



Every Leader's Paper

...your report on our quest for a morally transformed society through ethical leadership

The Ethical Leadership Project's Official Newsletter

September 2007 Edition - Issue N° 5

South African Co-operations in Africa: Friend or Foe?

South Africa's leadership role in Africa has been growing since the black-led government of Nelson Mandela and now Thabo Mbeki. Much of the leadership has been in the form of strengthening democracy and development in the region through mediation efforts and initiatives such as the African Union (AU) and the New Partnership for Africa's Development (Nepad). Riding on this wave has been the growing influence of South Africa's economic expansion into the rest of Africa. The question is: Are South Africa's businesses the answer to Africa's underdevelopment? Secondly, do South African companies bring a *better way* of doing business than, for example, China and other European investors?

South African Reserve Bank figures indicate that the country's investment into the continent grew from R8 billion in 1996 to R26 billion in 2001. Business Map shows that South African companies invested an average of \$455-million a year in Southern Africa between 1994 and 2003. Some of the investors mentioned include Shoprite Checkers, Nando's, Steers, Engen, Woolworths and Game (- Judi Hudson, Quoted from Special Report: South Africa in Africa: July 2007).

The growth into the rest of the continent is informed and influenced by various factors. Chief amongst these is accessibility and proximity. Again, the stabilized domestic economy has allowed South African companies to expand. Those that have not been able to list internationally have found opportunities at regional level. Moreover, the stabilized political environment and leadership role in continental affairs has given South African businesses the moral legitimacy to operate in Africa. This is informed by the understanding that a prosperous South Africa cannot be operating as an island.

Skeptics argue, however, that untransformed South African businesses cannot be different from global multi-national companies that have plundered African resources with no adequately-sustained positive contribution to local economies. Questions have also been raised regarding the historical baggage of predominantly white-managed companies championing the cause of development given that a white minority government previously destabilized the region and contributed to its underdevelopment. South Africa's economy was built on migrant labour sustained by regional migrant workers that worked on farms and in the mines for almost nothing. This was followed by military destruction across the borders of South Africa as the apartheid regime clamped down on support to banned political movements. In monetary terms, such damages are estimated at about \$60-billion (Adekeyo Adebajo: 2007)

I, however, want to assert that South African companies are better positioned to play the role of credible champions on development and economic growth. However, to achieve this, local companies need to do a lot of introspection. Chief amongst these is the need

to be fully representative of the demographics of the country. Overall transformation will give confidence to targeted new markets - that South Africa's economic expansion is not an excuse to transmit economic apartheid to an otherwise unsuspecting market. Secondly, the political transition in South Africa was achieved through the promotion of consensus and consultation - what is often referred to in the country as due process. Accommodated with other business principles, nation-building, reconciliation, and practices learned and cultivated during the negotiation phase, South African companies can have an edge over international competitors. In this way, doing business with empathy and Ubuntu can become an alternative.

Ubuntu has its origins in the African conception of being *Umuntu ngumuntu ngabantu* - i.e. *I am because of you*. The principle of Ubuntu, as known and lived by most people in Southern Africa, can be applied effectively by business to win the confidence and trust of people without undermining their minds. It will enable South African companies to do business in Africa harmoniously. Understanding that business is for the maximization of profit, South African businesses have an opportunity to promote greater interaction and reach decisions by better understanding communities in the region. This will promote sustainability, achieving a win-win situation for both business and the continent at large.

In conclusion, South Africa's political engagement with the region after 1994 has been informed by the principles of constructive engagement. Avoiding previous tendencies of bullying its neighbors, democratic South Africa has sought to promote multilateralism. In turn, this has given confidence to an otherwise skeptical but expectant region - that a comparatively economic and political stronger South Africa will not act the role of *big brother* and act as the *America of Africa*. In order to achieve this, best practices in political leadership, when working with the rest of the continent, will need to be transferred and inculcated to business leaders operating and wanting to expand to new markets in the region. If not, perceptions of an African Superpower plundering weaker states for selfish gains will derail South Africa's gains at a political level.

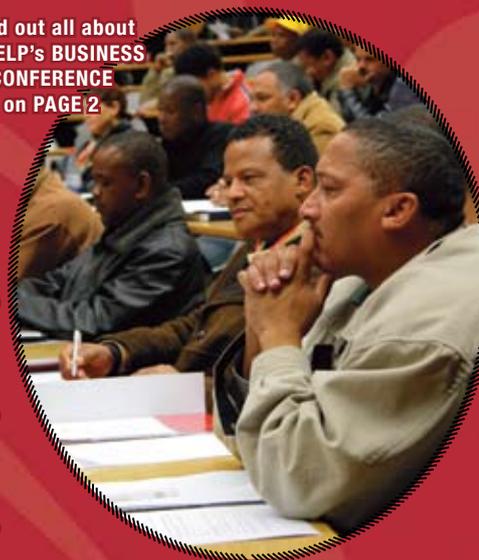


Contributor:

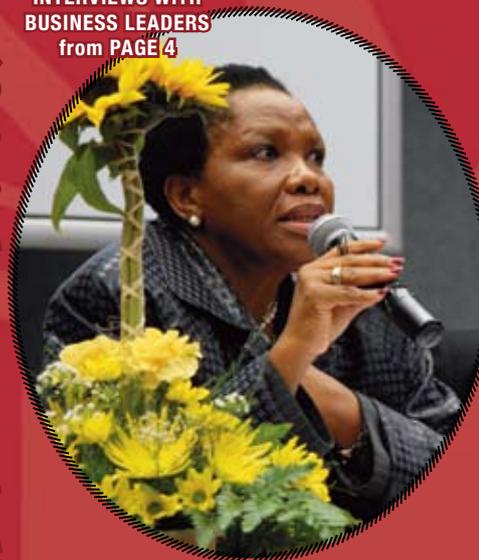
Sifiso Mbuyisa

(ELP Board Member; Director of Human Rights and Social Dialogue, Office of the Premier, Western Cape)

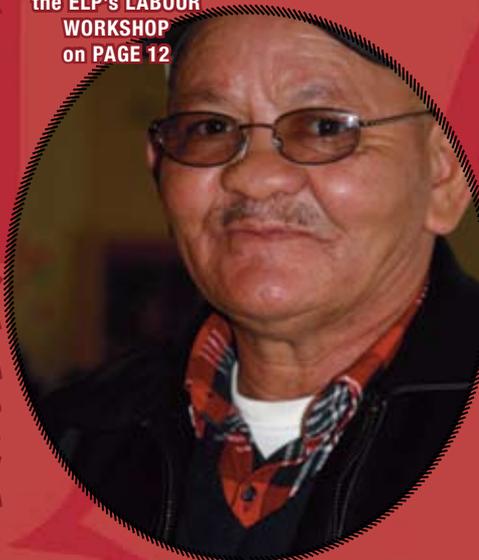
Find out all about the ELP's **BUSINESS CONFERENCE** on **PAGE 2**



Read our **INTERVIEWS WITH BUSINESS LEADERS** from **PAGE 4**



Read all about the ELP's **LABOUR WORKSHOP** on **PAGE 12**



ISSUE THIS INSIDE

A one-day conference, *Ethical Leadership in and through Business*, was held at the University of the Western Cape (UWC) Great Hall 1, on 26 June 2007. The objective of the conference was to investigate the contributions of existing business practices and initiatives in business for a morally renewed society, and to analyse the challenges confronting business with respect to ethical leadership.

Approximately 250 representatives attended the conference, predominantly from the various business sectors, trade unions and advocacy groups dealing with issues relating to ethical leadership in and through business.

The ever-smiling ELP Chairperson, Ms. Pramilla Vassen, welcomed all to the conference, emphasizing the importance of discussing critical issues relating to ethical leadership in and through business, before introducing the first opening speaker.

The opening address, entitled *Ethical Leadership In And Through Business*, was delivered by the charming and eloquent Dr. Clint Le Bruyns (ELP board member). Dr. Le Bruyns focused on the pivotal role the world of economics fulfils in life today.

Pieterse quoted proponent of Situation Ethics, J.W. Montgomery, who said: "No action is good or right of itself. It depends on whether it hurts or helps people." He contextualized situation ethics with reference to the severe plight of farm workers and the unethical conduct of some farmers and companies.

delegates shared stories of their joys and challenges in the business world.

The next panel discussion focused on the theme *Beyond the bottom line: Business success through social investment and corporate governance*.

The pragmatic Ms. Janine Myburgh (President, Cape Chamber of Commerce) asserted that the Chamber of Commerce is the gatekeeper of the ethical norms of Business and Industry and that though Corporate Social Investment can take many forms it is firstly an investment in employees and secondly, the community in which a business operates. She indicated, using Pick 'n' Pay as an example, that investment in employees leads to economic growth and a better environment for business which inevitably leads to improvements of social capital. Ms. Myburgh concluded by saying that it is often as simple as just doing the right thing (even though that can be tough at times).



(From left) Ms. Zandile Mdhlahla, Ms. Pramilla Vassen, Mr. Nosey Pieterse & Ms. Nana Magomola

The elegant and articulate Ms. Nana Magomola (Thamaga Investment Holdings) addressed the question: *Is unethical business practice a perception or reality?* She disputed that ethics is not an event

Dr. Lionel Louw (Chief of Staff, Premier's Office; Ethical Leadership Project) discussed the roles of business enterprises as corporate citizens, contending that each business is an integral part of our society. As a corporate citizen, business is subject to the same pressures and aspirations as the rest of society. Dr Louw claimed

ETHICAL LEADERSHIP IN & THROUGH BUSINESS

UWC GH 1 LECTURE THEATRE



Ms. Pramilla Vassen & Dr. Clint Le Bruyns

He contended that human dignity and economic dignity are intimately linked. Dr. Le Bruyns went on to state that ethical leadership, in context, has to do with responsibility - responsibility not confined to oneself, but responsibility that includes the common good, that can address social issues like poverty, unemployment, HIV/AIDS, globalisation, social capital, etc.

A panel discussion followed, starting with the camouflage-clad (BAWSI's colours) Mr. Nosey Pieterse (ReInvestment Ltd; Black Association of the Wine and Spirits Industry; South African Wine Industry Council, Phetogo Investments) who focused on the issues that confront today's working class. He further reflected on commonly-held perceptions about ethical and unethical business, and their respective engagement with these issues. He held that business ethics cannot be separated from ethics in general and that we must deal with corporate problems on the basis of fundamental ethical standards.

but a process and that integrity is essential for healthy business. She stated that business ethics across the world is receiving renewed attention and called for higher standards of corporate governance and corporate social responsibility. Magomola argued that it is very important that good governance and integrity must be driven from the top. She concluded with Dr. Albert Schweitzer's definition of Ethics: "In a general sense, Ethics is the name we give to our concern for good behaviour. We feel an obligation not only to consider our own personal well-being, but also that of others and of human society as a whole."

An enthusiastic Q&A session followed where conference delegates seized the chance to raise more concerns relating to the topic.

Ms. Vassen then concisely introduced the CEO of the National Office of the Moral Regeneration Movement, Zandile Mdhlahla, who gave an impromptu speech, complimenting the work the ELP is doing. After elaborating on the importance of the work that MRM is engaged with, she highlighted the Charter of Positive Values and its implementation, and stressed the collective responsibility of all citizens to make a difference.

A Q&A session with Dr. Le Bruyns, Mr. Pieterse and Ms. Magomola followed - an opportunity the delegates happily exploited.

Ms. Vassen then invited the delegates to share their experiences in business, leading to an insightful and sometimes downright bizarre session as several



Two delegates airing their views during the Q&A sessions



that the concerns of individual citizens should also be the concerns of corporate citizens. He talked about the triple bottom line - Profit, People and Environment - and the imperative that the corporate citizen adhere to it. He urged corporate citizens to look beyond short-term gains and to take a long-term view on South Africa and to make investments on that basis.

The Q&A session that followed was rich in the diversity of the issues it touched upon, for instance: social capital investment; youth business opportunities; white collar crime; business training manuals; small business growth initiatives; and the government's role when dealing with companies not delivering on social responsibility - to name just a few.

Another panel discussion, listed on the programme as *BEE: Social impact, expectations and limitations*, followed:

The confident and inspiring Patrick Parring (Exel Projects and Events, Granbuild Construction, Marib Holdings, Cape Lime, Cape Peninsula University of Technology Council) focused on South Africa's ten years of democracy and whether or not it delivered real social and economic changes, seriously questioning whether 300 years of wrong could be corrected in so short a time. To paraphrase: the reality is such that, if we are unable to speed up the process for fundamental change and transformation (as expected in "a better life for all"), we may be confronted with another reality - one where people will, once again, feel that they have nothing to lose. He acknowledged BEE as the foundation to correct the imbalances in the economy - he also alluded to the tendencies of white-owned business to operate in a closed-door economy. He called on all stakeholders, social partners, business and

Ideals of the U.N. Global Impact.

The premise of Prof. Williams' presentation was that, while the ideas of corporate social responsibility and corporate citizenship are not new, they represent an emergence of a new role for the ethically-minded in society. He stated that some companies have a view of corporate citizenship that envisions the corporation in a state-like role - a quasi-public institution that goes far beyond the traditional division of labour between corporations and governments. Williams discussed how the work of Adam Smith, the eighteenth century moral philosopher and author of the "bible of capitalism," could easily accommodate



Ms. Janine Myburgh & Dr. Lionel Louw

policies - a topic explored with interest by delegates and panellists alike.

The conference was perceived as being productive, informative and successful. It created a platform for thought-provoking discussions and proved that there is a need for constructive and educative dialogue in the business sector. The event

BUSINESS THE CONFERENCE

26 JUNE 2007

government to make a conscious decision to embrace transformation based on integrity and morality, and concluded, "The opportunity of a lifetime is to make a real investment and to leave a legacy behind."

Mr. Roger Ronnie (SAMWU) passionately expounded on his view that BEE has not had the desired social impact. He argued that the concept of broad-based black economic empowerment puts undue emphasis on black ownership - reducing the creation of quality jobs and failing to meet the needs of the poor. He highlighted several international examples where privatisation of state assets worsened levels of service to the poor. Mr. Ronnie listed a number of steps that a strong interventionist state could make to bring about a large-scale reduction in poverty and create quality jobs.

Prof. Oliver Williams (Centre for Ethics and Religious Values in Business, Univ. of Notre Dame, USA; University of Cape Town Graduate School of Business) was next to the podium, with his excellent presentation, entitled *Peace through Business: Responsible Corporate Citizenship and the*

this new responsible corporate citizenship in the light of the globalization of the economy. He highlighted how good corporate governance can offer guidance on how this new political role of the firm can be implemented while preserving the democratic nature of society. [Read more about this in our interview section - beginning on page 4]

The final Q & A session comprised of many searching questions around government's BEE

also helped to foster an awareness of the ethical principles and practices that should be an integral dimension of any organisation, government, business stakeholder and individual. The general consensus among the delegates was that *Ethical Leadership in and through Business* had focused on important issues and had helped to contribute to a morally transformed society.



Approximately 250 delegates attended the conference

THE
UWCELP
GH 1INTERVIEWS
LECTURE
THEATRE

BUS

QUESTION ONE

*How can business leaders facilitate ethical best practices for the development of a morally renewed society?***JANINE MYBURGH (Cape Chamber of Commerce):**

I think that business has a big responsibility that we need to address continuously. I think, personally, that we must lead by example, and, especially because I'm here on behalf of the Chamber of Commerce, but also in my personal capacity as an attorney [I should mention that] we have, at the Chamber of Commerce, the Anti-Corruption Manifesto, which we encourage our members to display in their businesses to say that they adhere to integrity, good service, good practice, corporate governance; and we have a Code of Conduct for all our members that serve on the council - I mean, I can carry on ad nauseam, but it is a responsibility that we have to continuously address.

NANA MAGOMOLA (Thamaga Investment Holdings):

I think business has a responsibility to lead by example. As business owners and business managers we are role models for the community, and how we conduct ourselves in our business life, (and our private lives) will have an impact. What we say and what we do has to be aligned - if not, we will lose

but not all the people all the time - it will catch up with you.

You know, as a country we are in a transforming environment and it's incumbent on business to have a company that looks transformed (in terms of the people who own the company, the people in leadership in the company and all the way down). We cannot do business the way that we have always done it - where we focus on a certain sector of the community and neglect other sectors of the community. First of all it doesn't even make business sense, because if you look at the numbers, it just makes sense that you should actually encompass the broader community. I agree, we still have a larger percentage of our population at the lower scales of the economy, but even with that, there are ways that business can make itself effective. On corporate social responsibility - many businesses try to be effective in that regard, but how they go about it is a problem, because they tend to confuse it with philanthropy. Philanthropy is where you go out and buy blankets for a community, or for a nursing home - that is not social responsibility. Social responsibility involves doing those things that help to transform the society in which you live. In other words: Instead of giving the people fish, teach them how to fish so that they can become independent. Also, those kinds of contributions become sustainable, it's actually empowering.

NOSEY PIETERSE (Black Association of the Wine & Spirits Industry):

As far as ethical practices are concerned, I am of the opinion that the image of business is tarnished. The South African workforce was exposed to a ruthless form of capitalism - a

our oppression and our exploitation. And because of this, business cannot be the facilitator of ethical best practices for the development of a morally renewed society. Even the Church, to a certain extent, had its image tainted during the days of the struggle. So I am of the opinion that no single entity can take this responsibility - it must be a collective initiative of labour, civil society, government and business.

PATRICK PARRING (Exel): I think that, when we use the term 'Business', obviously (and particularly in the South African context) the term is broad: you've got Big Business, you've got Small Business, you've got White Business, you've got Black Business.

I think that the whole concept of 'an ethical contribution to change' is very difficult for established business/historically advantaged businesses, and the reason for that is very simple: coming from the political dispensation that we had in the past - given that economics and business goes together - and given our political past, we obviously operated in a very closed economy. And what a closed economy does, because you've been isolated, is make it almost second nature to have a corrupt relationship within that [sic]. So that's a challenge for big businesses... When we talk about business, ethical or otherwise, the whole issue revolves, first and foremost, around survival. When you're in a position focused on survival (when it's about winning or losing) then it becomes a big challenge [to be socially responsible]. I think, therefore, what one needs is what I would term 'instruments of change'. I believe that business, by itself, will not do it... I think government, together with business, in a partnership, would probably, in our case, be the best way to do it. But then government has its own challenges...

ROGER RONNIE (SAMWU): Our organisation, the one I work for, would approach the issue of business and ethics, etc. with respect to how it best advances the interests of the workers or the employees of a particular company - given that I am obviously involved with the trade unions. So we would facilitate ethical best practices to the extent that we would want to see business relate to its staff in an ethical way. [Ethical best practices in our context] relates to the creation of a workplace which is safe, where workers work under healthy conditions, where the workplace itself, the work and the way it is organised actually respects the environment - where any negative environmental impacts on the work process are eliminated. I think it's also important in respect to issues like decent terms and conditions of employment and a payment of a salary that reflects and values the work that has been done. It also allows for no discrimination on a gender or race basis. It can be argued that to discriminate on the basis of race and gender is outlawed



Janine Myburgh (Cape Chamber of Commerce)

credibility with the young people and the communities that look up to us. Secondly, if, as a business owner, you act in a way that is not complimentary to the society's value system, the people who make up that society will not want to do business with you. Honesty is the best policy and if in conducting your business you do something devious - well, as the saying goes, *you can fool some of the people some of the time,*

capitalism that deviated from classical capitalism, which knows no colour. [This ruthless form of capitalism] introduced a race element here. In terms of classical capitalism, the working class is not by definition black, nor is the bourgeoisie necessarily white, but in the *South African* situation this was the case... Business was, as we called it in the days of the struggle, "just the other side of the bloody coin" of

in this country, but you still find in many places that there's a complete disregard for that kind of thing. I think an important thing regarding BEE is that many of the projects, particularly in the sector that my union organises in, have been characterised by extremely poor terms and conditions of employment. For example, the union has managed to secure a minimum wage of over R3000 in the sector - a project

BUSINESS

LEADERS

26

JUNE

2007

is then set up in one of the disadvantaged areas and workers are drawn from that community but then paid a salary of a R1000. They work side-by-side with municipal employees but don't earn the same. They get paid out of the back pocket, there's no pay slip, no record of how much leave they've got, there's no health and safety clothing, overalls, gloves, etc. for those working on waste-management projects, etc. So we just think that in a sense of what is morally and ethically correct, there's a lot that is wanting at the moment.



Nosey Pieterse (BAWSI) & Nana Magomola (Thamaga Investment Holdings)

on HIV/AIDS; we even assist other companies in setting up HIV programmes. We work with NGOs, where we help to up-skill them in all the areas of HIV, and we've set up a walk-in clinic in our area. It's next to our offices, but actually it's meant for anybody who walks in. You can come in and do voluntary testing and get counselling and get advice about the whole area of HIV and AIDS. The reason we've done it that way is that, even though we set it up ourselves,

PROF. OLIVER WILLIAMS (Centre for Ethics & Religious Values in Business, Univ. of Notre Dame; UCT): Of course, if you're talking about large business, they have enormous power in this society - in the world - and they can draw on talents, on resources, that smaller groups or individuals are not able to do. I often cite Johnson & Johnson, which is a healthcare pharmaceutical company - based in the US, but [with operations] in 150 countries around the world, including South Africa (they have 3 plants in SA) - and they have worked seriously (since their company was founded some 60 years ago) in developing an ethical corporate culture. They have a credo - instead of a code of conduct, it's kind of a philosophy of business. The credo is just one page, and it hangs on the wall of every office, and people have a plastic card in their pocket that says they work for J&J. The credo basically says: "Our first responsibility is to our customers - the doctors and nurses who use our products. Our second responsibility is to our workers - taking care of their advancement, giving them a chance to be empowered, to be all they can be. Our third responsibility is to the communities where we have our operations - where we have our companies, where we sell our products. And our fourth responsibility is to our shareholders - and if we do well in the first three, we will do well on the fourth." That credo was written by the founder of the company, General Johnson, years ago - and it's always worked! I mean, that's really their philosophy of business. I think a company like that, in a sense, is a beacon - because, as we know, there are a lot of companies that aren't like that, who will do anything they can to make a quick buck. But I think a growing number of companies are seeing that it's not only the right thing to do but that it's in their best interests to be concerned about their workers, to be concerned about the communities where they have a presence and certainly to be concerned about the people who use their products. So it seems to me that a company like that [Johnson & Johnson], simply by being in South Africa, is a shining light that says 'hey, there is a moral purpose to life, and there's certainly a moral purpose to business and here's what we stand for'.

QUESTION TWO
To what extent does leadership in your organisation embody the best practice of empowering themselves/other leaders and/or workers for the development of people and nation building?

JANINE MYBURGH (Cape Chamber of Commerce):

...We have a large budget for the Chamber's staff - the secretariat - for training, every year; we have the Integrated Small Business Development [Programme], where we assist people who want to start businesses with training and mentorship; we have the PLATO Project which has foreign dignitaries funding it assisting people with mentorship; we've got the Enterprise Development Fund - so it's a continuous process of training and putting back into the community...

NANA MAGOMOLA (Thamaga Investment Holdings):

In my company, we obviously appoint people that are qualified to do the job that is at hand, but we also have developmental programmes to ensure that those people that come in without all the required skills are able to 'skill up'. Also in terms of the communities in which we do our business - I come from a business that is in private health care funding, medical administration... One of things we've done is up a Section-21 clinic, where we don't make any profit out of that unit of our business. We focus strongly

we want other companies to feel comfortable putting funding or skills (like human resources, etc.) into that environment. And that is our contribution in terms of empowering ourselves as well as the community in which we live.

NOSEY PIETERSE (Black Association of the Wine & Spirits Industry):

You see, BAWSI is a conglomerate of organisations: Labour, black-owned SMMEs, youth, women, people living with disabilities, NGOs. So it is an umbrella NGO for a number of organisations. NGOs have limited resources, and therefore, most of the time, they experience capacity problems in doing what they set out to do. But if you look at the contribution that we are making, in terms of our objectives, we believe that we occupy the 'moral high-ground' because what we are pursuing is, in fact, ethical behaviour - from government, from business. We believe that as an organisation, in terms of our objectives, we make that contribution. But we also [contribute to empowerment] internally - because the thing is, you might have the noblest of goals, but you should also be measured in terms of your own practices internally, inside your organisation. So yes, we subscribe to these norms and practices as reflected by King too, and we also have our own code of conduct in how we relate to one another - as office bearers, as executive members, as members of the organisation - but we also have a code of conduct regarding how we relate to each other within the organisation. For example, we have different unions organizing in the agricultural sector, and these unions are all vying for the same workers. So you can imagine - with fourteen unions vying for the same workers, there has to be conflict - unless you find a way of regulating how we will engage or how we will embark on the recruitment. And what we have done is say, "The rule is very simple - when you recruit, you first determine whether the people are organized. When it is affirmed that they are, you remove yourself and leave them alone. If workers come to you with their problems, it's up to you to ascertain whether they are organized. If they say yes, then you have to query

the problem with their own union: Who is the union and what are the problems? And then inform the union that their members have approached your office with XYZ problem and that if they don't address it they will leave you with no alternative but to recruit them." So, while challenging business out there, while challenging government on these moral and ethical issues, we also make sure that at least, within our own ranks, morality and ethics remain.

What we found was that historically disadvantaged businesses are all small businesses (they've either been artisans or they're good at a particular thing), and that once they grow to a level where they have to apply management skills they fail or remain small - so management training was needed also and WECBOF endeavoured to empower people in this area. If you can manage your business well, you've got a greater chance of success.



Patrick Parring (Exel)

PATRICK PARRING (Exel): Obviously I wear different 'business-hats', because I'm involved with different organisations. But let me take the one [example] where I was the founder-chairperson of Western Cape Business Opportunities Forum (WECBOF):

It was in 1994 that we realised that, in order for those historically disadvantaged businesses that existed to thrive (they were literally almost unknown because the economic system of that time didn't really accommodate black business within the mainstream of business - there was no real link to that world, it was almost an informal way of doing business, but things changed in the late 80s), there was a need to create a home for those people in order to see how you could address the challenges they faced just in the course of doing business (unfortunately, in business, the success of the business precedes even the consideration of things like 'doing good'). Our organisation was really based on how we could empower historically disadvantaged businesses, and we, at the time, realised that it was a huge task, so we limited ourselves to three things.

The first thing we focused on was to see how we could facilitate a process of training - how we could develop historically disadvantaged businesses' skills so that they could compete with anybody out there.

hard to get noticed], so, in a way, it helped to appeal to the big corporates, parastatals, to come and speak to the collective - it made their job easier and, also, in the process, the organisation facilitated training and additional support. Now, unless you're in the loop, it's very difficult to get access to opportunities - especially when the owners of capital (even in today's economy) are 95% or more white business. And that's a challenge because white people in general feel like they've lost the political power so they're holding on to the economic power. We've made some very good progress with the first and second points we chose to focus on.

The third thing we focused on was to try to provide access to finance. Access to finance is a challenge to any small business (black or white), it's just the nature of business and how economies work - it's universally known that the failure-rate, particularly of small start-up businesses, is very high. So access, by the very nature of financial institutions, is difficult - to be black and inexperienced makes it even more difficult. What we've tried to do, in partnership with a US organisation, is to say: "How can we be a part of an organisation that could establish what we call a socially responsible local venture capital fund?" I've personally been working on that from 1995 till now,

The second thing we focused on was [to provide] a network, access to opportunities - now that's not easy, it's about who you know - and we came up with two things: by organising these businesses in a particular home, where they are together (you know, we defeated apartheid by having the numbers as well), we believed, by organising ourselves as a collective, that that could be something we could use as leverage when we engage. At that time it also served another purpose - there was this notion that "we want to help Black Business, but where are they?"

And it's true, because we were never allowed to be in the mainstream of business, [it was

and we're still unable to establish the fund - and for no other reason than (because of the past) that institutions have a difficulty with financing small businesses and that the concept is unknown in South Africa (it is a US concept that they have explored elsewhere in the world - including Zimbabwe, by the way), so the institutional investors' (whether it's the Old Mutuals or the Sanlams or even government bodies) appetite has been very small... So that's a huge challenge and will remain a huge challenge for a long time.

So I think that may be, in short, what WECBOF has been doing and will continue to do. What is nice is that when you look back you see success stories where people have done very well in business - and we don't claim solely to be responsible, but it's nice to see that the organisation has, in some way, contributed to that success.

ROGER RONNIE (SAMWU): In the same way that we would seek to substantially improve the situation of the worker in the workplace, we also seek to improve their situation outside of work. So, as a union, we will also take up a number of issues which go beyond the traditional employee-employer relationship. For example, we will mount campaigns about workers having access to adequate amounts of free water and electricity, to prevent these services being cut off when people cannot afford to pay. This extends not only to the people we represent but to the societies and communities from which they are drawn as well... it isn't a conventional enterprise, there was always a sense that it was made up of political activists, so the kinds of standards that we would set in a traditional workplace often didn't apply in the organisation. I think, over time that has started to change, and unions, through starting to introduce proper training programmes, issues of study loans, integrating the full-time staff into the decision-making processes, I think, are making an attempt - but I must concede that I think there is a lot more that unions can do in terms of how the owners of an organisation deal with the people they employ, to assist them and service them on a full-time basis. I think there are certain gaps there.

PROF. OLIVER WILLIAMS (Centre for Ethics & Religious Values in Business, Univ. of Notre Dame; UCT):

Well, I think that the smartest organisations see that it's in everyone's interests to develop their people - to enable and to empower them. But look, businesses are like people - there are some scoundrels and there are some wonderful people with noble ideals. And let's not be naïve about it, you can certainly, without too much trouble, find the scoundrels - the ones that abuse their people, that are just not taking care of them, not giving them opportunities to develop, who are in fact just trying to use them. But I think that there are good examples of companies who are very interested in people - they have a corporate culture, if you will, that instills in everybody that taking care of people is important to *get promoted here*. You know, the best of companies actually have questions on their evaluation forms for their people like: "Is this person good at mentoring? Is this person good at 'bringing along' those who are responsible to him or her?" As most experts figured out a long time ago: if something is important then you have to measure it, you have to use it for evaluation... if you think it's really important, it has to be factored into the assessment process. And I think we're fortunate to have many good companies who *do* do that. For example, SAB-Miller is one of those companies - some of my colleagues aren't that happy with their product, I actually think it's pretty good! But, beverage preference aside, I think that that is a company that has long had very good policies for their employees - treating them well, giving them opportunities to advance. Coca-Cola is another one. So there are many good examples out there. ①

QUESTION THREE

What contribution does the best practice of mutual relationship building with all stakeholders of Business provide? What are the tangible results of this best practice?

JANINE MYBURGH (Cape Chamber of Commerce):

I think we're accountable to our various stakeholders in business, and it's important for us to give feedback and to be aware that we should be transparent in everything that we do, because the Chamber of Commerce is regarded as the guard dog of, for example, best practices...

NANA MAGOMOLA (Thamaga Investment Holdings):

We've been very vocal, as a company, about this whole area of private health care funding. Do you know that in this country of 45 million people, only 7 million are covered by medical aid schemes? So the rest of the population has to care for themselves. And long before it became fashionable to look at areas and open up schemes to accommodate those low income earners, our company (as way back as 1990) was already talking about it. But it's good to know now that other companies are following suit, as well as government, who are now also looking at it.

NOSEY PIETERSE (Black Association of the Wine & Spirits Industry):

The benefit of mutual relationship building, for me, is that it results in a greater understanding, openness, and honesty. It's also a win-win relationship that is beneficial to all parties. That is how I see the whole process of mutual relationship building. But this is only possible where there exists a level of maturity - the maturity to agree to disagree with each other; to understand that we have different world views; to regard conflict as a means of making progress, that conflict is not necessarily bad in itself but that it also leads to change; and there has to be an appreciation for each others' views.

PATRICK PARRING (Exel): I think that partnerships are the way forward - not just between government and business, but also labour, because small businesses are more on the receiving end, e.g. if labour responds in the form of strikes, etc. and we know the political scene - small businesses are the most sensitive. So partnerships are absolutely critical.

I think that there are huge mind-shifts that have to take place. I think that the dialogue tends to happen more horizontally than vertically between government and business, and I think that that is one thing that needs to be looked at: How can there be an interaction, not just between government (as a main stakeholder) and business, but also between *business* and business? I was at a National Conference last month where the issue of the "lack of skills" was made quite clearly - now,

when somebody from a multi-national corporate makes that statement, and I'm sitting there, thinking of how many small businesses I know, that are there, that can provide good services, good products, and can't get in - it's very frustrating. That's why vertical dialogue is so important - unless there is that vertical dialogue, you will not know what is there and what isn't in terms of skills or the lack thereof. So, I think the whole issue of partnership needs to be encouraged, and these kinds of initiatives [referring to the Ethical Leadership Project's Business conference] are good to encourage that kind of dialogue.

ROGER RONNIE (SAMWU): We operate in a sector which is responsible for the delivery of public services, so we have a much better opportunity than unions with workers in the private sector, where there is often a contestation between how the wealth that is generated in that company is distributed between the shareholders or the workers. That issue doesn't confront us, what we are confronted with is public funds and how best to ensure the service, so what we try and do, collectively with the employers in local government for example, is try and build a common approach to key issues of service delivery - trying to seek agreement with them on what we consider to be acceptable standards of service delivery. We have this motto: we've got to find a balance between affordable basic services and a living wage for the workers who are actually providing the services. So to that extent we convened a local government sector summit in 2005, which was the first real attempt by stakeholders in the local government sector to get together and try to map out a path for the sector. We reached agreement on a number of issues, for example,



Roger Ronnie (SAMWU)

what we consider to be the components of a quality job: it must have a long duration, it must have a living wage and it must have healthy and safe conditions. So those were things we agreed upon. There was an agreement that we shouldn't perpetuate a system of casualisation because it only leads to instability as far as people's job security is concerned. A number of things that were agreed on have not been followed through consistently. Where we stumbled was on issues regarding: how we could possibly improve and increase the size of the pie that is actually available for the delivery of services; and the extent to which the stake-holders in the local government could influence the secondary and the primary sphere of government (i.e. provincial and central government) to basically ensure a more equitable share... There's an acknowledgement by the stakeholders about the extent and nature of the problem but there's currently a disagreement about how best to find the resources necessary to deal with this problem. And I think there will

be another problem when we do find these resources in terms of how best to allocate these resources between services and conditions of employment for workers and local government.

PROF. OLIVER WILLIAMS (Centre for Ethics & Religious Values in Business, Univ. of Notre Dame; UCT):

Well, nobody's perfect - no individual is perfect, no company is perfect. But I always try to have a small stable of good companies that I can talk about in class, companies that I can set up as role models - because I also have a small stable of *terrible* companies. In this country, Leisurennet is a good example of a company that was run by a couple of scoundrels who basically stole all of their people's money. Fidentia is another one that has been in the press a lot. Today those are the scoundrels, and so it's important to go through and see what those leaders did that was wrong, and why they brought such serious harm to - in Fidentia's case - widows and orphans! I mean it couldn't be more harmful, it seems to me. On the other hand, there are companies in South Africa that are quite concerned about their stakeholders, and understand their corporate citizenship responsibilities. I mean, I look at this 'citizenship' notion on the model of an individual, i.e. an individual has two sets of responsibilities: one is their set of 'role' responsibilities as 'father', 'mother', 'teacher', 'businessperson', 'lawyer' - that's their role; but they also have a set of 'citizenship' responsibilities, and that is to their community, first of all by paying taxes, but also by giving some of their resources (maybe by joining a neighbourhood watch or coaching soccer or visiting the elderly - people do different things to be good citizens). I think businesses

are somewhat analogous: they have a 'role' responsibility, which is to produce a good service and to return on their investment - if they don't do that they're history, they're not going to survive; but that isn't enough, they also have a 'citizenship' responsibility, as a corporate citizen - and here I think they have to step in and, depending on their resources, try to meet some of the problems in the wider society. And I think you're seeing a growing number of South African

corporations doing that - the Black Economic Empowerment, the Employment Equity, is circumscribed by law, but, as we know, law isn't enough - there are some companies that have risen to that and have done very well, and other companies are being dragged along kicking - but there are many who are role models here. ...I was just at the World Economic Forum two weeks ago, here in Cape Town, and a big discussion amongst many of the business leaders is "What can we do to enhance bringing business skills to the younger people who don't have those more marketable skills - people who are not even in the market? What can business do to team up with NGOs or government? Because right now it seems to be dead in the water - there isn't a heck of a lot happening." Business has the resources - and the key resource that business has is *not* money, it's *skills*, it's management skills. I mean, they know how to get something done, and that's why we admire them.

QUESTION FOUR

How does Business engage in the ethical best practice of transforming socio-economic conditions and practices in disadvantaged communities through ethical leadership?

JANINE MYBURGH (Cape Chamber of Commerce):

The Chamber had a strategic session about 3, 4 years ago and BEE and empowerment was amongst the first criteria addressed - and we do that continuously, when we do the election of our officers, when we do all the funds that I addressed, [there is an emphasis on] empowerment and the previously disadvantaged - we try and concentrate on black women especially.

NANA MAGOMOLA (Thamaga Investment Holdings):

One of the ethical imperatives that I think we have is a responsibility to assist in the area of improving the skills of our people. And secondly, as business, we have to find ways to facilitate experiential learning in our graduates. It's a shame that in South Africa our universities are churning out so many graduates who are just walking the streets. The other day our deputy president was talking about how serious this is because the longer these young women and men are unemployed the more likely it is that we are going to find forty year olds with no experience! That is the recipe for, what in those days they called a lost generation. Now we have a generation of people who have gone through university but are not able to find employment. What also worries me about this aspect is that these are not the children of an average parent like myself who is a manager at an organisation, where I am able to educate my kids, and (because of who I am) able to help them find employment. These are children of parents who are, in the first place, poor. They take the last penny that they have to put these kids through university, and when they come out, they are still unemployed. I have examples of this - my own nieces and nephews, where with some of them I've had to pay for their education myself, and they're still unemployed. I'm saying, we, as corporate South Africa, have to find a way to create a space where these kids could come and work for our companies - during vacations, for six months, for a year, where we could rotate them. We keep saying we want them to come to us with experience, but nobody is willing to take the challenge of saying 'let's educate them'. I know that in America it's a very common thing for kids, during vacation, to get employment. And it has the added benefit of providing the company with cheap labour, because you don't have to pay them much. There's a young unemployed graduates organisation I'm aware of - they have money to actually pay for those kids to be taken on by companies. All they need is for companies in South Africa to wake up and say "we will take ten of these kids" - they don't even have to pay them. But we are very reluctant to do anything. That is a challenge I think we need to take on.

NOSEY PIETERSE (Black Association of the Wine & Spirits Industry): I think that the premise that business should operate from should be to start confessing its role in sustaining apartheid, and to

seek forgiveness for their contribution to the suffering of South Africans. That is the starting point, because no matter what they say, business will always be remembered as the financiers of apartheid...

That should be followed by restitution. Restitution is an essential element of a process of transformation. We can see from reading the Bible how Zacheus wanted to mend his ways and he repented - he also made restitution, saying that he would give back to those that he had taken from, and that he would give back four-fold to those that he had defrauded.

The restitution that I refer to here is the land reform - why? Because we know what is happening currently in the land reform's slow process, and we know how we were robbed from our land.

Black Economic Empowerment is another [method] of restitution - but it has to be done morally and ethically, not with these kinds of 'rent-a-darkie' approaches; it has to lead to the real transformation of the ownership of the means of production.

Then there are social responsibility programmes that should be embarked upon by business - and not only focussing on how to fund the Springboks going on tour, or that kind of thing. Not that we have anything



Janine Myburgh (Cape Chamber of Commerce)

against the Springboks, but [there seems to be a tendency to] focus on these glamorous events and to neglect the suffering communities on the ground. And then, taking care of victims of alcohol abuse and fetal alcohol syndrome sufferers. Then they should look seriously at job creation. I think that that is what business should be doing if they want to play a role in morally transforming society.

As I said in my presentation earlier, we cannot talk about moral transformation in the absence of transforming the situation of the people... Most of our values are a function of our existential reality, and if we want to transform that, there has to be, by necessity, a transformation of that existential reality. Moral transformation cannot happen in the absence of addressing that.

There has to be: (1) a political will from government to face that; and (2) [an indication] from the business community at large and the community in general, that we are not going to deny [this problem]. This denial, and this 'suffering from amnesia' - that we have now forgotten all about it - is a problem. We cannot expect a person to forget about their wounds when their wounds have not healed properly. How can you expect me to forget about my wounds - or the origin of my wounds - when they are still bleeding, reminding me every day?

And this is the society that we deal with - a wounded society that is in need and that is crying out for healing - and when we start with the process of healing those wounds, then we can start talking about forgetting the past.

PATRICK PARRING (Exel): How can you create something if you don't have it - if you don't even know it? That's the reality, that's the challenge. If I look at the founding of WECEOF, and the Fund - I always say that when I go out there, it's not about me, it's about a constituency, it's about correcting the past - my experience was that I, as a victim of that system, was prepared to make that sacrifice, to engage in dialogue and serve an organisation, and actually be confronted with people who, in a very direct way, were part of what we found ourselves in - and that's an unfortunate part of business, it's very selfish in nature (to varying degrees, obviously, depending on the business and its own value systems) - I found that you need a concerted effort to get the message through. I think that people think that apartheid is gone and therefore everything's okay and can be normal - that needs to be addressed because it's not, you see. Unless we can find ways and means of dealing with that, I think it's going to be quite an uphill challenge.

What we've done (and do), as black business, is organise ourselves reasonably well. We really try to encourage people to do good business - to register as a company, for example. Remember, we come from

the past, there was no country, so we did everything not to pay taxes, for instance - and it's not even to do with morals, it's a culture, it's where we come from: "it wasn't ours then, why should we now?" It's become a behavioural thing. And that's what we're trying to do now within the organisation - to cultivate a culture of taking responsibility. Therefore the challenge to big business is: How

can we all just take responsibility with what we have now - including the way in which we do business? ...It goes back to needing instruments of change - and very simple messages - e.g. *doing good is good business* - and I think that we need to promote and find instruments to do that... It's a huge challenge, and that's why I think we need some serious drive behind engaging with business - big business in particular - to do the research, to really understand, to not forget our past, but to bring it into today, to see how our past impacts on how people do business now... From my personal experience - I did business during the apartheid days - I knew who I was up against, and I find it sometimes more difficult now, because I don't always know who I'm up against (because of fronting, etc.), so it's a challenge, but I don't think it's something that we cannot address.

ROGER RONNIE (SAMWU): Look, we've always been at the forefront of the campaign for affordable basic services. What we've said is: services should be delivered on the basis of everybody receiving a certain amount of services, with nobody ever dropping below this minimum - where your access to these services, like water and electricity, refuse collection, is not determined by your level of income or your ability to pay, to the extent that if you consume more, you pay according to a rising block-tariff (so you can have a system of cross-subsidisation). Our approach to addressing this problem is universal access, cross-subsidisation, rising block-tariffs, (so that people who have swimming pools, or large lawns, who consume a lot of water, would pay more for

their water than people who don't) and determining what the basic levels should be, taking into account people's health and safety needs, the different needs between men and women, etc. So we've always been at the forefront of that kind of campaigning as a union. We've also seen and learnt from experiences internationally where the delivery of these services has been handed over to the private sector and delivered for profit bases, and generally the poor people suffer because they don't have the means to pay. So we've taken up campaigns against that, and also against pre-paid water meters in our country, given that pre-paid meters mean that if you can't afford to buy a voucher, you're not going to get water. So those kinds of things - where people are actually cut off because of their economic situation - are the kinds of things we're trying to actively take up and reverse.

PROF. OLIVER WILLIAMS (Centre for Ethics & Religious Values in Business, Univ. of Notre Dame; UCT): I think the easy work has been done in South Africa - that is, you've developed (rather quickly - in 10 years) a black middle class that you didn't have before. This was helped by the fact that you had a number of blacks that were relatively well educated - for one reason or another they got into Europe and the United States, or they got in through some assistance.

The very difficult challenge is that of people who have no marketable skills - and there is no quick fix: it's getting a culture of education, getting a culture of incentives, its enhancing family life, and that's going to take a couple of generations.

So what can business do? I think business has to partner with NGOs and government, and *listen*. I think, whoever they are, they have to listen to what informed NGOs (who maybe know more about it than they do) suggest they should try to do, for example, to cultivate business skills or to cultivate just skills so people can get into the market. You know, if you're in the mining business, you can train young miners; you can try to bring more people into that field. If you're in the computers business, that's a little different, that's more complex because you need math, you need physics - remedial programmes for that sort of science and technology are more difficult - but there are businesses that are trying to work on that. I think it depends on the nature of the problem and it depends on the kind of advice and the suggestions you are getting from the local communities - I think business has to listen, and be attentive to what others think the best way to meet those needs are.

QUESTION FIVE

Describe a situation that demonstrates an ethical best practice of your leadership or the leadership in your organisation. Elaborate if



Prof. Williams (Centre for Ethics & Religious Values in Business, Univ. of Notre Dame; UCT) (background, left to right:) Pramilla Vassen, Patrick Parring (Exel) & Roger Ronnie (SAMWU)

such a situation did not demonstrate a suitable best practice.

JANINE MYBURGH (Cape Chamber of Commerce):

This is my second term as the President, I'm the first woman in 203 years - and I would think that social responsibility has come out. [The reply] was always "we are not a charity organisation" when we were asked to assist a school with soccer uniforms or things like that, and I've been able to [change that]. The members of the Chamber of Commerce have been very giving - when I've asked for sponsorship I've never received a negative response - so it's been inculcated, and I think that in terms of the norms that we are expected to have with social responsibility, the people have come to the fore - where we did just concentrate on business, and the ethical norms of business, I would like to think I have been instrumental in bringing our social responsibility out, to have it not be regarded as charity but to be regarded as a duty that we have to perform. I regard it as: If you hold a position, you have a duty to give back...

NANA MAGOMOLA (Thamaga Investment Holdings):

My example is from a previous company I worked for: We had a contract where we needed skilled people to come in and assist us. In business we are looking for people who can perform, and perform quickly, but at the same time I have just spoken about people who need the opportunity. At that point in time, we could have used that opportunity to not only get people who are qualified and can do the job, but, (because it was quite a sizeable contract), we could have used that opportunity to bring in these young graduates I was talking about. Obviously we would not put them in positions where they would jeopardize the delivery of the project, but we could have put them in a semi-skilled environment - by the time someone comes out of university it is easier to teach them new skills. I think we missed out on an opportunity, and I hope that if another opportunity like that comes along, I will not forget my other responsibility - getting these youngsters off the street. You know as a person, and a leader, one of my guiding lights is to be principled in how I make my decisions, and sometimes one gets challenged by situations or environments that create an ethical dilemma. But instead of making headstrong decisions, and not thinking things through, I will take time off from making that decision to be alone with myself where I can internalize and decide which way to go on with this matter. We all have a sixth sense, an inner

sense, a conscience, that says that even though this deal look glorious now, long-term it's not going to give you the dividends. And it's very easy in business to look for those short-term goals that are not going to last. So you need to go back and say that if I miss out on this opportunity, what else is out there? And go for the one that will give you not only long-term, sustainable results, but a decision that you can accept and not have sleepless nights over.

NOSEY PIETERSE (Black Association of the Wine & Spirits Industry): All the work

that BAWSI does is pursuing morality and ethical behaviour - all the work that we are doing. Our calling, in fact, is to eliminate all that is unethical - so everything that we do [is to ensure that] ethical behaviour or conduct would prevail.

If you want me to single out something that we have been doing... One particular thing is how my organisation, BAWSI has been pursuing investment opportunities - and it is not for self-enrichment, as such, it is to execute our mandate to serve the people through training and development, through representing and defending them - whether in courts or whatever - empowering them.

So that is what we have done. We are busy with selling shares that we acquired - I don't know if you've read about it in the papers - and we will be making a handsome forty-five million rand profit soon. In a few weeks or months' time, we will be laying our hands on that sort of money. But it's not for me, although I have been driving this thing, it's for the Trust to do what we have been doing. And the only thing I would be doing, and the rest of the people in BAWSI, those who work full time, will be doing the salary. And many of us have worked voluntarily, although people always thought we were working full-time, we were working voluntarily - and the majority of the people who work in BAWSI are voluntary, they are doing this for the sake of the people.

PATRICK PARRING (Exel): Let me use the example that's maybe not the best one, but one that has more of an historical context: I started to work for a business (Nedsteel) as an artisan. I left the business to do my own thing. I employed young people who didn't leave me, who stuck with me. I then bought the business that I had worked for for seventeen and a half years - so I owned Nedsteel with some of the staff that worked for me. And two years ago I could do a management buy-out - so they now own not only the business, but the property, they're the owners of it. Now, I think maybe, that when you talk about empowerment, it's important to demonstrate how far [you have to go] - and that took quite a bit. I remember that it was not just empowering them in-house - the big test was when I wasn't there, so we actually had to plan that - I had to tell them. Now obviously, when you tell them that they're going to own the business, people don't really believe you - because business was always regarded with distrust, and you have to deal with this trust issue: "can this be real that we're going to own this someday?" So you have to deal with that, and the process from there is "do I really want the work of owning a business?" So you have to work through all of that. And I had to plan it in a way where I actually withdrew from the business in increments,

QUESTION FIVE (cont.)

to ensure that the transition of ownership - not just to give ownership - was done in such a way that they could take responsibility and manage the business. So Nedsteel, I think is the one example.

In terms of my business model I decided, because I couldn't get successful in establishing that fund, not to leave it (I'm still working on it), but parallel to that I made a conscious decision to do what we call private equity - venture capital - with the little bit I've got, I'm going to use my own balance sheet. The model currently is that I'm out of a day job, and I actually buy a business, or I start up a business, and I identify historically disadvantaged people who have the potential to be developed into a good manager and a good partner - and I have a couple of those already... So really what I do is starting up small business, buy existing businesses and employ historically disadvantaged people who don't have capital, who don't have experience and coach them to the point where they are partners. My model is based on that, that's why I'm so busy!

ROGER RONNIE (SAMWU): We've tried to strongly support (both within our organisation and within the sector) a situation that says that councillors should derive no benefits at all from any activities of the municipality. In similar fashion employees in the sector should not derive any benefits other than benefits that are due to them by law. For example, having connections in relation to contacts that might be delivered for goods and services consumed by the municipality - we've strongly advocated against that kind of thing. In a similar fashion, in the organisation, we've said to employees of the union that there's really no problem with you, as a member of a political party, running for office, but if you are elected, you would need to resign from the union because we would consider that to be a conflict of interest. We'd like to think that those kinds of things - where there are potential conflict situations, whether it be of an economic nature or political nature - have been identified both within the union, and then within the sector, and that we have tried to deal with them.

PROF. OLIVER WILLIAMS (Centre for Ethics & Religious Values in Business, Univ. of Notre Dame; UCT): Well, I would say, about 12, 15 years ago, several of the big pharmaceutical companies who have drugs that can contain HIV/AIDS came to me (and a number of others - I was not their only advisor) and said: "Look, we're under a lot of pressure to do something about the 25 million people in Sub-Saharan Africa who have HIV and who have no money, and there are certain groups who are saying that we should take care of this problem. There are probably about 7 or 8 companies that make drugs that can contain HIV/AIDS - as we know, there is no cure, but you can live a normal life with anti-retrovirals. So, what is our moral responsibility for the 25 million people?" And the first thing they did was say: "Let's run the numbers. Let's say that the 7 big companies announced today that we are going to take care of the 25 million people who have HIV - tomorrow we'd all be bankrupt. In other words, you have to take this medicine for the rest of your life, and you can't just take medicine - you have to have the expensive equipment that measures the T-cells so you know the right amount of drug to take - and it has to be monitored. So you're talking about a rather expensive process. So - what is our moral obligation?" Well, we played around with this for quite a while and it was clear that their moral obligation was not to give it to 25 million people - but it was to do something. What would that something be? Each of the companies went back to their shops and worked it out. One that I watched closely - Merck, the pharmaceutical company - said: "We want to adopt one country, and we will provide a certain cash influx and free medicines for one country. We need a politically stable country because we can't start

the medicines and then stop them, because then you get worse problems - if you get variations of the drug, if you stop taking the drug, mutations are very dangerous in the HIV area. So we need a politically stable country - we need a Government that will cooperate with us, that are interested in us coming." So they shopped around (and of course, I was pushing for this country, but there was no opening here for it) - Botswana was dying to get it: 35% prevalence rate with HIV. Merck looked around and said: "Okay, we can give free drugs for everybody and we can give 50 million dollars - but that's not gonna cover it, you need to build that infrastructure. So they talked the Bill & Melinda Gates Foundation into giving 50 million dollars, renewable after 5 years. So that's what they did - everyone who gets tested positive gets guaranteed free medicine and care with this resource. And it's interesting what Bill Gates said (which shows why he's so rich - 'cause he's so smart) was: "I won't renew this in 5 years unless you can show me that the management skills of the people of Botswana have been enhanced because of our presence. If we're just bringing in people from Harvard or wherever and then when they leave they haven't learned; if there aren't people who we're leaving there who can do it - then we have failed. Because what they need is not our money, it's our management skills." Which is extremely insightful, it's clearly the truth - it's what the colonisers never really understood. So Gates did renew it - he went back and he checked to make sure that management skills were being passed along. So they're on their second 5 years in Botswana - and the number of people on anti-retrovirals, as a percentage of their country, is perhaps the highest in the world. So that's the best example, it seems to me, of a partnership - where a big company realised that it had something but it didn't have everything, the third partner, with Bill & Melinda Gates and Merck, is the Botswana Government, and they said, I mean, everybody felt, and I certainly advised: "It's immoral to be giving medicines away without giving education about how you get this disease - see what kind of behaviour changes we need so we can cut the prevalence rate down." And that is what the Botswana Government has done - it's educated a lot of people, and paramedics and helped develop clinics. So it's a great partnership - it seems to me. Merck is not taking all the credit - it's giving credit where it's deserved: largely, the Botswana people - and they've stood back and allowed the government to really manage this - by now they're in their 6th or 7th year of this programme. So that's a great example of the kind of thing that we'd like to see more of - I would, at least: A partnership between NGO - the public-private NGO ...and that has the best hope for solving these very intractable problems - the diligent quick fixes. There are so many examples that don't work, and without getting specific to names - when a company is simply out to get PR and to buy themselves a good name; when they just want to come in and write a cheque and aren't interested in developing the skills of the people they are giving money to, just have the CEO take a photograph giving the cheque (which is unfortunately all too common)... Money is not the answer, writing a cheque is not the answer. 6

QUESTION SIX
What knowledge, skills and values do you think deserve renewed attention, within business today, in the pursuit of a morally

transformed society through ethical leadership?

JANINE MYBURGH (Cape Chamber of Commerce):

I have a personal view of this, I'm a matrimonial divorce attorney, so I speak from that background as well. I feel that we are breaking away from our family values and norms and I think that that is part of the decline of morality and ethics of society. I think that if we go back to our family units, and the respect that you are supposed to have for hierarchy, we will get back to society's norms without being so troubled with the crime norms we have at present. For example, something the Chamber of Commerce is addressing is the theft of copper cables - which is causing major damage in the whole of the country and abroad - but I attended a summit the other day and it was asserted that the theft of copper cables was related to the usage of tik, and that the people stealing cables are tik-users. So you can't just address the copper cable theft, you have to address the fact that people are taking tik, and why they are taking tik. So you have to address the whole issue. And I think that comes in as our social responsibility, duty and corporate governance to address all these issues as a whole. I think we must always desire and try to achieve [a wholesome, moral society] - I think if we look at all the obstacles before we start, we're going to give up, but if you keep in mind that every little bit counts, and it's every person's duty to do their share then I think that we will go a long way in achieving it... But really, nobody should think that they don't have a duty or responsibility to assist the next person.

NANA MAGOMOLA (Thamaga Investment Holdings):

First of all let me start off by complimenting you on running these conferences because we can do with a whole lot more of these kinds of conferences. Some things you think are common knowledge but when the questions actually get asked you realize what you think is common knowledge is not, or you find out you didn't know things you thought you knew about. I think it's important to keep rapping on about Ethics, because sometimes you don't understand what you mean when we say ethics. And the values that we should be talking about in these days of challenges - the values of honesty and trust. I mentioned Warren Buffett saying that trust is like the air we breathe. When it is around people hardly notice. But when it's gone everyone notices. Because if you work in an environment where you cannot trust people, you can't function. Also, we have to have a code of ethics as institutions and companies, and when you have those ethics, you have to make sure the people working there know those ethics, they understand what they mean, and the leadership should lead by example, where they do not at any point in time break the rules. Sometimes it's very easy to cut corners, you are so tired and want to make a decision very quickly. But somebody is watching, and that somebody will copy you not doing the right thing. They have to be enforced, there is no point in having a code of ethics that are understood, but are broken. Also you have to be consistent. You can't have repercussions for some people, and not for others. And people who report unethical behaviour, have to feel comfortable that when they do, the response is prompt, and secondly that the confidentiality is maintained because otherwise you will not encourage people to report unethical issues if you don't give it the respect that it requires. It is also important that integrity, trust and honesty are rewarded. Make a big thing out of it, so that others notice that when you do good things you get noticed. Positive feedback is important to help reinforce that code of ethics.

NOSEY PIETERSE (Black Association of the Wine & Spirits Industry): I don't want to sound

like a record that's stuck, but I think it's important to remember the point I made earlier, that is: We can't even start contemplating moral transformation in the absence of transforming conditions for the poor. We need to understand that, and we need to understand, as I pointed out earlier, that most of our moral values is a function of our situation. So that needs to be addressed.

You know, you hear many a time this thing of the white people say[ing] in the country: "Hulle het mos nou wat hulle wou hê. Hoekom gaan hulle nog so aan?" [Translation: "They now have what they wanted. Why do they keep carrying on like this?"] You know, you hear that. But then I ask myself the question: "Who says we got what we wanted? Does a vote equal a job? Does a vote equal money in the bank? Does a vote equal a house?"

You see, healing and restoration will still take a very, very long time, and we must not rush these things and think that because people have a vote now, everything is fine, that we should all be living happily ever after. If one looks at what is required, in terms of skills, values and knowledge, I think for me, the very first thing is that inter-personal skills are required - how I relate to you, accepting others as my equal, irrespective of their race, their colour, their sex or their creed, etc. You see, there is still a lot that we need to learn about that, and I cannot emphasize the need for diversity management enough - not these fly-by-night things that have been put together, I'm talking real diversity management that we learned from each other.

I have learned, through my experience, that by learning from each other, we start to trust each other. We have senior white leaders in the wine industry who we consult with and confide in when we are discussing sensitive issues about the wine industry, and this is because we have learned, we have engaged each other over a long period, and in difficult situations, without trying to be apologetic about who we are and what we are, and then going forward in terms of recognising who you are irrespective of what you are and who you represent.

But we also need to develop other skills - such as conflict management, because we are very poor when it comes to conflict management. A classical example is the strike we just had - a protracted strike which [would have been] totally unnecessary if people knew how to manage that conflict situation: where one wants more and the other wants to give less.

Then there is the issue of anger management - many of us are still very angry. Many of us are still bitter, we feel betrayed. We need to [develop] anger management, which is coupled with healing.

I also think it is important to have a consideration for the needs of others - a genuine consideration.

And lastly, the principles of situational ethics should be learned. We have become so legalistic... and that is sad - if we put rules and codes above the interests of the people. You know, the Bible taught me that when the rules of the land are in conflict with the rules of God, we have to be obedient unto God.

PATRICK PARRING (Exel): Well, I think a fundamental value is honesty. It doesn't matter how bad the situation is, I think you've got a far better chance over any obstacle if you can be honest - it doesn't matter how tough a call you're facing - promote honesty. I think that is fundamental. I think that, if you want to impact on a greater number of leaders, you don't need to look for new [leaders], you don't need to make new laws - look at the ones that are there, otherwise you're just making the challenge bigger. You need to see how you can identify existing leaders - whether they're in business, in labour, wherever they find themselves - and once you identify them, bring one message back to them (and that has stuck in my head): [the message of] the cause we fought for - *to make South Africa a better place for all* - this means that, if you are a real leader, you

need to make a conscious decision to commit to the cause, and that's a challenge sometimes. If you can't commit to the cause, then rather don't do it... I think that's maybe the single biggest challenge - there are too many people that serve, but serve themselves more than they serve the cause. And again, because of the environment, and coming from a corrupt background and all of that stuff, it's so easy. You find it in all spheres, but particularly in government, and the lack of action to address this problem exacerbates the situation. So I think the whole issue is to get people to say yes and if they say yes, say yes to the cause. That's the success of WECBOF - when you commit there, it's not for yourself, it's for others. I said the other day to somebody: "I have been asked to get involved in an established white business, and I don't want ownership - I told them I don't want ownership." And it was purely for one reason - there were about 150 people's jobs that were at stake, and it took me more than a year, with 2 colleagues, to turn that business around - not because of money. You see, you have to have a real social conscience. I do business differently. I think it's because I'm a businessman not by choice, but by circumstance - I think that's the difference. It was easy for me to make a call - they couldn't pay me and I said, "don't worry about the money..."

Your market economy is driven by profit, and I think we need to change that. It's not only policy - what they call the triple line - it's also about people. The problem is with our history - people never invested in people - government used to give grants in the past, therefore we don't have a culture of taking responsibility for our own workers. And I think that the challenge is to change that and convince people to make an investment in people - commit to the organisation, commit to the cause, [invest in people] and if you can't do that, just walk away...

ROGER RONNIE (SAMWU): With all due respect to the objectives of your project, I'm not convinced that, under the current socio-economic political system, the kinds of objectives the project is seeking to realise is achievable. I think a system which is based on the exploitation of one human being by another human being is inherently unfair and unequal and therefore the extent to which one is able to engender the kinds of welfarism, respect for one another, which the project seeks I think has very little chance [sic]. It could possibly succeed in very small ways, in isolated cases, but I do not think on a macro level it is going to work. For it to achieve its objectives, it would need to build a consciousness within the leaders the ELP has identified, of placing the collective above the individual. That it is the interest of the collective which actually determines your status as an individual. And then to start developing a group of people whose consciousness actually goes beyond the current and basically intends to transcend the restrictions of the environment in which we currently operate. I think if that kind of consciousness can emerge out of the project, then I think it will deliver, in the short term, certain benefits - where people will start dealing with things in a less competitive, less individual way, etc. I do think it will then start building a movement that will start looking at more collective- based projects, rather than personal enrichment. I was intrigued by a number of inputs (at the conference) from individuals asking about how best to get rich. I think it's the task of a project like this to start, in a sense, the belief that people's economic well being, etc. is dependent on the economic well being of everybody else. I think this is an important issue. If the project can deliver that, I think it's good. But I must confess, having worked in my field for so many years, I'm a bit of cynic. I will continue to espouse these values but I do think that I've seen nothing positive. I've seen people with the best democratic positive intentions going into business, or into government, and becoming completely individualistic as a result of the pressures,

which the system imposes on them. You can't change the person and not change the system, and you can't change the system and not change the person - everything has got to be scrambled and changed. I'm basically a phoenix person, you've got to break it down and build it up new. You're not going to find the answers and correct the situation within the current system.

That may sound obscure, but my experiences have taught me that the best intentions of human nature flounder on the rocks of the current system.

PROF. OLIVER WILLIAMS (Centre for Ethics & Religious Values in Business, Univ. of Notre Dame; UCT):

Well, I think, on the positive side, I would say this: Drawing on the strengths of African Culture - the notion of Ubuntu is awfully rich in moral renewal, it seems to me. In the King Report, corporate governance certainly accentuates this - that the notion of Ubuntu brings out the notion that we are interconnected, that Business does not stand alone, that it is a part of the wider society, has to take some responsibility for the wider society, that individuals are interconnected and they have to take some responsibility for each other. You know, in the traditional, religious terms, "we are our brother and sister's keeper", is what the notion of Ubuntu is trying to say. The King Report makes the point that it would be a shame if young Africans, being educated to be business leaders, want to put aside some of the richness of their tradition - and I teach a lot of the best and brightest young Africans here in Cape Town and I always put something in my final tests about Ubuntu, to let them know that (and I quote that King Report) it would be terrible if you forgot about the richness of your own philosophy in the great quest for the BMW, or whatever. So I think emphasizing your own tradition here in Africa is important - in fact, I would go so far as to argue that it's a good corrective for capitalism around the world, I mean, I think capitalism has many strengths, but it has an over-emphasis on self-interest and individualism, and I think Ubuntu is a communitarian philosophy - which focuses on the community having to take precedence over the individual at times. So I think you could see a brand of capitalism coming out of Africa that could be a good corrective for the overly individualistic notion. Similar remarks I would say about China as well, they have a very consensualist communitarian kind of ethic - they also have a lot of other problems, which are for another day...

The second thing I sometimes worry about is: The notion of Ubuntu - taking care of my friends - that's a beautiful notion, the extended family notion, but you also have to think about justice - you can not take care of your friends at the expense of the community. I see Trevor Manuel had some interesting comments in a talk he gave which I've quoted several times - that municipalities must make sure that tenders don't go to their friends, they should go to people who can do the job best for the people - and he points out that justice, in this case, trumps Ubuntu - justice requires that you provide the best services to the people if you're in an elected position. So I think corruption - and that's what the West would call this - corruption has a serious history in Africa, it's not that bad in South Africa, [in my view] as an outsider. But it's terrible, for example, in Nigeria, if you've done business there, or Kenya - I mean, everybody's got their hands in your pocket in Kenya, it's hard to make a return on an investment because you're paying so many people off! So a lot of companies wouldn't think of going to Kenya (they would go into Nigeria, 'cause they want their oil). So, I think corruption is a problem that needs to be tackled directly - and as far as I can see, it is - but I think it needs to be on your radarscope here.

Ethical Leadership In & Through

LABOUR The Saldanha Bay Workshop

On the 29th of July 2007, the ELP held a workshop - *Ethical Leadership in and through Labour*, for members of BAWSI, COSATU, FAWU, and other labour-related organisations in Saldanha Bay on the West Coast. Over 100 people gathered at the Saldanha Protea Hotel, eager to learn and participate in the day's proceedings.

Following introductions led by the facilitator, ELP board member Dr. Clint Le Bruyns and ELP Project Co-Ordinator Ms. Sue Mcwatts, Dr. Le Bruyns started with three quotes from former President Nelson Mandela, who accentuated the following aspects as descriptions of the moral challenge in South Africa: the nation's moral fibre; the RDP of the Soul; materialism and instant gratification; and rebirth of the sense of human solidarity. Mandela's concern was that: "The values of human solidarity that once drove our quest for a humane society seem to be replaced, or are being threatened."

To illustrate the importance of the relationship between the world of work and the worker, Dr. Le Bruyns focused on three different extracts from the Report of the Secretary General of the ILO at the 89th Session of the ILO, Geneva, June 2001: *Reducing the decent work deficit - a global challenge*.

Then Dr. Le Bruyns divided the room into three groups to do a Story Wall exercise, with Dr. Le Bruyns, Ms. Mcwatts and Dr. Gordon Dames as group facilitators. Each story wall consisted of four columns: THEN, NOW; LIFE-GIVING and LIFE-THIEVING. Dr. Le Bruyns took the group through a reflective exercise, focusing on their personal experiences of what had happened THEN and to reflect on how they felt when they were first employed, and what they are experiencing NOW regarding their employment experience. They also had to focus

on what they had gained, and what they had lost in this time. The groups were all very lively and a number of interesting issues were raised.

The next activity was a puzzle exercise that illustrated the difference between hierarchical, positional and functional leadership. The puzzle exercise proved most entertaining as each groups received a number of shapes and an image they had to recreate using all pieces.

Dr. Le Bruyns presented a theoretical framework on leadership and moral transformation, understanding ethical leadership and knowledge, skills and values in ethical leadership. Dr. Le Bruyns said that communities define leaders' identities. Ethical leadership therefore is about change or transformation management with the purpose of instilling mutual and common good in, for and through society.

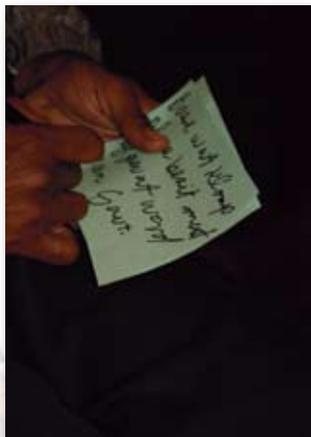
Dr. Le Bruyns requested participants to do a practical and labour relevant exercise by seeking answers on the question: *What knowledge, skills and values do leaders need to be empowered with in fostering moral transformation in the workplace?*

An interview with COSATU's Tony Ehrenreich from the ELP Labour Conference served as an example and source from which participants could find said answers.

After lunch, Dr. Le Bruyns continued with his presentation on the following themes: Ethical leadership in context; Change management; Conflict transformation; and application. This session highlighted the responsibility of leaders for the vision, embodiment and

realisation of the common good in life - with and for others. Change leads to conflict and needs an appropriate response.

Ms. Mcwatts closed the workshop by thanking the ELP staff and Dr. Le Bruyns, and, most importantly, the participants for their respective contributions.



Coming up in the next issue of Every Leader's Paper:

- The Ethical Leadership In & Through Politics Conference
- Ethical Leadership In & Through Politics Workshops
- More Interviews & Articles!

the ENTERTAINMENT factory

Digital Video	Video Editing	Desktop Publishing	Creative Writing	Illustration	Production Consultancy	Jingles
Photography	Post-Production	Graphic Design	Concept Refinement	Animation		Foley
	Photo Manipulation		Copy-Writing			Scoring

The Factory Floor
(Office)
(+27 21) 439 9411

Anusha Naicker
Creative Director
(+27 82) 630 8268

Robert Delport
Creative Director
(+27 72) 380 9880

TheEntertainmentFactory@gmail.com

We want to hear from you!

Please forward letters & comments to ELP Research Coordinator Dr Gordon Dames (damesg@cput.ac.za)
Contributions in the form of articles & pictures are more than welcome too! For more info visit: www.elp.org.za