

Ethical leadership in the current South African landscape

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The business ideals of profit and shareholder wealth maximisation cannot be sustainable if ethics are not engrained in the DNA of the business operations. Kwená Maseko, senior lecturer, University of Pretoria, sees the dominance of ethics in current leadership discourses as an appreciation of ethics as the cornerstone of organisational leadership. But what is the role of the professional in all of this?

In the university environment, we see our mission as educators who are ‘launching’ ethical influencers who reimagine and co-create the future. If we go with John C Maxwell’s conception of leadership as influence, we are effectively aspiring to groom future ethical leaders. A recent academic paper by EAJ Terblanche and B de Clercq titled *A critical thinking competency framework for accounting students* has identified ethical behaviour as part of the soft skills and disposition associated with critical thinking required of accounting students. Ethics and the concept of leadership have become inextricably intertwined.

The extent to which ethics has dominated the leadership discourse is symptomatic of the current South African landscape. This landscape played out at the Zondo Commission, where tragic episodes of greed and unethical behaviour by those entrusted with leadership kept us at the edge of our seats. What was even more tragic was the accounting profession’s alleged complicity in state capture activities. Financial reporting scandals in the private sector and the associated failures of the audit profession further eroded the moral authority of the accounting profession. However, great difficulties often offer great opportunities, and thus this difficult South African landscape presents CAs(SA) with an immense opportunity to steer the country in the right direction.

Importance of personal ethics

The extension of the concept of ethics from mere professional ethics to include personal and business ethics as well as citizenship is significant, as it recognises that ethical leadership does not begin and end with a code of conduct but is significantly broader. Many of us have observed how leadership contests play out in politics and organisations. For example, campaigns embark on a search for any evidence of the personal moral failure of an opponent whose leadership campaign is gaining traction. In some cases, when the evidence of personal moral failure is incontrovertible, supporters and financiers of the campaign quit, and the promising candidate ultimately drops out of the race as the prospects of success dwindle.

The moral of the story is that personal governance precedes corporate governance. Personal ethics give leaders moral authority to confront ethical issues within their organisations. Leaders who want to make a significant ethical impact in their organisations must recognise that failure to give attention to personal ethics has the potential to erode their moral authority.

It is therefore critical for every professional to have a set of personal values to guide his or her conduct and decision-making and to ensure that ethics become part of his or her personal brand. These values become a critical guide when choosing which organisations to work for – about who to partner with in business. These choices are no longer solely premised on the vision, products, services, and achievements of an organisation, but also on the alignment of moral ethos.

Business ethics

Business ethics are defined as values upheld by a business across all its activities. The tone set by the top leadership is the most effective way to embed business values throughout the business operations. If professionals who assume top leadership roles can model exemplary ethical behaviour, such conduct will likely reverberate throughout their organisations.

It is also important for ethics to be recognised as a business sustainability issue. When people focus their energies on money (revenue and profits) they tend to lose sight of the ethical dimension of an activity and its potential impact on others. Using King IV Report terminology, this implies that when a business has a pure capitalist orientation, it abandons its corporate citizenship. Corporate citizenship is defined as the recognition that the organisation is an integral part of the broader society in which it operates, affording an organisation standing as a juristic person with rights in that society but also with responsibilities and obligations.

South Africa has recently experienced a number of business scandals that exposed the ramifications of a short-term profit maximisation focus. The fall of these businesses from glory must serve as a cautionary tale and a reminder that business ethics constitute a business imperative. Leaders can play a role by ensuring that the pursuit of profit maximisation is juxtaposed with considerations about ethics and the impact business decisions have on people and the planet.

Conclusion

South Africa is a land of enormous potential weighed down by economic inequality and rampant corruption that threaten its social fabric. Our nation is crying out for ethical leadership, and chartered accountants in particular possess a myriad of skills to solve many of the country's complex problems.

However, technical abilities on their own do not suffice – they must be anchored in ethics to make a lasting impact on society. A strong ethical base in the professional, personal and business sense will catapult not only chartered accountants, but any professional accountant, to the upper echelons of leadership across society, enabling them to alter the moral landscape of South Africa and put it on a positive trajectory to achieve its fullest potential.

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