Business Leadership in Africa: A Personal Integrity Challenge

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Abstract
In Africa, the concept that business leaders and managers have any positive moral obligations as roleplayers in a nation's development in the pursuit of the common good is rare. Such individuals view their ethical obligations primarily as negative constraints – do not engage in corruption, fraud, or false advertising, avoid conflicts of interest, etc. – the idea that business leaders and managers have an essential and positive ethical role in combination with both the public and the civil society sectors is largely either unfamiliar or rejected by African business leadership.

This paper considers why and how business managers and leaders should transform African businesses to exemplify a new, more ethical, and explicitly developmental role in a market environment that admittedly provides few obvious incentives and many disincentives for those who seek to take a higher moral stand.

The paper describes the essential role of leadership in business within developing countries in the context of a wide variety of ethical challenges, from the international to the uniquely local, and from the institutional to the personal.

Specific theme sub-categories for this paper:
- *Ethics and Business Leadership*
- *Business Ethics in Developing Countries*
- *Ethics in Small and Medium Enterprises*

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> Only in moments of desperation, disaster, or desire does the realm of business solicit the commentary and insights of the realm of ethics. Otherwise, the realm of business operates under the dictum of legal moralism: Everything is allowed that is not strictly forbidden.(Gini 2004, 30)

It is a fairly safe assumption that the Ugandan public does not look to the leaders of its business sector for more than moral legalism. Loftier expectations, such as seeking private sector leadership that demonstrates a consistent record of ethical performance, are largely absent, and for good reason. A recent World Bank survey of 243 private businesses in Uganda found that the leaders of 47 percent of them spent more money on bribes than on their total investment in machinery, and equipment, and over 80% of Ugandan business leaders admit to paying bribes on a regular basis (Svensson 2000, 4). The story elsewhere in sub-Saharan Africa is depressingly similar; Kenya's Human Rights Commission commented in 2004 that it was a well known fact that the business sector "has polluted the air and the waterways, run low-pay sweatshops, and poisoned its workers". All too often, business leaders fail to adhere to legal and moral constraints against bribery, fraud, corruption, false advertising, unsafe work conditions, environmental degradation, and exploitation of workers. If the record of performance of so many private sector business leaders is so poor in respecting the negative moral constraints – the "thou shall not's" – would it be utter folly to inquire as to their performance on the *positive* moral role of businesses as good corporate citizens?

Arguably, the question itself is unfair. The fact of low standards of ethical performance among business leaders in sub-Saharan Africa is so commonplace as to be hardly noteworthy, so why isolate these private sector roleplayers for criticism? Business leaders operate within a market, and even a cursory review of any of the reputable annual assessments of the state of corruption in the world demonstrates that the sub-Saharan African markets are characterized by widespread corruption and often extremely unethical behaviors. Given this context, why should anyone look to business leaders and managers to be ethical? In the dog-eat-dog competitive marketplace in sub-Saharan Africa, why should such individuals give priority to ethical performance?

> The market is a mean, ruthless boss. Instrumentalism, or the value of getting the job done, is more important than the means and people used to get it done. Business leadership is effective if it gets results. Leaders and their organizations are successful if they make the most amount of money or do the most amount of work in the least amount of time. Not only are the ends more important than the means, but there is little if any room for things that have intrinsic but noninstrumental value in business. (Ciulla 2004, 61)

This paper considers what an ethical person who happens to be a business leader or manager in Africa ought to think and how he or she ought to act in the face of such a mean market. First however, it is appropriate to define a vocabulary of ethics for this paper, and to this end I am adopting the "spiral of culture" definitional framework articulated by Brenda Joyner et al, in their important 2002 study of American business values and ethics. They consider moral values as the core set of beliefs and moral principles deemed to be desirable by groups of individuals. Coupled with attitudes, beliefs, and behaviors, they argue (along with business ethicist Robert S. Adler) that values combine to form a "continuous spiral of community culture", indicative of what people are thinking is important in decision-making. They define ethics simply as what is right and fair conduct or behavior, and reflective of one's ability to choose between right and wrong, good and bad, acceptable and unacceptable. I share their view that moral values, ethics, and corporate social responsibility are not mutually exclusive; values influence the extent of a business's perceived social responsibility and are in turn influenced by societal activities and norms. Joyner adds:

> Conversely, ethical or unethical activities of an organization can influence the values held by members of society. The spiral of culture, wherein culture influences values; which influences beliefs; which influences attitudes; which influences behaviors; which shapes culture, continues to evolve. (Joyner 2002)

Business leaders, as individuals, are also members of a society. Each brings her or his own sense of morality to their work – even if many such leaders fail to reflect on these values or apply them consciously. As business is interwoven with social and political values and expectations, so also business is affected by the morality of individual business leaders, managers, and employees. Common anecdotal experience points to no scarcity of morally aware individuals in every society, coexisting alongside the more publicized blatantly immoral individuals targeted by occasional investigative reporters. That continuum – from virtue to vice – is also found in the business world everywhere.

Businesses are not unresponsive to public demands for performance to certain ethical standards, although these standards are seldom clearly articulated, particularly in Africa. A demand for ethical performance may also be generated from within the business; some businesses will strive to be ethical simply because that is a reflection of the moral character and commitments of the people who lead or manage them. Yet for many businesses, ethical performance is seldom discussed, rarely explicitly directed, and almost never monitored in moral terms. Not surprising then that the ethical performance of such morally non-reflective business leaders and managers, and their businesses, varies from the occasional lapse in integrity to the systemically corrupt.

For customers of private sector businesses in Africa, for the public sector, and for the public at large, the systematic evaluation of the ethical performance of African businesses also is seldom addressed. The leaders and managers of such businesses are consequently not held to account for achieving ethical performance in other than the most general (or tightly legal) sense, and of course due to the non-transparent nature of decision making within private organizations there is little data available by which to evaluate the motivations that drive such individuals, or even to speculate on what the moral expectations of the private sector ought to be. That speculation does occur within academic and some civil society circles; most tightly viewed, business leaders and managers have no other obligation but to attend to their fiduciary relationships with their stockholders (Friedman 1962). Such a narrow view, however, is generally now rejected within such circles, most commonly on the basis that society and the public sector provide the essential environment in which any business operates. That environment includes extensive public sector investments in the essential physical, political, legal and regulatory, social, and environmental infrastructure that businesses depend upon to flourish. Business leaders and managers have an obvious moral stake in sustaining and improving their operating environment and market, over and above the narrow obligation to pay taxes, and this obligation forms one strong argument for businesses to be good corporate citizens.

The references in the preceding paragraphs make frequent reference to “business leaders and managers”. Isn’t this the same group? The morally aware business person might be a manager or employee, but either is a potential change agent – and potentially a leader. In this, I am accepting Joseph’s Rost’s definition of leadership as influence:

> Leadership is an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes…Leadership as an influence relationship has two characteristics: (1) it is multidirectional, in that influence flows in all directions and not just from the top down; and (2) it is noncoercive, meaning that it is not based on authority, power, or dictatorial actions but is based on persuasive behaviors, thus allowing anyone in the relationship to freely argue or disagree and ultimately to drop into or out of the relationship.(Rost 1991, 102 and 107)[1]

If leaders are identified with change, the motivation of those leaders for any prospective change warrants close scrutiny. Many business leaders know that the public image of being a business committed to high standards of ethical performance helps the bottom line. In short, being ethical can be a good business strategy. Yet in Africa, where the public expectations of ethical performance by both public and private sector are generally so low, there may be much too large of a credibility gap for business leaders to try to justify prospects for increased profitability with a “clean” public image. There are also trade-offs to consider; pursuing the model of high ethical performance in markets known for corruption and other unethical behaviors may price one out of the marketplace, or

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[1] Rost expands his narrative on leadership and influence to describe what he terms “power resources”: “Influence is defined with Bell (1975) as the process of using persuasion to have an impact on other people in a relationship. Persuasion, as Neustadt (1980) has so cogently reminded us, ‘amounts to more than the charm of reasoned argument’. Along with rational discussion, influence as persuasion involves reputation, prestige, personality, purpose, status, content of the message, interpersonal and group skills, give-and-take behaviors, authority or lack of it, symbolic interaction, perception, motivation, gender, race, religion, and choices, among countless other things. I call these things *power resources*. Influence does not come out of thin air. It comes from people using these power resources to persuade.” (Rost 1991, 105)

constrain strategic choices. For example, in such environments, business managers know that paying bribes is often much less expensive (at least in the short term) than paying the full obligation of one's taxes and business fees.

Using ethics as a business strategy to improve the bottom line raises legitimate questions of sincerity and commitment. The pursuit of an ethical image in the eyes of the public and stockholder may be shown to be instrumental to improving the bottom line, but is such a strategy to be abandoned when another more persuasively profitable strategy is offered?

Meaning and identity are also important. While there are obvious material gratifications available to businesses and their stakeholders from the short term maximizing of profits, many individuals yearn for lives that offer purposeful challenges, and opportunities to improve the community and better oneself. For many people, in business and outside, the motivation to do the right thing defines who they are, and they seek environments where that motivation can find expression. Given that a significant proportion of a working person's life takes place within the workplace, the question of how well the work environment shapes and reflects personal moral values and respects the integrity of both the employers and employees may even trump short term profit maximization based on exploiting "gray areas" in business strategies:

> Work is how we spend our lives, and the lessons we learn there, good or bad, play a part in the development of our moral perspective and the manner in which we formulate and adjudicate ethical choices. (Ciulla 2004, 28)

While an individual's search for identity and meaning is important, translating this to a motivating force for a business is problematic. Which individual's goals would matter? Is it reasonable for a business to be concerned about their personnel's well being at this level of detail (or, as some would argue, at this level of abstraction)?

Business leaders and managers need not focus at the level of the individual member of staff and his or her meaning in life, but it would not be unreasonable to pursue a similar goal at one higher level of generality by considering personal satisfaction of members of staff within the work environment. What would be the tradeoff for a business leader or manager who made such factors part of his or her business and management strategies? Do such leaders have a larger moral constituency that they can draw support from, and appeal to?

Demand for ethical performance by business is not limited to the moral sensibilities of business leaders and mangers. People living and working in sub-Saharan Africa have other reasons to seek out employment in, and to be customers of, businesses that adopt an explicitly ethical approach. The many developmental challenges that afflict much of Africa often have close linkages with private sector interests, and concerned Africans and other stakeholders may intentionally seek to avoid unethical businesses involved in such activities. The scale of the misdeeds by businesses (multinational, international, and domestic) in Africa is staggering. Africans have seen unscrupulous business people achieve enormous financial gains from supporting and engaging in war economies, as in the case of Sudanese businesses who supplied the Lords Resistance Army in northern Uganda with food, medicines, and munitions, enabling this insurgency to continue abducting, traumatizing, mutilating, and often brutally killing literally thousands of Ugandan children. Africans have also watched as some Chinese investors provided funds to enable local businesses to engage in industries where devastating environmental and health impacts are well known, as in the case of the Merowe Dam in Sudan. This $1.8 billion hydropower dam on the Nile River ultimately will displace more than 50,000 people, and adversely impact their environment and their health.[2] The list of ethical business challenges in Africa extends to the arms trade, and even Africa's vulnerable children are not protected from this greed. Chocolate producing companies knowingly purchase cocoa beans from plantations that enslave boys. In Côte d'Ivoire, the world's largest producer and exporter of cocoa beans, impoverished boys aged between 12 and 16, mostly from Togo, Mali, and Benin, have been sold to such plantations as slaves, and the businesses concerned are only beginning to respond to this moral challenge.[3]

[2] See China Exim Bank in Africa, on website of the Woodrow Wilson Center at http://www.wilsoncenter.org/index.cfm?fuseaction=events.event_summary&event_id=224956

[3] See http://en.wikipedia.org/wiki/Labor_exploitation_in_the_chocolate_industry and http://www.american.edu/ted/chocolate-slave.htm

The record of unscrupulous and unethical actions of businesses within Africa is so extensive in its scope and so devastating in its impact as to lead many to assume that humanity's selfish and greedy nature has found its optimal expression within the African private sector, at the consequent cost of the death, suffering, or unjust disadvantaging of countless innocent African victims. Some may react by assuming that business leaders and managers are either inherently unethical or (in a more forgiving nature assessment) that such business people are acting amorally, arguing in the latter case that the "free market" isn't about moral values. That argument is spurious; decisions made by business leaders and managers have dramatic consequences for those who are adversely affected by them yet who are unable to participate in the decision making. Inflicting harm on others, and treating people as instrumental to one's own goals, are universally deemed to be immoral.

Earlier I stated that there is no scarcity of morally aware individuals in every society: "The spirit of morality, said Aristotle, is awakened in the individual only through the witness and conduct of a moral person." (Ciulla 2004, 27) Among this group, there are those who may seek to pursue a different model of business, one that is sensitive to both their customers' and the public welfare, that is supportive of their nation's development strategies, and that reflects their own carefully considered sense of moral identity. It is from this group within the business sector that ethical performance is best exemplified, yet the ability of such ethically aware individuals to shape the agenda and ultimately the performance of businesses in Africa depends on their ability to exert transformative influence on businesses within Africa, and to achieve adequate public attention so that they may begin to raise public expectations of ethical performance for the whole business community. Is it reasonable, however, to expect even those who might be described as moral exemplars in their private lives to bring these sensibilities to bear in the tough marketplaces of Africa?

> While no one that I am aware of would argue seriously against the notion of ethics in our private lives, many would have it that ethics and business don't or can't mix. That is, many people believe that 'business is business,' and that the stakes and standards involved in business are simply different from, more important than, and, perhaps, even antithetical to the principles and practices of ethics. Ethics is something we preach and practice at home in our private lives,

> but not at work. After all, it could cost us prestige, position, profits and success. (Ciulla 2004, 29)

I reject the compartmentalization of ethical selves into persons with two (or more) different standards of morality – one for home and one for work, for example. Staying with the assumption of the ethically aware individual, I argue that such a duality would not be tenable to an individual of this character and to his or her sense of integrity (as wholeness). The morally aware individual is motivated by their own internal moral compass to integrate one standard of morality across her or his life, and exert influence on that basis.

Assuming that morally aware Africans involved in business are seeking to raise the bar on ethical performance, there are clear strategies to pursue. Lynn Paine, a Harvard based expert on leadership and corporate governance, has studied the motivations of American businesses to pursue ethical performance. In the Harvard Business Review in1994, she identified two prominent strategies from this analysis: the *Legal Compliance Strategy* and the *Integrity Strategy*.

The *Legal Compliance Strategy* reflects a desire of a business to stay within the strict boundaries of the law as it is written and enforced, knowing full well that:

> …although legality generally stems from what society believes is morally right or wrong, an issue's legality does not always reflect the totality of its perceived morality. This differentiation reflects the classic distinction between the spirit of the law (morality) and the letter of the law (legality). (Paine 1994, 117)

For African businesses, the *Legal Compliance Strategy* is often frustrated by weak laws that may have little to do with society's moral sensibilities, loopholes in the existing laws, weak and inconsistent enforcement of existing laws, and extensive vulnerability of the laws to corruption.

In describing the *Integrity Strategy*, Paine demonstrated that American businesses who make this choice arguably make a more intentional commitment to honor the moral values inherent in the spirit of the law. She notes key features of such a strategy, as follows:

(1) Management must communicate with clarity the business vision and mission. Such values-based statements should articulate the principal organizational obligations and shared aspirations of the business. All employees would be expected to understand and take these guidelines seriously, using them in regular workplace dialogue.
(2) The business vision and mission – and the moral and ethical values that comprise these statements – must be seen to be integrated into the standard operating and decision-making procedures of the business organization.
(3) The members of management must be individually and personally committed to the business organization's values and commitments, and be seen to act according to them. Managers are expected to reflect upon and evaluate their own ethical performance and behavior, and to be consistent over time in making decisions that reflect these shared corporate values.
(4) In the case of conflicting moral values and commitments, the members of management must be accountable for their own decisions.

While the moral standards of the *Integrity Strategy* are of a more elevated standard that the *Legal Compliance Strategy*, the many problems inherent with rule of law in much of Africa may mean that of the two, the *Integrity Strategy* offers more useful guidance. While the markets in developing countries may have numerous ethical challenges, the identification by a business leader or manager of a clear and values-based vision and mission statement provides an ethical framework that is easier to understand, and much less ambiguous than one based on weak rule of law. While the *Integrity Strategy* entails an expectation that the business adopting it will not intentionally violate laws (arguably except in rare instances where laws are clearly immoral, such as during Apartheid in South Africa), the business leaders and managers who elect to pursue the *Integrity Strategy* are intentionally aiming for a consistent standard that is fundamentally ethical. Business leaders or managers choosing the *Legal Compliance Strategy* may be otherwise motivated, in effect committing to stay within the letter of the law to the extent required (i.e. as per "common practice"), but reserving the right to take "strategic" business decisions in any context that is not technically illegal, with no direct or overt reference to the possible moral intentions underpinning that aspect of the legal code. In short, the business that adopts the *Legal Compliance Strategy* might engage in many immoral and unethical acts that may not be technically illegal – hence, legally but not morally in the "gray area" – and their leaders and managers will still feel at ease, particularly when such acts lead to distinct business advantages. Adopting the *Legal Compliance Strategy* would appear to be the obvious choice for the African business seeking to maximize profit, so why would any African business adopt the *Integrity Strategy*? I contend that the answer to this provocative question may be found within – in the concept of identity.

No one rationally expects a business to pursue high ethical standards within ethically challenged markets such that this pursuit becomes unreasonable and inappropriately zealous, jeopardizing their business viability.[4] For this reason, there is no ethical formula, checklist, or definitive list of moral prohibitions attached to a generic *Integrity Strategy,* nor is the *Integrity Strategy* approach utopian. Instead, the basis of the *Integrity Strategy* rests on the assumption that the leadership and management of the business will approach the market with eyes open to the moral dilemmas, and that they will exercise sound moral judgment in decision making within such a market, *because this is who they are as individuals*. I am not advocating the model of business leader or manager as saint; in some cases there will be moral challenges that cannot be resolved in any ethical manner, such as in the case where a business has no choice but to pay the "usual" bribe for access to telephone or Internet services, without which their business would not be viable. In all such situations of moral dilemma, the business leaders or managers pursuing an *Integrity Strategy* would be able at least to offer solid evidence of careful moral reflection on the decisions taken, to demonstrate that the action(s) taken was the morally best option among a range of admittedly (and demonstrably) morally poor choices.

[4] There are cases within any kind of organization where the leadership places moral standards above all other goals, and pursues them even to the detriment of organizational viability. This is particularly the case where an organizational leader imposes his or her moral values on others within the organization in such a way as to undervalue the moral sensibilities of others, to be self-righteous, and to be intolerant of dissension. In applied ethics, approaching ethical performance in this high-handed manner is termed "moralizing", and is deemed counter-productive to authentic efforts to improve ethical performance.

Finally, it is time further to differentiate the business leaders from the business managers. For any business to pursue an *Integrity Strategy*, or even to adopt a *Legal Compliance Strategy* with sincerity and commitment, there must be leadership influencing the corporate ethos to make such a strategy viable. In nearly all cases, the force of that leadership will be exerted towards changing the status quo, transforming it to become overtly conscious of moral values and ethical performance. Management traditionally supports the status quo; the systems that managers have evolved over years produce reliable results in transacting the usual business activities, and offer security in terms of expectations. Managers are responsible for efficient and effective transactions, and operate in relationships based on authority. In the vocabulary of leadership studies, managers are known as *transactional leaders*. Changing management practices, and the thinking that underpins such practices, is what *transformational leaders* do. Transformational leaders do not exercise authority, they exercise influence. These are very different pursuits:

> Transactional leadership rests on the values found in the means of an act. These are called modal values and include responsibility, fairness, honesty, and promise-keeping, among others. Transactional leadership helps leaders and followers reach their own goals by supplying lower level wants and needs so that they can move up to higher needs. Transforming leadership is concerned with end-values, such as liberty, justice, and equality. Transforming leaders raise their followers up through various stages of morality and need. They turn their followers into leaders and the leader becomes a moral agent. (Ciulla 2004, 15)

The challenge outlined in this paper is directed at individual Africans who feel led by their own moral convictions to be transformational leaders within the private sector. While they may exercise their influence at any level within a business, the operational goal and the prerequisite for any business that decides to adopt a strategy similar to Paine’s Integrity Strategy is to transform senior management. The top level of the business must set the standards for all managers and staff, they must offer a morally sound vision for transforming the identity of the business, and they must demonstrate solid commitment to integrity in their decisions, relationships, and lives.

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Dr. Chloe Schwenke is the vice president for global programs at Freedom House in Washington, D.C. In prior employment, she served at the US Agency for International Development (USAID) as USAID's Senior Advisor on LGBT Policy and as USAID Africa Bureau's Senior Advisor on Democracy, Human Rights, and Governance. An openly transsexual woman, Chloe is a development practitioner and academic with over three decades of international experience, nearly half of it while living in developing countries. She has worked in a senior capacity with some of the leading American development organizations, and as an independent consultant, on projects of USAID, the World Bank, and the Inter-American Development Bank. Chloe was a Fulbright professor at Makerere University in Uganda from 2005-6, and from 1995 to 1998 she was based in Durban, South Africa where she was managing director of one of South Africa's most successful town and regional planning firms. Her scholarly interests include LGBT human rights, international development ethics, gender equality & female empowerment, urbanization, and leadership. As a practitioner, her experience has centered on the design, management, implementation, and evaluation of a wide range of LGBT, gender equality, local governance & decentralization, civil society capacity building, conflict, and leadership programming. Chloe received her Ph.D. in public policy at the School of Public Policy at the University of Maryland at College Park, where she was chosen as Alumna of the Year for 2013. She has an extensive list of publications; among her most recent work is a book *Reclaiming Value in International Development: The Moral Dimensions of Development Policy and Practice in Poor Countries* (Praeger 2008). She also has a chapter on the ethical response to violent conflict in Africa in the book: New Directions in Development Ethics, (Wilber and Dutt, eds., 2010) and a chapter on development ethics in The Handbook of Global Communications and Media Ethics (Fortner and Fackler, eds. 2011).