Chapter 3: Existing evidence of South African moral judgements

The claim of Descriptive moral relativism is that there are differences in moral judgements across different societies. In the previous chapter the predominant models of corporate governance and their implicit moralities were reviewed, identifying a number of ways in which the moral judgements underlying corporate governance can differ. This chapter is the first of four that investigate evidence of such differences in moral judgements that could support the claim of Descriptive moral relativism with regard to corporate governance in South Africa. These investigations begin with a literature study of existing evidence, presented in this chapter. This addresses research objective 1.1 (see section 1.2 in chapter one):

1.1 To study the relevant literature and summarise existing evidence of distinct or different moral judgements in South Africa regarding the objectives and obligations of corporations.

In order to achieve this objective the study is organised around a central theme (Mouton, 2001, p.93): the prescriptions and attitudes regarding the objectives and obligations of corporations in South Africa. Identifying such prescriptions and attitudes can lead to an assessment of the distinctiveness of South African moral judgements, and how they may differ to moral judgements in other parts of the world. In order to find evidence of these prescriptions and attitudes consideration was given to several sources in which some indication of moral attitudes and beliefs concerning the objectives and obligations of corporations could be expected, and thus where the distinct or different nature of South African moral judgements could be evident. These sources include:

- The King reports on corporate governance in South Africa;

- Literature regarding the African Renaissance and the New Partnership for Africa's Development (NEPAD);

- Accounts and evidence of the traditional South African morality of *ubuntu*;

- Academic cross-cultural studies in business research.

Due to the wide-ranging changes that occurred with the end of apartheid in 1994, the period since then is considered to be the most relevant. The first three of these sources were identified as representing possible areas in which African approaches and perspectives are unique, or where they could contrast with Western approaches and perspectives. Accordingly, they all potentially provide examples of distinctive perspectives in post-apartheid South Africa. The last source supports these through existing academic research that may confirm or deny such difference or distinctiveness. This chapter proceeds by considering each of these sources in turn, with relevant empirical data being identified and considered where possible. In each section consideration is given to identifying prescriptions and attitudes regarding the objectives and obligations of corporations in South Africa. Where appropriate, the underlying moral judgements are compared to the morality underlying the predominant models of corporate governance as discussed in chapter two. Such differences then provide the basis for assessing the claim of Descriptive moral relativism.

3.1 The King reports on corporate governance

The approach to corporate governance adopted in South Africa has been presented in chapter two (section 2.4). Accordingly, this section does no more than highlight the areas in which the approach can be considered unique, or different to the Anglo-American approach that has influenced corporate structures and corporate law in South Africa. Some evidence on sustainability reporting is also considered as this provides one practical example of the impact of corporate governance reforms in South Africa.

King II (published in 2002) emphasised an 'inclusive' stakeholder approach in which directors were specifically called to be responsible to stakeholders. Review of the report (West, 2006) identified some evidence that the approach was not simply a means of increasing shareholder wealth, but was supported by appeal to both the socio-economic imperatives of South African society and to certain traditional African values (such as *ubuntu*, see section 3.3 below).

King III (published in 2009) clarified the approach (now termed 'stakeholder inclusive') and specifically noted that shareholders do not have priority over other stakeholders. Little mention was made of traditional African values; the principal motivations appear to be a

growing awareness of the need for sustainability, as well as the socio-economic conditions of South Africa.

Both reports provide detail on sustainability reporting and communication with stakeholders, with King III also emphasising sustainability performance and requiring sustainability reporting to be better integrated with financial reporting. Both reports do, however, retain many of the features of Anglo-American corporate governance, such as single-tiered boards and a financial reporting framework (IFRS) that is oriented towards shareholders.

To a certain extent the King reports on corporate governance do, therefore, present an approach to corporate governance that is distinct from the traditional Anglo-American shareholder orientation, in which shareholders are given primacy and shareholder wealth is always maximised. Sustainability reporting is one area in which the impact of these reports can be considered. Unlike traditional financial reporting which is oriented towards shareholders, sustainability reporting (including triple-bottom line reporting and CSR reporting) is more stakeholder inclusive. The Global Reporting Initiative (an organisation providing standards and guidelines on sustainability reporting) describes sustainability reporting as "the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development" (Global Reporting Initiative, 2006, p.3). AccountAbility (another such organisation) advocates the value of accountability and describes it as obliging organisations "to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance" (AccountAbility, 2008, p.6). As the King reports are distinctive in their emphasis on sustainability reporting and stakeholder inclusion, one way of considering how this emphasis is reflected in practice is by considering the level of South African sustainability reporting.

According to KPMG's *International Survey of Corporate Responsibility Reporting 2008*, 86 percent of South African companies provided some level of CSR reporting, and this is attributed partly to the influence of King II (KPMG International, 2008, p.93). South African companies also display a relatively high level of integration, where the CSR report is included in the annual report (2008, p.15). However, of the 100 largest companies in South Africa, only 45 had a CSR report, whether integrated or stand-alone (2008, p.16). This is significantly

less than countries such as Japan (93 of Japan's largest 100 companies), the UK (91), Brazil (78), the USA (74) and the Netherlands (63). Consequently, although the King reports may have a distinctive emphasis on sustainability reporting, South African practice in this respect lags behind that of other countries.[16]

Despite South Africa not necessarily being a global leader in sustainability reporting, and although it remains to be seen exactly how the clarified 'stakeholder inclusive' approach of King III will affect business practice, at a theoretical level at least the reports do provide some evidence of a stakeholder approach to corporate governance, differing from the shareholder primacy of Anglo-American jurisdictions. The following sections consider possible sources of moral difference other than the corporate governance reforms themselves, beginning with the African Renaissance and NEPAD.

3.2 The African Renaissance and NEPAD

The term 'Renaissance' refers to re-birth. The European Renaissance that began in Italy and spread throughout Europe between the 14th and 16th centuries, was a re-birth of culture and learning, drawing on the classical civilisations of Greece and Rome (Anonymous, 2010a). The concept of an 'African' Renaissance similarly refers to a re-birth, but in a post-colonial context. Okumu (2002) notes that the concept of an African Renaissance found early expression in the ideas of African leaders such as Kwame Nkrumah (of Ghana) and Julius Nyerere (of Tanzania), attempting to reconstruct African political identities after gaining independence. Okumu (2002, p.63) also observes how in the conditions of the Cold War an African Renaissance was impossible, and considers the timing of Thabo Mbeki's efforts towards an African Renaissance critical.

Mbeki's (1998a) statement on the African Renaissance deplores the dehumanisation of Africans by colonial powers, the current socio-economic conditions of Africans and the corruption of leaders who have taken advantage of the poor. He calls for a renewal and recognition of African cultural achievements, and for African experts to return to Africa to "find solutions to Africa's problems and challenges". Coming out of colonialism and the entanglements of the Cold War, the African Renaissance is accordingly focused on development of Africa that is not dependent on other countries.

Okumu (2002) also draws attention to non-economic aspects of development in Africa. He notes that the

> "Renaissance ... must begin with a fresh sense of the purpose and meaning of life as the basis of cultural identity. This will lead on to a sense of well-being, renewed motivation, and then achievements: first, in the arts and culture; then, in science, technology, commerce, and in politics." (2002, p.20)

It is this focus on cultural renewal and Africans finding solutions to African problems that characterises the African Renaissance. Works on the African Renaissance by Makgoba (1999), Okumu (2002) and Cheru (2002) all go on to identify ways in which the African Renaissance can influence and be located in different fields such as the arts, technology, education, economics and commerce, urban development and politics.

However, there remains little actual substance to the African Renaissance movement outside the calls for renewal in selected publications (such as those mentioned above) and in certain speeches. Cheru (2002, p.vii) notes that "Mbeki's African Renaissance is the expression of desire, need and hope rather than a plan for the future" and criticises the lack of a coherent agenda or framework. This is also evident in the website of the African Renaissance Institute (established in 1999) which, at April 2011, is no longer available, and in the website of the South African chapter of the African Renaissance that consists of no more than an introductory page (The South African Chapter of the African Renaissance, n.d.). It is consequently difficult to identify any specific prescriptions or attitudes regarding the obligations or objectives of corporations that can be directly associated with the African Renaissance. There are, however, some ways in which the ideas of the African Renaissance are translated into programs or concepts that have more immediate application, and in which indications of prescriptions or attitudes may be more evident. These include the NEPAD initiative and the appeal to traditional African values. The NEPAD initiative is considered in the next section. Traditional African values are considered in section 3.3 below.

The New Partnership for Africa's Development

NEPAD is a socio-economic development program that was adopted by the African Union (AU) in July 2001. The key tenets of the program were presented in the NEPAD framework published in October 2001. This was supplemented by the *Declaration on Democracy,*

Political, Economic and Corporate Governance promulgated at the AU Summit in July 2002. In this section the NEPAD framework is considered first, followed by the 2002 Declaration and then the Country Review Mission for South Africa that came from the 2002 Declaration.

The NEPAD framework

The first paragraph of the NEPAD framework states that NEPAD is

> "a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and, at the same time, to participate actively in the world economy and body politic."

The carrying out of this duty and vision is envisaged as the responsibility of Africans themselves, in line with the thinking of the African Renaissance and the call for Africans to find solutions to African problems. This is evident in paragraph 7 of the NEPAD framework:

> "Across the continent, Africans declare that we will no longer allow ourselves to be conditioned by circumstance. We will determine our own destiny and call on the rest of the world to complement our efforts."

At the same time, however, there remains a role for other countries, and NEPAD is also considered to be a call for "a new relationship of partnership between Africa and the international community, especially the highly industrialised countries" (paragraph 8).

These basic ideas, presented in the Introduction to the framework, are repeated throughout the document (for example, paragraphs 47, 50, 51, 54, 60, 67, 68, 69, 171, 178, 185 & 203), but particularly in the first few sections, which deal with the position of "Africa in today's world: Between Poverty and Prosperity" (section II), "The new political will of African leaders" (section III) and an "Appeal to the peoples of Africa" (section IV), and the later section on "A new global partnership" (section VI).

The bulk of the framework (section V) presents the "Programme of Action: The strategy for achieving sustainable development in the 21st century", in three subsections. The first subsection outlines the "Conditions for sustainable development" through two initiatives: the "Peace, security, democracy and political governance initiative" and the "Economic and

Corporate governance initiative". The second elaborates on "Sectoral priorities", with six sectors being identified: Infrastructure, Human resource development, Agriculture, the Environment, Culture and Science & Technology. The third subsection focuses on two initiatives of "Mobilising resources", through capital flows and market access.

Several observations can be made from reviewing the NEPAD framework, with reference to the research objective presented at the beginning of this chapter. Firstly, the overall approach of the program, with its emphasis on African self-determination, allows for difference between African ways of achieving the developmental aims, and ways that might be adopted in other countries or regions. As corporate governance is specifically identified as part of the program (section V.A2), it would seem that there is potential for an 'African' corporate governance that would differ from corporate governance in Western jurisdictions. However, as there is no mention of any African values, this potential appears to be due to the desire for autonomy (in reaction to the history of colonialism) rather than any pre-occupation with uniquely 'African' values, beliefs or ways of operating. Paragraph 21 notes that "Colonialism subverted hitherto traditional structures, institutions and values or made them subservient to the economic and political needs of the imperial powers". However, no suggestion is made that these traditional 'structures, institutions and values' are to be re-instated (or, in fact, what they were) and these are not referred to again.

Secondly, the section on the "Economic and corporate governance initiative" (section V.A2) focuses on the 'capacity-building' necessary for economic development. In this light, corporate governance is seen as a mechanism to enhance international competitiveness (paragraph 95), rationalise "the institutional framework for economic integration" within Africa (paragraph 92) and to attract investment (paragraph 90). There is no consideration of what corporate governance actually entails, what the obligations or objectives of corporations are, or what approach to corporate governance would be appropriate. Elsewhere in the NEPAD framework reference is made to the mobility of capital (paragraphs 30, 145 & 150), the need to increase foreign investment and decrease investment risk (paragraphs 46, 100, 102, 144, 151 & 163) and the importance of auditing and "transparent legal and regulatory frameworks" (paragraph 49, and also paragraph 152). A commitment to "market-oriented economies" (paragraph 7) is made, although it is not clear how far this would be applied to corporate governance and the markets for control and labour. It should be noted, however, that socio-economic development is not considered to be simply an increase in Gross National

Product per capita, but includes "a sense of economic and social well-being" (paragraph 38). Similarly, private institutions are seen to play a role (alongside governments) in "guiding the globalisation agenda along a sustainable path and, therefore, one in which its benefits are more equally spread" (paragraph 40).

By and large, the vision of corporate governance presented in the NEPAD framework is consistent with the Anglo-American model of corporate governance and how it can be used to enhance investment and development. The only suggestions of underlying values that may differ from a strong Anglo-American perspective are the references to social well-being (paragraph 38, although as this concept is not further developed it is not possible to determine the degree of difference) and to equality (paragraph 40).

Thirdly, the NEPAD framework does emphasise the role of various stakeholders in achieving socio-economic development. The natural environment is considered to be an important resource (paragraphs 12, 37) and local communities are occasionally referred to (paragraph 13, 103 (infrastructure development), 161 (tourism)). As noted above, government is seen as having a role to play in ensuring that development gains actually do reduce poverty and inequality (paragraph 40), and dialogue between the government and private sector is considered necessary to "develop a shared vision on economic development strategy and remove constraints on private sector development" (paragraph 164). There is also some mention of participatory decision-making in the framework (paragraph 83), although this is in a political rather than an economic or corporate context.

Lastly, the concept of 'culture' is typically referred to as a resource to be utilised (paragraphs 105, 107, 161). Although identified as a separate sector, only two paragraphs are dedicated to Culture, where reference is made to the need for:

> "the protection and nurturing of indigenous knowledge, which includes tradition-based literacy, artistic and scientific works, inventions, scientific discoveries, designs, marks, names and symbols, undisclosed information and all other tradition-based innovations and creations..." (paragraph 140).

No mention is made of traditional values or philosophies. The closest the document comes to a commitment to underlying values that could be derived from culture is its statement that

"Africa's rich cultural legacy ... its literature, philosophies, art and music ... should serve both as a means of consolidating the pride of Africans in their own humanity and of confirming the common humanity of the peoples of the world" (paragraph 179).

Rather than leading to any unique or different means of development, however, this is followed by an emphasis on democracy and human rights (paragraph 180) and the warning of further failed African states (paragraph 181). Consequently, no explicitly different moral judgements can be identified.

The 2002 Declaration and the Country Review Mission

The *Declaration on Democracy, Political, Economic and Corporate Governance* that was promulgated in 2002 is consistent with the message and tone of the NEPAD framework. With regard to corporate governance, the Declaration approved eight codes and standards of practice regarding financial transparency, public debt management, accounting and auditing standards, banking supervision and corporate governance itself. The focus of these codes and standards is "to promote market efficiency, to control wasteful spending, to consolidate democracy, and to encourage private financial flows" (paragraph 18). There is no suggestion of any obligations or objectives of corporations that are particular or unique to Africa.

As part of the African Peer Review Mechanism set up after the 2002 NEPAD Declaration, a Country Review Mission was conducted in South Africa during 2006. This mechanism is designed to ensure that participating countries maintain policies that are in accord with the NEPAD Declaration. The *Country Review Report* that resulted from the South African Mission includes a chapter on corporate governance.

In considering the standards and codes related to corporate governance, as well as the economic and regulatory environment, the chapter repeatedly identified legislation and government initiatives that have been developed to improve socio-economic conditions and reduce inequality and reflect the diversity of South African society. These included Employment Equity and Black Economic Empowerment legislation, and initiatives administered by the Land Bank, the Development Bank of South Africa and the Industrial Development Corporation of South Africa. In many respects, however, the concerns raised were similar to corporate governance issues identified in developed countries, and included the optimum level of corporate governance legislation (paragraph 430), corporate governance

compliance by South African multinational corporations operating elsewhere in Africa (paragraph 431), the manipulation of accounting standards (paragraph 433) and the lack of capacity to comply with local government reporting requirements (paragraph 435). The framework of corporate governance in South Africa itself was not criticised or evaluated, although the objectives and obligations of corporations and the corporate governance system were questioned in paragraph 423:

> "The fundamental challenge South Africa faces is how to design a corporate governance system that works for its dual economy and, in the long run, will succeed in bridging the gap between the first and second economies and ameliorate the plight of historically disadvantaged groups. The question is how the private sector can assist in tackling the social challenges of enhanced job creation. How can corporations juxtapose the shareholder wealth maximisation model with issues of CSR and investment? How can corporate governance be used as an instrument for wealth creation and redistribution and for addressing ingrained social inequalities? What kind of public-private partnerships (PPP) would be effective for dealing with these challenges?"

This paragraph is notable as it directly questions the system of corporate governance in South Africa, with specific relevance to notions of equality, wealth redistribution, and corporate social responsibility. Such questioning suggests that there are moral necessities and judgements that differ from those that underlie the Anglo-American 'shareholder wealth maximisation' model.

The chapter proceeded to consider good corporate citizenship, business ethics, the treatment of stakeholders, and accountability. The section that dealt with the treatment of stakeholders was further split into two subsections: the first "Protecting shareholder rights" and the second "Recognising the rights of other stakeholders". This suggests that although the interests of various stakeholders are considered to be of some importance, shareholder rights have primacy (and require active protection rather than just recognition). Despite this, a number of examples of CSR activities were provided, including the provision of cheap banking services to the poor (paragraph 565) and the establishment of a city college to support skills development (paragraph 572). Stakeholder engagement, expressed in CSR activities (paragraph 549) and triple-bottom line reporting (paragraph 580) were encouraged. It was

also, apparent, however, that some CSR activities were driven by legislation (paragraph 548), that corporations were not always willing participants (paragraph 623) and that pressure had to be brought to bear on the private sector through, for example, the use of sector charters provided for by BEE legislation (paragraph 622). Although corporations may not be models of stakeholder engagement, there are clear calls in the chapter for this to be encouraged (paragraphs 542, 551, 564, 566, 579, 619, 625 & 626) and for corporations to follow the spirit of the charters (paragraph 588). This reveals an overarching belief that corporations have an obligation to be actively involved in the development of South African society, and is not consistent with the view that corporations should focus only on profit-making and maximising shareholder wealth.

Summary

The African Renaissance can be seen as a call for a renewal of African culture and the recognition that Africans need to find solutions to African problems. Although the call has been taken up by some scholars who have attempted to show how it could be carried out in various spheres of society, there is no detail regarding what this call could mean for the obligations and objectives of corporations. Consequently, despite the space that the idea creates for a uniquely African approach, it provides no evidence of specific moral judgements regarding the obligations and objectives of corporations.

A more detailed and concrete plan, that accords with the idea of the African Renaissance, is provided in the NEPAD initiative towards socio-economic development in Africa. Examination of the NEPAD framework reveals that while partnership is considered between Africa and other countries, and between various stakeholders, the section on corporate governance indicates that the role of the corporate sector in the program is to contribute to development through attracting investment and enhanced economic growth. Although social well-being and equality are considered as aims, there are no clear expectations that corporations should operate in a different manner than those in Anglo-American jurisdictions.

Review of the 2002 *Declaration on Democracy, Political, Economic and Corporate Governance*, as well as the 2006 *Country Review Report* for South Africa provides limited evidence of differing expectations regarding the framework of corporate governance itself. Consideration of wider aspects of corporate governance, such as corporate citizenship, business ethics and the treatment of stakeholders, however, reveals that corporations in South

Africa do reflect elements of a stakeholder orientation in their CSR initiatives and TBL reporting. At the same time, it is made clear that such activities are not always voluntary, and that the private sector is encouraged to participate more actively in stakeholder issues. These encouragements reflect a distinct attitude, that while not directly impacting on the structures of corporate governance, does place additional obligations on South African corporations.

The next section explores another area in which uniquely South African judgements regarding the moral obligations and objectives of corporations could be expected, that of traditional South African morality.

3.3 The traditional South African morality of *ubuntu*

Where the African Renaissance calls for Africans to find solutions to African problems, questions concerning what is meant by African solutions, and how these might differ from non-African solutions implicitly follow. This can then lead to a consideration of whether there are any traditional and uniquely South African values which could be a distinguishing characteristic of the 'African solutions' and which could inform moral judgements concerning corporations. This section addresses this consideration through an analysis of the moral philosophy of *ubuntu*. It begins with a discussion of the philosophy of *ubuntu* as the key concept in South African moral philosophy, continues to a consideration of how this can be applied to corporations, followed by the question of how *ubuntu* is portrayed in certain South African media, and lastly considers some criticisms of the concept.

The philosophy of *ubuntu*

The most well-known concept within traditional South African moral philosophy is that of *ubuntu*. The term can be understood as 'humanness' (Ramose, 2003c, p.231), but is more frequently expressed in the aphorism '*umuntu ngamuntu nga bantu*' often taken to mean that "a person is a person through persons" (Shutte, 1995, p.vi). Slight variations of this aphorism exist, and both the concept *ubuntu* and this aphorism have equivalents in other Southern African languages (for example, the concepts of *botho* and *hunhu* in Tswana and Shona respectively). Ramose (2003c, p.231) construes the aphorism to mean that:

> "to be a human be-ing is to affirm one's humanity by recognizing the humanity of others and, on that basis, establish humane relations with them. *Ubuntu*, understood as

be-ing human (humanness); a human, respectful and polite attitude towards others constitutes the core meaning of this aphorism."

Ramose's approach is etymological and philosophical[17], yet his understanding of *ubuntu* morality as expressed in this quotation is consistent with that of other scholars of *ubuntu* (see, for example, Broodryk (2002, p.26) and Shutte (1995, p.viii)).The use of similar terms in the languages of Botswana and Zimbabwe suggests that the concept is more accurately Southern African than exclusively South African. Similarities can also be drawn between *ubuntu* and the communitarian moralities of other parts of Africa (such as that expressed by Kwasi Wiredu (2003) and Kwame Gyekye (2003) in Ghana).

To understand how *ubuntu* could inform the prescriptions and attitudes of South African society, some consideration of the circumstances and situations in which it can be applied is necessary. Ramose (2003a, p.329) argues that "it is unethical to withhold or to deny *botho / ubuntu* towards a member of the family, in the first place and, the community at large. In other words, charity begins at home." He thus expresses *ubuntu* as a communitarian morality. He also identifies an *ubuntu*-related maxim '*feta kgomo o tshware motho*' which holds that "mutual care and sharing with one another precedes concern for the accumulation and safeguarding of wealth" (Ramose, 2003b, p.644). He then goes on to explicitly oppose *ubuntu* to what he calls 'economic fundamentalism', which includes market competition and free enterprise and corresponds to Western capitalism. In his view "the sovereignty of money has replaced the human being as the primary value" (2003b, p.644), in contrast to *ubuntu* that maintains that "the individual human being is the subject – and not an object – of intrinsic value in its own right" (2003b, p.644). This last comment is reminiscent of Kant's imperative not to consider others solely as a means to an end, but as ends in themselves.

Louw describes *ubuntu* as "an effective decolonising assessment of the other" (2001, p.16) and identifies three 'presuppositions' or 'requirements' associated with this. Firstly, he identifies "a respect for the religiosity of the *religious* other" (2001, p.17) and notes the religious meaning that *ubuntu* has within African tradition. Secondly, he refers to "agreement on criteria" (2001, p.17), by which he means the important role of consensus in decision-making, although at the same time he acknowledges that minority groups may 'agree to disagree' after having their voices heard. Thirdly, he considers the "necessity of dialogue or 'mutual exposure'" (2001, p.17), where he believes "Ubuntu inspires us to expose ourselves

to others, to encounter the difference of their humanness so as to inform and enrich our own" (2001, p.23). All of these conceptions suggest that there is more to *ubuntu* than a code of conduct which advocates respect for others and concern for human rights.

Shutte (1995, p.viii) also emphasises the community focus of *ubuntu* and sees the family as the best model of human community, which could nevertheless be extended to "include a wider kinship system, even a whole people or nation, perhaps even the whole of humanity" (1995, p.ix). He also identifies extensive consultation in decision-making as an aspect of *ubuntu* (1995, p.xii).

Having provided some description of what is meant by *ubuntu*, for the purposes of addressing the research objective it is necessary to consider how this could inform the prescriptions and attitudes regarding the moral obligations and objectives of corporations, and consequently corporate governance in South Africa.

Implications for corporations

Ramose (2003b) is quite clear that in his view *ubuntu* is diametrically opposed to Western capitalism with its emphasis on free enterprise, the marketplace and competition. However, he also states (2003b, p.639) that "profit-making is neither good nor bad in itself. It is the manner, extent and purpose for which it is pursued and realized which become subject to the moral judgement of good or bad". As noted above, his argument is that the 'economic fundamentalism' of Western capitalism is immoral in its replacement of the human being with money as the source of ultimate value, and is in this way inhumane and contrary to the morality of *ubuntu*. Ntibagirirwa (2009) contrasts the communitarian nature of traditional African society (and *ubuntu* morality) with the individualism of Western capitalism characterised by rational self-interest. He considers the latter to be inappropriate (and unsuccessful) in an African context, and calls for a version of capitalism that is consistent with African ontology.

Other scholars of *ubuntu* (such as Broodryk (2005) and Mbigi & Maree (2005)) are not opposed to Western capitalism *per se*, but consider that the concept has a 'humanising' role to play in the business sphere. The discussion of the concept of *ubuntu* above suggests that it could be manifested in business in a number of ways: when the 'humanness' of all individuals is prized; where individuals are considered as ends in their own right, rather than as a means

to achieving someone else's ends; and where all individuals are seen as existing in community with other individuals (and that accordingly, the interests and experiences of the community are considered through extensive consultation, dialogue and reporting).

Shutte (1995, p.xii), for example, applies the idea of *ubuntu* and the family to the business world:

> "It could well be the case that envisaging a business enterprise more on the model of an extended family – in a somewhat similar manner to that which has proved so successful in Japan – would be fruitful in developing a more holistic corporate environment, in which all employees would feel at home and able to establish an identity for themselves as members of the firm."

He adds that "individual creativity and the solidarity of cooperation and common ownership must go hand in hand" (1995, p.xii). He also notes that although the consultative decision-making of *ubuntu* may at times be inefficient, "efficiency is not an absolute value" (1995, p.xi) and sees merit in this approach as "a formula for compromise" (1995, p.xi).

This possible application of *ubuntu* to the business sphere in South Africa (as opposed to outright rejection of Western capitalism) is evident in the writing of both *ubuntu* scholars and scholars of management. Examples include Prinsloo (2000), Broodryk (2005), Karsten and Illa (2005), Mbigi and Maree (2005), Lutz (2009).

Despite these efforts to apply the virtues of *ubuntu* to the business sphere, there are also a number of potentially undesirable aspects of *ubuntu* which deserve consideration. The communitarian nature of *ubuntu*, and the importance of family and kinship can lead to nepotism and ethnocentrism when these preferences are carried into the workplace (Ramose, 2003a, p.329). Van Binsbergen notes that the root '-*ntu*' only includes "local, autochthonous humanity" (2001, p.55) and a different term was used for colonial Whites. This can suggest that *ubuntu* could also be used to exclude those outside the community, however that may be defined. (This is disputed: Ramose (2003a, p.329) insists that *ubuntu* prescribes permeable boundaries, Ntibagirirwa (2009, p.305) claims that '-*ntu*' refers to universal being (extending beyond humans) and Eze (2010, p.98) describes the ethnocentric origin of *ubuntu* and how different terms were used to distinguish between Xhosa and non-Xhosa speakers.) Bernstein notes (2002, p.206) how *ubuntu* could mean that employees cannot be fired, and Van

Binsbergen argues (2001, p.77) that it could be used by a well-heeled Black elite to deflect criticism from those who have had less access to resources and remain marginalised.

Apart from Ramose's and Ntibagirirwa's criticism of Western capitalism at a systemic level, much of the discussion of *ubuntu* in the business sphere refers to how it can be applied (or perhaps what consequences it may have) within businesses, mostly regarding management practices. Ndiweni (2008) is notable, however, for attempting to relate *ubuntu* directly to corporate governance in South Africa. He believes (2008, p.351) that *ubuntu* would be expressed in acceptance of the practice of granting loans (including interest-free loans) to employees and directors, and in increased triple-bottom-line and CSR reporting in annual reports. He also advocates a "tripartite agreement, which takes into account the needs of providers of finance capital, the community and employees" (2008, p.352). This adaptation of a stakeholder model of corporate governance is notable for its prioritising of the community, which could perhaps be the feature that distinguishes South African corporate governance inspired by *ubuntu* from stakeholder models in other countries.

While a theoretical understanding of *ubuntu* may suggest ways in which it could inform business practices, this does not necessarily mean that the morality of *ubuntu* is widely held amongst South Africans, or that it does actually reflect the prescriptions and attitudes of South African society regarding the moral obligations and objectives of corporations. The next section presents a further consideration of *ubuntu*, by reference to its portrayal in certain media.

Ubuntu in the media

The prevalence of *ubuntu* philosophy in South Africa was considered by examining how this philosophy has been presented in parts of the South African media. To this end, a review was conducted of several South African professional publications and newspaper articles (accessed through the SA Media online database). Three professional publications were identified which had searchable archives: *Accountancy SA* (the journal of the South African Institute of Chartered Accountants (SAICA), from April 2000), *Management Today* (from August 2004), and *The Professional Accountant* (the journal of the South African Institute of Professional Accountants (SAIPA), from May 2006). The SA Media online database included newspaper articles from English and Afrikaans language newspapers across the country, from 1978. The archives were searched using the terms '*ubuntu*', 'African culture' and 'African

values'. Although these searches cannot identify articles in which *ubuntu* philosophy is expressed without referring to any of these terms, it is likely that articles that are about *ubuntu* or traditional African values would use one of these terms and would be identified in the search. Despite not being able to objectively ensure completeness, the search is thus nevertheless able to provide some indication of how this philosophy is presented.

The search of professional publications revealed three articles on *ubuntu* and two articles dealing with African values in *Management Today*. Two other articles in *Management Today* were identified (from the search on 'African culture'), but these dealt with corporate culture rather than with cultural values. One article was identified in *The Professional Accountant*, this was in the first issue and concerned the interpretation of the SAIPA logo. No articles were identified in *Accountancy SA*.

One of the articles (Theron, 2007) in *Management Today* highlighted the role that an understanding of Hofstede's cultural dimensions (discussed in section 3.4 below) can play in an African university. The other four articles all focused on cultivating *ubuntu* in the workplace. Three of these articles (two by Johann Broodryk (2006a, 2006b), one by Reuel Khoza (2007)) were by authors of more comprehensive texts encouraging the application of *ubuntu* in management, with Broodryk being a prominent *ubuntu* scholar in his own right. All four articles contrasted the value system of *ubuntu* with a Western value system largely characterised by individualism. The descriptions of *ubuntu* presented in these articles were consistent with that presented in the discussion above, although it should be noted that references were made both to historical African leaders as examples, and the continued existence of *ubuntu* as African tradition, more prevalent in rural areas. The authors did also acknowledge that *ubuntu* presented an ideal value system that was not always practised, and the articles were clearly written as an exhortation to managers.

The SA Media online database was searched using the terms '*ubuntu*', 'African values', 'African culture + business' and 'African values + business' on 31 July 2010. The search using '*ubuntu*' yielded 696 results, dating from September 1988 (although 14 articles were not dated, and 15 articles referred to Ubuntu Linux software). In order to allow for a more thorough investigation of a smaller number of articles, a recent six-month period (from 1 February to 31 July 2010) was selected, containing 23 articles. The results included one article from *Leadership* magazine, which discussed the importance of good leadership and

good governance (including a reference to stakeholder theory) and linked this to the interdependence of *ubuntu*. This article was by Reuel Khoza, the author of one the articles identified in the previous search above, and is consistent with the other articles from that search.

The other 22 newspaper articles mentioned *ubuntu* in relation to a number of different topics (a full list of the articles with a brief description of each is presented in Appendix two). These included issues of overcoming xenophobia and other differences (whether cultural, racial or national), homosexual equality, HIV amongst employees, child protection and development, hospitality for guests, sharing among the rural poor, building a caring and compassionate society, and promoting the development of a positive inter-connected society.

These broadly follow the definition of *ubuntu* discussed above and the articles typically presented *ubuntu* as either an ideal to be followed, or they described an example of *ubuntu* in practice (which becomes an example for others). The implication of this is that *ubuntu* is not always adhered to in practice. Some references were made to *ubuntu* being a continuation of traditional African values (expressed in statements such as "Africans have ubuntu. It is what defines us" (Nkosi, 2010), and "it has always been an integral part of the social fabric of Africans" (Pewa, 2010)). There was, however, also some evidence of the concerns expressed by Van Binsbergen (2001), noted above, where *ubuntu* was contrasted with the conformity and ethnocentricity of traditional South African cultures (Nkatshu, 2010).

The search on 'African values' identified 23 South African articles, dated from February 2000 to March 2009. Three of the articles were the same as those identified by the search on 'African values + business'. Of these three, two discussed the importance of traditional African values for corporate governance. While referring to *ubuntu*, they also mentioned concepts such as 'embeddedness', 'harmony' and 'communalism', and argued that traditional African values should inform corporate governance in South Africa, and that a stakeholder approach aligns well with the values of *ubuntu*. One of these articles was by Shepherd Shonhiwa, who was quoted in the Introduction to the King II report in its reference to traditional African values (see section 2.4). The third article dealt with the general lack of morals and the high levels of corruption and fraud in South Africa.

The remaining 20 articles which had some reference to African values dealt with a variety of topics in different spheres. These include a number of articles that dealt with political,

cultural, religious, moral and other issues. A full listing of all 23 articles, with a brief statement of their topics, is presented in Appendix three.

The search on 'African culture + business' provided five articles (see Appendix four). Three of these concerned African culture and types of African jewellery and clothing. One article referred to a poor payment culture for a leading micro-lender in South Africa. Only one article actually dealt with the role that African culture may play in business, and this article argued that in a globalising world, there is little business relevance in pursuing African traditions, and that "Cultural attrition leaves little of substance that can, with any degree of uniqueness or advantage, be applied in modern business" (Simpkins, 2003).

In summary, a review of newspaper articles and selected professional publications reveals an understanding of *ubuntu* that is consistent with the description provided above, and an application both of this concept and traditional African values generally to a variety of aspects of South African society. In most cases, *ubuntu* and African values are viewed positively, and as a source of inspiration and aspiration. There were, however, several examples of disagreement, highlighting potentially undesirable aspects of *ubuntu*, or the possible irrelevance of African tradition.

Criticism of *Ubuntu*

The sections above have presented *ubuntu* as a traditional African communitarian morality, and have shown how it could be applied to corporations and how it has been portrayed in the media. A number of serious criticisms of *ubuntu* can, however, be raised regarding *ubuntu* as a traditional, pre-colonial African morality, and concerning the empirical evidence of practical application of *ubuntu*. This section considers these criticisms in turn.

Ubuntu as a traditional, pre-colonial morality

Referring to *ubuntu* as a traditional African morality implies that it represents the wisdom of pre-colonial African society, and that it remains present among the less modernised of Black South African society (predominantly in the rural areas), and possibly also in the collective memory of their more modernised counterparts. Undesirable aspects of *ubuntu* have been identified above, and as far as *ubuntu* does represent such a pre-colonial African morality it would then seem to include ethnocentric practices as well as other traditional practices, such as discrimination against women. Such practices are widely condemned in contemporary

South Africa. While continuity with pre-colonial tradition raises this question of undesirable practices, discontinuity with pre-colonial tradition questions the legitimacy and authenticity of *ubuntu* itself.

Bernstein argues (2002, p.198) that colonialism, apartheid, and particularly migrant labour, did much to disrupt continuity between rural (traditional) and urban Black South Africans. Referring to the continuation of some practices, such as the payment of *lobola*[18], she claims that "it is dangerously misleading, however, to suggest that some cultural elements represent the tip of a powerful if partly submerged cultural substructure, just because their lineage connects back to precolonial societies" (2002, p.198). Bernstein goes on to argue that

> "The rediscovery of African values and culture is largely an elite reinterpretation of residues of what used to be. *Ubuntu* is the prime example, and the major feature of its current definition is boundless idealism and the failure to reconcile it with the everyday reality of crime, violence and brutality of life in urban concentrations. One gets the uneasy feeling that the fashionable celebration of *ubuntu* is intended more for white consumption or to display a badge of (Africanist?) honor than as sincere moral reconstruction." (2002, p.210)

Van Binsbergen (2001, p.74) seems to concur, claiming that,

> "*Ubuntu* offers the appearance of an ancestral model to [those who fought to attain majority rule] that is credible and with which they can identify, regardless of whether these urban, globalised people still observe ancestral codes of conduct – of course in most respects they do not, regardless of whether the ancestral codes are rendered correctly (often they are not)."

He believes that the systematisation of *ubuntu* is in fact an etic[19] practice, and that the

> "self-proclaimed experts on *ubuntu* form a globally-informed, Southern African intellectual elite who, remote in place and social practice from the *emic* expressions at the village level which they seek to capture, have officially coined the concept of *ubuntu* as a cornerstone Southern African self-reflexive ethnography." (2001, p.70)

Van Binsbergen is not necessarily hostile to *ubuntu*, but maintains an interpretation of *ubuntu* as a utopian and prophetic philosophy (2001, p.73), as an "exhortative instrument" (2001, p.73) and as a "tool for transformation in a context of globalisation" (2001, p.71).

Louw expresses similar thoughts when he considers that a revitalisation of *ubuntu* is necessary, and states (2001, p.28) that "I have been speaking of Ubuntu primarily as an ethical ideal, i.e. something that still needs to be realized, although encouraging examples thereof already exist". He identifies (2001, p.24) the existence of *stokvels* (community-based rotating savings and credit associations) as one example of *ubuntu* in practice, and the relatively peaceful transition to democracy in South Africa as another (2001, p.27).

As the moral philosophy of traditional African society, *ubuntu* faces questions regarding practices that are now widely considered undesirable. This itself challenges the view that *ubuntu* is widely held. However, the criticisms made concerning its continuity with tradition do allow for a revitalised or reinterpreted *ubuntu* as a moral ideal for a new age. Without any necessary continuity with tradition, however, the claim that it is widely held in turn requires further support.

Evidence of ubuntu in practice

The criticisms described above are largely based on philosophical and anthropological reflection, and could be mitigated if there is evidence of *ubuntu* in practice. This section considers a number of possible sources of such evidence.

Bernstein (2002) describes a nationwide survey which suggests that *ubuntu* is not widely held:

> "Respondents were asked 'What do African people in southern Africa have in common with one another which might help them catch up in development?'. The number of people who mentioned *ubuntu* ... traditionalism, or ancestor worship was no more than 2-3 percent in replies that could be associated with something essentially 'African'" (2002, p.201).

> "Another question asked was, 'What is the special African way in which [then] Deputy President Mbeki's notion of an African renaissance will be achieved, or is

there no special African way?' ... 7 percent referred to a return to traditional beliefs and 3 percent to *ubuntu*" (2002, p.202).

Ndiweni (2008), however, identifies a number of CSR practices by certain businesses in Zimbabwe as being examples of *ubuntu* in practice. These include the provision of educational assistance, scholarships, apprenticeships, subsidised accommodation and financial assistance. It is questionable, however, whether these do in fact reflect an underlying *ubuntu* morality, as many of these activities are replicated by companies in non-African (and Anglo-American) countries.

As noted above, Louw (2001, p.24) identifies *stokvels* as an example of *ubuntu*. Verhoef (2001a, 2001b) analysed *stokvels* from 1930 to 1998 (focusing on African women) and identified solidarity and mutual support in times of hardship as an incentive underlying the existence of *stokvels*, along with a number of other socio-economic incentives (including socialising, the ability to make money from *stokvel* parties, poor access to formal credit, and for insurance purposes). On one occasion she identifies this solidarity and mutual support with *ubuntu* (2001a, p.272), on another occasion (2001b, p.98, in which the same incentives are recounted) *ubuntu* is not mentioned. Verhoef also describes how *stokvels* were sometimes accompanied by violence and criminal behaviour (2001a, p.273), and that some *stokvels* could charge interest at up to 100 percent per week (2001a, p.276). The relationship between *ubuntu* and *stokvels* is accordingly ambiguous, and at most, *ubuntu* could be seen to be one of a number of incentives that underlie the continued prevalence of *stokvels*.

The peaceful transition to democracy in South Africa is sometimes appealed to as an example of *ubuntu* (such as Louw (2001, p.27)). The Truth and Reconciliation Commission (TRC) established in 1995, and the associated political amnesty for some perpetrators of apartheid crimes provide an example of restorative rather than retributive justice. Specific mention was made of *ubuntu* in the final clause of the interim South African Constitution of 1993 that led to the TRC's institution (Department of Justice and Constitutional Development, 2006), which clearly suggests that the TRC represents a practical application of *ubuntu*. Van Binsbergen (2001, p.76) has however, criticised this (believing that it represents Christian rather than traditional African forgiveness), and although Eze (2010) insists that the TRC does represent *ubuntu*, he also (2010, p.201) identifies a commonality between the restorative justice of the TRC and Christian forgiveness. Furthermore, there was significant critique by

apartheid victims within South Africa over whether such restorative justice was really just (Verdoolaege, 2008, p.19). Despite these criticisms, and the possible overlap with Christian values, the specific mention of *ubuntu* in the institution of the TRC does itself provide some evidence of *ubuntu* in action.

In summary, however, the empirical evidence of *ubuntu* in practice is limited (an observation also made by Visser (2007, p.25)). The limited empirical support does not, however, mean that *ubuntu* is irrelevant. Eze (2010), for example, concedes the charges made by Van Binsbergen and others regarding the historical inauthenticity of *ubuntu*, but refuses to accept its illegitimacy and seeks to 'rehabilitate' *ubuntu* as a valuable myth that has a performative task in post-apartheid nation-building:

> "As a postcolonial discourse, *ubuntu* possess[es] the following credentials: (1) a reverse discourse to thwart and undermine the preceding racial hegemony of apartheid discourse that denied 'humanity' to nonwhites through its institutional and structural racism; (2) a project in the making of a new nation, which, unlike apartheid, yields to inclusiveness as opposed to divisiveness; (3) its admissibility and evidence in the TRC mediate[s] its values as a humanistic discourse; and (4) while it has been criticized for legitimizing restorative [as opposed to retributive] justice, it offers a blueprint for the very process of reconciliation and possibility of social morality." (Eze, 2010, p.186)

Accordingly, while the empirical evidence of *ubuntu* being widely held is limited, and its continuity with pre-colonial tradition is problematic, *ubuntu* nevertheless has significant aspirational potential with regard to post-apartheid nation-building.

Summary

The Southern African moral philosophy of *ubuntu* incorporates the notion of 'humanness' and a morality of regard for others based on interdependence and the importance of community. Despite some contestation over whether it is compatible with a Western capitalist system, scholars of *ubuntu* have attempted to apply it to the business sphere, particularly in the area of management. From a consideration of *ubuntu* values, one can hypothesise a corporate system in which individuals are considered as ends in themselves, are respected as existing in community with others, and where the interests of the community are prioritised through consultation, dialogue and reporting. The basic conception of *ubuntu* and its application to a

variety of issues was confirmed through a review of newspaper articles and selected professional publications which confirmed *ubuntu* and traditional African values being held out mostly as a source of inspiration and as a potentially positive influence.

There is, however, some significant criticism of *ubuntu*. This includes drawing attention to undesirable aspects associated with pre-colonial African society, such as ethnocentrism. There is also some significant questioning over whether *ubuntu* is a concept developed and 'owned' by the African intellectual elite, and the continuity with traditional African culture is challenged. The little survey evidence that there is also does not point to a widespread adoption of *ubuntu* by South Africans. There is, however, some evidence of *ubuntu* in the solidarity underlying *stokvels* and in the restorative justice of the TRC, although this too is not without criticism. It is possible therefore to conclude both (1) that as an aspirational morality *ubuntu* does imply certain prescriptions and attitudes that have relevance for corporate governance, and (2) that the evidence of its practical application in South African society to date is limited and unclear. Despite the relevance and potential of *ubuntu* in the context of post-apartheid nation-building, the limitations of the existing evidence of its practical application means that, at most, *ubuntu* currently represents a limited source of distinct and different moral judgements in South Africa.[20]

There may, however, be stronger evidence of differing or distinct moral judgements that can be related to culture, but that does not directly appeal to *ubuntu*. Accordingly, the next section considers possible moral differences that have been identified through academic cross-cultural studies.

3.4 Cross-cultural studies

Cross-cultural studies in business has in many respects become a field of study of its own in recent decades. This section considers the principal theories of cultural values and the empirical evidence for different or distinctly South African values. Where appropriate, consideration is given to the implications this may have for prescriptions and attitudes regarding the obligations and objectives of corporations. This is followed by a section presenting empirical evidence on moral differences involving South Africa that does not refer to theories of cultural values.

Theories of cultural values

Hofstede

The seminal work in cross-cultural business studies remains Geert Hofstede's study, based on a survey of IBM employees across 50 countries, published in 1980 and updated in 2001. Hofstede identified four dimensions by which cultural values within organisations could be differentiated across countries, and across certain distinct 'clusters' of countries: Power Distance, Individualism-Collectivism, Uncertainty Avoidance and Masculinity-Femininity[21]. A fifth dimension, Long- versus Short-term Orientation, was established following additional research from 23 countries in 1985[22] (Hofstede, 2001, p.351). South Africa was the only African country to be considered separately in Hofstede's original study (other African countries were grouped together as either West African or East African). The index scores for South Africa, the other African regions, as well as Britain, Germany, Japan and the USA (as examples of countries with distinctive corporate governance models, as described in chapter two) are presented in Figure 3.1. For the Long- versus Short-term Orientation a different set of countries were used in the study and Zimbabwe and Nigeria are presented instead of South Africa and West Africa (no countries from East Africa were included). Thomas and Bendixen (2000) updated Hofstede's research with a subsequent survey conducted with 586 middle managers in South Africa, the index scores from this survey are included in Figure 3.1 as 'South Africa (2000)'.

The index scores from Hofstede's original study present a complex picture. With regard to Power Distance, South Africa was most similar to Japan and the USA, on Individualism-Collectivism South Africa was closest to Germany, for Uncertainty Avoidance South Africa ranked closest to the USA, East and West Africa, for Masculinity-Femininity South Africa was closest to Germany, Great Britain and the USA, and on Long- versus Short-term Orientation Zimbabwe was close to all except Japan. Hofstede also performed a cluster analysis that grouped similar countries together based on their survey responses on the four original dimensions. South Africa was grouped with Germany, Switzerland and Italy (2001, p.62), a grouping which Hofstede found surprising (2001, p.76). This provides some evidence that South African values are more aligned with the values of continental Europe than with the UK, the USA, Japan, or East and West Africa.

Figure 3.1
Selected index scores on Hofstede's dimensions of culture *(Sources: Hofstede (2001) and Thomas & Bendixen (2000, p.513))*


72
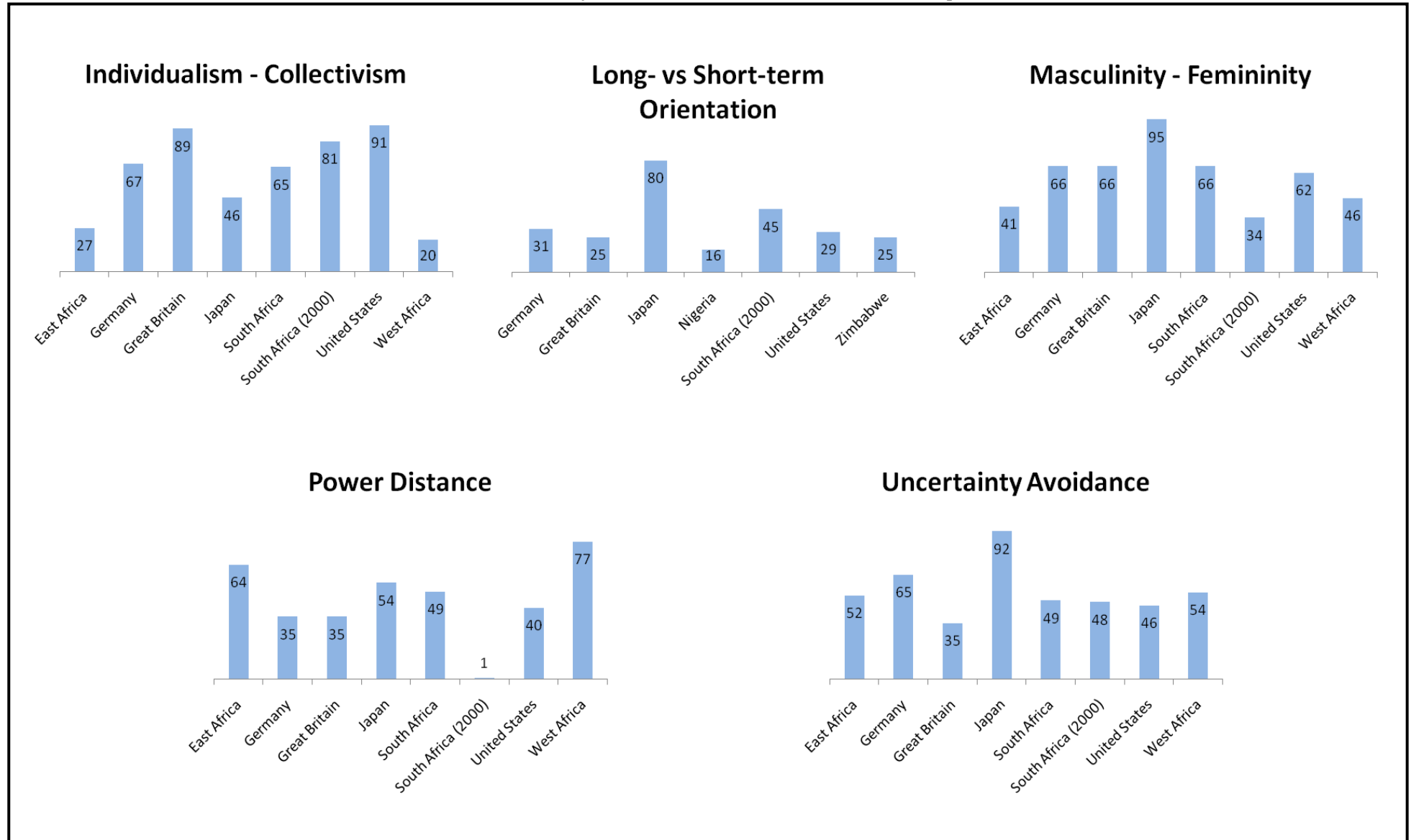
Thomas & Bendixen's (2000) results show significant changes for South Africa from the 1980 results in all except the Uncertainty Avoidance dimension. They attributed the very low score for Power Distance in their study to the "legacy of the past" and "in keeping with the present political and economic climate of the country" (2000, p.513). As 'separateness' and inequality based on race were hallmarks of the apartheid system, a very low score does seem reasonable in post-apartheid South Africa. The lower score for Masculinity-Femininity and the high score in Long- versus Short-term Orientation (relative to most of the other countries shown in figure 3.1) were not discussed by Thomas & Bendixen. Although the substantial time difference between Hofstede's and Thomas & Bendixen's studies precludes any definitive comparisons, when considered next to Hofstede's original scores, South Africa does, however, seem to be more aligned with Africa than Western Europe, the USA or Japan on the Masculinity-Femininity dimension.

The converse appears to be true for the Individualism-Collectivism dimension, where Thomas & Bendixen reported a substantially higher score than Hofstede's 1980 study, suggesting that South Africa may be more similar to the USA and the UK. Thomas & Bendixen argued (2000, p.514), however, that there may be differences between a Western and an African understanding of the word 'family', which was used in the survey, and which could have lead to an overstated score for Individualism. They conclude that Hofstede's instrument is "inadequate in distinguishing between individualism and communalism ... within South Africa" (2000, p.516). It remains possible, however, that the South African respondents did fully understand the survey in the Western sense (noting that the East and West African regions had low scores on this scale in Hofstede's original study). Nevertheless, although they raise a valid question concerning the survey instrument, the study does not provide any empirical support for any claims that South African culture is more collectivist.

Thomas & Bendixen (2000, p.512) also provided index scores across several ethnic groups within South Africa: Afrikaans, Asian, Coloured, English, Sotho, Xhosa and Zulu. These are presented in figure 3.2. Most notable are the negative scores for the non-White groups and the positive scores for Afrikaans and English groups on Power Distance. This is, perhaps, unsurprising given the history of apartheid. There is still, however, a substantial difference between the White groups and the scores for other countries (presented in figure 3.1) on Power Distance, suggesting that in this regard White South Africans are more aligned with

their fellow countrymen than with Western Europeans, Americans, Japanese, or East and West Africans. On the other dimensions, although there were some substantial differences between specific groups, overall there appears to be relative similarity, which leads Thomas & Bendixen to conclude that "at a managerial level, there appears to be a common national culture" (2000, p.513).

Figure 3.2
Hofstede's culture dimension scores by ethnic group within South Africa *(Source: Thomas & Bendixen (2000, p.512))*
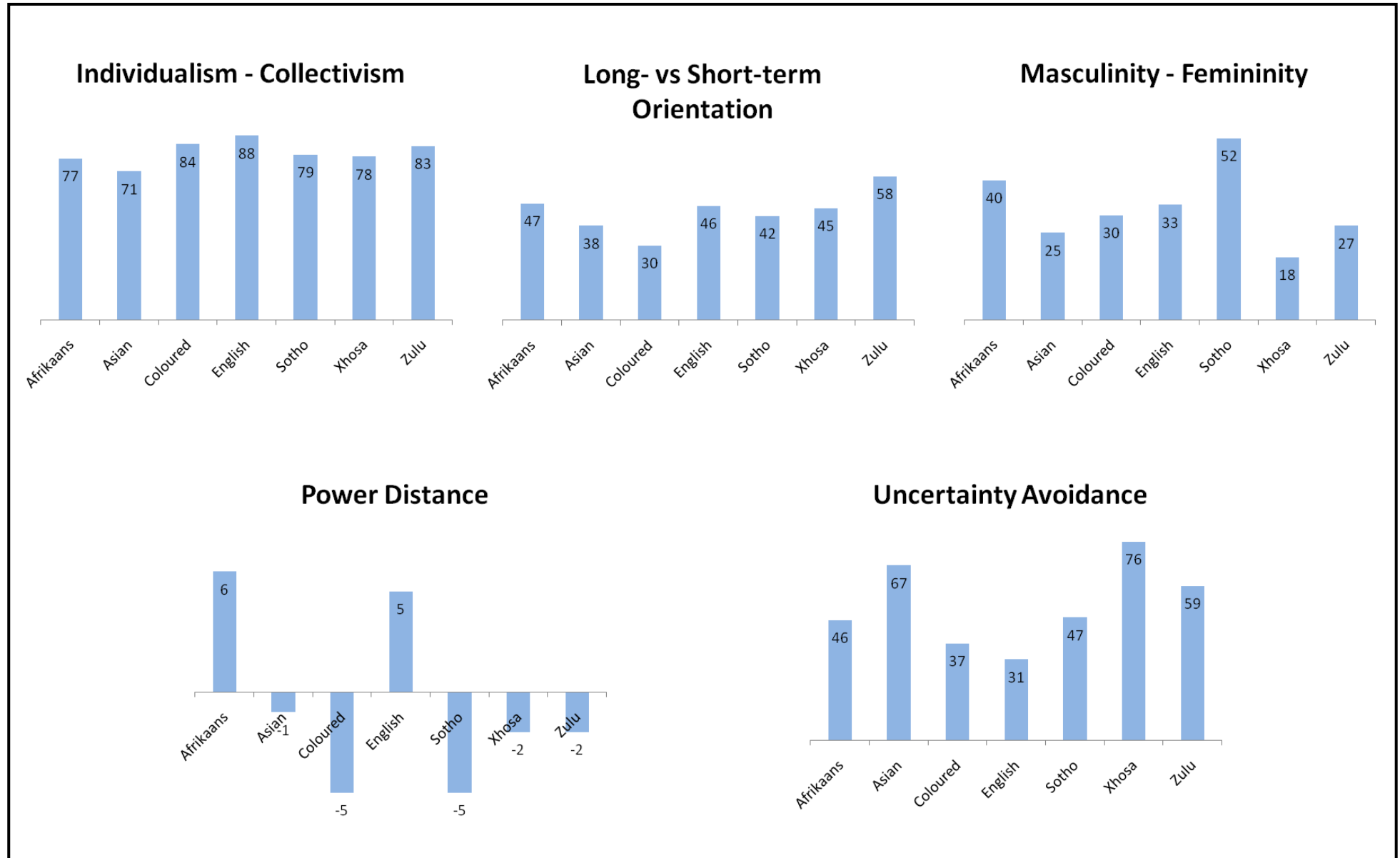
Trompenaars & Hampden-Turner

Trompenaars & Hampden-Turner (1997) also presented empirical research regarding cultural values within South Africa, based on survey information from company managers and administrators. They drew largely on Parson's (1951) relational orientations, and worked with six cultural orientations: Universalism – Particularism, Individualism – Communitarianism, Neutral – Emotional, Specific – Diffuse, Achievement – Ascription, and Inner – Outer Directedness[23]. The scores for South African ethnic groups are provided in figure 3.3. Trompenaars & Hampden-Turner (1997) did not, however, provide comparable scores for other countries.

The scores indicate that on the Universalism – Particularism orientation, White groups were more Universalist than Black South African groups. On the other orientations differences between White and Black groups were less obvious, with perhaps a small preference amongst White groups towards Inner-directedness. Interestingly, on the Individualism – Communitarianism orientation the highest score was from the Xhosa group, and four of the Black groups (Zulu, North Sotho, Xhosa and Tswana) were similar to the English or Afrikaans scores. This further questions any assumptions that Black South African cultures as a single group are communitarian, or that all Black South African groups are less individualistic than White South African culture.
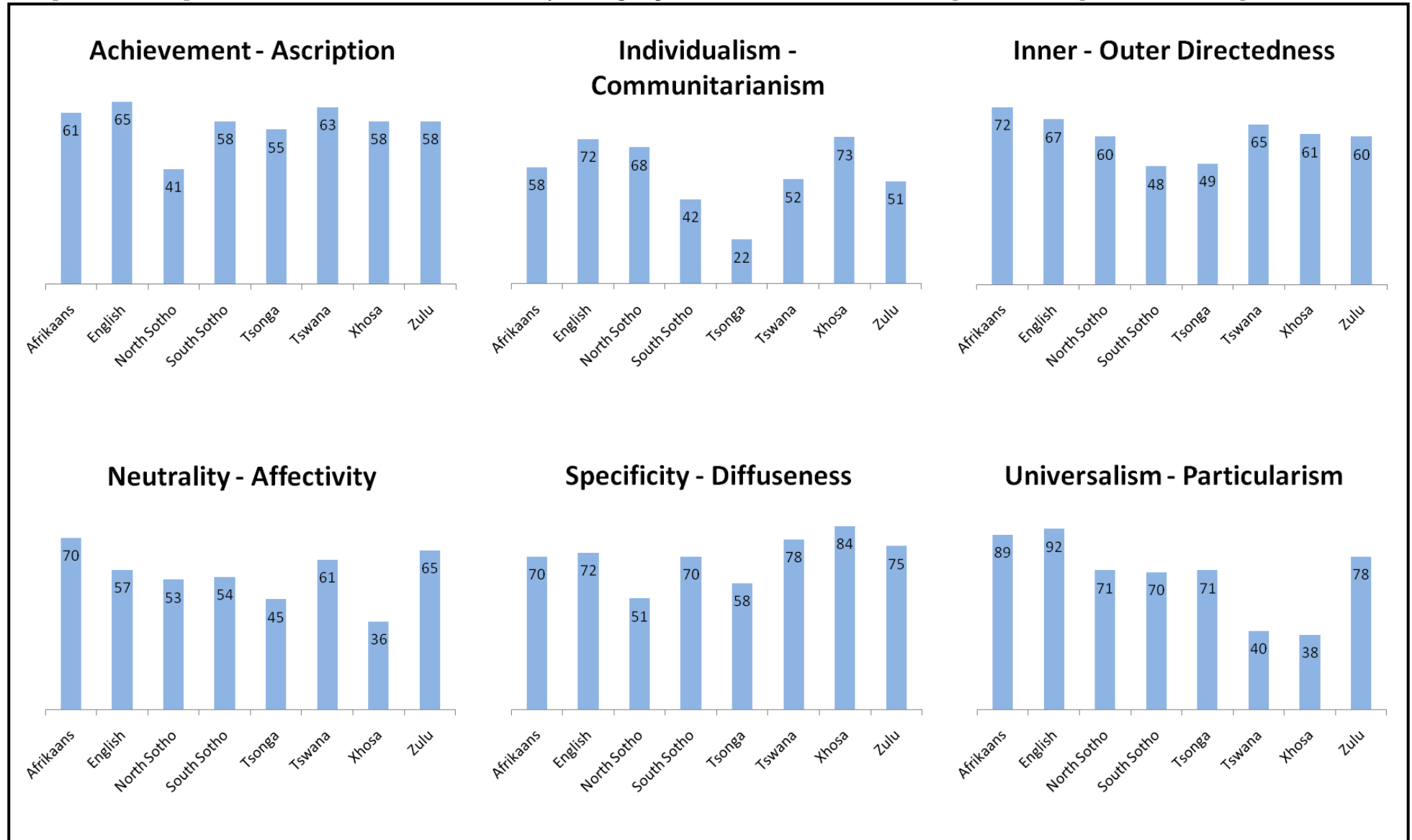
Schwartz

A further theory of cultural values has been provided by Schwartz (1999), who identified seven value types which opposed each other on three dimensions: Harmony – Mastery, Hierarchy – Egalitarianism, and Conservatism – Intellectual and Affective Autonomy[24]. These value types were also posited as relating to each other across the dimensions (with, for example, Intellectual Autonomy being more closely related to Egalitarianism than Conservatism). Schwartz developed and confirmed his theory through a survey of school teachers and university students in 49 countries, conducted between 1988 and 1993. Zimbabwe was the only African country included in the sample. For both the teacher and student samples, Zimbabwe was placed within the 'Far East' category, closest to China, India, Thailand, Singapore and Hong Kong (but excluding Japan). This was noticeably separate from both the Western European and English-speaking categories (the latter included Japan in the teacher sample). In terms of the value types, Zimbabwe ranked high on Hierarchy and

Mastery, low on Egalitarianism, Harmony and Intellectual Autonomy, and moderately on Conservatism and Affective Autonomy.

These results suggest that the cultural values of Zimbabwe are distinct from those of Western Europe, Anglo-American countries and Japan. However, the high scores on Hierarchy and Mastery (and corresponding low scores on Egalitarianism and Harmony) run counter to both expectations from literature on traditional African values and *ubuntu*, as discussed above, and to the results from Thomas & Bendixen's study in which South Africans scored very low on Power Distance (which is similar in some respects to Egalitarianism) and low on Masculinity – Femininity (indicating a preference for Femininity, which is similar in some respects to Harmony). This difference between Zimbabwe and South Africa may suggest that the two should be considered separately, and that although there may be some similarities (such as the concept of *ubuntu* / *hunhu*), there are also significant differences.

Figure 3.3
Trompenaars & Hampden-Turner's cultural orientations scores by ethnic group within South Africa *(Source: Trompenaars & Hampden-Turner (1997, p.213))*

Summary

This section has examined the principal theories of culture in cross-cultural business studies as presented by Hofstede (2001), Trompenaars & Hampden-Turner (1997) and Schwartz (1999). Hofstede's original research grouped South Africa together with Germany, Switzerland and Italy, suggesting that South African values were more aligned with continental Europe than with other African countries, Anglo-American countries or Japan. More recent research shows a very low score for Power Distance, a low score on Masculinity-Femininity and high score for Individualism. It is possible, then, to suggest that South African values are distinctive in that they reflect a very low tolerance of inequality (low Power Distance), a preference for relationships and caring over achievement and material success (low Masculinity-Femininity), and yet a high regard for individualism over collectivism. With regard to the objectives and obligations of corporations, one could hypothesise a system in which corporations are expected to actively engage with all of their stakeholders, and take their interests into account, while at the same time making use of the markets for control and labour to reward and discipline employees and executives. Corporations would be expected to be acutely aware of the prevailing socio-economic inequality, and success would be necessarily linked to the reduction of such inequality.

Within South Africa, using the theories of both Hofstede and Trompenaars & Hampden-Turner, White and Black groups were not seen to be significantly different on any dimensions, although minor differences were apparent with Whites being marginally more tolerant of inequality (higher Power Distance) and showing a greater belief in universally binding values (higher Universalism – Particularism).

Notably, none of these studies provided any empirical evidence supporting the view that South Africans (particularly Black South Africans) are more communally-oriented that those in Western European or American countries, and in fact suggest that there is a difference between South African and other African countries in this regard (with South Africans being more individualistic than the other African countries surveyed).

Differences in moral attitudes

A number of studies have been conducted that have attempted to identify how moral attitudes and beliefs regarding businesses may differ across nationalities without drawing directly on (or informing) the theories of culture discussed above. Some of these have used the *Attitudes*

towards business ethics questionnaire (ATBEQ) to survey samples in South Africa (Moore & Radloff, 1996), Australia (Small, 1992; Phau & Kea, 2007), the USA and Israel (Preble & Reichel, 1988), Turkey (Sims & Gegez, 2004), Jamaica (Sims, 2006), and Singapore and Hong Kong (Phau & Kea, 2007). Although the different time periods in which these studies were conducted reduces the possibility for definitive conclusions, it is possible to compare the mean scores of the different respondent groups on the different individual questionnaire items (there being a total of 30 items), and identify the degree to which South Africans may differ from or share similar attitudes towards business ethics with those from these other countries.

The questionnaire consists of 30 items that cover a range of different issues in business ethics, and uses a 5-point Likert scale that ranges from strongly disagree (1) to strongly agree (5). Due to reliability issues Phau & Kea (2007) omitted eight items from their analysis. This left 216 mean scores from seven countries (Australia was studied twice) with which the South African scores could be compared. Of these, 52 scores differed from the South African group score by more than half of one point on the Likert scale. However, 25 of these differences were between South Africa and either Singapore or Hong Kong. There were only 2 such differences between South Africa and the USA, and zero or 3 differences between South Africa and the two Australian samples. These studies strongly suggest that the attitudes of South African students to business ethics are similar to students in Anglo-American countries such as the USA and Australia. Moore & Radloff (1996, p.864) did not distinguish in their results between Black and White students, but indicate that 40% of the sample was Black, the remaining 60% being White English-speaking South Africans.

Singhapakdi & Karande (1999) conducted a survey concerning the perceived importance of ethics and social responsibility towards organisational effectiveness amongst marketing professionals in Australia, Malaysia, South Africa, and the USA. On a nine-point agree-disagree scale consisting of 7 items, the South African mean differed from the USA group mean by more than half of one point on only 1 item, and did not have any such difference with the Australian group mean. In contrast, the South African and Malaysian group means differed by more than one half of a point on 4 of the 7 items. Although Singhapakdi & Karande did not indicate the racial composition of the South African sample, it was drawn from the mailing list of the South African Institute of Marketing Management and could be assumed to consist mostly of White South Africans. Nevertheless, this does provide some further support that moral attitudes towards business in South Africa are similar to those in Anglo-American countries.

Although somewhat dated, Abratt, Nel & Higgs (1992) also conducted a survey investigating moral attitudes in business amongst managers in Australia and South Africa and found few significant differences. Using a 5-point Likert scale, there were differences greater than half of one point between the two samples on only 3 out of 28 items.

Summary

A number of studies have been carried out in Southern Africa in recent decades, either relating to the theories of culture and survey evidence presented by Hofstede, Trompenaars & Hampden-Turner, and Schwartz, or to more specific attitudes towards business ethics. The studies involving theories of culture suggest that South African values are more similar to those of continental Europe than those of other regions, but are also distinctive, with recent research showing a very low tolerance of inequality, a preference for relationships and caring over achievement and material success, and a high regard for individualism over collectivism.

Other studies comparing attitudes towards business ethics across countries suggest that South Africa maintains similar attitudes to those of Anglo-American jurisdictions such as Australia and the USA. These studies and their instruments have not been aligned with the theories of culture, so it is not possible to conclude that these results either support or contradict the results of the cross-cultural studies. However, these results do suggest that when applied to actual issues in business ethics, the distinctive nature of South African cultural values is less apparent.

3.5 Conclusion

In this chapter a number of areas in which South Africa could be considered to maintain different or distinct values and moral judgements have been considered. Firstly, the King reports on corporate governance have progressively adopted a clear stakeholder approach to corporate governance, although evidence on sustainability reporting suggests that, to date, this difference may be more theoretical that practical. The concept of the African Renaissance, as promoted by former president Thabo Mbeki, together with the New Partnership for Africa's Development is another area. These initiatives insist on a renewal of African culture and a need for Africans to develop solutions for the problems of Africa. Such a stance clearly provides room for different systems and approaches to achieving development and growth. Review of the principal NEPAD documents reveals that, although the role of the corporate

governance system in addressing socio-economic imperatives is questioned, the Anglo-American view of the corporation and corporate governance is largely upheld. The 2006 Country Review Mission for South Africa did, however, highlight areas of corporate citizenship, business ethics, accountability, and relationships with shareholders and other stakeholders, and suggests an overarching belief that corporations have an obligation to be actively involved in the development of South African society.

A third area of investigation concerns the traditional moral philosophy of *ubuntu*. *Ubuntu* is generally conceived of as a traditional African philosophy that emphasises 'humanness', the interdependence of human individuals in community and the need for respect for others as ends in themselves. This could be expected to translate into expectations regarding the ways in which corporations operate and are governed, including how employees are treated, and the need to include the community as an important stakeholder. A review of how *ubuntu* and African values have been presented in professional magazines and newspaper articles indicates both that the concept can be applied to a variety of issues, and that it is typically used as a source of inspiration and as an aspirational tool. There are, however, several problems with appealing to the morality of *ubuntu*. These include potentially undesirable aspects that could be associated with the philosophy, the discontinuity of *ubuntu* and African tradition, and the limited empirical evidence that *ubuntu* is widely held. Although *ubuntu* may have a significant role to play as an ideal morality for post-apartheid South Africa, without more practical evidence of its widespread acceptance and application it would be presumptuous to consider it to represent more than a limited source of distinct or different moral judgements.

The last area to be considered was cross-cultural studies in business, and included the work of Hofstede (2001), Trompenaars & Hampden-Turner (1997) and Schwartz (1999). While South Africa was originally grouped together with the continental European countries of Germany, Switzerland and Italy by Hofstede, more recent research suggests a distinctive set of South African cultural values. This is characterised by a very low tolerance of inequality, a preference for relationships and caring over achievement and material success, and a high regard for individualism over collectivism. This could suggest a system in which the issue of socio-economic inequality is paramount, where corporations are expected to actively engage with all of their stakeholders, while at the same time making use of the markets for control and labour to reward and discipline employees and executives. However, this distinctiveness is at least partially countered by other studies that compared attitudes towards business ethics

across countries and suggested few differences between South Africa and Anglo-American countries.

Overall, the analysis of the four areas presented in this chapter reveals similarity with Anglo-American and European jurisdictions in some areas, as well as limited evidence of distinctively South African prescriptions and attitudes regarding the objectives and obligations of corporations. The implications of this evidence are considered in more detail in chapter eight. The next three chapters present further investigations into differences in moral judgements that may inform the claim of Descriptive moral relativism. Chapter four introduces the methods adopted in these investigations.