashi and Yuan (2010), EFA seeks to account for numerous observed variables by grouping them into a smaller set of meaningful factors. When the extracted factors clearly and coherently reflect the data, factorial validity, understood as a subset of construct validity, is established (Gebotys, 2011; Sekaran & Bougie, 2010). Thus, factorial validity is demonstrated when the expected dimensions emerge during the factor analysis process (Gebotys, 2011; Sekaran & Bougie, 2010).

While exploratory factor analysis (EFA) was used to identify the underlying factor structure, it is acknowledged that confirmatory factor analysis (CFA) is typically required to validate the measurement model using an independent sample. In this study, both EFA and CFA were conducted on the same dataset, which may limit the robustness of the validation process. This limitation is recognised and considered in the interpretation of results.

The goal of the study was not to forecast individual outcomes from participants' responses, but rather to identify overall patterns and explore relationships among variables. As such, the questionnaire was deemed suitable and psychometrically appropriate for the research objectives.

Overall, the reliability and validity procedures applied in this study provided reasonable assurance of the measurement quality; however, further validation using independent samples is recommended for future research.

4.5 ADMINISTRATION OF THE MEASURING INSTRUMENT

Ethical clearance and formal permission to conduct the study were obtained before data collection commenced. The electronic questionnaire links were then shared via the offices of the Branch Heads, Heads of Functions, and Regional Heads, along with cover letters inviting individuals to participate in the research.

The questionnaire was designed to be clear and easy to follow, eliminating the need for any supervision during completion. Although no specific time limit was imposed, respondents generally required no more than 20 minutes to finish the survey.

The steps used to distribute and gather the data followed the process described in Table 4.8. Data collection occurred over a four-month period. Once a sufficient and representative number of completed questionnaires had been received, the survey was closed and the analysis phase began.

Table 4.8: Data collection

Steps	Details
Step 1: Ethical Considerations	Approval for the study was obtained from the Head of the HR Department, and ethical clearance was granted by the academic institution. The researcher adhered to all ethical requirements and took all reasonable steps to minimise potential risks.
Step 2: Uploading the questionnaire onto the online platform	The study used a web-based questionnaire. Instructions for completing the survey were provided at the beginning. The final instrument comprised three sections: Part A (demographic information), Part B (ethical leadership and governance), and Part C (internal control, compliance, and accountability). Item codes were assigned to support the data analysis process.
Step 3: An invitation to	An email invitation with a cover letter was sent to individuals in the sample, explaining the study's purpose, possible benefits, the

Steps	Details
participate was distributed to the sample	voluntary nature of participation, and the right to withdraw at any point. The researcher's contact details were provided for any questions. Participants were informed that completing and submitting the questionnaire indicated their consent. Reminder emails were issued every two weeks to encourage higher response rates.
Step 4: Waiting period	To further enhance participation, the survey link was also circulated within a second related government institution. The survey remained open until an adequate and representative number of responses had been received, after which it was officially closed. On request, regulated hard copies of the questionnaire were also made available through the approved representatives of each institution to facilitate participation.

4.6 SCORING AND CAPTURING OF THE DATA

Once enough responses were received, the survey was closed. All complete questionnaires were captured in a Microsoft Excel spreadsheet, with each response entered under its corresponding item code. The dataset was then transferred to the Statistical Package for the Social Sciences (SPSS) for further analysis.

4.7 STATISTICAL ANALYSIS OF THE DATA

The study employed quantitative techniques to analyse the data. In quantitative research, information is gathered as measurable observations, and the phenomena they reflect are interpreted and described using numerical and statistical procedures (Babbie, 2005; Punch, 2014). As the proper application of these methods depends on a sound understanding of the underlying statistical procedures, this section provides an overview of the statistical techniques used in the study.

The selection of statistical techniques was guided by the research objectives and the nature of the data. Multivariate techniques were employed to analyse complex relationships among variables and to test the proposed conceptual model.

During data analysis, the information collected is systematically organised, summarised, and examined. The analysis process began with checking the dataset for accuracy, followed by cleaning and transforming the data where required, and compiling a well-organised database that incorporated all relevant variables. A statistician was consulted to support the analytical process. Descriptive statistics were subsequently used to summarise the main features of the dataset. The final stage of the analysis addressed the study’s research objectives, enabling the researcher to evaluate theoretical assumptions and explore potential relationships among the constructs. These results formed the basis for drawing conclusions, making recommendations, and identifying directions for future studies (Moosa, 2016).

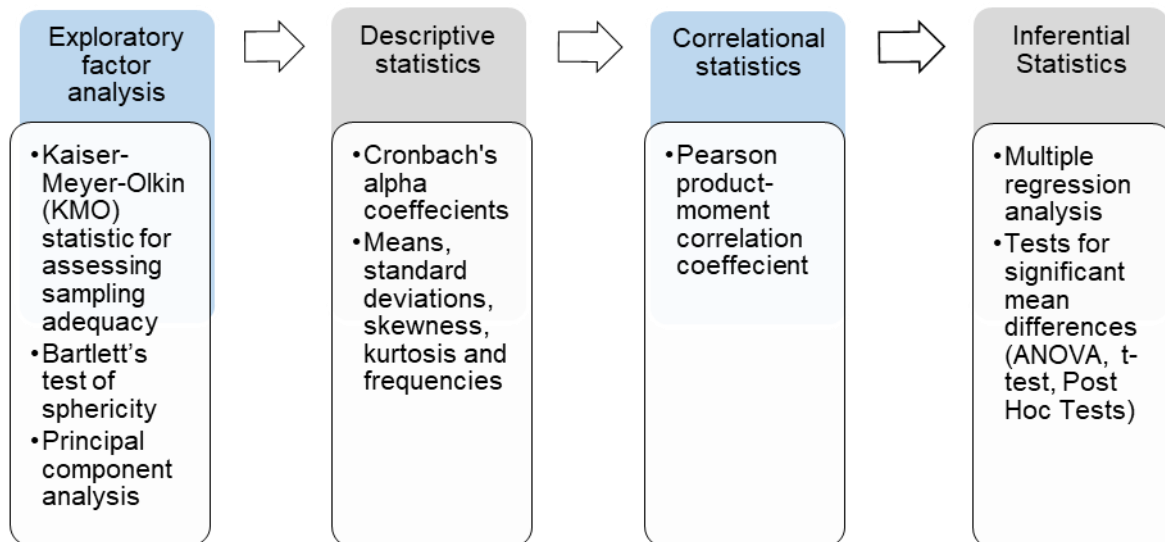
Table 4.9 outlines the study’s research objectives alongside the statistical methods used to address each objective.

Table 4.9: Research objectives and statistical procedures used

Empirical Research Objective	Statistical Procedure
Research objective 1: Determine the key factors of ethical leadership.	Exploratory factor analysis
Research objective 2: Determine the key factors of internal controls.	Exploratory factor analysis
Research objective 3: Determine the key factors of accountability.	Exploratory factor analysis
Research objective 4: Determine the key factors of effective governance.	Exploratory factor analysis
Research objective 5: Determine the relationship between ethical leadership, internal controls, accountability, and effective governance.	Correlation analysis and Structural equation modelling
Research objective 6: Investigate the extent to which members from different ages, races, genders, years in the public service, staff categories, and highest educational qualification groups differ regarding ethics, effective governance, internal controls, and accountability.	Inferential analysis
Research objective 7: Develop an ethical leadership competency framework for managing the efficiency of internal controls and accountability by a government department/institution to facilitate effective governance	Interpretation and integration of results

Figure 4.9 presents the different stages of the empirical research process, together with the statistical techniques applied at each stage.

Figure 4.9: Statistical processes



Source: Adapted from Moosa (2016)

4.7.1 Exploratory Factor Analysis

Factor analysis is a commonly used multivariate method that uncovers the underlying dimensions or constructs that explain the relationships among a group of observed variables (Lamb, Wolfenbarger, Money, Samouel & Page, 2015). The technique groups variables that show strong associations, forming smaller clusters that represent shared underlying themes (Leedy & Ormrod, 2015). In essence, the procedure examines the relationships among variables, and strong correlations suggest that they load onto the same factor (Salkind, 2012).

Factor analysis can be performed in two main forms: exploratory or confirmatory. This study applied Exploratory Factor Analysis (EFA) to identify the core dimensions underlying ethical leadership, governance, internal control effectiveness, and accountability. EFA reveals latent constructs by reducing a large set of variables into a smaller, more manageable group while retaining as much of the original information

as possible (Lamb et al., 2015). Researchers typically use either principal component analysis or common factor analysis for EFA (Girden & Kabacoff, 2011). In this study, principal component analysis was selected as the extraction technique.

Before performing an EFA, it is important to determine whether the data is appropriate for this type of analysis. To assess suitability, the Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy (Kaiser, 1970, 1974) and Bartlett’s Test of Sphericity (Bartlett, 1954) were applied. The results indicated that the dataset met the necessary conditions for conducting an exploratory factor analysis.

The KMO statistics assess the adequacy of the sample for factor analysis by comparing the magnitudes of the observed correlations among variables with those of their partial correlations (Kaiser, 1974). The value ranges from 0 to 1, and a score of .60 or higher is generally considered the minimum threshold for proceeding with factor analysis (Coleman, 2010; Tabachnick & Fidell, 2007).

Bartlett’s Test of Sphericity assesses whether the correlation matrix differs significantly from an identity matrix. A significant outcome ($p < 0.05$) indicates that meaningful correlations exist among the variables, supporting the use of factor analysis.

The Kaiser criterion was applied to determine which factors should be retained. According to this rule, only factors with eigenvalues greater than one are kept, as they represent meaningful and reliable amounts of explained variance (Feinberg et al., 2013; Field, 2013; Pallant, 2011; Girden & Kabacoff, 2011). An eigenvalue reflects the proportion of total variance in the dataset that a particular factor accounts for. After establishing the number of factors, communalities are examined to assess the extent to which each variable’s variance is accounted for by the shared underlying factors (Salkind, 2012). Ideally, these communalities should be sufficiently high. Principal component analysis then provides estimates of the factor loadings, which show the direction and strength of each variable’s relationship with the extracted factors (Feinberg et al., 2013). Higher loadings indicate that a variable contributes substantially to a given factor. Factor loadings can range from -1 to 1 (Feinberg et al., 2013).

The analysis used a factor pattern matrix, which presents the regression coefficients for each item (Howard, 2016). The theoretical foundations of the constructs were also revisited to ensure that the factors were conceptually coherent and that the explained variance aligned with theoretical expectations (Howard, 2016). For this study, items were retained only if they achieved a minimum factor loading of 0.30. As noted by Howard (2016), this cut-off point is somewhat arbitrary and varies across disciplines. Field (2005) also suggests that loadings with absolute values above 0.30 are generally considered meaningful. When factor membership was ambiguous, both theoretical considerations and the substantive meaning of the items were used to guide decisions about retention or exclusion.

EFA served as the foundation for identifying the latent constructs that informed the subsequent structural equation modelling. A comprehensive overview of the EFA results is presented in Chapter 5.

4.7.2 Descriptive Statistics

Descriptive statistics provide a structured way to condense and display data, helping researchers clearly and effectively communicate the essential features of large datasets (Struwig & Stead, 2001). Leedy and Ormrod (2015) point out that descriptive analyses typically examine three main aspects: relationships among variables, the degree of variation within the data, and the central tendencies around which values cluster. In this study, descriptive statistics included Cronbach's alpha coefficients, frequency distributions, mean scores, standard deviations, and measures of skewness and kurtosis.

4.7.2.1 Cronbach's alpha coefficients

Cronbach's alpha is widely used to evaluate how well the items within a scale capture the same underlying construct (Nisbet, Elder & Miner, 2009). In this study, internal consistency was assessed by calculating Cronbach's alpha for each factor derived from the factor analysis (Field, 2013; Pallant, 2011). This coefficient is one of the most applied measures of reliability and is regarded as a robust indicator of internal consistency (Field, 2013). As Pallant (2011) notes, the statistic represents the average

inter-item correlation and ranges from 0 to 1, with higher values indicating stronger reliability. Typically, an alpha value of 0.7 or higher is considered satisfactory.

Researchers vary in their views on the minimum Cronbach's alpha needed to indicate acceptable reliability. Nunnally and Bernstein (1994), for example, propose that a coefficient of approximately .70 is typically sufficient. However, Kline (1999) points out that research dealing with psychological variables may tolerate somewhat lower values, as these constructs tend to be multifaceted and difficult to measure with absolute precision. Hensley (1999) also indicated that an alpha coefficient of .60 or higher may be acceptable for newly developed measurement scales. Additionally, the length of a scale should be considered, as shorter scales tend to yield lower alpha values (Pallant, 2011).

Given the exploratory nature of the study, Cronbach's alpha threshold of .70 was adopted as the benchmark for acceptable reliability. Factors with coefficients below this level were omitted and not included in further analyses or reported in the results.

4.7.2.2 Means, Standard Deviations, Skewness, Kurtosis, and Frequencies

A commonly applied statistical concept in research is central tendency, which indicates the typical or most representative value in a set of data. Central tendency is typically summarised using three measures: the mean, median, and mode (Leedy & Ormrod, 2015). Among these, the mean (M) is most applied and is often regarded as the most dependable measure in research contexts (Salkind, 2012). It represents the central point of a distribution and is calculated by summing all scores and dividing by the number of observations (Leedy & Ormrod, 2015).

The standard deviation (SD) reflects how much individual scores differ from the mean (Nisbet, Elder & Miner, 2009). It represents the average degree of spread in the dataset (Punch, 2014) and is calculated as the square root of the variance. A small standard deviation shows that scores lie close to the mean, whereas a larger value indicates greater variability (Steyn et al., 2003). Together, the mean and standard deviation offer a helpful summary of how the scores are distributed overall.

Skewness and kurtosis are statistical indicators that describe the overall shape of a dataset. Kurtosis reflects how sharply peaked or how flat a distribution is (Leedy & Ormrod, 2015). Skewness, on the other hand, measures the symmetry of a frequency distribution. A normal or perfectly balanced distribution has a skewness score of 0 (Steyn et al., 2003). When the data tend to accumulate more heavily on one side of the mean, the distribution shows either positive or negative skewness. Skewness values falling between -1 and 1 are generally viewed as acceptable indicators that the data are roughly normally distributed, and they show both the extent and direction of asymmetry (Leedy & Ormrod, 2015). Kurtosis, by contrast, reflects how peak or flat a distribution is and can take either positive or negative values (Pallant, 2011). A kurtosis value of 0 corresponds to a perfectly normal distribution.

Frequencies show how often particular scores or values appear within a variable, offering a concise summary of the response distribution. Researchers frequently use frequency distributions to present results in a structured, accessible manner. When creating these distributions, attention must be given to both the number of categories and the width of each one (Steyn et al., 2003). In this study, frequency data were analysed to support the interpretation of the results and to illustrate how participants responded to individual items.

The statistical analysis for this study included multiple regression analyses and tests of whether mean scores differed significantly across groups.

4.7.3 Correlation Statistics

Understanding how variables relate to one another is an important aspect of data analysis. Correlation analysis is used to examine the type of relationship that exists between variables (Leedy & Ormrod, 2020; Salkind, 2022). When such a relationship is detected, correlation coefficients offer a numerical measure of its strength (Welman et al., 2005).

The study employed the Pearson correlation coefficient (r) to assess the strength of associations among variables related to ethical leadership, internal control, accountability, and governance. Pearson's r is a widely used statistic for gauging the

degree of linkage between variables (Salkind, 2022). The coefficient ranges from -1.0 , representing a perfect negative correlation, to $+1.0$, representing a perfect positive correlation (Salkind, 2022; Sekaran & Bougie, 2016). A positive value indicates that both variables increase together, whereas a negative value shows that one variable rises as the other declines. A value of 0 indicates the absence of a linear relationship. It is essential to recognise that correlation alone does not demonstrate causation (Leedy & Ormrod, 2020).

In this study, correlations were evaluated using a significance threshold of $p \leq .05$. This level provides 95% confidence that the relationships observed in the sample are likely to exist in the wider population (Salkind, 2022).

4.7.4 Inferential Statistics

Leedy and Ormrod (2015) explained that inferential statistics enable researchers to draw conclusions about a larger population from data collected from a representative sample. Through these techniques, results can be generalised beyond the sample, and hypotheses can be examined. When interpreting inferential analyses, the researcher must again take note of the chosen significance level, typically set at $p \leq .05$.

Inferential procedures, therefore, enable the drawing of population-level insights based on sample data (Salkind, 2022). In this study, significance testing was employed to determine whether meaningful differences existed among respondents from various age groups, racial categories, genders, service lengths, staff levels, and educational qualifications regarding their perceptions of ethical leadership, effective governance, internal control, and accountability.

4.7.4.1 Level of significance

The significance level reflects the probability that the results are real rather than due to chance (Leedy & Ormrod, 2015). It is expressed through the p-value, which represents the likelihood of obtaining the observed outcomes under the null hypothesis.

When assessing significance levels, researchers must be mindful of two possible errors (Field, 2013; Leedy & Ormrod, 2015; Salkind, 2012):

- **Type I error (alpha error):** Occurs when a researcher concludes that an effect or difference exists in the population when it does not.
- **Type II error (beta error):** Occurs when a researcher fails to detect a genuine effect or difference that is present in the population.

When interpreting statistical significance, researchers aim to reduce the likelihood of Type I and Type II errors; however, fully eliminating these risks is rarely achievable and often beyond their control. Adopting a more stringent (lower) p-value criterion can help strengthen the reliability of hypothesis testing (Salkind, 2022).

In this study, the guidelines presented in Table 4.10 were applied to evaluate the practical significance of the correlation coefficients, following Cohen's (1992) recommendations.

Table 4.10: Practical significance of correlation coefficient guidelines

Threshold description	Threshold value
Small effect	$r = .10$ to $.29$
Medium effect	$r = .30$ to $.49$
Large effect	$r = .50$ to 1.0

This study adopted a significance level of $p \leq .05$, indicating a 95% level of confidence that the sample results could be extended to the broader population (Hair, Black, Babin, Anderson & Tatham, 2018; Salkind, 2012). Once it was established that the results were reliable, not due to chance, and reflected meaningful statistical relationships, the analysis moved on to examining effect size. Effect size reflects the strength or magnitude of the association between variables. It is important to differentiate effect size from statistical significance: while statistical significance addresses the likelihood that a relationship or difference exists in the population, effect size indicates the practical importance or magnitude of that relationship or difference (Leedy & Ormrod, 2015).

A significance threshold of $p \leq .05$ was applied throughout the analysis. When the p-value is less than 0.05, the null hypothesis is rejected and the result is considered statistically significant. This means that, assuming no true effect exists, the likelihood of the observed outcome occurring by chance is less than 5% (Pallant, 2020). Salkind (2022) adds that this also implies a 5% probability of incorrectly rejecting the null hypothesis in any single test, concluding that a difference exists between groups when none does.

4.7.4.2 **Regression analysis**

Regression analysis helps determine how well one or more variables can predict the value of another variable. In simple linear regression, a single predictor is used to estimate the dependent variable, whereas multiple regression assesses how several predictors jointly relate to and influence the outcome (Leedy & Ormrod, 2015). Moosa (2016) explains that regression techniques generate predictions by analysing both the strength and the form of the relationships between the explanatory variables and the variable being predicted.

In this study, a standard multiple linear regression analysis was performed to determine how much of the variance in the dependent variables, internal control and accountability, could be accounted for by the predictor variable, ethical leadership.

4.7.4.3 **Test for significant mean differences**

Testing for statistical significance is an essential approach for determining whether sample results can be extended to the broader population. In this study, significance testing was applied to examine whether respondents differed in their perceptions of ethical leadership and its influence on internal control effectiveness and accountability, based on characteristics such as age, race, gender, years of service, staff category, and highest educational qualification.

A one-way analysis of variance (ANOVA) was employed to compare mean scores across more than two groups (Pallant, 2020). This form of ANOVA uses a single independent variable, or factor, that contains multiple categories or levels (Pallant,

2011). Before running the ANOVA, Levene's test was performed for each dependent variable to verify whether the assumption of equal variances had been met. This assumption is crucial because unequal group sizes can make ANOVA more sensitive to violations of homogeneity of variance (Nordstokke & Zumbo, 2007). When Levene's test produced a p-value below 0.05, indicating unequal variances, the more robust Welch's ANOVA was applied. Post-hoc comparisons were then conducted using Tukey's Honestly Significant Difference (HSD) test, or the Games-Howell test when Welch's ANOVA was used, to determine which specific groups differed significantly (Field, 2018).

An independent-samples Student t-test was used to assess whether the means of two distinct, unrelated groups differed significantly (Salkind, 2022).

The following tests were used in the study:

- **ANOVA** or **Welch's ANOVA** (when appropriate) to analyse differences across age groups, years of service in the public sector, staff categories, and highest educational qualifications.
- **Tukey's HSD** and **Games-Howell** post-hoc comparisons (as applicable) for the age, public service experience, and educational qualification groups.
- The **independent-samples Student t-test** to compare differences between racial groups and between genders.

4.7.4.4 **Structural Equation Modeling (SEM)**

Exploratory factor analysis (EFA) is a statistical technique used to uncover the underlying patterns or dimensions within a set of observed variables before proceeding to more advanced modelling. It assists researchers in determining how items cluster into latent factors, how many factors appropriately represent the data, and which items contribute significantly to each factor. By clarifying the measurement structure and refining the indicators, EFA provides the foundation for structural equation modelling, in which confirmatory factor analysis is later applied to test and validate the hypothesised relationships among variables.

Structural equation modelling was selected due to its ability to simultaneously assess measurement validity and test complex relationships among latent constructs. This

makes it particularly suitable for studies involving multiple interrelated variables such as ethical leadership, internal controls, and accountability (Hair et al., 2018).

Structural equation modelling (SEM) served as the primary analytical technique in this study, enabling the testing of hypotheses and the examination of the relationships among the core constructs of ethical leadership, internal control, accountability, and governance.

Marsh, Guo, Dicke, Parker and Craven (2020) describe structural equation modelling (SEM) as a statistical technique that connects empirical data to networks of theoretical constructs. Scholars emphasise that SEM allows researchers to estimate several interrelated dependent relationships among constructs within a single, unified model (Hair et al., 2018; Raykov & Marcoulides, 2000). As a multivariate method, SEM integrates aspects of both factor analysis and path analysis (Marsh et al., 2020). It is widely regarded as an effective approach for evaluating theoretical relationships among variables and for examining construct validity (Hair et al., 2018). In this study, SEM was used to test the hypothesised links among groups of variables measured by multiple items. Its central purpose is to assess whether the data fits or supports the proposed model (Hooper, Coughlan & Mullen, 2008; Marsh et al., 2020).

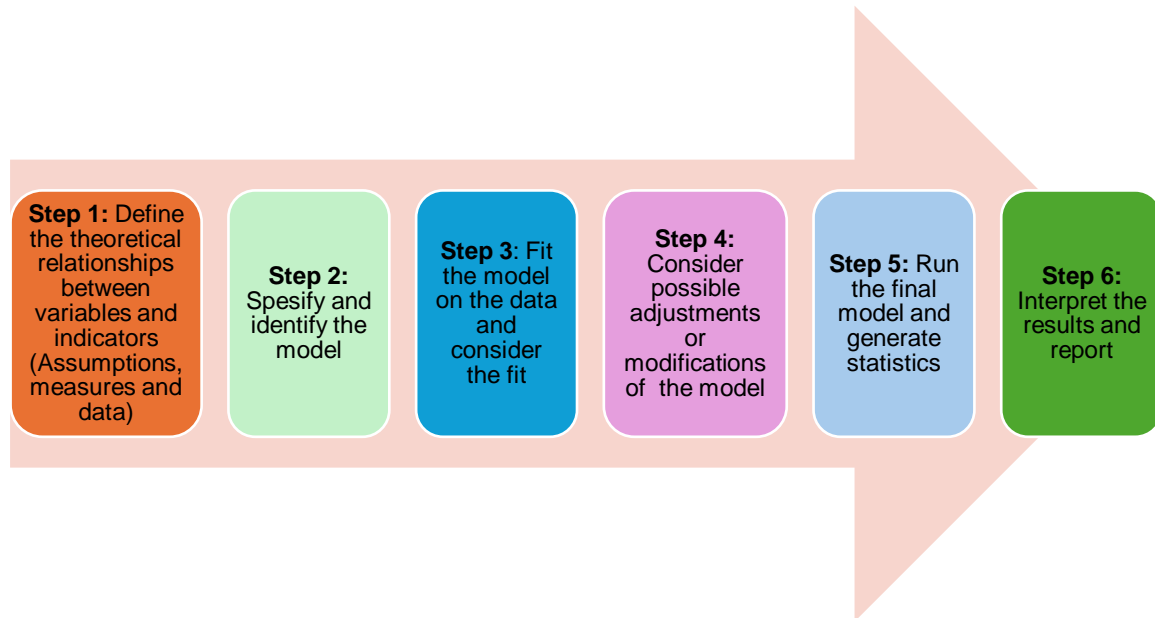
Drawing on the work of Schumacker and Lomax (2016) and Keith (2014), SEM offers several important advantages:

- It allows researchers to examine complex theoretical frameworks and assess the relationships among numerous variables simultaneously.
- It incorporates measurement error into the analysis, leading to more accurate and reliable results.

A complete SEM model is usually illustrated as a diagram that visually represents the relationships among the constructs and their associated observed variables. In these diagrams, latent constructs are depicted as circles or ovals, whereas observed (measured) variables are shown as squares or rectangles (Hair et al., 2018). Straight arrows indicate the nature of the connections—one-headed arrows represent directional (dependent) relationships, while two-headed arrows denote correlations (Hair et al., 2018). SEM allows researchers to evaluate how well the proposed model

fits the data and decide whether to accept, modify, or reject it. It also helps determine the extent to which the theoretical assumptions are supported by empirical results (Hair et al., 2018). Figure 4.10 provides a simplified illustration of the SEM process.

Figure 4.10: The SEM process



Source: Adapted from Dragan (2015)

The SEM process begins with defining the theoretical links among the variables and their indicators, including the assumptions, measurement approaches, and data involved. The second stage involves defining and identifying a suitable model to represent the dataset. The third stage then evaluates how well this initial measurement model fits the observed data. The fourth stage involves making any necessary revisions or refinements to the original model. The fifth stage involves estimating the final structural model and generating the relevant statistical outputs based on the sample. The final stage entails interpreting and presenting the results generated by the SEM analysis (Dragan, 2015).

SEM utilises Confirmatory Factor Analysis (CFA) to assess how latent variables relate to their observed indicators (Schumacker & Lomax, 2016). According to Hair et al. (2018), the SEM framework specifies each construct and enables an evaluation of construct validity. In this study, the constructs in the measurement model were initially defined according to the theoretical framework and then matched with appropriate

measurement scales. Both Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were employed to establish the instrument's dimensionality and construct validity. EFA was initially conducted to explore the underlying factor structure and identify the most appropriate item-factor relationships within the study context. Subsequently, CFA was performed to assess the adequacy of the resulting measurement model and to evaluate model fit, convergent validity, discriminant validity, and construct reliability.

Although methodological best practice recommends using independent samples for EFA and CFA to minimise the risk of capitalising on chance and to provide a stronger test of model stability (Hair et al., 2018; Kline, 2023), this approach was not feasible due to sample size constraints. Consequently, both analyses were conducted using the same sample, a practice that has been adopted in previous studies where obtaining sufficiently large independent samples was impractical (Worthington & Whittaker, 2006; Kyriazos, 2018).

To mitigate the potential risk of overfitting associated with using a single sample, the study employed several additional validation procedures, including assessments of model fit, composite reliability, average variance extracted, and discriminant validity. The CFA was therefore not intended as an independent replication of the EFA results, but rather as a complementary procedure to evaluate the plausibility and internal consistency of the factor structure identified during the exploratory phase. Nevertheless, the findings should be interpreted with caution, and future research is encouraged to replicate the measurement model using an independent sample to further establish its stability and generalisability.

This study used covariance-based SEM (CB-SEM), the conventional approach for evaluating and confirming theoretical models (Zhang, Dawson & Kline, 2021). A single-step approach was used, in which the statistical estimation of both the measurement and structural models was carried out simultaneously to test the hypotheses (Westland, 2016).

Goodness-of-fit indices were used to assess how well the model fit the observed data. The measurement model was initially evaluated using CFA to verify its validity, as this

step is critical in SEM and affects the overall model's acceptance (Garson, 2016). CFA can also reveal diagnostic information that may prompt refinements to enhance model fit (Hair et al., 2018). In this study, however, no modifications were necessary.

Once the measurement model had been validated, its measurement scales were integrated into the structural model in accordance with the hypothesised relationships between the independent and dependent variables (Hair et al., 2018). The theoretical framework underpinning the study was translated into structural equations that represented these relationships (Hair et al., 2018). In specifying the structural model, the connections among constructs were mapped according to the original hypotheses.

AMOS (Analysis of Moment Structures) version 29 was used to conduct the SEM analyses in this study, allowing for graphical representation of the constructs (Collier, 2020). The structural equation model is illustrated in Chapter 6.

The moderation analysis for this study was carried out using the Process Macro developed by Andrew Hayes (Hayes, 2012, 2022). Moderation analysis examines whether the strength or direction of the relationship between two variables changes in response to a third variable, known as the moderator. This method helps identify the conditions under which an effect intensifies, diminishes, or shifts direction. In organisational studies, it is particularly valuable for uncovering contextual or personal factors that shape how and when specific HR practices or behaviours lead to desired outcomes (Hayes, 2022).

Despite these limitations, SEM provides valuable insights into the relationships among the constructs and supports the development of the proposed ethical leadership competency framework. The framework was derived through a transparent synthesis of the empirical measurement structure in this study, the tested relationships among constructs, and the control standards that define ethical public-sector leadership and control expectations. The framework is grounded in both empirical and theoretical (literature) evidence streams.

4.8 ETHICAL CONSIDERATIONS

Ethical conduct is a cornerstone of sound research, and maintaining strong ethical standards is essential for ensuring the credibility and integrity of the study's results. To uphold these responsibilities, the research process included the following ethical safeguards:

- The study was conducted in accordance with recognised and approved research parameters.
- Written permission was obtained from the Heads of the two Government Institutions to collect data from permanently employed officials on salary levels 9 to 15.
- Both classical and contemporary academic literature were consulted to analyse and explain the key concepts.
- Established theories and expert insights were incorporated to ensure alignment with accepted scientific principles.
- All sources used in the study were fully acknowledged and correctly referenced.
- Participation was completely voluntary, with no pressure, coercion, or incentives offered to influence respondents' involvement.

To safeguard the privacy and confidentiality of participants, the following steps were implemented:

- All participants provided informed and voluntary consent before taking part in the study.
- Participants received a cover letter or email outlining the purpose and objectives of the study, along with the contact information of both the researcher and the supervisor.
- Only recipients of a unique email link were able to access the online questionnaire.
- Confidentiality was protected by obtaining participant email addresses through authorised gatekeepers.
- Participants were not asked to disclose their names or any other personally identifying details.

- No data in the final report can be linked to any specific participant.
- Participants could withdraw from the study at any point before submitting their responses.

Several protective measures were implemented to safeguard the research data and ensure responsible data management. All online questionnaires were stored in a secure, password-protected database, and both electronic and hard-copy responses will be kept in a secure location for 5 years. After the required retention period has passed, the electronic files stored on the external hard drive will be permanently deleted using specialised data-removal software, and the device will then be reformatted. Throughout this process, the researcher will maintain detailed records of the data disposal procedures, noting exactly what was removed and when it occurred.

These ethical safeguards ensured that the study complied with accepted research standards and protected participants' rights and confidentiality throughout the research process.

4.9 **SUMMARY**

This chapter provided an overview of the research design and methodological approach adopted in the study. It described the empirical process step by step, beginning with the formulation of the research objectives and moving on to the selection and description of the sample. The development of the measurement instrument was then outlined, followed by an explanation of the procedures used for data collection, scoring, and data entry. The chapter also detailed the analytical techniques applied to the dataset and concluded with a summary of the ethical principles that guided the research.

The methodological approach adopted in this study provides a structured and theoretically grounded basis for analysing the relationships among ethical leadership, internal controls, and accountability. The next chapter presents the empirical results derived from this approach.

CHAPTER 5. RESULTS

5.1 INTRODUCTION

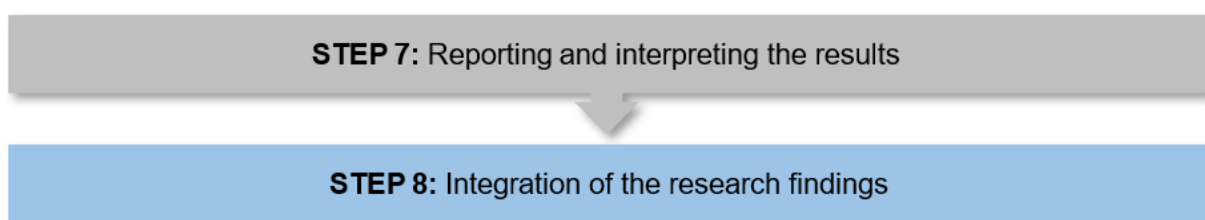
This chapter presents the study's statistical outcomes. It first explains the techniques used to conduct the analyses and then examines the results produced by the different statistical procedures.

The presentation of results is structured in alignment with the research objectives and hypotheses outlined in Chapter 4. Each section explicitly links the statistical results to the corresponding research objectives, thereby ensuring coherence between the research design, analysis, and interpretation of results. Particular emphasis is placed on interpreting the results in relation to the theoretical framework underpinning the study.

5.2 STEPS IN THE RESEARCH PROCESS

This chapter proceeds with the next phases of the empirical analysis, as depicted in Figure 5.1.

Figure 5.1: Steps in the research process



The subsequent sections summarise the results of the exploratory factor analysis and present the descriptive, correlational, and inferential statistics.

5.3 EXPLORATORY FACTOR ANALYSIS

This section applies to the following research objectives:

- a) Research objective 1: Determine the key factors of ethical leadership.

- b) Research objective 2: Determine the key factors of internal controls.
- c) Research objective 3: Determine the key factors of accountability.
- d) Research objective 4: Determine the key factors of effective governance.
- e) Research objective 5: Determine the relationship between ethical leadership, internal control, accountability and effective governance.
- f) Research objective 6: Investigate the extent to which members from different ages, races, genders, years in the public service, staff categories and highest educational qualification groups differ regarding ethics, effective governance, internal controls and accountability.

Exploratory Factor Analysis (EFA) was conducted to identify the underlying latent constructs associated with ethical leadership, governance, internal control, and accountability. This step is critical in validating the measurement model and ensuring that the constructs used in subsequent analyses are empirically supported.

Table 5.1 presents the KMO and Bartlett’s test results for questionnaire sections B (ethical leadership levels), C (governance effectiveness), D (internal control efficiency and compliance), and E (accountability management effectiveness).

Table 5.1: KMO and Bartlett’s test for ethical leadership and governance/internal control, compliance and accountability

		B: Levels of Ethical leadership	C: Effectiveness of governance	D: Efficiency of Internal Control in relation to levels of compliance	E: Effectiveness of accountability management
Kaiser-Meyer-Olkin measure of sampling adequacy		0.955	0.859	0.919	0.856
Bartlett’s test of sphericity	Approx. Chi- square	5930.807	4932.782	2433.859	1321.080
	df	435	780	171	55
	Sig.	0.000	0.000	0.000	0.000

The Kaiser–Meyer–Olkin Measure of Sampling Adequacy ranged from very good to excellent, consistent with the benchmarks outlined by Shrestha (2021). The KMO values were 0.955 for section B (ethical leadership levels), 0.857 for section C (governance effectiveness), 0.919 for section D (internal control efficiency and compliance), and 0.856 for section E (accountability management effectiveness). Bartlett’s Test of Sphericity produced a significant result ($p < 0.001$). Taken together, the outcomes of the Kaiser–Meyer–Olkin measure and Bartlett’s test confirmed that conducting factor analyses on all four categories was appropriate.

5.3.1 Diagnostic statistics for factor analysis

After the KMO and Bartlett’s test results indicated that the data were appropriate for factor analysis, the next step was to determine how many factors to retain. This was informed by the Kaiser criterion, which advises retaining factors with eigenvalues greater than one. Items were included in the analysis only if they showed factor loadings above 0.30 (Field, 2013), and a factor was retained only when it had at least two items loading onto it.

a) Ethical leadership (Section B - Part 1)

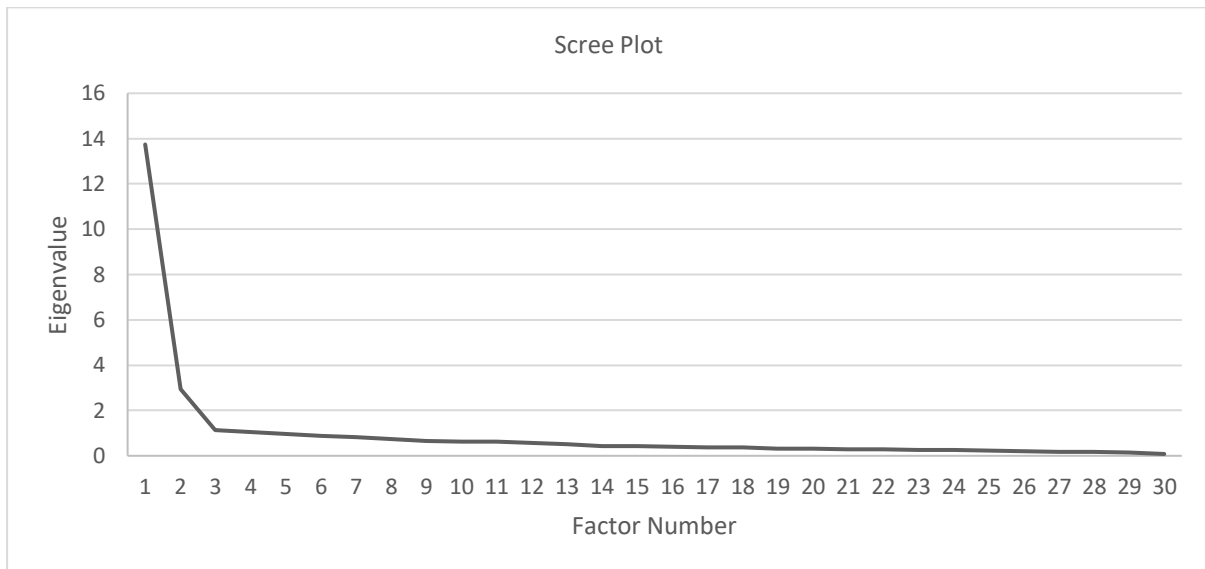
The principal component analysis results identified four factors with eigenvalues greater than 1.0, accounting for 56.61% of the overall variance. As shown in Table 5.2, these four factors met the retention requirements.

Table 5.2: Ethical leadership - Total variances explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	13.740	45.801	45.801	13.409	44.698	44.698	12.964
2	2.933	9.777	55.579	2.310	7.698	52.397	5.313
3	1.145	3.815	59.394	0.772	2.572	54.968	7.850
4	1.045	3.484	62.878	0.493	1.644	56.613	2.290
5	0.955	3.184	66.062				

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
6	0.884	2.948	69.010				
7	0.834	2.779	71.789				
8	0.740	2.467	74.256				
9	0.657	2.190	76.446				
10	0.629	2.095	78.541				
11	0.613	2.042	80.583				
12	0.565	1.884	82.467				
13	0.513	1.709	84.176				
14	0.440	1.467	85.643				
15	0.426	1.421	87.064				
16	0.411	1.369	88.433				
17	0.385	1.282	89.715				
18	0.360	1.200	90.915				
19	0.325	1.083	91.998				
20	0.316	1.052	93.050				
21	0.295	0.984	94.034				
22	0.287	0.958	94.992				
23	0.271	0.903	95.895				
24	0.253	0.845	96.740				
25	0.227	0.756	97.496				
26	0.191	0.637	98.133				
27	0.181	0.604	98.737				
28	0.166	0.553	99.290				
29	0.133	0.442	99.732				
30	0.080	0.268	100.000				

Figure 5.2: Scree Plot for ethical leadership



The extraction of four factors explaining 56.61% of the variance suggests a moderately strong factor structure. While this level of explained variance is acceptable in social science research, it also indicates that additional unexplained variance remains, which may be attributed to measurement error or omitted variables.

With reference to Table 5.2, supported by the screen plot provided in Figure 5.2, four factors for ethical leadership were labeled as follows:

Factor 1: Character

Factor 2: Influence

Factor 3: Morality

Factor 4: Sence of Responsibility

The identified factors (Character, Influence, Morality, and Responsibility) align broadly with theoretical conceptualisations of ethical leadership, particularly those emphasising integrity, behavioural influence, and moral decision-making (Brown & Treviño, 2006). This supports the construct validity of the ethical leadership scale.

Table 5.3: Ethical leadership - Pattern Matrix factor loadings

B	Item description	Factors			
		1 Character	2 Influence	3 Morality	4 Sence of Responsibility
1	Has high moral standards and acts in an ethically responsible manner.			0.793	
2	Acts with integrity and can be fully trusted.	0.396		0.649	
3	Is very strict when enforcing rules and procedures.			0.538	
4	Allows us to take responsibility for decision-making.	0.468		0.385	
5	Is skilled in resolving conflict in an objective, fair and impartial manner.	0.629			
6	Is more concerned about results than people.		0.427		
7	Promotes mutual trust and respect within our section.	0.765			
8	Outlines tasks and roles in detail.	0.665			0.407
9	Is prepared to “roll up his/her sleeves” and assist with tasks.	0.666			
10	Closely supervises people reporting to him/her.	0.514			0.388
11	Recognises good performance and gives recognition where it is due.	0.855			
12	Supports further development and growth of individuals in his/her section to improve performance.	0.815			
13	Ensures that individuals have the necessary resources to complete tasks.	0.663			
14	Is concerned about how favourably he/she is viewed by others.		0.564		
15	Has little regard for personal circumstances and always puts the tasks first.		0.590		
16	Dominates discussions and enforces rules.		0.651		
17	Uses rewards and favours to pressure individuals into achieving goals.		0.545		
18	Is “absent” and shows little interest in either the tasks or people in his/her section (<i>reverse scored</i>).	0.302	-0.479		
19	Is very ambitious and concerned about his/her own advancement.		0.531		
20	Encourages teamwork and aims to establish a “family” culture.	0.733			

		Factors			
B	Item description	1 Character	2 Influence	3 Morality	4 Sence of Responsibility
21	Is able to adapt his/her management style according to what the situation demands.	0.880			
22	Is respected by other managers in the organisation.	0.771			
23	Treats everyone reporting to him/her in the same manner.	0.762			
24	Delegates tasks and authority to empower individuals.	0.858			
25	Is competent and deserves to be the manager.	0.829			
26	Is prepared to reveal his/her beliefs, motives and values despite pressure to conform.	0.793			
27	Is prepared to place the needs of others above his/her own.	0.845			
28	Unjustly delegates tasks to lighten his/her own workload.		0.515		
29	Delegates significant and important tasks to those he/she favours.		0.590		
30	Often engages in organisational politics.		0.406		

With reference to Table 5.3, several items loaded on more than one factor, which are highlighted in 'bold'. In these cases, the following process was followed. The factor on which a double-loaded item had the highest loading was considered for including that item, based on whether the item aligned with the same underlying latent construct as the other items within that factor. Items that aligned conceptually with the factor on which they loaded most strongly were retained in that factor and shown in bold. If an item did not logically fit with the factor of its highest loading, its loading on the next strongest factor was evaluated instead. If an item did not meaningfully belong to either latent construct or, if the loadings were very close (within 0,1 of each other), they were considered for deletion. Item 18 loaded under Factor 2: Influence (-0.479) and under Factor 1: Character (0.302). After carefully considering the item, it made sense to move the item to Factor 2 where the negative loading of the reverse scored item indicated that the original version of item 18 loaded with this factor. Factor 4 thus does not exist anymore as both items were double loaded items and were considered in the alternative factor where it loaded higher.

The presence of cross-loadings suggests some overlap between constructs, which is not uncommon in behavioural research. However, this may also indicate that certain items are not sufficiently distinct, potentially affecting discriminant validity. This limitation should be considered when interpreting the results.

b) Effectiveness of governance (Section B - Part 2)

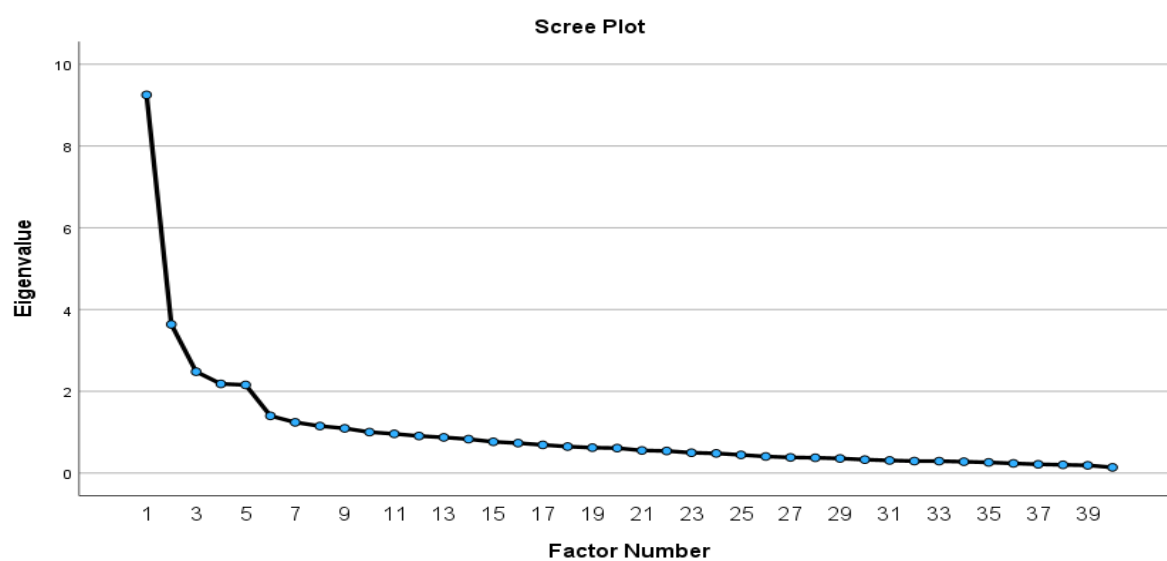
The principal axis factor analysis produced ten governance-effectiveness factors with eigenvalues exceeding 1.0. Collectively, these factors explained 52.16% of the total variance, as summarised in Table 5.4.

Table 5.4: Effectiveness of governance - Total variance explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Total	Total	% of Variance	Cumulative %	Total
1	9.250	23.125	23.125	8.857	22.142	22.142	7.226
2	3.637	9.091	32.217	3.164	7.910	30.053	5.705
3	2.479	6.199	38.415	2.015	5.039	35.091	4.643
4	2.181	5.453	43.868	1.744	4.361	39.452	4.870
5	2.156	5.390	49.259	1.659	4.149	43.600	2.865
6	1.399	3.498	52.757	0.954	2.385	45.985	2.833
7	1.241	3.102	55.859	0.727	1.817	47.802	5.285
8	1.150	2.875	58.734	0.720	1.800	49.602	1.353
9	1.093	2.734	61.468	0.585	1.462	51.063	1.689
10	1.002	2.505	63.973	0.438	1.095	52.158	2.037
11	0.959	2.398	66.371				
12	0.906	2.266	68.637				
13	0.873	2.182	70.819				
14	0.830	2.076	72.894				
15	0.765	1.912	74.806				
16	0.733	1.832	76.638				
17	0.689	1.723	78.361				
18	0.648	1.620	79.981				
19	0.621	1.553	81.533				
20	0.611	1.527	83.060				
21	0.553	1.382	84.442				

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Total	Total	% of Variance	Cumulative %	Total
22	0.540	1.351	85.793				
23	0.497	1.244	87.037				
24	0.481	1.203	88.240				
25	0.444	1.111	89.351				
26	0.406	1.014	90.365				
27	0.383	0.957	91.322				
28	0.374	0.935	92.257				
29	0.357	0.893	93.150				
30	0.328	0.821	93.970				
31	0.308	0.771	94.741				
32	0.293	0.732	95.473				
33	0.292	0.730	96.202				
34	0.278	0.694	96.896				
35	0.261	0.652	97.549				
36	0.236	0.591	98.139				
37	0.214	0.536	98.675				
38	0.202	0.504	99.179				
39	0.189	0.472	99.652				
40	0.139	0.348	100.000				

Figure 5.3: Scree Plot for the effectiveness of governance



The initial extraction of ten factors for governance effectiveness raises concerns regarding over-extraction. In practice, such a high number of factors may indicate redundancy among items or insufficient conceptual clarity. The subsequent reduction to a six-factor solution improves interpretability and aligns more closely with theoretical expectations.

With reference to Table 5.4 and Figure 5.3, initially ten factors for the effectiveness of governance were identified and labeled as follows:

Factor 1: Inclusiveness

Factor 2: Managerial Structures

Factor 3: Staff Support

Factor 4: Management Controls

Factor 5: Staff Loyalty

Factor 6: Work-Life balance

Factor 7: Family Friendly Environment

Factor 8: Technology Oriented

Factor 9: Staff Commitment

Factor 10: Flexibility

Table 5.5 presents the Pattern Matrix loadings for each item corresponding to the ten factors identified for governance effectiveness.

Table 5.5: Effectiveness of governance - Pattern Matrix factor loadings

C	Item description	Factors									
		1 Inclusiveness	2 Managerial Structures	3 Staff Support	4 Management Controls	5 Staff Loyalty	6 Work Life Balance	7 Family Friendly Environment	8 Technology Oriented	9 Staff Commitment	10 Flexibility
1	The Department/Institution has an integrated governance framework that direct all operations.				0.553						
2	Key Management Committees (Top Management, Quarterly Review Committees) are functional and provide effective management oversight.				0.695						
3	Risk Management is devolved to all units in the Department/Institution and is seen as one of the key priorities of all officials.				0.814						
4	The Risk Management Committee is functional and provide effective monitoring and oversight of the implementation of risk mitigation actions.				0.728						
5	The Department/Institution has an approved Organisational Structure, aligned to the strategic goals of the organization which set out the key functions of each unit.		0.416								
6	Detailed Job profiles exist for each post in the Department/Institution, which clearly define roles, responsibilities and reporting lines.		0.424								
7	Detailed management delegations have been approved by the accounting officer and available to all officials in the Department/Institution.		0.686								
8	Human Resource Management delegations in terms of the Public Service Act, and Regulations		1.001								

C	Item description	Factors									
		1 Inclusiveness	2 Managerial Structures	3 Staff Support	4 Management Controls	5 Staff Loyalty	6 Work Life Balance	7 Family Friendly Environment	8 Technology Oriented	9 Staff Commitment	10 Flexibility
	have been approved by the executive authority and implemented in the Department/Institution.										
9	Detailed financial delegations in terms of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended and Treasury Regulations have been approved by the accounting officer and implemented in the Department/Institution.		0.832								
10	Values the talents and expertise of employees.	0.913									
11	Understands the unique needs of employees.	0.893									
12	Offers sufficient opportunities for growth.	0.730									
13	Is supportive of women in the workplace.							0.700			
14	Is committed to the advancement of women to management positions.							0.819			
15	Often expects employees to take work home due to deadlines.						0.442				
16	Is sensitive to individual circumstances and offers assistance to deal with personal issues.	0.551									
17	Is an ethically responsible employer.	0.310						0.363			
18	Grants leave to attend to family responsibilities.							0.341			
19	Values all employees equally.	0.715									
20	Am happy in my job.	No loading									
21	Require more support to fulfil a work/life balance.						0.579				
22	Must strictly adhere to working hours.	No loading									
23	Am given time off only if there is an emergency.	No loading									

		Factors									
C	Item description	1 Inclusiveness	2 Managerial Structures	3 Staff Support	4 Management Controls	5 Staff Loyalty	6 Work Life Balance	7 Family Friendly Environment	8 Technology Oriented	9 Staff Commitment	10 Flexibility
24	Often experience conflict between my work and personal life.						0.646				
25	Find it difficult to manage my time due to work demands.						0.693				
26	Would leave this organisation if I was offered a similar job and salary elsewhere.	No loading									
27	Am committed to my organisation and see myself working here in ten years' time.	No loading									
28	Often feel like there is unrealistic work demands being placed on me.						0.663				
29	Love my job but dislike the work environment.									0.460	
30	Have a good relationship with my supervisor.			0.896							
31	Find it difficult to concentrate at work when I am worried about my family.	No loading									
32	Am given the necessary support by my supervisor when I have family commitments.			0.725							
33	Would consider leaving this job for one that offers greater flexibility.					0.331				0.631	
34	Embrace technology to achieve a greater work/life balance.							0.376			
35	Do not mind being available online or telephonically when I am not at the office.							0.707			
36	Would move from one organisation to another if the benefits are significantly better.					0.690				0.305	
37	Enjoy having set working hours as it keeps my work and family life separate.										0.361
38	Am more concerned with pursuing individual goals than reaching organisational objectives.	No loading									

		Factors									
C	Item description	1 Inclusiveness	2 Managerial Structures	3 Staff Support	4 Management Controls	5 Staff Loyalty	6 Work Life Balance	7 Family Friendly Environment	8 Technology Oriented	9 Staff Commitment	10 Flexibility
39	Am intimidated by my supervisor and do not feel comfortable with him/her.			-0.635							
40	Value the opportunity to study further.										0.463
41	Am thinking about resigning due to a poor relationship with my supervisor.			-0.652							
42	Rely on my colleagues for moral support.	No loading									
43	See Department/Institution as a stepping stone and will resign as soon as better opportunities arise.					0.712					
44	I often search for other job opportunities.					0.718					

Following the initial factor analysis, items 23, 26, and 31 showed no meaningful loadings on any factor and were therefore excluded from subsequent analyses. Although item 27 loaded onto a factor, it was the only item associated with that factor and was consequently also removed. A second exploratory factor analysis was then performed, during which items 20, 22, 38, and 42 were eliminated because they did not load onto any factor. Review of the scree plot suggested that a six-factor solution was most suitable, leading to the exclusion of factors seven to ten. Additional evidence, such as the distribution of item loadings across the factors and the corresponding Cronbach's alpha coefficients, reinforced this decision. Item 36 showed a stronger loading on Factor 6 (Staff Loyalty) than on Factor 9 (Staff Commitment) and was therefore assigned to Factor 6.

The refinement of the factor structure through item removal and factor reduction enhances the construct validity of the governance scale. However, the removal of multiple items may also reduce content validity, as certain aspects of governance may no longer be fully represented.

c) Efficiency of internal control (Section C - Part 1)

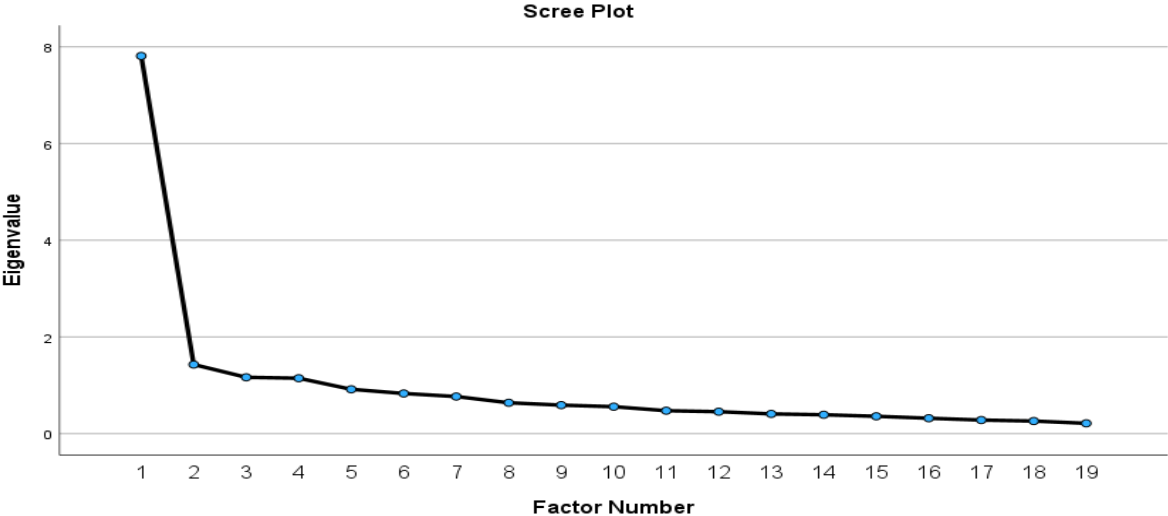
The principal axis factoring results indicated four factors with eigenvalues above 1.0, accounting collectively for 51.23% of the total variance. These results are summarised in Table 5.6.

Table 5.6: Total variance explained for internal control efficiency in relation to compliance levels

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Total	Total	% of Variance	Cumulative %	Total
1	7.811	41.111	41.111	7.379	38.839	38.839	6.604
2	1.429	7.518	48.630	1.002	5.272	44.111	5.415
3	1.164	6.129	54.758	0.774	4.076	48.187	5.048

Factor	Initial Eigenvalues		Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings	
	Total	% of Variance	Total	Total	% of Variance	Cumulative %	Total
4	1.146	6.029	60.788	0.578	3.044	51.232	4.264
5	0.917	4.824	65.612				
6	0.830	4.368	69.980				
7	0.767	4.037	74.017				
8	0.638	3.356	77.373				
9	0.589	3.099	80.472				
10	0.557	2.931	83.403				
11	0.474	2.495	85.898				
12	0.453	2.387	88.285				
13	0.407	2.145	90.429				
14	0.390	2.051	92.480				
15	0.358	1.884	94.364				
16	0.318	1.673	96.037				
17	0.280	1.475	97.512				
18	0.260	1.367	98.880				
19	0.213	1.120	100.000				

Figure 5.4: Scree Plot for efficiency of internal controls



The four-factor structure identified for internal control is theoretically consistent with established frameworks, such as COSO, which emphasise compliance, risk management, and control activities. This supports the theoretical grounding of the internal control construct.

With reference to Tables 5.6 and Figure 5.4 the four factors of efficiency of internal control in relation to the level of compliance were labeled as follows:

Factor 1: Compliance framework/structures

Factor 2: Compliance culture

Factor 3: Risk management

Factor 4: Operational controls

Table 5.7 presents the Pattern Matrix loadings for each item corresponding to the four internal control efficiency factors associated with the level of compliance.

Table 5.7: Internal control in relation to the level of compliance - Pattern Matrix factor loadings

D	Item description	Factor			
		Compliance framework/ structures	Compliance culture	Risk management	Operational controls
1	The Department/Institution has an integrated compliance framework to ensure compliance with legislative requirements.	0.665			
2	A strong tone of compliance is set at the top.	0.848			
3	The Department/Institution maintain high levels of compliance to legislative requirements.	1.052			-0.443
4	Effective corporate and financial policies have been implemented in the Department/Institution.	0.765			
5	All business processes have been documented with effective internal controls (detective, preventative).	0.579			

D	Item description	Factor			
		Compliance framework/ structures	Compliance culture	Risk management	Operational controls
6	Detailed standing operating procedures exist for each key corporate and financial function.	0.458			0.474
7	Detailed operating delegations, considering effective segregation of duties have been approved by the accounting officer and communicated to each official.				0.475
8	Appropriate annual individual financial delegations are approved by the accounting officer and communicated to each Programme, Sub-programme and Responsibility Manager in the Department/Institution.				0.459
9	Internal controls are set aside by management's discretion.	No loading			
10	Assets (documents, equipment, etc.) are effectively managed and safeguarded.	No loading			
11	Expectations in terms of values, ethics and behaviours from each employee are clearly communicated.	No loading			
12	Supervisors lead with integrity through their words and actions.		0.862		
13	A safe environment exists for employees to report misconduct.		0.872		
14	Employees obtain approval for all additional remunerative work.	No loading			
15	Conflict of interests are identified and effectively managed.		0.474		
16	Employees are rewarded for integrity.		0.556		
17	Risk assessments are done annually and effectively identify strategic, operational, fraud and compliance risks of the organization.			0.895	
18	Risk action plans address the identified risks effectively.			0.780	
19	The Internal Audit unit provide effective and proactive assurance to management in terms of the effectiveness of controls in order to address the risks for the organization.			0.688	

With reference to Table 5.7, Items 9, 10, 11, and 14 did not load under any factor. Consequently, these items were deleted from any further analysis. Item 3 loaded higher under Factor 1: Compliance framework/structures (1.052) than Factor 4: Operational controls (-0.443) and included under Factor 1. Item 6 loaded higher under Factor 4:

Operational controls (0.474) than under Factor 1: Compliance framework/structures (0.458) and was included under Factor 4.

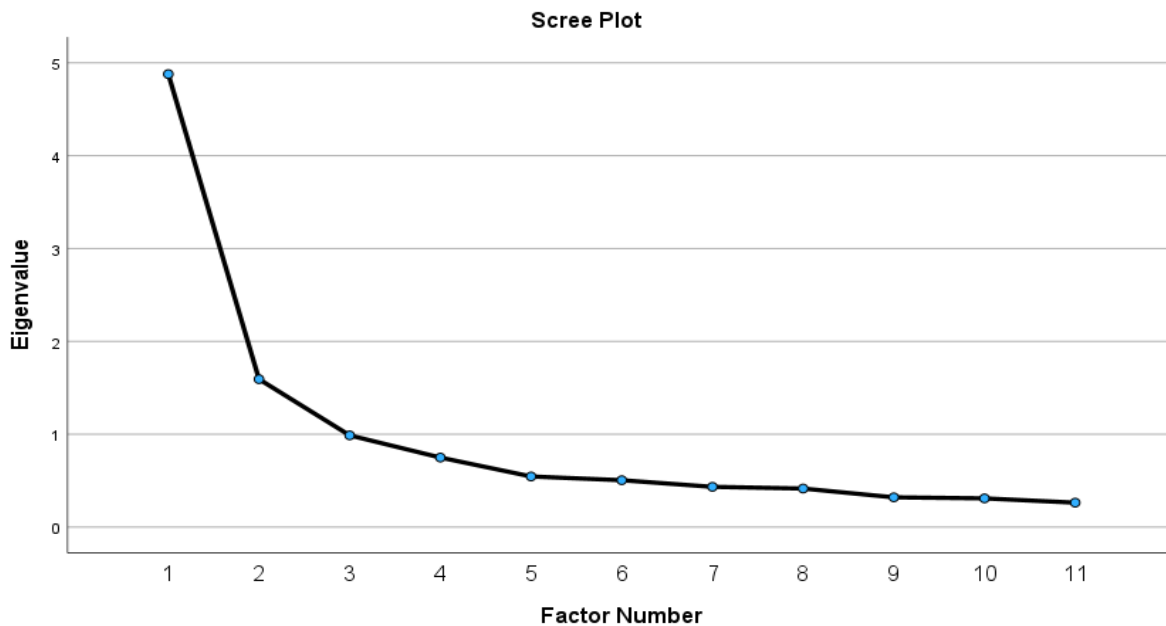
d) Effectiveness of accountability management (Section C - Part 2)

Principal axis factoring yielded two factors with eigenvalues greater than 1.0, accounting for 50.58% of the total variance. The outcomes are presented in Table 5.8.

Table 5.8: Explained variance for factors related to effective accountability management

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Total	Total	% of Variance	Cumulative %	Total
1	4.879	44.350	44.350	4.391	39.915	39.915	4.003
2	1.593	14.482	58.832	1.173	10.667	50.582	3.224
3	0.988	8.980	67.812				
4	0.749	6.808	74.620				
5	0.545	4.955	79.576				
6	0.505	4.590	84.166				
7	0.434	3.942	88.107				
8	0.415	3.774	91.881				
9	0.321	2.914	94.795				
10	0.309	2.812	97.607				
11	0.263	2.393	100.000				

Figure 5.5: Scree Plot for effectiveness of accountability management



The identification of two distinct accountability dimensions (strategic and operational) reflects the multi-level nature of accountability within public-sector organisations. This distinction enhances the conceptual clarity of the construct.

With reference to Tables 5.8 and Figure 5.5, the two factors for the effectiveness of accountability management were labeled as follows:

Factor 1: Accountability at a strategic level

Factor 2: Accountability at an operational level

Table 5.9 presents the Pattern Matrix loadings for each item related to the two factors identified for accountability management effectiveness. None of the items showed cross-loadings on multiple factors.

Table 5.9: Effectiveness of accountability management - Pattern matrix factor loadings

D	Item description	Factor	
		1 Accountability at a strategic level	2 Accountability at an operational level
1	The Department/Institution has a clearly documented accountability framework.	0.663	
2	A combined assurance model is effectively implemented by the Department/Institution.	0.669	
3	Organisational performance is effectively managed, monitored and reported on to all stakeholders, oversight institutions and the legislature.	0.485	
4	Financial transactions are accounted for in terms of the prescribed accounting framework and policies prescribed by the National Treasury.		0.682
5	Annual Financial statements and annual performance reports are submitted to the Auditor-General of South Africa for audit purposes by the end of May each year.		0.890
6	Annual audit outcomes are accounted for each year as part of the tabling of the Annual Reports to the legislature.		0.837
7	Individual performance is effectively managed in terms of an approved policy.	0.545	
8	High performing individuals are identified on an annual basis and awarded.	0.584	
9	No performance by an individual is identified, assessed on a quarterly basis and effectively managed.	0.841	
10	Misconduct is clearly defined in terms of the code of conduct signed by each staff member.	0.508	
11	Consequence management actions are implemented for a misconduct in line with the prescribed labour relations procedures.	0.725	

5.3.2 Factor analysis summary

Table 5.10 provides an overview of the factor analysis results. It outlines the factors identified for Category B (ethical leadership levels and governance effectiveness) and Category C (internal control efficiency in relation to compliance levels and accountability management effectiveness) as reflected in the questionnaire items. It provides a concise overview of each factor and the items that comprise it.

Table 5.10 also highlights the factors and items to be excluded from further analysis. The following factors and items were excluded:

- Category B (ethical leadership – Table 5.3: Item 4).
- Category C (effectiveness of governance - Table 5.5: Items 20,22-23,26-27,31,38 and 42).
- Category D (efficiency of internal control concerning levels of compliance - Table 5.7: Items 9, 10, 11 and 14).

Table 5.10: Factor analysis summary

	Dimension name	Dimension description	Items per dimension
Ethical leadership			
Factor 1	Character	The distinctive qualities and trustworthiness of a leader being fair, competent, reliable, supportive, and hard-working.	4-5;7-13;18;20-27 <i>Total=18</i>
Factor 2	Influence	Power of a person to direct the actions of others by acting decisively and dominating when it concerns decision-making.	6;14-17;19;28-30 <i>Total=9</i>
Factor 3	Morality	Moral principles of a person and the extent to which his/her actions are morally justifiable.	1-3 <i>Total=3</i>
Total number of items			30
Effectiveness of governance			
Factor 1	Inclusiveness	Values talents and expertise, understands unique needs, offers sufficient growth opportunities, is sensitive to individual circumstances, and helps and values all employees equally.	10-12;16;19 <i>Total=5</i>
Factor 2	Managerial Structure	Sets out the key functions of each unit and provides detailed job profiles for each post with approved management, human resource management, and financial delegations.	5-9 <i>Total=5</i>
Factor 3	Staff Support	Staff relationships and support for family commitments.	30;32;39;41 <i>Total=4</i>
Factor 4	Management Controls	A governance framework that directs all operations, functional management committees for management oversight, devolved risk management function to ensure	1-4 <i>Total=4</i>

	Dimension name	Dimension description	Items per dimension
		risk management is a priority of all officials and functional risk management committee for monitoring and oversight of mitigation actions.	
Factor 5	Staff Loyalty	Employee loyalty refers to the degree of commitment and engagement that workers feel toward their organisation. Employees who are loyal tend to stay with the organisation, are less inclined to seek alternative employment, and are unlikely to express negative opinions about their employer. They generally demonstrate greater effort in their work and show higher levels of enthusiasm for their responsibilities.	36;43;44 <i>Total=3</i>
Factor 6	Work-Life Balance	Finding a way and providing support to balance work and personal life demands.	15;21;24-25;28 <i>Total=5</i>
Factor 7	Family-Friendly Environment	An environment that is supportive and committed to advancing women to management positions upholds ethics, and grants leave for family responsibilities.	13-14;17-18 <i>Total=4</i>
Factor 8	Technology Orientated	Utilise technology for improved operations and work performance.	34-35 <i>Total=2</i>
Factor 9	Staff Commitment	Staff commitment describes the connection that employees have with their organisation.	29;33 <i>Total=2</i>
Factor 10	Flexibility	Opportunities for continued learning combined with adaptable or flexible working hours.	37;40 <i>Total=2</i>
Total number of items			36
Efficiency of internal control concerning levels of compliance			
Factor 1	Compliance framework/ structure	Compliance framework/structure that outlines the legislative requirements, policies, procedures, and controls to ensure that the organisation operates within legal and ethical boundaries.	1-5 <i>Total=5</i>
Factor 2	Compliance culture	A culture that supports integrity provides a safe environment for reporting misconduct and identifying and managing conflicts of interest.	12-13;15-16 <i>Total=4</i>
Factor 3	Risk management	Annual risk assessments to inform risk action plans supported by an Internal Control unit to provide effective and proactive assurance to address the organisation's risks.	17-19 <i>Total=3</i>

	Dimension name	Dimension description	Items per dimension
Factor 4	Operational Controls	Detailed standing operating procedures and delegations are needed to segregate duties and effective financial management and administration.	6-8 <i>Total=3</i>
Total number of items			19
Effectiveness of accountability management			
Factor 1	Accountability at a strategic level	A documented accountability framework and combined assurance model ensures the organisation's and employees' performance are effectively managed, monitored, and reported on. high-performing individuals are awarded, and the necessary consequence management actions are implemented for non-performance and misconduct.	1-3;7-11 <i>Total=8</i>
Factor 2	Accountability at an operational level	All financial activities are captured and disclosed in line with the applicable accounting framework within the annual financial statements and annual performance report submitted to the Auditor-General of South Africa for audit purposes. The results of the annual audit are then reflected in the organisation's Annual Reports.	4-6 <i>Total=3</i>
Total number of items			11

Overall, the factor analysis results provide empirical support for the multidimensional nature of the study's key constructs. These validated constructs form the basis for subsequent reliability testing and structural modelling.

5.4 RELIABILITY

The internal consistency of the factors derived from the exploratory factor analysis was evaluated using Cronbach's alpha. A threshold of 0.70 was adopted as the minimum acceptable reliability level for this study.

Reliability analysis is a necessary but not sufficient condition for establishing measurement quality. While Cronbach's alpha assesses internal consistency, it does not confirm whether the constructs are valid representations of the underlying theoretical concepts.

Table 5.11 summarises the questionnaire's reliability results by presenting Cronbach's alpha values for each factor.

Table 5.11: Questionnaire reliability

	Dimension name	Cronbach's Alpha	Number of items
Ethical leadership			
Factor 1	Character	0.962	18
Factor 2	Influence	0.777	9
Factor 3	Morality	0.903	3
Total number of items			30
Effectiveness of governance			
Factor 1	Inclusiveness	0.882	5
Factor 2	Managerial Structure	0.817	5
Factor 3	Staff Support	0.810	4
Factor 4	Management Controls	0.787	3
Factor 5	Staff Loyalty	0.766	5
Factor 6	Work-Life Balance	0.716	4
Factor 7	Family Friendly Environment	0.817	4
Factor 8	Technology Orientated	0.589	2
Factor 9	Staff Commitment	0.702	1
Factor 10	Flexibility	0.259	2
Total number of items			31
Efficiency of internal control in relation to levels of compliance			
Factor 1	Compliance framework/ structure	0.857	5
Factor 2	Compliance culture	0.790	4
Factor 3	Risk management	0.833	3
Factor 4	Operational Controls	0.823	3
Total number of items			19
Effectiveness of accountability management			
Factor 1	Accountability at strategic level	0.858	8
Factor 2	Accountability at operational level	0.825	3
Total number of items			11

Although most factors exceeded the recommended threshold of 0.70, some constructs (e.g., Technology Orientation and Flexibility) demonstrated low reliability. These factors

were appropriately excluded from further analysis, as retaining them could have compromised the integrity of the results. For the ethical leadership construct (Section B), Cronbach's alpha values ranged from 0.777 to 0.962. These results indicate strong internal consistency and surpass the study's minimum reliability requirement of 0.70. If the questionnaire is administered in future research, the items associated with Factor 4 may be omitted, as their removal would not affect the variance explained or the reliability values of the remaining factors.

For the governance effectiveness construct (Section C), Cronbach's alpha values ranged from 0.716 to 0.882. Factors 7 to 10 were excluded from further analysis: Factor 7 showed a drop-off on the screen plot, Factors 8 and 10 demonstrated insufficient reliability, and only a single item loaded onto Factor 9. If the questionnaire is to be used in future research, Items 13–14, 17, 19, 20, 22–23, 26–27, 31, 34–35, 37–38, 40, and 42 should be omitted.

The internal control efficiency scale for compliance levels (Section D) yielded Cronbach's alpha values ranging from 0.790 to 0.857. These results indicate strong internal reliability and exceed the study's minimum acceptable threshold of 0.70. Should the questionnaire be used in subsequent studies, items 9–11 and 14 could be omitted, as removing them would not reduce the variance accounted for or alter the reliability (Cronbach's alpha) of the associated factors.

The Cronbach's alpha coefficients for the accountability management effectiveness construct (section E), were recorded between 0.825 and 0.858. These values exceeded the study's established reliability benchmark of 0.70, confirming satisfactory internal consistency. All items in this section were retained, as none required removal.

Since the study focused on identifying broad trends and associations among variables rather than predicting outcomes for individual respondents, the questionnaire was deemed appropriate and demonstrated adequate psychometric properties for this research.

5.5 DESCRIPTIVE STATISTICS

Once the questionnaire's reliability had been established, descriptive analyses were conducted to examine the distributional characteristics of the composite scores for each construct. These analyses provide an initial indication of the central tendencies and variability of the key variables, thereby informing subsequent inferential testing.

Table 5.12 presents the mean values, standard deviations, skewness, and kurtosis for the constructs relating to Ethical Leadership, Governance Effectiveness, Internal Control Efficiency, and Accountability Management.

Table 5.12: Means, standard deviation, skewness, and kurtosis

	Dimension name	Mean	Standard deviations (SD)	Skewness	Kurtosis
Section B: Ethical leadership					
Factor 1	Character	2.764	0.734	-0.368	-0.706
Factor 2	Influence	2.373	0.570	0.107	-0.173
Factor 3	Morality	2.923	0.819	-0.552	-0.297
Section C: Effectiveness of governance					
Factor 1	Inclusiveness	2.418	0.704	0.194	-0.337
Factor 2	Managerial Structure	2.954	0.624	-0.174	0.007
Factor 3	Staff Support	3.039	0.757	-0.846	0.253
Factor 4	Management Controls	2.743	0.660	-0.077	-0.275
Factor 5	Staff Loyalty	2.431	0.605	0.313	0.202
Factor 6	Work Life Balance	2.879	0.818	-0.214	-0.976
Section D: Efficiency of internal control					
Factor 1	Compliance framework/ structure	2.841	0.656	-0.440	0.405
Factor 2	Compliance culture	2.321	0.680	0.201	-0.174
Factor 3	Risk management	2.798	0.672	-0.300	0.277
Factor 4	Operational Controls	2.790	0.705	-0.389	0.187
Section E: Effectiveness of accountability management					
Factor 1	Accountability at a strategic level	2.568	0.604	-0.016	0.039

	Dimension name	Mean	Standard deviations (SD)	Skewness	Kurtosis
Factor 2	Accountability at an operational level	2.777	0.671	-0.423	0.004

Section B: Ethical Leadership

The descriptive results for ethical leadership indicate moderate mean scores across all dimensions. Morality recorded the highest mean (2.923), suggesting that respondents perceive ethical leadership primarily in terms of moral conduct and principled behaviour. In contrast, the Influence dimension reflects comparatively lower mean values, indicating that directive or control-oriented aspects of leadership may be less strongly associated with ethical leadership in this context. This distinction is important, as it suggests that not all leadership behaviours are uniformly perceived as ethical.

Section C: Effectiveness of governance

The governance results reflect variation across dimensions, with Staff Support recording the highest mean (3.039). This suggests that relational and supportive aspects of governance are more prominently perceived than structural or procedural elements. In contrast, dimensions such as Inclusiveness and Staff Loyalty exhibit lower mean values, indicating potential gaps in broader organisational engagement and alignment. These differences highlight the uneven distribution of governance practices within the organisation.

Section D: Efficiency of internal control

Internal control factors demonstrate relatively consistent mean values, with the Compliance Framework/Structure dimension showing the highest mean (2.841). This suggests that formal control mechanisms are reasonably well established. However, the comparatively lower mean for Compliance Culture indicates that behavioural and cultural aspects of control may not be as strongly embedded. This distinction between formal

structures and organisational behaviour is critical for understanding the effectiveness of internal control systems.

Section E: Effectiveness of accountability management

The results for accountability indicate that operational accountability (mean = 2.777) is more strongly reflected than strategic accountability (mean = 2.568). This suggests that accountability practices may be more effectively implemented at the operational level than at the strategic level, where oversight and governance mechanisms are typically exercised. This imbalance may have implications for overall governance effectiveness.

Across all constructs, the standard deviations indicate moderate variability, suggesting a reasonable degree of consistency in respondents' perceptions. Furthermore, the skewness and kurtosis values fall within the acceptable range of -1 to $+1$, indicating that the data approximate a normal distribution (Hair et al., 2014). This supports the use of parametric statistical techniques in subsequent analyses. It is also recognised that minor deviations from normality are unlikely to significantly affect results in studies with sufficiently large samples (Pallant, 2011; Field, 2009).

5.6 CORRELATIONS

In examining the correlations, attention was given to the practical significance reflected by the Pearson correlation coefficient (r). This coefficient indicates the strength of the relationship between the variables (Field, 2013; Leedy & Ormrod, 2020). The p -value, or level of significance, indicates whether the observed relationship is statistically meaningful (Field, 2013).

The correlation analysis directly addresses Research Objective 5 and provides preliminary evidence regarding the relationships hypothesised in the study. These results inform the subsequent structural equation modelling.

Following the guidelines proposed by Cohen (1992), the correlation coefficient benchmarks presented in Table 5.13 were used in this study to assess the significance of correlations among ethical leadership (Section B), internal controls (Section C), and accountability (Section D).

Table 5.13: Correlation coefficient thresholds

Threshold description	Threshold value
Small effect	r = 0.10 to 0.29
Medium effect	r = 0.30 to 0.49
Large effect	r = 0.50 to 1.0

After completing the reliability assessments and descriptive analyses, correlation tests were performed to determine the direction and strength of the relationships among ethical leadership (Section B), internal controls (Section C), and accountability (Section D). Table 5.14 summarises the correlation results.

Table 5.14: Correlations: Ethical leadership, internal control, governance, and accountability

VARIABLES		Ethical leadership Factors			Effective governance Factors						Internal Control Factors				Accountability Management Factors	
		Character	Influence	Morality	Inclusiveness	Managerial Structure	Staff Support	Management Controls	Work-Life Balance	Staff Loyalty	Compliance Framework/Structure	Compliance Culture	Risk Management	Operational Controls	Accountability at strategic level	Accountability at operational level
Ethical Leadership Factors	Character	1														
	Influence	-0.400*	1													
	Morality	0.796*	-0.299*	1												
Effective Governance Factors	Inclusive-ness	0.505*	-0.128*	0.450*	1											
	Managerial Structures	0.337*	-0.065*	0.332*	0.494*	1										
	Staff Support	0.628*	-0.429*	0.494*	0.339*	0.199*	1									
	Management Controls	0.284*	-0.012**	0.281*	0.466*	0.550*	0.157*	1								

VARIABLES		Ethical leadership Factors			Effective governance Factors						Internal Control Factors				Accountability Management Factors	
		Character	Influence	Morality	Inclusiveness	Managerial Structure	Staff Support	Management Controls	Work-Life Balance	Staff Loyalty	Compliance Framework/ Structure	Compliance Culture	Risk Management	Operational Controls	Accountability at strategic level	Accountability at operational level
	Work-Life Balance	-0.175*	0.408*	-0.103*	-0.122*	-0.104*	-0.232*	0.018**	1							
	Staff Loyalty	-0.252*	0.270*	-0.206*	-0.177*	-0.080*	-0.332*	-0.051*	0.161*	1						
Internal Control Factors	Compliance Framework/ Structure	0.344*	-0.012**	0.338*	0.470*	0.561*	0.185*	0.585*	-0.022**	-0.103*	1					
	Compliance Culture	0.587*	-0.101*	0.515*	0.691*	0.461*	0.343*	0.439*	-0.088*	-0.180*	0.558*	1				
	Risk Management	0.361*	-0.093*	0.354*	0.485*	0.493*	0.218*	0.593*	-0.048	-0.130*	0.546*	0.528*	1			
	Operational Controls	0.274*	-0.097*	0.253*	0.419*	0.574*	0.123*	0.489*	-0.144*	-0.017**	0.724*	0.518*	0.527*	1		
Accountability Management Factors	Account-ability at strategic level	0.419*	-0.071	0.372*	0.594*	0.545*	0.219*	0.536*	-0.103*	-0.111*	0.644*	0.673*	0.635*	0.633*	1	

VARIABLES		Ethical leadership Factors			Effective governance Factors						Internal Control Factors				Accountability Management Factors	
		Character	Influence	Morality	Inclusiveness	Managerial Structure	Staff Support	Management Controls	Work-Life Balance	Staff Loyalty	Compliance Framework/Structure	Compliance Culture	Risk Management	Operational Controls	Accountability at strategic level	Accountability at operational level
	Account-ability at operational level	0.258 _*	-0.106 _*	0.255 _*	0.294 _*	0.488 _*	0.232 _*	0.384 _*	-0.026 _{**}	-0.139 _*	0.472 _*	0.313 _*	0.397 _*	0.365 _*	0.485 _*	1

Note: N = 275, * p ≤ .10 ** p ≤ .05, - r ≤ .10 to .29 are practically significant with small effect, r ≥ .30 to .49 are practically significant with medium effect. r ≤ .50 to 1.0 are practically significant (large effect).

The colour coding in Table 5.14 illustrates the following:

- **Green** indicates correlations among the ethical leadership factors.
- **Plum** highlights relationships within the effective governance factors.
- **Light blue** denotes associations among the internal control factors.
- **Light purple** shows relationships between the accountability factors.
- **Grey** reflects correlations across ethical leadership, internal control, and accountability factors.
- **Cells without shading** represent relationships that are not statistically significant.

A notable finding is the strong positive correlation between the Character and Morality dimensions of ethical leadership ($r = 0.796$, $p < .001$). Although this coefficient approaches commonly cited thresholds that may raise concerns regarding discriminant validity, the result is theoretically defensible because both dimensions represent closely related aspects of ethical leadership. Character reflects the personal qualities and integrity of leaders, while morality relates to the ethical principles and standards that guide their behaviour. Previous leadership literature similarly recognises substantial conceptual overlap between these constructs, as leaders who demonstrate strong moral values are often perceived as possessing ethical character. Importantly, the correlation remains below the more conservative threshold of $r = 0.85$ often used to indicate potential multicollinearity or construct redundancy. Furthermore, subsequent measurement model assessments supported the retention of Character and Morality as separate dimensions, suggesting that although the constructs are strongly associated, they capture distinct facets of ethical leadership. The high correlation should therefore be interpreted as evidence of a close theoretical relationship rather than a lack of construct distinctiveness.

The correlation results provide initial support for Hypothesis 1, which proposes a relationship between ethical leadership, internal control, accountability, and effective governance. The presence of statistically significant relationships across most constructs suggests that these variables are interrelated; however, correlation does not imply causation, and further analysis is required to confirm these relationships.

Drawing on the results in Table 5.14, the results indicate that all ethical leadership factors (highlighted in green) demonstrated statistically significant correlations, with effect sizes ranging from moderate to strong. The effective governance factors (plum shading) demonstrated significant relationships of small to medium magnitude, except for management controls, which did not show a significant association with the other variables. Internal control factors (light blue shading) were strongly and significantly related, indicating large effect sizes. All accountability factors (light purple shading) displayed significant medium-sized relationships.

The cross-factor associations highlighted in grey in Table 5.14 can be described as follows: Ethical leadership and effective governance were largely significantly related, with correlations ranging from weak to strong. However, the relationship between influence and management controls was not statistically significant, with a coefficient of -0.012 . Regarding ethical leadership and internal control, all factors, aside from influence and the compliance framework/culture, showed significant associations of small to large magnitude. Ethical leadership and accountability were also significantly related across all factors, with effects ranging from small to large. For effective governance and internal control, most factors demonstrated significant correlations of varying strength, except for work–life balance with the compliance framework/structure and staff loyalty with operational controls, which were not significant. Similarly, all factors linking effective governance and accountability were significantly related, with small to large effects, except for those involving work–life balance and accountability at the operational level. Finally, all internal control factors showed significant, medium-to-large correlations with accountability.

It is also important to note that some relationships were weak or non-significant, particularly those involving the influence dimension of ethical leadership. This suggests that not all aspects of ethical leadership contribute equally to governance outcomes, highlighting the need for more nuanced analysis.

Table 5.15 presents an overview of the correlation results for the variables.

Table 5.15: Summary of relationships between variables

Category	Factors	Large Effect	Medium Effect	Small Effect	Insignificant
Ethical Leadership Factors	Character	<ul style="list-style-type: none"> - Morality - Inclusiveness - Staff Support - Compliance Culture 	<ul style="list-style-type: none"> - Influence - Managerial Structures - Managerial Structures - Compliance Framework/ Structure - Risk Management - Accountability at strategic level 	<ul style="list-style-type: none"> - Management Controls - Work-Life Balance - Staff Loyalty - Operational Controls - Accountability at operational level 	
	Influence		<ul style="list-style-type: none"> - Morality - Staff Support - Work-Life Balance 	<ul style="list-style-type: none"> - Inclusiveness - Managerial Structures - Staff Loyalty - Compliance Culture - Risk Management - Operational Controls - Accountability at strategic level - Accountability at operational level 	<ul style="list-style-type: none"> - Management Controls - Compliance Framework/ Structure
	Morality	<ul style="list-style-type: none"> - Compliance Culture 	<ul style="list-style-type: none"> - Inclusiveness - Managerial Structures - Staff Support - Compliance Framework/ Structure - Risk Management - Accountability at strategic level 	<ul style="list-style-type: none"> - Management Controls - Work-Life Balance - Staff Loyalty - Operational Controls - Accountability at operational level 	
Effective Governance Factors	Inclusive-ness	<ul style="list-style-type: none"> - Compliance Culture - Accountability at strategic level 	<ul style="list-style-type: none"> - Managerial Structures - Staff Support - Management Controls - Compliance Framework/ Structure - Risk Management - Operational Controls 	<ul style="list-style-type: none"> - Work-Life Balance - Staff Loyalty - Accountability at operational level 	
	Managerial Structures	<ul style="list-style-type: none"> - Compliance Framework/ Structure - Operational Controls - Accountability at strategic level 	<ul style="list-style-type: none"> - Management Controls - Compliance Culture - Risk Management - Accountability at operational level 	<ul style="list-style-type: none"> - Staff Support - Work-Life Balance - Staff Loyalty 	
	Staff Support		<ul style="list-style-type: none"> - Staff Loyalty - Compliance Culture 	<ul style="list-style-type: none"> - Management Controls 	

Category	Factors	Large Effect	Medium Effect	Small Effect	Insignificant
				<ul style="list-style-type: none"> - Work-Life Balance - Compliance Framework/ Structure - Risk Management - Operational Controls - Accountability at strategic level - Accountability at operational level 	
	Management Controls	<ul style="list-style-type: none"> - Compliance Framework/ Structure - Risk Management - Accountability at strategic level 	<ul style="list-style-type: none"> - Compliance Culture - Operational Controls - Accountability at operational level 	<ul style="list-style-type: none"> - Staff Loyalty 	<ul style="list-style-type: none"> - Work-Life Balance
	Work-Life Balance			<ul style="list-style-type: none"> - Staff Loyalty - Compliance Culture - Risk Management - Operational Controls - Accountability at strategic level 	<ul style="list-style-type: none"> - Compliance Framework/ Structure - Accountability at operational level
	Staff Loyalty			<ul style="list-style-type: none"> - Compliance Framework/ Structure - Compliance Culture - Risk Management - Accountability at strategic level - Accountability at operational level 	<ul style="list-style-type: none"> - Operational Controls
Internal Control Factors	Compliance Framework/ Structure	<ul style="list-style-type: none"> - Compliance Culture - Risk Management - Operational Controls - Accountability at strategic level 	<ul style="list-style-type: none"> - Accountability at operational level 		
	Compliance Culture	<ul style="list-style-type: none"> - Risk Management - Operational Controls - Accountability at strategic level 	<ul style="list-style-type: none"> - Accountability at operational level 		
	Risk Management	<ul style="list-style-type: none"> - Operational Controls - Accountability at strategic level 	<ul style="list-style-type: none"> - Accountability at operational level 		

Category	Factors	Large Effect	Medium Effect	Small Effect	Insignificant
	Operational Controls	– Accountability at strategic level	– Accountability at operational level		
Accountability Factors	Strategic level		– Accountability at operational level		
	Operational level				

Research objectives 1, 2, 3 and 4 were addressed through factor analysis, which helped identify the key indicators associated with each factor. The next section shifts attention to research objective 5, which examines how the study's constructs relate to one another.

5.7 INFERENCE STATISTICS

Inferential statistical methods were applied to examine the relationships among ethical leadership, internal controls, accountability, and governance. Such techniques enable researchers to interpret sample results in a way that supports prediction and broader generalisation to the overall population (Salkind, 2022). The inferential analyses conducted comprised structural equation modelling, moderation testing using the Process Macro, and procedures assessing whether mean differences were statistically significant.

5.7.1 Structural equation modelling (SEM)

Structural equation modelling (SEM) was employed to explore the interconnected relationships among ethical leadership, internal control, accountability, and effective governance. This technique is well suited to the study because it allows multiple latent variables and the connections between them to be analysed simultaneously within a single, theory-driven framework. Since governance functions operate as integrated systems rather than independent components, SEM offers a rigorous method for assessing both direct and indirect influences among the constructs. Using this method enabled the study to develop a deeper understanding of how

ethical leadership influences organisational control and accountability mechanisms, and how these components together contribute to effective governance. SEM was used to test hypotheses H1, H2, and H3 linked to Research Objective 5. The model's adequacy was evaluated using the goodness-of-fit indices and benchmark values outlined in Table 5.16.

SEM is particularly appropriate for testing the study's hypotheses, as it allows for the simultaneous estimation of measurement and structural models. This provides a more rigorous test of the proposed relationships than correlation analysis alone.

Table 5.16: Goodness-of fit criteria and cut-off scores

Fit Index	Good / Acceptable Cut-Off
CMIN	<3
χ^2	Prefer non-significant ($p > .05$), but sample-size sensitive
χ^2/df	< 2 (good); < 3 (acceptable)
CFI	$\geq .95$ (good); $\geq .90$ (acceptable)
TLI	$\geq .95$ (good); $\geq .90$ (acceptable)
NFI	$\geq .95$ (good); $\geq .90$ (acceptable)
PNFI	$\geq .50$ desirable
RMSEA	$\leq .05$ (close fit); $\leq .08$ (acceptable)
SRMR	$\leq .08$ (good); $\leq .05$ (excellent)
AIC & BIC	Lower values indicate a better fit

Table 5.17 outlines the purpose of the inferential analysis for Research Objective 5, along with the corresponding hypotheses.

Table 5.17: Inferential statistics: Objective and hypotheses

<p>Research objective 5: To determine the relationship between:</p> <p>5a: Ethical leadership (independent variable) with Accountability and Internal Control (dependent variables).</p>
--

5b: Ethical Leadership, Internal Control and Accountability (independent variables) on Effective Governance (dependent variable).

5c: Ethical leadership, accountability, and effective governance

5d: Ethical leadership, internal control, and effective governance

H1: There is a relationship between Ethical Leadership, Internal Control, Accountability and Effective Governance.

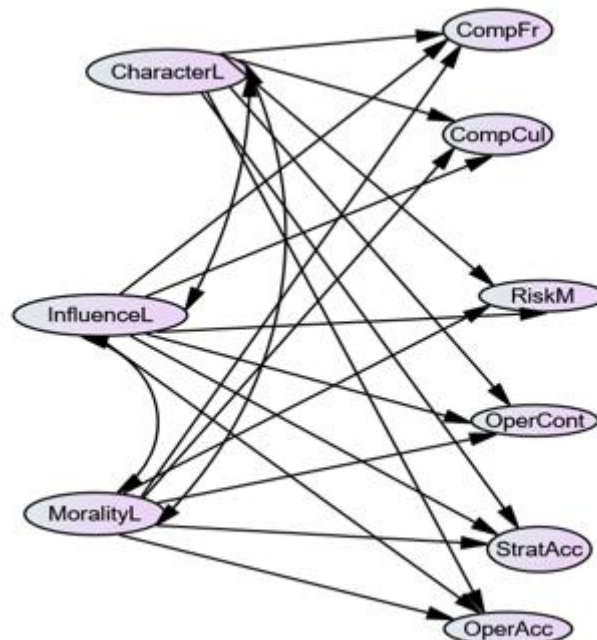
H2: Accountability mediates the relationship between Ethical leadership and Effective Governance.

H3: Internal control mediates the relationship between Ethical Leadership and Effective Governance.

5.7.1.1 Research objective 5a: Ethical leadership (independent variable) with Accountability and Internal Control (dependent variables)

The conceptual model for research objective 5a is provided in Figure 5.6.

Figure 5.6: Conceptual model of the relationship between Ethical Leadership (Independent Variable), Accountability and Internal Control as dependent variables



The model incorporated all subdimensions of ethical leadership, accountability, and internal control. However, the analysis produced standardised regression

coefficients exceeding 1, indicating multicollinearity among the three ethical leadership subconstructs, which posed a methodological concern.

Since the study did not intend to analyse relationships at the subconstruct level, second-order factor models were deemed more appropriate for the three constructs noted above to address Research Objective 5a.

For a second-order factor model to be considered suitable, the target coefficient linking the first-order factors to the higher-order factor should be at least 0.9, signifying that the higher-order construct sufficiently explains the relationships among the lower-order factors (Marsh & Hocevar, 1985). Employing higher-order constructs also enables comparison of the relative influence of each underlying dimension. The standardised structural paths illustrate how effectively the higher-order factor represents the first-order constructs and reveal the importance of each lower-order dimension (Hong & Thong, 2013). Higher-order models are generally more parsimonious and require fewer degrees of freedom, which often results in improved performance on parsimony-based fit indices (Hair et al., 2019). The target coefficient (T) is calculated by dividing the chi-square value of the first-order model by that of the second-order model and is used to judge whether adopting a higher-order construct is warranted. A value of 1 indicates that the higher-order factor fully accounts for the covariance among the first-order factors.

The suitability of second-order factor models was assessed for the constructs of ethical leadership (EL), accountability (ACC), internal control (IC), and effective governance (EG). Since all their target coefficients met or exceeded the 0.9 threshold, the second-order representations were adopted for the conceptual SEM models used in this study.

Although several fit indices met acceptable thresholds, others (such as GFI and AGFI) fell below recommended levels. This suggests that while the model provides a reasonable approximation of the data, it does not achieve an optimal fit. This limitation should be considered when interpreting the structural relationships.

Table 5.18 reports the target coefficient values for each of the primary constructs.

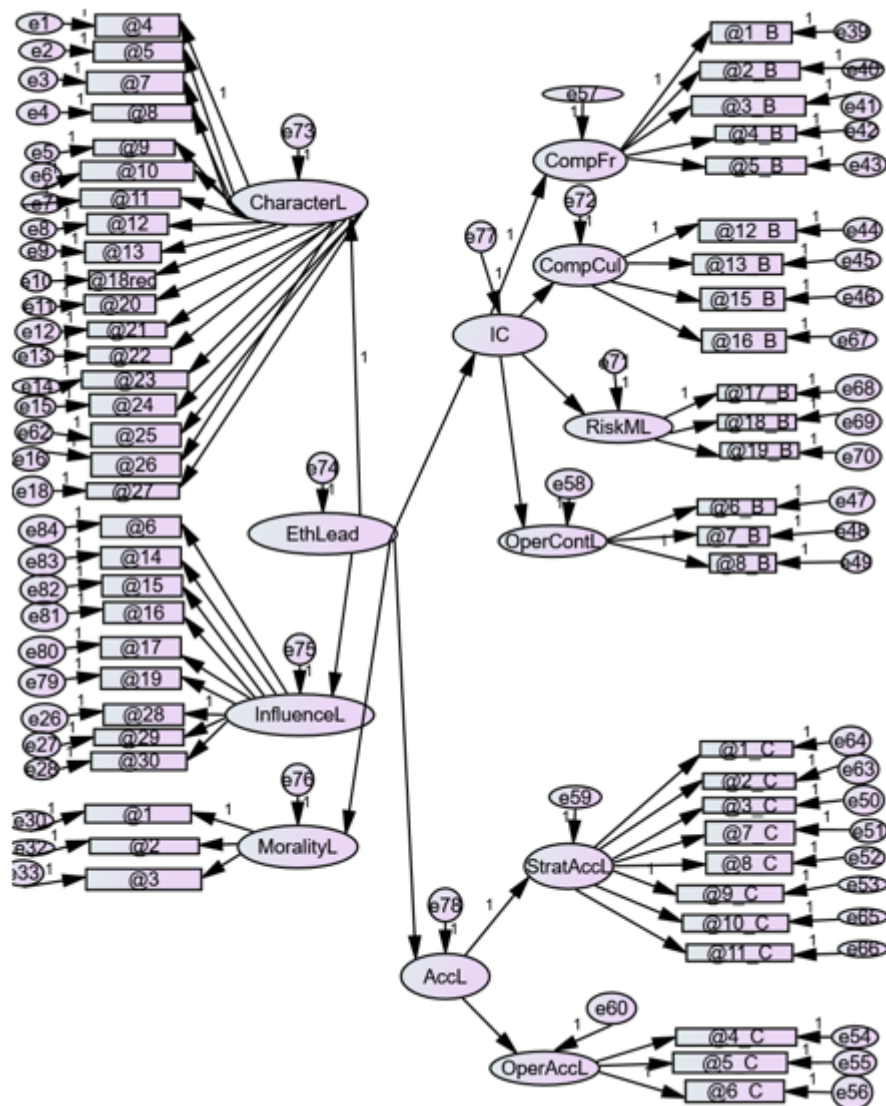
Table 5.18: Chi-square values and target coefficients for the second-order models.

Factor	First-order Chi-Square	Second order Chi Square	Target Coefficient
Ethical Leadership	1038,2	1038,2	1
Accountability	236,7	236,7	1
Internal Control	174,5	183,3	0,952
Effective Governance	500,8	549,9	0,911

All the constructs showed target coefficient CMIN (χ^2) ratios greater than 0.9, supporting the use of second-order factor structures in the final SEM model.

Figure 5.7 illustrates the structural model developed for Research Objective 5a, which explores the influence of ethical leadership (independent variable) on accountability and internal control (dependent variables). This model assessed whether ethical leadership functions as a sound higher-order construct and the extent to which it affects accountability and the effectiveness of internal control systems.

Figure 5.7: Relationship between ethical leadership, accountability, and internal control



❖ **Model fit results**

Tables 5.19 a) to k) presents a summary of the model fit results.

Table 5.19: Model fit summary

a) **CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	116	2016,408	1109	,000	1,818
Saturated model	1225	,000	0		
Independence model	49	10487,895	1176	,000	8,918

b) **RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	,055	,775	,751	,701
Saturated model	,000	1,000		
Independence model	,295	,129	,093	,124

c) **Baseline Comparisons**

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	,808	,796	,903	,897	,903
Saturated model	1,000		1,000		1,000
Independence model	,000	,000	,000	,000	,000

d) **Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	,943	,762	,851
Saturated model	,000	,000	,000
Independence model	1,000	,000	,000

e) **NCP**

Model	NCP	LO 90	HI 90
Default model	907,408	785,494	1037,124
Saturated model	,000	,000	,000
Independence model	9311,895	8987,849	9642,471

f) **FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	7,359	3,312	2,867	3,785
Saturated model	,000	,000	,000	,000
Independence model	38,277	33,985	32,802	35,192

g) **RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	,055	,051	,058	,023
Independence model	,170	,167	,173	,000

h) **AIC**

Model	AIC	BCC	BIC	CAIC
Default model	2248,408	2300,193	2667,953	2783,953
Saturated model	2450,000	2996,875	6880,545	8105,545
Independence model	10585,895	10607,770	10763,117	10812,117

i) **ECVI**

Model	ECVI	LO 90	HI 90	MECVI
Default model	8,206	7,761	8,679	8,395
Saturated model	8,942	8,942	8,942	10,938
Independence model	38,635	37,452	39,841	38,714

j) **HOELTER**

Model	HOELTER	
	,05	,01
Default model	162	166
Independence model	33	34

k) **Standardised Regression Weights:**

	Estimate
IC <--- EthLead	,519
AccL <--- EthLead	,451

		Estimate
CharacterL	<--- EthLead	,979
InfluenceL	<--- EthLead	-,638
MoralityL	<--- EthLead	,860
CompCul	<--- IC	,818
RiskML	<--- IC	,786
OperContL	<--- IC	,846
CompFr	<--- IC	,864
StratAccl	<--- Accl	,998
OperAccl	<--- Accl	,601
@4	<--- CharacterL	,723
@5	<--- CharacterL	,838
@7	<--- CharacterL	,884
@8	<--- CharacterL	,796
@9	<--- CharacterL	,816
@10	<--- CharacterL	,489
@11	<--- CharacterL	,847
@12	<--- CharacterL	,810
@28	<--- InfluenceL	,673
@29	<--- InfluenceL	,778
@30	<--- InfluenceL	,568
@1	<--- MoralityL	,921
@2	<--- MoralityL	,972
@3	<--- MoralityL	,720
@5_B	<--- CompFr	,745
@4_B	<--- CompFr	,773
@3_B	<--- CompFr	,761
@2_B	<--- CompFr	,762
@7_C	<--- StratAccl	,632
@3_C	<--- StratAccl	,674
@9_C	<--- StratAccl	,620
@8_B	<--- OperContL	,753
@7_B	<--- OperContL	,819
@6_B	<--- OperContL	,769

			Estimate
@6_C	<---	OperAccl	,813
@5_C	<---	OperAccl	,770
@4_C	<---	OperAccl	,768
@13	<---	CharacterL	,716
@20	<---	CharacterL	,815
@21	<---	CharacterL	,796
@22	<---	CharacterL	,767
@23	<---	CharacterL	,805
@24	<---	CharacterL	,848
@25	<---	CharacterL	,878
@27	<---	CharacterL	,770
@1_C	<---	StratAccl	,665
@2_C	<---	StratAccl	,739
@10_C	<---	StratAccl	,662
@11_C	<---	StratAccl	,755
@12_B	<---	CompCul	,778
@13_B	<---	CompCul	,821
@15_B	<---	CompCul	,634
@16_B	<---	CompCul	,566
@17_B	<---	RiskML	,753
@18_B	<---	RiskML	,877
@19_B	<---	RiskML	,740
@1_B	<---	CompFr	,660
@26	<---	CharacterL	,715
@19	<---	InfluenceL	,537

The structural paths indicate that ethical leadership has a positive and statistically significant effect on both internal control ($\beta = 0.519$) and accountability ($\beta = 0.451$). These results provide support for Hypothesis 1 and suggest that ethical leadership plays a key role in strengthening organisational control systems and accountability mechanisms.

However, the negative loading of the influence dimension raises concerns regarding its conceptual alignment with ethical leadership. This may indicate that certain aspects of influence, particularly those associated with dominance or control, are not perceived as ethical by respondents.

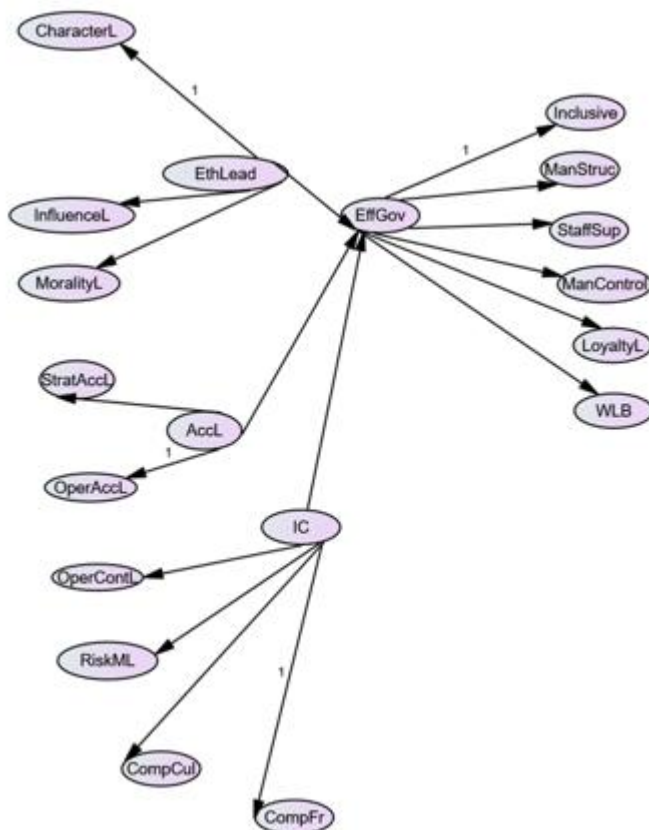
The structural model showed an overall acceptable fit to the data. While the chi-square value was significant ($\chi^2 = 2016.408$, $df = 1109$, $p < .001$), this result is typical for complex models with large sample sizes. The ratio of chi-square to degrees of freedom was 1.818, which falls well below the commonly accepted guideline of 3, indicating a satisfactory model fit. Additional absolute fit measures supported this assessment: the RMR value of 0.055 met the acceptable criterion of less than 0.08, and although the GFI (0.775) and AGFI (0.751) did not reach the preferred 0.90 benchmark, such values are not unusual for models containing several latent variables and many indicators.

The incremental fit indices indicated that the model achieved a moderate to strong level of comparative fit. Both the NFI (0.808) and RFI (0.796) exceeded the commonly referenced threshold of 0.75, while the IFI (0.903), TLI (0.897), and CFI (0.903) were at or above the 0.90 criterion, showing that the model performs well relative to the independence model. The parsimony-adjusted indices also reflected solid performance, with PNFI (0.762) and PCFI (0.851) demonstrating an effective balance between fit and model simplicity. The RMSEA value of 0.055 (90% CI = 0.051–0.058) further supported good model fit, and the PCLOSE value of 0.023 suggested reasonable evidence of close fit. Additionally, information criteria (AIC, BIC, ECVI) for the specified model were notably lower than those of the independence model, indicating that the proposed structure provides a better representation of the data. Finally, the Hoelter value ($N = 162$ at $p < 0.05$) confirmed that the sample size was adequate for producing stable SEM results.

5.7.1.2 **Research objective 5b: Relationship between ethical leadership, internal control, accountability, and effective governance**

Figure 5.8 displays the conceptual model depicting the relationships among ethical leadership, internal control, accountability, and effective governance.

Figure 5.8: Relationship between ethical leadership, internal control, accountability and effective governance.



The results provide partial support for Hypotheses 2 and 3. While internal control demonstrates a strong positive effect on effective governance, the negative coefficient for accountability suggests potential model instability or multicollinearity issues. This unexpected result warrants cautious interpretation and may indicate the need for further model refinement.

❖ **Model fit results**

Tables 5.20 a) to k) presents a summary of the model fit results.

Table 5.20: Model fit summary

a) **CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	177	4740,094	2673	,000	1,773
Saturated model	2850	,000	0		
Independence model	75	16164,141	2775	,000	5,825

b) **RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	,072	,688	,667	,645
Saturated model	,000	1,000		
Independence model	,243	,122	,098	,119

c) **Baseline Comparisons**

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	,707	,696	,847	,840	,846
Saturated model	1,000		1,000		1,000
Independence model	,000	,000	,000	,000	,000

d) **Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	,963	,681	,815
Saturated model	,000	,000	,000
Independence model	1,000	,000	,000

e) **NCP**

Model	NCP	LO 90	HI 90
Default model	2067,094	1878,995	2262,949
Saturated model	,000	,000	,000
Independence model	13389,141	12992,586	13792,360

f) **FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	17,300	7,544	6,858	8,259
Saturated model	,000	,000	,000	,000
Independence model	58,993	48,865	47,418	50,337

g) **RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	,053	,051	,056	,019
Independence model	,133	,131	,135	,000

h) **AIC**

Model	AIC	BCC	BIC	CAIC
Default model	5094,094	5229,973	5734,262	5911,262
Saturated model	5700,000	7887,879	16007,798	18857,798
Independence model	16314,141	16371,716	16585,398	16660,398

i) **ECVI**

Model	ECVI	LO 90	HI 90	MECVI
Default model	18,592	17,905	19,306	19,087
Saturated model	20,803	20,803	20,803	28,788
Independence model	59,541	58,093	61,012	59,751

j) **HOELTER**

Model	HOELTER ,05	HOELTER ,01
Default model	165	140
Independence model	30 - 35	30

k) **Standardised Regression Weights:**

	Estimate
IC <--- EthLead	,550
AccL <--- EthLead	,459
EffGov <--- AccL	-1,289
EffGov <--- IC	2,222
CharacterL <--- EthLead	,972
InfluenceL <--- EthLead	-,639
MoralityL <--- EthLead	,866
CompCul <--- IC	,840
RiskML <--- IC	,798
OperContL <--- IC	,820
CompFr <--- IC	,850
StratAccL <--- AccL	,957
OperAccL <--- AccL	,611
Inclusive <--- EffGov	,754
ManStruc <--- EffGov	,737

			Estimate
StaffSup	<---	EffGov	,421
ManControl	<---	EffGov	,743
LoyaltyL	<---	EffGov	-,227
WLB	<---	EffGov	-,187
@4	<---	CharacterL	,723
@5	<---	CharacterL	,840
@7	<---	CharacterL	,884
@8	<---	CharacterL	,791
@9	<---	CharacterL	,811
@10	<---	CharacterL	,489
@11	<---	CharacterL	,845
@12	<---	CharacterL	,805
@28	<---	InfluenceL	,671
@29	<---	InfluenceL	,780
@30	<---	InfluenceL	,568
@1	<---	MoralityL	,922
@2	<---	MoralityL	,971
@3	<---	MoralityL	,720
@5_B	<---	CompFr	,740
@4_B	<---	CompFr	,774
@3_B	<---	CompFr	,766
@2_B	<---	CompFr	,761
@7_C	<---	StratAccL	,641
@3_C	<---	StratAccL	,672
@9_C	<---	StratAccL	,626
@8_B	<---	OperContL	,756
@7_B	<---	OperContL	,818
@6_B	<---	OperContL	,768
@6_C	<---	OperAccL	,812
@5_C	<---	OperAccL	,768
@4_C	<---	OperAccL	,771
@13	<---	CharacterL	,708
@20	<---	CharacterL	,815

		Estimate
@21	<--- CharacterL	,796
@22	<--- CharacterL	,771
@23	<--- CharacterL	,807
@24	<--- CharacterL	,849
@25	<--- CharacterL	,879
@27	<--- CharacterL	,772
@1_C	<--- StratAccL	,661
@2_C	<--- StratAccL	,733
@10_C	<--- StratAccL	,658
@11_C	<--- StratAccL	,756
@12_B	<--- CompCul	,785
@13_B	<--- CompCul	,814
@15_B	<--- CompCul	,636
@16_B	<--- CompCul	,564
@17_B	<--- RiskML	,753
@18_B	<--- RiskML	,871
@19_B	<--- RiskML	,747
@1_B	<--- CompFr	,662
@11_A	<--- Inclusive	,880
@12_A	<--- Inclusive	,715
@16_A	<--- Inclusive	,639
@19_A	<--- Inclusive	,753
@6_A	<--- ManStruc	,606
@7_A	<--- ManStruc	,736
@8_A	<--- ManStruc	,812
@9_A	<--- ManStruc	,749
@30_A	<--- StaffSup	,941
@32	<--- StaffSup	,761
q39rec	<--- StaffSup	,579
q41rec	<--- StaffSup	,482
@1_A	<--- ManControl	,574
@2_A	<--- ManControl	,727
@3_A	<--- ManControl	,779

			Estimate
@36	<---	LoyaltyL	,599
@43	<---	LoyaltyL	,739
@44	<---	LoyaltyL	,837
@21_A	<---	WLB	,440
@24_A	<---	WLB	,705
@25_A	<---	WLB	,730
@28_A	<---	WLB	,587
@10_A	<---	Inclusive	,903
@5_A	<---	ManStruc	,603
@4_A	<---	ManControl	,707
@15_A	<---	WLB	,406
@19	<---	InfluenceL	,537
@26	<---	CharacterL	,718

The chi-square statistic was significant ($\chi^2 = 4740.094$, $df = 2673$, $p < .001$); however, this significance is expected in large-sample studies and, on its own, does not signal inadequate model fit. The chi-square to degrees of freedom ratio was 1.773, well below the commonly referenced upper limit of 3, suggesting that the model fits the data satisfactorily.

The absolute fit indices produced mixed outcomes. The RMR value of 0.072 fell within the acceptable range (<0.08), indicating reasonable residuals. Although the GFI (0.688) and AGFI (0.667) did not meet the preferred benchmark of 0.90, it is well established that these indices tend to decline in complex models with many observed variables and should therefore be interpreted with caution.

The incremental fit indices reflected a moderate to acceptable level of comparative fit. The NFI (0.707) and RFI (0.696) were below the ideal threshold (>0.90), whereas the IFI (0.847), TLI (0.840), and CFI (0.846) were closer to acceptable thresholds, consistent with values near 0.90 being generally desired. Such patterns are common in large second-order models and suggest that although comparative fit could be stronger, the model performs reasonably when compared with the independence model.

Parsimony-adjusted indices provided further support for model adequacy. Both the PCFI (0.815) and the PNFI (0.681) exceeded the recommended minimum of 0.50, indicating that the model effectively balances goodness-of-fit with structural simplicity. The RMSEA value of 0.053, with a narrow 90% confidence interval (0.051–0.056), indicated good fit, as values in the 0.05-0.06 range are widely regarded as optimal. The PCLOSE value of 0.019, although slightly below 0.05, still points to evidence of close approximate fit.

The information criteria also confirmed the model's adequacy. Both the AIC (5094) and the ECVI (18.59) were lower than those for the independence model, indicating that the proposed model provided a superior overall fit. The sample size was also adequate for a model of this complexity, providing confidence in the stability and reliability of the parameter estimates.

The measurement model demonstrated strong convergent validity, with all factor loadings being statistically significant and generally ranging from 0.60 to 0.90. Key constructs, including Leadership Character, Influence, Morality, Compliance Culture, Risk Management, Operational Controls, and Staff Support, also exhibited good reliability, reinforcing the strength and coherence of the model's conceptual foundation.

The structural equation model showed a satisfactory overall fit. The χ^2/df ratio met the recommended criterion of being below 3 ($\chi^2/df = 1.773$), and the RMSEA value reflected a good fit (RMSEA = 0.053; 90% CI = 0.051–0.056). While the GFI and CFI were marginally lower than traditional benchmarks, the parsimony-adjusted measures (PCFI = 0.815; PNFI = 0.681) together with HOELTER values exceeding 160 indicated that the model demonstrated sufficient stability, particularly given the complexity of the SEM and the number of indicators involved.

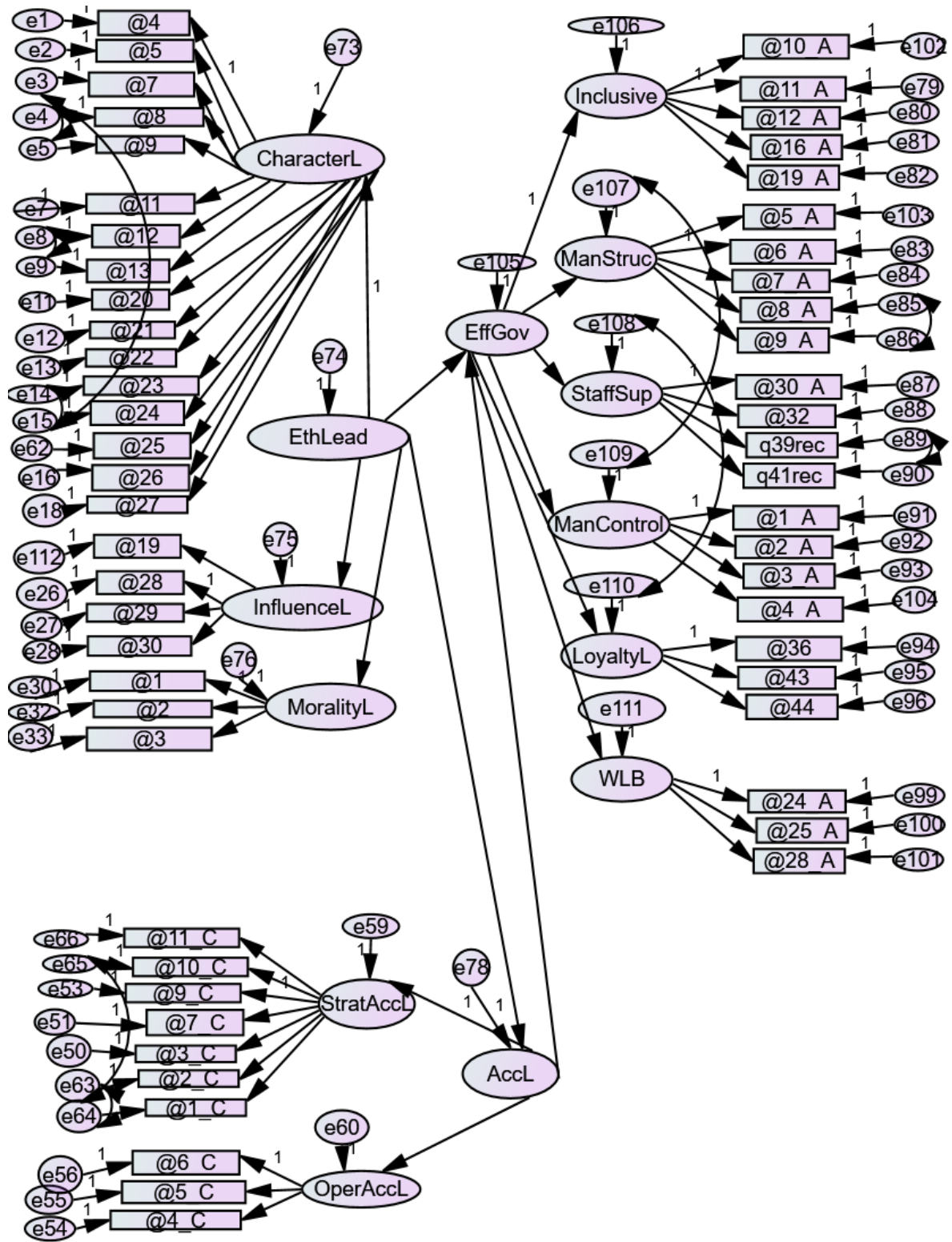
The presence of coefficients exceeding expected thresholds and negative relationships among theoretically positive constructs suggests potential multicollinearity or measurement overlap. These issues highlight limitations in the model and suggest that the results should be interpreted with caution.

5.7.1.3 **Research objective 5c: Relationship between ethical leadership, accountability, and effective governance**

Figure 5.9 illustrates the conceptual model depicting the links between ethical leadership, accountability, and effective governance.

Model refinement was undertaken to improve overall fit and ensure theoretical coherence. While such modifications are common in SEM analysis, they must be interpreted with caution, as they are data-driven and may not always reflect theoretically meaningful relationships (Hair et al., 2018). Accordingly, only modifications that were theoretically justifiable were retained in the final model.

Figure 5.9: Relationship between ethical leadership, accountability, and effective governance



❖ **Model fit results**

Tables 5.21 a) to k) presents a summary of the model fit results.

Table 5.21: Model fit summary

a) **CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	138	2598,379	1515	,000	1,715
Saturated model	1653	,000	0		
Independence model	57	11627,125	1596	,000	7,285

b) **RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	,068	,758	,736	,695
Saturated model	,000	1,000		
Independence model	,266	,143	,112	,138

c) **Baseline Comparisons**

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	,777	,765	,893	,886	,892
Saturated model	1,000		1,000		1,000
Independence model	,000	,000	,000	,000	,000

d) **Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	,949	,737	,847
Saturated model	,000	,000	,000
Independence model	1,000	,000	,000

e) **NCP**

Model	NCP	LO 90	HI 90
Default model	1083,379	946,109	1228,475
Saturated model	,000	,000	,000
Independence model	10031,125	9692,090	10376,747

f) **FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	9,483	3,954	3,453	4,483
Saturated model	,000	,000	,000	,000
Independence model	42,435	36,610	35,373	37,871

g) **RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	,051	,048	,054	,293
Independence model	,151	,149	,154	,000

h) **AIC**

Model	AIC	BCC	BIC	CAIC
Default model	2874,379	2948,490	3373,493	3511,493
Saturated model	3306,000	4193,722	9284,523	10937,523
Independence model	11741,125	11771,736	11947,281	12004,281

i) **ECVI**

Model	ECVI	LO 90	HI 90	MECVI
Default model	10,490	9,989	11,020	10,761
Saturated model	12,066	12,066	12,066	15,306
Independence model	42,851	41,613	44,112	42,963

j) **HOELTER**

Model	HOELTER	
	,05	,01
Default model	170	174
Independence model	40	41

The improvement in model fit indices following refinement suggests that the revised model provides a better representation of the observed data. However, it is important to note that improved fit does not necessarily imply a stronger theoretical model. Rather, it indicates a closer alignment between the measurement structure and the sample data.

k) **Standardised Regression Weights:**

			Estimate
AccL	<---	EthLead	,476
EffGov	<---	AccL	,725
EffGov	<---	EthLead	,400
CharacterL	<---	EthLead	,974
InfluenceL	<---	EthLead	-,641
MoralityL	<---	EthLead	,865
StratAccL	<---	AccL	,938
OperAccL	<---	AccL	,654
Inclusive	<---	EffGov	,731
ManStruc	<---	EffGov	,704
StaffSup	<---	EffGov	,520
ManControl	<---	EffGov	,623
LoyaltyL	<---	EffGov	-,255
WLB	<---	EffGov	-,233
@4	<---	CharacterL	,723
@5	<---	CharacterL	,841
@7	<---	CharacterL	,885
@8	<---	CharacterL	,786
@9	<---	CharacterL	,808
@11	<---	CharacterL	,845
@12	<---	CharacterL	,806
@28	<---	InfluenceL	,672
@29	<---	InfluenceL	,780
@30	<---	InfluenceL	,568
@1	<---	MoralityL	,922
@2	<---	MoralityL	,972
@3	<---	MoralityL	,719
@7_C	<---	StratAccL	,668
@3_C	<---	StratAccL	,690
@9_C	<---	StratAccL	,651
@6_C	<---	OperAccL	,808

		Estimate
@5_C	<--- OperAccl	,767
@4_C	<--- OperAccl	,775
@13	<--- CharacterL	,708
@20	<--- CharacterL	,813
@21	<--- CharacterL	,796
@22	<--- CharacterL	,772
@23	<--- CharacterL	,808
@24	<--- CharacterL	,848
@25	<--- CharacterL	,880
@27	<--- CharacterL	,772
@1_C	<--- StratAccl	,613
@2_C	<--- StratAccl	,673
@10_C	<--- StratAccl	,674
@11_C	<--- StratAccl	,751
@11_A	<--- Inclusive	,879
@12_A	<--- Inclusive	,713
@16_A	<--- Inclusive	,641
@19_A	<--- Inclusive	,752
@6_A	<--- ManStruc	,656
@7_A	<--- ManStruc	,753
@8_A	<--- ManStruc	,728
@9_A	<--- ManStruc	,654
@30_A	<--- StaffSup	,936
@32	<--- StaffSup	,760
q39rec	<--- StaffSup	,589
q41rec	<--- StaffSup	,492
@1_A	<--- ManControl	,570
@2_A	<--- ManControl	,707
@3_A	<--- ManControl	,792
@36	<--- LoyaltyL	,586
@43	<--- LoyaltyL	,744
@44	<--- LoyaltyL	,841
@24_A	<--- WLB	,702

			Estimate
@25_A	<---	WLB	,782
@28_A	<---	WLB	,534
@10_A	<---	Inclusive	,902
@5_A	<---	ManStruc	,625
@4_A	<---	ManControl	,717
@26	<---	CharacterL	,719

The fit indices collectively indicate how well the proposed structural equation model aligns with the observed data. The CMIN/DF value of 1.715 is comfortably below the commonly accepted threshold of 3, suggesting that the model fits the data adequately. While the chi-square statistics are significant, a typical outcome with large samples, the relatively low chi-square ratio shows that any mismatch between the model and the data is minimal given the model's complexity. The GFI (0.758) and AGFI (0.736) fall slightly short of the preferred 0.90 benchmark; however, they still reflect a moderate level of fit, especially considering that GFI-related indices often decline as model complexity increases. The RMR value of 0.068, being below the 0.08 guideline, suggests that the average residuals are within acceptable limits.

The baseline comparison measures reflect stronger results. Both the CFI (0.892) and IFI (0.893) fall just short of the 0.90 ideal, yet they still show that the proposed model performs substantially better than a null model and captures most of the shared variance among the variables. Similarly, the TLI (0.886) indicates an acceptable, although not exceptional, level of fit. In particular, the RMSEA value (.051, 90% CI 0.048–0.054) is comfortably below the 0.06 cut-off, suggesting that any model-data discrepancies are minor. The non-significant PCLOSE value (0.293) supports the interpretation that the RMSEA lies within an acceptable range.

Additional fit statistics reinforce the model's adequacy. The AIC (2874) and ECVI (10.49), both of which assess comparative model performance, are much lower than those of the independence model, implying that the tested model would likely generalize more effectively to a new dataset. The Hoelter critical N (170 at the 0.05 level) further suggests that the model would still demonstrate acceptable fit with a

considerably smaller sample, highlighting its stability and resilience. Overall, these indicators collectively demonstrate that the model shows strong structural fit and aligns well with the underlying theoretical expectations.

❖ **Mediation Testing**

Tables 5.22(a) to (h) provide a consolidated overview of the mediation analysis results of accountability and effective governance.

Table 5.22: Mediation testing results

a) **Standardised Indirect Effects**

	EthLead	AccL	EffGov
AccL	,000	,000	,000
EffGov	,345	,000	,000

b) **Standardised Indirect Effects - Lower Bounds**

	EthLead	AccL	EffGov
AccL	,000	,000	,000
EffGov	,222	,000	,000

c) **Standardised Indirect Effects - Upper Bounds**

	EthLead	AccL	EffGov
AccL	,000	,000	,000
EffGov	,525	,000	,000

d) **Standardised Indirect Effects - Two Tailed Significance**

	EthLead	AccL	EffGov
AccL	...	...	...
EffGov	,003	...	...

e) **Standardised Direct Effects**

	EthLead	AccL	EffGov
AccL	,476	,000	,000
EffGov	,400	,725	,000

f) **Standardised Direct Effects - Lower Bounds**

	EthLead	AccL	EffGov
AccL	,344	,000	,000
EffGov	,002	,515	,000

g) **Standardised Direct Effects - Upper Bounds**

	EthLead	AccL	EffGov
AccL	,592	,000	,000
EffGov	,675	,971	,000

h) **Standardised Direct Effects - Two Tailed Significance**

	EthLead	AccL	EffGov
AccL	,012	...	...
EffGov	,050	,003	...

Since both the direct ($\beta = 0.400$) and indirect ($\beta = 0.345$) paths are significant, the results indicate partial mediation. In other words, ethical leadership enhances governance not only by improving accountability systems, but also through its own independent, normative influence that strengthens governance beyond what accountability alone accounts for.

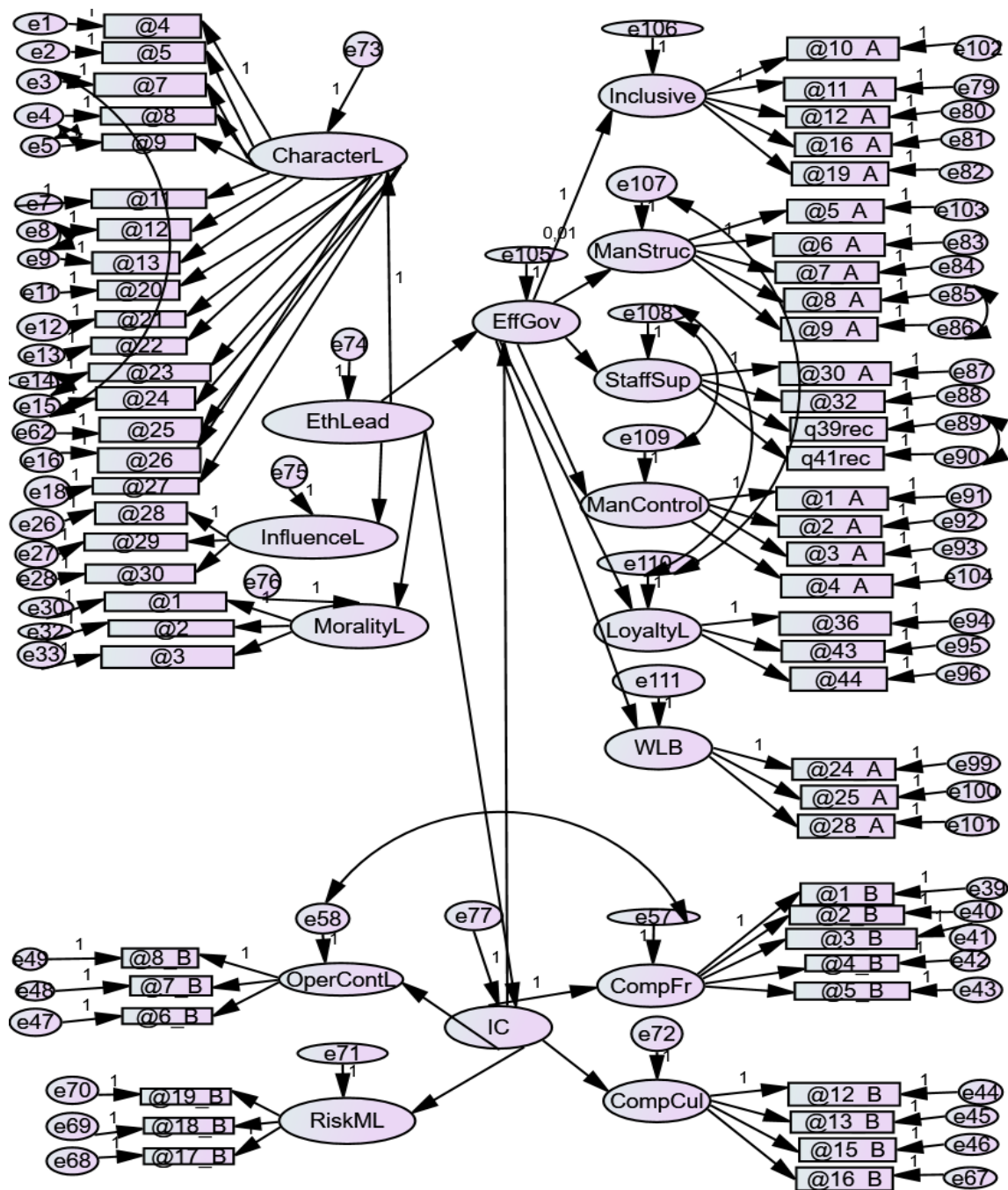
The refined model confirms the central role of ethical leadership in influencing both internal control and accountability. However, variations in the strength and direction of certain paths suggest that these relationships are not uniform across all dimensions. This highlights the multidimensional nature of ethical leadership and its differential impact on governance mechanisms.

Although the refined model demonstrates improved statistical fit, using a single sample for both model development and validation introduces the risk of overfitting. Future research should validate the model using an independent sample to confirm its robustness.

5.7.1.4 **Research objective 5d: Relationship between ethical leadership, internal control and effective governance**

Figure 5.10 illustrates the relationships among ethical leadership, internal control, and effective governance.

Figure 5.10: Relationship between ethical leadership, internal control, and effective governance



❖ **Model fit results**

Tables 5.23(a) to (k) provide a summary of the model fit outcomes.

Table 5.23: Model fit summary

a) **CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	147	3027,636	1744	,000	1,736
Saturated model	1891	,000	0		
Independence model	61	12939,359	1830	,000	7,071

b) **RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	,072	,739	,717	,682
Saturated model	,000	1,000		
Independence model	,267	,130	,101	,126

c) **Baseline Comparisons**

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	,766	,754	,885	,879	,884
Saturated model	1,000		1,000		1,000
Independence model	,000	,000	,000	,000	,000

d) **Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	,953	,730	,843
Saturated model	,000	,000	,000
Independence model	1,000	,000	,000

e) **NCP**

Model	NCP	LO 90	HI 90
Default model	1283,636	1134,762	1440,318
Saturated model	,000	,000	,000
Independence model	11109,359	10751,930	11473,384

f) **FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	11,050	4,685	4,141	5,257
Saturated model	,000	,000	,000	,000
Independence model	47,224	40,545	39,241	41,874

g) **RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	,052	,049	,055	,164
Independence model	,149	,146	,151	,000

h) **AIC**

Model	AIC	BCC	BIC	CAIC
Default model	3321,636	3407,617	3853,302	4000,302
Saturated model	3782,000	4888,057	10621,314	12512,314
Independence model	13061,359	13097,038	13281,982	13342,982

i) **ECVI**

Model	ECVI	LO 90	HI 90	MECVI
Default model	12,123	11,579	12,695	12,437
Saturated model	13,803	13,803	13,803	17,840
Independence model	47,669	46,365	48,998	47,799

j) **HOELTER**

Model	HOELTER ,05	HOELTER ,01
Default model	167	171
Independence model	41	42

k) **Standardised Regression Weights:**

	Estimate
IC <--- EthLead	,627
EffGov <--- IC	,928
EffGov <--- EthLead	,086

		Estimate
CharacterL	<--- EthLead	,972
InfluenceL	<--- EthLead	-,632
MoralityL	<--- EthLead	,868
RiskML	<--- IC	,770
OperContL	<--- IC	,711
CompFr	<--- IC	,767
Inclusive	<--- EffGov	,788
ManStruc	<--- EffGov	,743
StaffSup	<--- EffGov	,488
ManControl	<--- EffGov	,739
LoyaltyL	<--- EffGov	-,247
WLB	<--- EffGov	-,221
CompCul	<--- IC	,891
@4	<--- CharacterL	,723
@5	<--- CharacterL	,840
@7	<--- CharacterL	,885
@8	<--- CharacterL	,787
@9	<--- CharacterL	,808
@11	<--- CharacterL	,845
@12	<--- CharacterL	,806
@28	<--- InfluenceL	,673
@29	<--- InfluenceL	,794
@30	<--- InfluenceL	,552
@1	<--- MoralityL	,922
@2	<--- MoralityL	,972
@3	<--- MoralityL	,720
@5_B	<--- CompFr	,759
@4_B	<--- CompFr	,767
@3_B	<--- CompFr	,748
@2_B	<--- CompFr	,754
@8_B	<--- OperContL	,741
@7_B	<--- OperContL	,810
@6_B	<--- OperContL	,788

		Estimate
@13	<--- CharacterL	,708
@20	<--- CharacterL	,814
@21	<--- CharacterL	,797
@22	<--- CharacterL	,771
@23	<--- CharacterL	,807
@24	<--- CharacterL	,848
@25	<--- CharacterL	,879
@27	<--- CharacterL	,772
@12_B	<--- CompCul	,807
@13_B	<--- CompCul	,811
@15_B	<--- CompCul	,612
@16_B	<--- CompCul	,562
@17_B	<--- RiskML	,756
@18_B	<--- RiskML	,868
@19_B	<--- RiskML	,748
@1_B	<--- CompFr	,673
@11_A	<--- Inclusive	,879
@12_A	<--- Inclusive	,717
@16_A	<--- Inclusive	,640
@19_A	<--- Inclusive	,753
@6_A	<--- ManStruc	,654
@7_A	<--- ManStruc	,750
@8_A	<--- ManStruc	,731
@9_A	<--- ManStruc	,654
@30_A	<--- StaffSup	,936
@32	<--- StaffSup	,760
q39rec	<--- StaffSup	,585
q41rec	<--- StaffSup	,485
@1_A	<--- ManControl	,574
@2_A	<--- ManControl	,735
@3_A	<--- ManControl	,774
@36	<--- LoyaltyL	,585
@43	<--- LoyaltyL	,746

			Estimate
@44	<---	LoyaltyL	,838
@24_A	<---	WLB	,703
@25_A	<---	WLB	,781
@28_A	<---	WLB	,534
@10_A	<---	Inclusive	,902
@5_A	<---	ManStruc	,629
@4_A	<---	ManControl	,702
@26	<---	CharacterL	,719

The results indicated that the model achieved a satisfactory overall fit. Although the chi-square value was significant ($\chi^2 = 3027.636$, $df = 1744$, $p < .001$), a common outcome in studies with large samples and complex models, the more informative χ^2/df ratio was 1.736. This value is comfortably below the widely accepted ceiling of 3, suggesting that the model's estimated covariance structure aligns well with the observed data.

The absolute fit indices further supported this conclusion. The RMR score of 0.072 reflected an acceptable level of residual error. While the GFI (0.739) and AGFI (0.717) fell short of the conventional .90 guideline, such indices often decline when working with multifaceted SEM models that include numerous indicators. In this context, these values still suggest that the model provides a reasonable approximation of the dataset.

The incremental fit measures pointed to moderate to strong comparative performance. Although the NFI (0.766) and RFI (0.754) were below the ideal cut-offs, the IFI (0.885), TLI (0.879), and CFI (0.884) were close to the recommended level of 0.90. Taken together, these indicators show that the specified model performs substantially better than the null model and fits adequately given the number of latent constructs included. The parsimony indices (PNFI = 0.730; PCFI = 0.843), both above the 0.50 guideline, demonstrate that the model strikes an acceptable balance between fit and complexity, like selecting a route that may not be the shortest, but is the most efficient overall.

The RMSEA statistic of 0.052 (90% CI = 0.049–0.055) offered particularly strong evidence of good fit. A value near 0.05 is often interpreted as indicating a well-fitting model, and the narrow confidence interval, which remains fully below 0.08, reinforces this assessment. The PCLOSE value (0.164) further suggests that a close-fitting model is plausible. Given its robustness, RMSEA clearly supports the model’s adequacy in this case.

The information-based fit indices also favoured the proposed structure. The AIC, BIC, and ECVI values were substantially lower for the tested model than for the independence model, indicating superior efficiency and fit. Additionally, the Hoelter critical N (167 at $p < .05$) exceeded the commonly accepted minimum of 75, demonstrating that the available sample was more than adequate to produce stable SEM results.

The measurement model showed generally strong factor loadings, most ranging from 0.60 to 0.90, indicating that the latent constructs were captured reliably. Items associated with constructs such as Leadership Character, Morality, Compliance Culture, Risk Management, Operational Controls, and Inclusive Practices loaded well onto their respective factors, supporting the conceptual soundness of these constructs. While a few indicators showed weaker or negative loadings (e.g., certain InfluenceL items and some governance measures), the overall pattern still demonstrates meaningful convergent validity.

❖ **Mediation Testing**

Tables 5.24(a) to (h) offer a summary of the mediation analysis results for internal control and effective governance.

Table 5.24: Mediation testing results

a) **Standardised Indirect Effects**

	EthLead	IC	EffGov
IC	,000	,000	,000
EffGov	,582	,000	,000

b) **Standardised Indirect Effects - Lower Bounds**

	EthLead	IC	EffGov
IC	,000	,000	,000
EffGov	,438	,000	,000

c) **Standardised Indirect Effects - Upper Bounds**

	EthLead	IC	EffGov
IC	,000	,000	,000
EffGov	,751	,000	,000

d) **Standardised Indirect Effects - Two Tailed Significance**

	EthLead	IC	EffGov
IC	...	...	...
EffGov	,010	...	...

e) **Standardised Direct Effects**

	EthLead	IC	EffGov
IC	,627	,000	,000
EffGov	,086	,928	,000

f) **Standardised Direct Effects - Lower Bounds**

	EthLead	IC	EffGov
IC	,492	,000	,000
EffGov	-,105	,780	,000

g) **Standardised Direct Effects - Upper Bounds**

	EthLead	IC	EffGov
IC	,754	,000	,000
EffGov	,311	1,049	,000

h) **Standardised Direct Effects - Two Tailed Significance**

	EthLead	IC	EffGov
IC	,018	...	...
EffGov	,355	,009	...

The presence of indirect effects suggests that the influence of ethical leadership on governance outcomes is partially mediated through internal control and accountability mechanisms. This supports the theoretical proposition that leadership does not operate in isolation but exerts its influence through organisational systems and processes.

However, given the limitations of cross-sectional data, these mediation effects should be interpreted as indicative rather than causal relationships.

The structural equation modelling (SEM) results clearly indicate that internal control (IC) serves as a full mediator between Ethical Leadership and Effective Governance.

5.7.2 Tests for Significant Mean Differences

Research Objective 6 examined whether perceptions of ethical leadership, effective governance, internal control, and accountability differed across groups defined by age, race/ethnicity, gender, years of public-sector experience, staff category, and highest level of education.

Since the data met the normality assumptions, parametric tests were used to determine whether significant differences in mean scores existed (Pallant, 2020). Research hypothesis H6 was evaluated using these tests for mean differences.

Table 5.25 presents the research objective and hypotheses related to identifying statistically significant differences across the demographic groups of age, race, gender, years of service in the public sector, staff category, and highest educational qualification.

Table 5.25: Statistically significant differences: Objective and Hypotheses

H6: There are statistically significant differences between the demographic variables (age, race, gender, years in the public service, staff category, and highest education) regarding:

- a) Ethical leadership
- b) Effective governance
- c) Internal control
- d) Accountability

Due to the large amount of data, only significant values at the 1% and 5% levels of significance are provided in the tables below. The detailed tables are attached as Annexure A.

5.7.2.1 Age

Table 5.26 summarises the study's objective and the associated hypotheses for identifying statistically significant differences across the age categories.

Table 5.26: Objective and hypotheses regarding meaningful statistical differences across age groups

H6 a): There are statistically significant differences between age groups regarding:

- a) Ethical leadership
- b) Effective governance
- c) Internal control
- d) Accountability

The age of respondents was grouped together as follows:

- 1 (< 35 years)
- 2 = 36 to 40 years
- 3 = 41 to 45 years
- 4 = 46 to 50 years
- 5 = 51 to 55 years
- 6 = (> 56 years)

The mean and sample performance values for all the factors for ethical leadership, effective governance, internal control, and accountability in respect of each age category were above the 0.05 significance level. The detailed mean and sample performance values for the age groups are reflected in Table 1 of Annexure A.

Table 5.27 reflects the ANOVA values for the factors of ethical leadership, effective governance, internal control, and accountability, with significant values less than 0.01 and 0.05. The detailed ANOVA values for age groups are reflected in Table 2 of Annexure A.

Table 5.27: ANOVA values for age groups

Category	Factors	Age Groups	Sum of Squares	df	Mean Square	F	Sig.
Ethical Leadership Factors	Character	Between groups	7.408	5	1.482	2.844	0.016*
		Within groups	139.617	268	0.521	-	-
	Morality	Between groups	8.140	5	1.628	2.503	0.031*
		Within groups	174.315	268	0.650	-	-
Effective Governance Factors	Work-Life Balance	Between groups	7.860	5	1.572	4.573	0.001**
		Within groups	92.124	268	0.344	-	-
	Staff Loyalty	Between groups	18.540	5	3.708	6.033	0.000**
		Within groups	164.708	268	0.615	-	-

Note: *p≤0.05, **p≤0.01

The ANOVA values for the factors of **ethical leadership, effective governance, internal control, and accountability** for the age groups reflect a significant value above 0.05, except for two of the factors under **ethical leadership** (Character and Morality) and **effective governance** (Work-life Balance and Staff Loyalty), which have values less than 0.05 and 0.01.

Table 5.28 reflects the Welch ANOVA values of the age groups for the factors of **ethical leadership, effective governance, internal control, and accountability**, with a standard deviation value less than 0.01 and 0.05. The detailed Welch ANOVA values for the age groups are reflected in Table 3 of Annexure A.

Table 5.28: Welch's ANOVA values for the age groups

Category	Factors	Statistic	df1	df2	Std. Deviation
Ethical Leadership Factors	Character	5.107	5	103.046	0.000**
	Morality	3.243	5	102.585	0.009**
Effective Governance Factors	Staff Support	2.947	5	102.191	0.016*
	Work-Life Balance	4.507	5	98.594	0.001**
	Staff Loyalty	5.680	5	99.008	0.000**

Note: * $p \leq 0.05$, ** $p \leq 0.01$

The Welch ANOVA values for the factors of **ethical leadership, effective governance, internal control, and accountability** for the age groups reflect a standard deviation value above 0.05, except for two of the factors under **ethical leadership** (Character and Morality) and three factors under **effective governance** (Staff Support, Work-life Balance and Staff Loyalty).

Since the Post-Hoc Tukey HSD test (Table 4 Annexure A) reflects values below 0.05, the Games-Howell post hoc values were also considered. Table 5.29 presents the Games-Howell post hoc values for the age groups on the factors of ethical leadership, effective governance, internal control, and accountability, with significant values at 0.01 and 0.05. The detailed Games-Howell post-values for the age groups are shown in Table 5 of Annexure A.

Table 5.29: Games-Howell post values for age groups

Category	Dependent variable	Age group	Age group	Mean Difference	Sig.
Ethical Leadership Factors	Character	1	2	0.50	0.060
			3	0.47*	0.027*
			4	0.49*	0.016*
			5	0.59*	0.002**
			6	0.72*	0.000**
	Morality	1	2	0.34	0.428
			3	0.35	0.267
			4	0.32	0.375
			5	0.44	0.111
			6	0.74*	0.003**
Effective Governance Factors	Staff Support	1	2	0.31	0.499
			3	0.45	0.082
			4	0.45	0.053
			5	0.60*	0.007**
			6	0.43	0.130
	Work-Life Balance	1	2	-0.09	0.991
			3	-0.48*	0.016*
			4	-0.31	0.158
			5	-0.36	0.106
			6	-0.58*	0.007**
		2	1	0.09	0.991
			3	-0.40*	0.041*
			4	-0.22	0.373
			5	-0.27	0.259
			6	-0.49*	0.017*
Staff Loyalty	2	1	0.08	0.999	
		3	-0.17	0.882	

Category	Dependent variable	Age group	Age group	Mean Difference	Sig.
			4	0.31	0.277
			5	0.41	0.088
			6	0.61*	0.012**
		3	1	0.25	0.838
			2	0.17	0.882
			4	0.48*	0.014**
			5	0.58*	0.003**
			6	0.78*	0.000**

Note: ** $p \leq .01$, * $p \leq .05$

The Games–Howell post hoc results for age groups on the **ethical leadership** factors indicate that most comparisons exceed the 0.05 threshold. However, exceptions occur for age group 1 (<35 years) when compared with age groups 3 (41–45 years), 4 (46–50 years), 5 (51–55 years), and 6 (>56 years) on the Character dimension, and between age group 1 (<35 years) and age group 6 (>56 years) on the Morality dimension. The values of the following age groups in respect of the factors of **effective governance** are below the significance level of 0.05: age group 1 (<35 years) in relation to age group 5 (51 to 55) for the factor Staff Support; age group 1 (<35 years) in relation to age groups 3 (41 to 45 years) and 6 (>56 years); 2 (36 to 40 years) in relation to age groups 3 (41 to 45 years) and 6 (>56 years) for the factor Work-Life balance and for the factor Staff Loyalty, age group 2 (36 to 40 years) in relation to 6 (>56 years) and 3 (41 to 45 years) in relation to age groups 4 (46 to 50 years), 5 (51 to 55) and 6 (>56 years). The age-group values for all factors related to internal control and accountability are above 0.05.

5.7.2.2 Race

Table 5.30 presents the study’s objective and the corresponding hypotheses aimed at identifying statistically significant differences among the race groups.

Table 5.30: Objective and hypotheses concerning statistically significant variations across race groups

H6 b): There are statistically significant differences between race groups regarding:	
a)	Ethical leadership
b)	Effective governance
c)	Internal control
d)	Accountability

The race groups were classified as follows:

1 = African

2 = Coloured; Indian or Asian; White and Other

The mean and sample performance values for all the factors for **ethical leadership, effective governance, internal control, and accountability** concerning the race groups were above the 0.05 significance level. The detailed mean and sample performance values for the race groups are reflected in Table 6 of Annexure A.

Table 5.31 presents the independent-samples test results for race/ethnicity across the factors of ethical leadership, effective governance, internal control, and accountability, with significant values at 0.01 and 0.05. The detailed independent-samples test values for race are shown in Table 7 of Annexure A.

Table 5.31: Independent samples test for race

Category	Factors	Independent Samples Test – race						
			Levene’s Test for Equality of Variances		t-test for Equality of Means			
			F	Sig.	t	df	Sig. (1-tailed)	Sig. (2-tailed)
Effective Governance Factors	Work-Life Balance	Equal variances assumed	4.648	0.032*	-2.967	272	0.002**	0.003**
		Equal variances not assumed	-	-	2.644	50.63	0.005**	0.011**

Category	Factors	Independent Samples Test – race						
			Levene’s Test for Equality of Variances		t-test for Equality of Means			
			F	Sig.	t	df	Sig. (1-tailed)	Sig. (2-tailed)
	Staff Loyalty	Equal variances assumed	5.175	0.024*	2.234	272	0.013**	0.026*
		Equal variances not assumed	-	-	1.958	50.12	0.028*	0.056

Note: *p≤0.05, **p≤0.01

The independent sample test values of race/ethnicity for all the factors of **ethical leadership, Internal control, and Accountability** reflect a significant value above 0.05. In respect of the factors for **effective governance**, the independent sample test values of race/ethnicity reflect significant values above 0.05, except for work-life balance and staff loyalty, which reflect significant levels less than 0.05.

5.7.2.3 Gender

Table 5.32 outlines the study’s objective and the related hypotheses concerning statistically significant differences between the gender groups.

Table 5.32: Objective and hypotheses relating to statistically significant variations across gender groups

- H6 c): There are statistically significant differences between gender groups regarding:
- Ethical leadership
 - Effective governance
 - Internal control
 - Accountability

The gender groups were classified as follows:

1 = Male

2 = Female

The mean and sample performance values for all the factors for **ethical leadership, effective governance, internal control, and accountability** in respect of the gender groups were above the 0.05 significance level. The detailed mean and sample performance values for the gender groups are reflected in Table 8 of Annexure A.

Table 5.33 summarises the independent samples test outcomes for the gender groups across the ethical leadership, effective governance, internal control, and accountability factors, indicating which results fall below the 0.01 and 0.05 significance thresholds. Table 9 in Annexure A provides the detailed independent samples test results for the gender groups.

Table 5.33: Independent samples test for gender groups

Category	Factors	Independent Samples Test – gender groups						
			Levene’s Test for Equality of Variances		t-test for Equality of Means			
			F	Sig.	t	df	Sig. (1-tailed)	Sig. (2-tailed)
Ethical Leadership Factors	Character	Equal variances assumed	3.959	0.048*	2.076	273	0.019	0.039*
		Equal variances not assumed	-	-	2.073	268.12	0.020	0.039*

Note: *p≤0.05, **p≤0.01

The independent-samples test results for the gender groups indicate that, for all factors associated with effective governance, ethical leadership, internal control, and accountability, the significance values were greater than 0.05. Regarding the factors for ethical leadership, the independent-samples t-test values are above 0.05, except for character, which is significant at the 0.05 level.

5.7.2.4 Years in the public service

Table 5.34 outlines the study's objective and the associated hypotheses regarding statistically significant differences among groups differentiated by years of service in the public sector.

Table 5.34: Objective and hypotheses regarding statistically significant variations across groups based on years of service in the public sector

H6 d): There are statistically significant differences between years in the public service groups regarding:

- a) Ethical leadership
- b) Effective governance
- c) Internal control
- d) Accountability.

The years in the public service were classified in the following groups:

- 1 (<10 years)
- 2 (11 to 15 years)
- 3 (16 to 20 years)
- 4 (21 to 25 years)
- 5 (>26 years)

The mean and sample performance values for all the factors for **ethical leadership, effective governance, internal control, and accountability** in respect of the years in the public service groups were above the 0.05 significant level. The detailed mean and sample performance values for the years in the public service groups are reflected in Table 10 of Annexure A.

Table 5.35 presents the ANOVA results for the public service tenure groups across the factors of ethical leadership, effective governance, internal control, and accountability, highlighting those with significance levels below 0.01 and 0.05. The detailed ANOVA values for years in public service groups are reflected in Table 11 of Annexure A.

Table 5.35: ANOVA for years in the public service groups

Category	Factor	Years in the public service groups	Sum of Squares	df	Mean Square	F	Sig.
Effective Governance Factors	Staff Loyalty	Between groups	10.718	4	2.680	4.178	0.003**
		Within groups	172.529	269	0.641	-	-

Note: *p<0.05, **p<0.01

The ANOVA results for the years in the public service across the factors of ethical leadership, internal control, and accountability show significant values above 0.05. The ANOVA values for the effective governance factors are significant at $p < 0.05$, except for one factor (Staff Loyalty), which is significant at $p < 0.01$.

Table 5.36 presents the Welch ANOVA results for years in the public service groups across the factors of ethical leadership, effective governance, internal control, and accountability, with standard deviation values of less than 0.01 and 0.05. The detailed Welch ANOVA results for the impact of years in the public service groups are presented in Table 12 of Annexure A.

Table 5.36: Welch's ANOVA for the years of public service

Category	Factors	Statistic	df1	df2	Std. Deviation
Effective Governance Factors	Staff Loyalty	4.470	4	121.001	0.002**

Note: *p<0.05, **p<0.01

The Welch ANOVA values for the factors of **ethical leadership, internal control and accountability** for the years in the public service groups reflect a standard deviation value above 0.05, except for one factor under **effective governance** (Staff Loyalty).

Because the Tukey HSD post hoc test (Table 13 of Annexure A) produced values below 0.05, the Games–Howell results were also reviewed. Table 5.37 presents the Games–Howell outcomes for the years-in-public-service groups on the ethical leadership, effective governance, internal control, and accountability factors, highlighting those with significance levels below 0.05. The detailed Games-Howell post values for the age groups are reflected in Table 14 of Annexure A.

Table 5.37: Games-Howell test for years in the public service groups

Category	Dependent variable	Years in the public service Categories	Years in the public service Categories	Mean Difference	Sig.
Effective Governance Factors	Staff Loyalty	2	1	0.19	0.788*
			3	0.21	0.527
			4	0.46*	0.023*
			5	0.58*	0.002**

Note: * $p \leq .05$, ** $p \leq .01$

The Games-Howell test values of the years in the public service groups for the factors of **ethical leadership, internal control, and accountability** reflect significant values above 0.05. The factors for **effective governance** also reflect significant values above 0.05, except for the factor staff loyalty category 2 (11 to 15 years) in relation to category 4 (21 to 25 years) and category 5 (>26 years).

5.7.2.5 Staff Category

Table 5.38 summarises the study’s objective and the corresponding hypotheses related to identifying statistically significant differences among the different staff category groups.

Table 5.38: Objective and hypotheses regarding statistically significant variations among staff category groups

H6 e): There are statistically significant differences between staff category groups regarding:	
a)	Ethical leadership
b)	Effective governance
c)	Internal control
d)	Accountability

The staff categories were classified into the following groups:

1= P1 (Middle Management - L9 – L12)

2= P2 (Senior Management - L13 to L16)

The mean and sample performance values for all the factors in respect of the staff category groups were above the 0.05 significant level. The detailed mean and sample performance values for the staff category groups are reflected in Table 15 of Annexure A.

Table 5.39 reflects the independent samples test values of the staff categories for all the factors with significant values less than 0.01 and 0.05. Table 16 in Annexure A provides the detailed independent samples test outcomes for the various staff category groups.

Table 5.39: Independent Samples Test for staff category

Category	Factors	Independent Samples Test – staff category groups						
			Levene’s Test for Equality of Variances		t-test for Equality of Means			
			F	Sig.	t	df	Sig. (1-tailed)	Sig. (2-tailed)
Ethical Leadership Factors	Influence	Equal variances assumed	4.505	0.035*	1.640	273	0.051	0.102

Category	Factors	Independent Samples Test – staff category groups						
			Levene's Test for Equality of Variances		t-test for Equality of Means			
			F	Sig.	t	df	Sig. (1-tailed)	Sig. (2-tailed)
		Equal variances not assumed	-	-	1.507	92.574	0.068	0.135
Effective Governance Factors	Staff Loyalty	Equal variances assumed	0.441	0.507	3.985	273	0.000 **	0.000**
		Equal variances not assumed	-	-	3.896	100.702	0.000**	0.000**
Accountability Factors	Accountability at operational level	Equal variances assumed	0.051	0.821	-3.103	273	0.001**	0.002**
		Equal variances not assumed	-	-	-3.352	118.503	0.001**	0.001**

Note: *p≤0.05, **p≤0.01

The independent samples test results for the staff category groups indicate that, for the factors related to ethical leadership, effective governance, internal control, and accountability, most significance values exceeded 0.05. The following exceptions were identified: for the ethical leadership factor *Influence*, Levene's Test for equality of variances yielded a value below the 0.05 level; for the effective governance factor *Staff Loyalty*; and for the accountability factor *Accountability at the operational level*, where both the one-tailed and two-tailed significance values, under assumptions of equal and unequal variances, were below 0.01.

5.7.2.6 Education

Table 5.40 summarises the study's objective along with the hypotheses used to assess whether meaningful statistical differences occur among the various educational groups.

Table 5.40: Objective and hypotheses concerning statistically significant variations across education groups

<p>H6 f): There are statistically significant differences between education groups regarding:</p> <p>a) Ethical leadership</p> <p>b) Effective governance</p> <p>c) Internal control</p> <p>d) Accountability.</p>
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The education levels were classified into the following groups:

- 1 (Grade 12; Lower than Grade 12; Certificate; Diploma)
- 2 (Degree)
- 3 (Honours)
- 4 (Doctorate; Masters)

The mean and sample performance values for all the factors in respect of the education levels were above the 0.05 significant level. The detailed mean and sample performance values for the qualification groups are reflected in Table 17 of Annexure A.

Table 5.41 reflects the ANOVA values of the qualification groups for the factors of ethical leadership, effective governance, internal control, **and accountability** with significant values less than 0.01 and 0.05. The detailed ANOVA values for the qualification groups are reflected in Table 18 of Annexure A.

Table 5.41: ANOVA for the education groups

Category	Factors	Education groups	Sum of Squares	df	Mean Square	F	Sig.
Ethical Leadership Factors	Character	Between groups	6.152	3	2.05	3.927	0.009**
		Within groups	141.501	271	0.52	-	-

Category	Factors	Education groups	Sum of Squares	df	Mean Square	F	Sig.
Effective Governance Factors	Inclusiveness	Between groups	7.024	3	2.34	4.928	0.002
		Within groups	128.765	271	0.48	-	-
	Staff Support	Between groups	5.053	3	1.68	3.001	0.031*
		Within groups	152.090	271	0.56	-	-
	Management Controls	Between groups	4.062	3	1.35	3.182	0.024*
		Within groups	115.299	271	0.43	-	-
	Staff Loyalty	Between groups	2.387	3	0.80	1.192	0.313
		Within groups	180.906	271	0.67	-	-
Internal Control Factors	Compliance Framework/ Structure	Between groups	3.240	3	1.08	2.622	0.051*
		Within groups	111.630	271	0.41	-	-
	Compliance Culture	Between groups	7.576	3	2.53	5.737	0.001**
		Within groups	119.292	271	0.44	-	-
Accountability Factors	Accountability at strategic level	Between groups	3.106	3	1.035	2.900	0.035*
		Within groups	96.741	271	0.357	-	-

Note: *p<0.05, **p<0.01

The ANOVA values of the education groups for the factors of **ethical leadership** reflect significant values above 0.05, except for the factor character, which reflects a significant value of 0.01. As far as the factors of **effective governance** are concerned, the ANOVA values for three factors (inclusiveness, staff support and management controls) reflect significant values of less than 0.05 and thus differences between employees with different qualifications. Two of the **internal**

control factors (compliance framework structure and compliance culture) show ANOVA p-values of 0.01 and 0.05, respectively. One of the factors for **accountability** (at the strategic level) also shows a significant value below 0.05.

Table 5.42 reflects the Welch ANOVA values of the impact of education groups for the factors of **ethical leadership, effective governance, internal control, and accountability**, with a standard deviation value less than 0.01 and 0.05. The detailed Welch ANOVA values for the impact of the education groups are reflected in Table 19 of Annexure A.

Table 5.42: Welsch's ANOVA on the impact of education groups

Category	Factors	Statistic	df1	df2	Std. Deviation
Ethical Leadership Factors	Character	3.947	3	143.217	0.010**
Effective Governance Factors	Inclusiveness	4.924	3	140.653	0.003**
	Staff Support	3.057	3	143.485	0.030**
	Management Controls	3.525	3	139.824	0.017**
Internal Control Factors	Compliance Culture	6.220	3	138.966	0.001**
Accountability Factors	Accountability at strategic level	2.861	3	140.919	0.039**

Note: *p≤0.05, **p≤0.01

The Welch ANOVA values of one of the three factors of **ethical leadership** (Character) reflect a standard deviation value of 0.01. Three of six **effective governance** factors (Inclusiveness, staff support and management controls) reflect standard deviation values of less than 0.05 and 0.01. One of four **internal control**

factors (Compliance culture) reflects a value of less than 0.01. One of the two accountability factors (Accountability at strategic level) shows a standard deviation below 0.05.

Since the Post-Hoc Tukey HSD test (Table 20 of Annexure A) reflects values below 0.05, the Games-Howell post hoc values are also considered. Table 5.43 reflects the Games-Howell post values of the qualification groups for the factors for **ethical leadership, effective governance, internal control and accountability** with significant values less than 0.05. The detailed Games-Howell post-values for the education groups are shown in Table 21 of Annexure A.

Table 5.43: Games-Howell test for qualification groups

Category	Dependent variable	Education group Categories	Education group Categories	Mean Difference	Sig.
Ethical Leadership Factors	Character	1	2	-0.00	1.000
			3	0.22	0.305
			4	0.36*	0.035*
		2	1	0.00	1.000
			3	0.22	0.222
			4	0.36*	0.018*
Effective Governance Factors	Inclusiveness	2	1	0.15	0.633
			3	0.35*	0.007**
			4	0.38*	0.008**
	Management Controls	2	1	0.16	0.512
			3	0.32*	0.008**
			4	0.12	0.716
Internal Control Factors	Compliance Culture	2	1	0.10	0.874
			3	0.34*	0.005**
			4	0.39*	0.002**
Accountability Factors		4	1	-0.19	0.337

Category	Dependent variable	Education group Categories	Education group Categories	Mean Difference	Sig.
	Accountability at strategic level		2	-0.26*	0.054*
			3	-0.05	0.961

Note: * $p \leq .05$, ** $p < .01$

The Games–Howell post hoc analysis for the ethical leadership factors indicates that most comparisons across qualification groups are not statistically significant ($p > 0.05$). The only notable differences occur for the Character factor, where Education Group 1 (\leq Diploma) differs significantly from Group 4 (Master’s/Doctorate), and Group 2 (Bachelor’s degree) also differs significantly from Group 4, both with $p = 0.05$.

For the effective governance factors, most group comparisons reveal no statistically significant differences ($p > 0.05$). However, significant differences emerge for Inclusiveness, where Group 2 (Degree) differs from both Group 3 (Honours) and Group 4 (Master’s/Doctorate). In addition, for Management Controls, Group 2 (Degree) differs significantly from Group 3 (Honours). These differences are all observed at $p = 0.01$.

Regarding the **internal control factors**, the Games-Howell results again show mostly non-significant differences, with one exception: for Compliance Culture, Group 2 (Degree) differs significantly from Group 3 (Honours) and Group 4 (Doctorate and Masters), with $p = 0.01$ or lower.

For the **accountability factors**, nearly all comparisons are non-significant ($p > 0.05$). The only exception is Strategic-level Accountability, where Group 4 (Doctorate and Masters) differs significantly from Group 2 (Degree).

In summary, the results provide empirical support for the relationships proposed in the study, particularly the central role of ethical leadership in influencing internal

control and accountability. However, certain limitations related to measurement validity, model fit, and sample size must be acknowledged. These limitations do not invalidate the results but suggest that they should be interpreted as indicative rather than conclusive.

5.8 SUMMARY OF TESTS USED FOR RESEARCH OBJECTIVE RESULTS

Table 5.44 summarises the statistical tests used for each research objective and the supporting evidence generated in the study.

Table 5.44: Summary of tests used for each of the research objectives

Empirical Research Objective	Statistical Procedure	Supportive Evidence
Research objective 1: To determine the key factors of ethical leadership.	Exploratory factor analysis	Descriptive statistics
Research objective 2: To determine the key factors of internal controls.	Exploratory factor analysis	Descriptive Statistics
Research objective 3: To determine the key factors of accountability.	Exploratory factor analysis	Descriptive Statistics
Research objective 4: To determine the key factors of effective governance.	Exploratory factor analysis	Descriptive Statistics
Research objective 5: To determine the relationship between ethical leadership, internal control, accountability and effective governance.	Correlation analysis and SEM modelling	Correlational statistics Regression coefficients
Research objective 6: To investigate the extent to which members from different ages, races, genders, years in the public service, staff category and highest educational qualification groups differ regarding ethics, effective governance, internal controls and accountability.	Inferential analysis	<ul style="list-style-type: none"> • Mean and sample performance value test for each of the different groups (age, ethnicity, gender, years in the public service, staff category and highest education qualification). • Analysis of variance (ANOVA) technique for age, number of years in the public service, staff category and highest educational qualification.

Empirical Research Objective	Statistical Procedure	Supportive Evidence
		<ul style="list-style-type: none"> • Welch ANOVA for the age and years in the public service groups. • Independent samples test for ethnicity, gender and staff category groups. • Howell post-tests for age, years in the public service and highest education classification groups.
<p>Research objective 7: To develop an ethical leadership competency framework for managing the efficiency of internal controls and accountability to facilitate effective governance.</p>		<p>Model based on literature research and statistical evidence</p>

Overall, the results provide partial support for the hypothesised relationships. Hypothesis 1 is supported, indicating that ethical leadership is significantly associated with internal control and accountability. This result aligns with Social Learning Theory, which suggests that leadership behaviour influences organisational practices through modelling and reinforcement.

Hypotheses 2 and 3 receive mixed support. While internal control demonstrated a strong positive relationship with governance effectiveness, the relationship between accountability and governance was less consistent. This may reflect measurement limitations or conceptual overlap between constructs.

The inconsistencies observed in some relationships suggest that the interaction between ethical leadership, internal control, and accountability is more complex than initially hypothesised. Rather than representing linear relationships, these constructs may interact dynamically and context-dependently.

These results should be interpreted considering certain methodological limitations, including sample size constraints, potential multicollinearity among constructs, and the use of a single dataset for both exploratory and confirmatory analyses. While

these limitations do not invalidate the results, they highlight the need for cautious interpretation and further validation.

5.9 **SUMMARY**

This chapter presented the study's statistical results, drawing on descriptive, explanatory, and inferential analyses to relate the empirical evidence to the literature review. The results provide the empirical foundation for the discussion in Chapter 6, in which the results are interpreted in relation to the theoretical framework and the existing literature.

Chapter 6 will offer a discussion of the research results, discuss the study's limitations, and propose recommendations for strengthening ethical leadership, internal controls, and accountability within organisations. It will also introduce an ethical leadership competency framework intended to assist government departments and institutions in improving internal control effectiveness and accountability as part of broader governance initiatives.

CHAPTER 6. DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This concluding chapter summarises the results in relation to each research objective, and discusses the limitations encountered. Suggestions are made for potential further areas of research, and a recommendation is provided for Research Objective 7: an ethical leadership competency framework to enhance the efficiency of internal controls and accountability within a government department or institution, thereby facilitating effective governance.

This chapter goes beyond a descriptive summary by critically interpreting the empirical results in relation to the theoretical framework underpinning the study. Particular attention is given to how the results support, extend, or challenge existing literature on ethical leadership, internal control, accountability, and governance. The discussion also considers methodological limitations and the extent to which they may influence the interpretation and generalisability of the results.

6.2 RATIONALE FOR STUDY

The motivation for this study stems from the researcher's strong interest in promoting ethical and effective governance. This focus is reinforced by concerns highlighted in the Auditor-General of South Africa's 2014/15 Consolidated Annual General Report (AGSA, 2014/15) and the Public Protector's 2016 State of Capture report (Public Protector, 2016c), both of which identified significant issues requiring attention. Among these, the Auditor-General emphasized the importance of strong leadership founded on honesty, ethical conduct, and sound governance. Strengthening these fundamental controls and principles was identified as essential for achieving better audit results going forward.

While these governance failures are often attributed to weaknesses in systems and processes, this study's results suggest that such explanations are incomplete. Instead, they point to the critical role of leadership behaviour in shaping how

governance frameworks are implemented and sustained. This reinforces the study's central premise that ethical leadership is not peripheral but foundational to effective governance.

6.3 INTEGRATION OF RESEARCH RESULTS

6.3.1 Social demographic profile of the sample

The demographic profile of respondents provides important interpretive context for the study's results on ethical leadership, governance, internal controls, and accountability. The dominance of respondents in the 36–50 age group, combined with long tenure in the public service, particularly the high proportion with 16–20 years of experience, suggests that the viewpoints expressed are grounded in substantial institutional memory and sustained exposure to governance systems and leadership practices. This enhances the credibility of assessments relating to ethical conduct and the effectiveness of control mechanisms, as respondents are likely to have observed both policy intentions and practical implementation over time. The strong representation of middle and senior management further indicates that responses reflect decision-making and oversight perspectives rather than purely operational viewpoints, which is especially relevant when interpreting results on governance and accountability. The high level of educational attainment reinforces respondents' capacity to engage critically with complex concepts such as ethical leadership and internal control frameworks. In addition, the broadly balanced gender distribution and the demographic composition align with the public sector workforce, supporting the inclusivity and contextual relevance of the results. Collectively, these demographics suggest that the results are informed by experienced, knowledgeable, and appropriately positioned respondents, lending weight to the study's conclusions about leadership ethics, governance effectiveness, and control practices within the public sector (Sekaran & Bougie, 2016).

However, it should be noted that while the demographic profile enhances contextual credibility, it does not eliminate potential response bias. The reliance on self-

reported data may influence how respondents perceive and report organisational practices, which should be considered when interpreting the results.

6.3.2 Research objective 1

Research objective 1 referred to the key factors of ethical leadership. The focus was on the extent to which managers understood and practiced ethical leadership. Three key factors were identified for ethical leadership: **Character**, **Influence**, and **Morality**.

The identification of character, influence, and morality as core dimensions of ethical leadership is consistent with existing theoretical frameworks. However, the empirical results suggest that these dimensions do not contribute equally to governance outcomes. In particular, the influence dimension demonstrated weaker or inconsistent relationships in earlier analyses, indicating potential conceptual ambiguity or measurement limitations.

According to Belcher (2024), leadership **character** encompasses traits such as integrity, compassion, service, and forgiveness. Character is widely recognised as the backbone of ethical leadership because it shapes everyday decisions, builds trust, and sets the moral standard followers emulate. Leaders with strong characters such as integrity, courage, empathy and self-awareness, create environments where values guide choices rather than expediency; this improves decision quality and organisational outcomes and makes ethical expectations credible and teachable across levels of the organisation (Belcher, 2024). Empirical work also shows that when leaders consistently display character traits, employees are more likely to internalise organisational norms and to respond with higher commitment, engagement and constructive behaviours that sustain ethical performance (Abuzaid, Ghadi, Madadha & Alateeq, 2024; Serang, 2024).

A study by Al Halbusi, Ruiz-Palomino, Linuesa-Langreo and Scalzo (2024) emphasised the ethical dimension of supervisors' **influence** on their technical and social effectiveness. Influence refers to the leader's capacity to model, persuade and shape followers' behaviour through social learning and transparent practice,

while morality refers to the content and intensity of the leader's moral stance. Recent evidence shows ethical leaders operate as role models whose behaviours and messages empower followers (psychological empowerment, job-crafting) and thereby shift employee attitudes and performance (Abuzaid et al., 2024; Serang, 2024).

Qasim and Laghari (2025) highlighted **morality**, fairness, and trust-building as key drivers of ethical leadership. Morality is a critical character trait for ethical leadership. Morality fosters trust and credibility, promotes ethical conduct, enhances team performance, cultivates a positive culture, and contributes to long-term success. The moral intensity of a leader's stance matters. High moral demands can strengthen followers' ethical behaviour but may also produce moral strain or emotional exhaustion if expectations are perceived as unattainable (Santiago-Torner, González-Carrasco & Miranda, 2024).

Taken together, character, influence (role modelling and social learning), and morality (moral standards/intensity) are complementary: character supplies motive and credibility, influence transmits and embeds behaviour, and morality defines the normative content that the leader seeks to establish, all of which are central to effective ethical leadership and to the downstream governance and control outcomes your study investigates (Belcher, 2024; Abuzaid et al., 2024; Santiago-Torner et al., 2024; Serang, 2024).

These results suggest that ethical leadership should not be treated as a uniform construct, but rather as a multidimensional phenomenon in which certain components, particularly character and morality, play a more central role in shaping governance outcomes. This has important implications for both theory and practice.

6.3.3 **Research objective 2**

Research objective 2 focused on the key factors of internal controls related to levels of compliance. The questionnaire focused on how efficient the internal controls were in relation to compliance levels and identified the following factors: Compliance

framework/structure, Compliance culture, Risk management, and Operational Controls.

The results reinforce the view that internal control systems are not merely technical structures but are strongly influenced by leadership behaviour and organisational culture. This supports the argument advanced in Chapter 3 that internal controls should be understood as socio-technical systems rather than purely procedural mechanisms.

The **compliance framework/structure** is a critical internal control factor to ensure efficient levels of compliance. According to Imdieke and Zhou (2022), organisations with internal control over financial reporting audits demonstrated significantly higher operational efficiency compared to organisations without such audits. The International Organization for Standardization (2021) states that a compliance framework/structure enables organisations to manage their risks effectively, eliminate penalties, and promote a culture of integrity and responsibility. A clearly articulated compliance framework or structure, including policies, codes of conduct, delegated authority frameworks, and reporting lines, provides formal guidance that reduces ambiguity and supports ethical decision-making (ISO, 2021; OECD, 2020). Ethical leaders play a central role in legitimising these structures by visibly supporting them, allocating resources, and ensuring consistent application across organisational levels. When leaders actively champion compliance frameworks, they reinforce the control environment and signal that ethical conduct is a non-negotiable organisational expectation rather than a symbolic aspiration (IFAC, 2022; Hassan, Wright and Yukl, 2023).

A study by Altamuro, Gray, and Zhang (2021) investigated how an organisation's **compliance** (including integrity) **culture** aligns with internal controls at both operational and financial reporting levels. When ethical principles and expectations are part of the organisation's culture, internal control systems are more effective in ensuring compliance and reducing misconduct. Beyond formal structures, compliance culture reflects the extent to which ethical leadership is internalised by employees and embedded in everyday behaviour. Recent studies emphasise that ethical leaders shape compliance culture through role modelling, transparent

communication, and fair enforcement, thereby encouraging voluntary compliance rather than rule adherence driven solely by fear of sanction (Kaptein, 2022; Abuzaid et al., 2024).

Beuren, Machado and Dall Agnol (2023) highlighted that strong internal control systems play a crucial role in supporting compliance by enhancing the management, monitoring, standardisation, and reporting of risks. **Risk management** further strengthens ethical leadership by enabling leaders to proactively identify, assess, and mitigate ethical, operational, and governance risks before they escalate into compliance failures (OECD, 2020; IFAC, 2022).

Regarding **Operational controls**, Chang, Chen, Cheng, and Chi (2020) found that internal control deficiencies over operations and compliance were significantly associated with financial misstatements. Operational controls play a critical role in preventing misreporting and maintaining financial integrity. Operational controls, such as segregation of duties, approval processes, audits, and monitoring systems, ensure that ethical expectations are enacted consistently in practice. Empirical evidence suggests that ethical leadership enhances the effectiveness of these controls by promoting consistency, accountability, and swift corrective action when deviations occur (Menzel, 2021; Hassan et al., 2023).

Collectively, the four internal control factors operate as an integrated system: compliance structures provide clarity, compliance culture embeds values, risk management anticipates vulnerabilities, and operational controls enforce standards—demonstrating the central role of ethical leadership in achieving sustainable compliance.

Importantly, the results indicate that internal control emerged as a key mediating mechanism through which ethical leadership influences governance outcomes. This highlights the central role of internal control systems in translating leadership behaviour into organisational performance.

6.3.4 Research objective 3

Research objective 3 focused on the key factors of accountability. The questionnaire focused on how effectively accountability was managed within the Department/Institution and identified two key factors: Accountability at the **strategic level** and accountability at the **operational level**. While both strategic and operational accountability were identified as important dimensions, the results suggest that these operate differently within governance systems. Strategic accountability provides direction and oversight, whereas operational accountability ensures execution and compliance. The interaction between these levels is therefore critical for effective governance.

A study by Gberevbie, Akinlabi and Olutoye (2017) focused on the importance of accountability at the **strategic level** and explored the role of leadership accountability in organisational performance. Leaders' decisions had to align with organisational goals so that the organisation's interests were pursued. Gberevbie et al. (2017) emphasised the crucial role of leadership accountability in ensuring sound governance, ethical behaviour, and organisational success. Accountability at the strategic level is fundamental to effective governance because it ensures that senior leadership and governing bodies are answerable for organisational direction, ethical standards, and long-term performance. Strategic accountability encompasses oversight responsibilities such as setting ethical expectations, approving policies, allocating resources, and monitoring institutional risk and performance against strategic objectives (OECD, 2020). Recent literature emphasises that when accountability is clearly embedded at the strategic level, through transparent reporting, board and executive oversight, and clear consequence management, organisations demonstrate stronger integrity, reduced tolerance for unethical conduct, and greater public trust (IFAC, 2022; Hassan et al., 2023). Strategic-level accountability therefore provides the framework within which ethical leadership is exercised and evaluated, ensuring that senior decision-makers remain answerable not only for outcomes but also for the ethical quality of those outcomes.

Accountability at the **operational level** is a critical factor, as it relates to individuals' and teams' commitment and ownership in the execution of their daily activities. Low levels of operational accountability may result in due dates that are not met, poor quality of work and performance as well as low levels of employee morale and productivity (Culture15, 2023). Accountability at the operational level translates strategic intent into day-to-day responsibility and performance, ensuring that ethical and governance standards are consistently applied throughout the organisation. Operational accountability is reflected in clearly defined roles, performance management systems, internal controls, supervision, and routine reporting mechanisms that hold managers and employees answerable for their actions (Menzel, 2021; Kaptein, 2022). Empirical studies indicate that accountability is most effective when operational-level mechanisms are applied consistently and fairly, reinforcing ethical behaviour and strengthening compliance cultures (Abuzaid et al., 2024).

The alignment between strategic and operational accountability is therefore critical: while strategic accountability establishes expectations and oversight, operational accountability ensures execution, monitoring, and corrective action, together forming a comprehensive accountability system that supports ethical leadership and effective governance (Abuzaid et al., 2024).

However, inconsistencies observed in earlier analyses of the relationship between accountability and governance suggest that accountability may be influenced by measurement limitations or contextual factors not fully captured in the model.

6.3.5 **Research objective 4**

Research objective 4 referred to the key factors of effective governance. The questionnaire focused on the effectiveness of governance within the Department/Institution and identified the following six factors: Inclusiveness, Managerial Structure, Staff Support, Management Controls, Work-Life Balance, and Staff Loyalty. Effective governance is increasingly understood as a multidimensional construct that extends beyond formal compliance to include

inclusive participation, supportive leadership systems, and sustainable workforce practices (OECD, 2020).

The multidimensional nature of governance identified in this study aligns with contemporary perspectives that view it as both a structural and a relational construct. This reinforces the argument that governance effectiveness cannot be achieved through formal systems alone but requires supportive organisational practices and leadership behaviour.

Shore, Cleveland, and Sanchez (2018) noted that **Inclusiveness** facilitates fairness and stakeholder trust and is therefore critical to improving the effectiveness of an organisation's justice and governance. Inclusiveness is a core governance principle because it enhances legitimacy, transparency, and decision quality by ensuring that diverse stakeholder voices are represented in organisational processes (OECD, 2020). Inclusive governance structures foster trust and shared ownership of decisions, thereby strengthening accountability and ethical conduct.

Good governance is promoted through a clear and effective **Managerial Structure**, with clear roles, responsibilities, and reporting lines (Mintzberg, 1993). A clear and coherent managerial structure further underpins effective governance by defining roles, authority, and decision-making responsibilities, thereby reducing ambiguity and strengthening coordination and oversight (IFAC, 2022). When governance structures are well designed and consistently applied, they enable leaders to align strategic objectives with operational execution and ethical standards.

Staff Support plays a key role in increasing employee involvement, organisational commitment, and governance outcomes (Silva, Dias, Pereira, da Costa & Gonçalves, 2022).

Beuren et al. (2023) highlighted that effective **Management Controls** are the basis for governance, encompassing key aspects such as internal control systems and performance monitoring. Management controls, including performance management systems, monitoring, and feedback mechanisms, provide the

necessary checks and balances to ensure that decisions and actions remain aligned with organisational objectives and ethical standards (ISO, 2021; IFAC, 2022).

Work-life balance refers to flexible work arrangements that enhance the well-being and productivity of employees, thereby supporting the effectiveness of the organisational culture within the institution (Weideman & Hofmeyr, 2020). Beauregard and Henry (2009) noted that a family-friendly environment facilitates employee satisfaction and retention, thereby improving organisational commitment and effective governance. Increasingly, literature also highlights the governance implications of work–life balance, noting that excessive workloads and poor well-being undermine ethical behaviour, decision quality, and long-term organisational performance (OECD, 2021).

According to Al Halbusi et al. (2024), **Staff Loyalty** is important to improve leadership quality and ethical governance through effective and supportive organisational environments. According to Oz (2001), Staff Commitment, as an element of staff loyalty, improves accountability, ethical behaviour, and the effectiveness of governance. Staff loyalty emerges as both an outcome and a contributor to effective governance: employees who perceive governance systems as fair, supportive, and inclusive are more likely to demonstrate commitment, discretionary effort, and adherence to organisational values (Abuzaid et al., 2024; Hassan et al., 2023).

Collectively, the factors for effective governance reinforce one another, illustrating that effective governance depends not only on structures and controls but also on inclusive, supportive, and people-centred practices. At the operational level, staff support and management controls are critical enablers of governance effectiveness. Supportive governance environments are characterised by access to resources, training, communication, and fair supervision, enhance employee capability and willingness to comply with organisational rules and values (Menzel, 2021).

The results also highlight potential tensions between governance structures and employee well-being, particularly regarding work–life balance and staff loyalty.

These tensions suggest that governance systems may, in some cases, prioritise compliance and control at the expense of employee engagement.

6.3.6 **Research objective 5**

Research Objective 5 examined the relationship among ethical leadership, internal control, accountability, and effective governance.

6.3.6.1 **Research objective 5a: Ethical leadership (independent variable) with Accountability and Internal Control (dependent variables)**

The SEM results, as reflected in Table 5.19, show that ethical leadership plays a pivotal role in shaping both accountability practices and internal control (IC). IC, in turn, exerts a notable impact on operational oversight, risk-related learning processes, and the organisation's competence systems. Overall, the results suggest that ethical leadership has a significant impact on internal structures and accountability mechanisms, collectively contributing to stronger governance outcomes. The model demonstrated an adequate fit to the data (CFI close to 0.90; RMSEA around 0.055), reinforcing the credibility of these relationships. From an applied perspective, efforts to enhance ethical leadership are likely to strengthen governance primarily by improving IC and accountability frameworks.

The results align with the proposed theoretical framework, indicating that ethical leadership functions as an overarching construct that positively influences the integrity-focused aspects of leadership - such as moral character - while negatively relating to manipulative or coercive behaviours. Ethical leadership also plays a key role in boosting the effectiveness of internal control systems and accountability processes. Through these channels, it reinforces multiple elements of internal control, including risk management, operational controls, compliance orientation, and control structures, thereby strengthening accountability at both strategic and operational levels.

While the model demonstrates a statistically significant relationship, it is important to recognise that SEM results are sensitive to sample size and model specification. The results should therefore be interpreted as indicative rather than definitive evidence of causality.

6.3.6.2 Research objective 5b: Relationship between ethical leadership, internal control, accountability, and effective governance

The structural model, summarised in Table 5.20, highlighted several noteworthy associations. Ethical leadership demonstrated a robust positive influence on internal control, suggesting that increases in ethical leadership correspond with enhancements in both areas. Internal control emerged as the strongest contributor to effective governance. By comparison, accountability showed a negative but statistically non-significant relationship with effective governance, indicating that, once other variables are considered, accountability alone does not meaningfully account for variation in governance performance.

The negative, on-significant relationship between accountability and governance is theoretically unexpected and suggests potential issues such as multicollinearity or construct overlap. This result warrants cautious interpretation and further investigation.

In conclusion, ethical leadership fosters stronger internal control systems and promotes greater accountability. On the other hand, Internal control serves as the central pathway through which effective governance is realised.

6.3.6.3 Research objective 5c: Relationship between ethical leadership, accountability, and effective governance

The structural paths summarised in Table 5.21 illustrate a clear and logically consistent pattern linking ethical leadership, accountability, and effective governance. Ethical leadership exerts a strong positive effect on accountability, suggesting that when leaders act with integrity, fairness, and openness, employees perceive the organisation as more accountable. Ethical leadership also has a direct,

positive impact on effective governance, demonstrating that ethical leader behaviour strengthens governance outcomes independently of accountability mechanisms.

Accountability stands out as a powerful predictor of effective governance. This indicates that when organisations maintain clear expectations, transparent reporting systems, and consistent oversight, they are more likely to demonstrate governance practices that are structured, participatory, and supportive. In addition, the standardised indirect effect of ethical leadership on effective governance through accountability is significant, with the confidence interval not crossing zero. This provides strong evidence that accountability functions as a key mediating mechanism.

The SEM results point to a clear governance sequence:

1. **Ethical leadership forms the basis of the model** and has a direct positive impact on governance and enhances accountability mechanisms.
2. **Accountability plays a pivotal role** in determining governance quality, accounting for the greatest proportion of explained variance.
3. **Ethical leadership contributes to governance outcomes both independently and via accountability**, demonstrating that its influence operates through multiple channels.

Governance performs best when ethical leadership practices are firmly embedded in organisational life, as these behaviours help cultivate an environment in which accountability can thrive. The interplay between strong ethical standards and robust accountability processes yields the most coherent, inclusive, and supportive governance conditions, as reflected in the model's high explanatory power for Effective Governance ($R^2 = 0.962$).

The mediation results, as reflected in Table 5.22, are consistent with theoretical viewpoints that regard ethical leadership as a cornerstone of organisational governance. Ethical leaders demonstrate moral conduct, articulate expectations clearly, and reinforce ethical standards, all of which help to strengthen accountability (Mayer, Aquino, Greenbaum and Kuenzi, 2012). In turn, well-established accountability practices enhance governance by promoting transparency, ensuring

consistent decisions, and supporting responsiveness to stakeholders. The results, therefore, suggest a governance pathway in which ethical leadership fosters accountability, and the combination of the two plays a significant role in enhancing effective governance within the institution. The theoretical implications of the results are as follows:

- Ethical leadership plays a vital role in strengthening accountability, which subsequently serves as a central driver of effective governance.
- The stronger indirect pathway from ethical leadership to governance via accountability implies that cultivating ethical leadership should prioritise the integration and reinforcement of accountability mechanisms.
- Core elements such as character and moral judgement underpin ethical leadership, whereas strategic accountability forms the backbone of the accountability construct.
- The observed negative relationship between governance and staff-related outcomes (such as loyalty and work–life balance) may indicate a possible tension between formal governance structures and employee well-being, highlighting an area that would benefit from further investigation through qualitative inquiry.

Although the mediation effects are statistically significant, the cross-sectional nature of the data limits the ability to infer causal relationships. Longitudinal studies would be required to confirm these pathways.

6.3.6.4 Research objective 5d: Relationship between ethical leadership, internal control, and effective governance

The structural model, summarised in Table 5.23, demonstrated several important associations among the latent variables. Ethical leadership demonstrated a strong positive effect on internal control, indicating that when ethical leadership increases, internal control systems improve noticeably. In addition, internal control exerted a particularly powerful influence on effective governance, emerging as the strongest predictor of governance outcomes in the model. The direct relationship between ethical leadership and effective governance was weak and not statistically

significant, suggesting that ethical leadership primarily influences governance through its impact on internal control. This pattern is consistent with a mediated relationship, as supported by the significant indirect effect, which demonstrates that ethical leadership contributes to governance improvements primarily by strengthening internal control systems.

In practical terms, the results indicate that Ethical Leadership does not directly elevate governance effectiveness in this setting. Instead, its impact is channelled through Internal Control (IC), which functions as the key organisational mechanism linking leadership behaviour to governance outcomes. IC encompasses elements such as competency frameworks, operational oversight, risk-management learning, and organisational culture. The strong and significant effect of Ethical Leadership on IC indicates that ethical leaders shape internal structures, capabilities, and norms that enhance institutional performance (Brown & Treviño, 2006). In turn, the strong effect of IC on Effective Governance suggests that governance quality is primarily driven by the strength of an institution's internal control systems rather than by leadership practices alone.

Overall, the mediation results reflected in Table 5.24 pointed to a key theoretical insight: Ethical Leadership is important, but on its own, it is not enough to produce effective Governance. Governance improves not simply because leaders behave ethically, but because such leadership helps establish the institutional conditions that enable sound governance practices. This perspective is consistent with socio-technical theories, which argue that leadership influence depends on supportive organisational systems (Trist & Bamforth, 1951; Mumford, Zaccaro, Harding, Jacobs & Fleishman, 2000). From a practical standpoint, efforts to strengthen governance should therefore emphasise enhancing Internal Control, such as developing staff capabilities, reinforcing organisational structures, promoting inclusive procedures, and cultivating an ethical climate, rather than relying solely on leadership development. Ethical leaders set the direction, but it is the internal control system that converts leadership principles into tangible governance outcomes.

The indirect pathway from Ethical Leadership to Effective Governance through IC is significant. This provides strong support for the presence of a meaningful

mediating effect. In comparison, the direct link between Ethical Leadership and Effective Governance is weak and statistically non-significant. The fact that this direct effect is non-significant, while the indirect effect is significant, aligns with the criteria for full mediation (Baron & Kenny, 1986; Zhao, Lynch & Chen, 2010).

These results provide strong support for the argument that internal control systems function as the primary mechanism through which ethical leadership influences governance. However, the absence of a significant direct effect suggests that leadership alone is insufficient without supporting organisational systems.

6.3.7 Research objective 6

Research objective 6 addressed the extent to which members from different age groups, racial backgrounds, genders, years of service in the public sector, staff categories, and educational qualification levels differed in their perceptions of ethical leadership, effective governance, internal controls, and accountability.

6.3.7.1 Age

Based on analyses examining significant mean differences, notable statistical differences were found across age groups in perceptions of ethical leadership and effective governance.

- **Ethical leadership**

The results indicate that perceptions of leaders' ethical character become progressively more positive with age, suggesting that younger employees are more critical of leaders' ethical character than their older counterparts. While most age groups reported similar views across the various dimensions, significant differences emerged for specific components of ethical leadership—particularly **Character** and **Morality**—and for aspects of effective governance such as **Staff Support, Work-Life Balance, and Staff Loyalty**. Employees under 35 consistently rated leaders' character and morality lower than their older counterparts, especially those over 56. This may reflect generational expectations of leadership integrity, communication

style, or consistency between words and actions. Krettenauer, Murua and Jia (2016) noted that studies indicated that moral identity increases as people get older, and self-direction and rule-conformity become important values.

According to Costa and McCrae (2006), levels of agreeableness and conscientiousness increase with age, whereas levels of neuroticism, extraversion, and openness decrease.

- **Effective governance**

The significant differences in effective governance indicate that experiences of organisational support and workplace fairness vary noticeably by age group. Younger employees (<35) differed from several older groups (particularly 41–45, 51–55, and >56 years) regarding work–life balance and staff support, suggesting that older employees may feel more supported and more loyal to the organisation. In contrast, middle-aged employees (41–45 years) rated staff loyalty significantly differently from several other groups, implying that organisational commitment and perceptions of how the organisation treats employees may shift with career stage and life responsibilities.

With reference to the Socioemotional Selective Theory (SST), younger workers tend to focus more on key aspects, such as skills acquisition and career development. Consequently, feedback and support from their supervisors for their functioning and motivation are highly valued. Older workers tend to focus more on their emotions, well-being, and relationships, and thus perceive the same support differently than younger workers, potentially valuing other types of staff support (Carstensen, 2021).

- The factor work-life balance reflects the following significant differences:
 - Employees younger than 35 years reported significantly lower levels of work–life balance compared with those aged 41–45 and employees older than 56.
 - Employees in the 36–40 age bracket likewise indicated significantly poorer work–life balance than those aged 41–45 and individuals older than 56.

This suggests that younger employees (<40 years) feel they struggle more to balance work and personal life, while older employees (41 years and above, especially those over 56 years) perceive a better balance.

Younger workers may still strive to develop their ability to balance career and family goals, which increases their need for work-life balance. (Culpin, Millar & Peters, 2015; Mauno, Ruokalainen & Kinnunen, 2013). Older workers may experience greater flexibility and a better work-life balance, given their lower demands for primary caregiving (Statistics Canada, 2009).

- The factor staff loyalty reflects the following differences:
 - Employees aged 36–40 years reported significantly lower staff loyalty compared to employees over 56 years. Likewise, employees aged 41–55 recorded significantly lower loyalty ratings than those aged 56 or older.

The results indicate that older employees (>56 years) demonstrate significantly higher loyalty to the organisation compared to all younger age groups. This may reflect factors such as stronger organisational attachment, longer tenure, or fewer external job opportunities as employees near retirement. In contrast, younger and mid-career employees (36–55 years) appear less loyal, possibly due to career mobility, competing opportunities, or different expectations from the workplace.

In a study done in Europe, it was found that the highest number of employees who were fully committed to both their job and their organisation were aged 55 and older. Staff loyalty in younger age groups was significantly lower, indicating an age-related increase in loyalty (Zabarauskaite, 2008).

The statistically significant differences in the two factors (character and morality) of ethical leadership, as well as in the three factors (staff support, work-life balance, and staff loyalty) that contribute to effective governance, may also be related to generational differences (Le Roux, 2019; Purdue Global, n.d.). Baby Boomers (those older than 56) generally reflect higher levels of organisational loyalty and long-term commitment, often due to stable lives, whereas Individuals from

Generation X, particularly those between the ages of 36 and 55, tend to value autonomy and flexibility (Edge Recruit, 2025).

6.3.7.2 Race

The race groups were classified into two groups: 1) African and 2) Coloured, Indian or Asian; White and Other. The results show that race does not play a significant role in shaping respondents' perceptions of ethical leadership, internal control, or accountability, as all factors in these categories recorded significance values above 0.05. This means that, across the different racial groups included in the study—African, Coloured, Indian or Asian, White, and Other—participants generally experienced leadership integrity, organisational oversight systems, and accountability practices in a similar manner. In practical terms, these results suggest that the organisation's policies, leadership behaviours, and compliance structures are consistently implemented across racial groups, with no evidence of systematic differences in how employees from different racial backgrounds perceive these dimensions.

However, the results indicate two exceptions within the area of effective governance, where meaningful differences emerged between racial groups. Specifically, the independent samples tests revealed statistically significant differences for Work–Life Balance and Staff Loyalty. This means that employees from different racial groups do not experience these governance aspects uniformly. For instance, a racial group may feel that the organisation is more supportive of balancing personal and professional demands of other. Similarly, staff loyalty is often linked to organisational commitment, perceived fairness, and the quality of workplace relationships and varies across race groups, suggesting that certain groups may feel more valued, included, or connected within the organisational culture.

Overall, these results highlight that while most governance and leadership practices are perceived consistently across race groups, the organisation may need to pay closer attention to equity in employee support and the inclusiveness of workplace culture. Differences in work–life balance perceptions may stem from unequal

access to flexible arrangements, uneven supervisory support, or differing workplace expectations. Variation in staff loyalty may point to deeper issues related to belonging, recognition, or career growth opportunities. Addressing these governance-related disparities can help strengthen organisational cohesion and ensure that all employees, regardless of race, experience fair and supportive workplace conditions.

The statistically significant differences for work-life balance between the two race groups, confirm the socio-cultural and socioeconomic differences between the two race groups as identified by Hofstede (2001). According to Hofstede (2001), disparate socioeconomic realities affect racial groups' ability to achieve work-life balance. The collectivist culture, which is more common among Black, Indian, and Coloured South Africans, often emphasises family support and obligations, which can affect their loyalty (Hofstede, 2001).

6.3.7.3 **Gender**

The gender groups were classified as follows: 1(Male) and 2 (Female)

The results show that men and women generally perceive organisational practices in similar ways when it comes to effective governance, internal control, and accountability. For all factors in these categories, significance values were above 0.05, indicating no statistically significant differences between the gender groups. In practical terms, this means that the organisation appears to apply its governance structures, control mechanisms, and accountability processes consistently across genders. Both male and female employees seem to experience the same level of fairness, procedural clarity, and organisational oversight, suggesting that these systems operate equitably and without gender-based variation.

However, a notable exception occurs within the ethical leadership dimension. The independent-samples t-test revealed a statistically significant difference ($p < 0.05$) between men and women on the **Character** factor of ethical leadership. This suggests that male and female employees do not evaluate leaders' character traits—such as honesty, reliability, and consistency—in the same way. One gender

group may perceive leaders as more principled or trustworthy than the other, reflecting a divergence in expectations, past experiences, or interpretations of leadership behaviour. Importantly, no significant gender differences were found for the other ethical leadership components, meaning the variation is specific rather than widespread.

Overall, these results imply that while the organisation has largely succeeded in creating gender-consistent experiences in governance and accountability, there may be subtle gender-based differences in how leadership character is interpreted or experienced. This result may indicate variations in communication patterns, leader–employee interactions, or leadership visibility between genders. Addressing these perceptions through leadership development, transparent communication, and relationship-building practices may help ensure that employees of all genders feel equally confident in the integrity and character of organisational leaders.

6.3.7.4 Years in the public service

The results indicate that tenure in the public service does not lead to major differences in how employees perceive ethical leadership, internal control, or accountability. Across these dimensions, all significance values were above 0.05, demonstrating that employees, regardless of whether they have served for less than 10 years or more than 26 years experience leadership integrity, organisational oversight, and accountability structures in broadly similar ways. This suggests that these practices are consistently implemented across tenure groups and that organisational processes related to ethics, compliance, and accountability are applied uniformly, without meaningful variation linked to length of service.

By contrast, the results show a clear and statistically significant difference in one specific area of effective governance: Staff Loyalty. Perceptions of loyalty differ meaningfully across tenure groups. Employees with 11–15 years of service differ significantly from those with 21–25 years and more than 26 years of service. In practical terms, this suggests that mid-career employees may feel less loyal or less committed to the organisation than long-serving employees. These differences may reflect variations in career stability, organisational trust, perceived recognition, or

expectations of advancement that evolve as employees accumulate experience in the public sector.

Taken together, the results imply that while organisational systems appear stable and equitable across tenure groups, there are important shifts in organisational commitment as employees progress through their careers. Long-serving employees may have stronger bonds with the organisation, greater institutional knowledge, and a deeper sense of belonging, whereas mid-tenure employees may experience uncertainty related to career progression, organisational change, or workload pressures. Recognising these differences may help managers develop targeted strategies, such as mentorship, career development programmes, or recognition initiatives to strengthen loyalty among employees in the 11–15-year service range, ultimately contributing to a more engaged and committed public-sector workforce.

Short-tenured employees are mostly from younger generations, and hence, the difference in loyalty could be related to generational differences (Twenge & Campbell, 2008).

6.3.7.5 Staff category

The results indicate a high degree of alignment between middle management (P1: Levels 9–12) and senior management (P2: Levels 13–16) in their perceptions of organisational practices. For most factors there are no meaningful differences between the two groups. This overall consistency implies that leadership behaviours, governance arrangements, and oversight mechanisms are largely experienced in similar ways across managerial levels. Such alignment indicates relatively uniform governance processes and suggests that formal systems, policies, and ethical expectations are communicated and applied consistently across the management hierarchy. Recent governance literature highlights that alignment across management levels is a critical indicator of governance maturity, as it reflects coherence between strategic intent and operational execution (OECD, 2020; IFAC, 2022).

Despite this general consistency, the results reveal important differences that warrant closer examination due to their implications for effective governance. Substantive and statistically significant differences emerged under effective governance and accountability. Significant differences were found in perceptions of Staff Loyalty, indicating that middle and senior managers experience organisational commitment among staff differently. This divergence may reflect differences in role proximity, exposure to staff concerns, and responsibility for managing morale during periods of organisational pressure or change. Recent studies confirm that governance effectiveness is often judged differently across managerial levels, with middle managers being more attuned to staff sentiment and engagement risks that may not be fully visible at senior levels (McKinsey & Company, 2023; Kakemam & Liang, 2023).

A further significant difference was observed in Accountability at the operational level. This indicates that middle and senior managers do not share the same perceptions of how operational accountability functions in practice. Senior managers may view accountability systems as effective because they engage primarily with strategic reporting, audits, and performance outcomes, whereas middle managers—who are responsible for implementation—may encounter practical challenges such as resource constraints, inconsistent enforcement, or competing priorities. Recent public-sector governance research highlights that such gaps often emerge when accountability frameworks are strong at the strategic level but unevenly supported at the operational level, placing disproportionate pressure on middle managers (OECD, 2020; Hassan et al., 2023). These results underscore the need for improved cross-level communication, clearer alignment of expectations, and targeted support to enable middle managers to operationalise accountability effectively.

- **Ethical Leadership**

Differences in influence between senior and middle managers are largely structural and role-based. Senior managers exercise formal or positional power, allowing them to shape strategy, allocate resources, and set organisational priorities. Middle managers, by contrast, exert direct operational influence through translating strategic decisions into action, coordinating teams, sharing information, and

overseeing daily activities (Engle, Lopez, Gormley, Chan, Charns & VanDeusen, 2017; Birken, Clary, Tabriz, Turner, Meza, Zizzi, Larson, Walker & Charns, 2018). While senior influence is symbolic and directional, middle managers' influence is relational and behavioural. Recent evidence suggests that this form of influence is particularly powerful in shaping staff engagement and ethical behaviour when middle managers focus on empowerment, support, and capability development (Li, Yang, Yang & Zhao, 2024). This reinforces the view that ethical leadership effectiveness depends not only on senior leadership vision but also on the influence exercised at the middle-management level where ethical norms are enacted.

- **Effective Governance**

Middle managers' close interaction with staff places them at the centre of governance processes related to empowerment, inclusion, and loyalty. Through coaching, feedback, and day-to-day problem-solving, middle managers shape leader-member relationships that are essential for staff commitment and retention (Bakker, Demerouti and Sanz-Vergel, 2014; Li et al., 2024). Recent studies emphasised that perceived staff support and psychological safety, often facilitated by middle managers, are critical governance enablers because they encourage voice behaviour, compliance, and discretionary effort (Kakemam and Liang, 2023; McKinsey & Company, 2023). While senior leaders define organisational purpose and reward systems that influence loyalty, middle managers operationalise these intentions through daily interactions. This explains why perceptions of staff loyalty may differ between management levels and highlights the importance of equipping middle managers with adequate authority and resources to sustain effective governance.

- **Accountability**

Operational accountability primarily rests with middle managers, who are responsible for implementing legislation and policies, meeting service delivery targets, and ensuring compliance with timelines and standards. Senior managers, in contrast, are accountable for strategic outcomes, institutional performance, and external reporting (Engle et al., 2017; Birken et al., 2018). Recent governance research shows that accountability tensions frequently arise when middle managers are held responsible for outcomes without commensurate decision-making authority

or support, thereby undermining both compliance and morale (IFAC, 2022; Hassan et al., 2023). The observed differences in perceptions of operational accountability, therefore, reflect not a lack of commitment but structural and relational realities inherent in hierarchical governance systems.

Overall, the differences between middle and senior management regarding influence, staff loyalty, and operational accountability are shaped by variations in role expectations, proximity to staff, spans of control, and access to organisational power. While earlier studies highlighted these dynamics (Currie & Procter, 2005), recent literature confirms that effective governance increasingly depends on recognising and addressing these differentiated experiences across management levels to ensure coherence between strategy and execution (OECD, 2020; McKinsey & Company, 2023).

6.3.7.6 **Education**

The results show that most organisational practices are experienced similarly across employees with different educational levels, particularly for many factors related to ethical leadership, effective governance, internal control, and accountability. This suggests that, overall, employees, regardless of educational background, perceive leadership behaviours, organisational governance, and accountability systems in comparable ways. The organisation, therefore, appears to apply many of these practices uniformly across qualification groups.

Higher educational attainment is associated with more critical evaluations of governance, compliance, and leadership character, possibly because advanced qualifications equip employees with stronger analytical skills, heightened expectations, or broader exposure to best practices in public-sector management.

- **Ethical leadership**

Under ethical leadership, the Character factor showed significant differences, with postgraduate-qualified employees (Master's/Doctorate) rating leadership character differently from employees with diplomas and bachelor's degrees. This may indicate that employees with advanced qualifications have higher expectations of leader

integrity, credibility, or professional conduct. This may reflect greater exposure to ethical frameworks, critical thinking, and leadership training at higher education levels. Organisations may consider these differences when designing leadership development programs to ensure ethical leadership competencies are cultivated across all educational levels. According to a study by Pascarella and Terenzini (2005), individuals who pursue further studies exhibit higher levels of conscientiousness, openness, and intellectual curiosity.

- **Effective Governance**

Within effective governance, three factors—Inclusiveness, Staff Support, and Management Controls—displayed significant differences, with postgraduate and honours-level employees rating these aspects more critically than degree-qualified employees. Employees with a Bachelor's degree reported lower levels of inclusiveness compared with respondents holding an Honours degree and those with a Master's or Doctoral qualification. These differences may reflect that more highly qualified employees are more attuned to organisational decision-making processes, fairness in engagement, or the robustness of internal management systems.

Individuals with higher educational qualifications are more likely to perceive and foster an inclusive environment than those with lower qualifications. This may reflect greater exposure to diverse perspectives, critical thinking skills, or awareness of inclusive practices at advanced levels of education. Organisations may need to tailor inclusivity initiatives and training to effectively engage employees across all educational levels. Research indicates that higher education, where students interact with diverse peers and inclusive content, may increase their openness, perspectives, and inclusiveness-related abilities (Gurin, Dey, Hurtado & Gurin, 2002).

- **Management controls**

Employees with a Bachelor's degree perceive management controls differently compared to those with an Honours degree.

Individuals with higher educational qualifications (Honours) tend to view management controls more positively or critically than those with only a Bachelor's degree. This could reflect greater familiarity with organisational procedures, analytical skills, or expectations regarding oversight and governance. Organisations may need to consider these differences when implementing or communicating management control systems to ensure alignment across employees with varying educational backgrounds.

In a study examining management controls within the higher education sector, researchers found that perceptions varied across groups. Individuals who have completed honours-level qualifications, particularly in business fields, tended to place greater importance on the use of management control systems. Their focus will be on collegial decision-making and the strategic alignment of these systems, whereas others may focus more on diagnostic and compliance-oriented approaches (Nuhu, Baird, & Appuhamilage, 2017). Individuals with higher education tend to be more adaptable, better able to interpret strategic initiatives, and training-oriented (Olatunji & Banda, 2017).

- **Internal Control**

A similar pattern appears within internal control and accountability. The Compliance Culture factor showed significant differences between degree holders and both honours and postgraduate groups, suggesting that more advanced qualifications are associated with greater sensitivity to organisational compliance behaviours and ethical norms. Employees with a Bachelor's degree expressed significantly different views on the compliance-culture dimension compared with respondents holding an Honours qualification and those with a Master's or Doctoral degree.

Individuals with higher educational qualifications tend to perceive or adhere to a compliance culture more strongly than those with lower qualifications. This may reflect greater awareness of regulatory frameworks, organisational policies, and professional standards gained through advanced education. Organisations should consider these differences when designing compliance training and fostering a culture of adherence across employees with varying educational levels. According to Roy, Newman, Round and Bhattacharya (2024), graduate and doctoral

programmes that emphasise research ethics, professional norms, and critical evaluation may increase compliance and promote critical questioning of rules.

- **Accountability**

Finally, under accountability, Strategic-Level Accountability differed significantly between employees with postgraduate qualifications and those with bachelor's degrees, implying that employees with higher-level academic training may have a more nuanced understanding of strategic oversight and leadership responsibility. Employees with a Master's or Doctoral qualification view operational-level accountability somewhat differently—and slightly more favourably—than those with a Bachelor's degree.

The practical meaning of these results indicates that individuals with higher qualifications may be more aware of, or place greater emphasis on, accountability in operational processes than those with lower qualifications. While the difference is not strongly statistically significant, it suggests a trend where advanced education may enhance understanding of responsibilities, reporting structures, and expectations for accountability within organisational operations.

The significant differences observed across the education groups may stem from the increased knowledge and broader exposure that higher qualifications provide, particularly in areas related to leadership and organisational management. Advanced education often enhances individuals' understanding of governance principles, strengthens ethical reasoning, and supports the development of sound professional judgment. Managers with higher education are better equipped to analyse organisational risk, implement internal control systems, and apply ethical principles when managing people and resources (Arjomand, 2014; Solomon, 2020). When leaders serve as ethical role models, they signal competence, integrity, and accountability to followers. As a result, higher levels of education appear to enhance an individual's capacity to shape and contribute to the organisation's ethical culture (Brown & Treviño, 2006).

Table 6.1 summarises the results for the hypotheses regarding the constructs and sociodemographic variables.

Table 6.1: Summary of hypothesis testing

Hypothesis	Empirical findings	Decision
H1: There is a relationship between ethical leadership, internal control, accountability and effective governance.	Correlation and SEM analyses demonstrated significant relationships among ethical leadership, internal control, accountability, and effective governance. Ethical leadership was positively associated with both internal control and accountability, while internal control was strongly associated with effective governance.	Supported
H2: Accountability mediates the relationship between ethical leadership and effective governance.	SEM mediation analysis revealed a significant indirect effect of ethical leadership on effective governance through accountability. The confidence interval for the indirect effect did not include zero, confirming a significant mediating effect.	Supported
H3: Internal control mediates the relationship between ethical leadership and effective governance.	SEM mediation analysis demonstrated a significant indirect effect of ethical leadership on effective governance through internal control. The direct effect of ethical leadership on governance was non-significant while the indirect effect was significant, indicating full mediation.	Supported
H4: There are statistically significant differences between age groups regarding ethical leadership, effective governance, internal control and accountability.	Significant age-group differences were found for ethical leadership (character and morality) and effective governance (staff support, work–life balance and staff loyalty). No significant differences were found for internal control or accountability.	Partially Supported
H5: There are statistically significant differences between race groups regarding ethical leadership, effective governance, internal control and accountability.	Significant differences were found only for selected effective governance factors (work–life balance and staff loyalty). No significant differences were found for ethical leadership, internal control or accountability.	Partially Supported
H6: There are statistically significant differences between gender groups regarding ethical leadership, effective	A significant gender difference was observed only for the ethical leadership character dimension. No significant differences were found for effective governance, internal control or accountability.	Partially Supported
H7: There are statistically significant differences between years in the public service groups regarding ethical leadership, effective	Significant differences were found only for the staff loyalty dimension of effective governance. No significant differences were found for ethical leadership, internal control or accountability.	Partially Supported

governance, internal control and accountability.		
H8: There are statistically significant differences between staff category groups regarding ethical leadership, effective governance, internal control and accountability.	Significant differences were found for ethical leadership (influence), effective governance (staff loyalty), and accountability (operational accountability). No significant differences were found for internal control.	Partially Supported
H9: There are statistically significant differences between education groups regarding ethical leadership, effective governance, internal control and accountability.	Significant differences were found across all four constructs, including ethical leadership, effective governance, internal control and accountability.	Supported
SOCIODEMOGRAPHIC VARIABLES		SUPPORTED/REJECTED
H6 a): There are statistically significant differences between age groups regarding:		
a) Ethical leadership		√
b) Effective governance		√
c) Internal control		x
d) Accountability		x
H6 b): There are statistically significant differences between race groups regarding:		
a) Ethical leadership		x
b) Effective governance		√
c) Internal control		x
d) Accountability		x
H6 c): There are statistically significant differences between gender groups regarding:		
a) Ethical leadership		√
b) Effective governance		x
c) Internal control		x
d) Accountability		x
H6 d): There are statistically significant differences between years in the public service groups regarding:		
a) Ethical leadership		x
b) Effective governance		√
c) Internal control		x

SOCIODEMOGRAPHIC VARIABLES	SUPPORTED/REJECTED
d) Accountability	x
H6 e): There are statistically significant differences between staff category groups regarding:	
a) Ethical leadership	√
b) Effective governance	√
c) Internal control	x
d) Accountability	√
H6 f): There are statistically significant differences between education groups regarding:	
a) Ethical leadership	√
b) Effective governance	√
c) Internal control	√
d) Accountability.	√

Overall, the study provides strong support for the theoretical model linking ethical leadership, internal control, accountability, and effective governance. The mediation analyses confirmed that both accountability and internal control function as important mechanisms through which ethical leadership influences governance outcomes. Regarding demographic variables, the results indicate that differences across groups were generally selective rather than pervasive. Education level emerged as the demographic variable with the most consistent influence across all constructs, whereas age, race, gender, years of public service, and staff category demonstrated significant differences only for specific dimensions. These findings suggest that organisational perceptions are influenced more strongly by educational attainment than by other demographic characteristics

While the demographic analyses provide valuable insights into variation across groups, it is important to note that these results are context-specific and may not be generalisable beyond the study sample. Furthermore, multiple comparisons increase the risk of Type I error, which should be considered when interpreting statistically significant differences.

6.3.8 **Research objective 7**

Research objective 7 focused on developing an ethical leadership competency framework to enhance the efficiency of internal controls and accountability, thereby facilitating effective governance. The proposed framework is grounded in both theoretical insights and empirical results from the study. It integrates the key constructs identified through factor analysis and structural modelling, thereby ensuring alignment between conceptual development and empirical evidence.

6.3.8.1 **Ethical leadership competency framework**

The framework presented in Figure 6.1 was developed through the integration of empirical findings from the study and insights derived from the literature review. The development process followed a sequential approach.

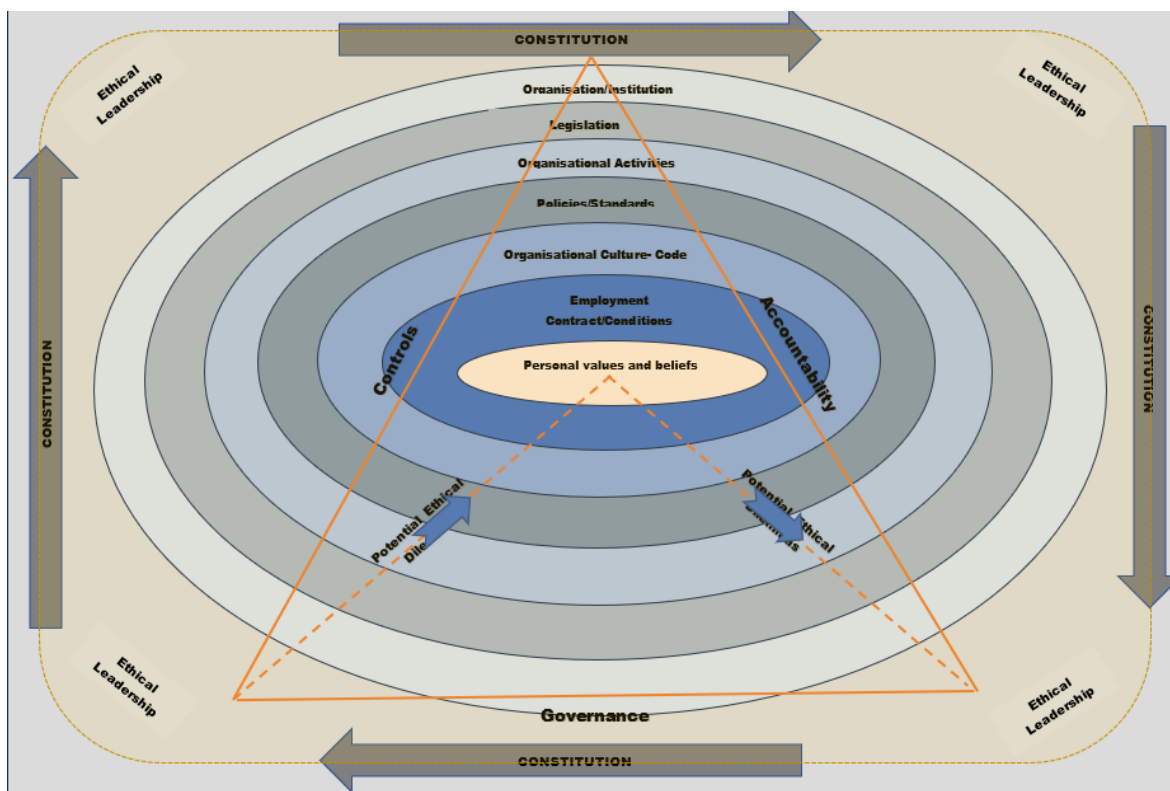
First, the EFA and CFA results confirmed the validity and reliability of the ethical leadership, accountability, governance, and internal control constructs, thereby establishing the key dimensions included in the framework. These analyses provided evidence that the constructs represented distinct but related organisational phenomena.

Second, the structural equation modelling (SEM) results demonstrated significant relationships between ethical leadership and the organisational outcomes investigated. The SEM findings indicated that ethical leadership positively influenced accountability, internal controls, and governance practices, thereby providing empirical support for the directional relationships illustrated in the framework.

Third, the literature review highlighted the theoretical interdependence of ethical leadership, governance systems, accountability mechanisms, and internal control processes within public sector organisations. Theoretical perspectives from ethical leadership theory, governance theory, and accountability frameworks informed the conceptual arrangement of the framework and provided explanatory mechanisms for the empirical relationships identified.

The framework should therefore be interpreted as an evidence-based synthesis of both the empirical findings and the theoretical foundations presented in the study. It is not intended to represent a new latent structure derived directly from the factor analyses but rather a conceptual model that integrates the validated constructs and significant relationships identified through the research.

Figure 6.1: Organisational context for ethical leadership, showing how internal controls and accountability mechanisms are linked to effective governance.



Source: Authors own construction

The framework integrates the validated constructs identified through the EFA and CFA analyses with the significant relationships observed in the SEM results. Ethical leadership is positioned as the central enabling mechanism because the empirical findings demonstrated significant positive associations with accountability, internal controls, and governance. These constructs form the core organisational processes through which ethical leadership contributes to effective management and administration. The inclusion of ethical dilemmas reflects evidence from the literature indicating that leaders continuously encounter competing ethical demands

that influence decision-making processes. Accordingly, the framework represents a synthesis of empirical and theoretical evidence and illustrates the organisational conditions required for effective governance.

While Figure 6.1 presents the conceptual ethical leadership framework, Table 6.2 operationalises the framework by translating its dimensions into competency requirements, key performance indicators and performance measures that can be applied in practice. The operationalisation framework presented in Table 6.2 was developed through a systematic synthesis of three evidence streams.

The first evidence stream consisted of the empirical measurement model developed and validated through EFA and CFA. The factor analyses identified the key dimensions of ethical leadership, internal controls, accountability and governance and confirmed their reliability and validity within the study context.

The second evidence stream consisted of the structural relationships identified through SEM analysis. These results established the significant pathways through which ethical leadership influenced internal controls, accountability and governance outcomes.

The third evidence stream consisted of the theoretical and normative literature relating to ethical leadership, public-sector governance, internal control systems and accountability frameworks, including King IV, COSO and OECD governance principles. These sources were used to translate the empirical findings into practical competency requirements, performance indicators and performance measures.

The framework was organised into three competency categories:

1. Foundational Competencies which emerged primarily from the Ethical Leadership construct and represent leader attributes.
2. Functional Leadership Competencies which emerged from Internal Control and Accountability constructs and represent leader behaviours and managerial practices.
3. Strategic Outcomes which emerged from Governance constructs and represent organisational-level outcomes.

The framework does not represent a direct output of the factor analyses alone. Rather, it constitutes an integrated evidence-based framework developed from validated empirical constructs, tested relationships among constructs and recognised governance standards.

Table 6.1: Operationalisation of the Ethical leadership framework

Factors	Competency Requirements	Key Performance Indicators	Performance Measures
<p>• Foundational Competencies</p>			
<p>Character</p>	<ul style="list-style-type: none"> – Demonstrates self-awareness, integrity, honesty, humility, resilience, and conscientiousness. – Consistently aligns behaviour with ethical principles. 	<ul style="list-style-type: none"> – At least 80% positive rating in integrity assessment. – Acts consistently with stated values. – Displays courage in ethical decision-making. – Practices self-awareness and reflection. 	<ul style="list-style-type: none"> – Surveys to assess the moral behaviours of leaders as seen by themselves and their team. – Ethical leadership scale from Brown and Teviño. – Observed and analysed conduct. – King IV principles on ethical leadership.
<p>Morality</p>	<ul style="list-style-type: none"> – Makes decisions guided by fairness, justice, and the greater good. – Considers stakeholder impact in moral reasoning. 	<ul style="list-style-type: none"> – Applies fairness and justice in decisions. – Prioritizes stakeholder well-being over personal gain. – Navigates ethical dilemmas with transparency. – Upholds universal values (e.g. respect, dignity). 	
<p>• Functional leadership competencies</p>			
<p>Compliance Framework/ Structure</p>	<ul style="list-style-type: none"> – Implements a documented compliance management system. – Establishes roles, responsibilities, and monitoring mechanisms. 	<ul style="list-style-type: none"> – Designs and implements formal compliance systems. – Establishes policies, roles, and reporting structures. – Conducts regular compliance audits. – Ensures board oversight of compliance activities. 	<ul style="list-style-type: none"> – Policy training. – Self-reported compliance climate. – Audit findings. – King IV principles on governance. – Essential elements derived from the Organisation for Economic Co-operation and Development (OECD) framework.

Factors	Competency Requirements	Key Performance Indicators	Performance Measures
Risk Management	<ul style="list-style-type: none"> – Identifies, assesses, and mitigates operational and strategic risks. – Integrates risk management into decision-making. 	<ul style="list-style-type: none"> – Identifies key risks to governance, ethics, and operations. – Conducts ongoing risk assessments – Develops and monitors risk mitigation plans. – Integrates risk thinking into strategic decisions. 	<ul style="list-style-type: none"> – Identified risks and ratings. – Residual risk ratings. – Incident reports. – Elements from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management framework.
Operational Controls	<ul style="list-style-type: none"> – Designs and maintains controls for finance, operations, and IT systems; ensures monitoring, segregation of duties, and control testing. 	<ul style="list-style-type: none"> – Ensures segregation of duties and approval hierarchies. – Implements controls for processes (finance, HR, IT). – Conducts regular control effectiveness reviews. – Addresses control weaknesses through remediation plans. 	<ul style="list-style-type: none"> – Control effectiveness metric (e.g., control failures per process). – Process audit scores. – Operational key performance indicators (cycle time, error rates). – COSO or ISO internal control performance – Implement consequence management to discourage members from behaving unethically.
Management Controls	<ul style="list-style-type: none"> – Applies performance metrics, audits, reporting lines, and quality assurance tools aligned with governance goals. 	<ul style="list-style-type: none"> – Defines performance standards and indicators. – Conducts regular performance and compliance audits. – Links control measures to governance goals. – Reviews the effectiveness of existing controls regularly. 	

Factors	Competency Requirements	Key Performance Indicators	Performance Measures
Staff Support	<ul style="list-style-type: none"> – Provides access to development, mentoring, and conflict resolution. – Ensures psychological safety and responsive leadership. 	<ul style="list-style-type: none"> – Provides coaching, mentoring, and professional development. – Responds to employee concerns compassionately. – Builds psychological safety in teams. – Supports onboarding and transitions effectively. 	<ul style="list-style-type: none"> – Participation rates in training programmes. – Mentoring relationships.
Staff Loyalty	<ul style="list-style-type: none"> – Builds trust through fairness, recognition, and ethical treatment. – Fosters long-term commitment. 	<ul style="list-style-type: none"> – Practices fairness and recognition. – Supports internal career mobility. – Maintains open, respectful communication. – Builds long-term relationships based on mutual trust. – Aligns individual roles with organisational purpose. – Recognises and rewards engagement and innovation. – Builds ownership through shared decision-making. 	<ul style="list-style-type: none"> – Engagement scores. – Turnover rates. – Actual retention. – Conducts staff surveys to monitor commitment levels and evaluate trends.
Work-Life Balance	<ul style="list-style-type: none"> – Offers flexible hours, workload management, and mental health support as part of leadership practice. 	<ul style="list-style-type: none"> – Introduces flexible work hours and hybrid work options. – Encourages use of leave entitlements. – Monitors workload distribution. – Promotes wellness initiatives. – Provides parental leave and dependent care support. – Encourages work-from-home where appropriate. – Promotes understanding of family responsibilities. 	<ul style="list-style-type: none"> – Revision of policies to accommodate flexibility and allow employees to manage their work-life balance. – Actual access and use of programmes.

Factors	Competency Requirements	Key Performance Indicators	Performance Measures
		<ul style="list-style-type: none"> Integrates family policies into HR strategy. 	
Influence	<ul style="list-style-type: none"> Positively influences others through role modeling, vision articulation, and fostering an ethical culture. 	<ul style="list-style-type: none"> Serves as a role model for ethical behaviour. Communicates a compelling ethical vision. Builds trust through authentic relationships. Motivates others to follow ethical standards. 	<ul style="list-style-type: none"> Ethical leadership scale from Brown and Teviño. Observed conduct.
• Strategic outcomes			
Strategic Level	<ul style="list-style-type: none"> Defines leadership accountability for long-term vision, corporate governance, and stakeholder reporting. Aligns strategy with values. 	<ul style="list-style-type: none"> Aligns leadership actions with organisational strategy. Reports transparently to stakeholders. Accepts responsibility for long-term outcomes. Sets strategic KPIs and governance benchmarks. 	<ul style="list-style-type: none"> Executive committee minutes. Performance score cards. Executive dashboards.
Operational Level	<ul style="list-style-type: none"> Ensures employees understand job expectations, report transparently, and are held accountable for performance outcomes and ethics. 	<ul style="list-style-type: none"> Clarifies roles, responsibilities, and performance standards. Monitors day-to-day adherence to policies. Holds individuals accountable for results and conduct. Provides regular feedback and correction mechanisms. 	<ul style="list-style-type: none"> Routine performance reviews. Incidence of corrective actions. Implement 360-degree feedback, analyse trends.

Factors	Competency Requirements	Key Performance Indicators	Performance Measures
Inclusiveness	<ul style="list-style-type: none"> – Ensures diverse representation in decision-making. – Promotes equal voice and participation. 	<ul style="list-style-type: none"> – Ensures diverse representation in governance forums. – Fosters participatory decision-making. – Eliminates bias in leadership and talent development. – Promotes equity in opportunity and recognition. 	<ul style="list-style-type: none"> – Employee perception of voice. – Demographic diversity indices. – Inclusion climate scores.
Managerial Structure	<ul style="list-style-type: none"> – Establishes clear hierarchies, delegation, and coordination mechanisms. – Supports agile decision-making. 	<ul style="list-style-type: none"> – Establishes clear reporting lines and spans of control. – Delegates authority appropriately. – Aligns structure with organisational strategy. – Ensures governance roles are defined and monitored. 	<ul style="list-style-type: none"> – Number of managerial layers. – Frequency of governance reviews. – Clarity of escalation protocols.
Compliance Culture	<ul style="list-style-type: none"> – Promotes values of ethical behaviour and adherence to standards. – Encourages reporting and whistleblowing without fear of retaliation. 	<ul style="list-style-type: none"> – Promotes zero-tolerance for unethical behaviour. – Encourages open reporting and protects whistleblowers. – Embeds compliance into training and onboarding. – Rewards compliant behaviour and corrects violations promptly. 	<ul style="list-style-type: none"> – Compliance surveys. – Internal and external audit findings.

While the framework provides a structured approach to ethical leadership and governance, its practical implementation will depend on organisational context, resources, and leadership commitment. As such, it should be viewed as a guiding model rather than a prescriptive solution.

6.3.8.2 Governance and Ethical Leadership Scorecard

It was deemed necessary to propose a scorecard in addition to the framework because a framework alone provides conceptual and structural guidelines for managing internal controls, but is not a practical tool for monitoring and evaluation. The scorecard serves as a performance measurement instrument that translates the framework’s principles into measurable indicators, allowing organisations to assess the effectiveness, compliance, and maturity of their internal control systems.

By introducing a scorecard, the framework could be implemented, tracked, and continuously improved in practice. It provides a mechanism for identifying gaps, promoting accountability, and supporting evidence-based decision-making — all of which are essential to maintaining good governance and integrity of internal controls. Table 6.2 provides a Leadership scorecard that serves as a **measurement, monitoring, and improvement tool** to ensure that leaders embody ethical values, uphold governance standards, and assist organisations to remain accountable, transparent, and trustworthy. The proposed weights reflected in the scorecard can be adjusted according to the specific needs of an institution.

Table 6.2: Governance and Ethical Leadership Scorecard

Dimension	Competency Area	Key Indicators	Performance Measures	Weighting
Foundational Competencies (30%)	Character	Integrity, humility, courage, consistency with values	360-degree feedback scores; observed ethical conduct; Ethical Leadership Scale of Brown and Treviño	15%

Table 6.2: Governance and Ethical Leadership Scorecard

Dimension	Competency Area	Key Indicators	Performance Measures	Weighting
	Morality	Fairness, justice, stakeholder orientation	Evidence of fair decisions; transparency in dilemmas; stakeholder satisfaction surveys	15%
Functional Competencies (40%)	Compliance & Risk Management	Existence of compliance systems; risk assessment and mitigation	Audit outcomes; compliance climate survey; residual risk ratings	15%
	Operational & Management Controls	Effectiveness of controls; performance audits	Control failure rates; COSO/ISO compliance; performance audit scores	10%
	Staff Support & Well-being	Mentoring, psychological safety, work-life balance	Training participation; staff surveys on safety/well-being; retention rates	10%
	Influence	Ethical role-modelling, culture-building	Employee perception of ethical culture: observed role-modelling	5%
Strategic Outcomes (30%)	Strategic Leadership & Governance	Alignment of strategy with values; accountability	Transparency in executive reports; strategic KPI alignment	10%
	Inclusiveness & Equity	Diversity in decision-making; fair participation	Diversity indices; inclusion climate scores	5%
	Managerial Structures & Accountability	Clear roles, reporting, escalation protocols	Governance review frequency; clarity in reporting structures	5%
	Compliance Culture	Whistleblowing protection, zero tolerance for misconduct	Number of reports addressed, compliance survey results, and audit findings	10%

6.4 LIMITATIONS AND RECOMMENDATIONS

Several methodological and contextual limitations should be considered when interpreting this study's findings. The relatively small sample size may have reduced the statistical power of the analyses, particularly in relation to structural equation modelling. In addition, using a single sample for both exploratory and confirmatory analyses increased the risk of overfitting, potentially affecting the generalisability of the measurement and structural models. The reliance on self-reported data also introduces the possibility of response bias, including social desirability bias, while the cross-sectional design limits the ability to draw definitive causal conclusions regarding the relationships among ethical leadership, internal control, accountability, and effective governance.

The study further focused exclusively on permanent officials at salary levels 9 to 15, thereby excluding lower-level managers and staff. Although this limits the generalisability of the findings to other employee categories and organisational contexts, the selected participants held positions directly involved in leadership, governance, accountability, and internal control processes, enhancing the relevance and quality of the data obtained. Furthermore, data were collected from only two national government institutions, excluding other national, provincial, and local government entities.

The data collection process proved challenging despite the generally positive support received from relevant decision-makers. The requirements of the Protection of Personal Information Act (POPI Act No. 4 of 2013) imposed significant constraints on accessing and communicating with potential participants, particularly within the government environment. These challenges were compounded by the residual effects of the COVID-19 period and related work arrangement policies. Consequently, the study achieved a lower-than-desired response rate. Given the sensitive nature of governance-related topics and the restricted access to government employees, this limitation was largely foreseeable. To minimise its impact, formal institutional approval was obtained, participation was voluntary and anonymous, follow-up communication was conducted where permissible, and multiple statistical procedures were employed

to assess the robustness of the findings. Nevertheless, the reduced response rate may have affected both statistical power and the broader generalisability of the results.

Despite these limitations, the study provides valuable insights into the relationships among ethical leadership, internal control, accountability, and effective governance. The Ethical Leadership Competency Framework, together with its supporting matrices, remains suitable for application in both public- and private-sector environments to strengthen internal control and accountability practices and thereby enhance governance effectiveness.

Flowing from the findings of this study, several avenues for future research are recommended to advance understanding of how leadership and organisational systems interact to promote effective governance:

- Creating sustainable and people-centred organisational cultures that support effective governance.
- Clarifying the conceptualisation and role of influence within ethical leadership models.
- Exploring the potential human costs associated with staff loyalty and work–life balance.
- Investigating cultural and contextual variables that may mediate or moderate the relationships among ethical leadership, internal control, accountability, and governance across different institutions and sectors.

In addition, future research could examine why some individuals demonstrate higher levels of ethical behaviour than others, identify the most effective approaches for creating and sustaining ethical conduct at all organisational levels, explore the utilisation of the government's Moral Regeneration Programme and Professionalisation Programme as mechanisms for strengthening ethical conduct, and investigate effective methods for measuring and rewarding ethical behaviour within existing public-sector performance management systems.

6.5 SUMMARY

This concluding chapter provided an overview of the study's purpose and consolidated the key results for each research objective. A recommendation was also made for an ethical leadership competency framework to manage the efficiency of internal controls and accountability, thereby facilitating effective governance. By incorporating the ethical leadership competencies, a scorecard was developed as a measurement, monitoring, and improvement tool. The chapter also outlined the study's limitations, considered its overall contribution, and proposed potential directions for future research.

The chapter has demonstrated that while ethical leadership is a critical driver of governance, its effectiveness depends on robust internal control systems and accountability mechanisms.

6.6 CONCLUDING REMARKS ON THE STUDY

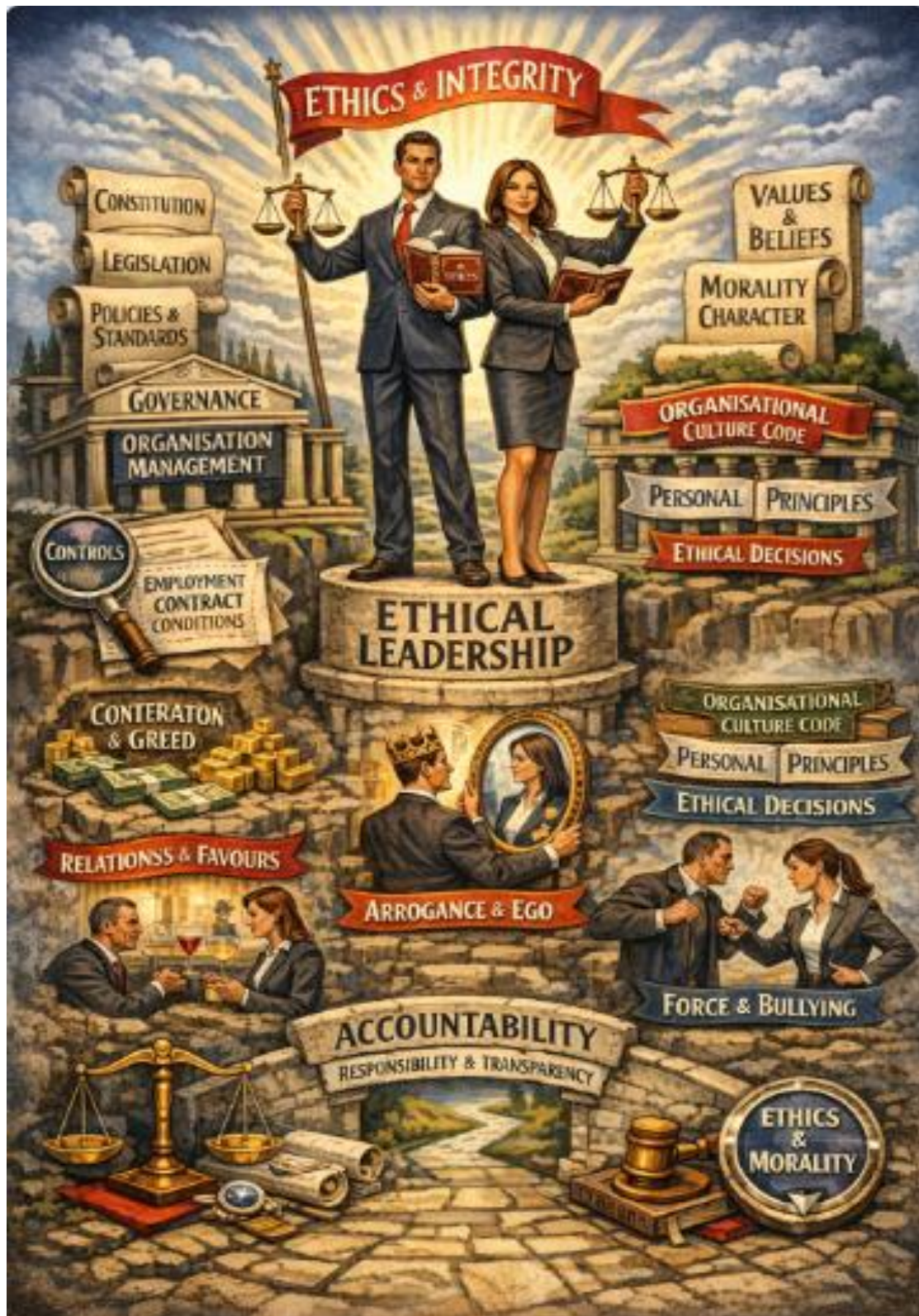
This study makes a meaningful contribution to understanding how ethical leadership serves as a foundational driver of internal controls, accountability, and effective governance. By empirically demonstrating the interrelatedness of ethical leadership, internal control mechanisms, and accountability processes, the study moves beyond fragmented approaches to governance and advances a coherent ethical leadership framework that integrates behavioural, structural, and systemic dimensions. The articulation of ethical leadership through character, influence, and morality highlights the central role of leadership values and conduct in shaping organisational culture and decision-making. At the same time, the identification of governance factors, namely inclusiveness, managerial structures, staff support, management controls, work–life balance, and staff loyalty, underscores that effective governance is not achieved solely through formal systems, but also through people-centred and relational practices that sustain commitment and ethical behaviour.

Importantly, the study demonstrates that internal controls and accountability are not merely technical or compliance-driven functions but are deeply influenced by ethical leadership practices. By conceptualising internal controls in terms of compliance frameworks, compliance culture, risk management, and operational controls, and accountability at both strategic and operational levels, the study provides a nuanced understanding of how ethical leadership enhances the efficiency and credibility of governance systems. The proposed ethical leadership framework offers both theoretical and practical value by serving as a diagnostic and developmental tool to guide leadership practice, strengthen control environments, align accountability across organisational levels, and ultimately facilitate sustainable and effective governance. In doing so, the study contributes to governance scholarship and offers actionable insights for organisations seeking to enhance integrity, performance, and public trust.

Overall, the study contributes to both theory and practice by demonstrating that ethical leadership operates through complex, interdependent mechanisms rather than through direct, linear relationships. This highlights the need for integrated governance approaches that combine leadership, systems, and organisational culture.

Figure 6.2 presents a consolidated picture of the study's content (ethical leadership, internal controls, accountability, and governance).

Figure 6.2: Summary on ethical leadership, internal control, accountability and effective governance



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ANNEXURE A: DETAILED TABLES FOR TESTS FOR SIGNIFICANT MEAN DIFFERENCES



Annexure A-
Detailed tables for 1

ANNEXURE B: ETHICAL CLEARANCE CERTIFICATE



UNISA HRM ETHICS REVIEW COMMITTEE

Date: 09 March 2021

Dear Mrs Dorothee Burger-Snyman

**Decision: Ethics approval from
March 2021 to December 2026**

NHREC Registration #: (if applicable)

ERC Reference #: 2020_HRM_010

Name: Mrs Dorothee Burger-Snyman

Student: #36780731

Researcher(s): Name: Mrs Dorothee Burger-Snyman
E-mail address, telephone # sneeu@mweb.co.za, 083 2800 681

Supervisor(s): Name: Prof Mariette Coetzee
E-mail address, telephone # coetzm@unisa.ac.za, 082 553 4696

Working title of research:

An ethical leadership competency framework for managing the efficiency of internal controls and accountability by a government department

Qualification: PhD

Thank you for the application for research ethics clearance by the Unisa HRM Ethics Review Committee for the above mentioned research. Ethics approval is granted for D Burger-Snyman for a period of **five (5) years**.

The low risk application was reviewed by a Sub-committee of URERC on 13 August 2020 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment. The ethics application was approved on 09 March 2021.

The proposed research may now commence with the provisions that:

- 1. The researcher will ensure that the research project adheres to the relevant guidelines set out in the Unisa Covid-19 position statement on research ethics attached.**
2. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.



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3. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the HRM Committee.
4. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
5. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
6. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
7. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data require additional ethics clearance.
8. No field work activities may continue after the expiry date **December 2026**. Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

Note:

*The reference number **2020_HRM_010** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Yours sincerely,



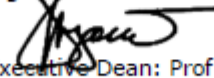
Signature

Chair of DREC: Dr EC Rudolph

E-mail: rudolec@unisa.ac.za

Tel: (012) 429-2586

Signature



Executive Dean: Prof MT Mogale

E-mail: mogalmt@unisa.ac.za

Tel: (012) 429-4805



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ANNEXURE C: QUESTIONNAIRE

1. Approval was obtained by Ms D Burger-Snyman from the Director-General of the Department of Cooperative Governance to do a research project (including the sourcing of information from departmental officials) with the view to developing an ethical leadership competency framework for managing the efficiency of internal controls and accountability by a government department.
2. You have been selected to form part of the target group for the above-mentioned research project. May you please complete the following questionnaire by answering the questions below as truthfully as possible, as they relate to the Department of Cooperative Governance?
3. **All inputs will be anonymous, and the information obtained will be treated as confidential.**
4. You are welcome to contact Mrs D Burger Snyman (Researcher) at Tel: (012) 336 5774 and E-mail: Dorothees@cogta.gov.za or her Supervisor, Professor M Coetzee from UNISA at Tel: (012) 429 3008, E-mail: Coetzm@unisa.ac.za for clarity on any of the questions set out in this questionnaire.

A: DEMOGRAPHIC CHARACTERISTICS:

For office use only:

1. Respondent number:

--	--	--

V1 1-2

2. What is your Gender?

Female	
Male	

V2 3

3. What is your age group? How old are you:

<20	
20 – 25 years	
26 – 30 years	
31 – 35 years	
36 – 40 years	
41 – 45 years	
46 – 50 years	
51 – 55 years	
56 – 60 years	
>60	

V3 4

4. How many years have you been working in the public service?

V4 5

0 – 5 years	
6 – 10 years	
11– 15 years	
16 – 20 years	
21 - 25 years	
26 – 30 years	
31 – 35 years	
36 – 40 years	
Above 40 years	

5. Staff Category?

V5 6

Senior Management (L13 to L16)	
Middle Management (L9 to L12)	
Professional/spe cialists (L7 and L8)	
Support workers (L1 to L6)	
Senior Management (L13 to L16)	

6. Race Group?

V6 7

African	
Coloured	
Indian	
Asian	
White	

7. Highest Educational Qualification?

V7 8

Doctorate	
Masters	
Honors	
Degree	
Diploma	
Certificate	
Grade 12	
Lower than grade 12	

B: ETHICAL LEADERSHIP FOR MANAGING THE EFFICIENCY OF INTERNAL CONTROLS AND ACCOUNTABILITY

1. Ethics

1.1 The employment contracts of each departmental official include compliance to the government code of conduct.

V8 9

5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree
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Motivation for ratings: Not sure; Disagree and Strongly Disagree

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.....

1.2 The code of conduct for government officials is available to all officials in the Department.

V9 10

5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree
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Motivation for ratings: Not sure; Disagree and Strongly Disagree

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.....

1.3 Regular training is provided on the code of conduct to all departmental officials.

V10 11

5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree
-------------------	----------	-------------	-------------	----------------------

Motivation for ratings: Not sure; Disagree and Strongly Disagree

.....

.....

1.4 The code of conduct is clear and provides adequate examples of possible conflicts of interest.

V11 12

5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree
-------------------	----------	-------------	-------------	----------------------

Motivation for ratings: Not sure; Disagree and Strongly Disagree

.....

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1.5 All officials working in the supply chain management functions of government signed the Supply Chain Management code of conduct.

V12 13

5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree
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Motivation for ratings: Not sure; Disagree and Strongly Disagree

.....

.....

1.6 All departmental officials who serve on Bid Committees (Bid Specification, Bid Evaluation and Bid Adjudication) signed the Code of Conduct for Bid Committee members.

V13 14

5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree
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<p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>							
<p>1.7 All senior managers from level 13 and higher completed annual financial disclosures.</p> <table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>		5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V14 <input type="text"/> 15
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>1.8 All officials working in the finance and supply chain management functional area complete annually financial disclosures from 2017/18.</p> <table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>		5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V15 <input type="text"/> 16
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>1.9 The orientation of an individual to work and underlying work ethics is the strongest influence on his or her motivation and organisational performance. Management's actions have only a minimal effect.</p> <table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>		5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V16 <input type="text"/> 17
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>1.10 The disciplinary code for all government officials is available to all employees.</p> <table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>		5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V17 <input type="text"/> 18
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>2. Leadership</p>							
<p>2.1 Each official is regarded as a leader due to his/her responsibilities and influence.</p> <table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>		5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V18 <input type="text"/> 19
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>2.2 Ethical leadership is achieved through integrity, competence, responsibility, accountability, fairness and transparency.</p>		V19 <input type="text"/> 20					

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">5. Strongly agree</td> <td style="width: 20%;">4. Agree</td> <td style="width: 20%;">3. Not Sure</td> <td style="width: 20%;">2. Disagree</td> <td style="width: 20%;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>2.3 Effective leadership is about achieving strategic objectives and possible outcomes.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">5. Strongly agree</td> <td style="width: 20%;">4. Agree</td> <td style="width: 20%;">3. Not Sure</td> <td style="width: 20%;">2. Disagree</td> <td style="width: 20%;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V20 <input style="width: 40px;" type="text"/> 21
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>3. Governance</p>						
<p>3.1 The Department practice good governance, which is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable, inclusive, follows the rule of law, assures that corruption is minimised and the interests of the most vulnerable in society are given attention to.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">5. Strongly agree</td> <td style="width: 20%;">4. Agree</td> <td style="width: 20%;">3. Not Sure</td> <td style="width: 20%;">2. Disagree</td> <td style="width: 20%;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V21 <input style="width: 40px;" type="text"/> 22
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>3.2 The Department has established a corporate governance system of checks and balances between management and all other connected parties with the aim of producing an effective, efficient, and law-abiding organisation.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">5. Strongly agree</td> <td style="width: 20%;">4. Agree</td> <td style="width: 20%;">3. Not Sure</td> <td style="width: 20%;">2. Disagree</td> <td style="width: 20%;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V22 <input style="width: 40px;" type="text"/> 23
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>3.3 The Department has established a Risk Management Committee that consider progress with the risk management plans.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">5. Strongly agree</td> <td style="width: 20%;">4. Agree</td> <td style="width: 20%;">3. Not Sure</td> <td style="width: 20%;">2. Disagree</td> <td style="width: 20%;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V23 <input style="width: 40px;" type="text"/> 24
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>3.4 The Department has established an Audit Committee in line with National Treasury Regulation 3.1.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">5. Strongly agree</td> <td style="width: 20%;">4. Agree</td> <td style="width: 20%;">3. Not Sure</td> <td style="width: 20%;">2. Disagree</td> <td style="width: 20%;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	V24 <input style="width: 40px;" type="text"/> 25
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		

.....							
<p>3.5 The Department has established an Internal Control Committee that monitors progress of the implementation of Management actions to address the root causes of the internal control weaknesses and make recommendations to the Top Management Committee for approval.</p>	<p>V25 <input type="text"/> 26</p>						
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>3.6 The Department has established a Quarterly Review Committee to monitor progress with the institutional performance on a quarterly basis.</p>	<p>V26 <input type="text"/> 27</p>						
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>3.7 The Department has an approved organisational structure with clear reporting lines.</p>	<p>V27 <input type="text"/> 28</p>						
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>3.8 The Department has a comprehensive set of up-to-date and approved Human Resource and Financial Delegations, which are available to all officials in the Department.</p>	<p>V28 <input type="text"/> 29</p>						
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>3.9 The Department has a Fraud Prevention Strategy and Implementation Plan that is available to all officials in the Department.</p>	<p>V29 <input type="text"/> 30</p>						
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
4. Internal Control							

<p>4.1 The Department has an effective internal control environment, which includes, amongst other:</p> <ul style="list-style-type: none"> • Integrity and ethical values. • Competence of employees. • Philosophy and operating style of Management. • Assignment of authority and responsibility. • An organisational structure. • People development and attention. • Provision of direction by the oversight functions. 	<p>V30 <input style="width: 40px; height: 15px;" type="text"/> 31</p>					
<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 20%; text-align: center;">5. Strongly agree</td> <td style="width: 20%; text-align: center;">4. Agree</td> <td style="width: 20%; text-align: center;">3. Not Sure</td> <td style="width: 20%; text-align: center;">2. Disagree</td> <td style="width: 20%; text-align: center;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>4.2 The Department has implemented an effective internal control system, that comprise of, amongst other:</p> <ul style="list-style-type: none"> • Control Environment: Set the tone of the organisation and from the basis of all other internal control aspects, providing discipline and structure. • Risk Assessment: provide for the identification and analysis of relevant risks related to the organisation and form the basis. • Control Activities: Relate to the policies and procedures of the organisation that should ensure management directives are implemented. • Information and Communication: Information relates to the identification, capturing and clear communication of expectations in terms of processes, procedures, and timeframes to facilitate effective service delivery by all officials in the organisation. Information reports facilitate the execution of the organization and its control. Communication takes place with a broader focus, flowing down, across, and to the top of the organisation. • Monitoring: Relate to the monitoring of the internal control systems of the organisation and reporting of the outcomes to senior management. 	<p>V31 <input style="width: 40px; height: 15px;" type="text"/> 32</p>					
<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 20%; text-align: center;">5. Strongly agree</td> <td style="width: 20%; text-align: center;">4. Agree</td> <td style="width: 20%; text-align: center;">3. Not Sure</td> <td style="width: 20%; text-align: center;">2. Disagree</td> <td style="width: 20%; text-align: center;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>4.3 The Department has implemented appropriate and up-to-date corporate support policies.</p>	<p>V32 <input style="width: 40px; height: 15px;" type="text"/> 33</p>					
<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 20%; text-align: center;">5. Strongly agree</td> <td style="width: 20%; text-align: center;">4. Agree</td> <td style="width: 20%; text-align: center;">3. Not Sure</td> <td style="width: 20%; text-align: center;">2. Disagree</td> <td style="width: 20%; text-align: center;">1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		

<p>4.4 The key management and corporate support processes in the Department is documented and supported by detailed standard operating procedures.</p> <table border="1" data-bbox="209 327 1109 387"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V33 <input type="text"/> 34</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>4.5 Individual financial delegation letters are issued to all senior managers (Program, Sub-Program, and Responsibility Managers) on an annual basis, signed off, and utilised for the processing of transactions.</p> <table border="1" data-bbox="209 689 1109 750"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V34 <input type="text"/> 35</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>4.6 The Department conduct annual Risk Assessments (including fraud and compliance risks) and develop detailed Risk Management Plans.</p> <table border="1" data-bbox="209 1016 1109 1077"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V35 <input type="text"/> 36</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>4.7 The Department assesses internal control weaknesses (including Internal and External Audit Findings) and develops detailed and integrated action plans to address the root causes thereof.</p> <table border="1" data-bbox="209 1344 1109 1404"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V36 <input type="text"/> 37</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>4.8 All cases of possible unauthorised, irregular, fruitless and wasteful expenditure are identified and recorded for investigation and reporting in terms of Sections 38(1)(c)(ii) and (h) of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), as amended.</p> <table border="1" data-bbox="209 1740 1109 1800"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V37 <input type="text"/> 38</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>5. Compliance</p>						

<p>5.1 The Department has an integrated compliance register, which is maintained and progress reported on a quarterly basis to the Head of the Department (Accounting Officer).</p> <table border="1" data-bbox="209 327 1109 387"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V38 <input type="text"/> 39</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>5.2 The Department complies with all legislative, policy, and delegation of authority requirements.</p> <table border="1" data-bbox="209 622 1109 683"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V39 <input type="text"/> 40</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>5.3 Non-compliance by the Department has no impact on audit outcomes.</p> <table border="1" data-bbox="209 918 1109 978"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V40 <input type="text"/> 41</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>5.4 Non-compliance with legislation, policy, and delegations of authority is a root cause of irregular expenditure.</p> <table border="1" data-bbox="209 1214 1109 1274"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V41 <input type="text"/> 42</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>6. Accountability</p>						
<p>6.1 The Department develops and tables every 5 years a Strategic Plan in line with the Strategic Plan Framework of the government.</p> <table border="1" data-bbox="209 1579 1109 1639"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V42 <input type="text"/> 43</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>6.2 The Department develop and table every year three-year budget projections through the Minister of Finance, which include measurable objectives, key cost drivers and spending items.</p> <table border="1" data-bbox="209 1904 1109 1964"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	<p>V43 <input type="text"/> 44</p>
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		

.....						
<p>6.3 The Department develops and tables every year an Annual Performance Plan for the next 3 years in line with the available funding and Annual Performance Framework for government, which includes measurable objectives, annual and quarterly targets.</p>	V44 <input type="text"/> 45					
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>6.4 Each key functional area in the Department develops annual costed Operational Plans.</p>	V45 <input type="text"/> 46					
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>6.5 Quarterly organisational performance assessments are conducted and outcomes communicated to the relevant stakeholders (e.g. Top Management Committee, Executive Authority, the Audit Committee and the Department of Planning, Monitoring and Evaluation).</p>	V46 <input type="text"/> 47					
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>6.6 Quarterly and annual Financial Statements are compiled in terms of Section 40 (b) and (c) of the Public Finance Management Act,1999 (Act 1 of 1999) as amended (PFMA) and submitted the Interim and Annual Financial Statements to the relevant stakeholders (e.g. Quarterly to National Treasury and annually to National Treasury and the Auditor-General South Africa)</p>	V47 <input type="text"/> 48					
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		
<p>6.7 Integrated Annual Reports are compiled for approval by the Executive Authority and for tabling in terms of Sections 40 (d) and 65(1)(a) and (2) of the Public Finance Management Act,1999 (Act 1 of 1999) as amended (PFMA).</p>	V48 <input type="text"/> 49					
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p>	5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree		

<p>.....</p> <p>.....</p>							
<p>6.8 Each official in the Department signs a Performance Agreement before the end of May each year.</p>		V49 <input type="text"/> 50					
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>		5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>6.9 Individual performance review and assessment is conducted (six-monthly and annually) against the signed Performance Agreement targets and performance indicators.</p>		V50 <input type="text"/> 51					
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>		5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>6.10 All cases of irregular, fruitless and wasteful expenditure are investigated by the Department and the necessary corrective and consequence management actions implemented in terms of Sections 38(1)(h)(iii) and 45(c) of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended.</p>		V51 <input type="text"/> 52					
<table border="1"> <tr> <td>5. Strongly agree</td> <td>4. Agree</td> <td>3. Not Sure</td> <td>2. Disagree</td> <td>1. Strongly disagree</td> </tr> </table> <p><i>Motivation for ratings: Not sure; Disagree and Strongly Disagree</i></p> <p>.....</p> <p>.....</p>		5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree	
5. Strongly agree	4. Agree	3. Not Sure	2. Disagree	1. Strongly disagree			
<p>7. Do you think the officials in the Department execute their functions ethically? If not, what could be done to improve their ethical conduct?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>		V52 <input type="text"/> 53					
<p>8. When you determine that ethical standards are not met, what do you do?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>		V53 <input type="text"/> 54					

<p>9. When you discover that there is non-compliance with legislative and policy requirements as well as delegations of authority, what do you do?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>V54 <input type="text"/> 55</p>
<p>10. Do you think the internal control environment of the Department is effective? If not, what would you propose should be done?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>V55 <input type="text"/> 56</p>
<p>11. Do you think the Department monitors the accountability of staff effectively? If not, what would you propose should be done?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>V56 <input type="text"/> 57</p>

THANK YOU FOR YOUR TIME AND VALUABLE INPUTS