

Ethical Leadership

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*“A leadership strategy without ethical clarity
produces moral and economic bankruptcy.”*

- Bill Donahue

Ethics is derived from the Greek term “ethos,” which denotes to the characteristic spirit of a culture, the inner disposition, or morality.¹ Ethics can be defined as a moral system of a particular school of thought. It has to do with the application of moral values to people’s behaviour. Starting with Aristotle, ethics are regarded as a moral virtue which could be instilled in individuals through practice and learning.² Aristotle acknowledges the role of nature in developing certain characteristics in humankind which are more a way of life, grounded in a system of rules and principles. Similarly, this discourse of virtue propels leaders to be obliged by motives of duty and moral standards by considering the principles of accountability, responsiveness, and commitment to their duties. The futility of relying solely on compulsion to produce virtue, becomes even more apparent when one considers that there is an obligation for a leader to be sure that their actions appear ethical.

The King IV Report on Corporate Governance for South Africa (2016) defines ethics as something that is good and right for the self and others, and that it can be expressed in terms of the golden rule which asserts that one should treat others as you would like to be treated yourself. In the context of an organisation, ethics refers to a system of moral values which are applied to decision-making, conduct, and the relationships between the organisation, its stakeholders, and the broader society.

The term “leader” comes from the old English word “lædan,” That can be translated as “to go before as a guide”.³ Leadership is the decision to avail oneself to serve people in pursuit of a common goal. It is about taking responsibility for the group achievement of predetermined goals, and it’s closely linked to ability. Leadership must add social influence to the people and it comes with additional responsibilities and ownership.

Ethical leadership can be defined as the “practice of holding the interest of the group that someone is leading, aligned to their interest but never above the interest of the broader society.” It is to act in such a way that people who are led by you, know that you are consistent in your word and deeds – even if no one is watching. Being an ethical leader means to always align the many defined and undefined interests of the stakeholders with the goals by which one is leading. It is about the approach that is centred on good principles and values, where right is right and wrong is wrong, irrespective of the outcomes or consequences of the decision.

Ethics is stakeholder-focused and about meeting the goals of the organisation in a manner that is responsible and sustainable. Therefore, it might be necessary to spell out what the characteristics of ethical leadership are, using ICRAFT, pertaining to an ethical leader:

- ◆ **I – Integrity:** The leader must act in good faith and in the best interest of others, and they should set the tone for an ethical culture in the organisation.
- ◆ **C – Competence:** The leader must have sufficient work knowledge for their particular organisation.
- ◆ **R – Responsibility:** The leader should exercise courage in taking risks and capturing opportunities, and do so in a responsible manner and in the best interest of others.
- ◆ **A – Accountability:** The leader must be willing to answer to the execution of their responsibilities, even when the responsibilities are delegated.
- ◆ **F – Fairness:** The leader should adopt stakeholder-inclusivity (balancing of all material stakeholders in the best interest of others).
- ◆ **T – Transparency:** The leader should be transparent in the manner in which they exercise their role and responsibilities.

Why be Ethical?

If you are given 100 percent assurance that your organisation will not be caught out on unethical practices, are there any compelling reasons to still be ethical? There is a need for leaders to be ethical because it defines how leaders should act individually and as part of a society.

Conversations held with numerous people indicate that most people have never heard of the former Uruguayan president, Jose “Pepe” Mujica, and there is a high probability that they never will. Mujica has been dubbed the world’s poorest president. When he became president of Uruguay in 2010, Mujica announced that he would donate 90 percent of his monthly salary to charities.

He refused to move to the presidential palace and stayed in his two-bedroom farmhouse. He even kept and drove his 1987 Volkswagen Beetle. He broke the trend of world leaders using their political office as a means to accumulate wealth for themselves, their families, and their networks. So perhaps, it is not surprising that very little is known about him.⁴

In our current world, the biggest news makers are those who flaunt wealth and make others aspire to lead lives of opulence and over-consumption. A modest lifestyle like that of Mujica would not be aspirational to many. Being ethical and living within your means are seemingly uninteresting and not at the top of the list of things that people strive for. So, when people complain about the lack of good leadership and the corrosion of values in society, it is because the world is moving away from morals and ethics, and towards the pursuit of affluence by whatever means necessary.

It is easy to prescribe how others should behave, but many people fail to reflect on their own experiences and life choices. We can only help to create a more ethical society through leading by example, taking the initiative to care about the common good, not acting selfishly in business and making a conscious effort to help those who are less able and fortunate to live better lives.

Usually, businesses and most of the institutions blame strategic, financial, or operational risks for their state of affairs. However, the one thing that most organisations have in common is a lack of an ethical culture. In the South African business context, many of our core state and private listed organisations have been embroiled in ethical failures, usually from a governance of ethics standpoint, and have been implicated in wasteful expenditure, employee intimidation, procurement fraud, employee and leadership incompetence, and the inability to meet the core mandates for which they were initially formed.

The King IV Report on Corporate Governance for SA indicates that corporate governance is the exercise of ethical and effective leadership towards the achievement of an ethical culture and sustained good performance. While the cultivation of an ethical culture is a tall order, some organisations seem to be grasping the concept better than others. Ethical organisations seem to have certain characteristics that organisations with poor ethical cultures do not have. Through differential analyses, certain dimensions of ethical culture have emerged as being described by the characteristics of ethical leadership through ICRAFT.

Being ethical is more than not succumbing to corrupt business practices, which sadly have become the normal thing to do in our society. Paying bribes

for businesses and tenders, colluding to rig contracts and greasing politicians' palms are all too common, and the experience of those unethical behaviours has unfortunately not shocked our country sufficiently enough to expose and eliminate these practices.

Encounters on Unethical Leadership and Learnings

Reputation counts, guard it with your life. In June 2018, I was scheduled to be in an interview for a water entity as a board member. I was excited and nervous at the same time due to the fact that I wasn't sure what would be in store for me at the interview. I was prepared and ready to show the value I could add to the organisation with my knowledge and skills. When my turn arrived to be interviewed, I was surprised that the panel was chaired by the then water entity CEO. This was highly irregular, as the appointment of board members is not done by management, according to the King IV Report. The CEO of an organisation reports to the board, not the other way around. Corporate governance is very clear in this regard. Ethical leadership will always uphold good corporate governance. I objected to the anomaly – even though it jeopardised my chances of getting the position. It is the price one pays for swimming against the tide.

The other encounter occurred in May 2015 when I was employed by an entity in which I was the operations manager, responsible for a West African mining operation, which at that time, was the organisation's golden goose with prices of rutile products soaring high. I was assigned to their mineral separation plant with the simple task of maximising the good quality of the rutile product. At that mine their proportion of the feed of HMC (heavy mineral concentrate) was supplied by a Chinese company which they had been using for years to ensure that the plant reached name plate capacity.

The Chinese mine was being run in an unsafe manner and many of the safety rules espoused by occupational safety and health principles were not followed. Although I was only a few days at the mine, I shut it down and instructed the owners that until they comply with the safety rules, they would not operate. Little did I know that my decision, which was based on the safety regulations as an operations manager, opened a can of worms for the entire operation.

Two days later, I was visited by the owner of the mine, who tried to convince me to reverse the decision to shut down the mine. He had a bag full of money in US currency, which he presented as an incentive to reopen the mine. Of course, the offer was tempting. In my mind, I did the currency conversions to work out the Rand value of the bribe – it would have been a life changer.

However, I stuck to my guns and told the owner that I could not accept his money. I told him to ensure that his operations were compliant with safety regulations so that lives would not be lost. These two anomalies were reported to the relevant authorities and unfortunately no action was taken to correct or rectify those unethical behaviours.

These experiences showed me that temptations would always present themselves and that the possibilities of succumbing to them are immense. However, so are the repercussions of partaking in such activities. Many people believe that because of the ineffectiveness of our criminal justice system, there is a good chance of getting away with taking a million Rand here and there under the table. Corruption is not something that happens only at high levels in government and the top strata in business. We all have had experiences of some form of corruption and perhaps talking frankly about it is what is necessary for people to distinguish between right and wrong.

Speaking at the launch of the Daily Maverick book, *We have a game changer*, Investec Joint CEO, Fani Titi made this point: “To remain independent in the world of polarisation is really difficult.” This is true in many contexts, including in the business sector where it is increasingly difficult to be your own person and act according to the dictates of your conscience. The consequences are even bigger: Partaking in such behaviour or turning a blind eye to it, makes us complicit in contributing to the culture of rot and immorality in our country and in the world. Our decision not to act against corruption, encourages others to participate in corrupt or rather unethical activities.

No matter how much we may seek to convince ourselves, it should be noted that corruption is not and never will be a victimless crime. There are always people who will suffer as a result of fraud, malfeasance, and unethical conduct. The important thing to also note and admit in this instance is that the victims of corruption are very much removed from these corrupt activities. They are mostly not part of the corrupt activities, but nonetheless bear the brunt of the harshness of a society that conducts itself in a manner which is devoid of a value system. This is not sustainable.

It is undeniable that our society is deficient of good role models. These are not just people who live exceptional lives and reach their full potential, but those who abide by the rules of law and contribute to making the world a better place. This is especially the case in townships, such as the one in which I grew up. There was a known car thief who used to drive a fancy BMW and dress in expensive clothes. He was the star of the neighbourhood. Being youngsters and

naïve, we admired and idolised him. At that time we did not realise that to be like him, we would need to be car thieves too. We were drawn to his so-called “good life” while we would call the real leaders who used to do good work by developing our community, “amabhari” (fools).

This speaks to the slant of our society to aspire to quick wealth through crime rather than ethical lives through hard work. Perhaps if we were exposed to other kinds of people who were leading successful lives in business or reaching great heights in their careers, we would not have idolised a car thief.

To expose this lack of role models further, you only have to take a look at the black middle class on weekends. They live in Sandton, Fourways, Umhlanga Rocks, Ballito, and Camps Bay. On weekends they go to popular township *shisanyamas* to drink with unemployed people. They pay alcohol bills of R5,000 or R10,000 – some even pay R50,000 alcohol bills. Of course, there is nothing wrong with socialising with people, with their owned hard-earned money. However, perhaps we can pause to ask those people who are unemployed how they can be assisted to create income sustainability. That R50,000 or even R10,000 alcohol bill could perhaps help to change people’s lives and create a new future for them.

Something must change our vision to real role models to play an active ethical leadership role in our townships and rural communities. Sometimes it is the little things that define our mindsets towards ethical conduct and care for the world in which we live.

Think of littering. It might seem like a small and insignificant thing. A friend’s NPO proposed a fine system for people who litter, but she was told by the municipality that it would be a breach of bylaws. Why it is that littering is not illegal in South Africa? In Singapore you are fined for chewing bubble-gum in public. I am certain that that law was adopted in response to a littering problem that Singapore was experiencing. All it took was the will to deal with the problem at hand, using any possible means.

It is time for us to take responsibility for the environment in which we live. In our homes, we don’t throw trash on the floor. It is therefore surprising why people think it is acceptable when they throw their rubbish on the streets. The Singapore angle is a good example of how it could be done. There appears to be an outsourcing of responsibility among many of us, which is unethical and irresponsible. Acting ethically starts with little things like these.

However, does being ethical count for much and make you a good leader? A process is underway by the Catholic Church to beatify former Tanzanian

president Julius Nyerere.⁵ He was revered by his people as the father of their nation and was known for his idealism and personal integrity. When he died in 1999, the Tanzanian bishops opened a cause for his beatification, which the Vatican has since approved. However, despite being such an upright leader, Nyerere left Tanzania as one of the poorest, least developed, and most foreign aid-dependent countries in the world. Although he remains a giant of African leadership, the state of his nation after his presidency does not speak well of his legacy. Ethical leadership therefore does not necessarily lead to the success of a nation when many other factors count against it, but this should not be a deterrent against morality and conscientiousness.

In a seminal speech in Johannesburg in 2018, former US president Barack Obama, spoke of how the world was at a crossroads and how we had to “fight harder to reduce inequality and promote lasting economic opportunities for all people.” There might have been big problems, mistakes, and deficiencies during his presidency, but there is no denying that Obama had a passion and a vision – rare qualities in political leadership nowadays. Delivering the 2018 Nelson Mandela lecture, Obama brought the house down when he spoke of the extreme disparities in the world and how in every country, a handful of wealthy elites has a “wildly disproportionate influence on their countries’ political life and on its media; on what policies are pursued and whose interests end up being ignored.”

Obama pointed out that many titans of industry and finance “are increasingly detached from any single locale or nation-state, and they experience life more and more insulated from the struggles of ordinary people in their countries of origin.” He continued: “I believe in a vision of equality and justice and freedom and multi-racial democracy, built on the premise that all people are created equal, and they’re endowed by our creator with certain inalienable rights. And I believe that a world governed by such principles is possible and that it can achieve more peace and more cooperation in pursuit of a common good. That’s what I believe.”

He also rang the warning bells: “The fact is that authoritarian governments have been shown time and time again to breed corruption, because they’re not accountable to repress their people; to lose touch eventually with reality; to engage in bigger and bigger lies that ultimately result in economic and political and cultural and scientific stagnation. Look at history. Look at the facts. The fact that countries which rely on rabid nationalism and xenophobia and doctrines of tribal, racial or religious superiority as their main organizing principle, the

thing that holds people together – eventually those countries find themselves consumed by civil war or external war. Check the history books.”

Obama also made a striking admission that few affluent people are willing to attest to: “Right now I’m actually surprised by how much money I got, and let me tell you something: I don’t have half as much as most of these folks or a tenth or a hundredth. There’s only so much you can eat. There’s only so big a house you can have. There’s only so many nice trips you can take. I mean, it’s enough. You don’t have to take a vow of poverty just to say, ‘Well, let me help out a few of the other folks – let me look at that child out there who doesn’t have enough to eat or needs some school fees, let me help him out. I’ll pay a little more in taxes. It’s okay. I can afford it.’ I mean, it shows a poverty of ambition to just want to take more and more and more, instead of saying, ‘Wow, I’ve got so much. Who can I help? How can I give more and more and more?’ That’s ambition. That’s impact. That’s influence. What an amazing gift to be able to help people, not just yourself.”

These are questions we all must and have to ask ourselves. If we make a choice to live ethical lives and provide leadership wherever we are in society and in whatever we do, it means taking a look around and doing what is right. Every day we face new choices and new dilemmas. Irrespective of the rules of law and the price of getting caught doing the wrong thing, there should be a voice inside us that dictates what choices we make.

That is the essence of ethics.

And that is the essence of a good ethical leader. This ensures sustainability.

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Endnotes

- 1 Oxford Dictionary 2002:397.
- 2 Grint 2007:238.
- 3 Macmillan Dictionary n.d.
- 4 Hernandez 2012.
- 5 Nguyen 2007.



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