

❖ **Column** Corruption – A social disease • Part 135

## Board members and the damaging effect of perceptions of conflict of interest

Positions of power can create conflict of interest.

Situations of possible conflict of interest should be avoided because if it cannot be refuted with hard evidence, it can nurture endless perceptions that such leaders are corrupt. The real damage, even if people are not guilty, is contained in the fact that they are perceived as being corrupt.

An example of a board member that is under suspicion of alleged conflict of interest is prominent lawyer Dirk Conradie, a previous chairman of Mobile Telecommunications Limited (MTC) who allegedly tried to use his power as chairman of the board to convince the advertising company DV8 Saatchi & Saatchi to employ Sara Damases (wife of Petrus Damaseb, the Deputy Chief Justice).



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a leading authority on the fiduciary duties of directors, one of the obligations of a director is to ask the following question before taking any board decision: Will the company's image be negatively affected if the board decision is published in a newspaper the following day?

In exchange, Conradie allegedly promised to use his influence on the MTC board to award a tender of N\$60 million to the advertising company (Asino). According to King (2006),

### A CULTURE OF DOUBT

"Where there is no evidence for the validation of perceptions, the problem is that, if such perceptions are not fully and without doubt cleared, for example by the media and courts, it creates a culture in which people doubt the integrity and morality of leaders" (Coetzee). Such behaviour is in itself a co-producer of corruption as a general (systemic) community practice.

If people think that leaders are corrupt (even if they are not), public perception of alleged corruption can be used by members of the public to justify their own attempts at being corrupt. For example, people tend to justify their corrupt activities to evade tax because they perceive leaders in the country, or just some

of them, as being corrupt.

Some of the real damage is in the knock-on-effect of public perceptions that are not refuted and/or clarified and quantified in monetary terms. With immoral leaders and/or leaders whose integrity is doubted the society loses hope for a better future. Such leaders as described are not respected and not trusted, they cannot inspire people to work harder for creating a better society for everybody. Can the damage of board members and/or people in leadership positions that are not respected and not trusted be quantified in monetary terms? What is the legacy such leaders are leaving? What is the cost of such legacy?

If we are in a leadership position - and we are all - ensure we leave a

legacy that guarantees a cumulative return on investment (ROI).

### References

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