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Exploring ethical leadership and its association with sustainable economic performance within the gold mining industry

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ABSTRACT

The concept of ethical leadership has been intrinsically evident for over a century, but studies have only recently been documented that have attempted to observe and analyse the phenomenon. The concept has become more popular in the information age as companies start to employ additional knowledge workers who search for enhanced meaning in their respective occupations.

The gold mining industry in Africa has improved substantially as conflicts have subsided slightly. As such, industry leaders need demonstrate better skills of engagement when managing legacy issues. While the shareholders' interest remain high on leaders' radar, leaders need effectively manage operations to address issues that might not be immediately evident in balance sheet, but that nonetheless have an effect on economic sustainability of the gold mining entities. Given that the concept of ethical leadership is known, there are still scandals that have recently been documented that involve leaders who have made decisions that led to demise of entities for which they were responsible.

The purpose of this research was to explore ethical leadership and its association with sustainable economic performance within gold mining industries. The study aimed to analyse companies that have an African footprint, while originating from South Africa. A qualitative research method was employed following a phenomological approach to obtain insights of how African leaders have operated gold mines in Africa and have managed operations that performed very well. The aim was to crystallise and distil the findings for the use by future leaders so that they could avoid future scandals and not destroy shareholder value and disappoint stakeholders. The personal and leadership traits of ethical leaders were reviewed with the aim of determining the mental development that would be required, as well as which aspects would require consideration when determining the effects on economic sustainability.

The African leaders interviewed were familiar with the concept of ethical leadership, economic sustainability and implicitly understood the association of ethical leadership with economic sustainability. The concept of ethical leadership generated two new terms, as described by the interviewees that could be infused to the definition to cater for an African context. The concept of "Ubuntu" and "displaying appropriate conduct" were the two terms that were derived from the leaders. The concept of greed was identified as a strong impediment towards economic sustainability. The gap of

displaying that ethical leadership has a favourable outcome towards economic sustainability was demonstrated. By attempting to close this gap, it could help curb unemployment rates, as decisions would be made differently. From the propositions made, which were all proven successfully, there remains opportunities for future quantitative studies to be undertaken to add insight to the existing body of knowledge.

KEYWORDS:

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to perform this research.

Name: Nhlanhla Terance Mashobane Nkosi

Signature:

Date: 10 November 2014

ACKNOWLEDGEMENTS

DEDICATION

I dedicate this work to my lovely wife, Thato, and my two sons, Siyabonga and Sizwe. *With all my love*

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CHAPTER 1:   INTRODUCTION

"Nearly all men can stand adversity, but if you want to test a man's character, give him power." — Abraham Lincoln

Abraham Lincoln was one of the great leaders of the modern world. It is documented that before becoming a president, while managing the country store, as in everything that he undertook for others, Lincoln did his very best. He was honest, civil, and ready to do anything that should encourage customers to come back to the shop; he was full of pleasantries, patience and was always and alert. On one occasion, late at night, he had counted the store's earnings for the day and realised that he had taken a few cents from a customer more than was due, he closed the store, and walked a long distance to make good the deficiency (Navran, 2012). It is the researcher's opinion that this is the level of leadership character content that should be prevalent in the current global corporate society.

Africa is richer than many think. It has a potential of generating revenue of $16, 7 trillion, with the mining sector being one of the significant contributors (Alix, 2010). Africa is resource endowed, with six metals dominating the African metal mining industry. Inasmuch, iron, gold, copper account for 50% of total metallic materials produced, followed by nickel, zinc and bauxite. While Africa's gold production share decreased steadily from 32% of world production in 1990 to 26% in 2006, South Africa still remains a strong producer (Alix, 2010). According to the Chamber of Mines report (2012), the mining industry has played a pivotal role in South Africa's economic development. The mining sector contributed R21, 4 billion in tax and 16, 7% towards the GDP (Chamber of Mines, 2012). The mining sector reported providing 524 632 jobs, with the gold mining sector having 142201 jobs. Based on the social multiplier factor that has a dependency ratio of 10:1 for South Africa, it means that the gold mining jobs have a direct impact to 1, 42 million people. With grades reducing, labour unrest and high operational cost, different leadership is required to continue to mine in South Africa (Chamber of Mines, 2012).

The aim of this research is to explore ethical leadership and its association with sustainable economic performance for gold mining companies operating in South Africa that have an African footprint. These companies are faced with challenges that threaten their economic viabilities because of social and environmental issues in

countries' of operation. Mayer, Kuenzi and Greenbaum (2010) explained in their research that leaders set the tone within organisations in that they help in the facilitation of ethical behaviour. Jordan, Brown, Trevino and Finkelstein (2013) as well as Frisch and Huppernbauer (2014), shared examples of executive leaders who displayed the highest levels of power and status in are fundamentally important activators of ethical leadership, as these leaders directly influence the very nature of ethical leadership within their respective organisations.

The concepts of ethical leadership, economic sustainability and the connection that ethical leadership has to economic sustainability were distinguished as salient points for consideration in this particular research study. These factors were examined in order to contribute to organisations that have leaders who not only want to sustain shareholder value but would also ensure that all stakeholders are satisfied and support operations in regions of conducting business. Avey, Palanski and Walumbwa, (2011); De Hoogh & Den Hartog, (2008); Monahan, (2012) and Brown & Mitchell, (2010) discussed the variables of ethical leadership that include transparency, integrity, fairness, courage, relationships, trust and morality as primary drivers of an ethical leader. The variables of social and environmental considerations were identified in previous research studies as the primary drivers for economic sustainability. If these two constructs are adequately addressed, the economic sustainability based on good leadership would be sustained (Crane & Matten, 2010).

Chapter 1 provides clarity and relevance of the importance of analysing the essence of ethical leadership on economic sustainable performance. The literature reviewed in Chapter 2 provides detailed insights regarding the concept of ethical leadership (section 2.3) and economic sustainability (section 2.4). The impact of ethical leadership on economic sustainability is also explored, and Chapter 2 concludes with a model that could be used by ethical leaders to achieve economic sustainable performance. The research questions propounded in Chapter 3 seek to gather insights, perceptions or views of what industry leaders perceive about ethical leadership and economic sustainable performance. The methodology employed in this research study is discussed in Chapter 4, the results of the findings are presented in Chapter 5, and analyses of results are discussed in Chapter 6. The recommendations to both industry and academia in terms of future studies are provided in Chapter 7, and these are discussed with the view of providing insights for new leaders to ponder.

1.1   BACKGROUND TO THE STUDY

The mining and production of gold has been practised from ancient times, and it associated with both positive and negative aspects regarding political, economic, social and environmental dispensations (Mudd, 2007). The average world gold production has been almost at 2400 tons per year, and Africa has produced approximately 20% of that value, relating to 480 tons per year. South Africa has produced almost 250 tons per year (Gagijo, Mutambastere & Ndiaye, 2012). Gold has played a very important role in three categories, namely jewellery, industry and dental, and for investment demand as a store of wealth. Of the six top mining giants that collectively produce 30% of the worlds' gold, two of them are South African based and all six companies currently operate in Africa and are registered on international stock exchanges (World Gold Council, 2012).

The gold mining sector plays a significant role in Africa, as 34 countries on the continent actively produce gold (Gagijo *et al*, 2012). On average, the gold mining sector contributes approximately 4,8% of African GDP, with the aim that as new reserves are discovered, the contribution improves to an average of 10% of African GDP by 2025 (Lange,2011). Many countries in Africa have not benefited from the resource endowment of the premium commodity.

Baur & McDermott (2010) stated that the nominal gold price has risen by 42% since July 2007. Baur & McDermott (2010) also discussed that gold has been used as a store of wealth and means of exchange for over a millennium. The central banks continue to hold gold as reserves and use it to defend values of their currencies against financial crises and store of wealth. In certain countries like India, gold holds a socio-cultural significance where India has become the largest consumer of jewellery industry, guzzling 52% of annual gold production (Gagijo *et al*, 2012). Baur & McDermott (2010) shared that investors have traditionally used gold as a hedge against inflation or falling dollar currency. Because gold is priced in dollars, if the dollar loses its value, the nominal price of gold will increase, preserving the real price of gold. Gold holds an intrinsic value and has many applications. Since 2007, the demand has been high; most organisations that produced gold are encouraged to find other sources of the precious metal in order to sustain the required demand.

The spill-over effect is almost double the number employed as mining needs services. The sector has been affected by a series of strikes initiated by wage negotiations which

have contributed to lower productivity and growth due to reduced exports and weaker currency. The results yielded higher production costs per ounce of gold compounded by poor grades mined. In the long-term, this has led to labour reduction which further increases unemployment (Phakathi, 2011). The major result is that many investors become concerned and started to unbudle assets and also focussing investing more outside South Africa, as evidenced by the formation of Sibanye from Gold Fields, and other mining giants investing outside South Africa (Sikhakhane, 2013).

Concurrently, the mining unions have observed leaders who continue to earn more in millions in packages and incentives while lower-end workers are retrenched and do not receive more benefits. The Gini coefficient has increased in South Africa, which the government attempts to lower by offering grants to ensure that the Gini coefficient demonstrates a level of 0,59 instead of the more accurate level of 0,7 (Borch, Rossouw, Claassen & Du Plessis, 2010). The contributing factors to this dire state of affairs is that promises that have been made have not been honoured by leadership in terms of encouraging multi-skilling, supporting small business, failure of transformation and skills being outsourced to reduce costs. The integrity and values of leadership have been questioned and the absence of adequate, sustainable sustainable community development programmes for surrounding communities has been illuminated as a concern (De Hoogh & Den Hartog 2008).

In today's world, chief executives and executives of corporations are perceived as ethical role models for society (Freeman & Steward, 2006). Ethical leaders can influence followers by consistent conduct, proper actions, moral way of being, and doing what one says, their actions and words need to be consistently congruent (Moreno, 2010). Ethical leaders within the gold mining sector should typically ensure that taxes are paid; appropriate returns are paid to governments as royalty and in the absence of adequate structures, assist in formulating systems that ensure that community development takes place. Gagijo *et al*, (2012) stated that these issues are faced by African countries within gold mining industry. Essentially, ethical leaders influence followers to pursue ethical living, but these same leaders and followed are in turn influenced by incentives or rewards (Monahan, 2012; Brown & Mitchell, 2010).

Kalshoven, Den Hartog and De Hoogh (2011) raised concerns about ethical leadership lapsing and further questioned the presence of ethical leaders in the current corporate landscape. With fraud scandals and exploitation being rife, these authors have elevated ethical leader behaviour to be a priority for organisations as ethical problems

disintegrate the trust and reputation of leaders and organisations. There is an increased public interest in ethical governance and ethical leadership (Kalshoven *et al*, 2011; & Eisenbeiss & Giessner, 2012). According to De Hoogh & Den Hartog (2008), ethical leadership is uniquely important because of the impact leaders have on influencing others in an organisation to yield consistent performance. A lapse in ethics from top management can be very costly for an organisation, as the media has demonstrated with collapse of Enron and Anderson's demise that was valued at four billion dollars (Thomas, Schermerhon & Dienhart, 2004).

According to Brown, Trevino & Harrison, (2005, p.120), ethical leadership has been defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making". Further, according to Mayer *et al*. (2010), ethical leadership comprises of two different aspects: the so-called *moral person* aspects and *moral manager* aspects. The moral person aspects addresses personality and while the moral manager aspects display integrity and emphasise fair decision-making and presents strong concern about people and community.

According to Newenham–Kahindi (2011) tensions and criticism exist from communities and workers of multinational corporations (MNCs), by the manner in which corporate social responsibility (CSR) initiatives are implemented. The MNCs deal with poverty, unemployment and environmental concerns that arise or are already established in particular areas where they seek to conduct business. Further, some markets are characterised by complex institutional conditions like corruption and weak legal and judicial systems. It would take a character of an ethical leader to attempt to make an ethically correct decision where there would be a "win-win" situation (Crane & Matten, 2010). In African countries, MNCs scan the region for political and economic systems that are conducive to their search for business opportunities that would expand operations, reduce costs and enhance profits for shareholders. The growth of MNCs and foreign investment worldwide has been phenomenal during the wave of globalisation. According to United Nations survey, MNCs have increased from 7 000 companies at the end of 1960 to 64 000 companies and 870 000 subsidiaries in 2003, with global foreign direct investments reaching $1, 3 trillion in 2006 (Collins, 2009). In underdeveloped countries with regard to limited regulatory framework and absence of rules, corporations pay little tax or royalties to government and obtain favourable rulings and gain access to local capital, labour and other resources. In exchange, the

host government receives financial payments in a form of taxes, bribes, royalties and international legitimacy. The right and interest of local people are ignored, thereby resulting in a lack of transparency (Collins, 2009).

Gagijo *et al*, (2012), stated that too many African countries that produce gold via MNCs, do not beneficiate the product (gold) and deal with by-products, except for South Africa. The result is that the true value of mining and producing gold is minimised in terms of the economic gain that could be derived from scavenging for residual gold in by-products. This has led citizens who cannot enjoy resource endowment in areas where mining operations are; they simply remain poorly developed. The determiner of the *status quo* is explained as unfair concession agreements and mismanagement of resources that is concluded by government and organisational leaders. Gagijo *et al.*, (2012) further stated that South Africa is featured in the top ten gold producing countries, even though the sector generally has not contributed effectively to (economic) development in Africa to improve poverty levels.

According to Crane & Matten, (2010), leaders are responsible for developing strong and sustainable organisations. When sustainability is considered, it means that there should be sustainable performance where effective results are achieved and sustained. The concept of sustainability ensures that the needs of the present would be met without compromising future generations' abilities to meet their own needs (Crane & Matten, 2010). According to Stiglitz (2006, p.189), corporations are in the business of making money, not providing charity. This can encourage organisations to do the wrong things, which could have an adverse effect on social, environment and economic spheres, even when good leaders are appointed at the helm. Poor decisions that include not looking after the environment from mining, not training locals, not having proper health care and addressing unemployment continue to have negative effects on economic sustainability.

The economic sustainability is the long-term benefit of the resources that are used efficiently for their intended resource (Schneider, Kallis, & Martinez-Allier, 2010). The environmental factors should not increase costs that should be borne by surrounding communities and affect other sectors. With mining, there is the reality that deforestation, water pollution and affecting farming areas impact the economic sustainability of the surrounding communities. Ethical leaders are responsible for analysing the mining operations to take appropriate actions that are morally right and

beneficial others, to avoid creating unintended consequences as result of their operations (De Hoogh & Den Hartog, 2008; Vinkhuyzen & Karlsson-Vinkhuyzen, 2014).

The greed of self-aggrandisement in declaring positive numbers for short-term benefit has resulted in reputational costs because of corruption. Enron forced Arthur Anderson to overlook issues, while the company continued to report record profits and minimise transparency. This affected economic performance sustainability based on costs incurred from customer defection, loss of reputation and lower morale by stakeholders. These are business costs that come with ethical failures that have traditionally not been given adequate attention by executive management as these costs are difficult to quantify (Thomas et.al, 2004). Frisch and Huppenbauer (2014) also shared that the scandalous behaviours have led to different regulations that have been introduced (e.g. the Sarbanes–Oxley Act of 2002) that include voluntary commitments of different kinds (e.g. through codes of ethics), ethics programmes and corporate ethics officers have been introduced.

In South Africa, there has been focus on ethical leadership with institutions like the Ethics Institute of Southern Africa being formed to assist leaders to ensure proper and transparent governance. For example, one the petrochemical mining giants in South Africa, Sasol in 2013, downsized their Black Economic Empowerment (BEE) partner of 13 years, because the BEE partner had been found to be unethical in conduct. The move did not affect Sasol's productivity plans, but it had an impact on 72 workers of Khotso Batho (the empowerment partner) who became jobless. Further investigation revealed that with the move, workers were not compensated for severance pay by the Unemployment Insurance Fund (UIF) as the company did not appropriate the forms. Khotso Batho had accumulated R300 million in fraudulent contracts signed with Sasol (Hoffstater, 2013).

Studies have been undertaken to investigate and explain the association between ethical leadership and task performance. Further research is required regarding the mechanisms associated with ethical leaders that contribute favourably to management's effectiveness (De Hoogh & Den Hartog, 2008).

1.2   PROBLEM STATEMENT

There has been growing concern regarding poor decisions that relate to ethical leadership with regard to organisational performance, especially in organisations that

claim to have an understanding of the subject. According to Elci, Sener, Aksog, & Lutfihak, (2012), their research suggested that the costs of administration can be high with employee turnover. The turnover of employees is a threat for organisations, which requires additional understanding. Leadership behaviours have an effect on commitment and job satisfaction of employees, which in turn impacts turnover behaviour. From their study, it was delineated that ethical leadership provides a platform where workers can remain loyal and committed and thus decrease intentions of leaving their organisation.

Eisenbeiss and Giessner (2012) analysed the latest consequences of the ethical leadership studies that had been completed and they found positive relationships between ethical leadership and both employee in-role and extra-role performance. Detert, Trevino, Barris & Andiappan, (2007); Kalshoven *et al*, (2011) their study demonstrated that with ethical leadership, employees can be influenced to do more than what is required by leadership motivation. Brown *et al.* (2005) stated that ethical leadership can create an environment where employees are satisfied with dealing with leaders of integrity and who are willing to listen, such that they are willing to report problems as they arise. Employees in this category feel valued and their initiatives are taken seriously and as such, they are willing to share opinions. The ethical climate culture is therefore promoted (Walumbwa & Schaubroeck, 2009; Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009; Brown et.al, 2005).

Examining top management teams, De Hoogh and Den Hartog (2008) found that Chief Executive Officers' ethical leadership was positively related to top management's effectiveness and subordinates' wishes for the future. Their study contributed to improving leadership transparency so that it can better foster an open environment that promotes trust. Their study also discussed the leadership's social responsibility in that ethical leadership promotes altruism and is focussed on personal traits such as concern/empathy for people, dependability, loyalty, courage, compassion, conscience, responsibility, prudence and patience. Ethical leaders typically promote a utilitarian environment where more people in society or organisations benefit from credible, sustainable processes. Ethical leaders are conscious that through media, nations around the world evolve into more humane societies, management teams tolerate the burden of mistrust generated by centuries of social injustice, economic exploitation and environmental degradation (Collins, 2009). To this end, ethical leaders strive to make the best decisions that benefit most people.

There have been studies performed on ethical leadership that focus on the antecedents of the term and its consequences. According to Eisenbeiss & Giessner, (2012); Schaubroeck *et al.,* (2012); Brown and Mitchell, (2010) and Brown and Trevino, (2006) ethical leadership is about the moral person (leader) and the moral manager. The moral person is concerned with personality, which must be consistent for both professional and private space. Ethical leaders were described as honest individuals with high integrity standards that have concern for others in mind. Moral managers aim to influence and guide followers' ethical behaviour so that they can also continue to do correct things. There have also been studies that analysed ethical leadership on organisational, individual and group performance with regard to sustainability. According to Vimba, Coetzee & Ukpere, (2013), leadership work ethic was found to contribute to high performance in an organisation. Most studies discussed that ethical leadership manifests in doing the right thing at the right time, and is therefore important within organisations and their development (Eisenbeiss & Giessner, 2012; Brown & Trevino, 2006) with regards to economic sustainability. When these traits are not manifested, it results in unethical leadership. Despite the above-mentioned information, there remain organisations that undertake labour disputes where leaders are prosecuted for no community development, and result in employees' not trusting leadership, ultimately causing shareholder value to diminish.

This research aimed to analyse the behaviour patterns of business leaders within gold mining companies. The research investigated how business leaders make decisions that would have an effect on economic sustainability based on ethical leadership practice. The leaders, through the decision-making process, could have a direct impact on the viability and sustainability of their companies. This research sought to establish a clear and pertinent connection between ethical leadership and economic sustainability within the gold mining industry. This association has not yet been examined adequately; through this research it is hoped that it is demonstrated how ethical leadership influences the financial performance of companies.

According to the researcher's opinion, there is a dearth of information regarding the impact of ethical leadership on sustainable economic within gold mining industry. While studies have demonstrated an impact on sustainability, there has been little to describe sustainable economic performance. Frisch and Huppenbauer (2014) confirmed that there are limited studies that show some form of impact between ethical leadership and business performance. Their research suggested that more work is required. Peus, Kerschreiter, & Traut-Mattaush (2010) shared that more investigations are required to

be performed on ethical leadership on business performance (i.e. financial). Frisch and Huppenbauer (2014) posited that the consequences of ethical leadership should be investigated. Frisch and Huppenbauer's (2014) research was an initial point of reference that explained the range of ethical leadership behaviours towards stakeholders other than those from employees. The results derived in their study include specific behaviours towards customers, suppliers, owners of companies, society and natural environment

The current research study aimed to further investigate the association of ethical leader leadership with economic sustainability within the gold mining industry. Given the commodity value and its potential availability in Africa, there is a requirement to analyse African leaders and track their propensity to change policies in order to be more transparent (Gagijo *et al.*, 2012). Ethical leadership has been recently come under the spotlight, but despite its relevance, there is still limited empirical knowledge about the concept (Den Hartog & De Hoogh, 2009). Brown & Trevino (2006) concluded by questioning how ethical leadership can have a long-term profitability contribution. Frisch and Huppenbauer (2014), Bormann (2013) and Pues *et al.* (2010) affirmed that there is a lack of empirical support that examines ethical leadership's impact on objective indicators (i.e. finance) for effective performance.

1.3   PURPOSE STATEMENT

Gagijo *et al.*, (2012) exposed that mining is seen as the "resource curse" where communities around the mining environment are left worse-off than before. In some cases, some of the leaders in mining organisations negotiate tax exemptions and minimal royalties, such that it gives government little funds for future development. In challenging and corrupt environments, ethical leaders have an opportunity to influence and change situations, so that the majority benefits. In sectors where there is no viable ethical framework, it becomes easy for leaders to exploit the situation and engage in corrupt or illegal activities that could boost their profits. However, this unethical approach is not sustainable. According to Crane and Matten, (2010), it was confirmed that any activity or deed that is done through corruption or illegal activity cannot be sustainable and has future financial bearing, like paying a fine or worse, organisations can face closure due to reputational loss (Freeman and Steward, 2006).

The purpose of the research study was to explore ethical leadership and its relation to sustainable economic performance within the gold mining industry. The research study sought to determine the perceptions of leaders regarding ethical leadership and economic sustainability and whether it was necessary to establish a connection between two constructs. It also pursued the more profound understanding that consistently doing things correctly would ensure future benefits that would be reliable, as long as the intrinsic need and ethical consciousness remains visible. De Wolde, Groenendaal, Helslout, & Schmidt (2014) suggested an investigation of the connection between ethical leadership and sustainable unit profitability for all stakeholders.

1.4   RESEARCH OBJECTIVES

The following research objectives and associated questions have been proposed in order to explore the association of ethical leadership with economic sustainability within the gold mining industry. The research objectives were summarised as follows:

1.4.1   Research Objective 1: Exploring the definition of ethical leadership

During interview process, the following questions were asked with the aim of garnering insights of the nature of ethical leadership within the gold mining industry. The leaders' social responsibilities and impact into communities were also probed. The first research question that was asked shown below:

Research Question 1: Defining ethical leadership from the leaders' perspectives

The following sub-questions were asked to probe and attain clear understanding:

- ➢ What is the understanding of ethical leadership?

- ➢ What are the drivers of ethical leadership?

- ➢ How does the childhood and background contribute towards ethical leadership behaviour?

- ➢ What are the advantages of being an ethical leader?

- ➢ How can ethical leadership be sustained in the current work environment?

> ➢ What are the challenges encountered by ethical leaders within the gold mining industry?

The responses given were compared to the definitions provided in the literature reviewed in Chapter 2. During the interview process, the researcher also asked each respondent to elaborate by providing personal examples to confirm whether the leaders understood and lived according to concept of ethical leadership. The outcome concerning the respondents' interpretation of the concept is discussed in Chapter 5.

1.4.2 Research Objective 2: Determining the meaning of economic sustainability within the gold mining industry

The gold mining industry sells their commodity in ounces (grams) per dollar, which translates to thousands of dollars per kilogram (World Gold Council, 2012). This makes it one of the most valuable commodities; and mining the finite resource is important for future business and community growth and development. The following research question was generated along with associated sub-questions with the aim of attaining views and insights regarding the economic sustainability of gold mining industry.

Research Question 2: How is economic sustainable performance defined in the gold mining industry?

The following sub-questions were asked to probe and garner more understanding:

> ➢ What is your understanding of economic sustainability within the gold mining industry?

> ➢ What are the aspects of economic sustainability?

> ➢ How can economic sustainable performance be sustained in the gold mining industry?

> ➢ What are the threats of economic sustainability within the gold mining industry?

The questions provided insights regarding the perceptions of the leaders about economic sustainable within gold mining industry. The respondents were also asked to provide examples that demonstrate understanding and to validate the comprehension of concepts. The reflection on these matters was required, to gain more insights. The results are shown in Chapter 5.

1.4.3 Research Objective 3: Determining the impact of ethical leadership on economic sustainability

The economic sustainability of ethical leadership is important as it ensures business continuity, as propounded by Stiglitz (2006). The following third research question was asked to the participants:

Research Question 3: Is there an association between ethical leadership and sustainable economic performance?

The following sub-questions were asked to probe and attain more profound understanding:

➢ What is the current perception of participants regarding ethical leadership and the association with economic sustainability within the gold mining industry?

➢ What are the leadership behaviours that can compromise economic sustainable performance?

The research questions would provide precision in obtaining information to generate adequate findings in order to explore the information regarding ethical leadership and its association with sustainable economic performance within the gold mining industry.

1.5   SCOPE OF THE STUDY

The scope of the study was limited to studying the perceptions or views concerning ethical leadership on economic sustainable performance. The participants were chief executives, executives, managers and employees within the gold mining industry. The study was also limited to companies that are listed in South Africa but have an African footprint.

The study was limited to exploring ethical leadership and its association with sustainable economic performance within the gold mining industry, as the sector is the largest and is rapidly growing in Africa. The relationship between ethical leadership on social and environmental sustainability has not yet received rigorously investigation, but the need thereof has been mentioned in this research. The theories of authentic leadership and other forms of leadership theory that support ethical leadership have not been studied.

1.6   IMPORTANCE AND BENEFITS OF THE PROPOSED STUDY

The results of the study may prove to contribute in helping current leaders in gold business and government in South Africa to make quick and informed decisions when it comes to issues of economic sustainability and ethical leadership. The study sought to contribute to the knowledge of determining the nature of ethical leadership and its connection to sustainable economic performance. In the gold mining sector, this study sought to contribute to the following:

➢ For the mining companies operating in Africa and originating in South Africa, the focus should be to not exploit underdeveloped countries because there is possibility that mining rights can be reviewed by government if people do not benefit accordingly. Business is not about making money alone, but rather concerned with sustainable operations for future generations (Crane & Matten, 2010).

➢ Engaging in unethical behaviour could lead to costs that are not quantifiable on the balance sheet, and can bring the company into bankruptcy. Unethical leadership is not sustainable. More research could be done on impacts that allow unethical behaviours using quantitative studies to examine relationships and hypothesis around ethical leadership and economic sustainable performance.

➢ The governments become affected, because the economy suffers due to poor exports and lack of beneficiation, especially in Africa and South Africa. Through ethical leadership, it encourages transparency and fairness which contributes to reducing corruption and paves a platform for altruist leaders to lead companies. Ethical leaders would not engage in decisions that would only benefit a few, as they believe in the egalitarian principle of ensuring that the larger part of society would benefit (Crane & Matten, 2010). This process is known as the "happy principle" where the majority benefits from decisions made. There is a perception that this would have an impact in the long-term and contribute to sustained economic growth.

The research study was aimed to contribute to the field of leadership within business management. With appropriate ethical leadership, the study would help in sharing

insights that there are benefits of ethical leadership on economic sustainability. According to Kohlberg' theory of Cognitive Moral Development (CMD) (Crane & Matten, 2010), the research study was aimed at encouraging leaders to operate at *level three* where they can take unpopular decisions or courageous decisions with an aim of providing a utilitarian and egalitarian environment because it would promote the benefit of the majority from the processes employed.

The study also encourages all leaders to have a high internal locus of control to ensure that they become the change that they want to see in the world. The results of this study would be used to encourage future studies on ethical leadership that demonstrate that there is a connection to economic sustainability. The results could also be used to formulate quantitative research on the impact of ethical leadership and economic sustainability within gold mining sector. The research could also be used to formulate quantitative relationships for ethical leaders within the gold mining industry and test how environmental and social sustainability could be enhanced. The economic benefit can also be studied in a quantifiable manner.

CHAPTER 2: LITERATURE REVIEW ON ETHICAL LEADERSHIP AND ECONOMIC SUSTAINABILITY

"True leadership must be for the benefit of the followers, not the enrichment of the leaders." — Robert Townsend

2.1 INTRODUCTION

The literature review was conducted to gain an understanding of the aspects that are used to define ethical leadership, economic sustainability and to relate the concepts of these two constructs. Conceptual frameworks from theory were used to define ethical leadership and economic sustainability, with the last framework derived to connect the two concepts. The literature is discussed in an explorative manner, to build relevant information. Discussed below are some of the concepts that were explored in this research.

2.2 BACKGROUND TO ETHICAL LEADERSHIP IN GOLD MINING

Leaders are currently challenged with complex issues of day-to-day running of organisations. They can no longer afford to focus purely on the economics of their businesses, but need to have the unique ability to grasp social and environmental pressures in areas where entities operate. The days when companies had only one stakeholder to satisfy: the investor, are over (Mogotsi and Rea, 2012). According to Mudd (2007), the industry has created environmental impacts through poor waste management, lack of rehabilitation and emphasis being placed on production. Adler, Claassen, Godfrey, & Turton,(2007) and Mudd (2007) mentioned that the notion of sustainability in the gold-economy was solely based on extractive industry with little consideration given to the possibility of adverse long-term effects.

The legacy of migrant labour was instigated by the political issues that were part of gold mining companies' establishment of operations. In South Africa, in early 1900s, there was labour shortage and mining magnates needed people to work to deliver

value. These companies approached the South African National Government to enact certain laws that would allow them to receive cheap labour for fewer wages. This has been an institutional challenge because people were moved from various regions to work where the resources were present, without catering for their social welfare (Wilson, 2011). According to Harrison & Zack (2012), the previously fixed gold price increased costs and revenue control, which resulted in the mine owners' search for labour in "homelands" back in the early 1900s. This means that they could afford to pay low wages, hire unskilled labour and house male workers in single-sex compounds for defined periods. Campbell (1997) demonstrated the challenges in terms of health as well as the development of society by this perpetuation of migrant labour.

2.3   WHAT IS ETHICAL LEADERSHIP?

According to Brown *et al.* (2005, p.120) ethical leadership has been defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making". Further, according to Freeman and Stewart (2006, p.2) executives at large organisations define ethical leadership as "simply a matter of leaders having good character and the right values or being a person of strong character". Brown & Mitchell (2010, p.583) provided the following explanation: "The importance of leadership in promoting ethical conduct in an organization has been long understood. Within a work environment, leaders set the tone for organizational goals and behaviours. Indeed, leaders are often in a position to control many outcomes that can affect employees."

Further, corporations have stakeholders that can be categorised as those who provide capital, employees who provide labour, consumers who provide income and suppliers who provide materials that are necessary to produce products and services (Crane & Matten, 2010). Furthermore two more stakeholders must be noted that can influence and be affected by organisations' operation, namely civil society and government (Crane & Matten, 2010). Lau (2010) described that exploiting workers, deceiving customers and suppliers, and polluting the environment in recent times is bad for business. Swenson *et al* (2011) stated that by mismanaging environmental issues, emerging countries might have a challenge in resource extraction.

Monahan, (2012) explained that ethical leaders can influence followers by consistently showing the same approach, engaging in appropriate actions and encouraging positive employee outcomes. With ethical leadership, there is no gap between actions and words, initially propagated by Moreno (2010). Lau (2010) stated that in order to nurture ethical leaders and develop more ethical leaders, business educators should take the lead. Education is the best means of developing ethical behaviour. Further, Monahan (2012) stated that personal integrity and strong ethical values are crucial in contributing to and building strong ethical leadership. Martin *et al.* (2009) showed contention that ethical leadership is also shared by cultural values. This is important to understand when collectivism and individualism are considered, as both strongly influence the enactment and perceptions concerning ethical leadership, depending on cultural assumptions.

Den Hartog and De Hoogh, (2009) indicated that ethical leadership variables are morality and fairness, role clarification and power sharing. These leadership behaviours relate to effectiveness and optimism. Plinio *et al.* (2010) found that trust in leadership reduces and the situation is worsened by weak economies. In such situations, misconduct by employees is at the highest. The lack of trust can be attributed to what Monahan (2012) stated as negative influences of irresponsibility, inconsistency, deception, power, privilege and misplaced loyalty. When the followers become exposed to these behaviours, they lose trust and integrity for their leader. Martin *et al.* (2009) said that leaders are expected to clearly demonstrate honesty and integrity in their actions to gain trust from their staff.

Sandel (2009) indicated that there are three common approaches of ethical leadership. The first is that the ethical leader maximises the welfare of followers as defined by utilitarianism theory. Crane & Matten, (2010, p. 101) argued that the definition of utilitarianism says that "an action is morally right if it results in the greatest amount of good for the greatest amount of people affected by the action." Monahan (2012) also indicated that through ethical leadership, businesses could be profitable in their operations. The second approach is that an ethical leader protects the freedom of individuals, which is known as Libertarianism theory. According to Crane & Matten (2010), the same information is provided regarding the ethics of rights and justice where the rights to life, freedom and property are respected and protected. The third approach promotes doing the right thing, regardless of the consequence. In a study done by Jordan *et al.* (2011), they emphasises that leaders should have high Cognitive Moral Development (CMD). Crane and Matten (2010) referred to Kohlberg's theory that

for leaders to make decisions that are sometimes unpopular, they must have high internal locus of control. Leaders with high internal of locus control, take ownership of decisions and believe that they can shape the future. These leaders make decisions based on principles of rights and justice rather than external influences. These are the leaders known to have the third level of CMD *level three*. Leaders who are affected by peer pressure and want to make acceptable decisions are known to have the second level of CMD. The leaders who are concerned with self-interest and consider external rewards and punishments are known to have exhibited the first level of CMD. These individuals blame things for challenges that happen in their world. They have a high external locus of control (Jordan et al, 2011; & Crane & Matten, 2010). Figure 1 below depicts the summary of Kohlberg's theory (Passini, 2010; Kohlberg & Hersh, 1977).

Level 3	**POST CONVENTIONAL** Shared standards, rights and duties	**Stage 6:** Self-selection of universal principles **Stage 5:** Sense of democracy
Level 2	**CONVENTIONAL** Performing right roles	**Stage 4:** Fulfilling duties and upholding the laws **Stage 3:** Meeting expectations of others
Level 1	**PRE CONVENTIONAL** Values in external events	**Stage 2:** "Getting what you want" by trade-off **Stage 1:** Punishment avoidance

Figure 1: Kohlberg's theory of Cognitive Moral Development (CMD)

Monahan (2010) and Frank (2002) described that ethical leadership increases with character of the leader. The character should be stronger from within, and this strength is developed by setbacks, mistakes, trauma, sufferings, tough times and failures. Ethics are developed through suffering. Frank (2002) stated that ethical leadership involves questioning and re-examining beliefs and convictions. An ethical leader must constantly be transforming meaning by changing his/her way of thinking that emphasises his/her awareness of the changing environment. Monohan (2012) further

stated that an ethical leader would lead others by exhibiting the deepest held commitment.

Schaubroek *et al.*, (2012), indicated two aspects that pertained to ethical leadership, namely the moral person and the moral manager. These concepts can be used to understand the fundamental characteristics that are related to ethical leadership. Brown & Mitchell (2010) further described the two concepts, which are explained in the following manner: The ethical leader as the moral person relates to personal qualities. The strong moral persons are honest and trustworthy, they demonstrate genuine concern for other people and are seen to be approachable. Employees approach these individuals with problems and concerns, knowing that they will be heard. Moral persons have a reputation for being fair and principled. Moral persons are seen and known to be consistent in morals based on their personal and professional lives. As moral managers, the concept refers to how the leader uses the tools of position of leadership to promote ethical conduct at the workplace; strong moral managers see themselves as role models. They make ethics salient by modelling ethical conduct to their employees. Moral managers communicate ethical standards and use rewards and punishments to ensure those standards are followed.

In summary, moral managers are the leaders who are known to "walk the talk", patterning their behaviour and organisational processes to meet moral standards. Brown & Mitchell, (2010) formulated a theoretical model that delineates the two concepts, see figure 2 below:
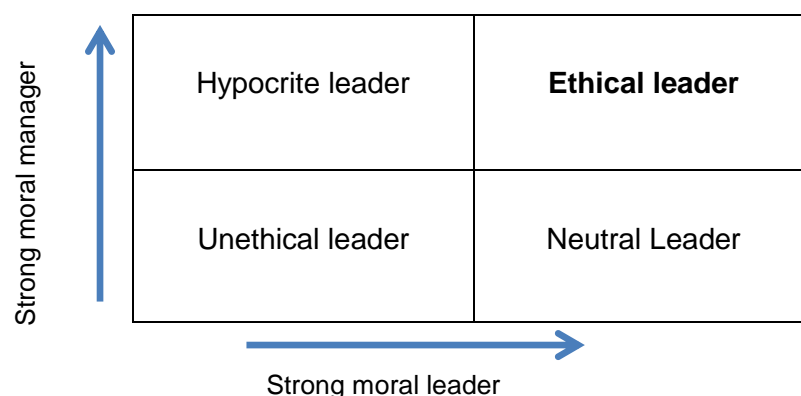
Figure 2: Moral Manager Vs Moral Leader

In the gold mining industry, according to Bush (2009), communities are dispossessed of their minerals endowment and these communities are not being developed. It gives rise to illegal mining. The illegal mining is caused by poor communities that have resorted to this approach to support their families because there has been no development or skills transfer. The moral and ethical failure caused by the international community and companies that operate in those regions, result in illegal mining that causes many other challenges.

Brown and Mitchell (2010) stated that strong moral managers who are weak moral persons are likely to be seen as hypocrites, failing to practice what they preach. These leaders talk about the importance of ethics, but their actions confirm their dishonest and unprincipled behaviour. Conversely, a strong moral person who is a weak moral manager runs the risk of being an ethically "neutral" leader. The latter mentioned leader is perceived to be silent on ethical issues, suggesting to employees that the leader does not care about ethics.

Crane and Matten, (2010, p. 145) developed the framework as shown in Figure 3 depicting how an ethical leader can take decisions that can influence an ethical decision-making process, while considering individual and situational factors. The individual factors and situational factors need to promote maximum benefit, while the leader has high locus of control and is aware of the impact that the decisions would have and remains consistent. The model offers steps to determine what the right thing is in the first two steps, and then actually does something about what the right thing is. It is about courageously taking a stand on a position once it has been identified.
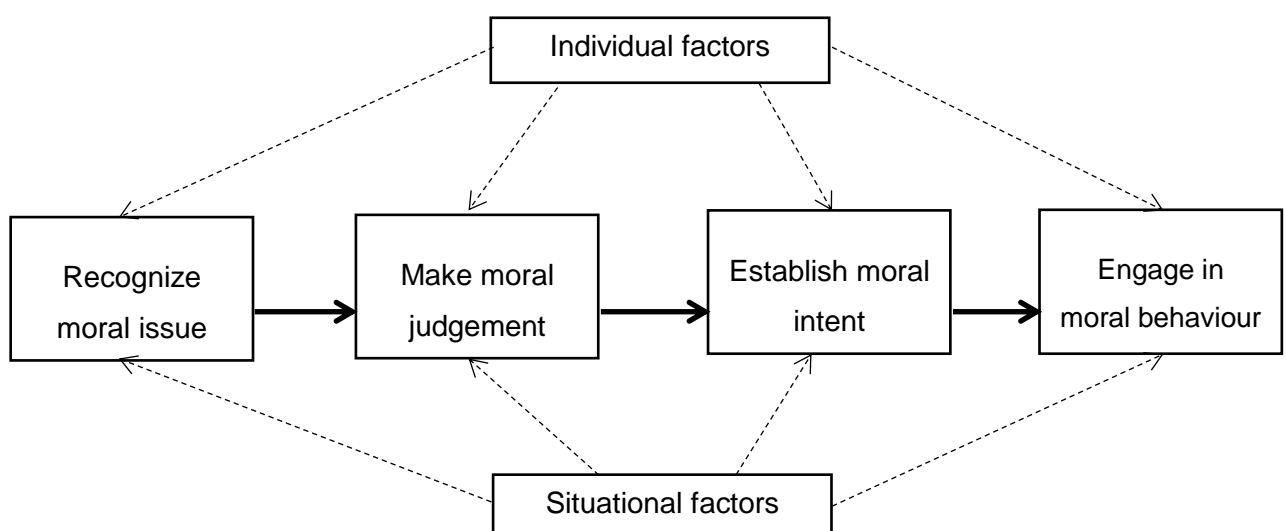
Figure 3: Framework of understanding ethical decision making

Kalshoven *et al.* (2011) indicated the following aspects that describe ethical leadership, namely being respectful, trustworthy, having integrity, honesty, displaying fairness, equity justice and compassion. Further to that, the Kalshoven *et al.* (2011) discussed real elements of ethical leadership that included integrity, transparency, trust and relationship. Figure 4 below shows aspects that determine ethical leadership that have been selected from literature (Kalshoven *et al*, 2011):
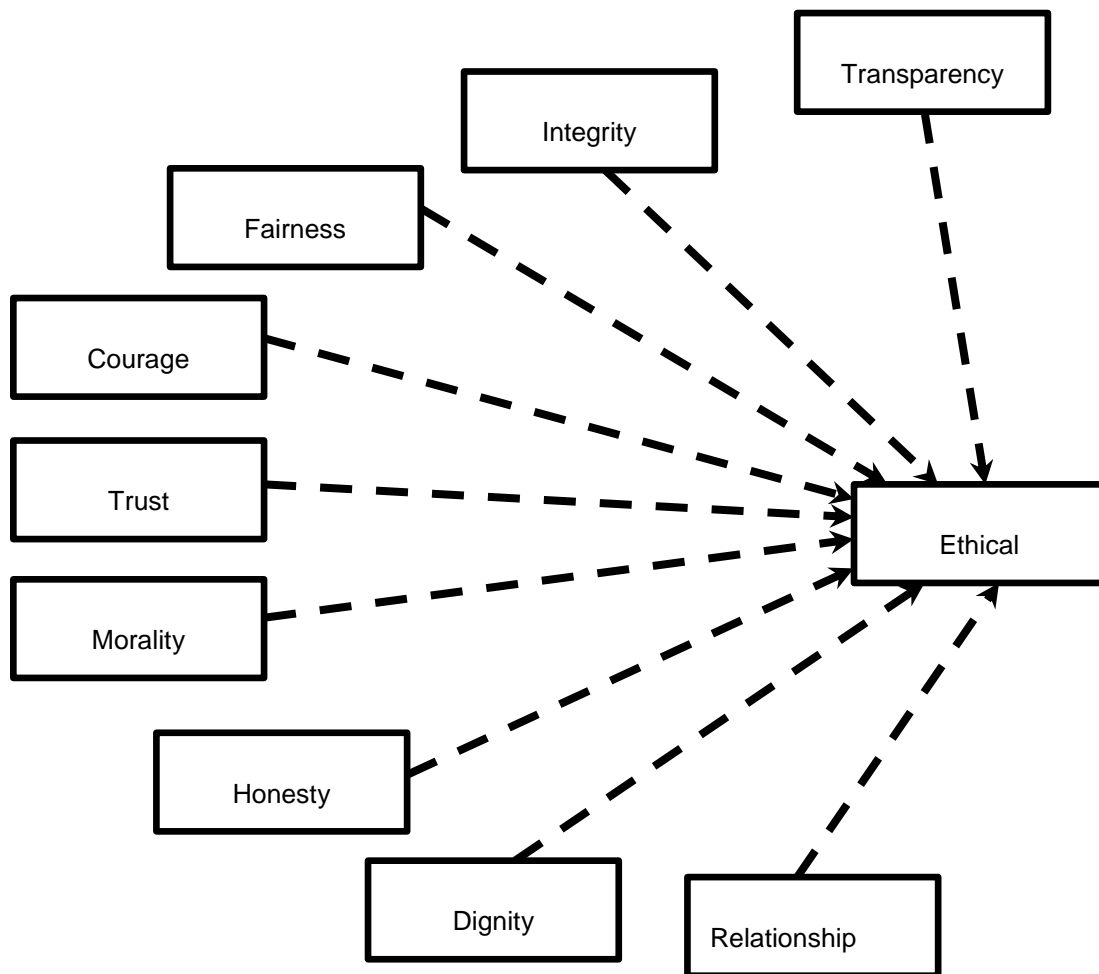
Figure 4: Aspect that contribute to ethical leadership

Monohan (2012) stated that a leader is considered ethical when internal virtues direct decision-making processes. Frank (2002) shared that the personal integrity of a leader is developed by personal challenges, mistakes, failures and career setbacks. When the leader learns to reflect, the character of having integrity could be developed. This allows leaders who display integrity to be believed and respected. Further Monohan (2012) indicated that an ethical leader considers the consequences of the decision made and ensures fairness and does not harm people to lose dignity, as shown in figure 4. Monohan (2012) further stated that ethical leaders are attractive and credible

because they model appropriate behaviour and use performance systems to consistently reinforce conduct.

2.4 ECONOMIC SUSTAINABILITY

Crane and Matten (2010) and Markulev and Long (2013) expounded that economic sustainability is the term used to identify various strategies that make it possible to use available resources to their best advantage. The primary idea is to use those resources in a way that is both efficient and responsible, and is likely to provide long-term benefits for communities and their welfare. In the case of business operations, it calls for using resources so that the business continues to function over a number of years, while consistently returning a profit.

Crane and Matten (2010) further indicated that economic sustainability initially emerged from economic growth models that assessed limits imposed by the carrying capacity of the earth. The recognition that continued growth in population, industrial activity, resource use, and pollution could mean that standards of living would eventually decline led to an emergence of sustainability as a way of thinking about ensuring that future generations would not be adversely disadvantaged by the activities and the choices of the present generation. Paying bribes or building cartels, for instance, could be regarded as economically unsustainable because these activities undermine the long-term functioning of markets.

Economic sustainability could be affected by greed, lack of control, high costs, image and lack of fairness and trust. Thomas *et al.* (2004) emphasised that Andersons' ceased to exist from losing its reputation following the scandal of engaging in accounting fraud. The company was involved in auditing Enron and their results were influenced by the client were they allowed unrealised gains to be claimed. This caused collapse of company and almost community. At the time, Anderson's was worth over four billion dollars. According to Phakathi (2011) in South Africa, the economic sustainability in the mining industry is being threatened by high labour costs, low revenue generators, poor social and environmental factors. With social environmental factors, in operations where organisations have operated in an unsustainable manner, it has led to disasters and many corporations resort to closure shortly thereafter. Stiglitz (2006) stressed that the Bhopal disaster in India was the result of failure of adhering to environmental standards and resulted in the loss of life, leading to the economic

viability of the surrounding town to be worse off. With era of globalisation, many MNCs are in full support of reducing costs while simultaneously requiring highly skilled labour which, can contribute positively or negatively to surrounding communities. Crane and Matten (2010) stated that education contributes positively to economic development as there would be innovation and economic sustainability that could be enhanced and supported. Figure 5 below displays the variables that impact on the economic sustainability of an organisation. These were summarised from Crane and Matten (2010):
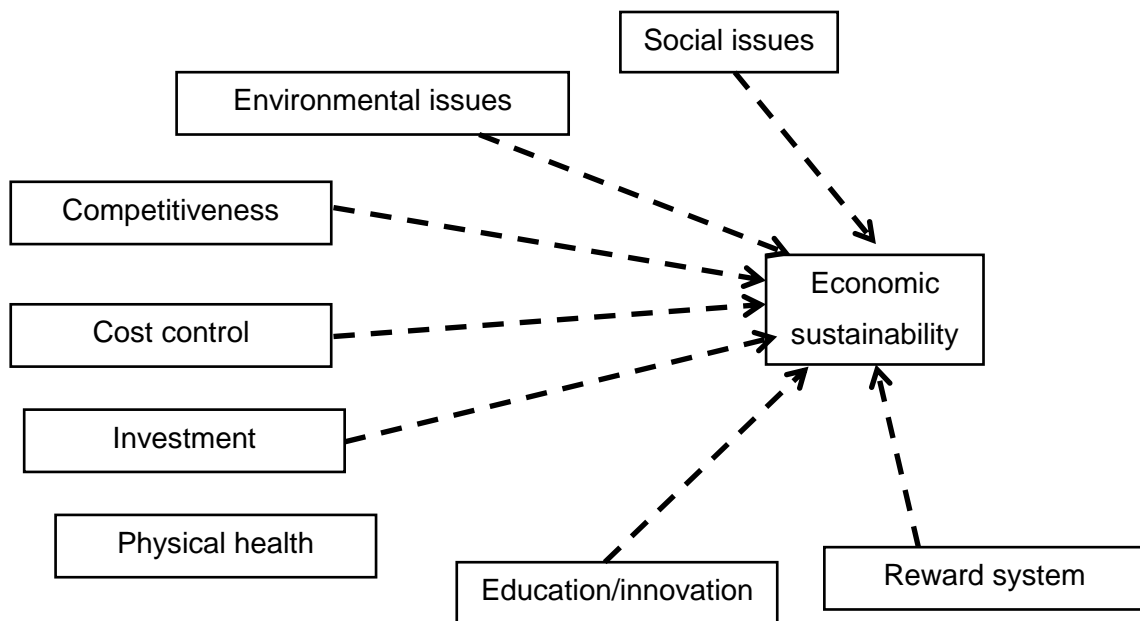
Figure 5 : Aspects that affect economic sustainability

According to Porter & Kramer (2011), business must reconnect company success with social development. The value is not social responsibility, philonthrophy or even sustainability, but a new way of achieving economic success.

2.5   IMPACT OF ETHICAL LEADERSHIP ON ECONOMIC SUSTAINABILITY

Crane and Matten (2010) indicated that economic sustainability is integrally connected to the environmental and social outcomes of an organisation. With good environmental management programmes, companies can save money that could be reinvested to address costs of rehabilitation. Companies can satisfy stakeholders' interests by being accountable in decision-making process and by aiding in community developmental

activities. Organisations can benefit the community by training and imparting skills so that the communities can benefit economically in the long-term. Many companies have succeeded by doing nothing at all to manage the environment or social activities; others survive by doing harm, which has a long impact on the financial success of the company going forward. Brown and Mitchell (2010) stated that such behaviours are related to unethical conduct. Unethical behaviour involves acts that are illegal or morally inappropriate for the larger society. Research demonstrates that unethical leaders are oppressive, abusive, manipulating and calculating and undermining (Tepper, 2000). Their actions are perceived as intentional and harmful, and may be the source of legal action against employers. Therefore, destructive leader behaviour is unethical. Brown & Mitchell (2010) further indicated that in seeking to accomplish organisational goals, leaders can encourage corrupt and unethical acts within their organisations. As the result, this impedes the effective functioning of the organisation and threatens the long-term viability of the organisation. Unethical behaviour costs leads to increased absenteeism (reduced productivity), higher health costs and expended costs associated with defending actionable claims (Brown & Mitchell, 2010; Tepper *et al*, 2006).

Mudd (2007) emphasised that historically, the mining industry has caused significant environmental impact through poor waste management, lack of or poor rehabilitation, an emphasis on production over environmental impacts, and so on. This in turn is closely related to social impacts and challenges of varying degrees of difficulty. Kalshoven *et al.* (2011) stated that sustainability entails focusing on the development of others in the environment, distribution of responsibilities and endurance over time. Ethical leaders act beyond their self-interest as they pay attention to sustainability issues, considering their impact actions beyond the scope of their workgroup, and demonstrating care about the welfare of the society.

Kalshoven *et al.* (2011) further indicated that good ethical leadership behaviours positively contribute to transformation and motivates team culture and organisational commitment. With proper behaviours, employees feel supported, cared for and treated well, which develop satisfaction and trust (Brown *et al*, 2005; De Hoogh & Den Hartog, 2008). In light of this, Kalshoven *et al.* (2011) stated that in absence of satisfaction and trust, cynicism might be the expected behaviour from workers, which has a negative impact on ethical leadership. Cynicism erodes commitment and according to Avey *et al.* (2011), there could be counterproductive behaviours such as deviance in the workplace, which can affect profitability of the company and hence, economic

sustainability. Further, Kalshoven *et al.* (2011) and Avey *et al.* (2011) stated that with ethical behaviour contributes to organisational citizenship behaviour (OCB) where workers would have longer tenure in organisations, which reduces costs of employee turnover and thus contribute to profit, which leads to economic sustainability.

Vinkhuyzen and Karlsson-Vinkhuyzen (2014) determined that there is a need to transform prevailing patterns of consumption and production in the industrialised world and across the globe to be more sustainable with regard to planetary limits and future generations. Ethical failures from leadership hint at economic sustainable entities being closed down, as the moral person and moral manager concepts did not feature strongly. The collapse of powerful entities has raised questions about leadership types (Brown and Trevino, 2006; & Thomas *et al.* 2004). Figure 6 below shows the aspects that affect economic activity based on poor ethical decision-making. According to Mudd (2007), Brown & Mitchell (2010) and Crane & Matten (2010), aspects that affect economic sustainability are social issues, environmental issues, greed and rewards incentives.
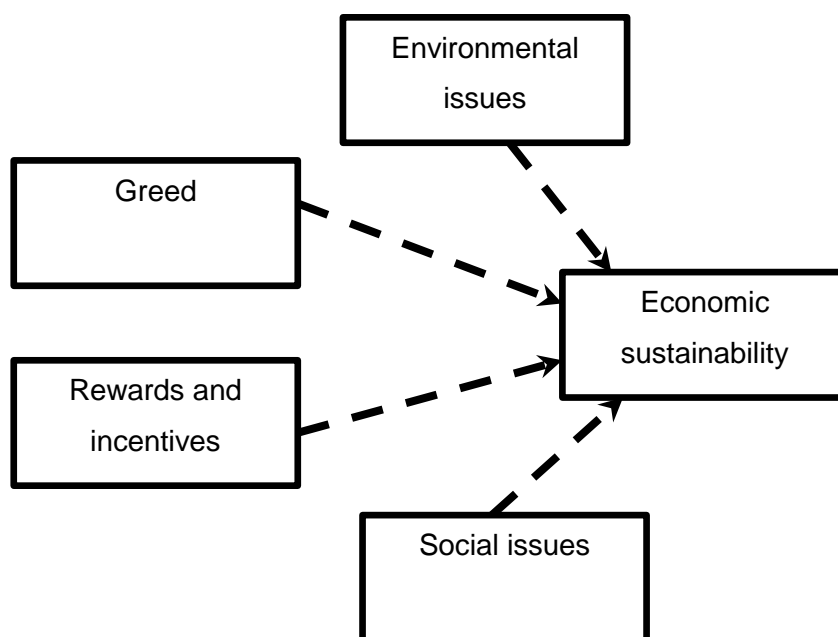
Figure 6: Aspects that affect economic sustainability based on poor ethical behaviour

Monahan (2012) stated that unethical behaviour caused harm to thousands of employees from Enron, invoked greater regulation and crippled investor-consumer confidence of the financial industry. Benston and Hartgraves (2002) emphasised that Enron inflated its non-specific purpose entities (SPE), sales of its own stock and other assets. It further inflated its reported revenues, net income and stockholders equity and

understated liabilities. With the company's collapse, it also affected surrounding communities. Unethical behaviour leads to challenges in profitability. Gagijo *et al*., (2012) discussed that some of the mining contracts of leading producers were cancelled in Africa with an aim of renegotiation. The contracts were not negotiated for the benefit of the community. Some of the mining companies negotiated such that they do not even pay tax and have minimum royalties in African countries that do not have an adequate framework. This is a challenge because by stopping the mining operations, it has created an economic instability for the mining company.

2.6   CONCLUDING   REMARKS   FOR   LITERATURE REVIEWED

The research of Vinkhuyzen and Karlsson-Vinkhuyzen (2014) suggested that in order to transform and ensure that there would be sustainable performance in consumption and production; leaders need to be more ethical. This contributes to the reduction of the challenge of unsustainability. Unethical leadership should not be encouraged in organisations because it creates challenges and mistrust. Brown and Mitchell (2010) indicated that unethical leadership behaviours witnessed and decisions made by organisational leaders are illegal or violate moral standards. Unethical leaders impose processes and structures that promote unethical behaviours by followers. This leadership approach does not have sustainable contribution outcomes because when leaders treat employees or society unethically, the relationship is imbalanced and affects attitudes towards that entity. In the current media world, that could have disastrous consequences where products could be boycotted and affect economic sustainability. Vinkhuyzen and Karlsson-Vinkhuyzen (2014) explained that leaders are people who have an influence on their environment and thus have higher potential to change it or prevent it from changing, depending on pattern of leadership.

The models depicted in Figure 1, Figure 3 and Figure 6 have allowed for a new proposed summarised model, as presented in Figure 7. The model discusses ethical decision methodology as stated by Crane & Matten (2010). It also considers Kohlberg's model of CMD. The last part of the model considers three constructs of sustainability as discussed by Crane & Matten (2010). In combining the thought processes, Figure 7 was developed. The model shows that for ethical leaders to make morally correct decisions that follow the utilitarian and egalitarian approach, ethical leaders should inhibit the third level (L3) of CMD, which denotes that they cannot be easily influenced.

This thinking was determined by the cited model from Crane and Matten, (2010, p.145), where the leader makes a decision because it is the "right thing" to do and act on it so that contributes to the economic sustainability of the organisation. Figure 7 was theoretically conceptualised based on the literature reviewed throughout the research process; it is validated based on insights garnered from mining leaders.
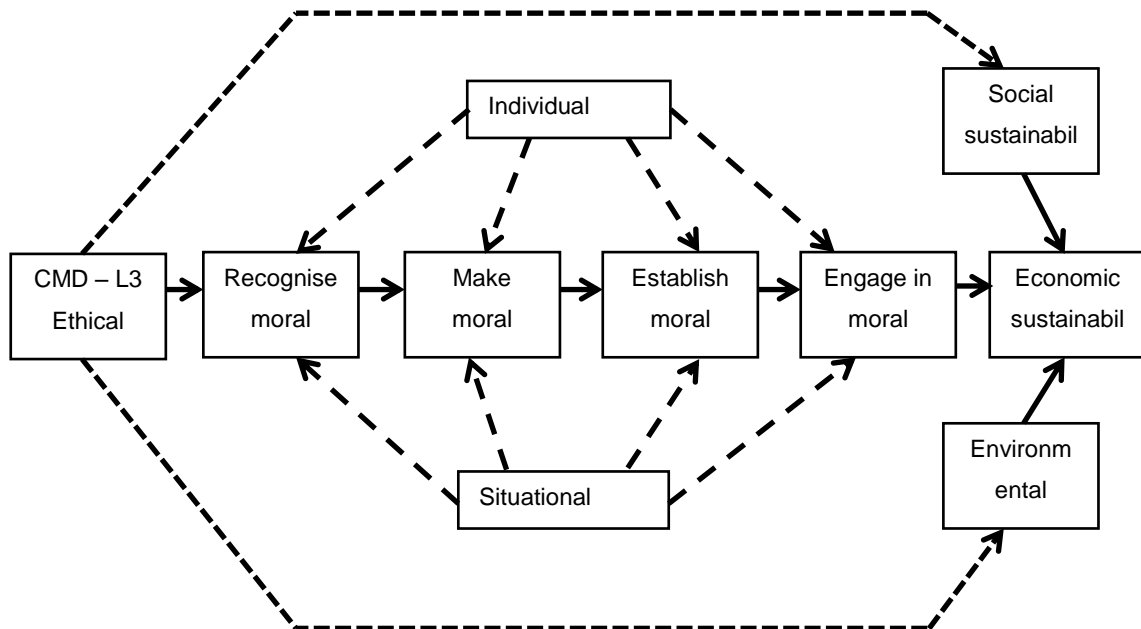
Figure 7: The hybrid model that has CMD, Ethical decision making and sustainability

The ethical leader with higher internal locus of control (LC) also contributes to the reduction of issues experienced that affects social sustainability, such as encouraging education in South Africa with the aim of ensuring that future skills would be required for the economy to be sustained. The ethical leader would also analyse cultural and situational factors within the gold mining industry that would provide maximum contribution, such as ensuring that strikes and wage negotiation issues are addressed swiftly without affecting productivity.

An ethical leader would be someone who has high moral leadership and personality (Brown and Mitchell, 2010) in that they would like to be seen as having an influence in changing an unjust situation so that the maximum number of people can benefit. The first research objective would be addressed by the character of a selfless leader who can influence the change. With regard to the gold mining industry, the variables of ethical leadership would be analysed during this study by examining the work environment where the culture of ethical leadership is implemented. Appendix B provides the list of questions that were asked of respondents.

Crane and Matten, (2010) shared that there are three dimensions of sustainability, being namely social, environmental and economic. Through the discussion of their work, it was identified that for the economic dimension, it is always influenced positively or negatively by environmental and/or social issues. The two latter dimensions can affect economic sustainability together, or one of them can have an influence on the economic sustainability. The variables of economic sustainability, like the investment in mining, education, provision of health and so on are also analysed.

To enhance the explanation of Figure 7, an ethical leader who has high standards of moral person and moral manager would consider carefully all options before making correct decisions within the gold mining industry without only regarding the potential individual benefits. The selfless actions taken influence environmental and social dimensions. Regarding the environmental aspect, the highest standards of safe guarding the environment are required, because mining operations traditionally tend to produce harmful gases and water pollution because of operations undertaken. The ethical leader would further ensure that these aspects are analysed and examined properly to ensure that in the attempt to improve economic sustainability, there would be no room for the leader to engage in illegal acts as these would be unsustainable and would erode the future economic sustainability of the organisation. The following Chapter 3 proposed the research questions that the researcher utilised in the research study.

CHAPTER 3:   RESEARCH QUESTIONS AND PROPOSITIONS

"There are no foolish questions and no one becomes a fool until they stopped asking questions." — Anonymous

3.1   INTRODUCTION

The purpose of asking questions is to find out the information that is required for gaining knowledge. The literature reviewed emphasised that there is a need for ethical leadership to be developed in order for economic sustainability to be achieved in organisations. De Hoogh & Den Hartog (2008) indicated that a lapse in ethical conduct at the top echelons of organisations can be costly. In the dwindling stocks of South African gold production, it is important for leadership to act ethically so that it does not negatively affect communities where companies are operating. Ethical behaviour is crucial in gold mining industries in Africa. Mudd (2007) further stated that there are currently gaps in existence to facilitate informed assessment with regard to resource intensities, especially in gold mining.

For current leaders, the environment of mining has changed; it requires vision and leadership. The ongoing bolstering of corporate governance practices and reforms that are being determined by the executive leadership is likely to continue. The mining community of South Africa within the African context faces five major challenges which are: safety and health, operational performance, compliance issues, foreign exchange and human capital (PWC, 2012). According to an article published in Mining Review magazine, (V. Sidler, 2014), the industry has not recovered from the recent strikes, and economic gains are still below projections because of prolonged labour disputes.

With these challenges mentioned above, the first research question that was explored with the participants was:

3.2 RESEARCH QUESTION 1:

Exploring the definition of ethical leadership

The following sub-questions were asked to probe and attain more profound understanding:

➢ What is the understanding of ethical leadership?

➢ What are the drivers of ethical leadership?

➢ How does the the childhood and background contribute towards ethical leadership behaviour?

➢ What are the advantages of being an ethical leader?

➢ How can ethical leadership be sustained in the current work environment?

➢ What are the challenges encountered by ethical leaders within the gold mining industry?

From the research question mentioned above, the five sub-questions investigate more meaning regarding the leaders' understanding of the constructs. The questions sought to gain insight from the experiences acquired from the leaders during their upbringing as well as from the experiences garnered from business exposure. This formed part of the phenomological study discussed in Chapter 4. From these questions, the following two propositions were derived:

Proposition 1: The mining leaders perceive drivers of ethical leadership as being transparency, integrity, fairness, courage, trust and being moral.

Proposition 2: Ethical leadership needs a leader to have high locus of control and hold true to some value set as guiding principles.

The two above-mentioned propositions have given guidance on the kinds of attributes that define an ethical leader. The second aspect was that with higher internal locus of control, ethical leaders could make decisions that can change welfare and well-being of society. This could contribute to the improvement of economic sustainability of the organisation or society from where companies operate. Economic sustainability is a concept used to ensure that there would be something left for the future. Mudd (2007);

Suresh & College (2012) emphasises that gold is a finite resource, so ethical leaders have to discover other ways of ensuring economic sustainability while balancing resource intensity. Pollution is costly in terms of rehabilitation, where that money could rather have been used for social benefit. The second research question explored leader's understanding of economic sustainability.

3.3   RESEARCH QUESTION 2:

Determining the meaning of economic sustainability within the gold mining industry

The following sub-questions were asked to probe and retrieve more understanding:

➢ What is your understanding of economic sustainability within the gold mining industry?

➢ What are the aspects of economic sustainability?

➢ How can economic sustainable performance be sustained in the gold mining industry?

➢ What are the threats of economic sustainability within the gold mining industry?

With the above-mentioned questions raised, the next propositions were formulated to obtain more meaningful insights from respondents:

Proposition 3: Good ethical leadership behaviour contributes favourably to economic sustainable performance.

Proposition 4: Ethical leaders perceive greed (lack of transparency) as the worst impediment on economic sustainability.

The last question that was investigated was the connection between ethical leadership and economic sustainability within gold mining industry. The research question was raised to probe whether leaders act ethically, and whether it contributes to business performance and whether it is considered to be sustainable.

3.4 RESEARCH QUESTION 3:

Determining the impact of ethical leadership on economic sustainability

The following sub-questions were asked to probe and gain more understanding:

➢ What is the current perception of participants on ethical leadership on economic sustainability within the gold mining industry?

➢ What are the leadership behaviours that can compromise economic sustainable performance?

The following questions were explored to achieve insights about leadership. The last proposition included the following:

Proposition 5: Unethical leadership behaviours tend to negatively affect economic sustainability.

3.5 SUMMARY

The researcher used research questions as research instruments to gather data from participants and used propositions to confirm the model introduced in Figure 7 above. The insights were used to confirm the model and deviations are discussed in Chapter 6 and recommendations mentioned in Chapter 7. The research questions were related to the theory propounded in Chapter 2. The next chapter discusses the methodology that was followed.

CHAPTER 4: PROPOSED RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

"Research is to see what everybody else has seen, and to think what nobody else has thought." — *Albert Szent-Gyorgyi*

The research aimed to describe the impact of ethical leadership on economic sustainable performance within the gold mining industry. Sorensen (2012) stated that economic performance and social and environmental issues remain high for mining houses. However, with new entrants to the mining space, human rights and responsibility for downstream products remain ignored. The connection between economic performance, social responsibility and environmental issues are crucial in understanding the impact of economic sustainability. The theory that directly relates ethical leadership to economic sustainability for gold mining industries has not been adequately addressed or discussed. The research evaluated how mining leaders live the values of ethical leadership that contribute to sustainable economic performance of the entities in which they operate.

This chapter aimed to elucidate the research method that was utilised in the research study, and comprises of and explanation of the strategy of enquiry, research design, paradigm, sampling, data collection, analysis, quality, ethics and validity that were integral in determining the flow and outcomes of the research.

4.2 STRATEGY OF ENQUIRY

A qualitative research approach was used in this study because it was best suited to exploring ethical leadership on economic sustainability in order to gain more insights on the topic. There is currently no established theory that directly associates ethical leadership with economic sustainability for gold mining industries, as confirmed by the dearth of information experienced by the researcher when the review of suitable literature commenced.

As such, the researcher identified industry leaders who would assist in providing information and offering evidence. Creswell (2014, 2003) confirmed that by using a qualitative research approach, it is the relevant process of exploring and understanding the meaning that individuals or groups ascribe to a social or human problem.

The process of research involves the use of emerging questions arising from closing the knowledge gap. Data was collected in the participants' settings, where analysis was inductively used to develop particular themes. The researcher interpreted the meaning of the data by classifying the findings into sub-themes that became evident, and by relating these classifications to the established themes.

The researcher used a qualitative study to gain insights from current leaders within gold mining sector regarding their understanding of ethical leadership and the influence it has on decisions that are made. This approach enabled the researcher to capture perceptions. The topic has high relevance with regard to mining operations and in most communities where there might not be an established legal framework; as such the findings would be beneficial to leaders who would be able to determine the tangible and intangible assets that require protection.

The ability to act ethically should somehow contribute to sustainable economic performance and serve to adequately address all stakeholders' ambitions, based on perceptions and ever-changing statutory regulations accompanied in society that also watches closely for any deviations. As such, the leaders were questioned about potential threats of economic sustainability based on their experiences.

4.3   RESEARCH APPROACH

The study was performed in an exploratory manner because it sought to discover "deep" insights that participants would have about the impact of ethical leadership on economic sustainability within gold mining. Creswell (2014, 2003) discussed that a qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives (i.e., the multiple meanings of individual experiences, meanings socially and historically constructed. with an intent of developing a theory or pattern) or advocacy/participatory perspectives (i.e., political, issue-oriented, collaborative. or change oriented) or both. The researcher asked open-ended questions and the emerging data was categorised into three classes, being ethical leadership, economic sustainability and the association between economic

sustainability and ethical leadership. Probing questions were asked to retrieve deeper meaning if the response was unclear to the researcher.

The qualitative research approach was conducted according to guidelines posited by Saunders & Lewis (2012) and Creswell (2014, 2003) in the following format:

➢ Searching for relevant academic literature that forms the connection of the phenomenon (see Chapter 2)

➢ Interviewing industry "experts" – C.E.Os. or Senior Executives (based on availability within gold mining industries)

➢ Interviewing managers who are part of social and ethics committees;

➢ Interview relevant stakeholders who have knowledge about senior management and the behaviour of the respective companies.

The interviews were informal conversations at private and comfortable places, with participants doing most of the talking and researcher doing most of the listening and reading. The researcher observed surroundings and noted any physical appearances that could enable the respondents to shed light about the research objectives that sought to be achieved. The aim of the latter process was to ascertain the ease with which the participants shared data with the researcher, based on the formulation of the relationship. In the absence of physical presence for participants, a telephone was used to conduct the interviews. Only two interviews were performed via telephone and the remainder were completed using the face-to-face, one-on-one interview procedure.

Creswell (2014, 2013) Hatch (2002) and Marshall & Rossman (2011) listed some of the characteristics of a qualitative research that the researcher adhered to and observed:

➢ *Natural setting*: The researcher used private rooms or visited participants at their offices or places of work. Restaurants or cafeterias were used as a place of neutrality for this research, and background noise was controlled so that the quality of the audio recordings was not compromised. The researcher also noted behaviours and conducted interviews on the basis of face-to-face, one-to-one meetings almost all participants, except for one focus group.

➢ *Researcher as the main instrument*: The researcher collected data from sustainability reports, internet and observed behaviour from participants during the interview. The researcher used the interview matrix as presented in

Appendix B for collecting of data, even though the researcher actually collected the information. The researcher asked open-ended questions with the aim of gaining insights to three constructs listed on the questionnaire. The behavioural expressions were noted as part of collecting data. The researcher also formed part of data collection, because he had written summary notes for participants while they were talking. By gentle probing, the researcher paraphrased to ensure that he is retrieving the value and that in itself, seemed to be guiding and changing results towards attaining the insights that were warranted.

➢ *Multiple sources of data:* The researcher reviewed all data collected, made sense of it, and organised it into categories of themes. The researcher used an audio recorder to capture the conversations and while making notes during the interviews. The note-taking supported the audio recordings to ensure that if there were audio/technological challenges, the researcher would have captured notes from the interviews. The researcher ensured that the data collected was audible and not affected by background noise at either offices or restaurants.

➢ *Inductive data analysis*: The researcher developed patterns, categories, and themes using a bottom-up process, by organising data into more abstract units of information. The researcher used Atlas.ti software for coding and identifying emerging themes and patterns concerning the understanding of ethical leadership, economic sustainability and the relation between the two concepts.

➢ *Participant's meanings*: The researcher has learned more about the participants' understanding, feelings and perceptions of ethical leadership and economic sustainability. The researcher contrasted information to include similarities and differences concerning what the literature reviewed had previously expressed and commented on these resemblances or divergences accordingly.

➢ *Emergent design*: The significant purpose of qualitative research is to learn about the problem or issue from participants and to address the research through information. In this process, the researcher developed a model that would be validated by answers attain from the respondents during the interview process. This emphasises that most interviews were unique and bases were monitored to include emerging themes.

> *Reflexivity:* The researcher asked questions to participants about how their role in the research study as well as their personal backgrounds, cultures, and experiences harness potential for shaping their interpretations, such as the themes that were advanced from the answers that were generated, and the meaning they ascribe to the data. This aspect of the method was more than merely advancing biases and values in the study, but determining how the background of the researcher and the participants might actually have shaped the direction of the study. There was potential of biasness that the researcher brought into research due to positioning and the understanding of the concepts being studied. To avoid that bias, different participants from specific organisations were requested to ensure a plethora of differing views was obtained. The researcher is also trained in the root cause analysis technique where he attempted to propagate the views of participants and not only be occupied with his own pre-determined opinions. This technique helped to garner more feedback from the questions raised for the research study, thereby creating a process of data triangulation.

> *Holistic account:* The researcher gave account of all things observed during the interview that would range from office design to the dress code of the participants. All behaviours, expressions, responses and language use were monitored and are shared as part of analysis. This also contributed to the passion and support for responses given. The tone of the voice was also noted.

4.4   RESEARCH PARADIGM

According to Creswell (2014, 2003), knowledge claims are also known as paradigms or philosophical worldviews. The knowledge claim that would be used in the qualitative research approach was constructivism, also known as social constructivism. Creswell (2014) explained social constructivism as:

> Individuals seeking to understand the world in which they work and live;

> Multiple participating meanings, developed *via* subjective meaning of experiences; meanings directed towards certain objects or things;

> Social and historical construction of perspectives based on participants' views;

> Theory generation through pattern of meaning.

Creswell (2014, 2003) stated that constructivism often combines interpretivism. Assumptions identified in the interviews denote that individuals seek an understanding of the world in which they live and work. Subjective meanings are developed through experiences, as meanings are directed towards certain objects or things. The meanings are varied, which leads a researcher to analyse the complexity of views rather than to narrow meanings into few categories or ideas. The goal of the research would be to rely on the participants' perspectives of the situation being studied. The questions should be broad and general so that the participants can construct meaning of the situation. All the while, the researcher must listen carefully to what is being said about the participants' life settings.

As purported by Creswell (2014), the researcher recognised that background shapes the interpretation, so he "positioned himself" in the research to acknowledge how interpretation flowed from his personal, cultural and historical experience. The researcher's intent was to interpret meaning that others have about the world.

4.5 RESEARCH DESIGN: PHENOMOLOGICAL STUDY

A phenomenological study (Leedy & Ormrod, 2014; Creswell, 2014, 2003) approach was used for this research, where the researcher sought to understand and gain insight from people's perceptions, perspectives and understandings of a particular situation. According to Leedy & Ormrod, (2014), phenomenological researchers depend almost exclusively on lengthy interviews with a carefully selected sample of participants. Creswell (2014) shared that the design includes the quintessence of experiences of individuals who are proficient in the phenomenon. This design has strong philosophical underpinnings and involves conducting unstructured interviews. The inquiry was established in the disciplines of philosophy and psychology, where the lived experiences of individuals about a phenomenon are described by participants.

4.6 POPULATION AND SAMPLING

Saunders and Lewis (2012, p132) defined the population as "complete set of group members". The population need not necessarily be people or employees. It can be, for example, organisations, places or complete track listings for a music CD". The population of this study was gold mining companies that have a multi-footprint in Africa, with South African origin with the aim of garnering deep insights regarding how their

entity operates in both the developed and underdeveloped worlds. The reason for selecting this approach is that it was hoped that these companies would offer insights regarding their consistent decision-making processed that take account of the three constructs that have been investigated in this research.

Leedy & Ormrod (2014); Saunders & Lewis (2012); and Creswell (2014, 2003) defined a sample as a sub-group of the whole population. A non-probability sampling methodology was used because the list of the entire population could not be ascertained or found easily. The researcher used purposive sampling because of the relationships that his employer has in the gold mining industry and contacts were intended to be established for future reference. The participants that were interviewed included chief executive officers, executive members, senior managers – were primary sources for data. The focus group of eight people with different employees from middle to junior management and workers was also constituted in one company. This group was used for data triangulation. As part of the data triangulation process, a focus group was selected and secondary data that included sustainability reports was used.

Saunders and Lewis (2012) stated that the purposive sample was utilised when a small sample was selected from which to collect qualitative data. Creswell (2014, 2003), provided more clarity by describing that a purposive sampling method is most common in phenomenological inquiry studies. Creswell (2014) described that a phenomenological study could have three to ten participants in terms of sample size. The interview process that was followed by the researcher included the following: The chief executives of leading gold companies were interviewed and where possible because of availability, executives with the designation of financial director or company secretaries were also interviewed. The researcher conducted 14 interviews on one-on-one interview and one focus group interaction where ideas were shared. All the interviews were conducted in English.

The sample was based on leaders in the gold mining industry. They were all selected from companies that operated in South Africa, and also have a regional foot-print in other African countries. The companies were listed on the Johannesburg Stock Exchange (JSE). Nine Chief Executive Officers were selected because of their industry knowledge and strength of experience, and the other five executives were chosen because of their knowledge of the industry.

4.7   UNITS OF ANALYSIS

The unit of analysis of this study was the individuals, i.e. Executives in the gold mining industry. They were interviewed to attain responses for the questions asked concerning ethical leadership, economic sustainability and also for answers to the questions that were target to their knowledge of finding the relation between two constructs. Their responses and interactions were noted, as were the venues where the interviews took place, the examples that the respondents provided and their insights to the questions that were formulated. Executives were studied for displays of ethical behaviours concerning sustainable economic performance for the organisations that they serve. Creswell (2014) maintained that the unit of analysis is studying the "who" and "what" of the intended study that would be reviewed.

The views were explored, as were the perceptions and feelings of what senior management stated concerning ethical leadership and sustainable performance. Aspects like integrity, culture, morality, transparency, fairness, trust and empowerment were analysed by examining the concept of ethical leadership. Aspects like competitiveness, costs control; social and environmental issues, innovation, investment and health were investigated under the guise of for economic sustainability. Aspects like corruption, open communication, economic gains and expansion programs were be discussed, relating to the perceptions of the impact of ethical leadership on economic sustainability.

The categories of people that were engaged in the research process included senior leadership in the organisation, as they are renowned for establishing the tone and influence of companies. The second category included middle management, namely the people who serve in the sustainability committees. The final category included the workers; they were engaged with by making use of a focus group platform; only one company was selected for the focus group interview.

4.8   DATA COLLECTION METHODS

The data was collected by using the questionnaire presented in Appendix B as the research instrument; an audio recorder was also used to ensure that all words are captured. The researcher also made notes during the interviews. Leedy and Ormrod (2014) and Creswell (2014) stated that researchers tend to ask open-ended questions

in an unstructured or semi-structured format. The collection of information, perceptions, perspectives, and understandings of ethical leadership, economic sustainability and the connections between these two concepts were analysed. The outcome was monitored and categorised in pre-defined themes. Creswell (2014) indicated that data saturation needs to be monitored. "Data-saturation" is the point where data collection is halted because the categories (or themes) are saturated, meaning that gathering fresh data no longer sparks novel insights or reveals new properties.

A voice recording device was used and permission from the respondents was sought beforehand to ensure that the information collected would remain anonymous and was only used for academic purposes. A specialised person was used to transcribe the information while the researcher ensured quality and completeness. Anonymity was emphasised, and variables and company names were changed. The outcome of the interviews and results were offered on request, should the need arise from the participants to seek the outcomes of the research study. The researcher asked open-ended questions, and it was hoped that each interview would not exceed more than an hour. Creswell (2014, 2003) shared that all observational data should be recorded, including changes in expressions.

The researcher took minutes of each interview, but relied on recording device to collect data. On sensitive points or topics, if the participants wanted to comment off-record, that option was offered. The safety of the researcher and participants was very important and all measures were taken to ensure that the process would be a pleasant experience. The interviews were scheduled for one-on-one, face-to-face meetings. Only one meeting interviewed two executives together, but they were asked questions separately and focus group conducted. There were two interviews that were conducted *via* the telephone. In those instances participant(s) permission was solicited to ensure that recordings and copies could also be made available on request. The questions that were asked were divided into the following four categories:

➢ General information and background

➢ What is the understanding of ethical leadership?

➢ What is the understanding of economic sustainability?

➢ Explore the understanding of ethical leadership on economic sustainability.

The researcher used his experience of gathering information from doing investigations in his career and from participating in other forums as part of soliciting and obtaining more information from the respondents. The researcher is fluent in many South African languages, but all interviews were conducted in English. Appendix B lists the questions that were asked and Appendix C provides the the categories of participants who participated in interviews. To protect anonymity, company names were changed.

4.9   DATA ANALYSIS METHODS

An Atlas.ti software programme was used to identify common themes that arose from the respondents' descriptions and from their experiences (See Appendix E for themes). After transcribing the interviews, the researcher typically took the steps as delineated by Creswell (2014, 2003):

➢ Identified statements that related to ethical leadership, economic sustainability and link between two concepts. The researcher separated relevant from irrelevant information in the interview and then classified the relevant information into small segments (e.g. phrases, sentences or words) to ensure that it reflected specific thought patterns. The notes were typed and all visual materials sorted and arranged accordingly.

➢ Synthesised statements into "meaningful units". The researcher clustered segments into categories that reflected various aspects ("meanings") of the phenomenon as it was experienced by the participants interviewed.

➢ Sought divergent perspectives and use MBA classmates as well. The researcher analysed the data for the various ways in which different people could experience the same phenomenon.

➢ Constructed a composite. The researcher uses various meanings identified to develop an overall description of experiences.

The result is a general description of the phenomenon as seen through the eyes of the people who have experienced it directly. The focus is on common themes in the experience but includes consideration of diversity from the individuals interviewed and settings used. The understanding of ethical leadership, economic sustainability and the essence of ethical leadership were evident from the themes that were

identified. The aspects of these concepts would be profiled and noted accordingly to acquire interconnecting themes.

4.10   VALIDITY AND RELIABILITY

Creswell (2014) emphasised that qualitative validity means that the researcher checks for the accuracy of the findings by employing certain procedures. Qualitative reliability indicates that the researcher's approach is consistent across different research studies and different projects. The researcher employed eight strategies that were discussed by Creswell (2014) as methods that are frequently used to implement ideas that are not easy to apply. These include the following:

➢ Triangulation of data. The researcher used one focus group from a company, as well as sustainability reports and opinions of other executives to obtain a complete set of information. The researcher focused on chief executive officers, executives and managing directors by contrasting the evidence found in complementary information. By examining evidence given from these sources, a coherent justification for themes was developed as evidenced in Appendix E. The information in sustainability reports confirmed organisations' commitments towards ethical leadership and economic sustainability because of the requirement made by stakeholders to redress various community social issues.

➢ The researcher analysed the transcripts and confirmed these with some of the participants to ascertain that what was captured was indeed correct; this helped to ensure content validity. The qualitative findings were discussed with the researcher's supervisor and other researchers before forming final report. The researcher used draft versions of the report and discussed themes and patterns with participants to ensure that views expressed confirmed their initial thinking.

➢ Appendix C and Appendix E provides descriptions of how findings have been conveyed during this research. The constructs that have been identified in literature were hoped to be confirmed during interviews. The researcher also provided detailed descriptions of the setting for the interviews with the purpose to offers perspectives about the theme, which would help ensure that the results become more realistic and richer.

- ➢ Used peer debriefing to enhance accuracy of the account. This process involved locating the debriefed respondents to review and ask questions about qualitative study so that the final account of the research findings resonates with people other than the researcher. The researcher engaged with colleagues to ensure that views and points captured are relevant to the participants of the study.

- ➢ The researcher is employed in the gold mining industry and some of the participants are role models to the researcher. In order to avoid bias, the researcher used the route cause analysis technique and also triangulation to ensure that the information collected is correct. Where the interview deviated, the researcher used the "why" and "what" questions. The researcher provided his personal position when discussing the possible limitations that included potential bias towards the data collection.

- ➢ During the data collection, there were two participants who provided different views on the topic of ethical leadership. The researcher captured the views and enquired morel the researcher did not interfere with the process of data collection. The researcher used an unstructured guide of questions to ensure that different perspectives, including impediments of achieving economic sustainability were accounted for.

- ➢ The researcher spent prolonged time collecting the data. In this way, the researcher developed an in-depth understanding of the phenomenon under investigation and is able to convey details about the research study and the respondents that were interviewed; this lends credibility to the narrative account. The researcher invested at least two to three hours for data collection per participant or group. This was done to ensure that he became familiar with the surroundings and is able to confirm settings.

The researcher hired an external reviewer to assess the process undertaken. The researcher has further hired an editor who provided the service and shared insights and objective assessment. As part of improving reliability, the interviewer initially interviewed three respondents and then refined questions and timing so that appropriate insights could be derived.

4.11 QUALITY AND ETHICS

The questions asked for this research were the same questions that the ethics committee approved. A letter of intent was drafted with the assistance from the supervisor and research design methodology lecturer, which was signed by all participants. The letter was used as a document that also served to denote the explanation of the ethical issues in the research, which are discussed in this section.

Leedy and Ormrod (2014) provided four categories of ethical issues, being: protection from harm, voluntary and informed participation, rights to privacy and honesty with professional colleagues. The researcher took note of these and ensured the participants that each of these categories would be upheld.

4.11.1 Protection from Harm

The researcher did not expose participants to unnecessary physical or psychological harm. The questions asked did not challenge self-esteem and where appropriate, when answers were given, the researcher encouraged that the answers were concerned with gaining insights and perceptions. The potential risk of participating in the study did not exceed normal risks of day-to-day existence in the lives of the participants. The researcher was sensitive and thoughtful about potential harm that participants might be vulnerable to (Sieber, 1998). In this approach, the researcher treated participants in a courteous and respectful manner, irrespective of their positions held in the organisations. The researcher, during the briefing process, ensured anonymity and that the views expressed would be kept secret. The researcher did not disclose conversations with fellow colleagues at the work place, whether being made formally or informally. No real names have been used for either the participants or the companies mentioned in the interviews. Appendix C demonstrates the process of anonymity, as the interview transcripts have been made anonymous.

4.11.2 Voluntary and Informed Participation

Leedy & Ormrod (2014) indicated that when the research involves people's participation in the research study, they should be told the nature of the study to be conducted and be given a choice of either participating or not participating. The researcher insisted on this point, as evidenced in the transcriptions of the interviews

provided. Sometimes this point was emphasised before the recording, and hence the consent letter only has a signature but not a name, as presented in Appendix D.

Participants were informed that when they agreed to participate, they retained the right to withdraw from the study at any time. Leedy & Ormrod (2014) also indicated that people should not feel under pressure to participate nor should they be intimidated to participate. The researcher ensured that the above requirements were met and all participants were informed of the rules before interviews commenced. The consent was solicited and comments are shared as displayed in Appendix D.

4.11.3   Right to Privacy

The researcher ensured that no names would be recorded for the final account of the research study. The responses and behaviour of the participants would be kept confidential. It is only when special permission was granted, that the information would be shared. The research study's results would not be presented in a way that would compromise other participants or expose them based on their responses. The researcher assigned variables and symbols to protect the identity of individuals and organisations. All this information was discussed with participants during interviews.

4.11.4   Honesty with Professional Colleagues

According to Leedy & Ormrod (2014), researchers must report their findings in a complete and honest fashion, without misrepresenting what was found. The researcher did not fabricate any data or information to support a particular conclusion or view, no matter how "good" or "valid" the reason might seem. Referencing has been used and proper credit to previous authors and researcher has been given. Any ideas used from another person have been fully acknowledged, including quotations.

4.12   CONCLUDING   REMARKS   CONCERNING   THE   RESEARCH DESIGN

There are limitations that the researcher could have experienced during this research study which could have affected the intended outcome and contribution to the Human Resource faculty:

- ➢ The availability of participants, especially the Chief Executive Officers could have been a challenge, as after June 2014 as many South African companies entered into wage negotiations and budget cycle periods. This might have proved to be challenging and encouraging the researcher to review.

- ➢ According to Creswell (2014), the researcher should rely on own experience to interpret and write the information. This could have been challenging as there is inevitably some bias that could have been brought by the researcher in data analysis. Further to that, the researcher used the experience to improve skills of using deductive techniques to reach an adequate outcome. For the purposes of the study, the researcher utilised the "expert-resources" made available before concluding on major issues. The researcher also used the technique of being trained as an investigator during the root cause analysis technique to gain insights of the participants.

- ➢ The study was based on South African gold mining companies and the associated dynamics.

- ➢ The language of some of the participants might have proved to be challenging for the researcher, if the respondents utilised their vernacular of Afrikaans, Shona or French. English was used and if it was not understood, the services of an interpreter would be acquired and translation would be employed.

The next chapter discusses results found during data collection. Sustainability reports were also used as part of data collection.

CHAPTER 5: RESULTS

"I pass with relief from the tossing sea of Cause and Theory to the firm ground of Result and Fact." — *Winston S. Churchill*

5.1 INTRODUCTION

The purpose of the study was to explore ethical leadership and its association with economic sustainability performance within the gold mining industry. It sought to determine the actions that are required to ensure consistent future benefit, as long as the intrinsic ethical requirement is present.

There were three objectives of the study. Firstly, to explore the perceptions of the definition of ethical leadership from mining leaders, and to compare results obtained during the interview process with definitions garnered from the literature reviewed. The second objective was to review the concept of economic sustainability from the perception of mining leaders within the gold mining industry. The last objective sought to determine whether an association between ethical leadership and economic sustainability could be convincingly made. Finally, the research study also sought to identify challenges that could pose economic threats on economic sustainability based on unethical behaviours. The collection of the data resulted in three main themes that are presented in the following sections.

5.2 PROFILE OF THE RESPONDENTS

Fourteen mining executives were interviewed, one focus group was utilised and sustainability reports were used as secondary data to provide evidence for triangulation. The respondents interviewed included managing directors, chief executive officers, executive vice president corporate and executive chairman of companies. The respondents were all males and this may be attributed to the fact that the mining sector remains a male dominated field. Many of the respondents were White males, followed by a presence of both Indian and Black males. The respondents had a wealth of experience within the mining sector. The years of experience ranged from ten years to 34 years. The issue of diversity was a challenge and the candidates acknowledged this challenge and stated that the organisations were attempting to

improve on their current position. Each company that was represented by the respondents generated revenues of over R200 million per year and are listed on the Johannesburg Stock Exchange, and have different regional footprints.

The company executives that were interviewed ranged in age. There were executives between 30 and 40 years, 40 and 50 years and 50 and 60 years of age. In terms of years of service in current positions, the terms in these positions included a range commencing with two years, four years, five years and nine years. It can be concluded that most of the executives had attained these positions within the last five years because of movement within the gold mining sector and the ensuing opportunities that were available. The high gold price and availability of resources have made it possible for marginal operating companies to increase operations and for new entities to commence operations, hence there is currently movement of executives to gain mining skills in the sector.

5.3   CENTRAL THEMES

The data obtained from the respondents was classified into themes and sub-themes as shown in Table 1 below. The respondents' views are discussed based on their insights on the concepts raised. The following indicates different themes or sub-questions as identified for respondents.

Table 1: Themes and Subthemes

Themes	Sub-themes
Understanding ethical leadership	➢ Characteristics of an ethical leader ➢ Drivers of ethical leadership ➢ Link of social upbringing behaviour and ethical leaders ➢ Advantages of ethical leadership ➢ Sustainability of ethical leadership ➢ Challenges of ethical leadership
Understanding economic sustainability	➢ Understanding economic sustainability concept ➢ Aspects of economic sustainability ➢ Methods of sustaining economic performance ➢ Threats of economic performance
Connection between ethical leadership and sustainable economic performance	➢ Perception of impact of ethical leadership on sustainable economic ➢ Behaviour of leadership that can compromise economic sustainability

5.4 RESULTS OF RESEARCH QUESTIONS

Research Question 1:

5.4.1 Exploring the understanding of ethical leadership

The first research question sought to identify and obtain respondents' understanding of ethical leadership. The research question was divided into six sub-themes or sub-questions. These sub-themes included:

- characteristics of an ethical leader;

- drivers of ethical leadership,

- link between social upbringing behaviour and an ethical leader,

- advantages of being an ethical leadership,

- sustainability of an ethical leadership, and

- challenges of ethical leadership.

The responses were organised into respective sub-themes.

5.4.1.1 *What is the understanding of ethical leadership?*

All respondents managed to indicate the characteristics of an ethical leader (see Appendix F, section F.1). They all said that to be an ethical leader, a leader must be humble, have moral fibre, be courageous, have strong values, be able to make decisions, take appropriate conduct, walk-the-talk, treat people with dignity, have relationships with workers and be consistent. These characteristics are also related to the manner in which the leaders associated with workers, community and how leaders displayed concerns for both environmental and social issues. All respondents noted that even though the mining industry is regulated, they had a desire to do more than what the minimum requirements stated because of the historical issues of how mining companies previously operated in poorly developed communities.

From the respondents' answers to these questions, the following concepts were strongly viewed as characteristics of ethical leadership. The respondents shared that ethical leaders are good in "decision-making" because they are decisive and use "gut feelings or conscience" to make suitable decisions. The respondents explained that

ethical leaders "walk-the-talk" by being exemplary to subordinates through "keeping to their words and promises". To show an appropriate conduct, the respondents said that ethical leaders "take decisions that are considerate and for benefit [of] many" as one respondent said. Ethical leaders were said to be "courageous" in that they have a high locus of control and "good interaction with people", as another respondent said. Ethical leaders were said to be consistent in their decision-making as this makes them predictable. Ethical leaders were also said to be considerate in that during decision-making or action, they considered people's feelings and reactions. The respondents explained that ethical leaders are also empathetic leaders. These indicators, as mentioned by the respondents, adequately explained their understanding of ethical leadership.

According to three respondents, "ethical leaders make decisions that can benefit many" and ensure that the general "happy principle" could be achieved based on decisions made. This was noted when leaders quoted the statement of "making the correct decision that they can standby" and also "making decision, not just for best interest of shareholders but also considering all stakeholders, that is something they can be proud of mentioning at end of the day." These statements demonstrated that leaders take risks (courageous) as mentioned in interviews, concerning decision-making in that most decisions made are courageous. The respondents explained that ethical leaders assess what they are willing to lose based on the moral judgement and also outcome of the decision to be made. This involves a consultation with diverse stakeholders through interaction, as explained by the respondents and "taking views from [many] to ensure that all voices are well represented in decision-making" as one respondent stated. Further, one of the respondents said that, "ethical leaders also should have courage to say no to things that they don't believe in", including aspects that do not resonate with their belief system nor are guided by appropriate behaviour.

The "walk-the-talk" statement by a respondent also signifies that ethical leaders are consistent in their conduct. The respondents said that "ethical leaders lead by example in that they do what they say, that sets a good example for the leaders to be easily followed". One of the respondents shared that "it is easy to influence people, once if you have a brand and people trust you." The latter was also confirmed by a respondent who explained that "reputation that must be protected". One of the respondents shared that "he could relate because their management style is open and approachable, people feel free to raise concerns without fearing intimidation". He shares information with all workers such that they "talk about how revenue is derived and measure

company performance against weekly targets". This specific leader also shared with his team how they "create value so that each member in the company becomes an ambassador." In this respondent's opinion, "workers know how much their downtime figures per hour and costs are associated with theft; hence, they take ownership of assets". Illegal behaviour and poor practices are not encouraged.

The respondents explained that leaders have to be consistent when given a certain set of parameters. This was discussed in relation to leaders who are required to follow statutory requirements as formulated by government in the Mining Charter or when it is concerning the payment of taxes or royalties in the countries of mining operations. According to respondents, "there should be no gap in their words based on what managers communicate to what they end up doing in action", since that is very important in the gold mining industry because of the image and reputation associated to the metal. The respondents also discussed that for managers who "practice what they preach", they can be seen as "complying with the law" and not taking short-cuts despite potential outcomes that might initially appear to be lucrative but end on a disastrous note. Essentially, the respondents stated that ethical leaders comply with requirements that result in unsustainable economic practises.

"The company procedures and statutory requirements are also aiding in ensuring that there is a shared culture of ethical leadership and transparency", one of the respondents stated. Ethical leaders ensure that work gets done quickly and required processes are followed easy implementation. Ethical leaders were discussed to be "consistent" and were also said to be "trustworthy and considerate", based on management traits. According to the respondents, the level of consideration displayed made ethical leaders trustworthy, as did the type of brand or some form of reputation that was held by the leader. Due to the fact that ethical leaders have good character traits, according to the respondents' feedback, they are seen as good moral managers who base their work on "walking-the-talk; interacting with people in an approachable manner" as one of the respondents said.

According to a respondent, he said: "ethical leaders could easily re-enforce decisions made and have strong influence over implementation". In this respondent's particular organisation, the respondent sits with employees and openly share results and outcomes of performance, whether these good or bad. One of the focus group members from same company expressed that ethical leaders are approachable, which means that they are open and that makes them considerate and people relate to them

with ease. Furthermore, the respondents emphasised that ethical leaders take decisions that follow an appropriate process of conduct. This means that based on the decision made, the decision is considerate and inclusive of all other stakeholders. This was expressed by one of the respondents who said "the relationship with shareholders and stakeholders that abide by the terminology". This means that when decisions are taken, all the stakeholders abide by the rules and ensure that a particular process is followed.

The concept of ethical leadership was also related to an African term known as "*Ubuntu*", which means "that I am because you are". This means that for African leaders they seem to relate to the concept that they cannot prosper if others cannot prosper. This was evident from a statement of one of the respondents who explained that ethical leaders "need to treat employees better, communities and clients better". The respondent was saying that everyone should be treated the same. The issue of employee treatment was also mentioned by other respondents who divulged that migrant labour in South Africa presents challenges concerning the social fabric and can't be easily maintained. A respondent related that "there should be a transport system that would connect employees to society where they stay".

Further, from sustainability reports it emerged that of *"Ubuntu"* was advocated as core value that leaders should subscribe to. The leaders have led by example on this value in some of the companies and they practiced it in communities where they operate, by building schools, clinics and provided for other basic needs of communities to where the companies operated from. One of the respondents further said that "providing infrastructure and building social development institutions is still not enough for next generation; mining leaders should analyse how to easily implement technology in these communities. This would help in connectivity and promote the access of information". This statement was confirmed by some employees during the focus group sessions conducted at their respective company that was involved in initiatives of bring relief to the communities for basic needs like water, health, technological connectivity or education. These improvements were driven by personal actions of the leadership in this organisation to improve the lives of community members or societies from where these companies operated. One company in particular was also involved in celebrating important days by taking "Women's Day" in South Africa and converting it to create a platform to discuss the importance of women in mining.

5.4.1.2   Drivers of ethical leadership

Thirteen respondents provided drivers of what they understood ethical leadership to be about. They predominately listed moral character traits like "honesty and trustworthiness" as ingredients that constitutes an ethical leader in terms of behaviour and associated actions. The responses demonstrated that for someone who is known to be ethical, they should demonstrated this by their conduct of being known by people and their actions should speak for themselves. The respondents shared some of the cognitive abilities that constitute ethical leadership and also that the evidence of an ethical leader was based on action.

One of the respondents provided the following definition of what drives ethical leadership: "it is first about one's upbringing, secondly about being honest and transparent, and thirdly about leader's value set and having courage to say no. Another respondent shared that the drivers of ethical leadership in his view were "aligning with company values, being honest, practicing emotional intelligence, ability to lead and not put in a compromising position (integrity) and communicating with stakeholders".

The two above-mentioned responses serve as a summary of the results provided by the respondents. The respondents emphasised that the drivers of ethical leadership include: honesty, [being] respectful, transparency, caring, fairness, [being] diligent, empathetic, [having] dignity, [being] courageous, value difference, integrity, constancy, [having] values, appropriate conduct, *Ubuntu*, uplifting community and environmental protection (see Appendix F, section F.2). The four themes that emerged were courage, integrity, honesty, and consistency as their frequencies were considerably higher than those of the other parameters. The first proposition stated that leaders perceive drivers of ethical leadership being transparent, integrity, fairness, courage, trust and being moral. The leaders that were interviewed seemed to comprehend the drivers of ethical leadership, even though they left out "morality" as part of the construct. In as much, this section was thoroughly answered.

Courage was rated third highest as per section F.2. The leaders with high courage were said to have high internal locus of control. The leaders, in order to be able to make informed decisions, must base their decisions on "conscience or gut-feel" and sometimes on the intrinsic knowledge of what is right, so courage is required. From the statements mentioned: "being definitive about what right judgement is", and "having the desire to do good", it can be inferred that the respondents meant that leaders need to lead the change that they want to see in society; they should be able to make difficult

choices. From the responses provided, the respondents provided answers for the adequate fulfilment of proposition one.

From the information above, the second proposition is now answered. The second proposition states that an ethical leader needs to have a high LC and hold true some value set as guiding principles.

The other concept that received a high frequency of mentions according to the rating was integrity. According to one of the respondents, he explained integrity of leaders as "being able to manage different stakeholders but also linked to that I think is the ability to lead and not to be put in any position where you are compromised". The leaders need to be open (honest) and trustworthy. In order to be honest which was rated as highest; the respondents mentioned that leaders "looked after employees" and trusted their "natural talent" in order to solve issues. When analysing these concepts, integrity is an outcome of someone who is honest, transparent and respectful. Someone who has integrity would be consistent in that they "walk-the-walk" and also be courageous in the decision-making process. People could turn on such leaders because they know that they will receive "fair" treatment. People who lead with integrity as one respondent further said, "They are value-based people", in that they will intrinsically know their position on social and environmental issues as they arise. Leaders of integrity are able to implement their decisions against all odds and challenges. In the focus group session conducted at a particular company, some of respondents stated that "transparent leaders, who are consistent and value-based, would be leaders of integrity and can be seen as taking courageous decisions. These are the leaders that people would support at all costs because they know where they stand with such leaders". The respondents of the focus group futher stated that "their leaders have genuine concern for people and demonstrated integrity and care in the areas in which they operate."

5.4.1.3   Link of social upbringing behaviour and ethical leaders

One of the respondents shared the following insights that captured the connection of social upbringing and ethical behaviour: "Your background is in your DNA. If you grew up with certain elements or understanding of how life works, that will filter through in decision-making. People will normally gravitate to their upbringing because that is [the] natural position of who they are."

The values of upbringing and exposure were very strongly articulated regarding the conduct of ethical leaders. It was found that ethical leaders always refer to who was

their role model either at home, industry or society. Their behaviours are also driven by "the spirit of trying to do greater good for the sense of fulfilment in life" as one respondent said. Ten respondents confirmed that their upbringing or exposure to different career changes made them have different outlooks on life and they learned to appreciate things differently.

The following components were identified during the respondents' statements: values, societal development, systems thinker, allowing for mistakes, role-modelling, regulations and value-based system. Three values that were most articulated, were role-modelling, societal development and allowing for mistakes to happen. According to the respondents, ethical leaders learn from their upbringing and/or exposure which shape how they interact for the future. This was succinctly explained by one of the respondents who said: "people will gravitate towards their upbringing characters in order to believe and make sense of the world." Further to that, it is also the upbringing of parents through role-modelling that shaped whether the ethical leader within the gold mining industry would be caring or not. One of the respondents further said that "upbringing plays a role", in that this was the leader who rejected a huge profit so that he could save between 200 and 300 employees from retrenchment. The role-modelling that was established in that particular CEO was an example of him growing up in a poor neighbourhood, and compelled him to take a responsible, selfless decision in that he sacrificed his money for benefit of others.

The value of "*Ubuntu*" has been also been used as an enabler to ensure that the masses would benefit. The example provided by one respondent was that "the community use to take a collective development approach towards children in order to entrench as certain value system in society. This confirms one of the famous Kenyan expressions that "it takes a single parent to give birth to a baby, but a village to raise a child". The community never condoned crime being perpetuated because those members were targeted for discipline from own families; the parents were the first ones to sanction the appropriate course of action and did not allow illegal acquisition of items".

The next aspect that was also strongly imparted from the respondents is to allow for mistake so that leaders learn and develop from previous experiences. According to the respondents, it is through painful and challenging lessons that most of learnings were derived in their respective careers. One of the respondents shared that his team management style changed because of adversity when he changed composition of the

team, "I don't have teams that are conforming in anyway, because I see that would give a real blind spot." For this respondent, he had learned that he needed to empower other team members to generate solutions so that they could deliver results together. Ethical leadership environments foster an environment where "people talk freely and offer insights for learning". It is through this environment that true characters are shaped. The social upbringing is based on values that are more important than money for doing good. Ethical leadership in this regard is connected to an elevated consciousness where people engage in activities for the sense of accomplishment. This was evidenced by the example provided where individuals are willing to forfeit benefits so that others can also benefit; this is a selfless act and harnesses the value of "*Ubuntu*" in the African context.

5.4.1.4   *Advantages of an ethical leader*

The respondents articulated benefits of being an ethical leader within the gold mining industry. The following concepts were identified as part of assessing the benefits of ethical leadership: reputation, brand, integrity, productivity, relationship, decision making and influence (see Appendix F, section F.4). The respondents' shared that "leadership is a position of influence, so the ability for leaders to influence decisions without threatening staff is very important". The leaders are able to moderate productivity and change behaviours such that a new culture of performance could be established. Ethical leaders are respected because based on their behaviour; they connect with people on personal levels. One respondent said that "if a leader is doing things in an ethical conduct way or show way of doing things, then everybody, including the employees would follow". Further to that, another respondent said that "since joining leadership, some of the workers have brought their personal challenges for addressing". Some of the respondents stated that if a company has ethical leaders who are not easily lured into illegal behaviours behaviour due to ethical leadership, the company can do well financially.

From responses given, the following concepts were strongly evident: ability to influence, production and trust. The ability to improve productivity as an outcome of being an ethical leader was identified as a common theme by respondents. Statements like "retain licence of operation, continue to run" and "running a profitable industry" were statements shared by the respondents. These statements asserted that being ethical helped to change cultures and work ethic in certain organisation so that they could deliver improved value. One respondent shared that "during labour disputes,

where most business is challenged, in their company, they engage with workers in an open way and discuss benefits to be derived by working. This gives the company an opportunity of having an added advantage of delivering products to the market based on opportunities presented to them.

The ability to influence followers is very important for ethical leadership, because as one of the respondents shared, when leaders try to change culture, the subordinates look to leadership behaviour. In one of the statements, a respondent said: "if my boss is dishonest, why must I be honest?" The same is true that if the leader is honest, then the subordinates would learn from him/her as well. One respondent also said that "people want the high level of consistency in terms of own leaders". With the latter statement, it would be helpful to formulate shared standards that would be appreciated in the entire organisation. The consistency breeds the culture of reputation and brand. People would realise that their leaders are consistent in undertakings, such that it could become a way of life. By seeing the consistency in their leaders' behaviours, people tend to trust these people and their brands more and the integrity of the brands are no longer doubted, which relates to a strong outcome that could lead to greater influence. If the subordinates realise that they work for leaders who have integrity, then it could inspire them to act in a similar way in an attempt to emulate success as they believe that the playing fields are level and there are no favourites. The latter statement is driven by the definition of ethical leadership in that the leaders need to be trustworthy and can take an action based on intrinsic values rather than outward measurements.

5.4.1.5   *Sustainability of ethical leadership*

Seven respondents commented on the aspects that sustain ethical leadership. The results are presented in Appendix F (section F.5). The respondents were aware that an ethical leader must be "trained and developed" so that the integrity could be developed through nurturing the skills, while allowing for mistakes. One of the respondents said that: "you need to make sure that from time to time, the ethical leader addresses subordinates, send[s] out a questionnaire and engage them on ethical behaviours and complying with code of ethics." The latter statement was also mentioned by other leaders who commented on the King III Report and mentioned that since the companies are listed, they issue reports as part of sustainability, therefore the ethical leadership practices standards must be adhered to. The sustainability of ethical leadership was also discussed from the markets where the business operates in the absence of established frameworks. The aspects that were articulated very strongly

were developing integrity for leaders because it was strongly associated with reputation, and the image of the leaders. The sustainability of ethical leadership comes from training as one respondent said: "aiming for a three quote system" and another respondent said: "give small business an opportunity to do it, so long as they could deliver."

From responses provided by respondents, the following aspects of sustainability were identified: training, develop integrity, allow for mistakes, shared values, using of proper rewards and benefits. According to the respondents, developing integrity was encouraged by the company as these organisations are affiliated or subscribed to international listings that encourage minimum compliance. This required all stakeholders to interact with each other and ensure that there is a level of fairness for the constituents that they represent. According to the following response: "delivering into the stakeholders, including unions, government compliance, etc." and "for example, having a settlement on Friday on wage negotiation and exploit people for another week to settle on the same results, it is unethical", the respondents emphasised that certain behaviours during negotiations should change for the benefit of all. Leaders are allowed to make mistakes as they are also human, as long as the failure is recognised as a training opportunity and they commit to improving on the mistakes.

The respondents revealed that they were aware that in order to sustain ethical leadership, mistakes should be allowed for and integrity should be developed. It is through a forgiving environment where people can act naturally and through transparent incentives that employees are able to deliver suitable value. The following statement that was made by respondent related to this issue: "mining industry has exploited the country, but when is it enough to the extent for the others to benefit as well. How they provide services back on a sustainable ethical way to the community and to the country as a whole". Furthermore, it was explained that leaders need to forgive themselves and know that they can make mistakes as they are not perfect in their undertakings, as stated by a respondent: "You realise, actually, that you are quite fallible, you can make mistakes".

5.4.1.6   Challenges of ethical leadership

One of the respondent said that "Ethical leadership is threatened most of the time by selfish behaviour where leaders do not consider long-term outcomes but rather short-

term results". Leaders have to consider their values and principles while simultaneously channelling the pressure of trying to satisfy government and stakeholders. Essentially, ethical leaders have to navigate through conflicting values. Eleven respondents provided suitable values for the challenges that threaten ethical leadership in the current business environment. The market conditions and labour union relationships cause challenges for ethical leaders that require consideration regarding the entities of operation. The conservation of the environment and social aspects gain importance because these have an effect on costs' association.

The respondents mentioned the following aspects: illegal behaviours, shareholder expectations, societal issues, environmental concerns, conflicting values, governmental pressures, legacy issues and awareness of outcomes (see Appendix F, section F.6). The two prevailing constructs were shareholder expectation and illegal behaviour. One of the respodents shared that "chief executives are responsible for making entities to be profibatle and should not engage in illegal behaviours as that will cause reputation loss". With new entrants, it challenges resource extraction and many entrants don't comply which could lead into disaters and illegal activities. One of the respondents said that "when there is an expectation to make profits, there are people who come to offer the metal at reduced rate, which is ellegal. An ethical leader must be able to withstand that temptation."

From the shareholders' expectations, ethical leaders would want to satisfy shareholder return while placating the communities in which they operate. Sometimes the leaders might be pressured to take short-cuts, but it is important for them to understand consequences in the long-term. The ethical leaders are at times presented with opposing views, but it is important that they remain true to themselves as integrity and reputation in the gold mining is very important. This is especially relevant when ethical leaders engage with communities because an ethical leader would be supported in challenging circumstances compared to a leader whom people do not believe.

In closing, the two propositions were exhaustively answered in this section and it was apparent that almost thirteen of the fourteen leaders who were interviewed understood the determiners of ethical leadership. The leaders also shared how ethical leadership improves with high levels of integrity and honesty.

Research Question 2:

5.4.2 Determining the meaning of economic sustainability within the gold mining industry

In order to understand economic sustainability, the concept was divided into four sub-themes or sub-questions that are listed below and further exposed in this section:

- What is the understanding of economic sustainability in gold mining industry?

- What are the aspects of economic sustainability?

- How can economic sustainability be sustained in the gold mining industry?

- What are the threats of economic sustainability within the gold mining industry?

Below are some of the responses that the respondents gave during interviews when insights into this topic were evident. During the session, the researcher requested that the respondents provide information according to their understanding and interpretation.

5.4.2.1 Understanding of economic sustainability

Thirteen respondents provided their insights and opinions regarding their understanding of economic sustainability. One respondent shared that "we need to look at social impact and environmental impact as these two have an impact on economic sustainability."

The following concepts were mentioned as part of explaining what the respondents understood to be economic sustainability: ensuring that there is education, availability of resources, management of costs, political stability, investments, health of community, skills of people, societal and environmental development, productivity and profitable enterprise (see Appendix F, section F.7). Of these aspects, the respondents rated profitability, societal development and cost management as pertinent points that defined economic sustainability. Most respondents agreed that if an entity does not make money, irrespective of mission statements, it would not be sustainable.

One of the respondents captured the essence of economic sustainability in the following statement: "it doesn't matter whether you have the best process in the world,

if it doesn't make money, then it is worthless because money drives the world at the end of the day. It's the raw essence – economic sustainability is making a profit or some gain". This sentiment was also confirmed by another respondent who said that: "economic sustainability from a company['s] point of view is that it will continue making profits and margins being controlled, then a lot of stakeholders could be happy."

Many of the respondents confirmed that the goal of the business is to make money; however, economic sustainability is regarded with making money in the correct way. One of the respondents confirmed that "it shouldn't be made at any costs because in so doing, it will lead to instability which will defeat the very same purpose the business was intended to do." One of the respondents explained that certain mines must comply with certain rules, or otherwise the poor health and safety standards experienced at the location of operations would lead to challenges. The two main motivating constructs that were observed and noted by every leader who was interviewed was that social and environmental issues need to be addressed in order to achieve economic sustainability within the gold mining sector. As a respondent quoted previously mentioned, economic sustainability would be achieved to a greater extent if the social and environmental issues were addressed and analysed by leaders who want to make a change.

With regard to political stability that would be experienced by entering regions where there are social issues, almost all the business leaders interviewed stated that the location of operations is important. Some did not appear to have problems with the nationalisation of assets, which could affect economic gains, as long as the rules or procedures were established and implemented by the appropriate enforcement bodies. The mining leaders did not appear to be concerned about paying royalty and taxes to the government, as long as these payments did not bring challenges, as noted by one of the respondents: "The political spend is the biggest challenge of economic sustainability, the known costs of royalty and tax are known and fine, the challenge comes from certain costs of doing business that could affect economic sustainability." The investments are motivated by confidence in markets and by the establishment of appropriate rules, so if there is an opportunity for money to be made, as one respondent said, "An economic investment would be made". The same applies for the increase in education, so that the skills level can be improved and social challenges can be addressed. As part of managing costs and ensuring that less people run operations, the system must be mechanised. One of the respondents stated that in their costs structure, 65% of their costs were employment and 15% comprised of resources leaving very little for investment and development. Cost management was

poised as the strong determiner of leadership because of number of people employed. When mechanisation is considered, the fact that would boost profitability but harm societal development is a quandary for the ethical leader. Essentially, ethical leaders need to analyse every situation carefully.

The last aspect that the leaders who were interviewed emphasised that environmental conservation and societal development are significant drivers to ensure economic sustainability. One respondent stated that societal aspects like building schools for communities would ensure that living conditions would be developed over the long-term. By building hospitals, general health improves, resulting in less absenteeism during periods of sickness such that productivity is not adversely affected. "Building infrastructure" is another form of development that was mentioned as a means of connection between communities and cities to encourage mobility and economic development.

From this discussion, it was evident that the aspects of proposition three that stated that with good ethical leadership, economic sustainable performance could be achieved. If ethical leaders can take care of the environment and address the needs of society by "improving infrastructure and invest[ing] in education", then sustainable performance could be ensured. The proposition three from this section has thus been addressed.

5.4.2.2   Aspects of economic sustainability

Economic sustainability appears to be the outcome of doing things correctly by addressing environmental and societal issues most predominantly. From the results obtained, there are three aspects that the respondents' associated economic stability of operations, being availability of resources, improvement of revenue and cost control. According to the respondents, irrespective of the country of operations, language or culture, the two above-mentioned constructs (social and environmental issues) gained more emphasis. One of the respondents provided a holistic summary concerning this construct: "if you start narrowing the objective of making money, then less people will benefit from economic sustainability. But, it is to create the environment where everybody can benefit from long sustaining basis, both socially aspects while conserving environment for future generations." Another respondent said that it is about doing things in the right way but not "smash and grab" and also not to "make false promises to community, as you need them happy".

Managing costs that arise from non-compliance of environmental and social issues deters companies from focussing on improving the revenue stream. Also, the construct of managing costs is founded on a process of following systems, including the "three quote system", to ensure that the best value for money is achieved by analysing and comparing prices for services rendered or products required. Certain respondents shared that in their company, they insist on the governance process of requesting three quotes to receive fair value for money. This process encourages competition and stimulates economic sustainability such that at affordable prices, more operators can enter the market.

One of the respondents said: "Business success is not dependent on internal financial indicators but also on activities that are occurring around operating areas of business". Another respondent said that the "community and government as stakeholders are very important to take note of and also ensuring that there is no longer environmental impacts that could erode profitability". Eight respondents provided factors that could affect economic sustainability. These factors were related to the nature of economic sustainability focussed on the contribution of improving economic gain.

The following factors were mentioned as relating to economic sustainability: education, technology, innovation, health, costs control, productivity, infrastructure, reward, competition, and availability of resources, skills, honesty and ownership. These concepts determine both the revenue and costs of economic activity (see Appendix F, section F.8). The availability of resources encourages the continuation of mining operations and derives value before diversification. By ignoring the social, environmental, investment of infrastructure and not controlling the health impacts of communities around operations, it would have an impact of the mining operations in the long-term. One of the respondents provided an example of not addressing health effects of the community in which the mining company operates, by stating that it would negatively affect productivity of the company and thus increase costs and reduce revenue. The workforce would present with various ailments, thereby decreasing productivity which directly relates to decreases in revenue and increased costs. Alternatively, if the company can become actively involved through ethical leadership by caring and addressing societal issues, in the long-run, it would improve the health of community which has direct advantages for the company. With better management of cost drivers and addressing issues that threaten sustainability, the third proposition that states that ethical behaviour contributes to economic sustainable performance is confidently addressed.

Statutory compliance and competition also received higher frequencies, as rated by the number of mentions from respondents. By complying with statutory requirements political and government pressure, the costs on non-compliance are reduced. Environmental pollution, in the short-term seems good but in the long-term it is expensive. One of the respondents who previously worked for an old mine explained that the costs of rehabilitation are a more pertinent factor to consider than the costs of scheduling the mine closer, as the mine pollutes the natural resources and causes far more other issues.

Competition is also good because it creates creativity and productivity. Some companies use compensation as one of the factors that encourages creativity to improve ideas of operation and hence sustainability is encouraged. The competition has also taken place in a form of incentive schemes where people could also compete as individuals to improve quality of living by attending training and acquiring new skills. In the age of mechanisation, workers could have different skills and according to respondent A, "the lives of workers would be better and they could earn a decent living".

5.4.2.3 Methods of sustaining economic performance

From the responses provided by respondents, the following aspects were raised regarding sustaining economic performance: initiatives for improving revenue, safety, investments, social issues addressed, technology, training (education), innovation (technology), political stability, cost control, environmental conservation, participation with stakeholders, motivation and quality control. Of these, the respondents felt that participative approaches and education were the weak drivers, based on marginal view that could be used for sustaining economic performance within the mining industry. One of the respondents of a leading mining company shared the following comments that encapsulate the variables that need to be considered: "You need to have the right people (education) to operate the business optimally (cost management), operate safely and have the right social license to operate (participative), with your community and everything coming into play (participative). Then in addition to that, then the next one is the business model, you need to measure the value in a sustainable manner. The last point is business succession – you need to have the succession plan." With latter statement, social issues have been mentioned, together with cost and revenue control which are the strong drivers of economic sustainability.

The respondents provided feedback on methods of sustaining economic performance for entities, but selected education as the best option (see Appendix F, see F.9). There were ten respondents for this category. The respondents noted that it is through proper education of leaders, communities, government and other stakeholders who could participate that economic sustainability is achieved. The workforce must deliver improved value after acquiring better sets of skills. Economic sustainability is always related to all stakeholders who seem to threaten the economic sustainability. One respondent shared that "the relationship that all leaders should be aware of is about how businesses should work, in that we must improve revenue as the whole of Africa's growth strategy is based on minerals". The leader also noted that there are many gold mines in Africa and some are from areas of conflicted and are now becoming stable. The leader shared that the government has a strong role to play in supporting both businesses and community, without sacrificing the needs of one for the other; government can be a good referee. The expression that the leader coined that came from interview was: "without no country, there won't be a company. Without company, there won't be any community and without community, there is no life."

The environmental and social challenges still remain issues of concern when economic sustainability is considered. One of respondents also shared that due to his personal value system; he returned all his incentives with the aim of saving severity employees from losing their jobs. This personal reference was categorised as one of the methods to maintain skills and ensure economic sustainability.

5.4.2.4   Threats to economic performance

From the responses received, greed was a strong construct that threatens economic sustainability, followed by politics (see Appendix F, section F.10). There were nine responses that related greed as a major threat, above other aspects. The leaders should be aware and take cognisance of the other aspects so that they can continue delivering against shareholder expectations. Most of these are individual traits, and leaders should not have a short-term focus as it could affect viability of the business. Individualistic behaviour coupled with only internal focus could threaten viability. A respondent mentioned during the interview session that the reputational damages far exceeded the immediate benefit that could be made by not declaring profits that should be warranted.

From the responses given by the respondents, the leaders of the industry raised the following concepts that threatened economic sustainability: greed, social failure, politics spend, wage bill, environmental pollution, infrastructure, strained relationship between business, government and/or regulators and price of commodity, over-regulations, miscommunication, lack of transparency and availability of resources. The gold price was mentioned as a concern by respondents but cannot be improved because of being price-takers. For ethical leaders, the challenge resides in ensuring that business is in harmony with government and labour unions (addressing politics). One of the respondents mentioned that "ethical leaders should communicate such that there are no surprises during wage negotiations or during engaging with the communities". Another respondent shared that "when he wanted to sell an entity to new incumbents in the industry, it must not be oversold, because it creates expectations. Ethical leaders must manage expectations and be honest with the stakeholders of what the potential in terms of delivery". Another respondent stated that there should be harmony between government, community and business because if these are not in agreement, the interest of the affected parties might not be adhered to.

Two leading stakeholders provided an example during the interview that concentrated on the recent labour strikes experienced in South Africa. Labour strikes in South Africa are usually concerned with wage negotiations and could often be settled within few days. However, these negotiations reach a stalemate, resulting in further unemployment or in companies that divest to other stable economies, thereby sending a signal that the country is not a lucrative investment opportunity for foreign investors. This was a strong concern for one of the respondents who had an intrinsic understanding of how labour unrest debilitates the country and decreases employment rates. The wage negotiations that are shrouded in greed and dishonesty (according to the respondent) leads to economic unsustainability and reputational loss, which have more far reaching consequences than economic losses. The respondent warned against value sets that "if leaders don't have value sets and are going to be taking short corners available to get there, that would be detrimental for the business that they are being entrusted with." In closing, one of the respondents then said that leaders should be honest, direct and transparent in everything if they want to succeed; essentially leaders need to be ethical. The leader concluded by saying: "he would rather be ethical and lead and lead an economically unsuccessful company than being unethical and lead an economic successful company." The differences in these two definitions of success are time and reputation.

In closing, proposition four was proved as it was established by the respondents that greed can have a negative effect on economic sustainability. Greed drives individualism, and leaders who support their self-interest and do not consider the needs of the many, is contrary to ethical behaviour. This section addressed the fourth proposition that ethical leaders perceive greed as the impediment towards economic sustainability, as greed is a threat to economic sustainability.

Research Question 3:

5.4.3   Link between ethical leadership and economic sustainable performance

The association between ethical leadership and economic sustainable performance was researched in the following two questions that asked the industry leaders the following:

- What is the perception of ethical leadership on economic sustainability?

- What are the behaviours of leadership that, if not adhered to, could compromise economic sustainability?

The gold mining industry leaders were asked to answer these two questions by reflecting on their own experiences and examples so that they were able to provide accounts of what they had learned. Many leaders shared experiences before and after the interview session that indeed demonstrated that they have experienced the perceptions that they expressed during this study.

5.4.3.1   *Perception on ethical leadership on economic sustainable*

All the respondents provided answers regarding their understanding of ethical leadership. From their experiences, they shared that current leaders in the gold mining industry need to change legacy issues, which seems to threaten mining viability and these leaders are also required to assist in suggesting better reforms for government. These actions will help to address previous imbalances and also position countries which were exploited to encourage further investments and developments. Many respondents, especially from the South African context, were concerned on the over-burn of principles that the government had placed on the gold mining industry. These heavy regulations have made the costs of gold mining very expensive and as result,

many marginal mines have closed; these did not have adequate rehabilitation plans and the public has footed the bill, externalising the problem due to the traditional poor mining techniques (see Appendix F, section F.11).

The prevalent concepts that were maintained in this section include managing social and environmental issues that have a direct impact on economic sustainability. Many respondents agreed to with the importance of managing social and environmental challenges to enhance economic sustainability, and provided examples that with the changing context of the gold mining industry, the companies are required to agree to proposed changes because of their affiliations to international markets. These affiliations ensure that presence and entities in markets are correctly assumed, should the need for raising capital arise.

As the leaders of these entities, the respondents believed that they were doing the best of their ability to ensure that they remain as ethical as possible and are seen engaging with stakeholders. In all the sustainability reports, it was evident that from the five major companies that were interviewed in this research study, the leaders of those organisations have attempted great strides in improving the sector. One of the sustainability reports explained that the political agenda needs to be agreed on by both business and government to ensure that the public benefits from the relationship. These multiparty agreements will assist in ensuring that the "resource curse" never happens but rather that through opportunities, people who live in rural areas or underdeveloped areas could improve their social well-standing and contribute towards wealth creation in the market.

The relation between ethical leadership and sustainable economy was further cemented by what the interviewed leaders stated. Essentially, the respondents explained that with better innovation and continuous engagement with stakeholders, the outlook of wage negotiations and also work ethic could be altered. In case studies performed on South Africa's neighbouring countries, especially the small country that produces diamonds, the country had the privilege of having a visionary leader. This is the concept that is required for current leaders to set the platform for long-term gains *versus* short-term gains. In the words of many leaders that were interviewed in this research study, by reducing funds on research and development, reduces creativity and eliminates opportunities of expansion.

From the responses provided, the prevalent aspects that were illuminated included the social and environmental issues. Lack of courage was also noted as one of the

pertinent themes to research question 3. From the results, it shows that in order to have an economically sustainable environment, the social and environmental aspects should consider and appropriated addressed. Ethical leaders should have courage when making decisions that support environmental and social issues. By addressing these constructs, it improves the long-term economic sustainability of the organisation.

5.4.3.2 *Behaviours of leadership that can compromise economic sustainability*

Five responses were made by leaders regarding this sub-theme. There seems to be consensus that individualism driven by personal gain (greed) seem to be a huge factor that threatens economic sustainability (see Appendix F). If the leaders display character traits are self-serving, then the economic viability of the entity they manage could be financially compromised. The respondents emphasised that the lack of transparency and engaging in corrupt relationships results in the challenge for the entities' survival, even if the stakeholders' expectations differ. This outcome has directly answered proposition five.

From the responses provided, the following aspects were strongly articulated as challenges that could threaten economic viability based on unethical behaviour: greed, illegal transactions, individualism, lack of transparency, corruption and lack of communication by not aligning with stakeholders.

Individual character traits that were conducive to leaders engaging in illicit activities for personal gain or for leaders to engage in unethical behaviours like corruption and bribery would result in them eventually being caught, and that would be challenging for the organisations to manage. The entities that were under the direction of the bogus leaders would suffer and the teams that they led would lose respect and their ability to influence would diminish, creating a lasting impact that would only be remedied by a long-term rehabilitation process, as shared by one of the respondents from a leading mining company.

Proposition five is addressed as greed is associated with a lack of transparency, and it can affect economic sustainability because the leaders would be there for themselves and not be concerned about surroundings. Two respondents shared with the researcher that based on mining techniques; there are some leaders who only take care of themselves. This was seen when decisions concerning prolonged strikes were

evident, when leaders announced high salary increases for themselves at the risk of white collar employees losing jobs. The latter is the drive that propels inequality and lead to instability in organisations if leaders do not act differently. One of the respondents of a powerful company returned his earnings at the advent of staff lay-offs. Such an act was viewed with dignity, as one of the senior managers said and the process of staff lay-off was welcomed as an ultimate resort after trying to salvage the situation. The leader of the day was consistent, transparent and operated on a high intrinsic value system.

5.5   SUMMARY OF THE RESULTS

From the discussions mentioned above, it became evident that the respondents were aware of the determiners of ethical leadership. The respondents were also aware that social and environmental issues in the gold mining industry can no longer be ignored but should rather be prioritised as these constructs determine economic sustainability for the entities for which they are responsible. The social issues need to be addressed as it unlocks opportunities, reduces costs of operations and entities are able to survive longer while areas of operation becomes more skilled and sustainable.

The respondents noted that it takes leaders of integrity to ensure that they can influence their subordinates positively and instil a new culture. Consistency is very important to be displayed by leaders because it creates a sense of trust and people relate to a trustworthy environment. The social upliftment empowers societies to perceive value in operations, and would stimulate the understanding to not pollute environment nor steal precious metals, because they would be aware of the outcomes and consequences of their decisions. In words of the Kenyan expression that the respondent shared during interview is that, "the earth is being loaned by children to the parents so that they can live properly and enjoy benefits that have been enjoyed by mankind since beginning of time".

The value of "*Ubuntu*" came as a strong concept that can be added to the definition of ethical leadership. This characteristic has been demonstrated by selfless leaders who believed in a course greater than themselves and inspired other subordinates to do the same. This is leadership demonstrated by ensuring that not only do leaders get to be observed but their sound decision-making is also emulated. In defining ethical leadership, the leaders did not talk about morality, which was an omission.

Gold mining is a finite business, but the community must remain sustainable long-after the process has ceased. The mining leaders discussed how the information age could be used to close the gap and encourage sustainability for both social and environmental challenges in order to strengthen economic sustainability. Further to this end, it become clear that leaders who have a high locus of control can make decisions and use their upbringing or acquired industrial value set to improve individual and situations so that people could benefit from process of decision-making. Through environmental protection and improving social conditions economic sustainability be achieved.

This chapter demonstrated that the propositions that were raised they were related and relevant to the responses provided by the respondents. All five propositions were answered and all research questions were addressed by the respondents.

In closing, as leaders acquire power and manage entities, they should be aware of not becoming greedy and or be less transparent, as that would be a recipe for economic unsustainability. Unethical behaviours have a far more disastrous effect on economic sustainability than short-term gains. Leaders in the gold mining industry must form long-term relationships, remain courageous and remain ethical because if they deviate, trust would be lost and it would take long time to re-build relationships or invest in new relationships.

CHAPTER 6:   ANALYSIS OF RESULTS

"Having a good discussion is like having riches." — *Kenyan proverb*

6.1   INTRODUCTION

In this chapter, the results of chapter 5 are compared to literature reviewed in chapter 2 to ascertain whether new insights have emerged that adequately describe ethical leadership, economic sustainability and that demonstrate the relationship between ethical leadership and sustainable economic performance. The analysis of the findings considers what would happen to the entities when companies not adhere to the rules based on feedback provided by the executives in the gold mining industry. This discussion of results also considers operations outside of South Africa and relies on the information provided in various sustainability reports to perform triangulation.

6.2   DISCUSSION OF THEME 1: ETHICAL LEADERSHIP CONCEPT

According to feedback received from industry leaders, they displayed an understanding of the definition of ethical leadership. Almost all the respondents gave their personal insights relating to the meaning they attached to being an ethical leader. The respondents explained that there was an element of showing appropriate conduct in being a leader. Supporting the findings of Meyer *et al.* (2010), the leaders understood the requirement of having both moral person and moral manager aspects as part of their leadership traits. When discussing moral managers, the respondents emphasised that ethical leaders need to have integrity, which creates a seamless flow between actions and words, thereby supporting the admonitions made by Moreno (2010). The respondents exhibited the knowledge that ethical leaders need to lead by example and show consistency, and added that these traits are especially pertinent to the gold mining industry where safety and environmental compliance issues cannot be compromised.

Further, as moral managers, the respondents emphasised that fair decision-making is one of the character traits which promotes consistency in conduct. Ethical leaders create an enabling environment where people feel safe to openly discuss innovations

or challenges, as delineated in the results when one respondent said that in his organisation they run an open and transparent section which has made two-way communication much easier, resulting in workers feeling safe. Brown *et al.* (2005) shares the same sentiments as well in his research. One particular organisation experienced low staff turnover and seldom experienced labour issues even when these arise; the employees still arrive for work, which demonstrates that there is a relationship built on trust between the leaders and the subordinates. However, only gap from the current research study's findings was that the respondents who were interviewed failed to mention how morality influenced their definitions of ethical leadership.

Morality is determined by an individual's character traits and personality (Brown & Trevino, (2006); Brown & Mitchell, (2010); these include trustworthiness and honesty. Ethical leaders should display these characteristics to enhance their own levels of transparency, as well as increase the transparency of the organisations they represent. Honesty, as a characteristic, allows people to be drawn to an individual with ease and received highest rating. Trustworthiness, as the term suggests, is the ability to create and sustain trust. Both these characteristics are necessary in the gold mining industry, because it is founded on reputation and image. Likewise, leaders who engage in illegal behaviour create serious negative effects for the sustainability of the economy of the organisation, often harming the organisation's reputation and brand as well. Brown *et al.* (2005) explained that ethical leadership is concerned with interpersonal relationships, two way communication, reinforcement and decision-making.

From the interpersonal relationship, ethical leaders should communicate honestly with subordinates and ensure that the message received is consistent and open. The intrapersonal skills also are important in allowing ethical leaders to be perceived in a more human light. Consistency denotes predictability and accountability; both these aspects are important for influencing subordinates that require leadership. Consistency also allows the process of influencing subordinates to be accomplished more easily. One respondent also said that it is good for leaders to connect with workers so that they can perform. De Hoogh & Den Hartog (2008) confirmed that ethical leadership is linked to management effectiveness with subordinates.

The only deviation from literature reviewed that was apparent from the data collected from the interviews, was that the leaders did not identify re-enforcement as part of the construct of ethical leadership. This might be due to the fact that the leaders perceive it

as basic minimum requirement, but it was not mentioned. However, the respondents seemed to understand that being ethical means that leaders comply with some laws (statutory) and also subscribe to some form of ethical conduct (Mudd, 2007). Saturation for this specific theme was was reached quickly, but interviews were continued to gather more insights.

6.2.1　　Research Sub-Question 1: Characteristics of an ethical leader

The feedback received from respondents confirmed that their descriptions of the characteristics of an ethical leader were slightly different to what was stated in the literature reviewed. The respondents supported most of the theories posited, and added more constructs that are discussed below. Monahan (2012) stated that ethical leaders can influence followers by consistently showing same approach and engaging in appropriate actions. Moreno (2010), investigated that there is no gap between action and word for ethical leaders. The seamless flow between actions and words constitutes one of the ethical leader's value and they remain consistent to it. This sentiment has been confirmed by the respondents who also shared the same message and alluded to the fact that "consistency" is very important for an ethical leader. Another concept that was strongly evident from results was taking appropriate decisions. This means that ethical leaders typically consider all aspects before making decisions.

The respondents stated that honesty, consistency, courage, trustworthiness, integrity, having values (as per Kalshoven *et al.* (2011)), behaving in an ethical manner, walk the talk, self-awareness, having "*Ubuntu*" and honouring obligations are characteristics that define ethical leadership. Freeman & Steward (2006) found that ethical leaders are people who "have a good character, right values or people with strong character". The concepts that were very strongly articulated by the respondents were integrity, values and being courageous, thereby supporting the findings of Freeman & Steward (2006). The respondents shared that the leaders have to make difficult decisions at the end of the day. Ethical leadership is not talking about something that is divorced or removed from community or people but the need to stand up on issues and say they are wrong if one doesn't believe in them. One respondent captured the essence of this theme very well by stating that an ethical leader is the one who has values that people can benefit from not at the expense of others.

Brown & Mitchell (2010) defined ethical leadership as having the courage to promote ethical conduct in an organisation and their definition was discussed adequately by

respondents in relation to being courageous. Acting ethically means that all stakeholders benefit, as propounded by Figure 3, in support of Rest's theory that explains the importance of mutual benefit. Hill (2006), shared that effective leadership in modern organisations demands more complexity than desire to do good. It requires sound moral judgement.

Monahan (2012) stated that personal integrity and strong ethical values contribute towards building strong ethical leadership. Den Hartog & De Hoogh, (2009) indicated that ethical leadership variables are morality and fairness, role clarification and power sharing. These concepts were raised and discussed by the leaders of gold mining industry who shared that they believe in fairness and empowering teams to make informed decisions. Martin *et al.* (2009) said that leaders are expected to clearly demonstrate honesty and integrity in their actions to gain trust from their staff. This was mentioned during interviews, and strong emphasis was placed on the construct of integrity, because of the type of industry in which these leaders operate. One respondent stressed that reputation and brands are much more important in Africa via the relationships (T. Okeke, personal communication, June, 15, 2014). There was a strong inclination towards establishing trust in African operations, as it was confirmed by the respondents that Africans like to deal with entities and people whom they trust. If the company displays integrity, then it has a brand that people can trust.

Kalshoven *et al.* (2011) indicated the following aspects that describe ethical leadership: being respectful, trustworthy, integrity, honesty, fairness, equity justice and compassion. Further to that, Kalshoven *et al.* (2011) discussed real elements of ethical leadership that included integrity, transparency, trust and relationship. Most of these concepts were mentioned by leaders in the mining industry, while equity of justice and compassion were not mentioned. Even though the leaders demonstrated that they are considerate and have empathy, they did not mention these characteristics explicitly. The researcher analysed sustainability reports and initiatives, found that based on initiatives taken in most companies, the leaders were compassionate. Compassion was evident by organisations offering bursaries to students from poor communities, with the hope that access and opportunities for education might change employment and general life-advancement opportunities for the incumbents. Some of the respondents related to education being the instrument that altered their lives, therefore there is a continued support for education that is rooted in compassion.

Brown & Mitchell (2010) and Schaubroek *et al.* (2012) discussed a model presented in Figure 2, Chapter 2 that explained that an ethical leader must be a moral manager and a moral leader. The definition of a moral person includes the following qualities: honest, trustworthy, empathy. Two of these aspects were mentioned by the respondents, and they confirmed that these aspects are very important in current leadership. As an ethical leader, the leaders must demonstrate genuine concern, including for citizens. This was mentioned by many respondents who gave evidence that "community and other stakeholders'" interests must be catered for and addressed. As moral managers, the leaders promote ethical conduct at the work place. The last attribute was appropriately discussed by the current leaders of the gold mining industry who stated that as managers they must "walk the talk" and always be willing to take the "appropriate action and correct decisions" when it was time to do so.

The respondents had defined the characteristics of ethical leadership succinctly, and further added the African context of "*Ubuntu*", which means "I am because you are", denoting self-awareness and honouring obligations, or according to Khoza (2012, pxix), "a person is a person because of other people". Khoza (2012, pxix) explained that "Ubuntu is not only the foundation of his thoughts on leadership; it frames it and gives it meaning and direction. To lead effectively, a leader has to be ethical and moral. To lead, the leader need to have a 'feel' for people, needs to have empathy. The wellbeing of the people that are led must a leader's absolute priority." The respondents mentioned that leaders should be ethical and moral; hence there is no deviation from the respondents' sentiments and the theory's postulations.

"*Ubuntu*" denotes the collective aspect of humanity, alluding to the egalitarian approach of doing things for the benefit of more people. The self-awareness is akin to like personal mystery, where leaders need to know their limits and level of courage. By knowing this information, leaders are able to realise their CMD, as stated in Kohlberg's theory (Kohlberg & Hersh, 1977), which further enables them to take tough decisions that lead to shared standards, rights and duties. Based on the responses given, most interviewees have had "to take tough decisions and were definitive about right judgement". These decisions include calling for retrenchments in order to save a company as last resort of cost structure improvement, or to divest in markets where the company feels that the values are being compromised. In one of the responses, one of the leaders stated that he believes that ethical leaders should have an "ability to execute without compromising the value of the company and to what individuals stand for". This was confirmed when one of the other respondents, as confirmed by the

respective sustainability report, returned all money made for one financial year to benefit more people, or when a company invested in millions of dollars on solar energy or mechanised mining to address environmental issues.

Through reviewing the aspect of "*Ubuntu*", the leaders interviewed from South African gold mining demonstrated that they live the characteristics of ethical leadership by sharing their real-life experiences of instances where the characteristics of ethical leadership was displayed. This was also confirmed when sustainability reports were analysed because of the actual evidence provided in terms of the companies' leadership performance. The first and second proposition were addressed and satisfied.

> *Proposition 1: The mining leaders perceive drivers of ethical leadership as being transparency, integrity, fairness, courage, trust and being moral.*

The mining leaders mentioned all the drivers of ethical leadership that were discussed in the literature reviewed, and went on to add more.

> *Proposition 2: Ethical leadership needs a leader to have high locus of control and hold true to some value set as guiding principles.*

While this was adequately answered, some of the respondents mentioned that to make lasting decisions, leaders must lead the change they want to see. Essentially, the respondents made comments that can be reduced to the fact that leaders are often required to make tough decisions in the presence of people who could influence them differently and they should trust their "gut-feeling" for results delivery based on their experience and prior knowledge. According to Hill (2006), ethical judgement is learned and cultivated over a course of career. The article states that it begins with an understanding of ones personal values. Advesity is important to the development of ethical compass.

The decision-making process can prove to be challenging, when there is an ethical dilemma. Hill, (2006) confirms that doing the right things might not be easy, but leaders need to have courage for good ethical course. Most respondents explained that ethical leaders can make decisions that are necessarily favoured. Two of the respondents shared their encounters of decisions that were made because "it was the right thing to do", despite the lack of support received. They used risk assessment processes and awarded contracts to people who were not known at the time but who delivered good

outputs. Ethical leaders also influence standards in companies in which they operate with regard to social and environmental issues. Figure 8 below demonstrates how an ethical leader corrects an environmental or social issue by taking a "decisive" or appropriate action. Ethical leadership has also a direct impact regarding the social and environmental issues as well. In Figure 8, the leaders made an informed decision to change the *status quo.*
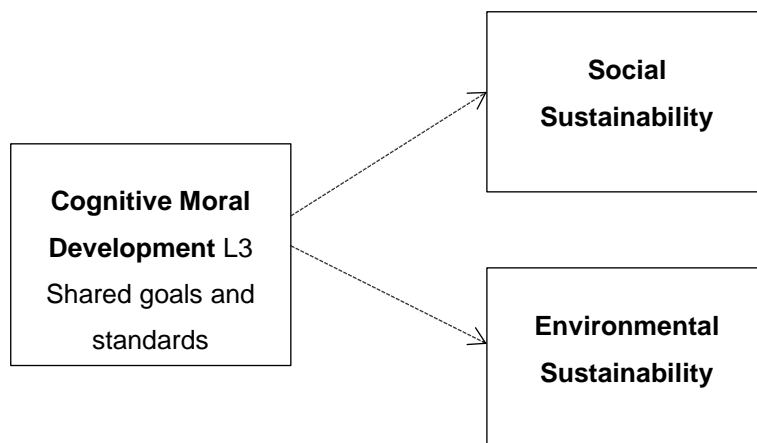
Figure 8: Relationship between leadership and environmental and social sustainability

There is a direct relationship between cognitive moral development and social sustainability and environmental sustainability. According to De Hoogh & Den Hartog (2008), they shared that ethical leadership contributes favourably to management effectiveness, and Brown *et al.* (2005) explained that ethical leadership creates an environment where employees are satisfied in dealing with leaders of integrity. With the two latter studies mentioned above, the respondents of the the current research study supported these findings as they mentioned that it is possible to be trusted by government entities or communities to do the right thing. Therefore, it became evident that a leader with a locus of control has the capacity to change outcomes.

6.2.2 Research Sub-Question 2: What are the drivers of ethical leadership?

From responses given about the the drivers of ethical leadership, the leaders mentioned the following: being transparent, walk the talk, having integrity, diligent, caring, empathetic, honest, respectful, "*Ubuntu*", fair, courageous, consistent in conduct and trustworthy. Figure 9 has been amended to reflect the respondents' information. Kalshoven *et al.* (2011) described that ethical leadership includes the following: being respectful, trustworthy, integrity, honesty, fair, equity justice and

compassion. Further to that, Kalshoven *et al.* (2011) discussed real elements of ethical leadership that include integrity, transparency, trust and relationship. From the four elements of ethical leadership, gold mining leaders did not identify trust as one of the elements or drivers of ethical leadership. But based on the comment of having integrity, trust is implied.
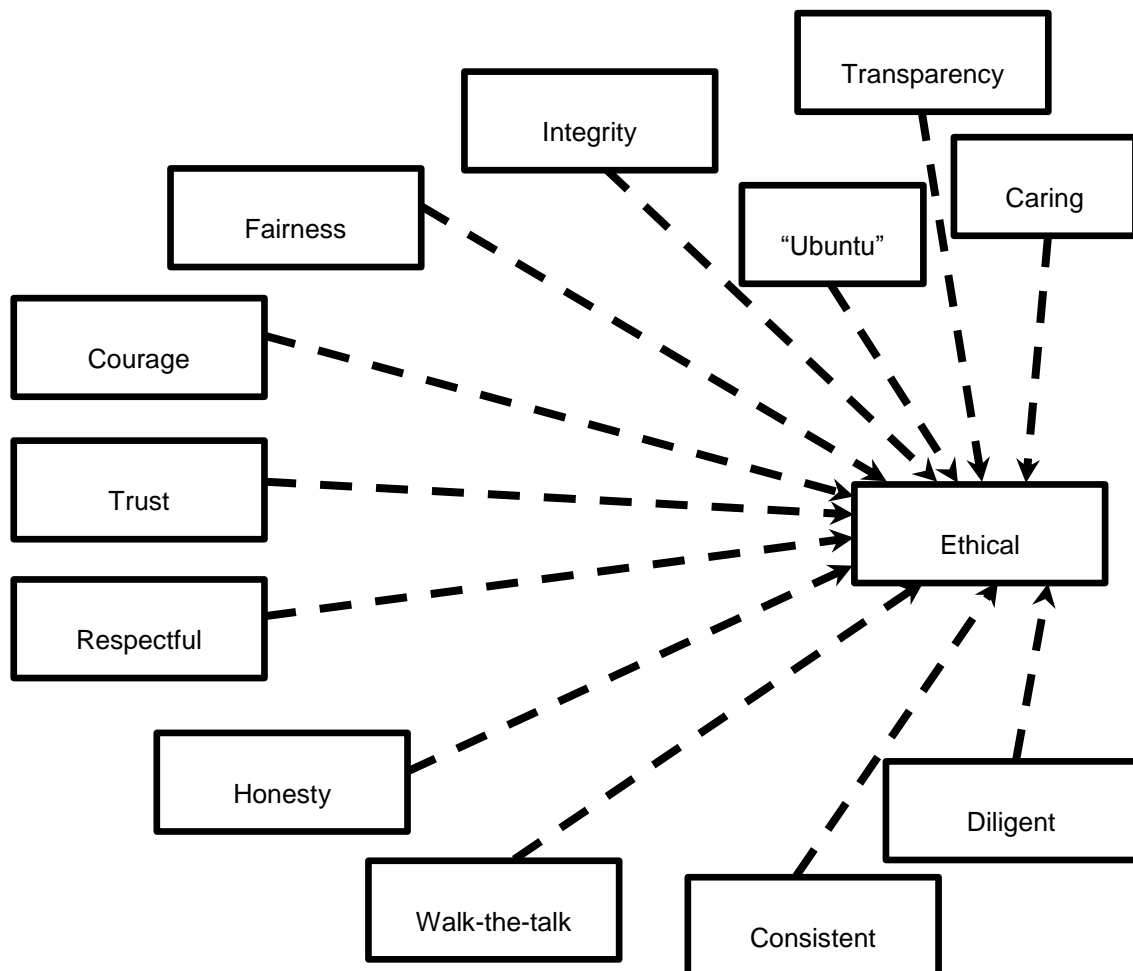
Figure 9: Edited drivers of ethical leadership

According to Pinto *et al.* (2009) trust is developed by observing the consistency of behaviours or actions that benefit many, also known as integrity. According to the respondents, when someone honours their words it develops trust and they walk-the-talk and are regarded as being consistent. From the earlier drivers mentioned by Kalshoven *et al.* (2011), the only two terms that were not mentioned in the discussions were equity of justice and compassion. In the responses provided, some of the respondents stated that ethical leaders should "care about wellbeing of employees". The latter statement could be seen as compassion that is required to be demonstrated by ethical leaders. If leaders are seen as caring during times of trouble, employees

would see them as compassionate and this builds strong relationship that allow greater influence during operational times. One of the respondents explained that leaders should "care about the community and societal issues". This response was reiterated by many of the leaders and demonstrates that ethical leaders care about the areas and conditions in which they operate.

The second response of ensuring that the decision taken is "acceptable in accordance with the general expectations of society", is evidenced from the framework provided by Rest, as illustrated in Figure 3. While the first proposition was adequately addressed by both the model and the explanations of respondents, morality failed to be accounted for in the respondents' definitions of ethical leadership. The second proposition was also successfully addressed because mining leaders showed that they have high ethical conduct standards and used their value set to guide them in decision-making.

Rest's model (1986) explains that leaders are able to make ethical decisions by considering individual and situational factors. Regarding individual factors, the leaders make a moral judgement and execute it as part of moral actions that are driven by a high internal locus of control. A pertinent example in this is that one of the gold mining companies engaged on a retrenchment plan, informed workers and tried to find alternate forms of employment before execution. On situational factors, the leaders agreed that despite a lucrative environment, it should be more important that the operational conditions should allow for operations and political stability favouring competition and transparent business. From this example, one of the respondents mentioned that he shared his incentive bonus, because he could not let almost 300 people be retrenched; thereby displaying "*Ubuntu*". The company survived and currently has stable outputs, as observed in their sustainability reports, and the impending retrenchments were retracted, resulting in those threatened jobs being saved. The respondent's act of selflessness helped to save employment and maintained the Gini coefficient. By sharing the incentive with the workers, one of the respondents reduced the opportunity of poverty and based on Chamber of Mines that reported on the multiplier effect (2013), 3000 mouths were saved and 600 support services' employment was kept.

The model of Figure 4 and Figure 9 demonstrates that, as discussed in the literature (Kalshoven et al 2011), the concept of morality, dignity and relationship were not discussed by respondents. However, respondents added "Ubuntu", walk-the-talk, diligent, respectful and consistency to their definition of ethical leadership. The slight

difference could be explained by the value of "Ubuntu" which relates to both morality and dignity. The respondents emphasised that the concept of "Ubuntu" was selected because people who practiced it have relationship with others; they treat them with dignity and also have a certain moral code within which they operate. The variation in the inclusion of terms could also be attributed to cultural differences and the understanding or connotations of certain of words. Essentially, ethical leaders would not engage in decisions that would only benefit a few as they believe in the egalitarian principle of ensuring that the larger part of society would benefit (Crane & Matten, 2010).

6.2.3   Research Sub-Question 3: Social upbringing behaviour and ethical leadership

The respondents attributed the following aspects as vital contributors to their social upbringing on ethical leadership style: role modelling, company values (procedures), training, societal development and personal values. Most leaders attributed that their upbringing was instilled in them from childhood and it plays a pivotal role of how they leading people in their adult lives. The interaction and attitude has to do with role modelling that they received from family members or the society in which they lived. From the responses obtained, some respondents explained that they learned about the value of honesty from their parents. The parents shared values of what is wrong or right. One of the respondents shared a story that he had been dishonest with feedback to his parent, but when the parents found out the truth, the parent displayed disappointment and the respondent explained that he realised that he could never make up for the lie that was told. The respondents noted that because they operate in the gold mining industry, it is important for the stakeholders and for them to be trusted on their words that they deliver. Monahan (2012) stated that ethical leaders can influence followers by consistently showing the same approach and engaging in appropriate actions.

Moreno (2010) shared that with ethical leadership, there is no gap between actions and words. This directly relates to consistency. The leaders who have a seamless flow between actions and words are better able to influence organisations and create an effective climate that could contribute to results (finance) delivery. According to De Hoogh & Den Hartog (2008) ethical leaders can influence organisations to have consistent results. One of the respondents stated that their organisation has been doing business above board and recently, they have consistently declared improved

results that resulted in more investors taking note of their business, attributed to consistent conduct.

 Some respondents explained that "...it doesn't have to be about me, but it was about other people" and "...not only proving profit for the shareholders, also about people." It became evident that from the attributes mentioned and the values that were gained from the context of the respondents' data, many leaders first consider how their decision would impact the greater society and based on those outcomes, the actual decision is then made. This effect was evident as some respondents have recently requested that their incentive bonuses be reduced so that the employees and communities can benefit. This demonstrates "Ubuntu" as it enhances the notion of collectivism and sharing.

In summary, the ethical behaviour of leaders is highly enhanced by social upbringing and it makes the leaders aware of what challenges are faced by communities that do not have access to resources. This enables leaders to search for ways to diversify business, to analyse social and environmental factors as they strive to contribute to costs reduction and simultaneously improve revenue of business. A strong foundation with regard to being taught specific principles by parents and role-models enables the ethical leader to provide results that are appealing to all shareholders. The long-term effect ensures a healthy community that contributes to healthy workforce and then contributes to productivity. With better productivity, improved economic gains can be expected.

6.2.4   Research Sub-Question 4: Advantages of ethical leadership

The respondents stated that with ethical leadership, the following benefits are derived: trust is gained by leaders, ability to influence subordinates, providing shared standards throughout organisation, having improved relationships stakeholders, gaining support from the workforce and the brand of the leader is beneficial in times of need. These are the aspects that the leaders mentioned during interviews and the two that were articulated strongly were the ability to have shared standards and the ability to influence others.

Brown & Mitchell (2010), Schaubroek *et al.,* (2012) and Kalshoven *et al.* (2011), showed that ethical leadership can influence subordinates to go beyond the call of duty and be influenced to deliver good results. Brown *et al.* (2005) had stated that with ethical leadership, it creates an environment where employees are satisfied with

leaders of integrity and are willing to listen and address problems, should they arise. This confirmation was confirmed by one of the respondents who explained that since he has become the chief executive officer, the company has never had a strike or major stakeholder issues. The general response that emanated from the interviewees was that for ethical leaders, "they have the support from the community" in their undertakings and based on Rest model (see Figure 4); ethical leaders make informed decisions that deal with individual and situational factors of operations' environment.

Some of the executives stated that their companies engage in projects to improve infrastructure by building schools, giving bursaries and providing technology to contribute towards social development. The leaders interviewed believe that this approach aids in improving the skills and makes community members mobile such once mining activities have ceased, there could be skills that could be sustained in the communities to avoid the "resource curse" that comes with mining in a resource endowed environment. A respondent explained that his high internal locus of control was developed in his youth by trials and failures. He also attributed to his improved behaviour from his father, who served as role model. Positive role modelling is builds ethical leadership behaviour as people become influenced by good people.

De Hoogh & Den Hartog (2008) shared that with ethical leadership, it positively improves both top management's and subordinates' effectiveness; this leads to leadership transparency. Unfortunately, these comments were not raised by the leaders who were interviewed in this research study. While the points of transparency and productivity were previously mentioned, unfortunately these were not raised in this category regarding the benefits of ethical leadership. This can be attributed to the fact that leaders have either not given much thought to the benefits of ethical leadership, or that they did not relate the concepts that were previously defined as benefits of being an ethical leader.

Collins (2009) shared that ethical leaders are conscious that through the presence of the media, nations have evolved to be more human. After centuries of mistrust and legacy issues generated by social injustice, economic and environmental exploitation, the current leaders need to make decisions that benefit the larger part of society. Due to poor mining operations, one responded could not see himself further externalising issues generated by prior corporations despite obtaining fair value for money for an entity that his conscience would not allow him to sell. Further another respondent mentioned that through years of mining, his company has faced challenges in

operating in a region where poor practices have been used. The resource pollution of both water and environment places great strain on their ability to improve economic gain. They need to ensure that they invest in appropriate technologies and infrastructure such that it helps with economic gains that sustain the business. The respondent plainly shared that by focusing on social and environmental issues, it would definitely help to improve the economic gain.

Crane & Matten (2010) stated that any activity that is done through corruption would not be sustainable and has future financial bearing, like paying fines and the organisation facing reputational loss (Freeman & Steward, 2006). One respondent, who is the chief executive of multi-billion dollar company, said that being unethical always leaves room to be caught and leads to reputational damage, with investors leaving and thus challenging the existence and survival of the company. He shared that honesty and transparency are the vital drivers that would lead to leaders exhibiting more integrity and also to be able to influence stakeholders, should issues arise.

Monahan (2012) and Brown & Mitchell (2010) stated that ethical leaders influence followers to pursue ethical living. They also influence incentives or rewards. According to De Hoogh & Den Hartog (2008) ethical leadership is uniquely important because of the impact leaders have on influencing others in an organisation to yield consistent performance. Given the respondents' comments about ensuring that operations could not continue unless they are safe, these leaders live the value of safety first and thereby enhance quality of living. This was confirmed when the researcher studied various sustainability reports where it was found that the gold mining companies listed on the JSE are committed to stopping unsafe operations to protect the lives of their workers.

6.2.5   Research Sub-Question 5: Sustaining ethical leadership

According to respondents, they have shared that in order to sustain a spirit of ethical leadership in organisations, the leaders have to demonstrate that kind of living through own consistent behaviours. One of the respondents said: "... you actually rely from top-down perspective for next level of supervision to take to next level of supervision. This is where the next level of individual or supervision must buy in, as people have been caught out in the past preaching something that they don't actually believe because of lip service. You can't preach something that you don't believe or practice because people would take a dim view and that standards or learnings wouldn't be transferred

or lived." And another respondent said, "…it has to be something that is infused in the culture of an organisation, people must understand and live ethics, value systems of the company and these must be communicated."

Monohan (2012) and Brown & Mitchell (2012) stated that ethical leaders can influence followers to pursue ethical leaving. This means that if leaders demonstrate how to live by example, and behave in a consistent manner towards subordinates and apply the same known standards, it helps to forge a new culture. According to Crane & Matten (2012) by sharing incentives, the leaders can influence rewards and have an impact on ethical behaviour within an organisation. Elci (2012) explained that when ethical leadership is displayed, workers are loyal and committed and thus decrease the intention of leaving the organisation.

As moral managers, the leaders aim to influence and guide followers in ethical behaviour so that they can continue to do the correct things and not engage in activities that would compromise characters. One of the respondents made an example that "leaders who have personal interest in a tendering process, for a bidding company, must excuse themselves in that process as to create transparency and avoid coercion". He further gave examples about "gift policies" and other procedures and guidelines that would protect ethical leaders in a work environment from engaging in corrupt relationships. Monahan (2012) stated that ethical leaders can influence followers by consistently showing the same approach, engaging in appropriate actions and encouraging positive employee outcomes. With ethical leadership, there is no gap between actions and words, which can create trust and lead to the development of loyalty over an extended period.

6.2.6 Research Sub-Question 6: Challenges encountered by ethical leaders in gold mining industry

According to respondents, the challenges that are faced by ethical leaders today, within gold mining industry are that they operate in an environment where gold is a finite resource and is fast declining. Mudd (2007, p.42), discussed that "Gold is commonly perceived as a finite and non-renewable resource, long-term gold production trends include declining ore grades and increasing solid wastes (tailings, waste rock) and open cut mining. Conversely, core sustainability issues include water, energy and chemical consumption and pollutant emissions—also known as 'resource intensity'. It is important to recognise the links between gold production trends and resource intensity,

as this is critical for understanding future sustainability challenges". The respondents also commented that the challenges with gold would be the "availability of the resources" and also the "technology used to process and produce the metal".

Further to this end, according to some of the respondents, "shareholders are expecting delivery within specific timeframe". Stiglitz (1986) also confirmed that the role of business is to make money, so this expectation is known and reasonable. The working environment must ensure both social and environmental sustainability for future generations. The shareholders still have legacy issues to contend with because of established poor mining practices. One of the respondents that currently facing challenges because of running old operations stated that previously, mining regulations did not cater for closure and hence previous mines externalised the debt and expected the government to solve these challenges. Previously, and somewhat relevant to today is that businesses are "maximising profits and expected to reduce costs as per shareholder expectation of making margins", based on comments from respondents. All the respondents uniformly confirmed that for gold, the price is not set by the industry but they are "price takers" at the market, which makes it challenging for current leaders to easily navigate through certain processes and control for the price.

Further to that, one respondent said that "... there is a sense that we might still be stuck to a great extent into history, as the mining industry but through time, has certain things that have improved". With corporate governance structures being established based on companies listed, the researcher believes that ethical leadership or ethical behaviours will be regulated to ensure compliance to industry leaders. One of the respondents further stated that companies are faced with improving margins of returns. The respondent further said that, the current tendency from leaders would be to cut development as part of cost management; however this challenges the sustainability of the entity. In the short-term it might work but in the long-term, it is challenging. The future incumbents might be faced with decisions of reducing production and pushing for development.

The other challenge is that ethical leaders might choose to act unethically because of challenges faced and easier short-term successes might seem more attractive than to slowly wait for the process. In the long-term, it is not worth it. According a respondent, he said "it looks more lucrative to be an unethical leader depending on the environment in which you work." One of the respondents said as well, "as the company we need to be aware that in growing companies to other countries or regions in the world, there

might be other behaviours that leaders would be exposed to". This is where the moral compass of the leader needs to be strong to guide the decision-making process. The challenge shared by a respondent is that "you might be confronted by leaders, the government who will want bribes and other kinds of payment; they will not want to do a straight forward business, you might also be tempted to exploit people there in the absence of statutory regulations". However, with all of these, the reputation and image of the company might be tainted if the truth were to be revealed in the future of how the company derived its benefits, so it is important for a leader to have defined set of values that guide the company to make the decision easier. This solution is what one of the respondents shared: "that if standards are defined and shared as part of value based in the company, then it makes the decision process much easier".

One of the respondents mentioned that gold mining business has drawn considerable attention from stakeholders such that they have different expectations. Some believe that they can make money quickly and do not believe in long-term investment and result in taking short-cuts. They resort in selecting unethical methods which compromises operations and results in asset depletion. The challenge with such poor operations is that it affects the employment of workers and the community at large. The managers might benefit in the short-term but the workers receive a "bad-deal" at the end. So it is important that all new entrants in the mining industry be screened, according to the mining regulations.

Plinio *et al.* (2010) found that in weak economy, trust in the leadership is made worse as the misconduct by employees is very high. Monohan (2012) stated that ethical leaders can positively influence decisions, even if it means taking tough decsions. This is strengthened by the Cognitive Moral Development theory, as propounded by Kohlberg & Hersh (1977), which that states that for a leader that cannot be swayed by emotions a level three leader is required to influence change from a transformative space. From the above section, it is evident that to effect change, ethical leaders are required who have high internal locus of control, as presented in Figure 8 above.

6.3   DISCUSSION   OF   THEME   2:   ECONOMIC SUSTAINABILITY CONCEPT

According to Gagijo *et al*. (2012), economic sustainability is the term used to identify various strategies that make use of available resources to the best advantage and also

ensure that there are adequate resources for future generations. Crane & Matten (2010) indicated that economic sustainability emerged from economic growth models. Combining economic sustainability with ethical leadership is very important. All the respondents agreed that something must change for the behaviour to improve, to ensure the survival of the mining industry. Most of the respondents related economic sustainability to the potential of making profit but simultaneously ensuring that costs are minimised.

6.3.1 Research Sub-Question 1: What is the understanding of economic sustainability?

All fourteen respondents confirmed that being economically sustainable means that the business must be able to make a profit and also be able to satisfy all the shareholders' interests on a continuous basis. This definition from the respondents is consistent with the theory stated by Gagijo *et al.* (2012). Some of the respondents exhaustively explained hidden costs and that behavioural aspects of leaders could be challenging for an entity and that despite all controls, leaders must also be ethical and abide by the right protocols. Thomas *et al.* (2004) emphasised the Anderson's case where there was creative accounting that boosted profits of an entity where leaders benefited from greed but the ultimate result was that the community suffered. According to the respondents, when an entity operates within a certain community, life in that community should not remain the same and when the resource is eventually depleted, the community should have enough means of raising their own economy and not be dependent on mining activities. This will ensure that the "resource curse" has been broken and mining activities are stabilised.

The respondents also mentioned that for mining to be sustainable in areas of operation the resources that are mined should be available and environmental and societal factors should be considered. Crane & Matten (2012) explained that the aspects that directly affect economic sustainability are social and environmental issues. Based on many case studies discussed in their research, environmental pollution has two types of costs, rehabilitation costs and unforeseen costs. The rehabilitation would be the physical cost that companies are charged for, while the unforeseen cost includes people's health and reputational costs. The respondents mentioned both these concepts to demonstrate that they have a thorough understanding of these concepts. The characteristic termed courage, as well as skills, were also acknowledged by leaders as concepts that contribute to economic sustainability.

By comparing the theories reviewed to the responses garnered from the interviewees, it was found that all the points that define economic sustainability, such as availability of resources, societal improvement, costs control and environmental conservation were mentioned. The respondents also elaborated on certain points that alluded to individual traits like courage, which has a strong correlation that could either positively or negatively affect economic sustainability. In short, the leaders understood economic sustainability.

6.3.2 Research Sub-Question 2: What are the aspects of economic sustainability?

The respondents were correct in listing social and environmental issues as the two most important drivers for economic sustainability. However, they further mentioned character traits like "honesty" and "infrastructure" that included discussions about how roads are a means of connectivity to improve trading. "Skills" and "availability of resources" were also mentioned as aspects of economic sustainability. The level of education and health were also mentioned as issues that surround communities of mining operations. The latter two can be classified together with social issues. The education level is important because it ensures that skills levels are high and that after gold mining, these areas could be sustainable due to development that has arisen from elevated education levels. Technological prowess was mentioned by one of the respondents as a method to ensure connectivity, education and sustainability that could be enhanced for mining communities. One of the respondents further stated that when mines build houses, it should not be separate from communities, but rather provide for transport because single-sex quarters do not work.

Further, Crane & Matten (2010) emphasised that by addressing the social needs and taking care of the environment, it aids in cost reduction and hence better economic sustainability. This was also aimed at natural resources usage like water, gas, electricity, etc. This was also confirmed by some of the respondents who suggested that the natural resources should be recycled. The moral person aspect of ethical leadership should be strongly evident because it is associated by taking the correct or appropriate decisions that would benefit many. By focusing more on environmental issues and social issues, it leads to economic sustainability.

From the above-mentioned comments made, Figure 6 is presented. Greed is one of the drivers that negatively affect economic sustainability, albeit positively in the short-

term, but destroys completely it in long-term if not reviewed. The rewards and incentives also drive economic sustainability to ensure that there is delivery. Crane & Matten (2010) delineated that the challenge of leaders who seek money for person gain are encouraged by posting high numbers on year-on-year, and this drives negative behaviour that might result in creative accounting, which could further result in a similar situation to the one described by Thomas *et al.* (2004), concerning the case study about Anderson's case where they vanished because of reputational costs. The company was worth $4 billion dollars at the time and the entity ceased to exist because of greed and colluding, which started with unethical leadership. In one of the statements, one respondent said that "he will rather lead an unsuccessful economic entity in an ethical manner than to be unethical and run a successful economic entity." The reason is that the latter is not sustainable and would lead to reputational damage.

In confirming proposition three, there is definitely an impact of economic sustainability from environmental and social effects. Figure 10 explains for economic sustainability to be ensured, there must be social development via education and increasing people capacity and environmental compliance to reduce costs (Crane & Matten, 2010).
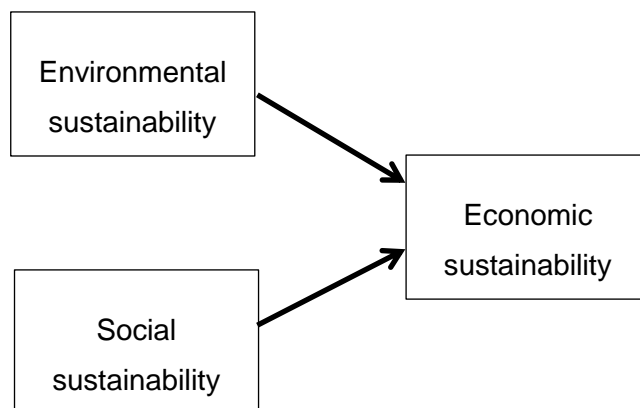
Figure 10: Economic sustainability vs Environmental and Social Sustainability

In confirming proposition number four, greed is definitely the impediment of economic sustainability. According to the responses from the interviewees from the mining sector when they were explaining labour unrest, it emerged that most of the time, labour disputes could be settled much earlier, but unfortunately ego ensures that unsustainability prevails. According to the Business Day (04 October 2014), South Africa lost almost R20 billion in revenue from the strike that occurred in 2014 for five months and many of the entities have posted poor returns such that the shareholders have commenced the reviewing of investments. For other entities, according to

Phakathi (2011), they have led to international companies that split assets and divest out of South Africa, which in the long-term damages the economy. Many of the respondents asked have also expressed grave concern over the matter.

Proposition three, has also been proven as it was determined from the support of the respondents for the current literature that was reviewed, that ethical leadership behaviour contributes favourably towards economic sustainability. The respondents shared that being ethical and transparent improves economic sustainability in the long-term.

6.3.3   Research Sub-Question 3: How can economic sustainability be sustained?

According to the respondents, training is one of the drivers that could help develop and sustain an economy, together with regulation and ethical leadership. Lau (2010) suggested that education is the best means of developing ethical behaviour and by extension; education could be used to teach people on how to sustain economic position. According to Kalshoven *et al.* (2011) good ethical behaviours positively contribute towards transformation and can drive team culture towards organisation commitment. Gagijo *et al.* (2012) also stated that ethical leaders can influence followers to pursue ethical leaving and thus, minimise opportunities of collaborating in bribery that negatively affect economic sustainability. According to Crane & Matten (2010) bribery is defined as the benefit of an individual over a process of accumulation and not ensuring that others also participate in that benefit. This is true for leaders in the mining world, as current studies are questioning the integrity of executives' exorbitant salaries when the same companies engage in retrenchments and organisations show signs of distress. By encouraging employment, it contributes to the economic activity and helps companies' productivity", was a pertinent response from one interviewee. By improving productivity, it increases profitability.

6.3.4   Research Sub-Question 4: What are the threats of economic sustainability?

According to the respondents, they mentioned: greed, social failure, politics spend, wage bill, environmental pollution, infrastructure, strained relationship between business, government and/or regulators and price of commodity, over-regulations, miscommunication, lack of transparency and availability of resources are threats to the

economic sustainability of the gold mining industry. The commodity price was also mentioned as a function of gold mining industries being "price takers" and that they do not determine the price for gold. According to the Chamber of Mines (2012) and World Gold Council (2013) it was confirmed that the gold price is not formulated by the players but rather determined by the markets by the approach of supply and demand; the managers have freedom on cost but not much on revenue derived. From the leadership perspectives, the challenge that has caused economic gain challenges recently over the mines was the "wage bill" that the workers have been demanding recently.

According to Phakathi (2011), the sector has been affected by strikes, which yield to lower productivity, resulting in lower growth and exports. The strikes have caused losses and 20% productivity when compared to the preceding year, especially in the platinum sector. In some gold mine entities, approximately two months have been lost due to poor decision-making and leaders who delay decision-making because of power. These challenging factors contribute to investor fears and divesting and consequently employee reduction. Two of the respondents alluded to this point and stated that this effect was largely attributed in South Africa by historical reasons and hence was shrouded in complexity. The further response shared was that during negotiations, usually deals could be settled quickly, but the process of dragging on for months affects all stakeholders in the long-term. One of the respondents emphasised the relationship between government, unions and employees and businesses, such that this relationship must be strong. Crane & Matten (2012) also stated that government can play a critical role to enable business to operate but must also address the welfare of community and address social needs. The Rest (1986) model depicts that the mining leaders who care about communities can meet government half-way through programmes introduced so that there is a mutual respect for compliance. However, regarding the issue of over-burden, organisations can discuss with government honestly about the impact of certain requirements on business. Currently, the relationship between government, mining community and workers is very poor due to legacy issues. Leaders with a high locus of control are necessary to accept ownership of previous challenges and work with the other stakeholders to resolve the issues. The workers must be educated on how value is derived as sometimes there are assumptions that these processes are known by the masses of typically unskilled labourers, and this is exactly why they could be led astray quickly with the reasoning of misinformed entities that transfer these incorrect ideas.

Most governments in Africa seek the upliftment and development of their people, communities and societies. The mining leaders have the potential to drive these processes by engaging with both governments and investors honestly to share the tentative impacts of their operations on both workers and the communities in which they operate. In accordance with ethical leadership, that would mean that leaders need to be transparent and start explaining the value that is derived from operations. Moral managers, as expounded by Meyer *et al.* (2010) have integrity; they must be honest and trustworthy. In this process ethical leaders can share the benefits of their operations and can advocate for sustainable outcomes that protect natural resources and ensure the social development of the country of operation.

Proposition four has also been proven, as greed was strongly articulated as the main variable that has a negative impact on economic sustainability. This was confirmed by literature from Thomas *et al.* (2004) by making use of the Enron case study. Furthermore, the respondents provides another example concerning the recent labour dispute in South Africa that saw business losing over R20 billion. According to the respondents, they propounded that greed is a huge issue, especially for managers who want to embezzle and have maximum return.

6.4 RELATIONSHIP BETWEEN ETHICAL LEADERSHIP AND SUSTAINABLE ECONOMIC PERFORMANCE

The association between ethical leadership and sustainable economic performance was discussed in Section 5.4.3. This section further explores the findings garnered from the literature reviewed, as well as considering the responses provided by the interviewees from the gold mining sector with the following two sub-questions that were asked of the industry leaders:

- What is the perception of ethical leadership on economic sustainability?

- What are the behaviours of leadership that if not adhered to could compromise economic sustainability?

6.4.1.1 *Perception of ethical leadership on economic sustainable*

From perceptions experienced and noted by the respondents, they explained that current leaders in the gold mining industry need to be conscious and change legacy

issues that can threaten mining viability. According to Adler *et al.* (2007), if current struggles of countries over natural resources are not addressed, it would result in a conflict. This was seen in previously mined areas in certain parts of South Africa where old mining techniques were employed; environmental sustainable issues were not taken seriously and practices to mitigate the exploitation of the natural environment were non-existent. But due to changes in legislation operational modes, the leaders are currently held accountable for improved operations, however, with history, previous mines have "externalised" the debt to community.

Ethical leaders with a high internal locus of control are necessary to accept situations and ensure that, according to Crane & Matten (2010) that the situational and individual factors of the leaders are taken care of. According to responses given, it was discussed that leaders in mining communities in Africa do not care about sustainability issues but rather their own benefit. From the information provided by Thomas *et al.* (2004), this could be dangerous and social costs could be so high that it could lead to entities filing for bankruptcy and left in a poor state. Ethical leadership ensures that a moral judgement is made and also allows associated actions to be taken for such a delivery for the action. This will contribute to the sustainability of the economy.

6.4.1.2 *Behaviours of leadership that can compromise economic sustainability*

From the responses that were made by leaders in the gold mining industry, towards this sub-theme in the results section, there appears to be consensus that individualism driven by personal gain is the most pertinent factor that can threaten economic sustainability. If the leaders' character traits denote self-serving tendencies, then the economic viability of the entity they manage could be compromised financially. Thomas *et al.* (2004) demonstrated the Anderson case that concluded that a profitable company was brought into bankruptcy over poor behaviour. Similar behaviours have been seen recently in gold mining industries, for example a 2% wage dispute was drawn out because during negotiations, the companies short-sightedly selected strike-action over principles, in an attempt to break the power of the unions. Unfortunately this has had an impact in certain mine closures and the country now has to mitigate potential divestment which has led to employment reduction. The absence of strong ethical leadership was missing in this instance, where leaders who strongly represent people and all other stakeholders could have made better decisions.

6.5   SUMMARY OF LEARNINGS

The leaders of the gold mining industry displayed intrinsic, succinct knowledge of ethical leadership. Their findings allowed for a redefinition of the concept, as described by Monahan (2012); Brown *et al.* (2005) by adding a new construct of "*Ubuntu*" as stated by Khoza (2012) as part of the definition of ethical leadership. The concepts of appropriate conduct, diligent, respectful and consistency were also added as part of the definition of ethical leadership. The mining leaders' definitions were influenced by their experience.

All five propositions were proven successfully. The drivers of ethical leadership are transparency, integrity, fairness, courage, trust and being moral. The second proposition was also proven successfully, in that an ethical leader, in order to effect sustainable change, must have a high internal locus of control and believe in some value system in order to effect changes. The third proposition stated that ethical behaviour contributed favourably towards sustainable economic performance. This was evident as both environmental and social factors were investigated with ethical leadership, and a direct relationship was apparent. The fourth proposition resulted in greed being very strong articulated as the threat for economic sustainability. The fifth proposition was confirmed that unethical leadership behaviours tend to negatively affect the economic sustainability. These outcomes demonstrated that the mining leaders are attuned and familiar with the concept of ethical leadership.

Figure 7 was enhanced to depict the selfless leader with a high LC, who analyses situations and individual factors and takes appropriate action to make the situation better for the community or individuals at the workplace. Alternatively, the leader follows up on social and environmental issues with the aim of improving economic sustainability. The model has been proven that it takes an ethical leader with the third level of CMD, who is aware of social and environmental issues of the region of operation, in order to address individual and situational factors. The decisions are made on a moral basis to ensure that many people would benefit, based on happy principle. At all times, the results from the ethical leader's decisions should result in economic sustainability.

CHAPTER 7:   CONCLUSIONS

"Merely to adopt the more powerful assumption is no more than to assume the more powerful conclusion" — *Robert M Solow*

7.1   INTRODUCTION

Ethical leaders are trusted by their subordinates and they create an environment that fosters delivery of results and good organisational performance. Their character traits enable them to influence subordinates to change their behaviour patterns and allow for better characteristics that are rooted in service to emerge. In the gold mining industry, such leaders are needed. Africa is endowed with minerals and gold is one of the minerals that could uplift the continent's economy and not only improve but benefit all communities and societies in Africa. The mining leaders in Africa desire lasting change for people and through relationships with communities and governments, these leaders are are willing to do whatever is necessary to make relationships work. The leaders want to exercise power for the benefit of the people and communities so that sustainability of life can be ensured.

According to Monahan (2012) and Brown & Mitchell (2010), ethical leaders influence followers to pursue ethical living. This was recently evidenced by executives who started returning incentives offered to them in an attempt to save jobs or reduce potential unemployment of the companies in which they operate. From the respondents interviewed, some companies have forfeited bonuses and other incentives for the benefit of the workers, so that according to Chamber of Mines' (2012) report, the social multiplier effect would not increase above 10:1. Also, with the educational upgrades and increase in ethical governance and leadership, economic sustainability would be improved through social development mentioned. Leaders that practice ethical leadership principles, could improve social lifestyle of communities.

The concept of ethical leadership is not especially novel, but it has not previously been directly associated with sustainable economic performance. This research demonstrated that ethical leadership has a favourable relationship with economic sustainability by revealing other constructs that support that relationship. Three research questions were explored that related to the understanding of ethical leadership, economic sustainability and the relationship that portrays the association

between these two constructs. Further to that, five propositions were also investigated to ensure that the information found was viable and could be adequately examined against the existing theory.

The research study was exploratory in nature and concepts were related, where possible. The researcher formulated a model that was introduced in a discussion of the reviewed literature in Section 2.6 that sought to connect ethical leadership behaviour with economic sustainability. This model was tested successfully and each association was tested from Rest's (1986) theory of moral judgement decisions that includes individual and situational factors; also ensuring the development of constructs of sustainability concepts. According to Crane and Matten (2010), there are three sustainability concepts, and environmental and social issues could have a positive or negative impact on economic sustainability based on decisions taken by the leaders of the day.

7.2 MAJOR FINDINGS OF THE RESEARCH

The research established that most leaders in gold mining industry strive to live an ethical leadership lifestyle with an aim of improving lives for the communities in which they operate. The challenge is that they might not know how to do it, nor have the correct relationship with regulatory bodies. Nonetheless, the respondents that were interviewed seem to have a passion for doing things correctly. In the case of South African operations, there are other factors like legacy issues, which many leaders actively seek to redress and avoid repetition thereof. To some extent, there is a new emerging trend where leaders have started rejecting their incentive earnings with the hope of addressing the GINI co-efficient. Further to this, they believe in investing in education and infrastructure so that they can improve societal issues.

Most leaders understood the definition of ethical leadership but they were unable to articulate that ethical leadership is also based on relationships and that morality should be a prominent construct. During the interview, the respondents failed to demonstrate that ethical leaders should have compassion. However, based on secondary data, it became evident that this was practiced even though it was omitted during interviews. This finding maybe is based on the fact that the leaders in South African gold mining industry originally come from financial institutions where human relationships were perhaps not considered to be as important as the motivation to deliver on results that

were promised to the shareholders. The concept of "*Ubuntu*" and behaving in an "appropriate manner" were very strongly articulated by the leaders interviewed, such that it warrants that the definition of ethical leadership needs to be reviewed to adequately cater for an African context of the term. The definition needs to be reviewed. Mining leaders need to be courageous, take decisions that would support community more and form relationships with governments.

During the data collection, it clearly emerged that only one gender was catered for in this research, mainly based on the historical realities that are still propagated in the gold mining industry. There were no women interviewed and most leaders were White males. The research might have been different if there was more inclusive representation of the demographics of South Africa.

All five propositions were proven. The mining leaders understand the concept of ethical leadership. The social upbringing plays an important role in decision-making of the leader later in life because that is where the softer, human, emotionally intelligent aspects would be derived. The ethical leader is also guided by some value system that centres the decision-making process. By practicing ethical leadership decisions, the ethical leader will always contribute to the economic benefit of an entity, which leads to economic sustainability. The fourth proposition proved that greed is the worst impediment that affects economic sustainability and last proposition proved that it is unethical leadership behaviours that negatively affect economic sustainability and prosperity of a company or entity. To effect the change, leaders have to have cogntitive moral development so that they make tough and unpopular decsions.

7.3   RECOMMENDATIONS FOR MINING LEADERS

Africa is very rich in minerals and it requires leaders who care about community upliftment and environmental conservation, and who are able to make moral judgement and also have the correct cognitive ability to withstand in tough decisions. The mining industry needs to change and cater for all who live in it and that requires leaders with strong convictions and belief in the development that Africa would deliver. The leaders in the mining world are encouraged, that as much as it is about rewards and incentives that determine regions of operations, it is also about reflecting on their own lives that lead to contributions in areas where their inherent skills could be used for the benefit of communities and societies in which they operate. The mining leaders need to have

strong relationships with government institutions and regulatory bodies to enable smooth transitions of knowledge, resources and profits.

In order to achieve economic sustainability of any entity that the leaders manages, the leaders' characters must be strong and they need to have passions and affinity for the communities in which they operate. They should promote environmental conservation and also encourage social improvements. The leaders should strive to "walk-the-talk", and on continuous basis engage with workers so that there could be alignment and the leaders could influence the increase of unearthing and developing new talent.

7.4   RECOMMENDATIONS FOR FUTURE RESEARCH

Based on how the definition of ethical leadership that was promulgated from the African leaders that were interviewed, it warrants that the definition should be reviewed such that it caters for an African context, by demonstrating how leaders can infuse the values of "*Ubuntu*" to the definition. Further, they believed that appropriate behaviour is the foundation for how leaders should make decisions of morality. An opportunity then arises for future researchers to study what constitutes the appropriate behaviours of future leaders that would drive ethical leadership.

With regard to economic sustainability, the situational space of encouraging improved relationships between government, labour union and business should be analysed. Currently, incorrect decisions are being taken in developing markets that have an unsustainable, disastrous effect for communities that are supposed to benefit from resource endowed areas. The economic growth should cater for all and not individuals.

The propositions tested could be further analysed and hypothesis tests could be performed to demonstrate that by being ethical, there are real and tangible benefits towards economic sustainability. The tests should be performed for different environments to show the consistency of ethical leadership and economic sustainability, making these universal constructs for most people or countries.

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APPENDICES

APPENDIX A – TABLE OF DESCRIPTIONS

Table 2:   Abbreviations used in this document

Abbreviation	Meaning
MNC	Multinational Corporations
CMD	Cognitive Moral Development
OCB	Organisation Citizen Behaviour
GINI coefficient	Measure of inequality
GDP	Gross Domestic Product
CSR	Corporate Social Responsibility
BEE	Black Economic Empowerment
UIF	Unemployment Insurance Fund
LC	Locus of Control
SPE	Non-specific purpose entities
MTN	Mobile Telephone Network
L3	Level three
L2	Level two
L1	Level one

APPENDIX B – INTERVIEW MATRIX

INTERVIEW MATRIX

Name of key informant(s): …………………………………………..Date: ……………………..

Affiliation:……………………………………………………………………………………….

	Issues	Probes	Brief Notes
1	- **Background/Introduction**	Identify specific issues to be covered in this column.	You make brief notes here during the interview
	Introduce self, MBA student; Purpose of the study (what I am studying and why)	Create trust, intent of the study	
	Explain method of data capturing and collection, confidentiality and anonymity contract	Test co-operation and support	
	How long the interview would take and benefits to respondent	Alignment and free environment	
	Title of the candidate **Gender:** **Years of service in gold industry:** **Age: profile (30-40; 40-50; 50-60)** **Years in current position:**	Experience, relevance, contribution	
	Countries of where the experience has been gathered	Diversity, decision making, difference in operational exposure	

	Issues	Probes	Brief Notes
2	**Research Objective 1: Exploring the essence of ethical leadership of what it means. Question 1: Seeking to understand from leaders of what ethical leadership means?**	Appropriate conduct, fairness, integrity, develop talent, honesty, integrity, morality, courageous, and not subscribe to illegal mining.	
	What is the understanding of ethical leadership?	Walk the talk, consistent, considerate, taking "right" decisions for benefit of many, look at attitude and interaction;	
	What are the drivers of ethical leadership?	Honesty, integrity, moral person, fairness, courageous, walk the talk, dignity, relationship, trustworthy, transparent, trust, culture	
	How does upbringing contribute towards ethical leadership behaviour?	Values, societal developments,	
	What are the advantages of being an ethical leader?	Trust, loyalty, ability to influence, improved productivity, shared standards, easily promote ethical conduct, aware of outcomes, model appropriate behaviour	
	How can ethical leadership be sustained in current work environment?	Training, proper rewards of benefits, develop integrity, allow for mistakes,	
	What are the challenges encountered by ethical leaders within the gold mining industry?	Illegal behaviours, shareholder expectation, societal issues, environmental concerns, legacy issues, government pressure, conflicting values,	
3	**Research Objective 2: Understanding the meaning of economic sustainability within gold mining industry. Question 2: What does economic sustainable performance means**		
	What is your own understanding of economic sustainability within the gold mining industry?	Availability of resources, environmental conservation, strong	

	Issues	Probes	Brief Notes
		control of cost, societal improvement,	
	What are the aspects of economic sustainability?	Competitiveness, health, investment, reward system, cost control, education , innovation, social issues	

APPENDIX C – PARTICIPANTS (DATA COLLECTION)

Name	Organisation	Title	Relationship and probability	Timing (2014)
Person A	Company A	EVP	Shareholder - (very high), personal interview	September 2014
Person B	Company B	CEO	Subsidiary – (very high), personal interview	September 2014
Person C	Company C	EVP	Shareholder - (very high), personal interview	September 2014
Person D	Company G	Chairman	Client – (very high), personal interview	September 2014
Person E	Company G	MD	Client – (very high), personal interview	September 2014
Person G	Company E	MD	Client – (very high), personal interview	September 2014
Person H	Company H	EVP	Shareholder - (very high), personal interview	September 2014
Person I	Company I	CEO	Client – (very high), personal interview	September 2014
Person J	Company J	CEO	Client – (very high), personal interview	September 2014
Person K	Company J	COO	Client – (very high), personal interview	September 2014
Person L	Company K	COO	Client – (very high), personal interview	October 2014
Person M	Company M	EVP	Client – (very high), personal interview	September 2014
Person N	Company C	FD	Client – (very high), personal interview	September 2014
Person O	Company A	CEO	Shareholder – (low), personal interview	October 2014
Focus Group	Company J	Focus Group	Client – (very high), Personal Interview	August 2014

All interview names have omitted and coded to be written in (P's) and focus groups named in (F's) as stipulated. The names and organisations have removed as well to ensure confidentiality and anonymity. They are mentioned here for validation and reliability, because of the data to be used.

The risks of managing non-availability of Chief Executives, was managed by considering taking other Executives for interview who would have the service to give responses and insights. The risk was also mitigated by secondary data, sustainability reports. The schedules were agreed with executives after the ethics clearance was approved for the researcher.

Nhlanhla Terance Mashobane Nkosi

MBA 2013/14

APPENDIX D – CONSENT LETTER

GORDON INSTITUTE
OF BUSINESS SCIENCE

University of Pretoria

Dear Participant,

Exploring ethical leadership and its association with sustainable economic performance within the gold mining industry.

As part of the MBA programme at the University of Pretoria's Gordon Institute of Business Science (GIBS), I am conducting a study in order to gain insights from industry leaders about the essence of ethical leadership on economic sustainable performance. The proposed interview would last one hour and will help the researcher to understand how South African industry leaders deal with ethical leadership issues that impact economic sustainability. ***Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential.*** By participating in this interview, you indicate that you voluntarily participate in this research. If you have any concerns, please contact me or my Research Supervisor.

Thank you for considering taking part in this research.

Yours Faithfully,

Researcher Name: Terance Nkosi

Email: terrolesisi@gmail.com fisheagle@imaginet.co.za

Phone: +27 083 429 6825

Supervisor: Prof Johan Olivier

Email:

Phone: +27 11 771 4349

ACCEPTANCE

	Signature of Participant	**Signature of Researcher**
Date:		

APPENDIX E – CODING TABLE FOR INTERVIEWS

	Themes and sub themes	Concepts to look for	Sentences from interview
1	**Understanding ethical leadership concept**	**Moral person and moral leader**	You make brief notes here during the interview
	ST_{1a} Characteristics of an ethical leader	➢ Honest ➢ Consistent ➢ Courageous ➢ Trustworthy ➢ Transparent ➢ Integrity ➢ Open ➢ Moral person ➢ Moral leader ➢ Values	
	ST_{1b} Drivers of ethical leadership	➢ Transparent ➢ Walk the talk ➢ Integrity ➢ Trustworthy ➢ Has relationships ➢ Consistent in conduct ➢ Fair ➢ Courageous	
	ST_{1c} Link of social upbringing behaviour and ethical leaders	➢ Role modelling ➢ Values ➢ Societal developments ➢ Training ➢ Company values	
	ST_{1d} Advantages of ethical leadership	➢ Trust ➢ Loyalty ➢ Ability to influence ➢ Improved productivity ➢ Shared standards ➢ Relationship ➢ Trustworthy ➢ Transparent ➢ Respect ➢ Work ethics	
	ST_{1e} Sustainability of ethical leadership	➢ Training ➢ Proper rewards of benefits ➢ Develop integrity ➢ Allow for mistakes	
	ST_{1f} Challenges of ethical leadership	➢ Illegal behaviours ➢ Shareholder expectation	

	Themes and sub themes	Concepts to look for	Sentences from interview
		➢ Societal issues ➢ Environmental concerns ➢ Legal issues ➢ Governmental pressure ➢ Conflict values	
	Understanding economic sustainability concept	➢	
2	ST_{2a} Availability of resources	➢ Exploration ➢ Availability of metal Political stability	
	ST_{2b} Aspects of economic sustainability	➢ Education ➢ Innovation ➢ Research and development	
	ST_{2c} Methods of sustaining economic performance	➢ Improve revenue ➢ Profitability ➢ Cost control ➢ Participation with stakeholders ➢ Productivity ➢ Environmental conservation ➢ Social upliftment ➢ Regulatory control ➢ Political stability	
	ST_{2d} Threats of economic performance	➢ Greed ➢ Exchange rate ➢ Availability of resources ➢ Ecological degradation ➢ Social failure ➢ Environmental pollution ➢ Unions – wage bill ➢ Politics	
	Link between ethical leadership and economic sustainable performance		
3	ST_{3a} Perception on ethical leadership on economic sustainable	➢ Environmental issues Social issue	
	ST_{3b} Behaviours of leadership that can compromise economic	➢ Greed ➢ Illegal transactions ➢ Individualism ➢ Poor risk	

	Themes and sub themes	Concepts to look for	Sentences from interview
	sustainability	assessment ➤ Lack of investment ➤ Non-compliance to regulations ➤ Poor communication	

APPENDIX F – CODING TABLE RESULTS

F.1. Results for Characteristics of the Ethical Leader

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [24]			
PD-Filter: All [2]			
Quotation-Filter: All [60]			
	P 2: Terance characteristics	TOTALS:	
Ability to influence	1.00	1.00	
Allow for mistakes	1.00	1.00	
Appropriate conduct	9.00	9.00	
Attitude	2.00	2.00	
Branding and reputation	1.00	1.00	
Collectivism	2.00	2.00	
Communication	2.00	2.00	
Community considerate	1.00	1.00	
Considerate	5.00	5.00	
Consistent	5.00	5.00	
Courageous	5.00	5.00	
Decision making	10.00	10.00	
Ethical behaviour	1.00	1.00	
Honesty	1.00	1.00	
Humble	1.00	1.00	
Integrity	1.00	1.00	
Interaction	3.00	3.00	
Moral person	1.00	1.00	
Morality	2.00	2.00	
Relationship	2.00	2.00	
Selfless	1.00	1.00	
Social issues	1.00	1.00	
Trustworthy	1.00	1.00	
Walk the talk	3.00	3.00	
TOTALS:	62.00	62.00	

F.2. Results for Drivers of the Ethical Leader

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [23]			
PD-Filter: All [1]			
Quotation-Filter: All [47]			
	P 1: Terance drivers of ethical leadership	TOTALS:	
Consistency	5	5	
Courageous	6	6	
Development	1	1	
Dignity	1	1	
Emotional intelligent	1	1	
Enviornment	1	1	
Environmental and social issues	1	1	
Honesty	10	10	
Influencer	1	1	
Integrity	8	8	
Internal locus of control	1	1	
Legacy of mining social issues	1	1	
Moral leadership	1	1	
Policies	1	1	
Relate	1	1	
Relationship	1	1	
Sharing standards	1	1	
Social	1	1	
Transparency	2	2	
Trust	1	1	
Value based	1	1	
Values	4	4	
Valuing difference	1	1	
TOTALS:	52	52	

F.3. Results for Social Upbringing behaviour and Ethical Leaders

CODES-PRIMARY-DOCUMENTS-TABLE		
Code-Filter: All [9]		
PD-Filter: All [1]		
Quotation-Filter: All [18]		
P 1: Terance link of social upbringing bel	TOTALS:	
Allow for mistakes	3	3
Career development	1	1
Interactive engagement	1	1
Regulations	1	1
Role modelling	4	4
Societal development	1	1
Societal values	4	4
System thinker	1	1
Values	2	2
TOTALS:	18	18

F.4. Results for Advantages of Ethical Leaders

CODES-PRIMARY-DOCUMENTS-TABLE		
Code-Filter: All [13]		
PD-Filter: All [1]		
Quotation-Filter: All [17]		
P 1: Terence advantages of an ethical le	TOTALS:	
Ability to influence	3	3
Aware of outcomes	1	1
Brand	1	1
Decision making	1	1
Improved productivity	1	1
Integrity	1	1
Model appropriate behaviour	1	1
Productivity	2	2
Promote ethical conduct	1	1
Relationship	1	1
Reputation	1	1
Social issues	1	1
Trust	2	2
TOTALS:	17	17

F.5. Results for Sustainability of Ethical Leadership

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [5]			
PD-Filter: All [1]			
Quotation-Filter: All [18]			
	P 1: Terance sustainability of ethical lead	TOTALS:	
Allow for mistakes	3	3	
Develop integrity	9	9	
Proper rewards and benefits	2	2	
Shared values	1	1	
Training	3	3	
TOTALS:	18	18	

F.6. Results for Challenges of Ethical Leadership

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [18]			
PD-Filter: All [1]			
Quotation-Filter: All [26]			
	P 1: Terance challenges of ethical leade	TOTALS:	
Confliciting values	2	2	
Environmental issues	1	1	
Ethical behaviour	1	1	
Greed	1	1	
Illegal behaviour	4	4	
Integrity and consistency	1	1	
Legacy issues	2	2	
Price	1	1	
Regulatory aspects	1	1	
Remaining consistent	1	1	
Remaining ethical illegal behaviours	1	1	
Remaining ethical in external markets	1	1	
Rewards and benefits	1	1	
Safety comes first	1	1	
Shareholder expectations	4	4	
Skills availability	1	1	
Social values	1	1	
Societal issues	1	1	
TOTALS:	26	26	

F.6. Results for Challenges of Ethical Leadership

F.7. Results for understanding of economic sustainability

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [31]			
PD-Filter: All [1]			
Quotation-Filter: All [43]			
P 1: Terance understanding economic susta		TOTALS:	
Ability to influence	1	1	
Appropriate conduct	2	2	
Availability of resources	2	2	
Considerate	1	1	
Consistency	1	1	
Cost management	9	9	
Courageous	1	1	
Decision making	1	1	
Declining grades	1	1	
Economic drive	2	2	
Education	1	1	
Environmental considerations	1	1	
Environmental conversation	1	1	
Environmental issues	1	1	
Generate profits	1	1	
Gold price	1	1	
Health of community	1	1	
Innovation	2	2	
Investment	1	1	
Managing revenue	1	1	
Morality	1	1	
Politics	1	1	
Profitable	1	1	8
Revenue	2	2	
Rewards and benefits	1	1	
Skilling	1	1	
Social issues	3	3	
Societal development	1	1	
Societal improvement	1	1	7
Stakeholder interest	1	1	
Tax payment	1	1	
TOTALS:	46	46	

F.8. Results for aspects of economic sustainability

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [16]			
PD-Filter: All [1]			
Quotation-Filter: All [27]			
	P 1: Terance aspects of economic sustain	TOTALS:	
Availability of resources	4	4	
Beneficiate	1	1	
Costs control	5	5	
Development	1	1	
Education	1	1	
Environmental conservation	2	2	
Improve revenue	5	5	
Political stability	1	1	
Productivity	1	1	
Resilience in financial challenges	1	1	
Skills	1	1	
Societal improvement	1	1	
Stakeholder management	1	1	
Sustain life	1	1	
Training of staff	1	1	
Wage bill	1	1	
TOTALS:	28	28	

F.9. Results for methods sustaining economic sustainability

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [11]			
PD-Filter: All [1]			
Quotation-Filter: All [17]			
P 1: Terance sustainability economic perfo		TOTALS:	
Availability of resources	2	2	
Behaviour	1	1	
Competition	1	1	
Education	3	3	
Environmental issues	1	1	
Innovate	1	1	
Participation with stakeholders	2	2	
Price	2	2	
Social failure	1	1	
Social issues	1	1	
Wage bill	2	2	
TOTALS:	17	17	

F.10. Results for threats to economic performance

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [8]			
PD-Filter: All [1]			
Quotation-Filter: All [24]			
P 1: Terance threats to economic sustain		TOTALS:	
Availability of resources	1	1	
Environmental pollution	2	2	
Exchange rate	2	2	
Greed	8	8	
Lack of investment	1	1	
Politics	6	6	
Social failure	1	1	
Wage bill	3	3	
TOTALS:	24	24	

F.11. Results for link between ethical leadership and sustainable performance

The following statements are an indication of the respondent's statement – on the link between ethical leadership and sustainable performance.

Response 8 "People are over indebted through micro-leading as results of social challenges"
Response 1 "Environment and other regulatory aspects". "Lack of being courageous and decisive".
Response 7 "Shareholders perception in making individualistic decisions"
Response 4 "Lack of transformation".
Response 3 "There is a lot of rippling effects that will be derived from ethical leadership".
Response 9 "There is a lot of rippling effects that will be derived from ethical leadership".

F.12. Results for perception on ethical leadership on economic sustainability

CODES-PRIMARY-DOCUMENTS-TABLE			
Code-Filter: All [2]			
PD-Filter: All [1]			
Quotation-Filter: All [7]			
P 1: Terance behaviour that can compromise econo		TOTALS:	
Confliciting values	1	1	
Greed	6	6	
TOTALS:	7	7	