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## Abstract

Global financial sector scandals have presented an opportunity for an examination of what is going wrong in the industry. Regulators have responded through structural and legislative changes that are aimed at arresting the highly criticised corporate culture. This article argues that while such measures are commendable, they are nevertheless inadequate as they do not address the root-cause of the problem. To that end it suggests experimenting with the norms of ubuntu. It contends that the ethos of ubuntu would arguably engender a new corporate governance regime which would address those human tendencies that are at the core of the maligned financial sector conduct.

**Keywords:** Ubuntu; Greed; Financial sector; New corporate governance; Community ethos and morals; Financial sector reform; Regulation; Culture; Development

## Introduction

“...everyone now understands that something went very wrong with the ... banking industry and we need to put it right... From excessive levels of compensation, to shoddy treatment of customers, to a deceitful manipulation...we can see that we need a real change in the culture of the industry” [1].

If we are to restore trust and confidence in the markets, we must therefore address what is at its root a moral question...the process of renewal has to begin with a recognition of the moral dimension of what has happened.” [2]

An upshot of the 2007-2009 financial crisis is unarguably the fact that it has translated into an indictment on the traditional supervisory and enforcement mechanisms. It is therefore not surprising that the bulk of the post 2007-2009 financial crisis measures and controls that have been implemented have been preoccupied with financial reregulation [2] and other strategies aimed at curtailing the exposed sector risks [4]. While the regulators' attention has been centred on regulatory responses, their rhetoric has however been replete with calls for a cultural shift [5] in the governance and supervisory landscape of the sector. Calls for a new architecture are centred on the pressing need to re-instil trust in, and augment the credibility of the pilloried industry. Scholars such as Cabot [6], Galbraith [7] and James [8] among others, argue that the established corporate culture -- whose wreckage can be traced way back to the stock market crash of 1929, induces and nurtures insatiable greed. That culture has been despised

by transmuting values of ubuntu into a meta-norm, a new corporate architecture would be presented and it is hoped that a credible option in the quest for a new financial sector culture will be availed. It must be admitted at the outset that research relating to the concept of ubuntu being a possible tool in the corporate world is still not extensively developed and is still clouded by the fact that it is misconstrued as being based on an abstract concept. This generalization however, ignores the slow historical path trodden by other philosophies which have since been embraced as integral to the business world.

This article therefore holds that the idea of ubuntu has features which are valid enough to create a foundation for its analysis as a possible component of financial sector corporate governance. On the basis of the ubuntu notion, this reflection seeks to make a contribution to the scholarship which argues that culture has the capacity to enhance economic development by restraining human tendencies. It strives to accomplish this by exploring ubuntu's specific traits and through a demonstration of how these can facilitate the development of corporate integrity.

### The Link between Culture and Economic Development

While the purpose of this article is not to engage in a debate about the links between culture and economic development, it is necessary that a foundation be laid upon which ubuntu, as a constituent of culture, will be premised and understood. This is because, as shown



counter the financial sector's self-serving tendencies. The hypothesis is

movement [72]. The assumption is that society has the communication capacity to enforce norms through supposedly ordinary non-legal or informal social sanctions that lead to, for instance, loss of reputation. Supported by a sense of guilt, these mechanisms constitute a credible and potent force in behaviour-modification by forcing the delinquent to realise that the stigma emanating from acting contrary to social norms could be costly to their reputation and consequently to the profitability of the business [73]. Such unofficial sanctions have been widely recognised as constituting an auxiliary administrative enforcement strategy which complements the official criminal and civil sanctions in the regulation of capital markets [74]. Because ubuntu's censorious attitude towards non-conformists of societal norms, it can be argued that it provides a social control mechanism in the form of collective condemnation of the frowned-upon conduct. For that reason reviled conduct in the financial sector would constitute a breach of ubuntu necessitating offender chastisement for violating the corporate team's wealth creation ability.

management theories have not lived up to their billing in different environments.

Further, as briefly asserted above, the concept of ubuntu unlike other principles, lacks precision and so might lead to ambiguity. This lack of exactitude however, has been argued to be essential seeing as imposing a thorough definition would unduly restrict its function. Such definitional fluidity facilitates the assumption of suitable and contextual meanings befitting the changing social order. As such it is crucial that courts and the society have the latitude to coin appropriate meanings. Moreover, to its credit ubuntu has already been embraced as a management concept – “ubuntu management”.

## Conclusion

Advocating for ubuntu as a global management concept is unarguably an ambitious objective. It is therefore not surprising that in the course of the financial sector development, belittling the efficacy of cultural ethos in the mould of ubuntu is easy and therefore common. However, much as ubuntu has several weaknesses, it cannot be said to be muddled or illogical; neither is it purported that it would resolve all the problems facing the financial sector. That ubuntu management is likely to be regarded with scepticism is not unexpected; the history of management philosophy is replete with styles that are now standard but whose advent was a subject of extensive disparagement. Over time however, as with concepts such as Six Sigma, Value Management and Total Quality Management (that are hyped for advancing good leadership and customer service through shaping corporate behaviour); ubuntu could significantly bring about the much-needed democratisation of the financial sector by tying corporate culture to social forces that constrain misconduct and engender norms of trust, responsibility and integrity.

Having been demonstrated to be effective in an African setting the ethos of ubuntu undoubtedly transcend cynical utopian stereotyping and it is hoped that transplanting its virtuous norms into the financial sector would amount to an innovative tool that is capable of radically transforming the sector’s much aspersed culture. It is only by changing the moral standards by which the financial sector participants live by that the sector will regain an aura of trust. As such “the time has arrived for ubuntu to be exported to the international area, because both employers and employees can benefit by applying a more human approach to management for better productivity and service delivery in an appropriate environment. As such, the “answer is not to launch a new moral crusade to shame corporations...into social responsibility, nor to build big bureaucracies to micromanage them...There is a better way forward: to experiment, test, and build new market structures on proper moral foundations (Friedman,2008p. 181).” This acknowledgement presents an occasion to experiment with an innovative culture, one which has the capacity to complement the legal force of economic contracts through conformist conduct and voluntary abidance.

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