Utilizing Ubuntu to Inform Chief Executive Officer (CEO) Thinking on Corporate Social Responsibility (CSR) and Codes of Ethics in Business

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ABSTRACT The paper is expository research based purely on existing information and leads to new and insights supporting the notion of using Ubuntu to inform practice in African business. The researcher analyzes and synthesizes views on the use and value of Ubuntu which is an African communitarian philosophy which could be used to transform management practices. The relationship between society and business in southern Africa should be viewed from an Afro-centric perspective. Consequently, it is suggested that the indigenous phenomenon of Ubuntu should be informing business activities such as the codes of ethics that are created to maintain a moral compass in business activities. This will hopefully improve the current situation in business conduct in which scant attention is paid to seriously serving others as is proposed by Corporate Social Responsibility (CSR). Ubuntu is thus predominantly required to offset what are often cosmetic Western business practices which neither effectively infuse ethical conduct in business nor consider societal needs in a meaningful manner.

INTRODUCTION

“A man’s ethical behaviour should be based effectually on sympathy, education, and social ties and needs...” (Albert Einstein)

Managing corporate change in South African business is essentially about how business conduct can be better arranged and thus more effective and transformational in its orientation. Businesses require core competencies that make relatively disproportionate contributions to ultimate customer value and which seek to serve societies in which they operate. While there are many transformed organizations, the majority of businesses in South Africa, emphasize profits over people and planet and thus negate their corporate social responsibility duties. Businesses as social institutions are obliged to identify with the goals and the many and varied aspirations of society. This implies that when values and societal attitudes change, new strategies as well as behaviors are called for. The burgeoning demands in society for ethics, fair practice and sustainability place huge challenges on organizations. Organizations generally determine the values that their operations must conform to and their strategies must be aligned to the requirements of society and they should be seen to be responsive society and its stakeholders as well as display an environmental consciousness.

Codes of ethical conduct in organizations, where these are in use, are essentially a carefully selected set of moral principles and values that are utilized to inform employees on how to react to questions of right and wrong ethics in the workplace, informed by a code of ethics, is thus the study of the universal nature of morals which involves the examination of good or bad practices in the context of moral duty in society. It interrogates the moral options that employees could make in their relationships with all the stakeholders of an organization. To a large extent behaviour is based on moral precepts notwithstanding our disinclination to define our behavior in moral terms. So in a nutshell, business ethics generally includes the practices and behaviours that are considered by society to be good or bad, or ethical or unethical. The context of business on South Africa is such that managers for example, are often called upon to make and take decisions that contrast in their level of ethical behaviour, due primarily to the often opposing priorities their businesses deal with.

Friedman (1970) states that organizations exist to generate profits for their shareholders, and this more often than not encourages especially managers to act in ways that are deemed to be less ethical so as to limit the costs or to develop greater profits. Organizations are comprised of varied stakeholders, many of who invest in them and many of whom often live in the
area in which the organization operates. When situations arise in which societal stakeholders are negatively influenced by decisions taken in the organization that are aimed only at maximizing profits, then those decisions are generally considered to be unethical since not all stakeholder needs are considered. Only a handful benefit at the expense of the others. While such behaviour is unethical it also has huge costs for the organization and society. Sadly, many leaders make unethical decisions and tend to rationalize these by convincing themselves that what they may have done or accepted is not illegal or immoral. Many could erroneously believe that they will never be discovered or that their poor behaviour will ultimately be rewarded. There are often huge costs when unethical behaviour is conducted, inter alia, an organization may lose some of its physical assets, there may be a critical loss of reputation and increased legal and increased security costs. Particularly distressing would be the loss of customers and employees that value ethics as important to the operation of the enterprise. There is also cause for concern in that investors may have low confidence in an organization with subsequent plunges in stock prices in the case where a company is listed on the Johannesburg Stock Exchange (JSE). There could also be higher costs of debt and ultimately bankruptcy. By behaving ethically and not deceptively or fraudulently, and seeking the greater good, organizations that act transparently and are involved in open and free competition while considering societal needs will succeed and extend their bottom-line. Those that act beyond the needs of owners and shareholders and are also involved in CSR and seek to preserve the social and natural environments will have a stronger sense of identity and adapt to their environment continually. Porter and Kramer (2006) call on businesses to be guided by what they term the ‘moral imperative’ since this ultimately leads to sustainability and also enhances the organizations reputation while affording it a ‘license-to-operate’. Ubuntu is a vehicle that can assist in creating such an organization.

What of Ubuntu?

The African philosophy of Ubuntu falls into the branch of Normative ethics which focuses on classifying actions as right and wrong, and it seeks to develop rules governing human conduct, or provide a set of norms for action. It therefore involves supplying and justifying a moral systems or simply put, “what should be”. It is characteristically viewed as a community friendly philosophy that accentuates virtues such as compassion, open-mindedness and harmony. Nussbaum (2009: 100) says that Ubuntu is basically ‘is the capacity in African culture to express compassion, reciprocity, dignity, harmony and humanity in the interests of building and maintaining community’. Ubuntu can add meaningfully to the improvement of business ethics in a global context (Lutz 2009) and especially in South Africa.

Asante (2003), as alluded to in Hudson-Weems (2004: 29), makes a clarion call for a re-evaluation of African phenomena, especially Ubuntu as a necessity to effect meaningful change in society. He asserts that a Western way of doing things does not necessarily serve African reality. Anthropological research conducted by McDonald (2009) suggests that ethical philosophies and the values espoused by many who are in positions of authority have a great impact on the ethical choices and behaviours of the employees they manage. Boards of Directors who plan and monitor codes of ethics are not currently that effective. Ramose (1999: 50) states that Ubuntu is not only a moral notion, but it is more importantly the ‘the fundamental ontological and epistemological category in the African thought of the Bantu-speaking people’. Mnyaka and Motlhabi (2009: 74) assert that Ubuntu ‘incorporates ideas of social justice, righteousness, care, empathy for others and respect’. Ubuntu principles have been applied in a range of disciplines in recent times including the legal services and health (Sloth-Nielsen and Gallinetti 2011).

Ubuntu refers mainly to ‘African humanness’ according to Broodryk (2002: 13). There are a wide range of perspectives and interpretations of what precisely Ubuntu entails. Ubuntu is a multi-faceted African philosophical system that includes logic, metaphysics, epistemology and ethics (Nafukho 2006: 409-411). Numerous scholars suggest that it should be applied to business ethics per se. Ubuntu is widely considered to be a communitarian ethical practice. The African maxim: ‘umuntu ngumuntu ngabantu’ which is often translated in diverse ways, but essentially means ‘I am, because we are; and since we
are, therefore I am’ (Mbiti 1989: 106). It is also understood as ‘People are people through other people’. The ‘core’ and ‘associated’ Ubuntu values have been recognized by Broodryk (2002: 32), to include the following aspects: Human-ness: Warmth, tolerance, understanding, peace, humanity; Caring: Empathy, sympathy, helpfulness, charitable, friendliness; Sharing: Giving (unconditionally), redistribution, open-handedness; Respect: Commitment, dignity, obedience, order; Compassion: Love, cohesion, informality, forgiving and spontaneity. Shutte (2001: 2) translates Ubuntu as ‘humanity’ whereas Mbiti and Maree (2005: v) state that it is ‘a metaphor that describes the significance of group solidarity, on survival issues, that is so central to the survival of African communities, which as a result of poverty and deprivation, have to survive through brotherly group care and individual self-reliance’. Mkhize (2008: 35) states that is ‘the process of becoming an ethical human being’. The Ubuntu philosophy thus deals with the reinforcing of concord, oneness and cohesion amongst southern Africa people in particular. It has been however suggested that it is indeed applied in the entire sub-Saharan region of Africa (Ramose 1999).

The contention made by many African scholars is that sub-Saharan African societies maintain the values of Ubuntu, and these are different to those upheld by Western societies. From the list supplied by Broodryk, the values are in congruence with Western society—the difference lies in effecting the values espoused. Essentially, Ubuntu refers to ‘humanism or humaneness’ (Mnyaka and Motlhabi 2009: 63). In pre-colonial African society, Ubuntu sustained social unity, by managing peace and order for the good life of everyone, including even strangers. Van Binsbergen (2001: 74) claims that Ubuntu provides façade of the ancestral African model to the formerly suppressed masses in post-Apartheid South Africa, but nonetheless people do identify with it and observe it to an extent and is thus a suitable tool in the transformation process of society. He is supported by Eze (2010: 182) who states that Ubuntu can change “from an arcane and obscurant philosophy...to become a philosophy of humanism”. Today Ubuntu is pertinent in just about all facets of human life inter alia business, education, religion and the law. Ubuntu is thus an African word for the universal concept of ‘love thy neighbour’. It encompasses the prospect for being human, to value the betterment of society and goes above self-interest. A person with Ubuntu is one who is open and accessible to others, confirms and respects others. As members of a greater good, people are not threatened by one another but rather support each other. Friedman (1970), and ardent proponent of the shareholder model of business supporting the notion of profit maximization, also calls for a conformance to basic societal rules including legal requirements and ethical customs. It is critical to develop employees morally in the micro environment so that they do the right thing when facing ethical dilemmas and moral mazes (MacIntyre 1991). One needs to also consider the macro social context and environment in which employees operate and thus the culture with its ‘given’ rules of behavior. This will allow employees to work and act according to their own convictions and upbringing (Feldman 2007; Goodpaster 2007).

Steps to Inculcate Ethical Behaviour

Ethics is an important assimilating force in the management of all organizations. If organizations wish to be sustainable and prosperous, they need to adapt to the core values and expectations of society and this will give them the legitimacy they desire (Lewin et al. 2004: 117-118). If organizations wish to increase their bottom-line, they need to be responsive to both their economic and non-economic environments including the environment. To these ends, a strong corporate culture which incorporates high ethical standards is a precondition for apposite ethical behavior of employees and the organization in general. The global financial calamity of 2008–2009 was followed by a range of revelations about huge violations of ethical and moral codes in many organizations in the United States. Clearly, the policy of creating codes of conduct for these entities was cosmetic, as their excesses disrupted the global economy and continue to impact very negatively on it to date. Many of the guilty parties articulated codes of ethics, and codes of conduct for their employees to adhere to. They implemented various procedures to keep track of business dealings and monitored and reported ethics violations when these became obvious. The millions of dollars spent on developing and implementing ethics training programmes for their employees, was
clearly not enough to protect parties affected by gross and illegal violations of accepted conduct and behaviour. McGill Murphy (2010) asserts that unless there are necessary changes in corporate cultures which include the crafting of codes of ethics, effective ethics training programmes which inculcate ethical values or carefully thought out measures in place to enable employees to report ethics violations there will be no meaningful change in an organization. It is clear from what one reads in the daily newspapers that there is a dire need for a focus on strategies which craft and enforce ethical philosophies and principles that will be actionable by employees at whichever level of an organization.

Employee training programmes need to consider the inclusion of vibrant ethical awareness activities that can alter mindsets on what is ethical or unethical (Schminke et al. 2007). In line with this notion, Ubuntu principles which resonate with the majority of the populous should be inculcated into the ethos of all organizations on a continuous basis. Goodpaster (2007) and Feldman (2007) speak of the ongoing promotion and development of ethical social and ethical business cultures that includes that nurture moral growth and which encourage individual actions based on human convictions. The unacceptable corporate scandals resulting from the unscrupulous behaviour of a number of employees emphasizes the importance of ethics in the workplace and the adherence to meaningful codes of ethics. It is time to implement workable initiatives to rebuild the lack of confidence which pervades businesses plagued by corruption, tenderpreneurship (which is a term used in South Africa to describe people using tender processes to enrich themselves unethically), fraud, theft, bribery, etc.

Laws and Regulations in South Africa

In the globalized world in which South African organizations operate, they are continually faced with handling ethical issues and dilemmas in this regard, and with creating and carrying out ethical business which is also sustainable. To this end they are guided by applicable laws and regulations. Thus organizations seek to create and conduct business in a sustainable and ethical manner and are legally obliged to act within legal requirements such as a number of laws which have been passed to ensconce values such as transparency and accountability. These laws to an extent emulate the Sarbanes Oxley Act of 2002/3 in the United States, as well as the Dodd-Frank Act and Federal Sentencing Guidelines (Paine et al. 2005). In addition the United Nations Global Compact has been signed by South Africa in its resolve to ‘do the right thing’. The governments is indeed desirous of combating and ultimately ceasing corruption and unethical practices and numerous laws have been passed to support this notion. We can for example cite legislation such as, *inter-alia*, the Public Finance Management Act (Act No.1 of 1999), Promotion of Access to Information Act (Act No. 2 of 2000), the Promotion of Administrative Justice Act (Act No. 3 of 2000), the Protected Disclosures Act, (Act No. 26 of 2000), the Prevention and Combating of Corrupt Activities Act (Act No. 12 of 2004) which have all been promulgated in recent years. A strong corporate culture which encompasses high ethical standards is a necessity if employees and the organization in which they serve are to be viewed as useful in society. Shahzad et al. (2012), state that the culture of an organization is positively correlated to the performance of the employees, which is what in due course leads to optimal organizational performance and enhanced ethical activity. The White Paper (1994) on the issue of transformation of the South African Public Service for example, made provision for the development of codes to regulate the conduct of public servants in the workplace. These codes were anticipated to promote the upholding of ethical values and practices and promoted ethical conduct and acceptable standards and thus served essentially as frameworks to fight the growing incidences of fraud and corruption that exist in South Africa. These frameworks are sadly not working as expected but it is however not only public servants who are unethical in business conduct. It is essential to promote the implementation of programs to restore the waning confidence in organizations. Integrity must take root in the engendering of an ethical ethos in organizations which highlights the use of codes of ethics to effect real change. Especially corporate cultures need to be revamped to embrace the concerns and values of society (Braswell et al. 2009: 1). This should be based on a new approach, such as the inculcating of Ubuntu principles, since the growing number of break-
downs in the business environment suggests that measures taken by corporate leaders, such as implementing codes of ethics in the workplace are failing to protect society against increasing ethics violations by organizations.

The King Committee was established to lay down guidelines for ethical practice in business enterprises in South Africa (IOD 1994: 43) and was distinctively requested to make recommendations on “A code of conduct setting out best business practices, including ethical practices in all business enterprises, which should include the internal relationships in enterprises so as to enhance the standards of ethics in business.” All businesses are called upon to act with integrity (IOD 1994: 24). The King III report on Corporate Governance shows clear linkages with Ubuntu in that: “moral duties that find expression in the concept of ubuntu” (King III: 10). In any event most South Africans value Ubuntu as a very important ethical communitarian philosophy and accept it as such in their daily practice and living. The traditional stakeholder model suggests that organizations are responsible to a far wider public of stakeholders than merely their shareholders. There are a wide range of other stakeholders including the organizations employees, their suppliers, customers, financial backers, and various social elements such the broader community in which the organization operates including local, provincial and national government. Organizations should thus be operating ethically all the time and be responsible citizens serving society. Their performance is ultimately evaluated by far more than merely their financial bottom line (Mayer 1996: 11). Poor strategies which are devoid of effective codes of ethics make it harder for organizations to fulfill their important social, economic and ethical responsibilities to all their stakeholders, especially their shareholders and employees.

**Why Codes of Conduct with Ubuntu Principles?**

Schminke et al. (2007) state that the formation and implementation of practical frameworks for regulating business behaviour and effective training programs, which are designed to increase ethics and moral awareness amongst employees of an organization are critical issue to consider. The culture which is established in an organization sets the standards for outlining the difference between ethical and unethical decision-making. Ethics in business is knowing the difference between right and wrong and doing the right thing. Companies consist of a variety of stakeholders and each has their own interests in mind so managers and indeed all employees, continually need to reconcile their actions between their varying and very often competing interests.

Ubuntu delivers a normative business ethical foundation for stakeholder theory and latter does indeed manifest most of the aspects as espoused in the philosophy of Ubuntu. This foundation should inform codes of ethics. Organizations that use codes of ethics often do so since the codes in a sense legitimize them (Long and Driscoll 2008). Kaptein and Schwartz (2008: 113) defined codes of ethics as follow: “a distinct and formal document containing a set of prescriptions developed by and for a company to guide present and future behaviour on multiple issues for at least its managers and employees towards each other, the company, external stakeholders and/or society in general”.

All stakeholders of an organization are required to act ethically all the time ethically in their work conduct and for some this is too utopian a view. Generally how employees should conduct themselves is reflected in an organizational Code of Ethics which outlines the obligations that all employees, owners, suppliers, customers and society at large respectively have towards each other in terms of behaviour. Business ethics (corporate ethics) is a type of applied ethics or professional ethics that seeks to scrutinize ethical principles and moral or ethical problems that may arise in an organizational environment. People often fall short decision-making processes as the encounter opportunities to select between alternative courses of action in their work situations. They are duty-bound to conduct themselves in a way that they always select an alternative way of behaving that is determined to be the moral or legal “right” choice. This is especially required when they are faced with tempting alternatives. By seeking to employ Ubuntu principles and by inculcating Ubuntu values into codes of conduct, value is added to an organization. There is greater trust from investors and a better allocation of resources (Brown 2002). There is less likelihood that huge amounts of money will be spent on audits, controls and investigations (Ki and Kim 2010). A higher quality of employees will be attracted
and retained since people generally seek to work for ethical organizations. There is likely to be better decision-making and employees will do what’s best for the organization, not for themselves. A company that acts ethically tends to develop a long-term respect from the community in which it operates. What is thus required is an ethical business culture. Organizational leaders must of necessity lead by example in terms of their personal integrity and they should expect ethical conduct at each and every level.

Hartman (1996:150) states that “corporate culture is important to business ethics because it is a vehicle for imparting and maintaining the moral principles and the values, good and bad, that animate life in the organization”. It is ultimately the Chief Executive Officers (CEOs) who should be taking responsibility for determining the moral climate of their organization and consequently it is they who should be establishing ethical guidelines and guarantee that managers also adhere to and enforce these. King III suggests that for CEOs and managers and indeed all employees to be responsible, includes being accountable for their actions and any decisions they take (King III: 122). This conforms with what Ubuntu espouses. There are CEOs and managers who engage in ethics because they feel obliged to do so by their moral or ethical values (Jones 1995). It is such leaders who create the culture that is needed for ethical practice. Schein views culture as a set of learned responses to different events and inducements, in which “basic assumptions and beliefs that are shared by members of an organization… define in a basic ‘taken-for-granted’ fashion an organization’s view of itself and its environment” (1985: 5–6). Establishing a code of ethics as an initiative which serves the purpose of restoring confidence and maintaining integrity in an organization and which has the effect of enhancing the ethical culture in which employees operate. Unfortunately many Chief Executive Officers (CEOs), while purporting to support the implementation and development of ethics codes, are themselves guilty of unethical conduct. This is one of the reasons why the King Report informs boards of companies to develop, publish and enforce codes of ethics for their employees.

All Johannesburg Stock Exchange (JSE) listed companies are required to specify in their annual financial statements the extent to which they act in accordance with the requirements of their so called “Code of Corporate Practice and Conduct” which highlights four requirements in terms of ethics in business. These are basically in place to firstly, obligate a company to conduct its dealings with the highest possible standards. Secondly, the code used should be based on participation by stakeholders so that it obtains their requisite buy-in. Thirdly, whichever code is used should be supported in full by the board and the CEO, and fourthly, be crafted in such a manner that it is unambiguous in expectation and offer guidance on ethical practices. Non-listed South African companies and other entities such as for example, mutual societies and public entities are also encouraged by the King Report to adopt the code.

It is critical that ethics be implemented from the CEO and that it cascades down through the entire organization. Some CEOs adopt ethical codes and practices since this makes them appear to be more effective in what they do (Daft 2002) and they are also cognizant of the fact that employees prefer to be employed in organizations that enjoy high ethical standing in society. Whatever code is implemented serves as a reference point to especially employees as to how the relationship with stakeholders should be.

The main values of the organization in terms of desirable behavior and dealings with stakeholders are articulated in the code of ethics and these are then available for all stakeholders to view. If the CEO is to be deemed to be effective in what he or she does, then the organization they head must be ethical and this must be demonstrated in actions as well as policies. CEOs must be role-models who exemplify what the organization represents.

An Ubuntu oriented CEO or manager will give attention to all stakeholders and seek ways to engender a strong ethical focus in all business conduct. The vision, mission and values of the organization will be pervaded by ethical; conduct and integrity of operation. All organizational activities must be legal and stakeholders will be treated fairly and decision-making will be guided by people, planet and profits and in a balanced way. This should be especially the case when environmental issues arise. Ubuntu values should drive the business and first and foremost is the issue of trust and respect for the ‘other’. Only in this way can effective long term relationships be created and nurtured with all stakeholders. The organization must consistently
seek ways to support the communities in which it operates. This could be either financially or via community outreach programmes where for example, skills could be imparted to the community in some or other area of need. The organization must give back to the community whilst always dealing with all stakeholders consistently and ethically.

The code of ethics must be clear in what the organization intends to do in its social accountability initiatives and how employees should conduct themselves. Where there is a normative alignment in which there is a tendency to create or prescribe standards with a utilitarian focus, this will allow codes of ethics to be more successful in promoting the notion and practice of honest and ethical conduct as well as compliance with national and international laws and regulations (Loacker and Muhr 2009).

Where employees do not abide by the code of ethics, strong measures should be in place to sanction their behavior. Ideally, the screening process of new employees should ascertain if an employee is likely to ‘tow’ the line. Essentially, all employees must be treated fairly and compensated appropriately and their ethical conduct irrespective of which level they are on, should be beyond reproach. Ethics training incorporating Ubuntu perspectives must be conducted throughout the organization so that ethical conduct considering African culture is ingrained into the ethos of the organization and the determination to seek profits must align with the need to deliver real customer value. Product and services must be of the highest quality and be backed up by workable warranties. Ethical behaviours must be communicated daily and be ‘in the faces’ of employees, so to speak. Effective communication on which values to embrace is the key to success and desired values must be reinforced and measured in performance appraisals and when considering promoting employees. What is particularly required is stronger corporate social responsibility practice which will in any event tend to bolster customer loyalty as is evidenced by a plethora of very CSR conscious organizations globally.

Ubuntu calls for transformational leaders who are ethical conduct promoters that seek the high ground when it comes to sustainable competitiveness. They need to create a culture of trust and possess and develop carefully crafted organizational visions which encapsulate what an ethical organization is all about (Puffer and McCarthy 2008). What business requires are CEOs and managers who have high ethical values and do not possess an ethic of self-preservation at the expense of all others. Their values should seek justice and fairness for the greater good. The long-term organizational perspective needs to focus on supporting customer needs, while developing and nurturing shareholder value over the long-term. There must be visibility in efforts to safeguard and sustain the natural environment, as well as in the support of social initiatives to uplift the needy. The organization’s long-term orientation should allow for a constant redefinition of its purpose and mission over profits and be ever mindful of the peripheral stakeholder’s outlook on the business and in this regard the Board of Directors of the company must fully support the notion of an ethical corporate culture in which mission precedes profits.

CONCLUSION

It is accepted in many organizations that business sole purpose is to maximize profits and morality has no place in this endeavor. Business and ethics are thus considered to be incompatible since only the bottom-line matters. The philosophy of Ubuntu espouses the notion of harmonious relationships and seeks to encourage positive relationships between an organization and all its stakeholders. Organizations are in any event integral parts of society and are thus accountable for the interactions between themselves and society at large. Businesses generally need to refocus their efforts on the seeking to advance the good for society. Consequently, CSR and related activities should become usual practice. Organizational cultures should be developed in which Ubuntu principles are part of the ethos of practice.

RECOMMENDATIONS

Ubuntu principles should be studied and operationalized since the have a role to play within post-Apartheid South Africa. They should be views as transformational tools that should envelop the moral fabric of every organization, irrespective of size or scope. Organizations should train employees in Ubuntu values and monitor employee conduct in terms of the desired behavior within the organization and the values as
espoused in the vision, mission and code of conduct.

In the spirit of transformation, organizations are duty-bound to comply within the spirit of the law, ethical values, regulatory frameworks and international norms and should especially act with trust, reliability, consistency, integrity, and total honesty. As such the values that measure human activity as evidenced in Ubuntu can and should be used in organizational business conduct. Ubuntu can provide provides both direction and set target to achieve for all employees. Codes of conduct incorporating Ubuntu principles can be used to bridge the divide between Western business practices in which the main ethic is self-preservation and replace this with an African value system in which all stakeholders genuinely matter. In this regard the role of the CEO and senior managers is critical to success.

REFERENCES
