



**Address by Public Protector Adv Thuli Madonsela during the
Tomorrow's Leaders Convention in Sandton, Johannesburg**

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***Programme Director Ms Siki Mgabadel;,
Mr Charles Brewer, MD, DHL Express Sub Saharan Africa;
Mr Michael Allschwang, Managing Executive, Vodacom SA;
Dr Martin Zimmermann, CEO, Mercedes-Benz SA;
Mr Saki Macozoma, Chairman, Stanlib;
Mr Simone Zanetti, CEO, Allos Consulting;
Mr John Tedstrom, President and CEO, GBCHealth;
Mr Thebe Ikalafeng, Founder, Brand Leadership Group & Brand Leadership Academy;
Members of the media;
Distinguished guests;
Ladies and gentlemen***

I am sincerely honoured and deeply grateful to the organisers of this Convention for the opportunity to participate in this the 5th Annual Tomorrow's Leaders Convention.

I am informed that the Tomorrow's Leaders Convention targets South Africa's future leaders of corporate South Africa. I must indicate though that I hold the view that you already are today's leaders. The programme and other executive leadership development programmes you may be involved in are simply preparing you for a higher level of leadership.

If you were not a leader already, you wouldn't be here. My view applies without exception, including to those of you that are recent graduates included in the programme for the purposes of mentorship and grooming.

If we agree that leadership involves the power to influence people in pursuit of a specific vision or to achieve a desired outcome, then we are all called upon to lead at some level throughout our lives. Those that do step up to the challenge without any leadership title are true leaders while those that depend on titles to lead are mere title holders.

Even where there is no one else to lead except yourself, leading yourself requires leadership. In fact the most difficult person you will ever lead is yourself. In other words you lead first then someone gives you a title to lead. Furthermore, leadership is exercised at various levels.

There's general consensus in leadership literature regarding the fact that a person who overly relies on their position to influence organisational or people behaviour is a position holder and not a leader.

Moeletsi Mbeki has a more demanding definition of leadership. In *Advocates for Change: How to overcome Africa's changes*, Mbeki says:

"A leader is someone who identifies political and /or economic opportunities that can lead to a solution of overwhelming social problems or challenges facing his or her community and successfully persuades others to work with him or her to implement those solutions."

While this definition may have some limitations when applied to situations such as religious or spiritual leadership and leadership that transcends a person's lifetime, it does provide an excellent perspective on leadership demands in the political sphere.

This approach to leadership is particularly responsive to the challenges we face today as corporations, as a country and as a continent. It is also responsive to the global challenges we face, particularly in regard to world economics and global peace.

The choice of theme or focus of the Convention's deliberations could not have been better timed. Never before has the issue of sustainable leadership been at the centre of business dialogues, political debates and academic discourse.

At the outset, I must indicate that I firmly believe that of all the factors that underpin sustainable leadership, ethical leadership is paramount. Historically though, it has often been said that in the cut-throat corporate world, ethical leadership is an oxymoron. It has often been asked: Are ethical leadership and profit making reconcilable? Recent global events though have proven otherwise.

We meet at a time when the world is battling to recover from the ripple effects of unethical corporate leadership practices that led to a near collapse of the financial services sector. But that is not all. Corporate scandals have become a regular feature on the front pages of the news papers and electronic news. While the corporate world was successfully rebuilding public and investor confidence following the United States of America (USA) financial services sector revelations on non-sustainable and indeed unethical business shot cuts, shocking details of telephone hacking to feed scandal pages of a United Kingdom (UK) newspaper suddenly hit the world.

Closer home, we have scandal after scandal involving alleged and proven corrupt and other irregular tender practices in the public sector. For years we have tried to make sense of the transnational arms deal. The social or RDP housing sector and the state property system are constantly battling challenges of conflict of interest, overpricing and downright corruption. Who hasn't heard about half built settlements that have been paid in full by government or homes built without toilets? Cases of shoddily built houses that require billions to fix abound and there are even cases where none were built yet payment was made.

In the private sector we are just recovering from the shock of shameful overpricing of bread, a commodity mainly consumed by the poor. In the last few weeks we have been trying to make sense of allegations of systemic unethical conduct in the auction industry.

In our quest for sustainable leadership, why should we be concerned about ethical leadership?

Perhaps we should start with a common understanding of ethical leadership. According to Sue Williams, PHD, a professor at Oklahoma University, ethical leadership has three dimensions, namely ethics, skills and knowledge.

The Centre for Ethical Leadership defines it as ***“knowing your core values and having the courage to live them in all parts of your life in service of the common good.”***

Ethical leadership is principled and value driven. In ethical leadership the ends do not justify the means. The ethical business leader endeavours to do right things the right way.

Business leadership that is devoid of ethics on the other hand focuses on influencing people and/or processes to achieve desired business outcomes regardless of who is hurt in the process or what rules or laws are broken. But can this be sustainable?

Think of a business leader who decides to pay or offer a bribe in order to get a lucrative business deal. This may indeed lead to instant success. But is the success sustainable. One of the real possibilities is that of being prosecuted. The leader and the entire company could end up in the clutches of the Asset Forfeiture Unit (AFT), which could lead to enormous asset losses affecting even resources acquired before the ill advised business shortcut.

Unethical business practices are not always as crystal clear as corrupt deals. Some of the ethical issues are hidden. Environmental degradation is one difficult area. Consumer abuses such as overpricing, including collusion or cartel behaviour provide another example. As Public Protector I'm also often confronted by shareholders in the private sector with complaints regarding directors that have manipulated company policies to pursue self interest and enrich themselves beyond measure leaving share holders impoverished. Again we should ask the question, can such a person's corporate leadership be sustainable?

In my view ethical leadership is not only good for creating an inclusive world as envisaged in human rights instruments such as the Universal Declaration on Human Rights and our very own Constitution, ethical leadership is the lifeblood of sustainable leadership. This is true at the level of sustainable personal leadership as well as at the level of sustainable business growth.

Many will say ethics have not always been the cornerstone of business growth and the profit making world. They may even legitimately argue that capitalism was built on the backs of slaves, ruthless colonialism and later cheap labour.

That era is over though. Contemporary studies show that ethical leadership is essential for sustainable corporate leadership.

Recent Studies conducted in the USA and the UK have shown without doubt a positive link between sustained business growth and ethical leadership represented in commitment and adherence to a business code of ethics.

My considered view is that ethical leadership or integrity centred leadership lies at the core of sustainable leadership. In the sector where I am located as the Public Protector, a sector commonly referred to as the integrity sector, examples abound of unethical leadership shortcuts that in the long-term lead to short-lived careers and/or businesses.

The most common ethical leadership challenges that I come across daily as Public Protector relate to abuse of power. It is common for people intoxicated with power to make decisions that

cause injustice to fellow human beings just because they can. In ethics studies we know that even if something is lawful, if it's not right, just or fair then it is improper. That is the approach my office takes in its approach to the Public Protector's principal mandate of maladministration.

My office's role is generally to ensure justice for victims of maladministration while helping the state to transform itself in pursuit of good governance. At the core of good governance is ethical leadership. Many instances of maladministration in the management of state affairs are rooted in unethical leadership or conduct by persons entrusted with public power at various levels within the state.

It is important to appreciate that without ethical leadership in broader society we cannot expect ethical leadership in government or ethical governance. In fact many of the social maladies in government are rooted in broader society. An obvious example in this regard is corruption.

Corruption is a bilateral crime that involves the abuse of entrusted power for personal gain. We all know that corruption within the state frequently involves organised crime by actors within the state and civil society, including corporate leadership. In this regard I am not referring petty corruption such as the bribery of traffic officers. Most of the other corrupt acts usually involve a network of enablers and recipients of illicit benefits or gratification.

Fortunately, the majority of people in the public sector and corporate South Africa exercise entrusted power with care, despite Lord **Aton's** famous pronouncement that "*Power tends to corrupt and absolute power tends to corrupt absolutely*". Many of these people regularly make value based decisions that belong to the sphere of ethical decision-making or ethical governance.

I recently received an amazing response from a Cabinet Minister, Minister Baloyi. In his response to my report on maladministration at *Dipaleseng* Municipality, in Mpumalanga, Minister Baloyi and the MEC's and Mayors he led, accepted my findings wholly as a programme of action for change to fulfil government's promise of a better life to the people of *Dipaleseng*. Included in his response was an encouraging definition of maladministration from plucked from Wikipedia and which views maladministration as wrongful administrative actions of the state that cause injustice to the people.

Programme Director

This takes me to my office's particular interest in today's deliberations and outcomes thereof.

As you may know the Public Protector is a constitutional office established in terms of section 181-2 of the Constitution with a **mandate to strengthen constitutional democracy through investigating any allegation or suspicion of improper or prejudicial conduct in all state affairs or the public administration; to report on that conduct; and to take appropriate remedial action.**

Simply put, my office has the power and responsibility to give people a voice to hold those entrusted with public power and resources accountable. My office has to ultimately ensure that public power is exercised and public resources are used within the confines of the law and policies and in the public interest. At the core of the mandate of supporting and strengthening constitutional democracy is the responsibility to reconcile the the people and the state where maladministration, particularly systemic service failure has undermined the relationship.

The Constitution states that the Public Protector has additional powers as provided for in legislation. Sixteen (16) pieces of legislation currently elaborate the powers of my office. The most significant of these translate the statutory mandate into five key mandate areas namely:

- A maladministration mandate under the Public Protector Act (PPA);
- An executive ethics enforcement mandate under the Executive Members Ethics Act (EMEA);
- A whistle-blower protection mandate under the Protected Disclosure Act (PDA);
- An anticorruption mandate under the Prevention and Combating of Corrupt Activities Act (PCCAA);
- An Information regulation mandate under the Promotion of Access to Information Act (PAIA); and
- The mandate of a review body over decisions of the Home Builders Registration Council under the Housing Measures Protection Act 95 of 1998.

The last is generally a hidden mandate of my office that very few know about. It is worth noting that this mandate is not an investigation mandate but a review mandate. Another hidden mandate relates to the power recognised by the National Environment Management Act (NEMA) to investigate environmental justice violations, including nuclear related violations.

The vastness of the mandate is one of the reasons why I have requested Parliament to review the Protection of State Information Bill. I have indicated that if passed in the present form the Bill will shrink the public accountability space my office currently occupies. Incidentally, other oversight agencies are likely to be negatively affected too. This emerged at a dialogue my office hosted for Constitutional Institutions in February this year.

Going back to the issue of ethical and sustainable leadership, one of the areas of interest for my office is to engage you as future captains of industry to play your part not only in ensuring ethical leadership in the corporate sector but also in promoting good governance in state affairs.

As business leaders you hold enormous power that can be used as a force for good in rehabilitating the public sector to ensure ethical governance and responsiveness to people's needs. You invariably serve as role models whose influence permeates society as a whole including the public sector. More importantly, as individuals and business leaders interfacing with organs of state you can be a force for good. You can say no to corrupt deals, no to overpricing and no to shoddy service delivery that not only exacerbates public anger against government for non-delivery of much needed services but also depletes public resources needed for the service delivery.

I'm encouraged by the fact that corporate South is increasingly taking decisive steps to play a positive role in promoting ethical business practices within its ranks and clean governance in the public sector. One of the commendable measures of corporate South Africa is the Code of Ethics developed under the auspices of the National Anticorruption Forum. Corporate South Africa has embraced the Code of Conduct, which discourages unethical business practices, including corruption. I and many South Africans as well as global investors look forward to the fruits of this noble and gallant gesture.

As individual business persons it is also important that we align our actions with our pronouncements regarding clean governance. You can't be decrying maladministration in the state when you yourselves are party to corrupt deals that siphon billions of Rand away from service delivery through organised crime in state contracts while discouraging true entrepreneurship.

Sustainable is a challenge for all of us. At an institutional level, my office believes that if as a team we consistently act in accordance with the core principles of accountability, integrity and responsiveness, we can position ourselves to deliver optimally and in a sustained manner on our mandate of strengthening democracy through fostering public accountability. We also believe in constantly learning and growing together as we see optimal performance as a journey rather than a destination. For us, leadership is everyone's business.

At a personal level, one of the leadership lessons I have learnt is that the most difficult leadership challenge you will ever face is that of leading yourself. Unfortunately, sustainable leadership demands that you succeed in leading yourself because only then can you have the authenticity, integrity and consistency required for ethical leadership. These are keys to enduring leadership as opposed to instant but fading leadership.

Looking around this room filled with a crop of South Africa's brightest of a highly informed generation, I'm deeply comforted by the knowledge that our country rests on your capable and responsible shoulders.

As future leaders of private and public bodies, the spotlight is on you to stand up and be counted as ethical leaders.

The fact that you are here signals that you are equal to the task and responsibility of negotiating a sustainably prosperous, inclusive and stable South Africa and world.

Thank you

Adv TN Madonsela

Public Protector of the Republic of South Africa