

It's time for the private sector to get specific about leadership ethics

By [Debbie Goodman-Bhyat](#)

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With the debate about ethical leadership (or the lack thereof) in South Africa's public sector continuing to rage - and everyone from stalwarts and chief justices to business leaders commenting on this previously taboo subject - it is an apt time for the country's private sector to also consider the cost of questionable leaders in its midst.



Debbie Goodman-Bhyat

Debbie Goodman-Bhyat, CEO of Jack Hammer, rated one of South Africa's top three executive search firms, says although it may seem obvious that companies want to appoint ethical leaders with integrity, the reality is that this requirement does not always translate into a specific, measurable brief. "Without fail, during the briefing stage, the ask will be for someone with 'leadership qualities'. But hiring managers or nomination committees seldom unpack this, assuming that everyone will have a uniform view of what a leader is and is not."

Further, there is an assumption that included in the 'leadership qualities' package are implicit traits such as honesty, integrity, and ethics. "Yet both locally and globally, we see organisations appointing leaders who ultimately fail to meet even the minimum expectations on these criteria," Goodman-Bhyat says.

She notes the contrarian view of Stanford Graduate School of Business Professor Jeffrey Pfeffer, who is of the opinion that the idea of heroic, noble leaders who don't lie and keep to their word is just a quaint, romantic vision. "Pfeffer's extensive research on the subject shows that indeed some leaders lie, that they can be self-serving, and that they are often motivated by self-interest. And also that they frequently get away with being greedy and dishonest." On the other hand, there can be no doubt that unethical leadership almost inevitably costs companies dearly, Goodman-Bhyat says.

Integrity critical to corporate success

Writing for Forbes, Matthew Fawcett of Fortune500 company NetApp, said that integrity was perhaps "the most critical element of corporate success today. And the lack of it is the surest path to your demise". "There is certainly also truth in that view. One need not even look at your Enrons or your WorldComs thousands of miles away, or the fallout from the Mossack Fonseca leaks. We have ample and regular examples close to home, of the disastrous effects of problematic leadership on companies, where share prices tank, directors duck and doors are permanently closed," says Goodman-Bhyat.

More evidence that, just because one has made it to the top, does not mean that one is automatically imbued with 'leadership qualities', including the implicit moral fibre and integrity. "Sadly, there are no conclusive 'moral-fibre -tests', other than credit and criminal verifications which will only pick up the most blatant of liars and cheats," she says.



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Get specific

It is, therefore, important that a middle way be found, Goodman-Bhyat says, where more than lip service is paid to the ubiquitous mission statement of valuing integrity while also being alive to the reality of the realpolitik of the business world.

Companies expect leaders to act with long-term sustainability in mind, to manage risk, to act in compliance with good governance best practice. Yet leaders are incentivised with short term bonuses and have annual performance targets to hit, upon which their financial incentives are based. “Commercial success and profitability are, of course, not mutually exclusive to ethical leadership. These can – and do – co-exist, even though Prof Pfeffer might disagree, and anecdotally it may also seem that personal agendas and motivation are a significant driver of many leaders’ behaviour.

“However, the time has come for boards to be clear on whether they want conservatism and sustainability, or growth and visible profitability. Or, ideally, how they will find the balance between the two. CEOs who are appointed and then not seen to be ‘doing anything’ may land up being booted due to not moving the bottom line quickly enough. On the other hand, those leaders who make the seemingly impossible rainmaking happen could also be the ones exposing the company to unacceptable reputational and commercial risk.”

Goodman-Bhyat says companies must get more specific about what they want in a leader, taking into consideration not only the idealised vision but also the reality on the ground, the commercial imperatives and the multiple, complex stakeholders and deliverables. “Particularly in 2016, the net is tightening on unethical leadership and there will be even less room to manoeuvre in the future, given the viral immediacy of unfolding scandals.

“At the same time, there rests a responsibility on existing leadership structures to think hard and carefully about what exactly the vision is for the company and its culture, and to go beyond the vague generalisations of seeking people with ‘great leadership qualities’.”

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