



Perceptions of the impact of board members' individual perspectives on the social and environmental performance of companies

by J. Stacey* and A. Stacey†

Synopsis

Large mining companies generally follow the distributed ownership corporate model, with a board of directors responsible for decisions that affect both shareholder value and stakeholders of the company. The board is simultaneously responsible for setting the culture and values of the corporation, which drive performance and priorities.

Companies listed on the Johannesburg Securities Exchange (JSE) commit to sustainable development in various ways, either by virtue of implementing the King Code of Governance 2009 (King III) and/or through their own public reporting on social and environmental matters. Many mining companies make public statements regarding their support for environmental stewardship, ethical behaviour, and fair treatment of communities. It is a local, regional, and indeed, global phenomenon that companies fail to deliver on these statements.

Research was carried out through the Institute of Directors of Southern Africa in 2007, and followed up in 2012, regarding directors' understanding of sustainable development issues, the relative priorities, what is needed for 'radical change' to effect sustainable development, and what enables or constrains the latter. Pertinent findings of both surveys are presented in this paper, and it is suggested that 'on-the-ground' performance may be indicative of the nature of leadership and decisions in the topmost ranks of the company.

The results indicated that environmental concerns fall consistently below social issues. Financial capital ranked most important, and while environmental issues are recognized as being of strategic concern for the long-term, they ranked as being the lowest importance of all 'Five Capitals' (Financial, Manufactured, Social, Human, and Natural). Social capital ranked second lowest, with black economic empowerment being the only high-priority social issue. There is also evidence that certain companies within the mining sector fail to recognize their absolute dependence on natural resources.

Much is made in academic and popular literature of the need for a new type of leadership for the radical shift to sustainable development: at company level this implies therefore a new type of director. The research found that only 14 per cent of directors felt that board decisions are consistent with their personal values; while intentions are strong to behave ethically and serve sustainable development, actions to give effect to these intentions lag significantly. Respondents indicated that the top impediments to courageous leadership for sustainable development related to personal issues of maintaining the image of being a director, fear of appearing weak, fear of being a lone voice, and bowing to board-colleague peer pressure.

Keywords

decision-making, sustainable outcomes, courageous leadership, personal values, sustainable development priorities, self-awareness.

Background

The mining industry has a largely negative image and reputation with respect to matters of social responsibility (Kapelus, 2002). A company's internal reasons for poor social and environmental performance can be complex, involving 'on-the-ground' technical and behavioural issues (Fuentes *et al.*, 2013), systemic organizational problems (Aras and Crowther, 2013), and leadership factors (Singer and Dewally, 2012). The focus of this paper is on the potential influence of leadership and decision-making at board level on environmental and social performance.

Most, if not all, large mining companies follow the distributed ownership corporate model, with a board of directors responsible for decisions that affect both shareholder value and stakeholders of the company. The board is simultaneously responsible for setting the culture and values of the corporation (Institute of Directors, 2009), which drive performance and priorities.

Values underpin decision-making (Byrnes, 1998). It has been shown that where capitalism prospers, it does so because people have embraced and internalized certain values (Weber and Parsons, 1998). Classical economic theory separates the economy from the environment and from people (Hall, 2013), and has, as its central value, growth and development (Kovel, 2002). Simultaneously, the legal framework within which directors operate pressures them to deliver short-term financial results, even to the extent of resulting in irresponsible social or environmental outcomes (Avery, 2005; Bogle, 2008).

* Centre for Sustainability in Mining and Industry, University of the Witwatersrand, Johannesburg, South Africa.

† University of the Witwatersrand, Johannesburg, South Africa.

© The Southern African Institute of Mining and Metallurgy, 2014. ISSN 2225-6253. Paper received May 2014; revised paper received Sep. 2014.

Perceptions of the impact of board members' individual perspectives

Companies listed on the Johannesburg Securities Exchange (JSE) commit to sustainable development in various ways, either by virtue of implementing the King Code of Governance (Institute of Directors, 2009) and/or through their own public reporting on social and environmental matters. Many mining companies make public statements regarding their support for environmental stewardship, ethical behaviour, and fair treatment of communities, often captured within the topic of sustainable development. Yet in practice, there are many examples where companies fail to deliver on these. This is a local, regional, and indeed, global phenomenon.

'A stable and democratic society is impossible ... without widespread acceptance of some common set of values' (Friedman, 1962). Sustainable development requires that the economy, environmental values, and considerations about people influence decision-making. If directors of mining companies have internalized capitalist values, then sustainable development will perpetually be at the mercy of the profit prejudice.

Research was carried out through the Institute of Directors of Southern Africa in 2007, and followed up in 2012, regarding directors' understanding of sustainable development issues, the relative priorities, what is needed for 'radical change' to effect sustainable development, and what enables or constrains the latter. In the five years between the two studies, sustainable development policy and practice has become increasingly prominent in business. In South Africa, the King Code of Governance (Institute of Directors, 2009) came into force in 2011, inextricably linking sustainable development and business strategy, as well as requiring business to operate under a stakeholder-inclusive approach. Multiple amendments and regulations pertaining to the National Environmental Management Act (Republic of South Africa, 1998a) were also enacted in this period. The Voluntary Energy Efficiency Accord was implemented and revised, whereby a 15% reduction in 'final energy demand' for the industrial sector by 2015 was targeted (Republic of South Africa, 2008b) and significant savings were achieved. Social and labour plan requirements, and the Mining Charter, which addresses social aspects of operating were also revised. Despite this increasing focus on environmental and social issues, South Africa has mixed results in the various indicators of environmental and social performance, although not necessarily explicitly linked to measures within the 2007–2012 period. For example, the Gini coefficient improved from 67.4 in 2005 to 63.1 in 2009 (Trading Economics, 2014). Simultaneously, massive-scale water pollution from gold mining increasingly plagues the Witwatersrand (Tutu *et al.*, 2008). Thus, policy focus is not necessarily translating into improved performance.

The intention of this research was to start to investigate to what extent directors within South Africa suffer from 'the tyranny of the tangibles' (Selznick, 1989), potentially sacrificing sustainable outcomes and their personal integrity for the sake of short-term financial delivery.

The role of leadership in organizational performance

'Power is the capacity or potential to influence people' (Northouse, 2013). Directors exert power through their assigned position within the company (Northouse, 2013),

and ideally, by virtue of 'personhood': enacting their values in business. Leadership always occurs in the context of interactive relationships (Northouse, 2013). Because of this dyadic process, the leader's concept of self and identity is constantly being influenced, while shaping the behaviour of those within the company through norms and values (Selznick, 1989).

Irrespective of whether leadership is framed within the functionalist, conflict, symbolic interactionist, normative, or utilitarian philosophies, directors are the legal leaders of public organizations (Republic of South Africa, 2008c), the governance of which 'reflects the values of the society in which it operates' (Institute of Directors, 2009). Leadership can be seen as the promotion and protection of values; in the case of directors, this entails energizing followers to take actions that support the higher corporate purpose (Selznick, 1989). While there is a move towards the view that organizations' purposes should transcend economics (Selznick, 1989) and play a broader social role (Institute of Directors, 2009), the prevailing paradigm in South Africa is that of the Anglo / United States version of capitalism (Avery, 2005), in which short-term shareholder value dominates. There are, nonetheless, indications that the longer-term stakeholder-inclusive value model is emerging (Avery, 2005; Institute of Directors, 2009).

Management relates to maintenance, consistency, and order. Leadership relates to change (Northouse, 2013). In order to move the paradigm from the prevailing exclusively financial definition of value to a business model in which social and environmental issues are afforded equivalent priority, directors of mining companies need to internalize social and environmental values, and bring these longer-term, potentially intangible values to bear in decision-making (Bogle, 2008). This results in constant tension with the profit driver, presenting directors with dilemmas (Badaracco and Ellsworth, 1989) and potentially inconsistent demands within a pluralistic value system (Ashforth and Mael, 1989; Hangel, 2013). Simultaneously, as organizational reality is largely constructed by the words and actions of its leadership (Rickards and Clark, 2006), the dominant coalition of the board directors' personal characteristics and decisions have direct bearing on corporate performance (Abebe *et al.*, 2011; Kallunki and Pyykkö, 2013). Personal values are particularly important for understanding support for welfare and other socially relevant concerns (Boer and Fischer, 2013).

Adopting the Five Capitals framework of sustainable development (Forum for the Future, 2011), mining follows the weak sustainability model (Cabeza Gutés, 1996), within which natural capital can be consumed as long as it is translated into manufactured capital of equal value. An extension of this concept is often used by mining companies in justifying environmental degradation through their corporate social responsibility programmes – that by transforming mineral resources, human and social capital are developed. These latter aspects are priorities for South Africa (National Planning Commission, 2011).

Social and environmental performance of the mining industry

Despite commitments by mining companies, extensive deliberations with the Chamber of Mines, and the millions of

Perceptions of the impact of board members' individual perspectives

rands spent on environmental and social considerations, labour and community unrest over social issues relating to mining continues to threaten the viability the industry. Environmental groups are vociferous in denouncing the environmental performance of mining houses and the related policies and regulation (Centre for Environmental Rights, 2011).

Social contributions by mining companies are strongly regulated by the Mining Charter in South Africa (Department of Mineral Resources, 2010), against which companies must report on an annual basis. Corporate social investment (CSI) is often pursued through local economic development (LED) and corporate social responsibility (CSR) programmes, or through mechanisms such as trusts. Social contributions within and between mining companies are often significantly disjointed (Le Roux, 2011).

Mining environmental management is highly fragmented, legislated primarily through the Mineral and Petroleum Resources Development Act (MPRDA), the National Environmental Management Act (NEMA), the National Water Act (NWA), the waste regulations, and other related legislation. Some mines operate without water licences and commence operations prior to full authorization from all regulatory entities (Morgan, 2012), perhaps as a result of capacity issues and difficulty in obtaining licenses, and indicative of lack of enforcement once licenses have been issued. Financial provision for environmental rehabilitation is provided for under the MPRDA.

Thus, the stated intent of mining companies in relation to social and environmental sustainability does not match society's expectations, or at times, their own commitments. This research investigates the role of prevailing values of directors and the drivers and obstacles that may cause or create these situations.

Research approach

The research was undertaken using two surveys, conducted five years apart, in collaboration with the Institute of Directors of Southern Africa (IoDSA). The first survey was conducted in 2007, and the second in 2012.

Survey objectives

The 2007 survey was developed with the objective of evaluating directors' approach to, and understanding of, sustainable development. This was part of a process to develop a sustainable development policy and strategy for IoDSA.

The 2012 survey sought to elucidate a more granular understanding of the drivers and obstacles to directors acting courageously for ethical and sustainable business in South Africa. This survey was based on the eight core messages that emerged from the 2011 IoDSA Annual Business Update Conference – themed 'Courageous Leadership'.

Survey design

Although the surveys were undertaken with different objectives, they were complementary and had areas of overlap. The 2007 survey was located within the paradigm of the Five Capitals model of sustainable development (Forum for the Future, 2011). The issues comprising the survey were

purposefully selected from all of the five capitals and were sufficiently generic to be relevant to all boards and board members.

The 2012 survey interrogated to what extent the eight requirements of courageous leadership exist within the IoDSA membership companies across all sectors, what the obstacles are to achieving these requirements, what approaches might be most effective in overcoming the obstacles, and identified the leadership drivers currently in play for South African directors. These eight requirements (Ramalho, 2011) are:

- *Build a vision and live by it*—the need to understand who you are as a leader and what you stand for, within a business that operates as part of society
- *Understand what the new kind of leader is—and consciously transform yourself*—a new type of leader is needed with emotional intelligence, who lives their vision, and can do so under complex pressures
- *Build relationships with government*—developing pragmatic relationships built on trust, through contributing to debates and through actively pursuing wrongdoers in every sector
- *Build relationships with the unions*—needing to reach a better and more pragmatic accommodation with even militant labour
- *Build skills*—prioritizing skills development within a business risk framework, rather than relying on government programmes
- *Support small business and entrepreneurs*—particularly focusing on procurement policies to support small, medium, and micro enterprise (SMMEs) as the 'engines of job creation'
- *Put ethics first*—leadership is the most powerful force influencing ethics, through formal reporting and especially leading by example, and actions being consistent with the 'rules'
- *Build out from pockets of excellence*—leveraging excellence for ongoing business success and for the greater benefit of broader society, on which business ultimately depends.

The main sections of the two surveys are listed in Table I.

A variety of response formats were used in both surveys for reliability and to obviate respondent fatigue. These included categorical responses for demographic questions; ordinal (Likert-type) rating scales of agreement, importance, and frequency; partial rank ordering of items in order of importance; and binary associations between, for example, personal values and corporate outcomes.

For the 2012 survey, the findings were explicitly investigated to determine hurdles to, and enablers of, their implementation. A reasonable consistency of understanding of the terminology among the population of directors could be assumed, thereby addressing construct validity. A literature survey was used to identify words and phrases that support the eight core messages of courageous leadership. For example, emotional intelligence was 'deconstructed' into its commonly recognized components, as per the literature, which factors were included in the survey. It is relevant to note that several of these factors pertain to more than one of the core messages.

Perceptions of the impact of board members' individual perspectives

Table I

Sections comprising the 2007 and 2012 IoDSA surveys

| 2007 survey | 2012 survey |
|--|---|
| <ul style="list-style-type: none"> • Demographics of the participant • The time frame boards have in mind (explicitly or implicitly) when making decisions on specific issues (<i>i.e.</i> their decision horizons) • The priorities boards associate with the issues above (<i>i.e.</i> decision priorities) • Opinions regarding non-financial risk, governance, and the role of the IoDSA | <ul style="list-style-type: none"> • More detailed demographics of the participants • The extent that board decisions reflect social and environmental values and considerations, and include social and environmental costs • The extent to which the respondents' board colleagues exhibit particular characteristics, associated with the eight identified requirements of courageous leadership for sustainable development • The top 10 rank-ordered elements that contribute most to effective courageous leadership • The biggest obstacle that is most relevant to each of the requirements for courageous leadership at board level • Rating specific mechanisms in terms of their effectiveness in assisting directors to be courageous leaders • Matching a series of personal values to particular business outcomes |

Data collection and participation

The 2007 questionnaires were distributed by e-mail to all members of the IoDSA, and responses were returned either by e-mail or by fax. The 2012 survey was administered using the *SurveyMonkey* online survey software, with IoDSA members receiving a hyperlink to the survey via an e-mail.

The samples in both surveys represented a relatively small proportion of the membership of the IoDSA, but were nevertheless sufficiently representative of the diversity of membership for an exploratory study of this nature. The demographics of the participants in each of the surveys are given in Table II.

As evident in Table II, participants were from a broad range of industries, and not exclusively the mining industry. The results of the survey are therefore considered to have broad relevance, although mining and related issues have been highlighted for the purposes of this paper.

Data analysis

The demographic categorical data was analysed using descriptive statistics and charts to give a summary and profile of the survey participants.

Likert-type ordinal survey data is typically analysed by assigning numeric values to each of the response options. However, a more reliable method of estimating the means and spreads of responses to each survey item has been shown to be the normal distribution fitting algorithmic approach (Stacey, 2005) particularly for small samples. Using this technique, the means and spreads of responses were estimated using an iterative mathematical optimization algorithm to find the best-fitting distributions to the survey data, without the errors associated with assigning specific numeric values to each of the response categories.

For the rank-ordered and partially rank-ordered survey data, an optimization methodology was applied that makes it possible to estimate the means and spreads of survey responses; this is referred to as the 'shotgun stochastic search algorithm' (Stacey, 2006). This methodology is similar to the normal distribution-fitting algorithm in that it searches iteratively for the best-fitting distributions to the survey data, in this instance using a numeric modelling technique rather than mathematical optimization. The methodology is unique in its ability to analyse partial rank-ordered responses data.

The binary response data was summarized in a cross-tabulation of rows and columns. Correspondence analysis is an analytical technique used to present graphically the associations between the rows and columns in a cross-tabulation of research data. The output of the correspondence analysis is a two-dimensional chart, which in this study was used to illustrate the association between the personal values and the corporate outcomes.

Discussion of results

Board perspectives on sustainable development: social, environmental and economic priorities

Overview of 2007 results

Sustainable development requires that social and environmental considerations are part of all business decision-making, should form part of the measures of business success (Institute of Directors, 2009), and link to economic outcomes. Because of the prevailing paradigm that prioritizes economic success, this requires board-level 'courageous' leadership. It is shown in Figure 1 that in 2007, only 15.8 per cent of directors considered natural capital to be of above-average importance, while 39.4 per cent considered social capital issues to be of above-average importance.

Other observations with respect to the relative importance of the five capitals were that financial capital was predictably the highest priority (60.4 per cent), closely followed by

Table II

Summary of demographics of participants of the 2007 and 2012 IoDSA surveys

| Variable | 2007 | 2012 |
|---|------|------|
| Sample size | 83 | 221 |
| Economic sector | | |
| Primary (e.g. mining, agriculture, fishing and forestry) | 16% | 14% |
| Secondary (e.g. manufacturing and construction) | 20% | 19% |
| Tertiary (e.g. services, retail, education, and technology) | 64% | 67% |
| Role | | |
| Executive | 70% | 70% |
| Non-executive | 30% | 30% |

Perceptions of the impact of board members' individual perspectives

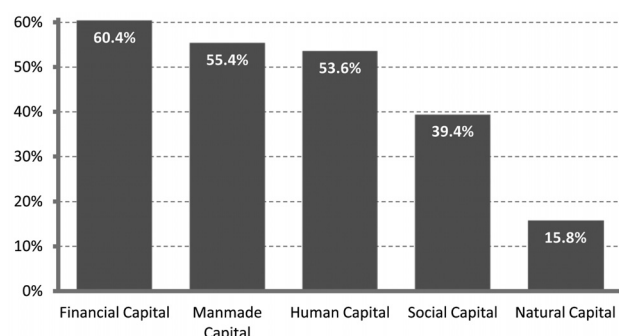


Figure 1—Proportions of directors regarding capitals being of 'above average' importance

human capital. It is acknowledged that the relative importance of the capitals fluctuates with varying external pressures, including the regulatory environment. Human capital was interpreted in the South African context as being a high priority due to the various charters and regulatory emphasis on this issue. The low relative priority of social capital could be interpreted as being due to an attitude that social issues external to the businesses were not within the direct control of companies.

When assessed at a more detailed level, the top five priorities for boards were, as expected, financially driven. These five priorities are listed in Table III.

Environmental issues

In contrast, environmental issues were first mentioned in position 31 out of the 39 priorities. The ranking of relative importance of issues specific to environmental concerns is given in Table IV.

The relative importance of energy use, water, and waste/pollution suggested a poor appreciation of the strategic importance of these issues. Climate change is a critical issue, and should also be considered to be a consequence of energy use and source.

With respect to natural capital, an understanding of how environmental issues contribute to business success was clearly lacking, although viewing them as being longer term was appropriate. It is possible that, because they are long term, environmental issues are treated as less important than the immediate financial delivery imperatives of business.

Social issues

Within social capital, Black Economic Empowerment was rated the most important issue, which is unsurprising given the status of the regulations. External communications was rated relatively important with a relatively short decision time horizon, typically being a proactive response with reputational and marketing implications. Job creation was viewed as being 'incidental' to business; macroeconomic objectives related primarily to unemployment. Business alone cannot address this, and government support and incentives are needed, not just regulation and prescription. Community investment and community health was perhaps seen as being of higher priority than community relations because of the action-orientated nature of most businesses *i.e.* the company could do something active in relation to the first two.

Community relations were perhaps seen as being more an operational issue than a strategic one. The very low priority of human rights (position 39 out of 39) perhaps reflected the feeling that this was something outside of business's control.

Overview of 2012 results

In the 2012 study, participants were asked to indicate the extent that board decisions typically reflect various issues; the results are illustrated in Figure 2.

Nearly two-thirds of respondents perceived that board decisions often or almost always took into account social values (specifically relating to business opportunities) or included social issues in all decision-making. Values relating to the environment, and environmental issues in general, featured slightly less prominently. The relative positioning of social and environmental costs mirrored this, whereby social costs were perceived to be internalized more often than environmental costs.

In contrast to the orthodox business view, which holds sustainable development to be mostly a threat, approximately three-quarters of the respondents indicated that board

Table III

Top five relative priority issues for boards

| Relative position | Issue |
|-------------------|----------------------------|
| 1 | Profitability |
| 2 | Shareholder value |
| 3 | Return on Investment |
| 4 | Black Economic Empowerment |
| 5 | Government policy |

Table IV

Relative priorities for boards of environmental issues

| Relative position (out of 39) | Issue |
|-------------------------------|--------------------------------|
| 31 | Energy use |
| 32 | Water |
| 33 | Raw materials (use & sourcing) |
| 34 | Biodiversity |
| 36 | Waste / pollution |
| 37 | Climate change |
| 38 | Land access |

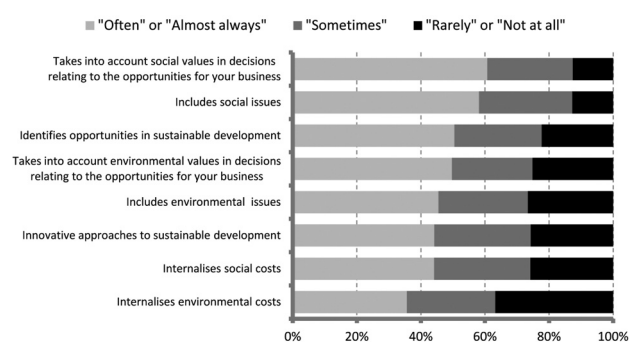


Figure 2—Consideration of social and environmental issues in board decisions

Perceptions of the impact of board members' individual perspectives

decisions regarded sustainable development to at least 'sometimes' include opportunities. Innovative approaches to sustainable development appeared to display a similar profile, featuring fairly regularly in board decisions.

Of concern however, are the responses that indicate that social and environmental aspects were typically considered 'rarely' or 'not at all' in board decisions. At least a quarter – and up to approximately one third – of the respondents indicated that board decisions rarely or never 'take into account environmental values in decisions relating to the opportunities for your business', 'include environmental issues', 'have innovative approaches to sustainable development', 'internalize social costs', or 'internalize environmental costs'. While a minority percentage, this potentially represented a substantial number of board decisions that seemingly excluded social and environmental considerations. A detailed breakdown of social and environmental issues was not undertaken in the 2012 survey.

Governance, values, and ethics

2007 survey

The levels of agreement among participants pertaining to the so-called 'non-financial risk' and governance statements included in the 2007 survey are illustrated in Figure 3.

It can be seen that there was strong agreement that non-financial issues affect company value and strategy, both directly and indirectly, although there may be a need for clarity of terminology with respect to non-financial issues *versus* sustainable development issues. Clearly, participants understood (>70 per cent) that corporate governance is not only a financial issue, but must be related to all aspects affecting company value. This could be interpreted as an 'in-principle' agreement, rather than a demonstrable deliverable.

Some differences were observed between the Executive and Non-executive responses. Ten per cent of Non-executives felt that corporate governance was applicable to only financial issues, while the number for Executives was 35 per cent.

It is particularly noteworthy that in 2007, only 14 per cent of participants agreed that board decisions were always consistent with their personal values. When the Executive and Non-executive split was examined, an even more disturbing picture emerged: only 8 per cent of Executives felt that board decisions were consistent with their personal values.

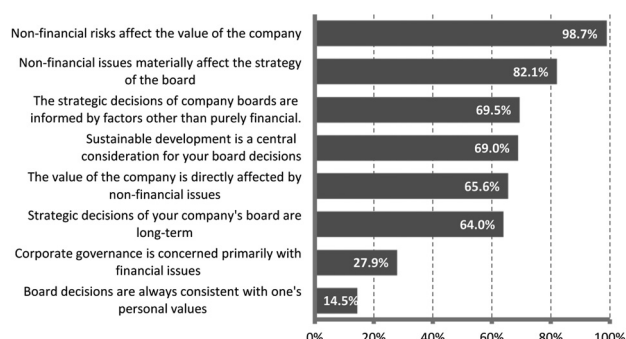


Figure 3—Levels of agreement with non-financial risk and governance statements

2012 survey

The King Code of Governance (King III), implemented in 2010, stipulates that sustainability, strategy, and governance are inseparable. The Code requires that boards operate ethically, through sound systems of governance, and that organizations are run on the basis of values, to deliver sustainable development. The Code also requires that organizations adopt the stakeholder inclusive model of governance (Institute of Directors, 2009).

This paradigm presents challenges to businesses operating in the prevailing orthodox economic model: the IoDSA 2011 conference recognized this in its use of the term 'courageous leadership'. Figure 4 demonstrates the relative evidence of various characteristics in respondents' board colleagues and their perceived importance in contributing to this 'new' model of business.

Encouragingly, six factors were deemed to be both relatively important and evident. These were: standing up for what is right, long-term view, trusted by people, actions consistent with words, thoughtful in decision-making, and contributes to decision-making. Conversely, four factors that were perceived to be relatively important for courageous leadership were relatively less evident, namely: expresses unpopular perspectives, manages relationships well, takes responsibility for failures, and innovative about sustainable development.

Of most interest are the following apparent contradictions in these findings:

- The apparent importance and evidence of standing up for what is right (a principle) could be belied by the relative positioning of supporting concrete actions. In support of standing up for what is right, it could be expected that 'actions consistent with words', 'express unpopular perspectives', and 'take responsibility for failures' would also be relatively evident. These actions, although relatively absent, are simultaneously deemed to be relatively important for courageous leadership. In a similar vein, it is noticeably less important to 'point out rule breaking', which action is inconsistent with the intention of standing up for what is right

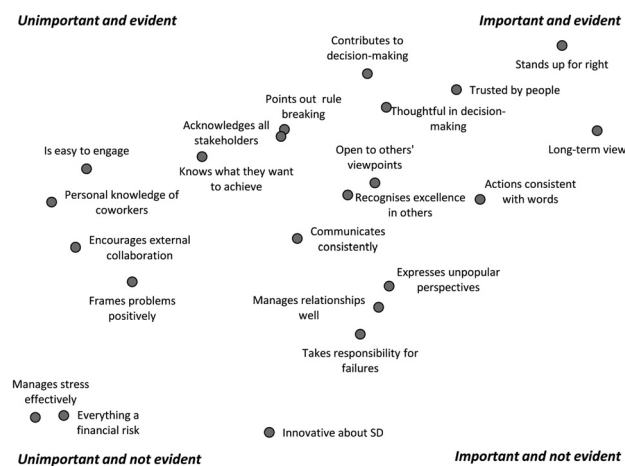


Figure 4—Relative importance and evidence of elements of courageous leadership

Perceptions of the impact of board members' individual perspectives

- ▶ Being trusted by people is seen as both relatively important and relatively evident. In apparent contradiction, however, being 'easy to engage' is one of the lowest ranked elements in terms of importance, although still relatively evident. The new leadership paradigm recognizes explicitly that trust is earned, largely through engagement with others in a way that demonstrates one's integrity with one's values. In a worst-case scenario, this could suggest that engagement is being done for its own sake or perhaps for regulatory compliance, rather than to genuinely develop relationships built on trust. The reported view that board colleagues are trusted by people is not matched by the popular perception of the trustworthiness of business leaders – in this context, particularly relevant to mining companies
- ▶ Being innovative about sustainable development, while relatively important is the least evident attribute among board members. This may suggest a lack of understanding regarding sustainable development, or perhaps to some extent, companies being at a loss about how to tackle what seem to be insurmountable problems of global significance. Alternatively, or perhaps in addition, it may be that initiatives such as the Global Reporting Initiative (GRI), the codification of Integrated Reporting, and the plethora of various compliance codes has resulted in a 'tick-box' mentality towards sustainable development (Axelrod, 2012). Such compliance-driven initiatives seem to have eroded the understanding of the need for what is termed 'wrenching change' (World Business Council for Sustainable Development, 2010) in the business response to sustainable development
- ▶ The relative low importance of encouraging external collaboration may be indicative of (i) excessive workloads and/or severely overstrained business resources, (ii) an ivory tower mentality, (iii) being out of touch with the needs of other stakeholders, or (iv) a lack of acceptance of the stakeholder-inclusive model described in King III. This could be a contributory factor to the apparent polarization between business, government, and labour. This is of significant concern given the international recognition of the need for radical cooperation both within and across business sectors, and between all sectors of society, to achieve 'green growth' (World Business Council for Sustainable Development, 2010; Martinez-Fernandez *et al.*, 2013). In apparent contradiction to the finding on external collaboration, acknowledging stakeholders (again, an in-principle statement) is ranked as fairly evident
- ▶ It was acknowledged at the IoDSA conference that directors' emotional intelligence or emotional quotient (EQ) is important for courageous leadership. Through the survey it would appear, however, that demonstrable behaviours that provide tangible evidence of high EQ are perceived as relatively absent, and less important. Of specific relevance are the factors of 'expressing unpopular perspectives', 'managing relationships well', 'taking responsibility for failures', 'framing problems positively', and 'managing stress

effectively', all of which are deemed to be relatively absent. EQ factors that are deemed to be evident, yet (erroneously) unimportant in delivering on courageous leadership are 'easy to engage', 'knowing what they want to achieve', and 'acknowledging all stakeholders'. In support of this apparent contradiction, it is worthwhile noting the positioning of 'manages stress effectively' in relation to the fact that there is a strong negative correlation between EQ and measures of stress (Higgs and Lichtenstien, 2011) *i.e.* higher EQ means lower stress

- ▶ Knowing what directors want to achieve ranked fairly low on the importance scale, yet building and living by a vision is seen as very important. Perhaps this is indicative that people do not link their personal vision as a leader to building an organizational vision, or that they do not perceive the importance of their personal behaviour in leading the behaviour of others (van Knippenberg *et al.*, 2004). It could conceivably be further evidence of the prevalent and destructive compartmentalization between personal values and business roles that was demonstrated in the 2007 IoDSA survey, and supported by the literature (Bakan, 2005).

At best, the findings in this section may be indicative of a lack of understanding and/or unrealistic expectations in board members. It may be that board members are fully aware of the schism between their personal values and business expectations, but feel that there is no choice in this matter if they are to maintain their positions. It is also conceivable, however difficult it may be to acknowledge, that the results suggest a level of denial and/or self-deception in board members (Langevoort; 2004, Tenbrunsel and Messick, 2004). It is the latter possibility that is of the most concern, insofar as it has been found to be a primary cause of leadership failure (Arbinger Institute, 2002). This assumption could further be supported by the profusion of apparent inconsistencies and contradictions between stated intent and action.

The 2012 survey attempted to further interrogate the link between values and business outcomes. The King III Code requires that organizations operate out of a base built on values, not only economic value. The Code identifies four core values for directors – responsibility, accountability, fairness, and transparency. Research has shown that there is a link between personal values, emotional intelligence (Higgs and Lichtenstien, 2011), and leadership. Values are highly personal and complex constructs; the survey nonetheless attempted to elicit whether there was some common understanding about which values are perceived to deliver on specific desired business outcomes, in the context of sustainable development and courageous leadership. Figure 5 illustrates the perceived associations between personal values and business outcomes.

When assessing the results, two main themes relating to business outcomes were identified: that of people (at a personal level and as a collective in 'business') and the time dimension (long-term and short-term). Business outcomes are presented as dots in Figure 5, while values are represented by red diamonds. The darker blue ellipses in

Perceptions of the impact of board members' individual perspectives

Figure 5 indicate one interpretation of possible associations between the stated business outcomes and values, although other patterns of 'clustering' may be intuitively valid.

The following observations are worth further interrogation:

- Contemporary governance and business performance outcomes such as 'financial success', 'minimizing business risk', and 'small business footprint' are fairly logically associated with the contemporary governance values of 'accountability', 'responsibility', and 'transparency'. These business outcomes are short-term, which is consistent with the current focus on shareholder value delivery
- The value of 'inclusivity' may be associated with 'executing an effective strategy', 'maintaining a market', 'maximizing opportunities' and 'creating a long-term vision'. The apparent deficit of other associated values (at board level) may be indicative that these outcomes are perceived as traditional management functions rather than leadership functions
- Empathy is very strongly associated with issues relating to people
- Enthusiasm is very strongly associated with long-term issues
- Honesty (because it is closest to the origin or centre-point) is perceived to influence business and people outcomes equally
- That 'inclusivity' is not more closely associated with 'building trust with all stakeholders' seems somewhat anomalous in light of contemporary approaches to sustainable business, as well as the stakeholder inclusive model espoused in King III. This warrants further interrogation
- 'Improvement in human wellbeing', 'retaining excellent employees', and 'making a social contribution' are logically associated with the values of 'empathy', 'fairness', and 'respect'
- It would seem to be a paradox that 'transparency' is seen to be only tenuously associated with 'collaboration'. This could reflect the unintended consequences of high levels of regulation and codification of transparency initiatives.

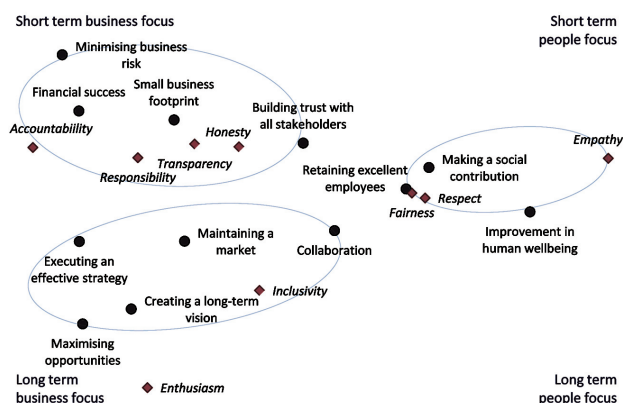


Figure 5—Perceptual map of the associations between personal values and business outcomes

Enablers of and obstacles to board decision-making for sustainable development

Overview

That the leaders of organizations set the tone, define the culture, and determine performance priorities is well documented (Church, 1997; Mitroff and Denton, 1999; Lowney, 2003; Bakan, 2005; Bouquet and Birkinshaw, 2008; World Business Council for Sustainable Development, 2010; Marcus, 2012; Goldstein, 2013; Roberts, 2013). The previous sections highlight that this initial research demonstrated that environmental and social considerations lag financial imperatives, and that while intentions are good, action to deliver social and environmental benefit receives less attention at board level. Logically, this can translate into poor environmental and social performance on the ground. While practical and technical solutions to tangible performance issues are required, given the link between board leadership and organizational performance, the gaps at board level need to be filled, and enablers need to be improved.

Obstacles

Table V presents the obstacles to implementing courageous leadership identified in the 2012 survey, ranked in order of the perceived importance of each of the eight key elements of the 2011 conference.

Directors' perceptions of self and associated issues therefore rank as the most prevalent obstacle to delivering courageous leadership. 'Maintaining the director's image' is seen as an obstacle to three of the eight core messages. 'Being a lone voice' is an obstacle to two of the core characteristics. This supports the previous observations of the poor evidence of actual 'courageous' actions, rather than the relatively abundant evidence of good intentions towards environmental and social issues in board members.

Similarly, poor company values are seen to work against a director putting ethics first, and building a vision and living by it. This is a profoundly disempowered position in which directors appear to find themselves. Academic, business, and popular writings all agree that the tone is set at the top: company culture is dictated by the board. It is of special concern that despite their own role in setting company culture, directors feel that the company's values, which underpin the culture of the organization, impede the enactment of their personal values. To some extent, this disconnect is mirrored in the presence of 'poor reporting to the board on problems' in the top three: the board determines the culture of reporting as being honest and transparent, or not. That it is perceived by directors to impede their pursuit of courageous leadership reflects an apparent lack of recognition of their role in creating the culture. These findings are of particular concern given that 70 per cent of the respondents were executive directors. It may also be construed as evidence of the structural constraints imposed by the historically constructed culture of the organization.

'Understanding the new leader and the need to transform oneself' was seen to be relatively unimportant in creating courageous leadership. This could be explained by the fact that two of the three obstacles to this element of courageous leadership are highly personal issues related to perceptions of the self (maintaining the director's image and being a lone

Perceptions of the impact of board members' individual perspectives

| Table V Perceived obstacles to courageous leadership | |
|--|--|
| Rank-ordered element for courageous leadership | Obstacles to courageous leadership |
| Put ethics first | Maintaining director's image Being a 'lone voice' Poor company values |
| Build a vision and live by it | Maintaining director's image Board colleagues peer-pressure Poor company values |
| Support small business and entrepreneurs | Regulatory requirements Poor reporting to the board on problems |
| Build skills | Focus on short-term financial issues Executive performance criteria |
| Understand what the new kind of leader is and consciously transform yourself | Maintaining director's image Pressure from shareholders Being a 'lone voice' |
| Build out from pockets of excellence | Executive performance criteria |
| Build relationships with the unions | Perceptions of being weak Decisions exclusively legally framed Goes against the culture of the organization |
| Build relationships with government | Regulatory requirements Decisions exclusively legally framed These issues are not seen as relevant to business |

voice). That these very human characteristics are evident in directors should not be surprising, and yet there is an unrealistic tendency to suggest that directors must be able to compartmentalize their personal and corporate lives (Langevoort, 2004).

'Put ethics first' was also reported as being very evident in respondents' colleagues responses. This is somewhat contradicted by the finding that 'being a lone voice' impedes putting ethics first: logically, if generally directors were indeed putting ethics first, those trying to do so would not feel that they were a lone voice. Similarly, if the majority of the board was 'standing up for what is right', directors would not feel themselves to be a lone voice in pursuit of this. Finally, if board colleagues are standing up for what is right and putting ethics first, it is unclear how 'board colleague peer pressure' could be an impediment to 'building a vision and living by it', as reflected by respondents. This tends to support the possibility that directors are to some extent in denial about the real difficulties that they face, or is potentially evidence of the structural constraints prevalent in the global and South African business climate.

Relationships with government and unions appear to be inhibited by different factors. The common impediment of the legal framework is logically consistent with the current socio-political climate in South Africa. This is almost a 'double blow' with respect to building government relationships: the impression is created that there is no room to manoeuvre because of the legal and regulatory framework. Most surprisingly, government relations were not seen as relevant to business – or perhaps that business cannot change the government – which might impede leaders from taking up difficult issues *i.e.* demonstrating courage.

Relationships with unions, however, take on a much more personal flavour. That leaders might be perceived as 'being weak' if they try to build relationships with unions confirmed the personal issues already noted. It is again logically consistent that such leaders may not have built an

organizational culture that would be open to such relationships.

Economic pressures on the company (shareholder pressure and focus on short-term financial issues) play a role in impeding two of the eight elements. Measures of executive performance are seen to inhibit skills development and building out from pockets of excellence.

Finally, two obstacles – 'threat to board position' and 'vulnerability to manipulation' – did not feature prominently in the responses. This could be indicative that board members do not feel that their positions as directors are in any way under threat. This contradicts the results of further informal research since 2012, which indicates that fear of being ostracized, including losing positions on boards, impedes directors' ability to voice contrary opinions.

The cumulative result of these findings suggests real liability risks to directors, with respect to the legal requirement for formal dissention if boards make decisions that directors believe to be fundamentally wrong.

Enablers

Respondents rated various mechanisms in terms of their perceived effectiveness in assisting directors to be courageous leaders. Table VI presents the rank-ordered responses from the most to the least enabling mechanisms.

It is notable that 'disclosure of wrongdoing at all levels' (ranked second overall) was ranked first by executives and fourth by non-executives. Similarly, 'internal codes of conduct/ethics' was ranked third by respondents under the age of 50 and first by respondent over the age of 50. Finally, 'internal codes of conduct / ethics' was ranked third by respondent with 10 years' experience or less as directors and ranked first by those with 11 or more years of experience as directors.

That codes of conduct or ethics are seen as the priority enabler is of great concern. Many of the relatively recent business collapses were most notable for the fact that the

Perceptions of the impact of board members' individual perspectives

Table VI

Ranking of enabling mechanisms for courageous leadership

| Rank | Enabler |
|------|---|
| 1 | Internal codes of conduct/ethics |
| 2 | Disclosure of wrongdoing at all levels |
| 3 | Transforming the company culture |
| 4 | Ethics training for the board as a group |
| 5 | Advising shareholders on ethics |
| 6 | Personal coaching for board members |
| 7 | Advising shareholders on social and environmental value |
| 8 | Improving individual understanding of social issues |
| 9 | Informing customers/clients on ethics |
| 10 | Improving individual understanding of environmental issues |
| 11 | Informing customers/clients on social and environmental value |
| 12 | Programmes to build individual self-awareness |
| 13 | Training on group dynamics |
| 14 | Changing internal reporting requirements |
| 15 | Educating analysts on social and environmental value |
| 16 | Educating analysts on ethics |
| 17 | Sector-level agreements |

companies had very strong codes of ethics, which the board members actively chose to override or ignore. The ineffectiveness of a reliance on codes of ethics to deliver on ethical behaviour is supported extensively in the literature (Tenbrunsel and Messick, 2004; Langevoort, 2004).

The recognition of the importance of disclosing wrongdoing at all levels is laudable. This statement of intent is, however, again contradicted by the observations of the apparent relatively low importance of board members actively 'pointing out rule-breaking', and the low evidence of 'taking personal responsibility for failures'. Similarly, this is contradicted where 'poor reporting to the board' was seen as an obstacle to courageous leadership.

'Transforming the company culture' was seen as the third most important enabling mechanism for courageous leadership. This would seem to be consistent with the finding that company culture (including values and reporting) is an impediment to putting ethics first, building a vision and living by it, and supporting SMMEs.

Ethics training for the board was reflected as the fourth most important enabling mechanism: of concern is that traditional ethics training has been found to fail in delivering ethical behaviour (Tenbrunsel and Messick, 2004).

That social issues were ranked relatively higher than environmental issues is consistent with the pattern of the research.

It was also observed, and is consistent with the other sections of the survey, that mechanisms that relate to individual responsibility and accountability for courageous leadership were perceived to fall lower on the ranking scale than those involving group or collective responsibility. Phrases containing the words 'individual' or 'personal' were ranked in Table VI at sixth, eighth, tenth, and twelfth.

Finally, it was perceived that engaging shareholders was more important to deliver on courageous leadership than engaging analysts. This is consistent with the finding that pressure from shareholders was seen as an obstacle to transforming oneself into the new kind of leader that is required. It could also be that engaging shareholders is in fact

easier than engaging analysts. The personal image issues could also play a role in impeding such external engagement.

Concluding remarks

Much has been done in the global mining industry and in South Africa to address safety issues, including fatalities. Evidence that leadership values, perceptions, and actions have played a vital role in these achievements to date has been presented in the academic (Marcus, 2012) and popular literature (Bakan, 2005). It is not unreasonable to suggest, therefore, that a similar focus on directors' values, perspectives, and priorities in relation to other social matters and environmental concerns would result in on-the-ground improvements.

'In-principle' statements relating to social and environmental concerns, as well as ethical behaviour, ranked high in both the 2007 and 2012 survey findings. The 2012 findings suggest, however, that action to implement these apparently important considerations lags intent.

In the current context of societal expectations of mining companies to operate in a manner that contributes to social development and limits environmental impacts, ranking of environmental issues on a par with societal issues would have been in keeping with societal expectations. Therefore, it seems somewhat ironic that in both surveys, social issues ranked consistently higher in importance than environmental issues.

Directors are nonetheless first and foremost human beings, subjected to the same aspirations, fears, insecurities, good intentions, and (at times) failure to deliver on those good intentions as others. Very real and human characteristics, such as personal issues, and a sense of individual powerlessness in the face of seemingly insurmountable global problems, as well as local obstacles, either organizational or externally imposed, could explain apparent contradictions.

Directors largely understand what is required to deliver courageous leadership for sustainable development, and have admirable intentions in this regard. These intentions include the need to put ethics first, and stand up for what is right.

The identified need for a new type of leader is perceived to be least evident in board colleagues, and of low importance in delivering on courageous leadership. This may be because directors currently view themselves as courageous, although not necessarily in the sense articulated in the conference outcomes.

Sustainable development issues are being raised at board level through considerations of social value and environmental issues.

There appears to be strong reliance on existing leadership and ethics frameworks to deliver sustained value. There is little acknowledgement of the importance of personal transformation in delivering courageous leadership. Codes of ethics, despite their widely publicized failure to deliver ethical behaviour, are deemed to be the most enabling courageous leadership mechanism.

Personal issues relating to maintaining the director's image and being a lone voice are the greatest obstacles to two of the most crucial factors in creating responsible and sustainable businesses, namely putting ethics first and building a vision and living by it. Although the role of high levels of emotional intelligence, self-awareness, and the

Perceptions of the impact of board members' individual perspectives

ability to engage people at a personal level in delivering simultaneously on aspects of sustainable development and business imperatives is supported in the literature, these behaviours are relatively lower in evidence.

There could be a degree of denial and/or self-deception evident in directors (a prominent cause of leadership failure), related to what they think they are doing, compared to what they are actually doing. That this may be the case is strengthened through cross-linked correlations in the survey, and the prevalence of apparent inconsistencies between statements relating to intent and those relating to action. This could point to an unfortunate sense of individual disempowerment in our business leaders.

It might be inferred from the responses that board members do not see the direct link between their personal perspectives, values, and behaviour, and that of the company or board. This is supported in the literature (Bakan, 2005). Conceivably, these results could also point to a lack of understanding of the role of directors' behaviour in creating a strongly ethical and sustainable business culture.

External factors in the South African business environment are seen to impede a number of elements required for courageous leadership to deliver sustainable outcomes.

At the broadest overview level, the results of the surveys could be seen to represent a perspective of 'business (and leadership) as usual'. This may be a matter of perception: directors may perceive that the factors included in the survey are already being tackled, and therefore constitute 'business as usual'. The findings of the survey would also suggest that senior business leaders feel embattled, indeed overwhelmed, in the prevailing South African socio-economic and political climate.

Differences observed between the primary, secondary, and tertiary sectors were appropriate to the sector; no significant diversions from the above were observed. Similarly, no statistically significant differences were observed between responses of Executive and Non-executive directors. This raises questions about the roles adopted by Non-executives, especially in terms of the longer-term direction of companies.

These findings suggest that there is a need for creating greater awareness among directors of the inconsistencies, paradoxes, and sustainable development dilemmas of board decision-making. Following awareness, there will be a need to give directors the skills, confidence, and support to fulfil their directors' mandate with personal integrity and deliberately based on values. Finally, it is recommended that the status quo of values-based decision-making at board level, as required by the King III Code, be evaluated and disseminated on a regular basis.

References

- ABEBE, M.A., ANGRWAN, A., and LIU, Y. 2011. CEO power and organizational turnaround in declining firms: does environment play a role? *Journal of Leadership and Organizational Studies*, vol. 18. pp. 260–273.
- ARAS, G. and CROWTHER, D. 2013. Sustainable practice: the real triple bottom line. *Developments in Corporate Governance and Responsibility*, vol. 5. pp. 1–18.
- ARBINGER INSTITUTE. 2002. *Leadership and Self-deception: Getting Out of the Box*. Berrett-Koehler Publishers, San Francisco, CA.
- ASHFORTH, B.E. and MAEL, F. 1989. Social identity theory and the organization. *Academy of Management Review*, vol. 14. pp. 20–39.
- AVERY, G.C. 2005. *Leadership for Sustainable Futures: Achieving Success in a Competitive World*. Edward Elgar, Cheltenham.
- AXELROD, R. 2012. An Application Level by Any Other Name. Fleishman-Hillard Sustainability. <http://sustainability.fleishmanhillard.com/2012/10/04/application-level-by-any-other-name-2/> [Accessed 2 September 2013].
- BADARACCO, J. and ELLSWORTH, R.R. 1989. *Leadership and the Quest for Integrity*. Harvard Business School Press, Boston.
- BAKAN, J. 2005. *The Corporation: The Pathological Pursuit of Profit and Power*. Free Press, New York.
- BOER, D. and FISCHER, R. 2013. How and when do personal values guide our attitudes and sociality? Explaining cross-cultural variability in attitude–value linkages. *Psychological Bulletin*, vol. 139. pp. 1113–1147.
- BOGLE, J.C. 2008. *Enough: True Measures of Money, Business, and Life*. John Wiley and Sons, Hoboken, New Jersey.
- BOUQUET, C. and BIRKINSHAW, J. 2008. Managing power in the multinational corporation: how low-power actors gain influence. *Journal of Management*, vol. 34. pp. 477–508.
- BYRNES, J. P. 1998. *The Nature and Development of Decision-Making: A Self-Regulation Model*. Lawrence Erlbaum Associates, Mahwah, New Jersey.
- CABEZA GUTÉS, M. 1996. The concept of weak sustainability. *Ecological Economics*, vol. 17. pp. 147–156.
- CENTRE FOR ENVIRONMENTAL RIGHTS. 2011. Request to the Minister of Mineral Resources to exercise her discretion under s.49 of the Minerals and Petroleum Resources Development Act to prohibit and restrict prospecting and mining in areas of critical biodiversity and hydrological value and sensitivity. http://awsassets.wwf.org.za/downloads/cer_letter_to_minister_shabangu_re_mprda_s49__1_feb_2011.pdf [Accessed 24 September 2013].
- CHURCH, A.H. 1997. Managerial self-awareness in high-performing individuals in organizations. *Journal of Applied Psychology*, vol. 82. pp. 281–292.
- DEPARTMENT OF MINERAL RESOURCES. 2010. Amendment of the broad-based socio-economic empowerment charter for the South African mining and minerals industry. Department of Mineral Resources, Pretoria.
- FORUM FOR THE FUTURE. 2011. The Five Capitals. <http://www.forumforthefuture.org/project/five-capitals/overview>
- FRIEDMAN, M. 1962. *Capitalism and Freedom*. University of Chicago Press, Chicago.
- FUERTES, A., CASALS, M., GANGOELLS, M., FORCADA, N., MACARULLA, M., and ROCA, X. 2013. An environmental impact causal model for improving the environmental performance of construction processes. *Journal of Cleaner Production*, vol. 52. pp. 425–437.



Perceptions of the impact of board members' individual perspectives

- GOLDSTEIN, J. 2013. Appropriate technocracies? Green capitalist discourses and post capitalist desires. *Capitalism Nature Socialism*, vol. 24. pp. 26–34.
- HALL, S. 2013. Geographies of money and finance. III. Financial circuits and the 'real economy'. *Progress in Human Geography*, vol. 37. pp. 285–292.
- HANGEL, N. 2013. Integrity endangered by hypocrisy. *Autonomy and the Self*. Kühler, M. and Jelinek, N. (eds.). Springer.
- HIGGS, M. and LICHTENSTIEN, S. 2011. Is there a relationship between emotional intelligence and individual values? An exploratory study. *Journal of General Management*, vol. 37. pp. 65–79.
- INSTITUTE OF DIRECTORS. 2009. King Code of Governance Principles for South Africa 2009. Institute of Directors of Southern Africa, Johannesburg.
- KALLUNKI, J.-P. and PYYKKÖ, E. 2013. Do defaulting CEOs and directors increase the likelihood of financial distress of the firm? *Review of Accounting Studies*, vol. 18. pp. 228–260.
- KAPELUS, P. 2002. Mining, corporate social responsibility and the "community": the case of Rio Tinto, Richards Bay minerals and the Mbonambi. *Journal of Business Ethics*, vol. 39. pp. 275–296.
- KOVEL, J. 2002. *The Enemy of Nature: The End of Capitalism or the End of the World?* Zed Books, New York.
- LANGEVOORT, D.C. 2004. Resetting the corporate thermostat: Lessons from the recent financial scandals about self-deception, deceiving others and the design of internal controls. *Georgetown Law Journal*, vol. 93. pp. 285–318.
- LE ROUX, N. 2011. Environmental governance, fragmentation and sustainability in the mining industry. Master's dissertation, North-West University, Potchefstroom.
- LOWNEY, C. 2003. *Heroic Leadership: Best Practices from a 450-year-old Company that Changed the World*. Loyola Press, Chicago.
- MARCUS, J. 2012. Human values and corporate actions propensity examining the behavioural roots of societal sustainability. *Business and Society*, vol. 51. pp. 677–689.
- MARTINEZ-FERNANDEZ, C., SHARPE, S., ANDERSEN, M. M., GENOFF, R., and KRISTIANSEN, K.R. 2013. Measuring the Potential of Local Green Growth: An Analysis of Greater Copenhagen. OECD Local Economic and Employment Development (LEED) Working Papers, 1.
- MITROFF, I. and DENTON, E.A. 1999. *A Spiritual Audit of Corporate America: A Hard Look at Spirituality, Religion, and Values in the Workplace*. Jossey-Bass, San Francisco.
- MORGAN, G. 2012. Fifty-three mines operating without a water use licence. <http://www.da.org.za/newsroom.htm?action=view-news-item&id=10467> [Accessed 24 September 2013].
- National Planning Commission. 2011. *National Development Plan: Vision for 2030*. National Planning Commission, Pretoria.
- NORTHOUSE, P.G. 2013. *Leadership: Theory and Practice*. Sage, Thousand Oaks, California.
- RAMALHO, A. 2011. *Eight Lessons for Directors*. Institute of Directors, Johannesburg.
- REPUBLIC OF SOUTH AFRICA. 1998. National Environmental Management Act 107 of 1998. Department of Environmental Affairs and Tourism, Pretoria.
- REPUBLIC OF SOUTH AFRICA. 2008a. Assessment Study of the Energy Efficiency Accord. Department of Minerals and Energy and National Business Initiative, Pretoria and Johannesburg.
- REPUBLIC OF SOUTH AFRICA. 2008b. Companies Act 71 of 2008. Department of Trade and Industry, Pretoria.
- RICKARDS, T. and CLARK, M. 2006. *Dilemmas of Leadership*. Routledge, Abingdon.
- ROBERTS, R.P. 2013. The impact of authentic leadership and adverse selection conditions on escalation of commitment. http://idea.library.drexel.edu/bitstream/1860/3992/1/Roberts_RossPhD.pdf [Accessed 2 March 2013].
- SELZNICK, P. 1989. Leadership in Administration. *Leadership and the Quest for Integrity*. Badaracco, J.L. and Ellsworth, R.R. (eds.). Harvard Business School Press, Boston.
- SINGER, D. and DEWALLY, M. 2012. Occupy Wall Street and Corporate Social Responsibility. *Proceedings of the 35th Annual Meeting of the Northeastern Association of Business, Economics, and Technology*, State College, Pennsylvania, 25–26 October 2012. Belloit, J.D., Johns, T.R., and Myers, C. (eds.). Northeastern Association of Business, Economics, and Technology. pp. 162–175.
- STACEY, A.G. 2005. Reliability and validity of the item means and standard deviations of ordinal level response data. *Management Dynamics*, vol. 14. pp. 2–25.
- STACEY, A.G. 2006. Estimating the means and standard deviations of rank ordered survey items. *Management Dynamics*, vol. 15. pp. 26–35.
- TENBRUNSEL, A.E. and MESSICK, D.M. 2004. Ethical fading: The role of self-deception in unethical behavior. *Social Justice Research*, vol. 17. pp. 223–236.
- TRADING ECONOMICS. 2014. GINI index in South Africa. <http://www.tradingeconomics.com/south-africa/gini-index-wb-data.html> [Accessed 21 September 2014].
- TUTU, H., MCCARTHY, T., and CUKROWSKA, E. 2008. The chemical characteristics of acid mine drainage with particular reference to sources, distribution and remediation: The Witwatersrand Basin, South Africa as a case study. *Applied Geochemistry*, vol. 23. pp. 3666–3684.
- VAN KNIPPENBERG, D., VAN KNIPPENBERG, B., DE CREMER, D., and HOGG, M.A. 2004. Leadership, self, and identity: A review and research agenda. *Leadership Quarterly*, vol. 15. pp. 825–856.
- WEBER, M. and PARSONS, T. 1998. *The Protestant Ethic and the Spirit of Capitalism*. Roxbury, Los Angeles.
- WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT. 2010. *Vision 2050 – the New Agenda for Business*. Geneva. ◆