

Crossing the ethical leadership border: A conceptual analysis of the effects of unethical national political leadership on business behavior

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Abstract

Border crossing in business behavior takes many forms, temporal, spatial, geographical, sociological and psychological.

While physical border –crossing can have pervasive effects on business behavior, those of leadership ‘border-crossing’ from ethical to unethical leadership behavior by prominent national leaders can have significant ‘trickle- down’ down effects on business leadership in industry.

The fall of the apartheid state ushered in a new and rigorous code of business ethics backed by legislation aimed to expunge the immoral, racist job reservationist and discriminatory practices of the apartheid government which propelled business ethics in South Africa onto the central stage of world-wide business moral approbation. However, lack of governance and on-going corrupt practices of the government of South Africa, has turned moral rectitude into moral disapprobation. This chapter seeks to contribute to the literature of Business ethics by using selected cases that illustrate the erosion of South African business ethics over time to demonstrate that a moral high ground built through exemplary leadership and rules and legislations are not guaranteed with changing circumstances he paper aims to show from the South African experience how business ethics can be a two–edged sword which, when correctly used, can promote moral business practices but also, when used cynically or corruptly can diminish it or destroy it altogether.

1. Introduction

The fall of the apartheid state ushered in a new and rigorous code of business ethics backed by legislation aimed to expunge the immoral, racist job reservationist and discriminatory practices of the apartheid government which propelled business ethics in South Africa onto the central

stage of world-wide business moral approbation. However, lack of governance and on-going corrupt practices of the government of South Africa, which today has been in power for over quarter of a century, has turned moral rectitude into moral disapprobation. This chapter seeks to contribute to the literature of business ethics by using examples of the erosion of South African business ethics over time to illustrate the fact that a moral high ground built through exemplary moral leadership and legislation are not sufficient in themselves to ensure a lasting moral climate in industry. The study does not provide a novel contribution for the for the “trickle-down” of political and business leadership influence as such but the conceptual synthesis of this concept with the Kantian ethical theory of moral purism explanation of SA business ethics is as far as I am aware, novel and gives a basis for explanation of the SA corporate situation and its business governance today.

The gap in the literature the study aims to fill is the conceptual synthesis of political and business trickle downs as viewed specifically from the ethical theory of moral purism/worthiness. Effect Business governance relies as much or more on the values that creates the organizational ethos that drive rules and procedures of governance. The study aims to show that the moral worthiness of political and business leaders has a profound effect on the moral climate that pervades political or business organizations (be it good or bad) and the application of effective governance.

The study is eclectic and does not provide comparative evidence from other countries to test the “moral trickle down” hypothesis on a wider empirical scale. The study also solely focuses on Kantian ethics because his theory of moral purism offers a bedrock theory of moral behavior is based on what might be called ‘Moral collectivism’. Moral collectivism can be derived from collectivized moral purism in business or politics from a leader (or leaders) that act out of more than self-interest In other words, since the moral outcomes of actions can never be known with absolute certainty *ex ante*, business leaders should act from the standpoint of a form of moral purism derived from the categorical imperative which is itself built from the experience of human interaction based on imperatives that are consistent with acts and behavior that we would wish others to mete out to us if faced with the same circumstances. In other words, it might be said, in accordance with our collective self-interest.

Exemplary rules and regulations built with ‘purist moral’ intent can become corrupted if used cynically in forms of unfair organizational discrimination. In South Africa the Mandela era coincided with a fundamental moral regeneration after the Apartheid government. One characterized by statesmanship and moral worthiness that diffused into all aspects of South African society. However, after the death of Mandela came calamitous Zuma presidency that lasted the best part of a decade and resulted in the rise of moral cynicism and corrupt practices in politics and business. In time, this moral degeneration diffused to all corners of South African society. The chapter aims to show from the South African experience how business ethics can be a two-edged sword which, when correctly used, can promote moral business practices but also, when used cynically or corruptly, can diminish them or destroy them altogether. The chapter aims to make a contribution to business ethics literature by analyzing historical secondary data from South Africa’s unusual circumstances to build a model based on Kant’s moral purism versus cynicism to explain the rise and recent fall of business ethics in South African industry as a trickle-down diffusion from politics to commerce. The study’s focuses on the *practices and processes* of how a company is *managed*, rather than as a system of rules controlling specific aspects of business behavior that aim to ensure accountability and transparency in its operations.

The chapter takes the following form. The first section, the literature review, plots out the historical evidence that forms the methodological secondary data analytical approach used in the study. This section is followed by a brief discussion of the methodology This is followed by a description of the findings of the selected case studies. The Discussion comprises the systematic building of a heuristic model combining an analysis of extant historical data with the Kantian theory of moral worthiness versus cynicism as it pertains to the initial rise and recent fall of business ethics in South Africa. This is followed by the conclusion.

2. Literature review

The literature review is divided into several sections beginning with a brief description of the Apartheid era and apartheid racial policy. This followed by a brief discussion of the diffusion of Apartheid policy into South African labor law and business ethics and the final section a brief outline of the Mandela era’s effect on politics and business moral worthiness.

2.1 The Apartheid era

The predominantly Afrikaner Nationalist party came to power in 1948 and was led by D.F. Malan, but it is probably H.F. Verwoerd, who rose to cabinet level in the Nationalist government in 1950, to whom the origins of the apartheid state can be attributed. Verwoerd became Minister of Native Affairs in 1950, and it was in that role that he was responsible for the forced migration of around 80,000 Africans from Sophiatown, Martindale and Newclare to the newly established "Soweto" in southwestern Johannesburg. Verwoerd, by virtue of his cabinet position, was also in charge of African education which he believed should be designed to meet the needs and abilities of the African people, as his racist outlook perceived them. This meant that education should be limited to that appropriate for "hewers of wood and drawers of water" which consigned Black Africans in perpetuity to basic levels of literacy and numeracy. The education policy that emerged from a racist worldview and ideology, ensured that higher-level jobs and employment would be closed to Black Africans forever, and become the exclusive preserve of Afrikaner and other White South Africans. In this way, the ideology borne of racism became fully fledged Nationalist government policy when he became Prime Minister on the death of J.D. Strijdom in 1958.

The concept of "apartheid" became formal Nationalist policy from that point on and embedded the policy of negative discrimination towards Black Africans in all aspects of political, economic, and social life of South Africa (i.e., South Africa outside the Black homelands initiated by apartheid policy).

2.1.2 The diffusion of Apartheid politics into Business ethics

The Southern African business ethical culture has been shaped by several different forces in its history including the British, German, French, and Portuguese colonial cultures of exploitation and expropriation, and the most recent culture of racial exclusion and discrimination imposed by the National government in its Apartheid state. The political ideology of racial exclusivity and discrimination rapidly infused the prevailing business culture.

At the time of the Nationalist government, the response of South African business to the Apartheid racist rules and regulations was largely one of acquiescence. Although pockets of resistance at South African English-speaking Universities and even some government-sponsored institutions, notably The National

Institute of Personnel research did exist, employment selection meted out to Black, Colored, Indian and White South Africans wholly depended on racial classification. This method of racial classification ensured that the best education and employment opportunities and company positions became the exclusive preserve of Whites, with Blacks, Indians and Colored South Africans, restricted to the dregs left in the employment barrel. Up to 1951 job reservation for Whites-only were only legal in the mines where skilled employment was reserved for Whites under the Mines and Works Act of 1911. In 1951 the Native Building Workers' Act also made it illegal for Black Africans to perform skilled building work in designated "White" areas; and in 1956 government was given special powers to extend racial job reservation to any industry, trade, or occupation. Under this legislation, the Personnel Management function, which had responsibility for recruitment and selection of employees in most companies was forced to adhere to the prevailing laws and had little power to recruit and select employees fairly and without discrimination. Personnel Management during the Apartheid era focused largely on the roles of personnel administration including recruitment and selection and industrial relations. Also, at that time (1950-70) the ideological justification of job reservation and other forms of unfairness and discrimination meted out to people of color entered a new phase, a phase which sought to embed its racist ideology with scientific rationale based largely on psychological testing. The idea that Blacks were of "lower mentality" was propagated by the apartheid state and institutions such as the Council for Scientific and Industrial Research (CSIR).

2.2 The Mandela era: A glimmer of political and business moral 'paradise':

A complete revolution in political integrity and ethical business spirit occurred with the rise to power of Nelson Mandela and the ANC. After twenty-seven years in prison on Robben Island Mandela embodied a spirit of reconciliation and determination that is aptly described by Milton in *Paradise Lost* as the hard road that leads up to light after the hell of the Apartheid government and the suffering, he himself endured in his long incarceration on Robben Island. Soon after being freed, it became evident to the people of South Africa through his inclusive style of leadership that he could change South Africa from an international pariah state to an international paradise of political and business reconciliation and good governance. As Rossouw (2017, p.1) puts it: "Since 1994 business ethics has enjoyed considerable corporate attention. One of the main reasons for the prominence of business ethics is the King Reports on Corporate Governance for South Africa that emphasized the importance of an ethical business culture as an essential element of good corporate governance".

Mandela after four years of inspirational leadership that guided South Africa through a revolutionary transition in the moral status of government he became the first black president of the country. Unfortunately, his age precluded the possibility of him carrying through all the dramatic political and economic reforms as he served only one term as head of state. He retired from public life in 2004 and died on December 5, 2013. In the short time he was head of state he was, nevertheless, able to turn South Africa's international status from one of being a pariah to a potential paradise of good governance and a well-managed economy, second to none in Africa. A shining example for a continent mired in conflict and poverty. South Africa has held six relatively peaceful democratic elections since the fall of the Nationalist government which have all been won by the African National Congress, Mandela's party and the party considered responsible for bringing down the Apartheid government. "The political change the country has witnessed ... is unprecedented. It cannot be underestimated. Political space has opened up and gone are the days when people were arrested for expressing their political views." (McKinley, in Mohamed, 2020, p.1). Also South Africa had one of the freest presses in the world ranked 31st out of 180 countries in 2019. However, since then the South African press is ranked 51st **indicative of its fall from grace since the Mandela era** (Reporters without Borders, 2019). South Africa is Africa's most industrialized country with GDP rising from \$139.8bn in 1994 to \$364.9bn in 2018 and \$405.27bn in 2022 (World Bank data, 2022). According to the World Bank (2022) South Africa's GDP rose from \$ 153.51bn in 1994 to \$255.81bn in 2004 a growth in GDP of around 68% during the Mandela era. On average the economy grew by 3 percent every year during the Mandela era whereas today South Africa's growth rate is projected to be around 0.08% and 1.20 % in 2026, (Tradingeconomics, 2024). The democratic government led by Mandela also opened the opportunity to borrow funds for infrastructural projects that were not available to the country during the sanctions period of Apartheid government and this injection of foreign investment led to a surge in economic growth and employment.

The World Bank also indicates that South Africa made progress in reducing poverty which was the Mandela era largely through the reversal of Apartheid labour laws. In 1996 33.8% of South Africans were poor whereas by 2015 only 18.8 percent of South Africans were impoverished.

However, according to the IMF (2022), "South Africa suffers among the highest levels of inequality in the world when measured by the commonly used Gini index. Inequality manifests

itself through a skewed income distribution unequal access to opportunities and regional disparities. Low growth and rising unemployment have contributed to the persistence of inequality”. Today poverty is increasing with the number of people living on less than \$1.90 a day increasing from 16.8 percent to 18.8 percent between 2011 and 2015.

In the business sector also, there is little doubt that that Mandela’s ascent to power coincided with a new moral emphasis which aimed to change and overturn the Apartheid business norm of discrimination and racist exclusion best exemplified in the revolution in labor law South Africa experienced at the time.

Before going on to discuss the findings of the specific case studies used in the study to illustrate the rise and fall of business ethics in South Africa, it is necessary to give a brief outline of the methodological approach used in the analysis. This is the objective of the following section.

3. Methodology

The methodology used in this study combines eclectic secondary data analysis with case study analysis. Secondary data analysis can be regarded as conceptually close to analytical eclecticism (Sil and Katzenstein, 2010), since analytical eclecticism uses secondary data sources to gather evidence that helps to corroborate the ‘trustworthiness’ of specific hypotheses or conjectures. However, analytical eclecticism does not aim to test conjectures in the formal sense of the method of ‘falsification’ (Popper, 2002) which is only possible through the use of primary data ideally tested in an experimental design with test and control groups. It can be argued that secondary data analysis is also always eclectic in that it focuses on specific aspects of data taken from a wide tableau of which only a small portion has immediate and direct relevance to the data needed to build a tentative model. Eclectic secondary data analysis uses qualitative and interpretative techniques to obtain support for the trustworthiness of particular models and heuristics. As (Sil and Katzenstien, 2010) put it: “While research traditions generate quite varied research products-ranging from formal models and causal inferences to historical narratives and ethnographies-we follow Abbott (2004) in viewing all these as covering causal stories based on particular ‘explanatory programs’ ”.

Sil and Katzenstein (2010) maintain that the primary advantage of using secondary data analytical eclecticism is that “...the investigation of differently formulated analytical problems within

contending research traditions frequently covers insights for the purpose of solving substantive problems. The challenge is to compare and selectively integrate these insights so that they can be more practically useful in relation to substantive problems. Given their expanded scope, the kinds of problems addressed by eclectic scholars are more likely to have concrete implications for the messy substantive problems facing policymakers and ordinary social and political actors.”

On the other hand, the study relies entirely on secondary data, which cannot effectively be tested and falsified which makes it scientifically tenuous (Popper 2014). Also, eclecticism has the clear potential for bias in interpretation. This can occur by its tendency to confirm a hypothesis from the selection of unrepresentative cases or through what is known statistically as the ‘median bias’ or taking the mid-point being representative rather than the average and thereby generating potential type 1 or type 2 errors (which are respectively accepting an hypothesis that is in fact false or rejecting an hypothesis that is in fact true).

A case study is defined by Gustaffson, 2017) as an intensive study about a person, a group of people or a unit, which is used to generalize over several units. The case study analysis used in the current study to describe how politics, governance and business ethics which had been boosted in the Mandela era have declined recently in the South African context, The case studies selected offer in-depth qualitative examples of how Mandela created a political and industrial climate of good governance for the short time he was head of state which has since seen the ANC government on a road to political and industrial moral perdition. The comparative multiple case study approach used in the study, “allows for a more in-depth understanding of the cases as a unit, through comparison of similarities and differences A case study can be defined as an intensive study about a person, a group of people or a unit, which is used to generalize over several units (Gustaffson, 2027). The case studies selected offer in-depth qualitative examples of the glimmer of political and industrial of moral rectitude during the Mandela era which has since declined into a swamp of cynicism and moral decay in government and business. The comparative multiple case study approach used

“Allows for a more in-depth understanding of the cases as a unit, through comparison of similarities and differences within the quintain. Evidence arising from multiple case studies is often stronger and more reliable than from single-case research.” (Heale and Twycross, 2017, p. 2).

4. Findings

The findings deal with the moral worthiness of the Mandela era focusing on the new dispensation in labor law and business ethics that he engendered in South Africa and the moral cynicism and decline in business ethics that has occurred in South Africa since Zuma's presidency. In the first instance no more evident was the new moral surge in business ethics demonstrated than in South African labor law. In the current study an outline of these changes in labor law and how they affected the ethics of doing business is presented as SA case study of the rise of business ethics and the diffusion of moral purism (moral worthiness) in business behavior. The decline in business ethics and the rise in moral cynicism that characterizes the ANC today are illustrated in the case of the decline and fall of Eskom, South Africa's electricity generating public utility. Both these cases are discussed in more detail in the following two sections.

4.1. The diffusion of/ 'moral worthiness' into South African business ethics: A case study of the revolution in South African Employment Law

“Long is the way and hard, that out of Hell leads up to light.” (Milton, 2003)

Moral diffusion can occur upwards to light or downwards to darkness. The essence of the concept of moral diffusion is clearly described by Dubbink and van Liedekerke (2020) as: “A core condition—in Kant's view—is that people *experience the reality of morality* (1788, emphasis added). If morality is nowhere to be seen, it becomes harder and harder for people to stay on the moral track themselves. The sacrifices that morality (sometimes) demand then will become unbearable. That is to say: Kant thinks that normal human beings (like we all are), need moral exemplars (e.g., Nelson Mandela) who demonstrate to them that morality is truly part of reality. So, in order to motivate ourselves, we need examples that we can think of as manifestations of the reality of morality ('if Mandela can do this big thing, I can do this small thing too!') A related consideration has to do with the acknowledgement by others that we are (trying to remain) on the right track. In Kant's view human beings are social creatures. They need the acknowledgement of others”. At the time of Mandela's ascent to power the state of business ethics is nowhere better described than by Sherwood (1960, p.221) who writes in her banned PhD thesis:

“Where a society such as South Africa relegates subordinate status to a group of its citizens, and where discriminatory legislation affects their political, economic, and social lives,

this study has shown that such subordinate groups cannot use their full potentialities constructively or creatively, and that their desire to contribute in full measure to the economic processes of that society will be undermined and weakened. To structure a role for a group of people so that their subordination is more important than their efficiency or their feelings of job satisfaction is to sacrifice not only their productive labor but also to undermine their morale and to build up hostilities within the group so that work behavior comes to be an arena for the working through of their frustrations and resentments”.

Mandela offered South Africa a ‘moral exemplar’ that filtered through all aspects of South African society, politics, industry and governance, but perhaps the biggest initial change in reaction to the Apartheid laws of racial discrimination and exclusion was in the change brought about in business ethics and labor law. A whole new edifice of law was constructed to turn the tables on racial discrimination that had been written into the laws of the Apartheid state. This ended in the early 1990s with the abolition of the apartheid laws. The new laws promoted affirmative action and even reverse discrimination. White workers were encouraged to take early retirement and, in many cases, retrenched to create vacancies for people of color to take up positions in industry that they had previously been excluded from. Three laws relate to industrial employment. These are the Employment Equity Act (1998), the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) and the Health Professions Act (1974). Central to the new dispensation governing business ethics that the Mandela era brought about was the Employment Equity Act which states (1998, Chapter 2 section 6): “No person may unfairly discriminate, directly or indirectly, against an employee, in any employment policy or practice, on one or more grounds, including race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, color, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language, birth or on any other arbitrary ground; It is not unfair discrimination to -take affirmative action measures consistent with the purpose of this Act; or distinguish, exclude or prefer any person on the basis of an inherent requirement of a job.” Also, the Promotions of Equality and Prevention of Unfair Discrimination Act (PEPUDA, 2000) aims to prohibit unfair discrimination and promote equality at work. Affirmative action is seen by the changed ethos brought into being during the Mandela era as the most important legal vehicle for compensating for the discrimination of the past in the work situation. Embodied in the Employment Equity Act (1998), designated employers are required

to submit employment equity plans and annual reports to the Department of Labor to report progress toward proportional representation and labor inspectors have the power to inspect and enforce compliance according to certain specific criteria such as proportional representation, representation within different employment categories and job levels and progress with racial transformation. This arsenal of new laws engendered an ethos of ‘moral worthiness’ into South African business ethics that created a new ‘paradise’ of employment equity and justice that completely changed the face of business ethics from the cynical racist orthodoxy of Apartheid to the moral worthiness of the Mandela era.

4.2 The diffusion of ‘moral cynicism’ into the ANC and the descent of South African business ethics.

“To reign is worth ambition though in Hell:
Better to reign in Hell, than serve in Heav'n”.
(Milton, 2003)

Since the death of Mandela, the ANC has slowly but with recent acceleration declined to the morass of ineptitude, cronyism and corruption that it finds itself today. The ethos of the ANC has undergone dramatic change from the one Mandela espoused of selfless leadership and the national good to one where senior members of the party express their own egotistic ambition to become influential wealthy party members, above all else and to put self-interest first, despite the continuing erosion of national assets, increasing poverty and virtual collapse in community infrastructures and governance. The ethos of the ANC has therefore shifted from one of service to the nation characteristic of Mandela’s statesmanship, to one of egotistic ambition for power and wealth despite the hell of poverty, unemployment and crime that this brings to the people of South Africa which was characteristic of Zuma’s recent reign as past president of the country. In Milton’s terms the ANC now appears to embrace ethos where members of the party would rather reign in hell than serve in heaven.

Although examples of the decline in political and business morality are so widespread in South Africa today that it would require more than the space of one chapter in a book to describe them thoroughly, and although this fall from grace is evident across all government institutions it has become especially deeply embedded in public utilities. The author has therefore selected a high-

profile recent example of the moral political and business decline in the ANC government which has been on-going for some time, but recently reached its nadir with the attempted poisoning and subsequent resignation of Eskom's CEO. Eskom has therefore been selected as a case study of the diffusion of the ANC's moral cynicism into a public utility to illustrate the fall of business. Recently, Transparency International's (TI) Corruption Perceptions Index (2023) indicated that South Africa has dropped a further two points since 2022 and now has a score of 41 which is the lowest South Africa has scored on the CPI to date and has entered the category of 'flawed democracies. Despite the fact that the country had enjoyed 30 years of democracy since the fall of Apartheid and there had been widespread expectation that corruption would be eliminated from government, South Africa's score on the CPI had consistently declined over the past 5 years. The problem in South Africa is not only has corruption become embedded in politics and business it is able to thrive in an environment of impunity where those who commit corrupt acts are never brought to justice or convicted.

As mentioned earlier, moral diffusion can work positively as in the case of the Mandela era and pervade all aspects of life, social, political and economic life. But it can also work negatively in much the same way as is clearly manifested in all aspects of South African life today and no more so than in the realm of politics and business. It was the era of Jacob Zuma (immediate past president of South Africa, 2009-2018) that the ANC started its decline with state capture, increasing corruption and the erosion of South Africa's industrial and economic infrastructures through corruption, cronyism and crime. The moral worthiness of the Mandela era has evaporated and been replaced by moral cynicism that has diffused into all aspects of society including business.

A good exemplar of this moral decline in the way business is conducted is presented by Eskom our selected case study. The reason why Eskom was selected for our case study was based on several factors. Firstly, Eskom is an important public utility which is responsible for generating the vast majority of electric power in South Africa. Second, reason for its selection as case study was its one-time international acclaim as an electric power generator. For example, Kessides (2020), a Princeton- educated physicist with a PhD in Economics from the same University, in a report titled: "The decline and fall of Eskom: A South African tragedy" notes that at the turn of the millennium Eskom was regarded as one of the most efficient and reliable electricity

generating countries in the world but has now fallen to typical third-world status. Thirdly, as Kessides (2020) points out, the catastrophic decline in Eskom could be explained by a combination of mismanagement and corruption and cronyism with executive jobs handed out to the politically connected rather than technically competent. Thus, it offers an insight into how both political and business leaders provided a management and leadership whose processes and practices were devoid of governance and led to a trickle down of corruption and unethical behavior among its employees. This only became public knowledge through the chief executive De Ruyter's recent public whistleblowing which nearly cost him his life.

The case of Eskom corruption is complex and according to De Ruyter (2023) outgoing CEO of the electricity utility, involves high ranking members of the ANC. One form of corruption is in the delivery of coal to Eskom to fuel its generators. With the war in the Ukraine and the severely diminished oil and gas supplies to Europe (particularly Germany) old power stations have been reopened and high-quality coal obtains premium international currency. The corrupt practice involved is for Eskom's coal suppliers to obtain high quality coal destined for use at Eskom to be diverted to the ports for shipment to Europe meanwhile the transport vehicles are refilled with sub-grade coal that is delivered to Eskom which often causes further breakdowns that feeds a further source of corruption at the electricity utility (Pilling, 2024). The most enduring and serious form of corruption at Eskom occurs in other aspects of the supply chain that focus on the procurement of spares and maintenance equipment to keep the antiquated generators of Eskom functional. The modus operandi is extremely complicated and only recently been exposed (Daily Maverick, 2003) however, very briefly it involves requisition spares and equipment which are often already available on site. Available spares and equipment are hidden and further supplies of these are ordered from a corrupt cabal of suppliers who are all part of a syndicate. The equipment is required urgently which results in further price boosts. The "suppliers" are paid inflated prices for material and equipment which are never supplied because they are already available on site, as the erstwhile hidden equipment is brought out of hiding and 'legitimately' signed off making any normal financial audit unable to reveal the corrupt practice. The security system is heavily bribed so that the hidden goods are never accounted for. Meanwhile sabotage occurs on a wide scale ensuring that supply requisitions are constantly being renewed (Daily Maverick, 2023)

The diffusion of this moral cynicism is evident throughout Eskom as a recent case of sabotage indicates. Harding (2003, p.1) describes a recent sabotage event at Eskom: “It took the man just a few seconds to unscrew a steel plug, smaller than a coffee mug. As he moved away from the scene, precious lubrication oil quickly began seeping from the innards of the shaft. The steel bearings inside overheated and before long the coal mill, and with it one of the station's eight turbines, ground to a sudden, and expensive, halt.” As Harding (2003, p.1) points out there are several theories regarding sabotage:

“It could have been designed to break the coal mill in order to enable a corrupt repair company to come and fix it at an inflated cost. It might have been done as a way of threatening Camden's management in to accepting some other corrupt contract. Or it may have been part of a broader political conspiracy to damage South Africa's energy infrastructure and undermine an ANC government increasingly seen as floundering after nearly three decades in power.

What is certain is that the sabotage at Unit 4 was not an isolated event.

Instead, it was one relatively small act in a vast, ongoing, and highly successful criminal enterprise that involves murders, poisoning, fires, cable theft, ruthless cartels and powerful politicians”. This recently reported incident shows clearly how moral cynicism has diffused throughout the organization’s structure down to artisan level and is responsible for the collapse in power generation.

5. Discussion

The discussion focuses on the development of a heuristic model that aims to explain how the decline of moral worthiness since Mandela and the rise in cynicism in the ANC has diffused through into South African politics and business and has led to increased corruption and moral decay.

5.1 The fall of moral worthiness and the rise of moral cynicism in South African business ethics: The development of an explanatory heuristic

Dubbink and Liedekerke (2020) in an article, “Rethinking the purity of moral motives: Kant against moral purism” maintain that, on the face of it at least, Kant’s moral purism which is often used as a yardstick of an action’s moral worthiness is inapplicable to business because businesses always operate from self-interest. This motive of self-interest automatically excludes business

behavior from moral worthiness because such behavior is excluded from moral purism or the categorical imperative. However, Dubbink and Liedekerke (2020, p.379) suggest that this conclusion is obtained from a misinterpretation of Kant's theory of moral purism. They write, "Moral purists long for a moral world in which (business) people—at least sometimes—act morally worthy, but in concrete cases they systematically discount good deeds as grounded in self-interest. Moral purism evokes moral cynicism. Moral cynicism is a problem, both in society at large and the business world. Moral cynicism can be fought by refuting moral purism". However, it might be said that since moral outcomes of actions can never be known with absolute certainty *ex ante*, we should act from the standpoint of a form of moral purism, that of the categorical imperative which is itself built from the experience of human interaction and based on imperatives that are consistent with acts and behavior that we would wish others to mete out to us if faced with the same circumstances. In other words, it might be said, in accordance with our collective self-interest.

Dubbink and Liedekerke (2020) point out however, that rather than opting for the 'either' 'or' dichotomy of moral purism or moral cynicism to characterize business ethical behavior, Kant's transcendental theory of moral behavior allows the introduction of 'moral worthiness' as the highest form of moral virtue. It is this idea that is used in the study in the building of a model of moral worthiness and deceit that epitomizes the rise and fall of business ethics in South Africa and one which we will now turn our attention to. The use of Kant's deontological transcendental idealism over other prominent ethical calculus such as teleological utilitarianism, to describe the rise and fall of business ethics in South Africa is justified by the moral criterion of the exclusion thesis which maintains that any form of human behavior that is performed out of self-interest cannot be regarded as morally worthy. This criterion would exclude utilitarianism and other teleological approaches as they are primarily consequence oriented and thus do not focus on the motive for individual ethical behavior. However, the motive for individual moral action and whether this is generated out of a sense of duty or self-interest is of particular relevance to political and business behavior and the reason why it is adopted in the current study. Dubbink and Liedekerke (2020) indicate that although Kant is often associated with moral purism which advocates the exclusion thesis that any action that is performed out of self-interest cannot be regarded as morally worthy, this is not the case. As they put it (Dubbink and Liedekerke, 2020,

p.381-382): “The exclusion thesis tells us when an action is morally worthy, and we thus have reason to praise it. An action is morally worthy if done out of a true moral motive, i.e. purely for the sake of morality. According to the exclusion thesis, the tiniest drop of self-interest destroys the true moral motive”. And, as Bowie (1999) points out management scholars and other business commentators tend to judge purportedly the moral actions of business as in fact moral cynicism as they are conducted out of self-interest (i.e. the profit maximization of the firm and through that their own remuneration). Kant (1788) insists that a morally worthy person must resist nature (natural impulses) otherwise the action he/she performs will be regarded as conducted out of self-interest. Kant (1788) advocates two worlds to distinguish between the scientific account of human beings and human reality. As Dubbink and Liedkerke (2020, p.386) put it, “Kant insists that ‘theoretical reason’ (i.e., science) overestimates its capacities if it thinks that its knowledge (of nature or the objective world) is the sole determinant of claims about what Kant calls— ‘reality’. ‘Human reality’, goes beyond science (and thus beyond nature or the objective world). This statement is most pressing in relation to Kant’s view on freedom and morality (i.e., morally worthy action). These phenomena are (also) part of human reality”. The integration of these two worlds is performed by judgment in much the same way as a judge in a court of law distinguishes between the factual evidence presented and the motive of the defendant. Thus, a morally worthy action in business must consider what action a person or business actually took (the facts) as well as the motive behind the behavior (motive). Real moral worthiness can be found in certain business behavior as Kant (1785 p.154) puts it: “Others, on the contrary, (incline) more to thinking up charges and accusations to challenge that worth. ... one cannot always attribute to the latter the intention of trying to subtly reason virtue away entirely from all examples of human beings in order thereby to turn virtue into an empty name. Rather, it is often only a well-meant strictness in determining genuine moral import according to an unforbearing law”. Perhaps this is most clearly illustrated in the self-discipline required to perform one’s duty, the sacrifice that entails and the pride that emanates from this (Dubbink and Liedkerke, 2020 p.391). The converse of this is the cynical moral motives of Zuma whose political behavior involving corruption, greed and the promotion of self-interest has widely permeated South African society and industry resulting in cataclysmic decline in business ethics as evidenced in our selected case study.

The decline and fall of Eskom mirrors the decline and fall of business ethics. The diffusion of moral cynicism initiated during the Zuma era is now embedded in South African ANC politics and in politics and business with few exceptions.

Figure 1 below gives a diagrammatic representation of the decline in moral worthiness in business ethics since the Mandela era and the rise in moral cynicism in the ANC which has taken a strong grip on all political and business institutions today.

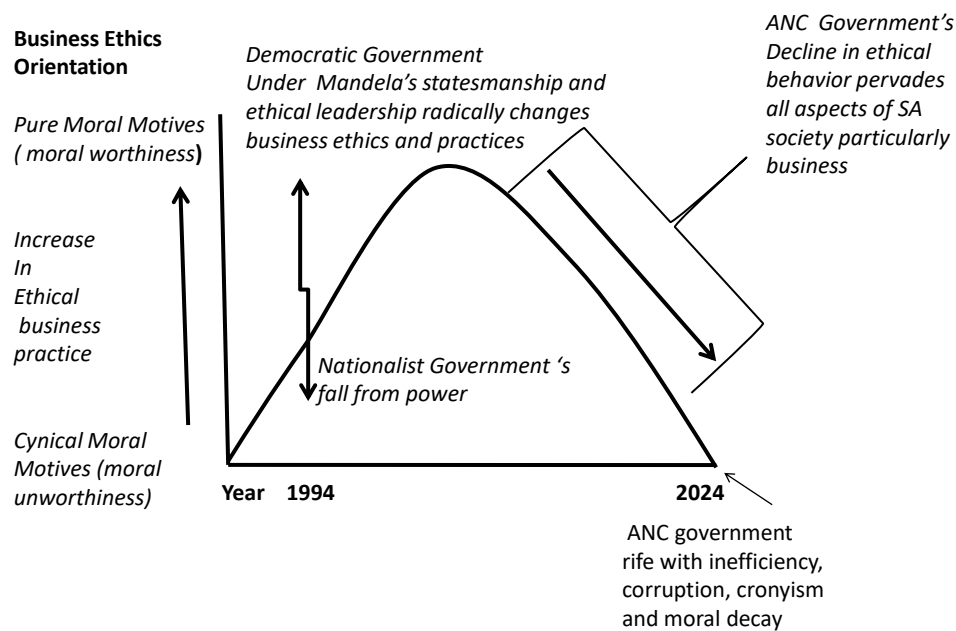


Figure 1. An explanatory model of the decline of moral worthiness and the rise of cynicism in South African political and business institutions since 1994.

Figure 1 indicates low to high business ethics orientation vertical axis ranging from a low of cynical moral motives and morally unworthy to a high of pure moral motives and moral worthiness. The intermediate steps on the vertical axis are not specifically calibrated but assume that the movement down from a high of moral worthiness to low of moral unworthiness and vice versa. takes time as the trickle up or down is never instantaneous. The behaviour of leaders takes time to “sink-in” and take root in political and corporate life as bad apples or good apples are removed depending on the moral orientation of the leader. The horizontal axis shows the timescale relevant to the case study and ranges from the Nationalist government fall from power

(1994) to the Democratic government under the leadership of Nelson Mandela whose morally worth leadership approach radically changed the way government and business conducted themselves during the apartheid years- to the recent decline in moral worthiness of the ANC government that began to pervade all aspects of politics and business from their re-election since the Mandela era to the present day. The ‘mechanics’ of the model and its timeline are conceptualized a “trickle-down” phenomenon. The trickle-down theory was first used in economics to describe how making the rich richer through reduced income taxation would filter through to the poor through employment creation. In politics the trickle-down theory is seen as the way values and policies of political leaders will cascade down through institutions and society at large. In business trickle-down leadership is based on social learning theory whereby middle management and frontline staff learn from the ethical behavior of executive leaders. And, as conceptualized in Figure 1 the trickle-down effect can also be negative when toxic executive leadership that embraces unethical behavior trickle down and creating a culture that culminates in organizational dysfunction and entropy (Coldwell, 2021).

Figure 1 shows the rise in moral worthiness after the fall of the Apartheid government and the start of the Mandela era. It also shows the decline of moral worthiness and rise in cynicism since 1994. It is explanatory in so far as it suggests that this has been initiated by the decline in moral worthiness as defined by Kant’s theory of moral behavior. The decline is thus explained by the fact that the morally worthy leadership presented by Mandela after he became the first black president of a democratic South Africa diffused into all aspects of South African life. Mandela offered a positive moral exemplar that led South Africa into light in much the same way that Zuma offered an exemplar of greed and cynicism that has since led South Africa into the darkness of moral decay in politics and business to the point South Africa finds itself in today.

6. Conclusion

The study has presented a heuristic model that aims to explain the decline and fall of business ethics in South Africa from a moral perspective. It has argued that the diffusion of ‘moral worthiness’ as defined by Kant (1785) in the Mandela era to the lows of moral cynicism in the Zuma era carried forward today by the ANC in its current policies, are the root cause of the decline in political and business morality in South Africa. This has aimed to address a gap in the

literature regarding the nature of moral leadership and its diffusion to business and political sectors in society over a period of time.

Limitations of the study include the use of Kant's deontological transcendental idealism over other prominent ethical calculus, such as teleological utilitarianism, to describe the rise and fall of business ethics in South Africa. However, as stated earlier, it is felt this is justified by the moral criterion of the exclusion thesis that any form of human behavior that is performed out of self-interest cannot be regarded as morally worthy and it is clear that self-interest is of particular relevance to individual political and business behavior. Also, consideration of different cultural perspectives of morality and their fit with Western moral theory have not been discussed in the current chapter. Also, it might argue that the conclusions drawn from the South African context may not be universally applicable and that the unique historical and socio-political landscape of South Africa limit the generalizability of the findings. The paper relies heavily on elective qualitative and case study analyses which may introduce selective bias and simplification in the conclusions it reaches.

The paper does present practical insights for business governance by showing that business leaders who lack moral worthiness are an extant risk for the effective practice of good governance for at least two reasons. First, if business leaders are morally unworthy, they will not create the requisite climate for good governance. On the contrary the rules and procedures will either be abandoned or severely undermined through cynical applications. Second, even if exemplary rules and procedures are in place in each organization the extant leadership needs moral values that are able to sustain them and ensure they are implemented correctly and honestly. This suggests that business stakeholders must ensure that the chief executive and senior management offer the necessary moral leadership to ensure through the trickle-down process described in this study, that governance excellence is maintained in the organization and to remove members of senior management who display moral cynicism and a disregard for due governance at the earliest opportunity.

The chapter explores the concept of "border-crossing" in business behavior, focusing on the shift from ethical to unethical leadership by national political leaders and its impact on business practices. Using South Africa as a case study, it examines the transition from the apartheid era to

a democratic government, highlighting the initial rise in business ethics followed by a decline due to corrupt practices and lack of governance. The fall of apartheid and the rise of a democratic government brought hope and a new code of business ethics aimed at eliminating discriminatory practices. However, over time, ethical standards were undermined by corrupt political leadership. The paper examines how ethical practices can be corrupted by cynical leadership and trickle down to business leadership.

The drive for transformation in all South African institutions has resulted in unfair reverse discrimination and an increasingly cynical use of labor law policies that have resulted in cohorts of young and mid-career scarce skilled human capital leaving the country in increasing numbers. Cynical leadership in politics and business has led to a moral volte face in every aspect of South African life since Mandela.

Hope for the future lies in the kind of statesmanship Mandela provided and depends on the country unearthing persons of that caliber again. It also rests on pulling all South Africa's best capital resources together, irrespective of race, gender or disability to provide the skills and leadership required to develop the country's economy and eradicate poverty. A good example of this is in South African sport where the best players the country has to offer are brought together irrespective of race or creed. This approach along with a strong sense of nationhood has led to world leadership and it is the kind of world pre-eminence that South Africa is capable in many other spheres with the right moral leadership.

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