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## Ethical Return on Investments: COVID-19 Pandemic vs. Corporate South Africa

**As the COVID-19 Pandemic fundamentally challenges Corporate South Africa, ethical leadership will yield a valuable return on investment.**

Undoubtedly, the strategic thinking and moral compass that informs human decision making is being tested during the coronavirus crisis. Ethical and moral decisions are proving to be more difficult, but it is also evident that under the current economic climate, ethics are more important than ever in both organisational and societal decision making.

Just in the past few months, the business sector has witnessed the unearthing of illicit trade markets, aggressive looting of food parcels, organised illegal initiatives benefitting from the R500 Billion COVID-19 Social Relief Fund and misleading truths on the Fund being a grant, when in reality a huge portion is actually a loan to South Africa.<sup>[1]</sup>

Duplicity breeds mistrust, which is why transparency is key as a major structural lever for change in any system, inherently creating a receiving culture in organisations. This culture then encourages open authentic dialogue, new ideas and even a willing workforce to find solutions and make innovative suggestions.

Nearly four months ago, on 26 March 2020, South Africa went into lockdown in an effort to save lives, flatten the curve and in essence protect livelihoods from the COVID-19 virus. In many cases, the unintended consequence of shutting down the economy was a period of incentivised unethical leadership by many organisations. Ethical leadership, good governance practices and acting in good faith were not top of many “to do” lists, but rather survival mode dictated the agenda.<sup>[2]</sup> Naturally, this sort of thinking was amplified in informal markets and boosted the fortunes of criminal syndicates and those seeking to exploit these uncertain times.

Thus, it is important that Corporate South Africa reassesses and redresses the realities in which we currently operate, including how the private sector can plan to evolve from these changing and challenging times. In short: “companies

<sup>[1]</sup> <https://mg.co.za/article/2020-04-21-ramaphosa-announces-r500-billion-covid-19-package-for-south-africa/>

<sup>[2]</sup> <https://www.baselgovernance.org/blog/here-today-and-gone-tomorrow-integrity-and-anti-corruption-private-sector-post-covid-19>

that can adapt, are agile and are known to have ethical and sustainable approaches to business, including strong anti-corruption compliance principles, have a competitive advantage.”<sup>[3]</sup>

Even in the midst of an economic crisis, it is important to remember that the subject of ethics always remains relevant, although its immediate positioning is under threat. This threat comes from corporate decisions that are reactionary and made in panic mode. Events such as the Severe Acute Respiratory Syndrome (SARS) in 2003 and even the Great Depression of 1929, have taught us the importance of a broader value chain, as this ultimately influences the daily lives of all citizens.

Corporate South Africa has been gifted with the GIBS Ethics Barometer, designed to provide direction and act as a “North Star” by using global norms and widely endorsed practices which have been applied to the South African context. One of the National Business Initiative’s (NBI) member companies KPMG, through their Australian Practice, has boldly captured the essence of Trust and Transparency in their “Trustworthy by Design Organisational Trust Guide”. This Guide offers recommendations to avoid “trust scandals” and corporate dishonesty.

Considerations and recommendations for Business are:

1. Identify the major disincentives towards ethical practices in your organisations and industry;
2. Interrogate what constitutes the way they govern and the way they conduct their business as they deliver their services/promises to the client;
3. Interrogate how Business elevates their stakeholder values by mirroring the market inclusively and in their anti-corruption compliance policies or programmes; and
4. Review and revise the return on shareholders’ investment during this time.

The reality of Business today is survival but to emerge out of this crisis and be sustainable requires true bold and ethical leadership at the helm. Leaders who move beyond profits alone may have to choose to break even instead and thereby retain more staff.

South Africa's unemployment rate rose to 30.1% in the first quarter of 2020 from 29.1% in the previous period.<sup>[4]</sup> South Africa cannot afford as a society to increase unemployment at this stage, as this will only increase anxiety and panic in households. In addition, the crime rate could spike uncontrollably in the efforts to fight hunger and loss of livelihoods.

While SMEs need to accept the hand extended by Government for smaller businesses through the Relief Fund, they should also be aware of third-party influence post the Pandemic. Corporate South Africa would also be wise to extend a hand to smaller businesses, including them in procurement supply chains wherever possible. Business has no choice but to look for alternatives and shift their focus to achieve a reasonable and ethical return on investment. The analogy of we all “sink or swim” together is perhaps very apt under these circumstances.

Companies that do not act sustainably or embrace collective action are likely to lose out on integrated problem solving and possibly appoint unethical leaders. Ethical leaders, who appreciate human rights and their clients’ support during the Pandemic, are likely not only to recover quicker but also to have willing employees and customers to bolster profits after the crisis has ended.

**For more information or to find out about the NBI’s Ethical Leadership and Anti-Corruption Programme, please contact Thuthula Ndunge: [ThuthulaN@nbi.org.za](mailto:ThuthulaN@nbi.org.za)**

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<sup>[2]</sup> <https://www.baselgovernance.org/blog/here-today-and-gone-tomorrow-integrity-and-anti-corruption-private-sector-post-covid-19>

<sup>[3]</sup> *ibid*

<sup>[4]</sup> <https://tradingeconomics.com/south-africa/unemployment-rate>

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**NBI Website: [www.nbi.org.za](http://www.nbi.org.za)**

**Email: [info@nbi.org.za](mailto:info@nbi.org.za)**

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