
**INTEGRATING ETHICS AND LEADERSHIP AS A STRATEGIC SPUR
FOR PRUDENT UTILITY OF PUBLIC FUNDS IN AFRICA**

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Abstract

This paper aims to ascertain ethics and leadership as a link to prudent utility of Public Funds in Africa. The academic literature review studies links this possible integration as an answer to the haemorrhage of public resources. A literature review method was used in the research to identify approaches of prudent utility of public funds. The study is grounded on the systems and stewardship theory and a conceptual framework is presented.

Keywords: Ethics, Leadership, public funds.

Background of the study

i. Value of ethics

Globally, ethical lapses are huge and visible (Farrel & Farrel, 2010; Harshbarger & Holden, 2004) in scandals spanning across the continents for instance USA on Enron scandal and Europe with WorldCom. In a post Enron age, a thrill-like pursuit of profit, at the expense of other stakeholder needs and society the at large (Simon et al, 2002) is now being censured.

According to Trevino & Brown (2005) ethics management has received deliberation more recently. Ethics is a philosophical term drawn from Greek root word “ethos” which means custom or character. Ethics implies honesty and valuing diverse stakeholders (Freeman and Stewart, 2006). Ethics is about playing fair, considering others’ welfare and action consequence, drawbacks and benefits (Mihelic et al, 2010). Ethical analysis should delve into long-term problem resolution.

Moral lapses are a consequence of poor leadership. Empirically, there is a pressing plea to resolve the ethical lapses in Africa as they affect not only the economic progress but also the prosperity of the people by hindering achievement of sustainable development goals.

At the centre of every ethical hiatus are people. People who would have been expected to stewards and watch dogs subvert the very resources they are expected to safeguard. Such custodians undoubtedly lose credibility. There is therefore need to instill and integrate ethical leadership. Leadership development is grounded on dependability which arise from competence; capacity, skills, results, track record and character; integrity, motive and intent (Covey & Merrill, 2006).

A person’s distinctive character and motive pave way for their actions. A leader must therefore take keen interest in how they are developing their ethical orientation and perspective. Leading

in complex times with multifaceted changes demands courage, determination and leading by example. And such are the leaders Africa awaits to transform administration of its public funds, spur economic governance and set stage for achievement of sustainable development goals.

ii. Value of leadership

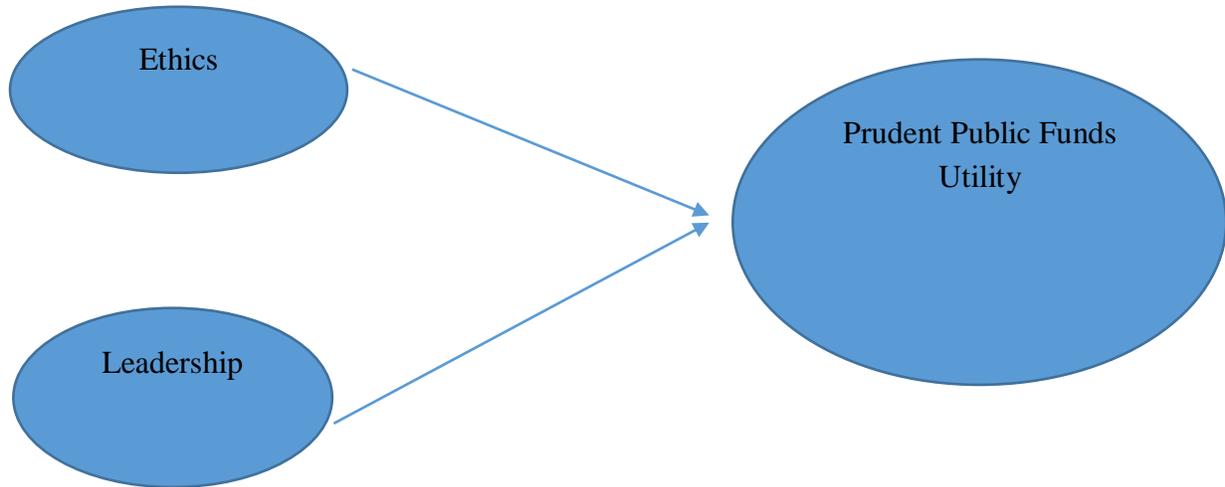
Leadership is a process, an act of influence that in some way gets people to do something. This description is replicated by Mihelic et al, (2010) as the art of persuading the follower to willingly do things that a leader sets as goals. To add to the above Ansari & Naeem, (2010) delineates leadership as a process of influencing and inspiring individuals towards excellence and achievement of goals. Moreover, Radin (2001) summarizes leadership is an inside out phenomena. It flows from character to conduct. A reflective process is therefore recommended to influence leadership practice with aims of developing capacity to think and act critically in domains of reason (knowledge), self and the world.

Some of the misconceptions of leadership include that positional power or headship is equivalent to exercising leadership. Goeffe & Jones (2000) reported that while many have positions we have few leaders because many decline to practice leadership. Leadership is a huge challenge. Leadership ought not to be based merely on the position one holds. The role of a positional leader should however lead to one creating an environment where other leaders can thrive. A leadership environment where initiative and responsibility are encouraged.

The role of leaders is to guide employees and set an example of moral development. This calls for awakening of awareness of the present possibilities for achievement and aspiring for a better future (Freeman and Stewart, 2006). Studies by Mihelic et al, (2010) notes that “it is walking the talk”- that translate the values into action and enhances growth of trust and respect for the leader. When followers see leaders going an extra mile they follow suit. This elucidates that ethic is a central matter to leadership and one that cannot be relegated to the back burner.

The leaders must therefore set an example in how public finances are safeguarded and how resources are utilized for sustainability. Leadership should hold coaching, empowerment and personal skills development forums to address issues relating to ethics. There is a call to do customized empowerment, coaching and personal skills development to align Sustainable Development goals to individual goals so that the nations can begin to have making positive implication on economic governance and utility of public funds.

Conceptual Framework



Problem statement

iii. Africa's standing

According to the World Bank (2010), unethical practices gnaw away Africa's resources, undermine its development and undercut the long term interests of the poor. Numerous sub-Saharan African countries remain lacking on answerability, transparency and fairness. The public servants disregard the laws, policies and procedures and opt to do things in line with their interest despite the clearly stated prohibitions. UN convention on corruption held in September 2003 espoused that strict enforcement of ethical codes of conduct and criminal sanctions against bribe taking and offering bribes can control institution's corrupt public servants.

A study by Oghenejobo (2009) stated that it is this harsh reality that we need to have a new rear of ethical and creative decision makers who value and exercise societal responsible leadership as a context seeking to reduce discrepancy between individual and public interest. This phenomenon is convoluted by a shortage of leaders who are ready to face the challenges thrust by leadership.

A report by Transparency International (2010) recommends that ethical standards should be enhanced to reduce unethical practices (World Bank, 2010). Public officials have often enriched themselves and their kin by funds misappropriation through conflict of interest and abuse of office which often drain public resources.

Integrating for a strategic Spur

i. Africa's Economic Governance

According to World Bank, (2000) Governance can be defined broadly as ‘the manner in which power is exercised in the management of a country’s economic and social resources’. Good governance philosophies encompass fair competition, transparency and proficiency in resource use. Value for money is yet another essential standard in governance. Numerous epitomes such as efficiency and effectiveness, accountability and transparency, competition, ethics and industry development - arch the concept of value for money. Value for money as a concept goes hand in hand with transparency. Globalization has occasioned in prevalence of bribery and corruption thereby demanding increased attention as a worldwide phenomenon (Armin as, 2002). Indeed, since the 1990s, corruption has been an important topic for academic research but as of yet there is little evidence suggesting that corruption has decreased Bappaditya, (2011).

ii. Africa Public Funds

Despondently, in Sub-Saharan Africa rarely is there a conversation without aggressive or appalled references to corruption (Olivier de Sardan, 1999). Globally, occurrences of fraud, lack of transparency and inefficiency are not a reserve for Africa, it is culturally reported elsewhere such as Armenia by (Coxson, 2009). According to Bappaditya (2011) the World Bank institute approximations of worldwide bribery is to the tune of \$1 trillion. Transparency International (TI) estimates that the amount lost due to bribery in government procurement alone is at least \$400 billion per year worldwide. This is means that vast resources run into danger of unethical practices and misuse of funds (Jeppesen, 2010).

For the rising of Africa, a new leadership breed is thus demanded to make creative and ethical decision makers, so as to enhance countries ability to run efficiently and in a socially responsible way (Oghenejobo, 2009). Unethical practices raises procurement costs, a burden borne by taxpayers unfortunately. Moreover, a fraud induced procurement transaction often results in the supply of inferior goods or services, which results in poor-quality infrastructure that further hinders economic growth. Tanzi (1997) empirically demonstrated from a study conducted that, ceteris paribus, fraud is indeed associated with poor infrastructure.

Theoretical Grounding

The researcher uses two theories - systems theory and the stewardship theory to model patterns of behavior of leadership in context of economic governance and administration of public finances.

i. Systems Theory

Ludwig von Bertalanffy founded and advanced this theory (Laszlo and Krippner, 1998). A system is described as a set of two or more interrelated elements, where each element has an influence on the functioning of the whole. Each component or part is impacted by at least one other part in the system and all probable subgroups of components have a bearing on outcomes of whole system. The economic prosperity of Africa is interrelated to various elements and it affects the progress of the globe as a whole.

ii. Stewardship Theory

Stewardship theory was developed by Donaldson & Davies (1991 & 1993) and the protagonists opine that stewards must safeguard resources and advance institutional performance. Hence those who have are conferred on the responsibility to undertake financial stewardship have such roles based on trust. This theory advocates that stewards' motives are aligned to public entity objectives.

The stewardship theory is in sharp contrast presently to Africa where bribery and corruption are very prevalent thereby demanding scrutiny on the way to be stewards of the organizations as a global phenomenon (Arminas, 2002). Public entity's should hire, train and develop leaders, who work on the premises of stewardship theory. (Davis, Schoolman & Donaldson, 1997). Leaders whose morality is above par. Loss or lack of a moral compass has a long-term implication where "self" overtakes every other interest. To avert this breed of leaders, public entities should select and develop trustworthy leaders, who understand, appreciate stewardship theory (Davis, Schoolman & Donaldson, 1997) Leaders have and follow a moral compass.

Conclusion

Ethical orientation of managers of public resources and leaders' development in competence, courage and character needed to be ingrained so as to have prudent utility of public funds in Africa.

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