BUSINESS ETHICS IN AFRICA

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African businesses face major challenges in regard to their operational practice and ethical conduct free of corruption if they wish to become self-sustaining. It is imperative that they avoid any behaviour which is narcissistic in nature and which is based on the ethic of self-preservation and individualism. What is needed, are ethics codes based on sound ethical philosophies such as *ubuntu.* Furthermore, it is essential to include all employees in the decision-making process and to empower them so as to ensure good workplace practices. Initiatives must be put into place as a matter of urgency so as to make ethics training a reality in all business ventures. For success to result in ethical practice endeavours, the buy-in of management is non-negotiable. Senior managers must be assigned to assist employees to integrate ethics into the everyday operation of every business, and to serve as role-models for acceptable conduct. Ethics codes, which serve as yardsticks for employee behaviour, must be drawn up and revised as often as possible. Only in this way can African business arrive at the desired destination of global competitiveness.

Key phrases: Ethics, ubuntu, narcissism, corruption

INTRODUCTION

In the African business environment of the new millenium, the behaviour of managers is under greater scrutiny than was previously the case. The access to information of the public at large makes transgressions on the part of employees virtually impossible to keep secret. Unethical business practice, clearly, also leads to the reputations of businesses and even governments, becoming tarnished. All stakeholders in a business must be informed of the logic behind business decisions which have a major impact on them and their investment in the business and in essence transparency must prevail. The customers of today expect managers to adhere to high standards of ethicality in their behaviour. Added to this is the fact that there are increased governmental regulations in place for all organizational activities to remain ethical (Wright & Noe 1996). All too often behaviours are exhibited by employees that are unethical and decisions are made that make good business sense but are also not ethical. Any behaviours, which are in line with the narcissistic value system that is prevalent in the West and are based on the ethic of self-preservation, are not conducive to effective business practice in Africa, and yet such practice is rife. Conduct which strays from the moral imperatives governing the behaviour of individuals and businesses is deemed to be unethical and tends to destabilize the system in which a business operates. In this regard, the ethic of self-preservation (ESP), is highly destructive in the long-term. Businesses which opt for this particular approach in their dealings with employees and customers do not have a long-term vision in which their sustainability is assured. Sadly, more and more businesses are becoming more narcissistic in their cultural orientations (Irvin 2002).

This is not surprising given that many senior business executives employed by major corporations, including especially blacks, tend to be narcissistic and never set realistic goals for themselves. In the South African business scenario, where many of them were previously disadvantaged by the Apartheid Policy of the previous regime, they are eager to show that they 'have arrived'. Consequently, many are understandably preoccupied with fantasies of their own uniqueness and achievements. Generally these individuals are highly verbose and reflect this propensity while living in an illusionary business world where they demonstrate to their peers that they are achievers. The demands of the false self are never satisfied by the narcissist's accomplishments, standing, wealth, or knowledge. The narcissist's grandiosity and sense of entitlement are equally incommensurate with his achievements. To bridge the grandiosity gap, the malignant (pathological) narcissist resorts to shortcuts and these very often lead to fraud. They do not recognize boundaries -- personal, corporate, or legal. Everything and everyone are to them mere objects unconditionally and uncomplainingly available in his pursuit of narcissistic gratification (Vaknin 2005).

What is needed is a vision which is realistic enough to be achievable and which encompasses 'imaginative insight into what is to be done so that the result will lead the organisation to great heights of excellence in pursuing a purpose or goal' (Van Zyl 1998). The greed syndrome is the very antithesis of the new ethic - the bid for sustainable development and the closing of the gap between rich and poor.

"The challenge is for business people to understand the environment in which they do business, to see it holistically. They have to accept that they have a moral duty to see that what they do advances human wellbeing.

Wise businesses are not only aware of the way they can affect the external environment but they know that detrimental changes in that environment can, in the end, affect them. But many are indifferent even to the needs of their internal environments - the wellbeing of their staff and the need to encourage employees to enjoy Monday to Friday." (Visser & Sunter 2005).

THE ROOT OF VALUES

The values governing conduct are products of the normative responses from within a system and form the basis of all moral reasoning. To put it plainly, African ethics is part of a social quintessence that has strong cultural roots and presents itself in actions and behaviours which are ultimately aimed at guaranteeing the survival of the system from which they emanate. The roots of African life, culture and value systems, in Southern Africa, are found in the philosophy of *ubuntu*. It is *ubuntu* which

calls for caring for others and for upholding moral integrity. It is only through others that a person can be considered to be a person- *'Umuntu ngumuntu ngabantu'.* It is only through *imbizo* or participation, that all people are treated inclusively and have their suggestions and ideas considered and they are treated with human dignity.

The value systems espoused by businesses in South Africa should thus include aspects such as codes of conduct and credos, as these will guide them to function with integrity and uphold a strong ethical stance even in turbulent economic times. These value systems should be based on a wide range of philosophies, especially including *ubuntu,* as the majority of employees in South Africa are black and embrace this philosophy.

If employees are to be able to evaluate, they need a set of values to serve as yardsticks (Van der Waldt & Helmbold 1995). The values embraced by a business not only protect the employees against unethical practice but also protect all the other stakeholders, especially the customers. Ethics in the workplace should thus be seen as an ongoing activity and management process (Hondeghem 1998).

WHAT HAPPENS ON THE GROUND?

Corruption which is due to unethical conduct, causes a reduction in quality of goods and services made available to the public by businesses, as some of them cut corners to increase profit margins, and this adversely affects society in general. Corruption thus also effects foreign investment and stifles economic growth while also reducing private investment (Mauro 1997). In Nigeria, for example, bribery and corruption, the culture of late payments of accounts and delays or refusal of payment for services already provided, are according to the Lord Bishop of Guilford, David Peck, scaring away British investors from Nigeria. He stresses that those who fail to pay companies for services rendered are forgetting that the life blood of any business is its cash flow. He also points out that the price of corruption is poverty (Ewulu 2002). Because of the widespread regularity of "petty" and "grand" corruption and unethical business practice, the international business community has come to regard the whole of Africa as a "sinkhole that swallows their money with little or no return" (Callaghy 1994).

While the philosophy of *ubuntu* is very prevalent in most African societies in one form or another, there are still pockets here and there of unethical and narcissistic behaviour on the part of certain black businessmen, as in South Africa. Sadly, there exists in the minds of certain individuals, a victim and entitlement mentality, borne out of the Apartheid policy of the previous regime. In this mindset, some individuals who were previously disadvantaged, believe they are now entitled to all the good things in

life and shouldn't have to work for them. This attitude is responsible for much of the unethical business practice which manifests itself in South African business circles. The behaviour of certain unscrupulous individuals in positions of seniority in businesses, thus creates the impression that the businesses in which they serve, are corrupt and unethical in nature. In reality however, nothing could be further from the truth.

Many white businessmen are also unethical and corrupt and do not always behave morally. They cheat, accept bribes and act irresponsibly and many often act with impunity. In the long run such unethical behaviour sets a bad tone and is a poor example to black and white businessmen alike. There are clearly both good and bad business leaders in Africa, irrespective of race, and there is certainly no justification to believe that either all black or all white business people are unethical and corrupt. The moral principles which are valid for all people, irrespective of race or ethnicity, are equally valid for those in business and should serve as a guiding light for all in how business is conducted.

There are also some fundamental differences between African and Western management thought as well as differences between traditional and modern Western philosophy and culture, which play a role in how business is conducted. The fundamental assumptions of Western management thought and African management thought are in direct conflict with each other (Lutz 2003). Western management thought advocates what is termed to be Eurocentricism, individualism, and modernity, African management thought, on the other hand stresses ethnocentrism, traditionalism, communalism, and cooperative teamwork (Nzelibe 1986), which are basically based on the philosophy of *ubuntu.* Nzelibe (1986) stresses that the adoption of a modern-Euro-centric understanding of management which is in essence, incompatible with traditional African cultures, is responsible for the unethical management practices which exist in current African business practice. "The core dimensions of modern African management thought include traditionalism, communalism, and cooperative teamwork. The exclusion of such factors from African management practices and thinking has been responsible for managerial problems such as nepotism, bribery, corruption, and an acute lack of discipline in organizations, particularly in public servants."

Many businesses bribe decision-makers in other companies to award them contracts and this in itself affects all employees indiscriminately and influences the behaviour of employees and customers in unpredictable ways. The truth is that any business which fails to take cognizance of the welfare of its customers, is ultimately dysfunctional, and will eventually lose them to their competitors in the marketplace. Such a business is also likely to ignore the essentiality of a healthy workplace

environment and will consequently also experience an abnormally rapid rate of employee turnover. In especially turbulent economic times, a business, which opts to go the ethical route, will have greater prospects for success and will ensure the sustainability of the enterprise. There should be no place for self-preservation at the expense of others, and corruption in African business. Corruption has broadly been defined as a perversion or a change from something positive to something negative. Specifically, corruption or corrupt behavior involves the violation of established rules for personal gain and profit (Sen 1999). Corruption includes all exertions to secure wealth or power through illegal means, private gain at public expense, or a misuse of public power for private benefit (Lipset & Lenz 2000). Corruption is intolerable and to be condemned in all instances. In South Africa, for example, the Constitution of the country is quite clear on the fundamental principle of honesty (Section 195[1], Constitution of the Republic of South Africa). Businesses and individuals are accountable and obliged to explain their actions if these are contrary to the values of society, and they are expected to act ethically, i.e. apply the values of society to their actions at all times. Nepotism is another problem as this gives individuals an unfair advantage over others in the workplace. Corruption usually ensues with the misuse of entrusted power for personal gain. Every corrupt practice, no matter how insignificant it may appear to the perpetrator, undermines a business and subverts the strategic vision of the business. One of the main causes of unethical business practice is the prevailing ethic of self-preservation and individualism. This has clearly damaged many businesses irreversibly and not only in Africa. A case-in-point is Enron. What is needed is good corporate governance, transparency, accountability and the rule of law. These are the keys to tackling corruption in African society.

There are many reasons why businesses may act unethically. Greed and the total disregard for business codes of conduct are but two reasons (Bayat & Meyer 1994). In Africa, as indeed in other parts of the globe, many businesses are dysfunctional because their managers are simply not willing to transform their enterprises in terms of ethical practice, and thus disregard what is in essence managerial wisdom in practice. According to the United Nations, corruption is rife in most African countries and this fact undermines the prospects for economic investments on the continent by foreign firms. Sadly, the greatest impact of corruption is on the poor who are unable to absorb its costs (Cookey 2005). Corruption, whether at the governmental or business levels, results in reduced investments and even de-investment in some cases. It is common practice for many national and international companies in Africa to conduct business by offering bribes in order to secure business and undercut their legitimate competitors in the marketplace.

In South Africa, there are many cases of corruption in business and these are considered to be a manifestation of the moral disintegration of society and the natural

result of great poverty and ethnic discrimination (Mafunisa 2000). The criminal justice process is a major deterrent for corruption in society as many would be perpetrators are fearful of the consequences of their actions (Rich 1975). According to Kohlberg (1981), people are orientated towards social norms and are judged by others in terms of how they comply when they are what he calls the conventional stage of moral development. By means of contrast, those beyond the conventional stage behave in ways which can be evaluated according to normative standards that are based on principles. The implication of this is that if ethical behaviour in the workplace is to become part of an employee's mindset, it is essential for the underlying ethical principles to be recognized, understood and internalized by employees.

WHAT SHOULD BE HAPPENING?

Businesses should strive for the inclusion of all employees in the decision-making process, irrespective of rank in the operational hierarchy. Corruption in any shape or form must be condemned out-of-hand. The opinions of all employees should be considered seriously and valued. Employees need to feel a sense of worth and ownership in a business and will commit themselves more to their employer as a consequence of such acknowledgement on the part of their employers. This is clearly one aspect, which is lacking in most South African businesses. Employees generally do simply not trust their employers, who they see as narcissistic promoters of ESP. There is no *esprit d'corps* between the employees and the employer in such businesses and in most cases, employees are not treated with the dignity and respect they deserve. Managers should also be agents of change in planning the vision of the organization and they need to lead and then manage the changes that they implement at all levels in the organization. It is incumbent on them to manage anxiety that may result from change. This is especially needed in South Africa where society has undergone massive changes in the last ten or so years in an environment of developing democracy. The huge changes in both the local and international business environments means that the leaders of organizations need to be careful in how they manage the unpredictability of business on a global level. Managers should make themselves au fait with the codes that provide moral standards globally, the two most important of which are the United Nations Global Compact (www.unglobalcompact.org) and the Caux Principles (www.cauxroundatble.org). Each of these stress ethical business practice and promote ethical principles such as working together for the common good (*Ubuntu*) and the promotion of human dignity in the workplace and beyond.

In African society, a manager who disrespects his employees is at once considered to devoid of decency and humanity, and such a manager is not taken seriously at the

best of times. African society is for the most part, highly compassionate. Individuals will share with the have-nots in their society and will strive to uplift them. Such regard for others leads to greater sustainability in African society. Whilst such behaviour is paid lip-service to in most businesses, in practice, it is not supported as most businesses are caught up in ESP. While western business models tend to focus on 'the bottom-line' and narcissism, African businesses are more committed to uplifting society and creating a new workable community in which all can prosper. This is not to say that some black managed companies are also not ESP promoters. If one desires to operate an ethical business where employees act selflessly and with integrity, are accountable and objective as well as transparent in all that they do, one will simply have to include employees in the decision-making processes and empower all employees.

THE ROLE OF EMPLOYEE EMPOWERMENT

Another aspect which deserves attention is employee empowerment, which has been receiving greater attention than was the case in the past (Zani & Pietrantoni 2001). There is no doubt that empowerment of employees goes a long way in fostering an ethical workplace ethos. Much literature supports the view that the major determinant of empowerment, by category, is the psychological variables affecting it (Menon & Hartmann 2000; Dimitriades 2002). By empowering or 'granting power' to an employee, a business is seen to be acting ethically as it is considering the employee's human dignity and is according him/her a status of worth. The employee has a sense of having free choice in "initiating and regulating" his or her actions (Spreitzer 1995) and is able to shape his/her work role and context. In essence, employees have a locus of control in which they believe that they, rather than external forces, determine what happens in their workplace environments and thus feel empowered. There is an erroneous perception in many African businesses that because employees are not all in management positions, they are not concerned about ethical questions. In fact, the more they are involved in the decision-making process and participate, the more they will feel the desire to be part of an ethically responsible workplace. Any management style which stifles the individual and does not respect human dignity, is problematic, for in such a workplace ethical behaviour is less likely to be maintained. Such autocratic management styles are thus deleterious to both employees and employers and therefore to the community at large. A business's dynamic core of human interaction cannot be ignored. Any style of management which fosters self-centredness is antithetical to the creation and maintenance of a sustainable business operation.

If employees are not sufficiently empowered, they will perceive themselves to be separate entities and will make all decisions based on ESP (Irvin 2002). They will thus not take into account the effect of their actions on those around them, either in the workplace or in society, and will have their moral reasoning inhibited to the detriment of all who may come into contact with them.

A business that empowers its employees will have enlightened leaders who are also the initiators of new values. These leaders will of necessity, strive for creating a sense of commitment and ownership in all employees and make certain that all the values proposed by them are in harmony with the basic goals of the business and be part of its processes. According to Bass (1990), 'The organizational philosophy includes its assumptions, values, foci of attention, priorities, and goals and the techniques it promulgates to implement its efforts. Clearly its philosophy and culture overlap and reinforce each other in determining what is the right thing to do and what is important and good'. As such, leaders of businesses are thus important developers of business philosophy and drive the value system of their business. It is incumbent upon them to co-opt all employees in the decision-making process concerning the preparation and formulation of the business's philosophy including the code of ethics to be adhered to by all employees. The virtues that employees are expected to develop in the workplace must also be expressed in the culture of the business. Rules on how employees should act when practical dilemmas arise are equally important. In fact the modes of expected behaviour in given scenarios should be spelled out clearly for all employees who should be empowered to act as they see fit within given parameters of behaviour.

In 2001, a national ethics survey was conducted jointly by the Office of the Public Service Commission and KPMG, to determine the extent to which South African public service and private corporations as well as civil society, have succeeded in establishing basic ethics management practices (Country Corruption Assessment Report 2003). The findings, based on a sample of 166 respondents, were that most had a basic ethics infrastructure, including codes of conduct, in place. Numerous problems identified by the survey included the position that ethics training is too brief to be truly effective and does not focus on managers and new entrants in various operations. Only 27% of new employees were trained in applying codes of ethics while only a staggering 13% were taught ethical decision-making skills and only 12% of new employees were assisted in integrating ethics into their everyday activities. Equally alarming was the fact that many businesses have no senior manager assigned to handle ethics in the workplace. These findings clearly show that many businesses pay only lip service to ethics and are not really committed to it.

There is a huge need for businesses to advocate professional ethics to all their employees in an environment which is conducive to the establishment of values by which employees can operate ethically. Without the support of management, ethics will not be part and parcel of everyday business activity and unethical business practice including corruption is bound to set in sooner or later.

THE EXAMPLE OF STANDARD BANK

The Standard Bank in South Africa is committed to maintaining the highest standards of corporate governance and ethics through its governing structures. The bank has a superb code of ethics which is actually put into business practice and this ultimately leads to superior business performance. The bank constantly benchmarks itself by its participation in 'relevant sustainability indices' (Sustainability Report 2004). The group has high ethical standards which are embedded in their culture and all business is conducted on the basis of this culture. They adopted a code of ethics in 1998 and revised this code in 2004. Their Africa Credit Committee which reports to the board of directors partly focuses on approving large group exposures in line with regulatory requirements. There is also a Group Risk Management Committee which monitors all risks facing the group including operational and compliance risks which could be affected by unethical behaviour. The group audit committee ensures that the group has an adequate and effective internal control system to safeguard its assets. The practice of social responsibility has been well entrenched within the organisation over many years. Monitoring and reporting on sustainability is an evolving concept and discipline in our organisation, is a concept that they continue to embed.

The bank is committed to making a real difference to financial services in South Africa and other emerging markets. They strive to ensure long-term sustainability by harmonizing the needs of their customers, employees and shareholders and by being relevant to the societies in which they operate. They maintain they will only succeed if they are able to attract, retain, develop and deploy teams of people with energy, passion and skills.

The bank values serving its customers and does everything in its power to ensure that it provides them with the products, services and solutions to suit their needs, provided that everything that is done for them is based on sound business principles. They encourage and help their employees to develop to their full potential, and measure their leaders on how well they grow and challenge the people they lead. They understand that they earn the right to exist by providing appropriate long-term returns to all their shareholders. They try to meet their various targets and deliver on all their commitments.

They strive to stay ahead by anticipating rather than reacting, but their actions are always carefully considered. Teamwork is prized and they believe that much more can be achieved by teams than by individuals. Consequently they value teams within and across business units, divisions and countries. The bank is confident in its ability to achieve ambitious goals and celebrates success, but never allows itself to become arrogant. Management has the highest regard for the dignity of all people and respect each other and what Standard Bank stands for. They are fully cognizant of, and recognize that there are corresponding obligations associated with individual rights. The entire business model is based on trust and integrity as perceived by all stakeholders, especially the external customers.

CONCLUSION

A business is able to consolidate and sustain itself by having employees who are able to act morally. In Africa, unethical business practice and corruption are rife and this situation is untenable and cannot be sustained. The situation can be remedied by employers recognizing the dignity and human rights of all employees, and by empowering them and including them in the decision-making process. Everyone has a right to express themselves and have their human rights recognized and be treated with real dignity in the workplace. It is necessary to formulate ethical codes so as to keep employees on a sound moral course and to maintain high ethical standards. Value systems that are embraced by businesses must include codes of conduct and credos.

Moral values cannot be disregarded as these drive honesty and investment and make way for strong social inclusiveness and are thus assets. Employees need sets of values to guide their conduct and should actively be involved in the formulation of these codes. Corrupt and unethical business practice will ultimately destroy a business enterprise and there is no place for these in a business which wishes to flourish. Neither is there room for narcissism or the ethic of self-preservation at the expense of others. Businesses in Africa which strive to operate in a similar fashion to Standard Bank, and which have carefully considered and well implemented, workable codes of ethics based on ethics philosophies that are in any event present in African society, will ultimately be very successful.

It does not really matter if unethical practice is due to ignorance, narcissism, mala fides or anything else, as opposed to deliberate malfeasance (Pienaar:2005), the perversion of integrity by corrupt and unethical practice in business (and government), must be stopped if Africa is to develop and take its rightful place in the global business arena.

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