



# ETHICAL LEADERSHIP IN THE PUBLIC SECTOR: PRINCIPLES AND PRACTICES

## LEADERSHIP CAPACITIES AND COMPETENCIES FOR AN EFFECTIVE PUBLIC ADMINISTRATION 2023

AAPAM & AFRICA PEER REVIEW MECHANISM (APRM)

26TH TO 29TH SEPTEMBER 2023 AT THE KENYA SCHOOL OF GOVERNMENT – MOMBASA CAMPUS US

# OBJECTIVES

Introduction: Why Ethical Leadership



Definition of Concepts: Leadership:, Ethics,



Effective Vs Ethical Leadership



Principles and Practices of Ethical Leadership



Fostering ethical leadership

# WHY DISCUSS ETHICAL LEADERSHIP IN PUBLIC SECTOR

- Government officials are **stewards of public resources and guardians of a special trust** that citizens have placed in them. In return for this confidence, they are expected to put public interest above self interest.
- Today, **citizens are demanding** clearer and greater accountability for the way the government spends their taxes and uses its authority. Citizens now demand for fair treatment, efficient and effective service delivery, citizen engagement in policy making and the observance of the rule of law.
- **The mandate of the public sector is to improve the general welfare of society** by delivering public goods and services to individuals, and to private and other public sector organisations, playing a critical role in both the country and the global economy (Linna, Pekkola, Ukko & Melkas, Citation2010, p. 480).
- In order to address the needs and expectations of all these stakeholders, **the public sector needs to be effective and efficient. And ethical.** In order to be more effective and efficient in managing the interests and assets of its stakeholders in an ever-changing environment, the public sector has to reform (Gabel-Shemueli & Capell, Citation2013, p. 587).

As public officers, we hold a vantage position, but are we worth the trust?

# WHY DISCUSS ETHICAL LEADERSHIP IN PUBLIC SECTOR?

- Global governance indices suggest that the public sector in sub-Saharan Africa is the most corrupt of any region in the world as much as non African actors play a significant role in fuelling corruption in Africa through foreign bribery and money laundering.
- Scandals involving public officials have captured world attention.- widespread public sector patronage, crony capitalism, and campaign financing abuses, money laundering, fraud, outright corruption and unprofessional behaviour in government.
- Unfortunately, there is the reduced accountability among public officials and institutions when rendering public services and there are many scandals involving public officials.
- Various aspects impeding service delivery include incompetent public servants, a lack of accountability, poor human resources practices, inadequate procurement practices poor management of finances, high levels of unemployment, nepotism and corruption and ineffective leadership.
- The African Union points out that corruption has ‘stolen futures in Africa with at least 25million primary school children as its victims. Citizens tend to lose confidence in a government that is unable to deliver basic services

# WHAT IS LEADERSHIP?

- There are very many definitions of leadership, all of which are important.
- Key Aspects
  1. **Leadership is Influence**, nothing more, nothing less- Maxwell.
  2. **Leadership is vision.** “the task of the leader is to get his people from where they are to where they have not been, a place that is better than where they are today and ensuring that everyone gets there. The public does not fully understand the world into which it is going. Peters and Waterman (1983, p.282. states

Leadership is “the **accomplishment of a goal** through the direction of human assistants, and a successful leader is one who can understand people’s motivations and enlist employee participation in a way that marries individual needs and interests to the group’s purpose; a great leader is one who can do so day after day and year after year, in a wide variety of circumstances” W.C.H, Prentice (1961, p.102) (Ref: Harvard Business Review)

## Leaders cast Vision



One of the most inspiring examples of a **simple yet powerful vision** was the declaration by President Kennedy in 1962 that the United States would send a man to the moon and return him safely before the end of the decade. His vision focused an entire nation and directed it toward an inspirational cause. As a result of realizing that vision and that goal, our country and the world have never been the same. We were all changed for the better.

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Leaders **point the way**. In any group of people there must be someone to say – this is the way, and that same person has to ensure that everyone concerned gets there.

2023-10-06

## 4. Leadership is about People



The number one reason people leave organizations is because of fractured relationships with superiors or co-workers.

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**What are their needs, interests, opinions & role of followers? Are they engaged, growing, satisfied?**

Leaders who are adept at building strong and positive relationships create a firm foundation for organizational success.

Leaders who demonstrate benevolence ( empathy, compassion, altruism) motivate followers to increase ethical sensitivity and positive engagement. Benevolence values remind the leader he/she is a member of a community and therefore accountable to many for his/her actions and decisions. **However, benevolence by itself is not all that is needed for effective leadership.**

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## 5. LEADERSHIP IS RESULTS

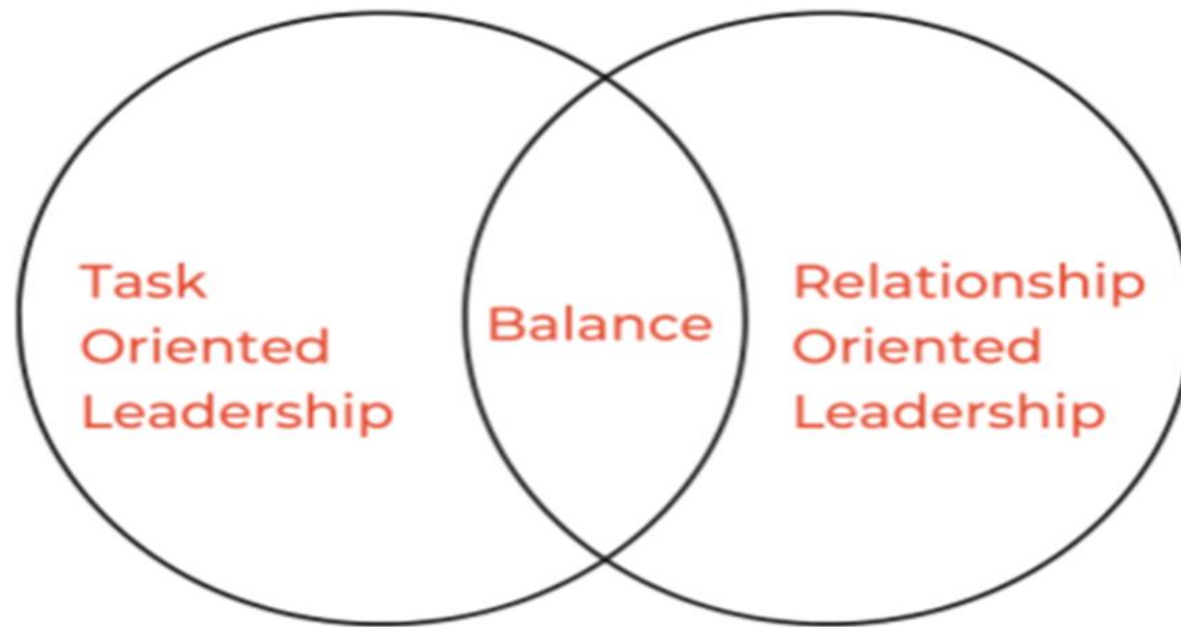
A **leader's** singular job is to get **results**.

1. Leadership involves goal attainment.
2. To be a leader , you must have more than the image of integrity, you must also have **substance**. The concept of 'leader without a clue' has become an accepted fact in todays organizations.

***Effective leadership = results + character.***



# RESULTS AND PEOPLE



## **Results-Oriented Leadership**

## 6. LEADERSHIP IS ABOUT CHARACTER & DECISION MAKING

- **6. Leadership is Character.** Leaders lead from their values and beliefs (Woodward 1994, p.95).
  - **7. Decisions sit at the heart off leadership.**
  - But leadership that changes the world for good consists of **decisions**, big and small – visionary decisions ( W.C.H Prentice; John Haggai).
  - The trail of decisions a leader leaves behind him/her charts the trajectory of his influence.
- 8. Leadership is about strategy.**

# ETHICS

Relationships  
(heart of  
ethics)

Performance

Right Conduct

Decision  
making  
(Effective  
&Ethical)?

Ethics

The rightness or wrongness of human action.; deals with moral issues. People make choices based on their values.

Guided by external stds.

Ethics relate to Knowing, Committing to and Doing what is 'right. Guided by the question \_ 'what should I do? how we ought to live, Involves reflective consciousness .

## ▪ **Ethics is about feeling for others**

- At the heart of ethics is a concern about something or someone other than us and our own desires and self-interest.
- Ethics is concerned with other people's interests, with the interests of society.
- So when a person 'thinks ethically' they are giving at least some thought to something beyond themselves.



Effective



Ethical

Are you an effective leader or ethical leader?  
What describes you as effective or ethical?  
Leaders should be both effective and ethical.

Leaders should be  
both effective and  
ethical

**Being an  
ethical,  
incompetent,  
leader  
can be just  
as bad as  
being a  
competent,  
unethical  
leader.**

# PERTINENT QUESTIONS

1. What does it mean to be an effective leader?
2. What characterizes effective leadership?
3. What is ethical leadership?
4. Are ethical leaders effective?
5. Are all effective leaders ethical?
6. Are leaders who are efficient effective?
7. But does following the standard of what is considered good as a CEO really lead to sustainable business with higher profits?
8. Or do good people truly tend to finish last because investors and customers are willing to turn a blind eye if organizational objectives are to be met?

**Machiavelli was the first to explain the ethical dilemma; leaders who put the purity of their ideology first and are unwilling to make the compromises needed to achieve power end up being ineffective.**

# EFFECTIVE LEADERSHIP

- An effective leader is characterized by: their ability to provide direction towards a goal and to positively influence, encourage and motivate members to get the job at hand done timely, creatively and profitably while meeting member interests' needs and aspirations.
- **Key elements to leader effectiveness:**
  1. Achievement of the goals and objectives of an organization: financial, quality of products & service; addressing the needs of customers - Performance- accomplishment of goals (Fielders theory)
  2. Follower satisfaction (House Path Goal)
  3. Internal Smooth processes including group cohesion, follower satisfaction and efficient operations

# COMPONENTS OF LEADER EFFECTIVENESS

4. **Adaptable to the changing environment** - External adaptability which refers to a groups' ability to change and evolve.
  5. Best deals for leader and Shareholders (Serwer, 1996)
  6. More communication, collaboration and innovation ( Mieszkowski, 1998)
  7. Large scale change and transformation (Visionary & Transformational theory)
- A leader is said to be effective when his/her followers achieve their goals, can function well together, and can adapt to changing demands from external forces.



# INEFFECTIVE LEADERS

- In contrast, ineffective leaders:
  - i. Don't react to change or act decisively
  - ii. Don't take responsibility for their actions
  - iii. Blame and control others
  - iv. Don't spend time listening to and engaging with team members
  - v. Have trouble giving feedback and mediating conflict

# PROPONENTS OF EFFECTIVE LEADERSHIP

- Deng Xiao Ping, put it: “It doesn’t matter whether the cat is black or white, as long as it catches mice” or as Rishi Sunak, the UK Chancellor of the Exchequer, explained at the Conservative Party Conference on October 4 2021: “I care about what works, not about the purity of any dogma”. The message was the same during the Global Financial crisis, when Mario Draghi (Governor of the European Central Bank) declared “Within our mandate, the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough”[9].
- To be effective and ethical, leaders must be able to reconcile pragmatism with ideological purity.

# WHAT IS ETHICAL LEADERSHIP?

- Ethical leadership has been defined as “the demonstration of normatively appropriate conduct through **personal actions and interpersonal relationships**, and the promotion of such conduct through two-way communication, reinforcement, and decision-making” (Brown, Trevino and Harrison, 2005, p. 120).
- Demonstration of **appropriate conduct inside and outside the office** through their words and actions.
- ethics in leadership translate into **leader’s ethical behavior that make followers to act responsibly toward others, by protecting their human dignity and each other rights and needs** (Gini 1998; Guillen and Gonzalez 2001) in human...
- The main goal of an ethical leader is to create a world in which the **future is positive, inclusive and allows the potential for all individuals to pursue and fulfill their needs and meet their highest potential.**



# scenarios

# 25 CORRUPTION SCANDALS THAT SHOOK THE WORLD

**1. Ukraines missing millions-** involving loss of \$40billion former president Viktor. Used in a luxury car collection, 345-acre presidential palace, an ostrich farm, and even a loaf of bread made of solid gold. Syphoning off Ukrainian public funds for personal benefit. QN:Why isn't Ukraine taking action?

**2. Lebanon's garbage: the stench of corruption:** Sometimes dirty money can lead to filthy cities. Since 2015, Lebanon has had a garbage crisis that's seen streets and beaches covered in rubbish bags, extreme stench and water contamination. This threat to public health came about when Beirut and Mount Lebanon's main waste disposal company, Sukleen, stopped collecting garbage.

The company had a monopoly since the 1990s & Lacked the infrastructure to dispose of the garbage elsewhere, the company let the rubbish bags pile up. How did a single company monopolise a key public service? It had strong connections with two of Lebanon's prime ministers. Lebanon also has a culture of patronage, where government contracts are often won through political connections and bribes. The scandal provoked a popular movement called "You Stink", which called for the government to clean up its streets and its corruption problems.

# THE GUPTA FAMILY CAPTURED SOUTH AFRICA THROUGH BRIBERY

In what's been described as a “modern coup”, the Gupta family took control of South Africa. Through allegedly bribing politicians, giving lucrative jobs to President Zuma's children and other ways of buying influence, Ajay, Atul, and Rajesh Gupta captured the state.

- The Gupta family took as much as US\$7 billion in government funds, including a US\$4.4 billion supply contract with South Africa's rail and port company. The Guptas also hired and fired government ministers, while the president fired tax officials and intelligence chiefs to protect them from investigation. In 2016, when a deputy minister went public about the US\$45 million that the Gupta family offered him to fire treasury officials, the Guptas fled the country. President Zuma has since lost government office and faces corruption and money laundering charges. His successor, President Ramaphosa, vowed to clean up the country, however, many officials from the previous administration remain in power. In the meantime, South Africa's economy struggles and the country continues to face high levels of inequality.

# ENRON'S CASE 2001

- Enron Corporation was a US energy, commodities, and services company based out of Houston, Texas. In one of the most controversial accounting scandals in the past decade, it was discovered in 2001 that the company had been using accounting loopholes to hide billions of dollars of bad debt, while simultaneously inflating the company's earnings. The scandal resulted in shareholders losing over \$74 billion as Enron's share price collapsed from around \$90 to under \$1 within a year. Enron went even further and disrupted the lives of many people by creating blackouts in California. In 2001, California went through an energy crisis, experiencing frequent blackouts and power outages. In addition, they had pressured the company's auditing firm, Arthur Andersen, to ignore the issue.
- Upon investigations, the CEO -Jeff Skillings, and former CEO, Ken Lay, were convicted, largely based on the testimony of former Enron employee, Sherron Watkins. However, Lay died before serving time in prison. Jeff Skillings was sentenced to 24 years in prison. The scandal led to the bankruptcy of Enron and dissolution of Arthur Andersen who died while awaiting sentencing

# WORLDCOM 2002

- WorldCom was an American telecommunications company based out of Ashburn, Virginia. In 2002, just a year after the Enron scandal, it was discovered that WorldCom had inflated its assets by almost \$11 billion, making it by far one of the largest accounting scandals ever.
- The company had underreported line costs by capitalizing instead of expensing them and had inflated its revenues by making false entries.
- The scandal first came to light when the company's internal audit department found almost \$3.8 billion in fraudulent accounts.
- The company's CEO, Bernie Ebbers, was sentenced to 25 years in prison for fraud, conspiracy, and filing false documents. The scandal resulted in over 30,000 job losses and over \$180 billion in losses by investors.



# EXAMPLES FROM ACROSS THE GLOBE

- In 2010 a New Zealand Minister resigned over bottles of wine. He was embroiled in an expense scandal that turned on his purchase of two bottles of wine. He resigned saying “I have absolutely no desire to become the focus of a distraction for this government.”
- An Australian NSW leader resigned over **wine gift** in April 2014. The leader of Australia’s most populous state announced his resignation after failing to declare a gift of A\$3,000.
- **Sexual harassment:** Mark Hurd CEO Hewlett Packard had to resign for his relationship with a contractor. Pressured a female contractor for sex and bragged about his popularity with “many” women, including Sheryl Crow. *“I realized there were instances in which I did not live up to the standards and principles of trust, respect and integrity that I have espoused at HP,” Hurd said in a statement when he resigned.*
- **Conflict of interest:** David Sokol- possible successor of Warren Buffet forced to resign because of trading in Lubrizol stock prior to recommending that Berkshire Hathaway Purchase the company
- **Sexual assault:** Dominique Strauss- Kahn former head of the IMF and a leading French politician was arraigned in court on charges of sexual assault.

# TONY ALAMO OF THE ALAMO CHRISTIAN FOUNDATION

- Tony Alamo is one of the most infamous disgraced religious leaders in the United States.
- Mr. Alamo started off as a street preacher and eventually built a ministry that was worth millions of dollars. He maintained tight control over his followers, determining who got to eat. He also had some questionable ideas, claiming that God had authorized polygamy and supporting underage marriage, stating that puberty was consent.
- Tony owned several businesses, which funded his ministry. He was first convicted for tax evasion and served several years in prison, but that was the least of his sins. After being released from prison, he continued in his bad ways. This time, though, he was convicted of more serious crimes, including taking young girls (one just nine years old) across state lines for sex. And forcing many women into marriage with him while underage, and Mr. Alamo eventually died in prison.
- **What is the story in your country? What observations do we make of the cases above?**

# CORRUPTION SCANDALS IN KENYA

1. Corruption Scandals: the multibillion-shilling Arror and Kimwarer dams scandal of 2019 leading to lose of ks19 - \$1,810,000.
2. Mega corruption scandals hit Kenya in 2018 leading to loss of over Sh13 billion- ( the National Youth Service, Kenya Pipeline Company, National Cereals and Produce Board, National Health Insurance Fund (NHIF) and shoddy land transactions at the Ministry of Lands, SGR
3. Kenya Medical Supplies Authority (KEMSA) scandal involving COVID-19 Funds.
4. Bribery scandal involving senior Kenya Defence Force Officers in the corrupt Sh1.6 billion purchase of armoured personnel carriers from South African company OTT Technologies (Pty).
5. According to the Ethics and Anti-Corruption Commission, Kenya is losing an estimated Kshs 608.0 bn (7.8% of Kenya's GDP) to corruption annually.

# CORRUPTION IN AFRICA (10 MOST CORRUPT NATIONS: JUNE 12, 2017. SOURCES: TRANSPARENCY INTERNATIONAL STATEMENTS

- Corruption: Africa's undeclared pandemic; Corruption is devastating economies across the continent. The African Union needs to take swift action.
- Corruption is killing Africa
- 1. Corruption is natural as breathing in Somalia- **CPI Score: 8/100**. Government officials loot from the country's coffers with impunity. (12)
- 2. Bribery is commonplace in South Sudan - **CPI Score: 11/100**. SS is establishing its institutions not transforming. (13)
- 3. The stench of corruption permeates every sector of the economy in Sudan. Corruption is rampant in oil, sports, transport, and many other sectors. Politicians embezzle and mismanage funds without any censure by the courts - **CPI Score: 14/100**.
- 4. Corruption is deeply woven into the society of the Central African Republic. High ranking officials participate in nefarious activities with no regard for the law. CPI Score: 20/100
- 5. Chad is the 9th most corrupt country in Africa due to its deeply embedded culture of corruption. High ranking officials award jobs to individuals based on familial ties - **CPI Score 20/100**
- 6. **Equatorial Guinea 17/100 in 2022. President 6<sup>th</sup> term in office- controls everything.**

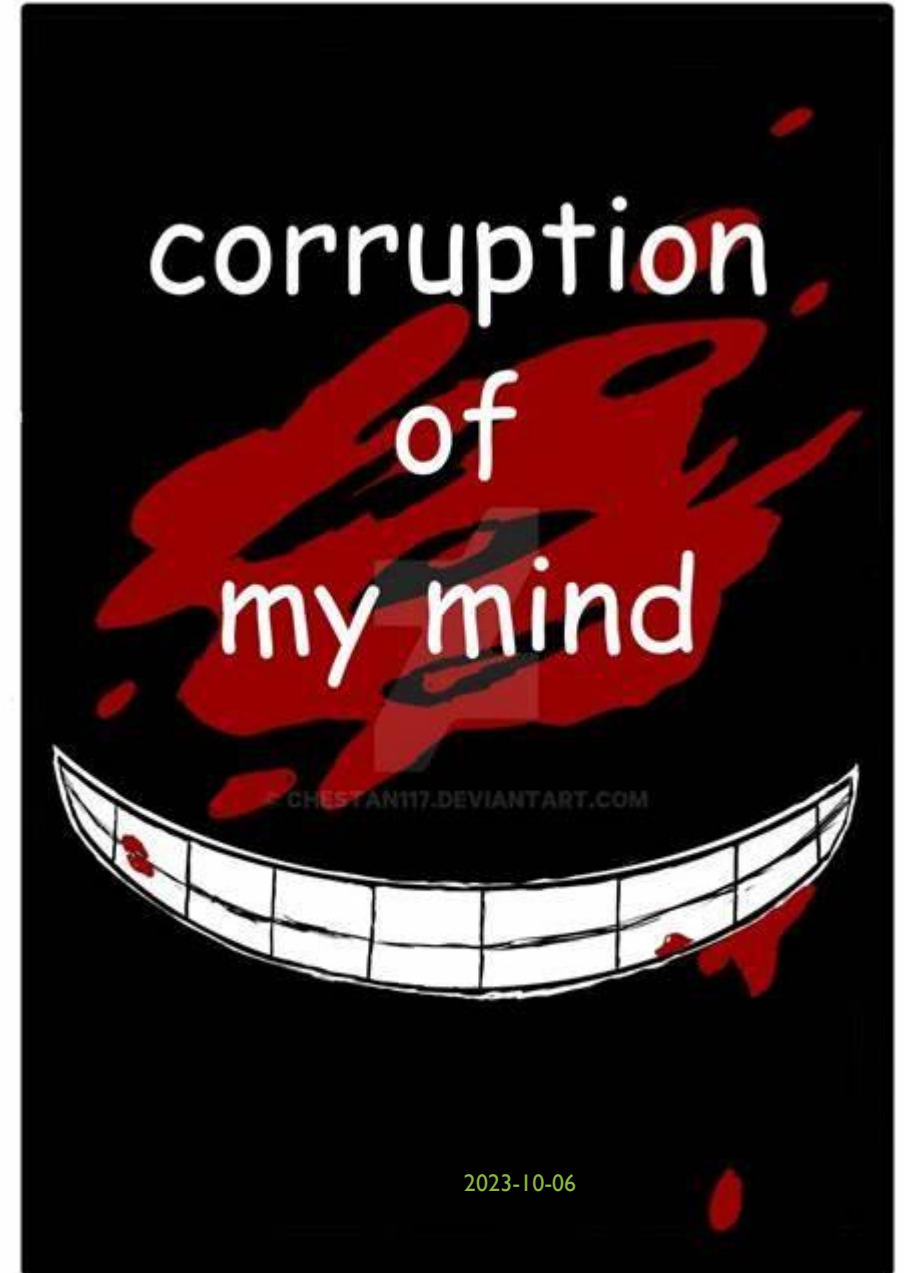
# CORRUPTION IN AFRICA

- On June 21, Malawi's President Lazarus Chakwera fired the country's chief of police, suspended several senior government officials and also took the extraordinary step of stripping his deputy, Saulos Chilima, of all powers after they were accused of receiving kickbacks from UK-based businessman Zuneth Sattar in exchange for government contracts worth more than \$150m.
- While Chilima is the highest-ranking official in Malawi to be removed from power over alleged corruption to date, few were shocked by the accusations. After all, it was only in January that Chakwera had to dissolve the country's cabinet after three prominent ministers – Lands Minister Kezzie Msukwa, Labour Minister Ken Kandodo and Energy Minister Newton Kambala – faced corruption charges.
- Indeed, from Malawi to South Africa and Zimbabwe, from Angola to Mozambique and Namibia, in countries across Africa high-ranking civil servants and their relatives, in cahoots with industry and business leaders, seem to have long been shamelessly stealing from the long-suffering masses.

## Two types of corruption



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## Corruption of the mind - Moral Corruption



‘Those who corrupt the public mind are just as evil as those who still the public purse’-

A Stevenson

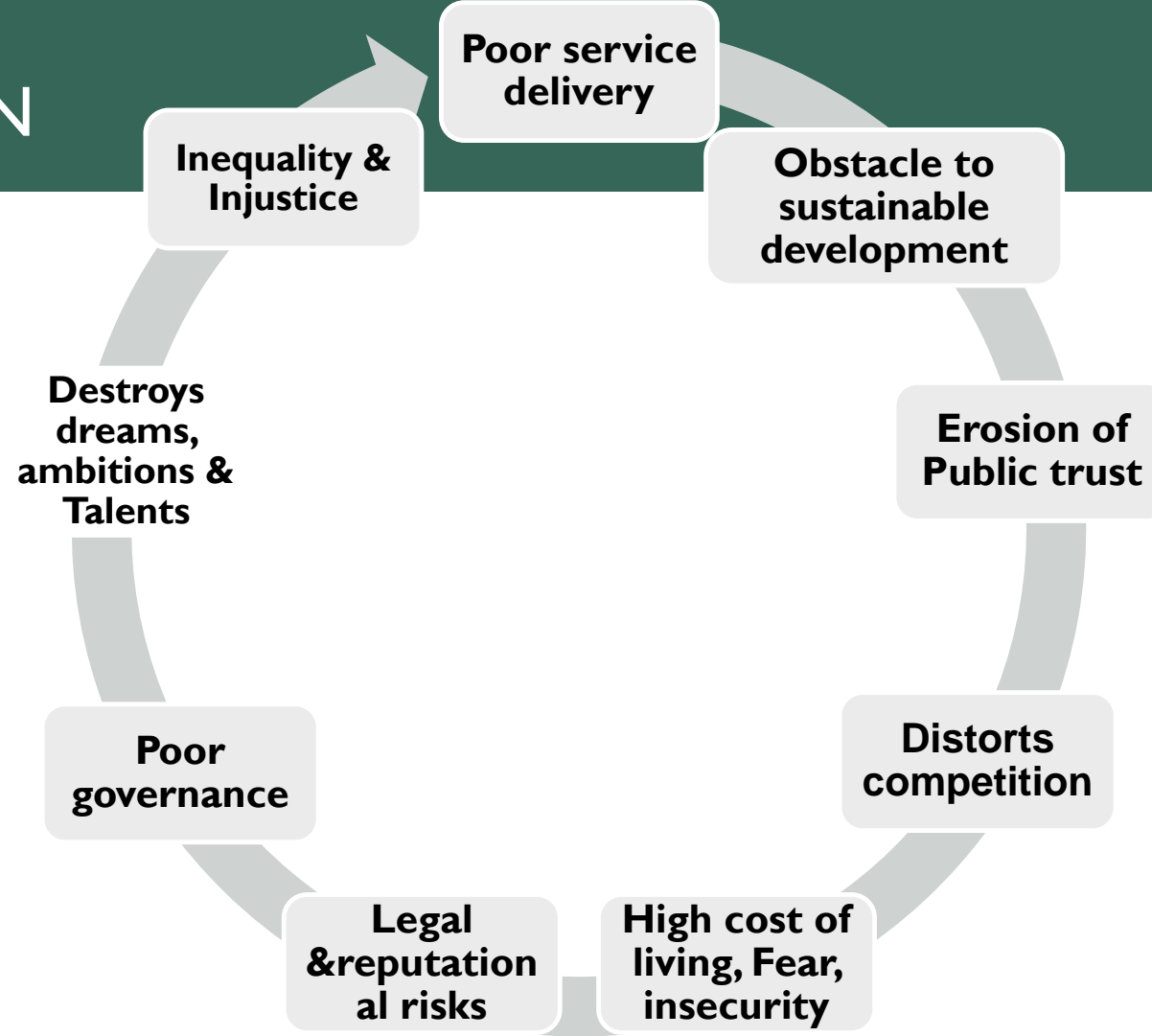
There is need to work on the social dimension of corruption, because the human mind is capable of any evil given opportunity. It is also worth noting that the mind can be created, thus upright mind can be created.

# CORRUPTION OFFENCES (ACECA, 2003)

- Conflict of interest- Private interest in a decision or contract (sec 42)
- Bid rigging
- Embezzlement of public funds
- Deceiving the principal
- Breach of trust
- Tax evasion,
- Misappropriation of public funds
- Extortion
- Secret inducement for advice ( Section 40
- Fraud
- Dealing with suspect property
- Abuse of office
- Favouritism and discrimination
- an offence involving dishonesty— (i) in connection with any tax, rate or impost levied under any Act; or (ii) under any written law relating to the elections of persons to public office
- Payment for overvalued goods, goods not supplied.
- Mortgaging, charging or disposing any public property



# EFFECTS OF CORRUPTION



If children come to believe that personal effort and merit do not count and that success comes through manipulation, favouritism and bribery, then the very foundations of society are shaken.

## APPROACHES: UNCAC & AU

### Punitive

- Criminalization – Law Enforcement  
Legal framework
- Asset Tracing and Recovery
- MLA
- Institutional framework

### Preventive

- Systems
- Education and Public Awareness
- Administrative measures
- E-govt

# AUABC – PREVENTION & COMBATING CORRUPTION

Provide African solutions to the problem of corruption



Promote & encourage member states to prevent, detect and punish and eradicate corruption



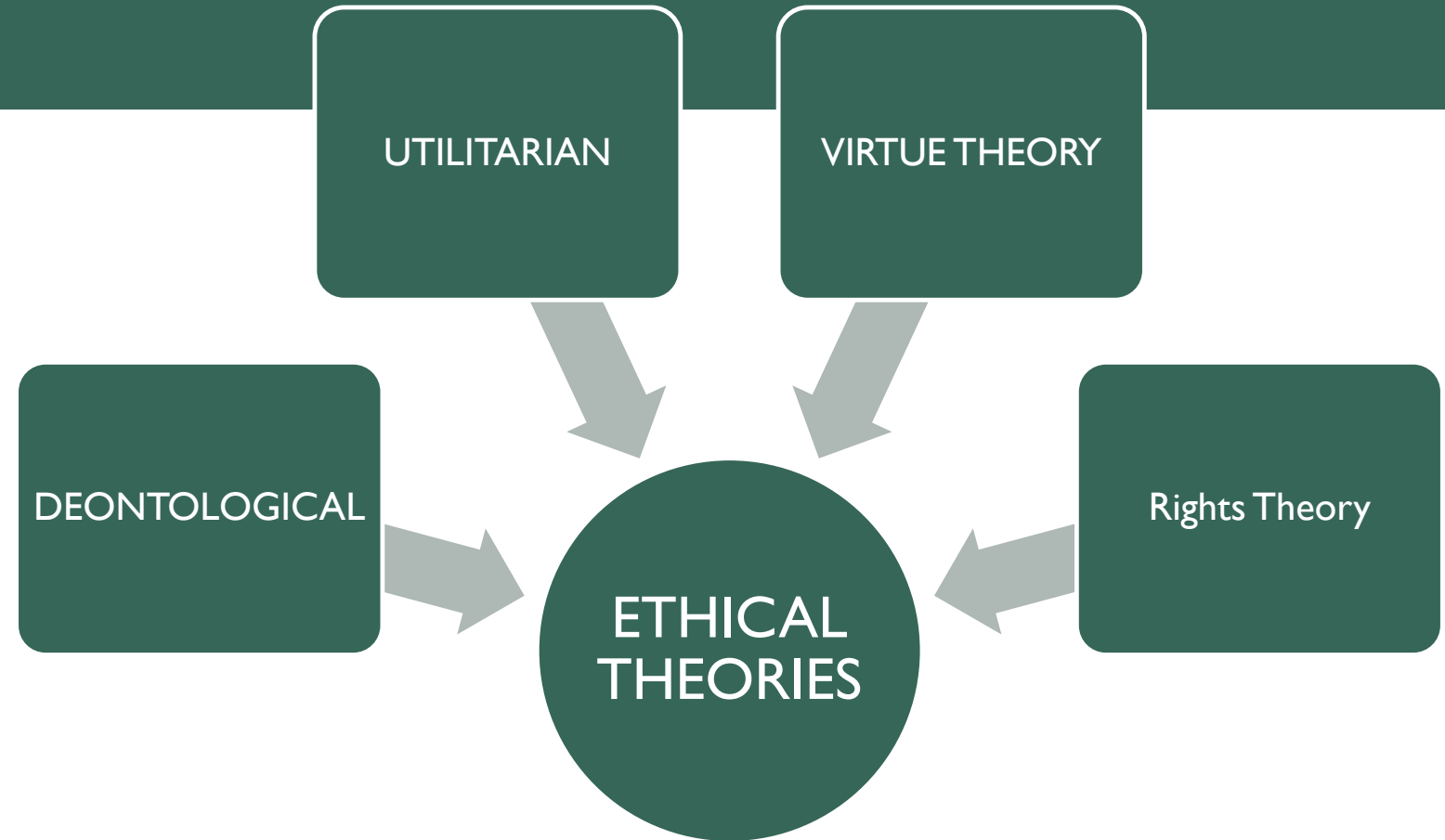
Harmonization of laws on corruption (national to continental level)



Scheme Relating to MLA in Criminal Matters within Commonwealth-Harare Scheme; Bilateral treaties

# ETHICAL THEORIES

The four major ethical theories are:



**Predictability test: Does it violate the organization's principles and policies?  
(Kant)**

**Utility test: Will it create the greatest good for the greatest number?  
(Bentham)**

**Ethical and effective decisions**

**Self-image test: how do we justify what we have done to ourselves?**

**Virtue test: What are our values and purpose?  
(Aristotle/Confucius)**

**Mutuality test: Will society allow us to do it?  
(Rousseau)**

**Effectiveness test: Does it achieve the end we want?  
(Machiavelli)**

# ETHICAL LEADERSHIP

In view of the above, Ethical leaders help establish a **positive environment with productive relationships** over five levels:

- the individual,
  - the team/employees
  - Customers
  - Investors and
  - the overall organization. Nurturing the relationships at each of these levels can lead to positive outcomes and benefits for ethical leaders.
- In what ways does ethical leadership benefit the groups above?

# PRINCIPLES AND PRACTICES OF ETHICAL LEADERS

- Ethical leaders are characterized by such aspects as:
  - i. Integrity, Trustworthiness, Honesty,
  - ii. Principled behaviour - Doing the right things in both their personal and professional lives,
  - iii. Making decisions based on values, fairness and concern for stakeholders' interests.
  - iv. Taking good care of their people, Trevino and Brown (2004) – Avoid doing harm
  - v. Altruism, encouragement, respect for the rights of others,
  - vi. Accountability
  - vii. Keeping promises, not telling a lie, and helping those in need ( Mihelic, Lipicnik, Tekavcic (2010) and Ponnu and Tennakoon, (2009) citing Resick et al. (2006).

# ETHICAL LEADERSHIP-

Integrity

Trust

Accountability

Fairness

Respect

Competence



# UNETHICAL CONDUCT

- **Unethical conduct – deliberate** violation of accepted ethical standard. erroneous; behaviour that is unfitting.
- **Moral incompetence-** Pertains to a person's **lack of requisite moral knowledge, skills, right attitude** and soundness of moral judgement
- **Moral impairment:** Entails a **psychology disorder** that interferes with a person's social and moral reasoning and capacity to behave ethically. **Johnstone, 1998**
- Research suggests that ethical or unethical behavior in organizations is a function of both individual characteristics and con-textual factors i.e factors external to the individual (Meyers, 2004).



Effective

Are you an effective leader or ethical leader?  
What describes you as effective or ethical?  
Leaders should be both effective and ethical.

Ethical

Leaders should be  
both effective and  
ethical