

ETHICS, CULTURES, FRAUD AND CORRUPTION – THE UNANSWERED QUESTIONS

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“All people are the same; only their habits differ.” (Confucius)

Abstract

The idea for the paper emanated from my concern regarding the absolute flood of unethical behaviour in recent times. Fraud and corruption in South Africa is rife and it seems that the average person has no control over what comes next. Considering the impacts of peoples’ background, social standing and culture, the paper considered the psychological processes through which learning of habits and mannerisms take place; and how it influences ethical behaviour. Valuable lessons are learnt, namely that culture, whether it being ethnical, organisational, family or religious, have a direct impact on a person’s ethical value system and subsequently on whether a person is inclined to partake in fraud and corrupt activities.

Fraud and corruption can cripple and destroy organisations and its auditors. Fraud and corruption are costly. The paper reports that it is ultimately the responsibility of executive management to manage fraud and associated risks – management must set the “Tone at the Top”. Managing ethics is costly, but ignoring it is fatal.

Although it is not the primary responsibility of auditors to detect and investigate fraud and corruption, the accounting profession needs to do introspection to determine what society expects of them. A mere audit opinion on annual financial statements does not satisfy the demands of society any more.

The question is apparently not whether fraud will occur in organisations, but rather when and that everybody must insist on doing the right thing – for the greater good.