

# **INCLUSION and EXCLUSION in Business Ethics in Africa**

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# Inclusion and Exclusion:

- **In Business Ethics in Africa**
- **In companies**
  - **HIV/AIDS**
  - **Racial diversity**
  - **Poverty**

# Corporate Governance and Ethics

- External corporate governance
  - Laws, regulations and external controls
- Internal corporate governance
  - Direction and control by Board of Directors and Executive Management
- Primary focus in Africa is on INTERNAL corporate governance
  - Inadequate legal and regulatory framework
  - Small, Medium and State-owned enterprises

SELF-REGULATION OF ETHICAL STANDARDS

# Inclusion and Exclusion in Business Ethics in Africa

“For whose benefit and in whose interest should the company be managed?”

- Shareholder model
- Stakeholder model
- Africa’s option for stakeholder model
  - Sustainability
  - African value system
    - ‘Ubuntu’ (Second King Report)

# **Inclusion and Exclusion in Business**

# HIV/AIDS in sub-Saharan Africa

- 63% of global HIV population (24.7 million)
- 72% of global AIDS deaths
- 23% of persons who require Antiretroviral treatment (ART) are receiving it
  
- Southern Africa worst affected
  - 32% of global HIV population
  - 34% of global AIDS deaths

# Business and HIV/AIDS

- **Impact on Business**
  - Medical and pension
  - Absence from work
  - Loss of skills and experience
  - Lower morale decreased productivity
- **Response by business**
  - Exclusion and Inclusion
  - State intervention to prevent exclusion
  - Two positive, but different responses

# A Mining Company

- **Profile**

- Reputation of social responsibility
- 40 000 employees in Southern Africa
- 30% of employees are HIV positive

# A Mining Company

- **HIV programme**

- Prevention, treatment and support
- Education, training and free condoms
- Free antiretroviral treatment to staff with HIV
- Annual cost €2 million

- **Results (2005)**

- 150% increase voluntary testing and counselling
- 18% decline in sexually transmitted infections
- 27% increase in employees on antiretroviral treatment

# The Mining Company

- **Management approach to HIV**
  - Strong authoritarian management style
  - Well structured programme
  - Controlled top-down communication
  - Formal consultation with labour unions on HIV programme
  - Determined, efficient and effective

# A Financial and Insurance Company

- **Management approach**

- Flat and open structure
- Experimentation, innovation and fun
- Treats staff as mature and capable of making responsible decisions
- Open communication and challenge ideas

# A Financial and Insurance Company

- **HIV programme**
  - Treat HIV as a life-threatening disease
  - Information on nature & prevention of HIV
    - Focus on big picture
    - No micro-management of individuals
  - HIV interventions initiated by staff
- **Results**
  - Lags industry on HIV management initiatives
  - Lower than industry HIV infection rate

**Business and HIV/AIDS**

**Management Commitment**

**AND**

**Employee Commitment**

# Racial discrimination

- Africa's legacy of discrimination
  - Colonialism
  - Ethnic conflicts
  - Genocide
  - Apartheid in South Africa

# Racial Exclusion and Inclusion in South African business

- Progressive companies during Apartheid
- Employment Equity Act in 1998
  - eliminate unfair discrimination
  - promote fair discrimination (affirmative action)
- The situation in 1998
  - Total population: 46 million
  - White population: 11%
  - Blacks in management positions: 6%

# Role of legislation

- **Importance of legislation**

- Focus employers on workplace demographics
- Set employment targets for business
- Track patterns of employment

- **Inability of legislation**

- Leadership commitment
- Organisational culture that celebrates and appreciates diversity

# Workplace diversity

- **Positive dimension**

- Better decision-making
- Stimulate creativity
- Improved productivity
- Access to new markets

- **Negative dimension**

- Frustration
- Friction
- Poor team performance
- Lower productivity

Mannix and Neale (2005)

# FNB Metro

- Division within First National Bank (FNB)
- Client base: 70% urban black people
- 30 consecutive months of client decline
- Staff = 54% Black
- Managers = 80% White
- A climate survey found: “*FNB Metro is an ailing animal, and in some cases a being where the heart has stopped pumping*”

# Coping with Diversity

- Skills Training or Experiential Learning?
- The Vuka (awakening) process
  - Objective:
    - Shared vision and values
    - Culture that embraces and appreciates diversity

# The Vuka Process

- **All staff**
  - Two day Vuka workshop:
    - Confronted their racial stereotypes
    - Formulate their vision for FNB Metro
- **Management**
  - Weekend Vuka Visits
    - Assignments in black townships
    - Talk, mingle and stay with residents

# The Diversity Effect

- Growth in clients
- FNB Metro clients more positive about their banks than clients of competitor banks
- Rise in recruitment & promotion of black staff
- Improved retention of black staff

# **Business and Diversity**

- **The law can focus attention, but cannot change the culture of a company**
- **Diversity does not necessarily benefit a company**
- **An inclusive culture that appreciates diversity benefits both employees and clients**

# Conclusion

- **Exclusion and Inclusion**
  - HIV/AIDS
  - Race
- **Big challenge = Poverty**
  - Bottom of Pyramid
  - Below the Pyramid

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