

*Full Length Research Paper*

# **The impact of the global crisis on ethical leadership: A case study of the South African public sector**

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**The African economy has been impacted by the global crisis as it is integrated into the world economy. African governments have used their strengths, fiscal opportunities, financial regulatory frameworks and the resourcefulness of labour and institutions to address the challenges of the crisis. The aim of the article is to examine the challenges facing ethical leadership within the context of the global crisis and to question whether a mere response to the crisis without complementing it with a deliberate ethical focus is adequate for sustaining an effective and efficient public service. The approach that is followed is a critical qualitative assessment of the current literature on the topic. In addition to examining the effect of the crisis on the public sector and initiatives to control the impact of the global crisis on South Africa with a special focus, the article explores the extent to which the crisis will place greater strain on ethical leadership. Since South Africa ranks quite high on the global list of most corrupt nations in the world, the article argues that strategies in response to the crisis must be underpinned by more effective measures driving ethical leadership.**

**Key words:** Global crisis, ethical leadership, public sector, South Africa.

## **INTRODUCTION**

Economies around the world have been severely affected by the global crisis. Despite wide ranging policy responses, intense financial strains and economic slack have not totally disappeared. We cannot dispute that in most parts of Africa, unemployment is still on the rise, global manufacturing capacity is still not optimally utilised, while governments are saddled with large fiscal obligations (World Economic Outlook, 2009:5). Governments are struggling with ways of managing the emergent economic challenges, while preparing their economies to thrive in a future economic landscape characterised by increasing uncertainty. While the South African government has responded with strategies to address the effects of the crisis, it can be argued that any response should be underpinned by government's commitment to maintaining ethical leadership.

The damaging effects of the global crisis has placed increased pressure on public leadership to sustain its role in delivering effective and efficient public services. This necessitates greater awareness of accountability and good governance in public service delivery, since

accountability and good governance underpin sound public administration based on ethical principles (Van der Waldt, 2004:15). It is argued that a renewed emphasis is required, since ethical principles, as the global crisis has shown, did not inform the way economies were regulated. It is therefore of significance to examine within the South African public sector, current challenges facing ethical leadership and the need for more effective measures underpinning ethical leadership as necessitated by the global crisis.

Public leadership must guide decisions and actions for sustainable quality services from public institutions, despite significant challenges arising from the global crisis (Alam et al., 2010). Therefore, it becomes necessary to examine the extent to which decisions and actions are supported by a system of acceptable ethical standards, consistently applied under varying circumstances (United Nations Development Programme, 2001:10). In the absence of ethical leadership adhering to acceptable standards, the credibility of public institutions is eroded, which can lead to instability and violent conflict

as shown in many African states.

By “walking the talk”, leaders enforce policy in the interest of the common good of society. Leadership, guided by public interest as a priority, makes public institutions more responsive to society’s needs and meaningfully utilises scarce resources amidst challenges presented by the global crisis (Alam and Hoque, 2010). Under difficult circumstances facing government, it is imperative to ensure that the crisis does not negatively impact on ethical leadership, which is challenging enough in the public sector even if there was no crisis (Klapper, 1999:137).

Through a detailed review of literature and documents relating to the global crisis and ethical leadership in the public sector, with special reference to South Africa, a critical qualitative assessment is undertaken of the impact of the global crisis on ethical leadership. In doing so, the impact of the crisis on ethical leadership is examined. The article questions whether ethical leadership, as a necessity, should underpin all responses to the crisis. The article also attempts to explore the implications for quality public service delivery being further compromised. To achieve this purpose, a theoretical context is provided with regard to the global crisis and ethical leadership in the public sector.

The article aims to highlight the importance of the responses to the global crisis taking cognisance of the need for sustainable ethical leadership during implementation to avoid the exacerbation of problems currently associated with ethical leadership in the South African public sector. In doing so, the article highlights the necessity for ethical leadership for good governance, considers further challenges facing ethical leadership as a result of the crisis and considers strategies to maintain ethical leadership in the South African public sector.

## **PURPOSE OF PUBLIC INSTITUTIONS**

According to Du Toit and Van der Waldt (1999:299), the existence of any institution is directly linked to its purpose. In providing general and specific services, public institutions aim to improve the general welfare of society. Therefore, the overall responsibility of public institutions is to deliver services, which the public cannot provide in an individual capacity.

Section 195 (1) of the Constitution, 1996 (Republic of South Africa, 1996:20-21) states that public administration must be accountable, respond to people’s needs, promote effective, economic and efficient use of resources, maintain a high standard of professional ethics and provide services fairly and equitably. It is quite evident from the aforementioned responsibilities that public institutions have a collective responsibility to ensure that the general welfare of society is protected as far as possible from the impact of the global crisis. The crisis has brought into focus the critical importance of

integrating the purpose of public institutions with ethics (Alam, 2009). Ethical leadership has to be considered an indispensable key to overcoming the crisis, since poor ethical conduct was one of the contributory causes of the financial crunch.

According to the Batho Pele principles as mentioned in the White Paper on Transforming Public Service Delivery (Republic of South Africa, 1997:10), government is responsible for providing efficient, effective and economic services, accountable for quality service provision, must be transparent on how government departments are managed, provide considerate treatment of the public, share information on the quality of services provided, provide equal services to all citizens and consult with citizens about the services they are entitled to receive.

In addition, the Bill of Rights (Republic of South Africa, 1996:12-13) acknowledges the right of every citizen to housing, health care, food, water and social security. Government accepts responsibility to take reasonable measures to achieve the realisation of these rights. The application of ethics is an antidote to the fulfilment of government’s responsibility, since ethics deals with issues regarding rights of citizens and duties of government. Therefore, public service delivery needs to exhibit standards of acceptable ethical conduct, where public interest is not compromised.

Any attempt to meet the basic needs of the public must be driven by the ‘people first’ approach as embodied in the Batho Pele principles underpinning public service delivery in South Africa. It cannot be denied that public service delivery requires a commitment from government, focussing on collective will, caring and respect. Since the public have a legitimate right according to the tenets of democracy to receive quality services, government is accountable to the public in executing its responsibilities.

The White Paper on the Transformation of the Public Service (Republic of South Africa, 1997) signalled a citizen-oriented approach by government to develop strategies promoting sound public administration. Therefore, maintaining ethical leadership in the face of current challenges such as the global crisis is of paramount importance. Consequently, it becomes important for leadership to ethically pursue all avenues preventing the potential of economic shocks destabilising the welfare of the vulnerable.

## **GOVERNANCE AND PUBLIC ADMINISTRATION**

While there is no consensus on the criteria for measuring ‘good governance’, the term commonly includes aspects like political stability, combating corruption, nepotism and mismanagement and promoting transparency, accountability and proper procedures (Panda, 2006:271). The World Bank perspective on good governance is based on how people are ruled and how the affairs of a state are administered and regulated (Alam et al., 2010).

The concept of governance is viewed as extending beyond that of government to include a political dimension, since a state's system of politics and how it functions in relation to public administration and law is central to effective and efficient public service delivery (Landell-Mills and Serageldin, 1992:304 in Panda, 2006:273). The most recent good governance indicators of the World Bank include voice and accountability, political stability, government effectiveness, rule of law, control of corruption and regulatory quality (Kaufmann et al., 2005:7).

According to Kaufman et al. (1999:6), governance which encompasses traditions and institutions by which rule is exercised for the common good includes citizen respect for the institutions which govern economic and social issues, the capacity of government to formulate and implement sound policies effectively and the process by which governments are appointed and replaced. Therefore, sound public administration is based on good governance which focuses on responding to the needs and expectations of citizens as individuals, interest groups and society (Fitzgerald et al., 1997: 120). Within the context of sound democracy, good governance necessitates not only cooperation and engagement in policy processes, but also exercising control through a system of regulations. In this respect, effective mechanisms of oversight like the Public Accounts Committee are an imperative for sound financial management and administration. The need for strong parliamentary oversight is mandatory for promoting good governance. It can be argued that such an oversight role becomes even more important in the context of the global crisis. The benefits include value for money, productive expenditure, greater congruence between effective budget planning and service delivery, efficient fiscal control and improved levels of compliance by public institutions (Mothlanthe, 2009:2-4).

The 1996 South African Constitution created the platform for an accountable, democratic government characterised by transparency, political stability and transformation. Experiences during the apartheid era made citizens aware of the threats of a government that was neither accountable nor transparent. Accountability and transparency require active citizen participation to ensure that government pursues the general interest of society. The 1996 South African Constitution therefore, highlights the need for a transformed public service within the milieu of good governance. In this regard, the Public Service Commission (PSC) was established as an independent body in terms of the 1996 Constitution to undertake oversight with regard to public administration (Republic of South Africa, 1996). In exercising its powers in the interest of effective and efficient public administration and maintaining a high standard of professional ethics in the public service, the PSC is expected to play an important role in upholding good governance in the South African public service. The numerous cases of

unethical conduct are testimony of the challenges facing the PSC in fulfilling this role. Then possibility of such cases escalating cannot be dispelled in the light of the global crisis. Research shows that societies in which good governance is an integral way of life will experience higher levels of confidence in the system of government (Panda, 2006:125). It can be argued that the pursuit of greater efficiency, improved performance and outcomes driven management within a service oriented culture is important for good governance. The costs of poor governance include the diversion of scarce resources meant for development, loss of confidence in public institutions and leadership and the erosion of the rule of law.

In this regard, the South African government which has been entrusted with guarding public resources and executing decisions on behalf of the electorate, plays an indispensable role in ensuring that the costs of poor governance are avoided. Van der Waldt (2004:14) identified 4 basic elements of good governance: accountability, participation, predictability and transparency. The four elements are considered as being mutually supportive and reinforcing since accountability is related to participation and is the safeguard of predictability and transparency. In the absence of accountability, predictable decision making by public institutions may place its own interests above citizens. Transparency and access to information cannot be assured without legal frameworks that balance the right to disclosure against the right to confidentiality. Predictability in the functioning of the legal system ensures accountability of public institutions. Finally, predictability requires transparency to ensure adherence to the rule of equality before the law and a transparent system facilitates governmental accountability, participation and predictability of outcomes (Van der Waldt, 2004:17).

Accountability, participation, predictability and transparency are inextricably based on ethical principles. Any disregard of these principles will destroy the confidence and trust of the electorate. This can be justified by the World Bank's argument that many African states like South Africa score poorly on openness and transparency in tackling unethical leadership in the public sector (The World Bank 2010:vii). This invariably affects the poor disproportionately and has harmful effects on growth and development.

A critical qualitative assessment of not only government reports and documents by the South African government, but also that of international organisations allude to the premise that both the internal and external environments of public administration have to be managed responsibly, so that citizens enjoy optimal benefits. This ultimately depends on good governance based on ethical leadership which focuses on government, administrative, political and economic systems. In addition, strong and committed leadership is ultimately the overall disinfectant needed to protect the general public, especially the poor

who are more exposed to adverse shocks and increasingly reliant on government services to satisfy their basic needs.

### **SOUTH AFRICA'S RESPONSE TO THE GLOBAL CRISIS**

The global crisis has been described as one of the most serious economic crisis in the last eighty years. Factors such as ineffectual regulation, poor business practices, inequities in the global economic system and the impact of financialisation have been cited as major contributors to the crisis. Since Africa did not contribute to the crisis, many experts believed that Africa will be spared the worst of the impact, partly because its financial sector is quite unsophisticated and not fully integrated into the global system (Annan, 2009:1). As the crisis deepened, it became clear that developing countries could be among the worst affected. This was largely the result of the disturbance in the global economy through international markets which are the vehicles of transmission to national economies (Mshana, 2009:10). Invariably, the four markets that were seriously affected included the goods and services, capital, exchange and labour markets. The negative impact on African states included increasing unemployment, deceleration of growth, negative trade balances and balance of payments, volatile exchange rates, reduction of fiscal space, decreased tourism revenue, reduced social services, reduced trade financing and contracted world trade (Mshana, 2009:8).

More specifically, South Africa has been affected by the decrease in demand for its export products, fall in prices of major export commodities and scarce funds as a result of the international credit crisis. This has impacted on growth expectations since lower growth has implications for incomes, employment and investment. Moreover, the tightening of global credit conditions has reduced foreign direct investment and greatly reversed portfolio flows. South Africa's economy contracted by about a quarter percent in 2009, its lowest growth rate in a decade, as capital outflows are forcing a sharp adjustment in asset prices and in real activity (World Economic Outlook, 2009: 93).

According to the International Finance Corporation, four hundred and fifty investment commitments in African infrastructure were cancelled, while net capital flows were forecasted to drop by eighty percent (Annan, 2009:2). This has placed increased pressure on development objectives which is already subjected to global exploitation. In this regard, Mshana (2009:4) highlighted that Africa only receives five percent flows of foreign direct investment, while its debt burden is about eighty percent of the gross national product (GNP). He further stated that, for every one dollar invested in Africa, seven dollars is taken out and Africa's partnership with Europe has

over the past decades incurred major gains for Europe at the expense of Africa (2009:4). In such instances, self interest has been dominant and does not preclude African states from doing likewise.

In a difficult global economic environment, South Africa has introduced strong fundamentals, underpinning economic growth and development. According to the Framework for South Africa's response to the international economic crisis (Republic of South Africa, 2009:4), government's response to the global crisis must include recognising the potential of the economic shock to destabilize the welfare of the vulnerable, unemployed and low income workers, while increasing inequality and poverty, avoiding the risk of unfairly placing the burden of the crisis on the poor, protect and support all activities aimed at strengthening the capacity of the economy to grow and create decent jobs in the future, maintain planned high levels of investment in public sector infrastructure, manage the risk of developing interventions that have short term benefits but are detrimental for long term social or economic effects, address constraints to growth and development through programmes that are committed to skills development, increased public investment in infrastructure, transformation of informal activities and integration into the formal economy, streamline government delivery and regulation, improve economic efficiency and show commitment to macroeconomic policies that support sustainable growth.

The aforementioned principles encompass a public recognition to go beyond self interest in rebuilding a sound economic system based on sustainability. Government has clearly stated its core purpose, by demonstrating its commitment to common values, fairness and efficiency. To give effect to the aforementioned principles, government has agreed on the following responses (Framework for South Africa's response to the international economic crisis, 2009:5-17):

(a) Investment in public infrastructure - significant public investment in transport, housing, rural development, communications technology, energy generation, education and health will not only create employment, but also meet the basic needs of society. Support will be provided from Development Financial Institutions as well as social partners, especially business and trade unions.

(b) Macro-economic policy - aggressive fiscal and monetary measures will be used. These include a competitive exchange rate, tax relief, increasing employment-generating exports, lowering the cost of capital and reducing the real interest rate gap. It has been recognised that the South African Reserve Bank plays an important role in this respect.

(c) Industrial and trade policy measures - improving the competitiveness of key local industries by developing proposals with labour and business in vulnerable sectors to provide rescue packages. A Special National Jobs Initiative will bring together separately administered

programmes. Resources from different public institutions will be harnessed to accelerate financing of industrial and special employment. Special employment measures include skills development, learnerships, creation of 'green jobs' and encouraging local procurement of supplies and services to increase employment levels. An effective control mechanism system is responsible for curbing customs fraud and illegal imports.

(d) Employment measures - the Expanded Works Programme will expand the number of jobs days offered, stable employment in the public service for jobs currently outsourced or casual jobs will be created, strengthen the role of the CCMA to avoid retrenchments and encourage CEOs to modernise their productive capacity to avoid job losses. Further, Community Works Programmes will be promoted to develop local employment schemes and provide advice on administering resources, while Sectoral Education and Training Authorities will ensure the prioritisation of training and skills development.

(e) Social measures - improving benefits through the Unemployment Insurance Fund, Emergency Food Relief Programme, Social Relief of Distress Fund and Food for All Programme. Further support from government will include food production schemes in rural urban areas, strengthened measures against food cartels and collusion, free basic services like water and electricity to the poor, extending child support grant to the age of 18 years and reduce the men's age requirement for social old age pension to 60 years.

(f) Global co-ordination - introduction of further discussions at the G20 level to enhance stability in financial markets, improve representation of developing countries in international financial institutions, regulate South African capital markets, encourage member states to fully implement the Declaration on Social Justice for fair globalisation and positively influence the World Trade Organisation Doha Round outcomes to maximise South Africa's developmental objectives.

(g) Social partnerships - strengthen the capacity to use counter-cyclical fiscal policy, use the advanced system of social dialogue and use effective social relief and support opportunities.

Government's response to the global crisis can be considered a holistic approach to developing a strong and competitive economy. The domestic environment has shown some resilience as a result of a regulatory framework and prudent fiscal policies that define our economic system. The responses embrace elements that seek to promote economic growth and sustainable business, assist and protect workers and the vulnerable, while helping South Africa to meet its developmental objectives (Republic of South Africa, 2009:17). The developmental objectives are aligned to a commitment by government to the realisation of an accountable and democratic system of governance as outlined in the 1996 Constitution. While government has a clear vision of what

it wants to achieve, delivery and implementation can remain a challenge.

Further, the identified responses must be supported by leadership committed to ethical principles. If strategies to mitigate the impact of the crisis do not make ethics as visible as possible, then it can be argued that the responses will not necessarily produce the expected outcomes. Since there is increasing pressure on public services and limited resources, leadership cannot ignore prioritising public needs. Failure to do so can create platforms for opportunists to pursue their self interest in a time of financial crisis.

While there are numerous measures instituted to regulate ethical leadership in the public sector, South Africa still ranks high on the global list of most corrupt nations in the world. The possibility of unethical conduct increasing amidst the global crisis cannot be excluded. As long as there is a continuous failure to incorporate core values into public policy and the absence of an ethical framework underpinning public service delivery, corruption will grow. Further, the dimension of ethical leadership in implementing government responses cannot be ignored. Without leadership, policies and practices rooted in ethics, our responses to the crisis will be doomed to failure (Annan, 2009:6). The greed nurtured culture will continue to perpetuate poverty, unemployment, marginalisation of people and glorification of materialism.

## NEED FOR ETHICAL LEADERSHIP

While strategies, structures and regulations are important for effective and efficient public service delivery, the role of ethical leadership must also be considered. Clapper (1999:136) argues that ethics is not a primary goal of government, but is instrumental to government achieving the intrinsic goals that constitute the reason for its existence. His argument supports the view that ethics is a prerequisite for efficient public service delivery. The global crisis has placed greater strain on limited factors of production and financial resources. There is now an even greater emphasis on using public resources both effectively and efficiently for the primary benefit of every member of the public. While positive work ethics has always been campaigned for in the public service, there is an imperative for increased responsibility and concerted efforts by leaders to show commitment to do what is right or acceptable and not to merely focus on the rightness or wrongness of specific actions. The wrongness of specific actions include misuse of public property, bribery, nepotism, corruption, conflict of interest, ineffectiveness and inefficiency. Such actions can exacerbate the effects of the global crisis on public service delivery. An ethical framework is imperative for social and economic development. Unethical conduct provides the wrong developmental and investment choices (Republic

of South Africa, 2003:88). It retards economic and social development, while restricting the development of a sound marketplace. This invariably affects the quality of goods and services provided to the public. According to the Department of Public Service and Administration (Republic of South Africa, 2003:131), unethical conduct has the following effects:

- (a) Macro fiscal - this includes lost revenues from tax and customs levies and very high expenditure, as a result of unethical loadings and fronting on state contracts.
- (b) Reduction in productive investment and growth - unethical conduct does not provide an attractive environment for foreign investments that can make long term contributions to development.
- (c) Aid programmes may fail to produce the desired benefits for recipients and may hamper continued funding.
- (d) Unethical conduct attracts investors seeking to make quick profits through dubious ventures, which can negatively impact on growth and investment rates.
- (e) Costs to the public - diversion of resources from their intended purposes distort the formulation of public policy and the provision of services.
- (f) Effect on the poor - public programmes like health and education services are negated if unethical conduct determines the allocation of these priorities.
- (g) A few benefit at the expense of the majority and reinforces social and economic inequality.
- (h) Loss of confidence in public institutions undermines the rule of law, security of property and the legitimacy of government.

In view of the above effects of unethical conduct, growth and development are discouraged while public service delivery fails to achieve its purpose effectively and efficiently. The global crisis can further encourage such unethical conduct in view of further constraints on the economic system. According to Mshana (2009:2), the global crisis is a financial, economic and ethical crisis, where greed has become the basis for economic growth. It is therefore imperative for public leadership to be based on values of honesty, social justice and dignity for all. The message of the global crisis is that while greed may sustain public institutions for a while, it undoubtedly paves the way for destruction from within. The need for more rigorous ethical regulation and oversight requires serious consideration.

Public officials are obligated to serve members of the public by prioritising the needs and expectations of the public, without contradicting the principles of ethical behaviour. Fox and Meyer (1995:45) define ethics as rules and principles that determine right and wrong conduct. Rules and principles provide the standards that guide the behaviour and actions of public officials, thereby promoting acceptable behaviour and the right actions in performing public duties. According to

Mafunisa (2008:79), public officials are expected to act in a proper and acceptable manner in performing their duties. This position is based on the understanding that there are right and wrong ways of acting in a given situation. In the domain of public administration, right ways of acting are associated with increasing the efficiency of service delivery in the public interest, thereby promoting the general welfare of society.

Leadership in public administration has to maintain an ethics based environment which encompasses rules and principles guiding ethical conduct. Leadership has to ensure that public service delivery is characterized by efficiency, effectiveness and economy which underpin ethical principles. It is fair to say that any activity directed toward improved delivery of public service amidst the global crisis starts with the development of purpose and strategies within the context of ethical public administration. If ethics is not part of the overall strategy and purpose of public institutions, then the provision of sound public administration within democratic structures of public institutions will be compromised (Dorasamy, 2010:8).

#### **PUBLIC INTEREST VERSUS SELF INTEREST**

The conduct of public leaders should not deviate from acceptable ethical standards underpinning the purpose of public institutions. This means that the provision of public services should contribute toward the common good of society at large. In view of the ethically complex public administration environment, public leaders need unquestionable integrity to maintain ethical standards under all circumstances. Codes of conduct and regulations guiding ethical standards should always remain the focal point of reference.

Caiden (1982:16) mentions two of Plato's principles which ought to guide public leadership, which include a clear focus on the common good of the people that will ensure actions conform to public interest and a commitment toward caring for the welfare of the public and not serving the interests of a certain individual so as to betray the rest. It can be argued that the neglect of public interest is a characteristic cause of unethical conduct. Gildenhuis (1991:44) views maladministration as "a wrong action" which transgresses the ethical conduct of "respect for other persons". Respect for other persons constitutes an observance of public interest in caring, dignity, welfare and general well being of citizens. Neglect of public interest negatively impacts on the maintenance of high standards of honesty, integrity and impartiality in performing public duties and maintaining public support and respect for government. Public interest, an integral element of ethics management, plays a significant part in shaping the institutional ethos for quality public service delivery. It is the duty of public leaders to ensure that there are no impediments to

achieving common good. This necessitates setting aside self interest, so that all actions contribute to the common good. Public interest entails an altruistic desire to serve the public, without sacrificing the welfare of the wider community. It can be argued that public interest, as a necessity for accountability, provides a sense of common direction and an ethical framework for public leaders to be credible (Malan and Smit, 2001:82). The basis for credibility and trust is the conduct of leaders. Public leaders need to walk their ethical talk by living and not only promoting the institutions value system, personally demonstrating loyalty and commitment to the institution and demonstrating what it means to behave congruently and consistently (Malan and Smit, 2001:177). Walking the ethical talk demonstrates a commitment to public interest because it sets the boundaries and defines the direction of what has to be done, how it should be done and where one stands on the ethical platform.

According to Malan and Smit (2001: 61), leaders who adopt an egoistic position perpetuate an institutional culture of poor governance and performance. Often a culture of unethical conduct reigns, to the detriment of a competent public service (Dorasamy, 2010:5). Self interest often results in poor prioritisation of public needs, unacceptable standards of service delivery and failure to achieve the common goals underlying the purpose of public institutions. Public institutions, therefore, merely provide the platform for unethical public leaders to realise their self interests. It can therefore be argued that any activity directed toward the delivery of public services starts with actions underpinned by ethical public administration. Failure to sustain an ethical public service negates public accountability and good governance which are integral for sound public administration within the democratic structures of public institutions in South Africa.

## **CHALLENGES FACING ETHICAL CONDUCT IN SOUTH AFRICA**

Unethical conduct is a universal issue and not limited to South Africa. It is harmful to government, as the public can lose confidence in the integrity of public administration. In its commitment toward greater openness, transparency and accountability, the South African government has taken a number of initiatives to promote good governance, which includes controlling unethical conduct. The ethical framework in South Africa includes the Public Service Act 1994 (Act 103 of 1994), Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004), Promotion of Access to Information Act, 2000 (Act 2 of 2000), Protected Disclosures Act, 2000 (Act 26 of 2000), Public Financial Management Act, 2003 (Act 56 of 2003) and Promotion of Administrative Justice Act, 2000 (Act 3 of 2000). Other initiatives by government include the National Anti-Corruption Forum, Directorate of

Special Operations: Public Prosecutions, Moral Regeneration Movement, Anti Corruption Capacity Requirements, Public Service Code of Conduct and National Anti Corruption Hotline.

The Public Service Commission, Independent Complaints Directorate, Auditor General, Public Protector and National Prosecuting Authority are institutions which address manifestations of unethical behaviour. Monitoring and enforcement measures are crucial mechanisms in an effective ethics programme. South Africa has a comprehensive ethical framework which provides a good basis on which to combat and prevent unethical conduct in the public sector. The transparency legislation is frequently considered to be among the best globally. However, according to the Department of Public Service and Administration (Republic of South Africa, 2003:6), there are major weaknesses and shortcomings in the capacity and will of public sector bodies to implement and to comply with the laws. The Country Corruption Assessment Report (Department of Public Administration, 2003: 6) cited overlapping mandates affecting law enforcement agencies and constitutionally created bodies, while legislation inadequately defined the mandates and failed to facilitate co-ordination in the fight against unethical conduct. A further challenge identified by the World Bank (2010:xii) is the manifestation of 'quiet corruption' in Africa, which predominantly focuses on education, health care, agriculture and the private sector. 'Quiet corruption', associated with deviations from expected conduct by frontline service providers which does not involve monetary exchange, retards success and progress in the identified sectors which are crucial for poverty eradication and the achievement of the Millennium Development Goals. It can be argued that unethical conduct by low level officials may well be justified in their minds by the misconduct of their superiors involved in unethical leadership. Therefore, by compromising the monitoring and enforcement of ethical conduct, unethical leadership can encourage low level officials to engage in opportunistic behaviour. The World Bank (2010:xvii) argues that one of the main reasons for Africa lagging behind is the poor service delivery which is a consequence of 'quiet corruption'.

Despite a wide range of laws and regulations underpinning the South African ethical management system, unethical practices continue to plague the public sector. Schulz-Herzenberg (2009:1-2) identified several reasons for unethical conduct continuing, which include:

- (a) The revolving door between government and business where public officials are recruited into the private sector with the same corporate interests who had business pending before they served in government.
- (b) Former public officials have greater access to lawmakers and can use their government connections to benefit themselves or their business interests after they resign from public office.

(c) The absence of 'cooling off period laws' which prevent abuses by restricting private appointments for a period of usually one year.

(d) Lack of political will to introduce tighter regulations overseeing the interconnectedness between the African National Congress (ANC) party in government and black economic empowerment businesses that tender for public contracts.

(e) The trend among politicians to adopt a narrow interpretation of what constitutes conflict of interest. While there is general consensus that bribes, kickbacks and extortion involves conflict of interest, those who hold positions of power are less accepting of nepotism, favouritism and misuse of public property as also constituting a conflict of interest.

(f) A lack of consensus about what constitutes minimum standards of ethical conduct for public officials contributes to a number of activities that are ethically dubious to remain legal and those in power will dismiss sensationalist reporting for being precisely that.

(g) Non-compliance by public officials because of ineffectual regulations and lax monitoring and oversight.

(h) Inadequate punitive measures to reprimand those who dismiss their duty to remain publicly accountable.

(i) Little comprehensive or proactive monitoring of elected officials disclosure forms.

(j) Oversight relies on the principle of public access to information and unless an official complaint is lodged, there is no justifiable reason to scrutinize a public official's interest.

(k) Large scale differences across public institutions in the ability of citizens to access disclosure records implies that mandating public disclosure by law is no guarantee that the public can access this information.

(l) Loopholes in regulations like a regulation which requires public disclosure of gifts above a certain value, but imposes no limits on the value of the accepted gifts.

The United Nations Development Programme (2001:87) further added that unless the following areas are addressed, unethical conduct in the African public sector will persist:

(a) The absence of a system for disclosing financial interest in current disciplinary codes – there is no verification system in place for members of parliament or political parties, yet there is a drive toward openness and transparency.

(b) The absence of an ethos of public service - the lack of a strategy on building and promoting a culture of appropriate public service needs to supplement the intentions of systems and structures.

(c) Lack of government recognition of professional associations mitigate against the full contribution of these associations in promoting ethical conduct among public officials.

(d) Procedures for acting against unethical conduct are

too complex – uncertainty in the legislative environment and a general lack of knowledge of regulations on disciplinary action, often leads to a failure to act.

(e) Inadequate education of the public on the functioning of institutions tasked with acting against unethical conduct – this often results in citizens not being empowered to speak out against abuse of public office and feel confident that they will be heard.

(f) Low levels of efficacy of existing institutions and agencies because of inadequate mechanisms to co-ordinate and integrate work relating to unethical conduct.

(g) Weak management policies and practices relating to procurement systems, employment arrangements, management of discipline, risk management, information management and financial management.

(h) Most government departments do not have policies and procedures in place to comply with whistle blowing – whistle blowing mechanisms do not provide effective protection of the identity of the whistle blower and follow-up of all bona fide disclosures.

It can be argued that the continued occurrence of unethical conduct in the public sector is an indication that the recommendations of the United Nations Development Programme (2001:87) have yet to come to fruition. Further, consideration also needs to be given to the notion that unethical leadership can imply an 'accumulating process', where the more unethical a system is, the more it produces a downward spiral of malpractice (World Bank 2010:5). South Africa cannot be excluded from this, a situation where public officials frequently align their strategies accordingly and contribute to the general acceptance of an unethical environment, thus making it a routine.

Mafunisa (2008:5-6) highlighted several factors contributing to unethical conduct in South Africa. The case of role models whereby unethical conduct in South Africa starts at the top of public service leadership. In the absence of public officials personifying public service values, subordinates have no role models to follow. Often collusion between political and administrative leadership leads to unethical conduct. Further, the lack of appropriate education and training in ethics - government is frequently criticized for not being responsive to public needs. Such inefficiency and ineffectiveness is largely attributed to a lack of training and education in ethical conduct which can sensitise public officials about the ethical dimension of their work.

With regard to the fragmentation of the public service - the racially, ethically and geographically fragmented administration of the apartheid government affected the development of a common public service ethos. Further, a go-slow attitude of performing duties has been inherited by the current public service culture. In addition, the lack of personal accountability through effective delegation because focus is more on accountability for adherence to rules and procedures and not for the promotion of



productivity, which negatively impacts on efficiency and effectiveness. Public officials are also not held accountable for requesting accountability from subordinates. With regard to the lack of proper application of a merit system for new appointees - during the apartheid era, status was stratified along racial lines. For some public officials, poor performance and not being fearful of being demoted or expelled has become a way of working life. With respect to high levels of illiteracy, especially poor education in rural areas which has denied people the opportunity to question the government on aspects of public administration. Finally, complex legislation such as regulations and technical points may be difficult to understand, thus causing their application to run contrary to their aim and can lead to inconsistencies (Mafunisa, 2008: 5-6).

It can be contended that unethical conduct is a multi-dimensional problem. While policy is important for regulating ethics, its ineffectiveness in driving accountability and transparency and providing effective and efficient services to society can result in maladministration. This can erode public confidence in government.

The impact of the global crisis has brought serious hardship in society- unemployment; plummeting commodity prices, the credit crunch and weak export demand have affected various sectors of government. This invariably heightens unethical practices already in existence. Government in the face of already existing unethical practices, can no longer continue with weak control mechanisms for accountability, responsibility and good governance. Unless government responds with effective measures, the legitimacy of government enhanced governmental responsiveness and improved policy implementation will fall by the wayside. Further, the lack of adequate resources for institutions to manage unethical conduct remains a major problem in South Africa (United Nations Development Programme, 2001:2).

In view of new challenges facing government as a result of the global crisis, public leaders are expected to show increased levels of commitment to public sector ethics. It can be suggested that some of the principles guiding leadership in this regard should include public interest rather than self interest which should be the driving force in serving society. This requires a clear understanding of one's personal ethics so that it can be understood in relation to ethics in the public service. Further, public leaders not only require knowledge, but also the competence to deal with challenges and complexities that continuously necessitate redefining what constitutes public interest. In addition, a code of ethic should complement the public service code of conduct in an endeavour to reinforce public interest aims such as commitment to the values of democracy, equity, responsiveness and excellence in public service delivery. Finally, there should be congruence between the public leader's personal ethics, professional code and the public

service ethical code in pursuing public interest (Klapper, 1999:153). These principles clearly emphasise that ethical leadership is the cornerstone for the provision of essential services to citizens who are not only dependent on government, but are also the subjects of government. This necessitates the creation of a public sector environment that favours impartiality, responsibility, accountability and integrity. In the absence of this, wastage of public resources, distortion of programme achievements and inefficiency may result in public service instability. This ultimately affects political, social and economic development in the face of the global crisis.

The United Nations Development programme (2001:2) recommended that ethics in the public service can be improved in the various ways. The various ways are briefly discussed. The public service environment - uphold professionalism, enforce civil service regulations, improve remuneration, provide better resources, improve transparency and record keeping. With respect to guidance and management of conduct in the public service - strengthen ethics regulation, implement codes of conduct, training in administrative procedures and ethical norms, public disclosure of conflict of interest, demonstrate political support and conduct research. In terms of controlling of conduct in the public service - improve complaints procedures, encourage and protect whistle - blowing, giving more independence to investigating agencies, improve law enforcement, give judicial independence. Finally, with regard to non-governmental actors - adopt service standards for citizens, organise a national ethics strategy, promote civic education, support freedom of press.

## CONCLUSION

The quality of public service delivery largely depends on altruistic leadership, based on concern for the broader welfare of the public. When the actions of public leaders are driven by public interest, then an ethical culture influences sound public administration. It is widely accepted that improving public service delivery is a widespread public demand and central to the Millennium Development Goals. Improving ethical leadership is integral to achieving these goals. While South Africa has a comprehensive ethical framework to prevent and combat unethical conduct in the public service, multi-dimensional challenges continue to provide opportunities for unethical conduct. It is commonly believed that legislation and regulations are not sufficient to sustain an ethos of ethics. Commitment arising from one's own personal value system is pivotal for ethical public leadership.

Despite laws and regulations guiding ethical leadership in South Africa, challenges still remain and the global crisis further adds to already existing challenges that are

complex and not easy to address. Success will require the establishment of strategies for addressing the weaknesses in existing governance capacity and accountability in the delivery of public services, strengthening enforcement and administrative control and successfully implementing ethical reforms. This becomes an imperative, since the global crisis is an added challenge in respect of unethical leadership. Since the South African experience has shared some areas of commonality with the rest of Africa, strategies to address the challenges should be given consideration by other African states in an endeavour to improve ethical leadership in Africa.

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