

GOVERNANCE AS A CONCEPTUAL PARADIGM FOR INSTITUTIONAL REFORM AND TRANSFORMATION

Within the context of the conference theme ‘Imaging the Future of Governance’, this paper attempts to provide some understanding of governance and its suitability as a conceptual paradigm for reform and transformation of institutions not fulfilling their development potential. This paper will also explore governance’s nexus with systemic concepts such as development and corruption, as well as other governance-related concepts such as good governance, public sector governance, corporate governance, quality governance, moral governance and the role of visionary, moral and transformational leaders.

Governance

Governance is “the manner of directing and controlling the actions and affairs of an entity” (King, 2006: 1), that “involves fairness, accountability, responsibility and transparency on a foundation of intellectual honesty” (King, 2006: 15). Governance will be good “when government attains its ultimate goal of creating conditions for a good and satisfactory quality of life for all citizens” (Gildenhuis & Knipe, 2000: 91). This definition of good governance is a timeless and systemic definition that includes global governance within the context of global quality of life. Global governance is based on universal ethical values, which are: transparency, accountability, sustainability and universality.

Principles of good governance that will be discussed in this paper are the following: political, namely responsibility and accountability of political representatives; economic, namely deregulation; and social, namely integration, civic responsibility and respect of the law. Public management principles (public sector governance) that will be discussed include: choice of public services; economy, efficiency and effectiveness; flexibility and management of change; sustainability and consistency; accountability, responsibility and transparency; and adhering to *batho pele*¹ principles (Gildenhuis & Knipe, 2000: 111-121, 123-133). *Batho pele* is a Sotho word meaning “people first”. It includes creating a framework² for the delivery of public services that treats citizens as customers and enables them to hold public officials accountable for the delivery

¹ Words in *italics* in this paper include the title of publications and languages other than English.

² This framework consists of the following service delivery principles: consultation; service standards; access; courtesy; information; and correcting mistakes, and redressing failures (Gildenhuis & Knipe, 2000: 130-133).

and the quality of public services (Gildenhuis & Knipe, 2000: 130-133). The concept *ubuntu*³ also needs to be included in the concept of good governance: ‘I am because of you’, meaning ‘I can only achieve my optimal potential through serving all individuals in society or an institution, and I can only judge my contribution to society in perspective if I can see myself through the eyes of other members of society’. One has to encounter the ‘collective we’ before one can encounter the ‘collective I’. *Ubuntu* is the opposite of being selfish and self-centred; it creates cooperation between individuals, cultures and nations. *Ubuntu* empowers all to be valued, to reach their full potential. An *ubuntu* style of governance means a ‘humane’ style of governance based on collective solidarity and communality (Gildenhuis & Knipe, 2000: 271).

Corporate governance is generally the governance of incorporated entities such as public and private companies. The principles of quality governance apply to all incorporated entities (King, 2006: 1). Good governance is about the ability to govern an enterprise with integrity. Quality governance is that unchangeable quality called “intellectual honesty” (King, as cited by Bisoux, 2004: 35). Good corporate governance is about the ability to govern an enterprise with integrity-driven performance (quality governance) by applying systems and processes to protect the interests of its diverse stakeholders. It is clear that quality governance also applies to public sector governance. Principles of quality corporate governance can include the following: sound economic, social and environmental practices, the triple bottom line⁴ (sustainable⁵) performance; effective financial accounting⁶ and management; integrated risk management processes; systems and processes for effective decision-making; organisational integrity; effective monitoring and controls; independent auditing and verification; accounting and responsibility; and adequate sustainability and transparency (Khoza & Adam, 2005: 32). Good corporate governance is not a mindless compliance with a quantitative governance checklist. The King Committee on Corporate Governance (as cited by Khoza & Adam, 2005: 32) said that good corporate governance includes the following: discipline (a commitment to behaviour that is recognised and accepted as correct and

³ *Ubuntu* is an old African term for ‘humanness’, for caring and sharing (Gildenhuis & Knipe, 2000: 271). *Ubuntu* is a literal translation of ‘brotherhood’ and collective morality that is best expressed by the Xhosa proverb ‘*umuntu ngumuntu ngabantu*’, which means ‘I am because we are’.

⁴ There is also a new trend called the triple top line, namely: ecology (e.g. company products that place nutrients back in the environment, and sustainability); followed by economy (profit); and equality (social responsibility).

⁵ The essence of sustainability (Visser & Sunter, 2002: 73-76) is that it is a wider view of business performance, beyond profits, revenue growth and shareholder value. The following are also known as the triple bottom line: economic growth, environmental quality and social justice.

⁶ Effective financial accounting is not about compliance with rules and codes, it is not ‘box ticking’. Enron had an audit committee, a compensation committee and a nomination committee. The audit committee was chaired by a chartered accountant. Enron’s board had 100 percent attendance (King, as cited by Bisoux, 2004: 35).

proper); independence (mechanisms to avoid and manage conflicts); and social responsibility (awareness and responding to social issues).

Good governance cannot be defined without including moral governance, because in order to govern well, moral and transformational leadership is required to inspire people to make sacrifices for the common good of society. The concept 'moral' was defined by De George (1999: 19) as "a term used to cover those practices and activities that are considered importantly right and wrong; the rules that govern those activities; and the values that are embedded, fostered, or pursued by those activities and practices". Morality is a precondition for ethics, because moral people can judge right from wrong and act in accordance with the norms accepted by them and society. Without a concept of morality no stable society would exist within which public and private institutions could deliver services and products. Moral governance is directing and controlling the actions of an institutions that are based on practices and principles that enable a distinction between right and wrong; and values that are underpinning those practices and activities that involve fairness, accountability, responsibility and transparency based on intellectual honesty.

From the discussion on governance, it can be deduced that the concept of governance includes good governance, public sector governance, corporate governance, quality governance and moral governance. Given the understanding of governance the focus shifts towards the relation between corruption and governance.

Corruption

Corruption impacts on and deters or decays the ability of quality governance of companies and institutions in both the public and private sectors. This means that all civic institutions, such as churches, sport organisations, tax-payers associations, trusts and close corporations, are affected by the negative impact of corruption. Corruption also impacts on moral governance. It has an impact on moral and transformational leadership. Corruption impacts on the ability of leaders to make a distinction between right and wrong, to apply values consistently, to lead with fairness, accountability, responsibility, transparency and intellectual honesty. Corruption impairs the ability of leaders to be competent, moral and to transform a systemically corrupt institution to a just and fair institution with integrity.

If corruption has such a negative impact on governance, then the concept of corruption needs to be further explored. The World Bank (WB) defined corruption as "the abuse of public office for

private gain”. This is one of the most commonly used definitions of corruption within the public domain. The expanded definition of the WB distinguished between isolated and systemic corruption (World Bank Report, 1997: 9-10). Isolated (or accidental) corruption is described as “rare, consisting of a few acts, it is straightforward (though seldom easy) to detect and punish”. In this case, non-corrupt behaviour is the norm, and public and private sector institutions support integrity. Both formal and informal systems are strong enough to return the system to a “non-corrupt equilibrium”. Systemic corruption, on the other hand, is pervasive, or entrenched, where corruption is routine between and within the public sector, companies or individuals. Formal and informal rules “are at odds with one another”. Corruption may be illegal, but in this case it is understood to be routine in transactions with government or business. Equilibrium exists (also called a “systemic corruption trap”) where incentives for corruption are very attractive for companies, individuals and public servants – attractive to be exploited and not resisted because of a high likelihood of success in a supportive corrupt environment.

Corruption is generally a systemic problem situation. The WB’s definition fails to accept the general nature of corruption as being systemic - a concept that suggests interdependence on deviant behaviour in public and/or private sector institutions. Corruption is a function of dishonesty, a lack of integrity and the abuse of private and/or public office for personal gain. However, it occurs most frequently when there is a culture of corruption, when the risk of exposure is less than the rewards for corrupt behaviour. This is due to mutual acceptance of, and mutual interdependence on corrupt behaviour within sub-cultures of an institution.

Corruption represents a breakdown in integrity. According to Rose-Ackerman (1996: 2), integrity implies “honesty, probity, uprightness, moral soundness, moral stature, principle, character, virtue, purity”. Antonyms of integrity are “deceit, venality, corruption” (Shepherd, 2006: 447). Latin for ‘integrity’ is *in-teger*, meaning “what is not touched, taken away from, or interfered with” (Stanford Encyclopedia of Philosophy, 2010a). *In-teger*, can be interpreted as ‘wholeness’. Therefore, ‘integrity’ should be a central (albeit contrasting) concept in any root definition of corruption, because it represents consistency in “actions, values, methods, measures, principles, expectations and outcome” (Stanford Encyclopedia of Philosophy, 2010a; and Stanford Encyclopedia of Philosophy, 2010b). According to Spies (2003: 9), integrity means also that the norms and behaviour of every element of a social system represents the norms and behaviour of the whole. A popular view of integrity is that the actions of a person should correspond with what he/she says in the spoken word. Corruption is the antithesis of integrity (Spies, 2003: 9), because a breakdown of integrity means a systemic breakdown. This systemic contamination not only affects the cohesion of

and symbioses in a social system, but it is also a direct attack on the norms and standards that drive the cohesion, and symbioses of a society. It is therefore symptomatic of a society in which serious systemic imbalances occur (Spies, 2003: 9). Corruption is “a general concept describing any organised interdependent system in which part of the system is either not performing duties it was originally intended to, or performing them in an improper way” (Knol A Unit of Knowledge, 2010), to the disadvantage of the system’s original purpose.

Integrity and consistency of actions can contribute towards the creation of wholeness. Holism is linked to wholeness. Hornby (2005: 714) described ‘holistic’ as follows: “considering a whole thing or being to be more than a collection of parts” and in terms of medicine “treating the whole person rather than just the symptoms”. This definition corresponds with the definition of the *Verklarende Handwoordeboek van die Afrikaanse Taal (HAT)* (Odendal, 1985: 401) which emphasises that holism is a philosophical statement “*wat berus op die beginsel dat die geheel meer as die som van die dele is*”. The HAT definition emphasises the inherent characteristic of the whole being larger than the sum total of the independent parts. This seems to be a most appropriate insight for the purposes of this study. Corruption can therefore be defined as “...an impairment of integrity, virtue or moral principle; depravity, decay, and/or an inducement to wrong by improper or unlawful means, a departure from the original or from what is pure or correct, and/or an agency or influence that corrupts” (Merriam-Webster Dictionary, 2010).

The author of the paper can argue about “a departure from the original or from what is pure or correct” because whose standards are applicable in determining what is pure and correct? Nevertheless, the essential attributes of corruption are represented in this definition and will be used in this paper.

Given the discussion on the concept of corruption, its systemic nature and negative impact, more exploration is needed about governance-related concepts and their suitability for identifying a systemically corrupt institution.

The suitability of governance to identify a systemically corrupt institution

From a strategic/prospective approach, the coinciding absence of the following good governance principles in general, can provide an indication that a public and/or private institution is systemically corrupt:

- Social integration and participation of all stakeholders and their ideas
- Deregulation of excessive and unnecessary processes that cause bottlenecks, delays and inefficiency
- Respect and obedience of the law
- Public management principles.

Acceptance of responsibility and accountability is essential for all members – managers, leaders, stakeholders and shareholders. Accountability is answerability for all decisions and actions that include collective answerability (institutional and individual). Private institutions are not in the same way publicly accountable to taxpayers. However, private institutions should have social and environmental accountability. The limited appliance of accountability or lack of can be a valid indicator that an institution may be corrupt. Shareholder accountability means reporting on wealth created for the shareholders. This narrow perception of accountability is not conducive to institutional governance, because it focuses too much on the profit motive. German and Japanese companies place a lower emphasis on shareholder accountability compared with their American and European counterparts. Shareholder accountability should be complemented with stakeholder accountability and market share. Shareholder accountability in general encourages a short-term profit orientation. Stakeholder accountability emphasises the development of robust and inclusive institutional governance structures, stability, long-term orientation, a sense of shared destiny, legacy and vision (Mbigi, 2005: 193-195).

The coinciding absence of the following public management principles⁷ can assist in providing an indication that a public institution could be systemically corrupt:

- Economy, efficiency (i.e. minimum use of resources to achieve an objective) and effectiveness (i.e. exercising the right choices and/or pursuing the right direction)
- Sustainability⁸, consistency and innovation of the transition to sustainability
- Flexibility and management of change
- Transparency by means of disclosure, declaration and management of conflict of interest⁹

⁷ Public management principles that overlap with good governance principles were combined.

⁸ Sustainability is one of two core principles identified in *King's Counsel: Understanding and Unlocking the Benefits of Sound Corporate Governance. Corporate Governance Executive Guide to King III* (PriceWaterhouseCoopers, 2009: 2).

- *Batho pele* principles.

The coinciding absence of the following *batho pele* principles can assist in providing an indication that a public institution could be systemically corrupt:

- Consulting all relevant role players with the emphasis on broadening inclusion and participation.
- Creating cross-cutting standards based upon systems and people and their performance measured in terms of quantity and quality, output and outcome, i.e. time taken to connect a residential stand to water and electricity with less than a five percent come-back of all such connections.
- Providing timely information using multi-media applications, for example posters, flyers, websites and videos to inform customers about what standards to expect.
- Creating access to services. The more accessible services are, the less scarcity and less motivation exists for corruption.
- Courtesy and respect for all customers, irrespective of political affiliation, economic status, education or religion.
- Correcting mistakes and redressing failures, e.g. by providing apologies and creating complaint procedures, redressing mechanisms and providing rebates¹⁰.

The coinciding absence of the following corporate governance principles can provide an indication that both a public and/or private institution could be systemically corrupt:

- Sound economic, social and environmental performance; that includes ecology (sustainable impact on the environment), economy (profit) and equality (social responsibility)
- Effective financial accounting and management, e.g. maintaining a sustainable growth rate¹¹ and a healthy cash flow¹²

⁹ Transparency is “substance over form coupled with the truthful and prompt communication of important decisions” (King, 2006: 123).

¹⁰ A rebate is “An amount of money that is paid back to you because you have paid too much” (Hornby, 2005: 1212). In the context of the study, the amount is ‘too much’ in relation to the quality of services or goods received.

- Integrated risk management¹³ processes to adapt to changes and to mitigate the impact of high risk activities
- Developing systems, processes and controls for effective decision-making, monitoring, evaluation and changing unsuccessful strategies
- Integrity, for example to accept liability for institutional negligence
- Independent auditing and verification of financial statements.

The coinciding absence of the proper exercising of the following fiduciary powers of directors of companies can provide an indication that a private institution could be systemically corrupt:

- Good faith: a director must apply his/her mind and always act in the best interests of the company. He/she must ensure that there is no conflict between his/her interests and those of the company. Good faith suggests reliance, trust, integrity and acting in an ‘unfettered manner’¹⁴.
- Care: he/she must ensure that the company uses its assets as if they are the assets of his/her own family. Care involves seriousness in dealing with institutional challenges, stewardship¹⁵, transparent communication and protecting the company’s reputation.
- Skill: every director must use his/her ability, whatever that ability is, in the interest of the company he/she represents, e.g. how a director evaluates information submitted to the board; and the honest application of a director’s mind.
- Diligence: a director must do his/her homework, he/she must study information about the industry and the company’s relationships with stakeholders supplied to him/her and ensure that he/she understands it (King, 2006: 29-30, 52-53).

¹¹ E.g. a year on year profit growth rate that does not place serious constraints on working capital in case of a steep decline in profits, market share or share price.

¹² Another example is to apply Economic Value Added (EVA) principles.

¹³ King III requires from companies not only to have audit and risk management committees but that risk management should be an integrated part of the audit committee (PriceWaterhouseCoopers, 2009: 51,73).

¹⁴ Meaning not in a controlled or restricted manner (Hornby, 2005: 1610).

¹⁵ Stewardship is “the act of taking care of or managing something” (Hornby, 2005: 1450).

The impact of not fulfilling fiduciary powers can appear in various manifestations, such as conflict of interest (good faith), unaccountability (care), incompetence (skill), and negligence (diligence).

Now that governance-related concepts and their suitability have been discussed for profiling a systemically corrupt institution, it is appropriate to focus on the construct of development and how obstructions thereto relates towards governance and corruption.

The nexus between development, corruption and good governance

From the previous discussion on corruption, it can be deduced that corruption is a deviant human (including socio-cultural) sub-system that functions in contradiction to its design within a social system. It displays systemic characteristics that are generally obstructions to the development of society and organisations. Ackoff (as cited by Gharajedaghi, 1982: 6-11) argued that, because the parts of a social system are interdependent. When these parts are solely driven to perform independently as efficiently as possible, without considering its impact on the whole system ('selfishly', as in corrupt behaviour), the system will not perform as a whole efficiently as it could perform if all parts are harmonised towards integrated efficiency of all the parts. This is an obstruction to development.

To understand systemic obstructions to development, the functions (expected outputs) of a system as a whole have to be examined. Gharajedaghi (1982: 57) identified five functional dimensions in social systems, the Ackoff-Gharajedaghi Five Dimensional Design, namely:

- The generation and distribution of wealth by means of the production of goods and services (economic function).
- The generation and distribution of information and knowledge that contributes to understanding and insight (knowledge, skills and technology function).
- The creation and dissemination of beauty, meaningfulness, innovation, creativity, excitement and harmony (aesthetic¹⁶ function).

¹⁶ Aesthetics is a "branch of philosophy that studies the principles of beauty, especially in art" (Hornby, 2005: 24).

- The creation and maintenance of peace, conflict resolution, the challenge of “appreciating plurality of value systems”, empathy, love, respect, harmony and a strive towards the good and what is right (ethics and morality function).
- The generation and distribution of power, questions of legitimacy, authority and responsibility or questions about accountability, transparency and responsibility (political/governance function).

Within the sphere of socio-economic studies, the concept ‘development’ is normally associated with any improvement which enhances the capacity (ability) of an entity to perform its functions. The systems view of development is more specific. It defines the development of a social system as a learning and creative process “by which a social system increases its ability and desire to serve its members and its environment by the constant pursuit of truth, plenty, good, beauty and liberty” (Ackoff, as cited by Gharajedaghi, 1982: 54). The underlying systemic logic in this definition should be clear, namely that for effective and efficient behaviour, any system (human and otherwise) should have efficient elements as well as effective interactions between these elements - the contribution of each element to the whole must be according to the design of the whole.

Following on the earlier discussion of corruption, another systems perspective on corruption is that it is multi-dimensional. According to Gharajedaghi (1982: 68), corruption is not “just a malfunctioning of the value system” (moral), but a second-order-obstruction (a complex problem situation that cannot be solved linearly) of a social system, that includes amongst (other as discussed already) the generation and distribution of power (political/governance). In managing corruption, obstructions to development should be ‘solved’. Such effective ‘solving’ is imperative to achieve good governance. Governance will be good “when government attains its ultimate goal of creating conditions for a good and satisfactory quality of life for all citizens” (Gildenhuis & Knipe, 2000: 91). Good governance cannot develop in a systemically corrupt institution because it breaks down the integrity of such system and obstructs development.

The table below illustrates the Ackoff-Gharajedaghi Five Dimensional Design, where the first-order-obstructions to development consist of 15 categories of possible known obstructions (each category is not exhaustive). At the second level, three possible categories of obstructions exist: alienation, polarisation and corruption (that include xenophobia, organised criminality, terrorism and war).

Ackoff-Gharajedaghi Five Dimensional Design

Primary or First-Order-Obstructions Emergent I Properties					Second-Order-Obstructions Emergent II or Properties of the Whole		
Dimensions of Social Systems	Expected Yield	State of Scarcity Absolute Exclusion	State of Maldistribution Relative Exclusion	State of Insecurity Total Exclusion	Alienation	Polarisation	Corruption, Terrorism, *Xenophobia, *Organised Criminality and *War
Economic	Goods/ Services *Wealth (plenty)	Poverty Inefficiency	Disparity Exploitation	Fear of deprivation Instability			
Scientific	Information Knowledge Understanding (truth)	Ignorance *Incapability Incompetence Rolelessness	Elitism/ Illiteracy *Populism Lack of communication	Obsolescence			
Political	Influence (Participation) *Recognition (liberty)	Impotency *Ineffectualness Powerlessness	Centralisation Autocracy *Minority *Majority	Illegitimacy			
Ethical/ Moral/ *Spiritual	Peace (good) *Fairness *Consciousness *Fulfilment	Normlessness *Nihilism *Disconnection/ *Detachment	Conflict Discrimination *Conflicting values	Fanaticism			
Aesthetic	Sense of belonging *Innovation *Inspiration Excitement (beauty)	*Isolationism Meaninglessness Hopelessness Boredom	Lack of shared image of desired future Selfishness/ Selflessness	Fear of loss of identity and individuality/ Fear of loneliness and isolation			

Note: Between brackets (): Ackoff, as cited by Gharajedaghi.
The author's own additions are indicated by an *

Adapted from: Gharajedaghi, 1982: 64.

Within the context of the five dimensions needed for developing a social system and the earlier explanations of governance and its suitability for profiling a corrupt institution, it is now appropriate to demonstrate how the construct of governance can be integrated in the Ackoff-Gharajedaghi Five Dimensional Design as follow:

Economic: corporate governance, e.g. the triple top line; *batho pele* principles, e.g. creating access to services; and public management principles, e.g. economy, efficiency and deregulation to reduce delays in providing products and services.

Scientific/knowledge: corporate governance, e.g. fiduciary powers of directors and specific skill and diligence, risk management processes to adapt to changes and to mitigate the impact of high risk

activities; and *batho pele* principles, e.g. providing timely information using multi-media applications.

Political: *batho pele* principles i.e. courtesy and respect for all customers, irrespective of political affiliation, economic status, education or religion and consultation with role players to increase participation, recognition and influence.

Ethical/moral: moral governance, i.e. values that are underpinning those activities and practices that involve fairness, accountability, responsibility and transparency based on intellectual honesty; and corporate governance, e.g. equality that entails a social responsibility to create a more just institution.

Aesthetic: innovative and creative solutions are needed in public and private institutions to respond to the ever faster changes of a global world in increasing need for corporate and global governance to create meaningfulness for stakeholders.

From the discussion, it can be deduced that governance is integrated in the dimensions of a social system, imperative for development and to prevent corruption. The next section focuses on the distinction between the concepts ‘reform’ and ‘transformation’ in order to clarify underlying nuances in changing a systemically corrupt institution.

Reform and transformation

The concept ‘reform’ means to “form again or form something again, especially into a different group or pattern with the intention to improve or correct” (Hornby, 2005: 1223). Shepherd (2006: 678) said that the general meaning is that ‘reform’ means to improve, to rebuild, to remodel, and to amend.

Reform is “a complete change in somebody or of something” (Hornby, 2005: 1572). ‘Transformation’ consists of two parts, ‘*trans*’ which is the Latin for ‘across’ and ‘form’ which means to give shape, to create, to begin (Hornby, 2005: 585, 1571). This is the definition of the concept transformation that is used for this paper. The concept ‘transformation’ includes the concept ‘change’. To transform means to change the internal “structure, nature, and shape or appearance of the organisation” (Van Tonder, 2004: 107). Transformation emphasises the result or

consequences of change. A systemically corrupt institution is different in its appearance and character once transformation has taken place (Van Tonder, 2004: 105). This type of change is a fundamental ‘remaking’ of an institution. It is likely to affect an institution in all those dimensions¹⁷ and factors that are meaningful for its functioning and survival (Van Tonder, 2004: 107). By implication, a systemically corrupt institution will be transformed when the interactive five dimensional design for human development is ‘totally changed’, a metamorphosis, of integration and differentiation (second-order-development). Transformation is when a systemically corrupt institution is officially ‘declared dead’ and a ‘new’ institution is ‘conceived’ that co-produces processes associated with the interaction of integration and differentiation. Compared to the concept ‘change’, a system can be transformed, while people can only be ‘changed’, in other words, ‘developed’.

The role of visionary, moral and transformational leaders in reform/and transformation

Systemic corruption is an inevitable outcome of vacuums of power and destabilisation during transformation towards independence and democratisation, where moral and strategic leadership fails, because neither liberation struggles nor colonialism has prepared developing countries for good governance.

A systemic definition of a transformational leader, “is one who can produce, or encourage and facilitate the production of, a mobilizing vision of a transformed system” (Ackoff, 2009: 11). Such a leader must be able to inspire people for the voluntary achievement of a vision and to mobilise and coordinate, not command and control, i.e. in Colombia the Anti-Corruption Czars, Presidents Pastrana and Alvaro Uribe, created mechanisms “for coordination across major ministries and agencies of government (auditing, investigation, prosecution, and so forth)”. In order to inspire people and to unleash energy to transform a systemically corrupt institution, leaders must be credible¹⁸, respected and committed. Role models of moral and transformational leadership, such as Mahatma Gandhi (spiritual leader who united deprived Indians in India and South Africa), Nelson Mandela (political leader who united South Africa after *apartheid*) and the Dalai Lama (spiritual leader and unacknowledged head of the state of Tibet), can fulfil an inspiring role in uniting people to transform a society. Other examples of leadership in community work include Mother Theresa, Florence Nightingale and Princess Diana, business/entrepreneurial leaders such as Richard Branson

¹⁷ Deduced from the Ackoff-Gharajedaghi Five Dimensional Design of a social system.

¹⁸ Credibility means “that can be believed or trusted” (Hornby, 2005: 345).

and Bill Gates, moral leaders against *apartheid* in South Africa such as Desmond Tutu and Beyers Naude and education leaders such as Jonathan Jansen (Rector of the University of the Free State). People need identification with role models. For this purpose, the Mo Ibrahim Prize for African Presidents was created by the Mo Ibrahim Foundation to strengthen governance¹⁹ in Africa. The winner²⁰ is selected annually by six individuals who assess all sub-Saharan African leaders who have been in a leadership position for at least three calendar years, and stepped down democratically from such position (The Mo Ibrahim Foundation Newsroom, 2008: 7).

Transformational leaders can inspire people and such inspiration has strategic implications for changing a systemically corrupt institution, namely developing people and systems and creating opportunities for development. The interactions of people (structure) should be managed to develop institutional/social capital and trust. A learning institution should be created with a 'learning-adaptation support system' (Ackoff, 2009: 12) that enables second-order-learning and second-order-change. For changing a corrupt institution it is imperative to understand such a system, its assumptions²¹ and the implications associated with transformation towards the vision. Maximising stakeholder participation is needed to increase ownership of transformation. Educational institutions headed by transformational leaders, such as Jonathan Jansen, can play an instrumental role in bridging the divide in race, ethnicity, religion and class to develop a national consciousness about the value of integration in a divided society.

Role models of transformational leadership in business, education, spiritual and community are extremely important to the hopeless and vulnerable, who can be misled by populist demagogues to fill the vacuums of power with radical, intolerant and immoral leadership that can destabilise a developing country. Role models should be visionary and moral to provide hope and to be respected. However, not only moral leaders are required for transformation, but also committed ones who have the political will to transform corrupt and unjust systems towards good governance. Because politicians in a corrupt country are seldom moral, they must experience political benefits for taking the risk of changing systems that will impact on their power base (voters' support), in order to secure their commitment and to create political will. Political will for reducing systemic corruption is needed for influencing changes in the five developmental dimensions of the Ackoff-

¹⁹ To assess the quality of governance in the areas of economic development, peace and security, human rights, democracy and the rule of law.

²⁰ The first recipient of this prize in 2007 was Joaquim Chissano, a former President of Mozambique. The second recipient in 2008 was Festus Mogae, a former President of Botswana. During 2009 and 2010 there were no recipients.

²¹ E.g. a system with integrity, on which the vision of a zero tolerance for corruption could be based.

Gharajedaghi design. These benefits and support are needed to create what Meadows (2009: 1-13) called 'positive recurring loops' for second-order-change and development. Moral and transformational leaders and competent people will be inspired by the benefits of a culture of openness, accessibility and accountability. Role models of transformational and moral leadership can provide a strong message for changing perceptions of hopelessness, which is associated with systemic corruption. Moral and transformational leaders are of key importance for securing political commitment for long lasting change.

Conclusion

This paper attempts to provide a contribution towards the question: To what extent does governance provide a conceptual paradigm for transformation and administrative reform? Within the context of corruption as an obstruction to development, the principles of governance could provide a roadmap for change. The absence of indicators of good governance and its nexus with symptoms of a systemically corrupt institution could provide a profile that an institution, either public, private or civic, could be corrupt. In order to transform and reform such an institution to its optimum potential, the relation between good governance, corruption and development should be understood. Corruption, is amongst other deviant human behaviour, a serious development failure that cannot be rectified by reform but by a complete make-over (transformation).

The construct of governance should be integrated in the Ackoff-Gharajedaghi Five Dimensional Design to enable such a fundamental 'remaking' of an institution. All five areas of a social system need to be assessed in order to transform a systemically corrupt institution. Development obstructions are inherently part and parcel of governance failures that can be transformed by considering options such as: the triple bottom line with the focus on delivering services and products (economic subsystem); the fiduciary powers of directors (scientific/knowledge subsystem); increasing participation and ownership (political subsystem); increasing equality (ethical/moral subsystem); and increasing the ability to be innovate and inspire (aesthetic subsystem). However, these five systems should be in harmony and their obstacles towards optimising the whole system should be addressed as a whole package and not as independent parts.

In the change process of a systemically corrupt institution, the most important driver for transformation is the role of visionary, moral and transformation leaders to inspire people, to give hope and to create innovative alternatives for sustaining the process that could be uncomfortable and painful.

References

- Ackoff, R.L. 2009. *A Systemic View of Transformational Leadership*. Available at: <http://www.alasa.upenn.edu/leadership.pdf>, retrieved 29 May 2009.
- Bisoux, T. 2004. *What is Good Governance?* Article in *Bi Ed*, March/April.
- De George, R.T. 1999. *Business Ethics*. Upper Saddle River: Prentice Hall.
- Gharajedaghi, J. 1982. *Towards A Systems Theory of Organization*. Pennsylvania: Intersystems Publications.
- Gildenhuis, J.S.H. & Knipe, A. 2000. *The Organisation of Government: An Introduction*. Pretoria: Van Schaik Publishers.
- Hornby, A.S. 2005. *Oxford Advanced Learner's Dictionary. International Student's Edition*. Oxford: Oxford University Press.
- Khoza, R.J. & Adam, M. 2005. *The Power of Governance: Enhancing the Performance of State-owned Enterprises*. Johannesburg: Pan Macmillian and Business in Africa.
- King, M.E. 2006. *The Corporate Citizen. Governance for all Entities*. Johannesburg: Penguin Books.
- Knol A Unit of Knowledge. 2010. Corruption is a Curse. Available at: <http://knol.google.com/k/asif-kamboh/corruption-is-a-curse/pioel255j2pb/4>, retrieved 16 February 2010.
- Mbigi, L. 2005. *The Spirit of African Leadership*. Randburg: Knowres Publishing.
- Meadows, D.H. 2009. *Whole Earth. Places to Intervene in a System*. Published during 1997. Available at: <http://www.sustanalaska.org/pdf/WholeEarthRev.pdf>, retrieved 3 July 2009.
- Merriam-Webster Dictionary. 2010. *Corruption*. Available at: <http://www.merriam-webster.com/dictionary/corruption>, retrieved 13 February 2010.
- Odendal, F.F. 1985. *HAT. Verklarende Handwoordeboek van die Afrikaanse Taal*. Johannesburg: Perskor Boekery.
- PriceWaterhouseCoopers. 2009. *King's Counsel: Understanding and Unlocking the Benefits of Sound Corporate Governance. Corporate Governance Executive Guide to King III*. Brochure. Available at: http://www.iodsa.co.za/downloads/documents/09-06232Exec%20Guide%20to%20KING%20III_FINAL.pdf, retrieved 25 September 2009.

Rose-Ackerman, S. 1996. The Political Economy of Corruption – Causes and Consequences, *Public Policy for the Private Sector*, The World Bank, (74). Available at:

<http://www.worldbank.org/viewpoint/HTMLNotes/74/74ackerman.pdf>, retrieved 1 February 2004.

Shepherd, S. 2006. *Reader's Digest Family Word Finder. A Family Guide to English Words, their Meanings, Synonyms and Antonyms*. London: Reader's Digest Associated Limited.

Spies, P.H. 2003. *Toepassings van Sosiale Sisteme Teorie by Armoedeverligting in Suid-Afrika*. Paper presented at the South African Academy for Science and Arts Symposium. Pretoria, 20 June.

Stanford Encyclopedia of Philosophy. 2010a. *Integrity*. Available at:

<http://stanford.library.usyd.edu.au/search/searcher.py?query=latin+integrity+&archive=fall2007>, retrieved 9 December 2010.

Stanford Encyclopedia of Philosophy. 2010b. *Aristotle's Categories*. Available at:

<http://stanford.library.usyd.edu.au/archives/spr2009/entries/aristotle-categories/>, retrieved 15 February 2010.

The Mo Ibrahim Foundation Newsroom. 2008. *Graca Machel to Join Mo Ibrahim Prize Committee*. Available at: <http://www.moibrahimfoundation.org/newsroom.asp>, retrieved 29 May 2009.

Van Tonder, C.L. 2004. *Organisational Change: Theory and Practice*. Pretoria: Van Schaik.

Visser, W. & Sunter, C. 2002. *Beyond Reasonable Greed: Why Sustainable Business is a Much Better Idea!* Cape Town: Human and Rousseau and Tafelberg Publishers.

World Bank Report. 1997. *The Economic and Social Consequences of Corruption in Transition Economies*. Chapter 2. Available at: <http://www.worldbank.org/eca/ecspeExt.nsf/ExtECADocByUnid/>, retrieved 27 January 2004.