

Ubuntu or *Botho* African Culture and Corporate Governance: A Case for Diversity in Corporate Boards

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Abstract

This paper aims to provide a theoretical analysis on the relationship between nationality/ethnicity and compliance with international best practice corporate governance principles. Using Hofstede-Gray cultural-accounting dimensions, the paper attempts to demonstrate that the Ubuntu/Botho culture may in some instances promote/not promote compliance with international best practice corporate governance principles because of the value system(s) of this culture. In view of this, the paper further attempts to present a case for diversity in corporate boards and executive management to enhance corporate compliance with best practice corporate governance principles, performance, disclosure etc. in line with the literature and theoretical arguments on diversity.

On one hand, this paper provides future research an opportunity to empirically assess the relationship between corporate compliance with international best practice and nationality/ethnicity (Ubuntu/Botho culture). Future research could also investigate whether the Ubuntu/Botho values hold true today in view of the autocratic regimes in the African continent which have perfected a culture of impunity, corruption and bad governance.

Keywords: Ubuntu or Botho, Corporate Governance, Compliance, Hofstede-Gray, Board Diversity, Culture, Nationality/ethnicity

1. Introduction

Literature, glowingly describe the culture of *Ubuntu/Botho* [henceforth *Ubuntu* or *Botho*] in a way that makes the reader yearn to belong to the culture as shown in the following discussion. *Ubuntu/Botho*, is a cultural world-view that tries to capture the essence of what it means to be human. In Southern Africa, *Ubuntu/Botho* is common to the Nguni groups of language. According to Prinsloo (2000, p. 277) “*Ubuntu embodies a tradition of consultation of and decision making by the - individuals and groups display for one another.*” *Ubuntu* is derived from the Zulu maxim: “*Umuntu Ngumuntu Ngabantu*” or in *Sotho/Tswana* dictum; “*Motho ke Motho ka Batho ba Bangwe*”, translated in English it means “a person is a person because of or through others” (Fraser-Moleketi, 2009; Tutu, 2000). Mbigi (1997) as quoted in Karsten and Illa (2005, p. 612) lists the following principles of *Ubuntu*: “*unconditional African collective contribution, solidarity, acceptance, dignity, stewardship, compassion and care hospitality and legitimacy*”. *Ubuntu* exudes principles of reciprocity, inclusivity and a sense of shared destiny between peoples, compassion, promotes reconciliation in conflict situations. Chikanda (1990), as quoted in West (2006), defines the concept of *Ubuntu* as a particular form of African Humanism which involves alms-giving, being sympathetic, caring, sensitive to the needs of others, being respectful, considerate, patient and kind. According to Nzimakwe (2014) *Ubuntu (Zulu) or Botho (Sotho or Tswana)* is an African term for “humanness” for caring and for sharing. *Ubuntu/Botho* is a cultural value system which promotes cooperation between individuals, cultures and nations. *Ubuntu/Botho* advocates for all to be valued in a society and for all to reach full potential (Nzimakwe, 2014). *Ubuntu* system of governance promotes compassion or benevolence, anchored on collectivism and communalism as opposed to individualism and self-centeredness and or egocentricity.

Shutte (1993, p. 46) quoted in Karsten and Illa (2005) contends that the *Ubuntu* expression is universal to all African languages and traditional cultures. As such, it could be expected that someone from the culture of *Ubuntu*,

may exude traits associated with this culture if Hofstede and Hofstede's (2005) analogy is applied. The culture of *Ubuntu* is considered to be collectivist as per Hofstede and Hofstede's (2005) cultural dimensions (McFarlin, Coster, & Mogale-Pretorius, 1999, p. 70). *Ubuntu/Botho* is found in diverse forms in many societies throughout Africa, more specifically among the languages of East, Central and Southern Africa. *Ubuntu* is a cultural world view that tries to capture the essence for what it is to be human (Murithi, 2009, p. 226). According to Sulamoyo (2010, p. 410), *Ubuntu*, can be defined as humanness, a pervasive spirit of caring and community, harmony, hospitality, respect and responsiveness that individuals and groups display for one another. It embodies, the basic values that manifest the ways in which African people think and behave toward one another and everyone else they encounter (Sulamoyo, 2010). Nussbaum (2003, p. 21) sees it as the capacity in the African culture to express compassion, reciprocity, dignity, harmony, and humanity in the interests of building and maintaining community. The author maintains that *Ubuntu* calls on us to believe and feel that; "*Your pain is My pain; My wealth is Your wealth; and Your salvation is My salvation*".

Nobel laureate Desmond Tutu in his book; *No Future Without Forgiveness (2000)* describes *Ubuntu* as a cultural world-view that tries to capture the essence of what it means to be human. Tutu observes that, *Ubuntu* speaks to the very essence of being human. For instance, in the African context when one wants to give high praise to someone, one says;

"*Yu, u Nobuntu*" (Zulu) or "*O Botho*"; he or she has *Ubuntu/Botho*. This means that they are generous, hospitable, friendly, caring and compassionate. They share what they have." (Tutu, 2000, p. 34).

According to Tutu (2000) it also means that my humanity is caught up, is inextricably bound up, in theirs. We belong in a bundle of life.

Tutu (2000) opines that;

"*a person with Ubuntu is open and available to others, affirming of others, does not feel threatened that others are able and good; for he or she has a proper self-assurance that comes with knowing that he or she belongs in a greater whole and is diminished when others are humiliated or diminished, when others are tortured or oppressed, or treated as if they were less than who they are*" (2000, pp. 34 - 35).

Generally, the above definitions of *Ubuntu* portray the African culture in a more positive light in terms of interpersonal relationships, respect, *solidarity, acceptance, dignity, stewardship, compassion, care hospitality, governance and legitimacy*???. Literature also indicates that *Ubuntu/Botho* culture is pervasive across the African continent (Karsten & Illa, 2005; Nussbaum, 2003; Nzimakwe, 2014). The researchers wonder why Africa sits on top of the worlds' despots list (Chimora, 2017), if *Ubuntu/Botho* culture holds true. However, this is not the focus of this paper. This paper theoretically addresses how certain *Ubuntu/Botho* cultural values, as defined by Hofstede-Gray cultural-accounting values, may influence/not influence compliance with international best practice corporate governance principles. The main focus of this paper is on what Kang, Cheng & Gray (2007) term observable diversity (e.g. race/nationality, ethnic background, gender and age). The paper is however only restricted to race/nationality of the indigenous Africans. Compliance in the context of this paper refers to implementation and reporting on corporate governance principles as recommended by best practice governance principles. This paper may be considered the first to theoretically assess the relationship between nationality and corporate compliance.

Accordingly the paper is divided as follows: Section 2. discusses the literature on culture and corporate outcomes; section 3. relates *Ubuntu/Botho* culture to Hofstede-Gray's cultural-accounting dimensions and makes conjectures on the possible outcomes in terms of compliance with best practice corporate governance principles. Section 4.0 provides concluding remarks of the paper.

2. Culture & Corporate Outcomes

Culture has long been identified as a factor affecting corporate behaviour (e.g. corporate disclosure) by Belkaoui (1983). According to Haniffa and Cooke (2002, p. 318) culture is important; "because traditions of a nation are instilled in its people and might help explain why things are as they are." There is also a body of literature which argues that, a society's culture and environment shape its accounting system (e.g. Belkaoui, A. & Picur, 1991; Fechner & Kilgore, 1994; Perea, 1989). It thus may be argued that culture may explain the reasons why companies in different countries comply with best practice corporate governance principles.

Nationality has also been identified in the literature as a major impact on corporate governance (e.g. Li & Harrison, 2008). Research on the impact of diversity (nationality as proxy) finds that, the board's effectiveness will increase as a result of presence of foreigners on board (Ruigrok, Peck, & Tacheva, 2007) because different values, norms, and understanding will be set, making use of the different perspectives, values, and knowledge provided by directors of

different nationalities (Brickley & Zimmerman, 2010, p. 237; Masulis, Wang, & Xie, 2012). Findings from the literature on culture and corporate outcomes has generally been positive. For instance, Erhardt, Werbel and Shrader (2003) find a positive association between the non-white women on board and companies' financial performance as they included both gender and ethnicity as one measure of diversity; while Carter, Simkins, & Simpson (2003) find a positive association between the ethnic minority board members and firm value. Similarly, Ayuso and Argandoña (2010) and Khan (2010) find that foreigners on board support corporate social responsibility reporting. The findings of these studies indicate the important role played by culture in corporate governance.

The above literature review is attributed to Shehata (2013) in a study which sought to propose a theoretical explanation of how Hofstede-Gray theory may be used to explain the relationship between corporate disclosure and board diversity (gender and nationality). Proposed research differs from Shehata (2013) in that, it attempts to explain the relationship between corporate compliance and nationality of *Ubuntu/Botho* culture using the same model. While Shehata (2013) focusses on general theoretical relationships between the constructs, proposed research attempts to situate the explanations between the constructs to a specific culture (e.g. *Ubuntu/Botho*).

2.1 Hofstede's Cultural Dimensions

According to Hofstede and Hofstede (2005), culture partially accounts for the behaviour and actions of individuals. They define culture as, "the collective programming of the mind that distinguishes the members of one group or category of people from others" (p. 4). Comparing culture to the way computers are programmed, Hofstede and Hofstede (2005, p. 3), viewed culture as a combination of patterns of thinking, feeling and potential acting (also referred to as "software of the mind"). As per Hofstede and Hofstede (2005), culture is learned by individuals from childhood and subconsciously become part of the individual.

Hofstede and Hofstede (2005) define cultural differences in terms of symbols, heroes, rituals and values. At the superficial level of culture are symbols which are words, gestures, pictures or objects that carry a particular meaning which are only recognised by those who share the culture. Examples of symbols are jargon words used and understood only by individuals from the same culture. The next level at which culture is seen is in the heroes that individuals in the culture choose. Heroes are persons alive or dead, real or imaginary who possess characteristics which are highly prized in a culture and who thus serve as role models for behaviour. The third layer of culture is seen in the rituals that are performed and understood by individuals in that culture. Rituals are collective activities, with no technical necessity but which are within a culture, considered socially essential. For example religious activities and ways of greeting people are all rituals.

The deepest level of culture is seen in the values that individuals in that culture share (Hofstede & Hofstede, 2005). Values are broad tendencies to prefer certain states of affairs over others and are the first things children learn implicitly, usually by the age of ten. Because these values are learnt at such an early age they are usually subconsciously held and are not able to be observed by outsiders. For example people's concepts of right versus wrong and good versus evil are all cultural values (Hofstede & Hofstede, 2005). They argue that it is these cultural values which affect social systems and institutions in any particular country. As such, culture may likely be used to explain the reaction of individuals, under certain circumstances. However, they caution that culture may not be used to predict exactly what an individual will do in any given situation since other factors such as the individual's personality, may cause the individual to deviate from expected cultural behaviour.

Hofstede and Hofstede (2005) arguments are based on a survey on matched IBM employees from over 50 countries, and statistical analyses of the answers to the surveys. The researchers identified four universal dimensions of national culture that differ among countries. Dimensions are defined as aspects of culture that can be measured relative to other cultures. In the original study, Hofstede (1984) identified the following four cultural dimensions;

- i. Individualism versus collectivism* which relates to social inequality including relationships with authority. Individualism is where individuals are supposed to take care of themselves and their immediate family only whereas collectivism is where there is an expectation for individuals to look after their relatives in exchange for loyalty.
- ii. Power distance* which relates to the relationship between the individual and the group. Large power distance is when people accept rigid hierarchical orders and accept that power in society is not distributed equally; small power distance is where people strive for power equalisation and do not accept hierarchies without justification.
- iii. Femininity versus masculinity* which relates to concepts of masculinity and femininity i.e. the social implications of having been born as a boy or a girl. Masculinity stands for qualities such as assertiveness

and material success whereas femininity stands for qualities such as caring relationships and quality of life.

- iv. **Uncertainty avoidance** which relates to ways of dealing with uncertainty, the control of aggression and the expression of emotion. Strong uncertainty avoidance arises when there are strong codes of belief with intolerance for anyone who deviates from the accepted viewpoint. Weak uncertainty avoidance arises when there is a more relaxed atmosphere and different viewpoints are more easily tolerated.

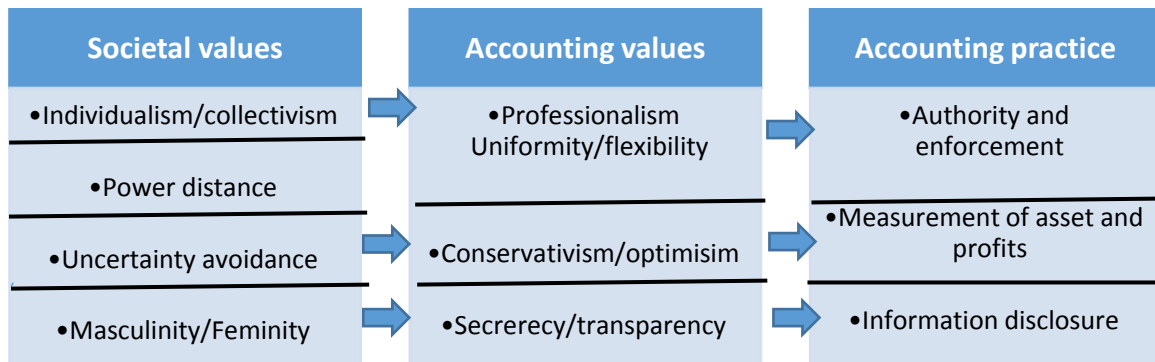
2.2 Gray’s Accounting Values

Gray suggested a model linking accounting and Hofstede’s societal value dimensions within which the impact of culture on accounting values and accounting change could be assessed. Gray identified four accounting values as follows (Gray, 1988, p. 8):

- i. **Professionalism versus Statutory Control** - a preference for the exercise of individual professional judgement and the maintenance of professional self-regulation as opposed to compliance with prescriptive legal requirements and statutory control.
- ii. **Uniformity versus Flexibility** - a preference for the enforcement of uniform accounting practices between companies and the consistent use of such practices over time as opposed to flexibility in accordance with the perceived circumstances of individual companies.
- iii. **Conservatism versus Optimism** - a preference for a cautious approach to measurement so as to cope with the uncertainty of future events as opposed to a more optimistic, laissez-faire, risk-taking approach.
- iv. **Secrecy versus Transparency** - a preference for confidentiality and the restriction of disclosure of information about the business only to those who are closely involved with its management and financing as opposed to a more transparent, open and publicly accountable approach.

Gray’s accounting dimensions, measurement and disclosure model is summarised in table 1.

Table 1. Accounting Dimensions, Measurement and Disclosure



Source: Radebaugh and Gray (2006, p. 50)

2.3 Hofstede-Gray Model

The relationship between Hofstede-Gray model is summarised in Table 2, societal values (Hofstede, 1984), accounting values and accounting practice (Gray, 1988) - as outlined by Radebaugh and Gray (2006).

Table 2. Relationship between Gray’s Accounting Values and Hofstede’s Cultural Dimensions

Cultural Values (Hofstede)	Accounting Values (Gray)			
	Professionalism	Uniformity	Conservatism	Secrecy
Power distance	-	+	?	+
Uncertainty Avoidance	-	+	+	+
Individualism	+	-	-	-
Masculinity	?	?	-	-

Note: '+' indicates a direct relationship between the relevant variables; '-' indicates an inverse relationship. Question marks indicate that the nature of the relationship is indeterminate.

Source: Baydoun and Willet (1995, p. 71)

According to Gray's hypothesis (1988); the higher a country ranks in terms of individualism and the lower it ranks in terms of uncertainty avoidance and power distance, the more likely it is to rank highly in terms of professionalism.

Gray articulated the relationship of uniformity with Hofstede's cultural dimension of uncertainty avoidance, power distance and individualism as: the higher a country ranks in terms of uncertainty avoidance and power distance and the lower it ranks in terms of individualism then the more likely it is to rank highly in terms of uniformity. According to Table 1, the higher a country ranks in terms of uncertainty avoidance and the lower it ranks in terms of individualism and masculinity, the more likely it is to rank highly in terms of conservatism. Finally, Table 1 indicates that, the higher a country ranks in terms of uncertainty avoidance and power distance and the lower it ranks in terms of individualism and masculinity, then the more likely it is to rank highly in terms of secrecy".

Critics of Hofstede's cultural dimensions argue that he used data from a single multinational corporation which may not have the power to uncover the secrets of the entire national culture and that, "what Hofstede 'identified' is not national culture, but an averaging of situationally specific opinions from which dimensions or aspects, of national culture are unjustifiably inferred" (Baskerville-Morley, 2005; McSweeney, 2002, p. 104). Questions have also been raised over the survey instrument used by Hofstede, not being specifically designed to investigate national cultures and hence not correctly or completely identifying all the universal cultural value dimensions (Baskerville-Morley, 2005; McSweeney, 2002). It is also argued that the IBM data are old and obsolete and that four or five cultural dimensions are not enough (Baskerville-Morley, 2005).

Despite these criticisms, Hofstede's cultural dimensions form an important reference point in accounting research as demonstrated in the sections that follow. The following section attempts to demonstrate the convergence/divergence between the Ubuntu/Botho cultural value system and international best practice corporate governance principles using Hofstede-Gray's model.

3. Discussion – Corporate Compliance versus Ubuntu/Botho Culture versus Hofstede-Gray Model

3.1 Individualism versus Collectivism

The African culture of *Ubuntu* is collectivist compared to the Eurocentric individualistic culture (Booyesen, 2000; Karsten & Illa, 2005; Luthans, Wyk Van, & Walumbwa, 2003; Prinsloo, 2000). Under *Ubuntu*, there is an individual existence of the self, and the simultaneous existence for others, treating the other person with dignity and respect. There is a humanness of valuing other individuals as worthy. There is also a continuous exploration of reconciliation and a general agreement and a true appreciation of different views of others (Louw, 2002; Luthans et al., 2003). On the opposite, the western culture gives primacy to individualism. Koopman, (1994) as quoted in Prime (1999, p. 2) describes it as "individualistic exclusivist". Decision making under this culture is informed by power relations and adversarial relationships are fostered between managers and the managed, buyers and suppliers, whites and blacks (Prime, 1999).

As per, Hofstede and Hofstede's (2005) collectivist versus individualistic cultural dimension, people who grow up within the collectivist culture, learn to think of themselves as part of the "we" group, a relationship that is not voluntary but given by nature (Hofstede & Hofstede, 2005, p. 75). While those who grow up in the individualist culture think of themselves as "I", and their interests prevail over the interests of the group.

According to Aguilera and Cuervo-Cazurra (2009) codes of good governance are a set of 'best practice' recommendations regarding the behaviour and structure of the board of directors of a firm. The objectives of these principles are to improve the quality of companies' board governance and increase the accountability of companies to shareholders while maximizing shareholder or stakeholder value. The ultimate goal is to improve the firm's corporate governance to guarantee adequate protection of shareholders' rights. Best practice corporate governance principles adopt a broader perspective to corporate governance by advocating for not only the protection of shareholder rights, but also other stakeholders e.g. King Code (1994; 2002; 2009 and 2017).

In terms of practising good governance, it is argued that if people from the *Ubuntu* culture dominate corporate structures (e.g. the board of directors, chief executive officer position and management) they may influence corporations to implement good corporate governance principles, because by so doing the collective group (community) will ultimately benefit from such. However, if people from the individualistic culture dominate corporate governance structures the opposite might be true because as per Hofstede's cultural dimension of individualism versus collectivism, the individualistic people are more interested in self-gain as opposed to communal gain.

The *Ubuntu* culture may play a role in fostering a stakeholder oriented culture in corporations e.g. implementing good governance principles which ultimately benefit the community (all stakeholders). In this context, the *Ubuntu* culture is

convergent with international best practice corporate governance principles which advocate for taking into account all the interest of the various corporate stakeholder groups.

3.2 Power Distance

According to Hofstede and Hofstede (2005), people in a culture with high power distance are frequently afraid of disagreeing with their bosses and their bosses are seen as autocratic or paternalistic, while in societies with a low power distance, there is aspiration for power equalisation and a demand that inequalities be justified. African cultures are described as high power distance “since authority is assigned on the basis of age and experience, and is enforced by a political system that centralizes power” (Grzeda & Assogbavi, 1999, p. 417).

The *Ubuntu* culture is described as collectivist, inclusivist or communalist. It favours an approach whereby community issues are addressed collectively, whereby each member of the community is allowed to make contributions to decision making at traditional gatherings (*imziso/pitso/lekgotla*) (Booyesen, 2000). However, researchers argue that the *Ubuntu* desire for consensus, inclusivist, collectivism or communalist conception of individuality, can easily derail into an oppressive collectivism or communalism (Louw, 2002). This is evident (Note 1) during traditional gatherings (*imbizo/pitso/lekgotla*) whereby dissention during discussion of communal matters is not tolerated in the spirit of *Ubuntu/Botho*. The opening statement at these traditional gatherings is normally made by the elders, who set the tone and direction the discussion should take. Although, everyone is given an opportunity to air their views in the spirit of *Ubuntu*, they are expected to make contributions which lend support to the tone set by the elders, and not deviate from it. Dissenting voices are normally greeted by murmurs of disapproval from the gathering, which at times may culminate with the dissenting speaker being cut short before making his point. Compliant voices are greeted with ululations/ (*moduduetso*) from the crowd, as a sign of appreciation. As such, the *Ubuntu* consensus is ‘arguably coerced consensus’.

Also, the paternalistic nature of the culture compounds oppressive collectivism or communalism, because within the *Ubuntu* culture, it is deemed disrespectful to oppose the authority, the elderly and those in positions of power (high power distance). In the traditional *Ubuntu* culture, if an individual questions decisions of people in authority or the elderly, they are described as not having *Ubuntu* possibly because their parents have failed to inculcate the culture of *Ubuntu* in them e.g. he/she is disrespectful at best or uncultured at worst (Magang & Magang, 2016). As such this tends to bring shame on the concerned entity’s family. To avoid shame to self and one’s family and to demonstrate obedience, respect for the elders (Note 2) and to stay within the discipline of *Ubuntu* culture, people from this cultural background will tend to respect authority, not question what the elders say.

This aspect of the *Ubuntu* culture is the value system which according to Hofstede and Hofstede’s (2005) hypothesis may affect social systems and institutions in a country where the culture is customary.

In terms of best practice corporate governance, it is argued that the consensus, paternalistic and patriarchal nature of the culture of *Ubuntu* people in position of power [e.g. Board of Directors, board Chairman, Chief Executive Officer, Management etc.] may influence unacceptable corporate governance practices whereby decisions are taken by a single individual e.g. board chairman or an elderly senior member of the board. For instance, board chairman who subscribes to the *Ubuntu* culture (position of power) may (through coerced consensus) influence the board to make certain decisions which favour his position knowing very well that other members will not question his decisions/ideas because it is un-African/against culture or disrespectful to challenge his authority.

This scenario may be compounded if the board chairman/CEO or MD is an elderly person. Similarly, young board members may be influenced or because of the high power distance in the *Ubuntu* culture (their culture), be impeded by cultural constraints to question decisions of an elderly and experienced board member. This constraint could be brought about by the fear to step out of cultural boundaries by questioning the decision of elders/authority. Failure to question senior board members or board chairman or CEO/MD, may not only result in a dysfunctional board which fails to observe good governance principles as per best practice corporate governance principles, but also create a territory or a sphere of activity that is controlled or dominated by these culturally powerful figures (fiefdom).

The values described above are not common in a society with low power distance, because there is an aspiration for power equalisation and a demand that inequalities be justified (Hofstede, 1988). It is therefore argued that if people with a high power distance dominate corporate structures, there may be a tendency not to implement best practice corporate governance principles.

In the context of power distance, the above argument attempts to demonstrate that high power distance among people from the *Ubuntu* culture may influence bad governance contrary to international best practice corporate governance principles which seek to promote harmonious decision making process in corporations.

3.3 Masculinity-femininity

Hofstede and Hofstede's (2005) masculinity-femininity cultural variable describes the extent to which people in a culture value material possessions, money and assertiveness – a “masculine” value system – or social relevance (relationships), quality of life and welfare to others – a “feminine” value system. As per this cultural dimension, individualistic culture places emphasis on the “self” e.g. “self-fulfilment, self-development...” (Prime, 1999, p. 2) which resonates well with masculinity, as hypothesized by Hofstede (1988). Femininity within the culture of *Ubuntu* is accentuated by the value attached to co-existence with other people and humility and helpfulness to others. As per this cultural dimension a person who subscribes to the *Ubuntu* culture, is characterised as having a preference for quality of life, relationships, modesty and caring for the weak.

The African culture of *Ubuntu* exudes these attributes. For instance, in the traditional African culture, it is socially undesirable and inappropriate to behave in a way that causes one ‘to stand out from the crowd’ in the way individual achievement is promoted in the Anglo-Saxon culture (Visser, 2005). According to Visser (2005) the reason behind this is because, traditionally the elders and royalty (*unkosi/kgosi*) are the repositories of knowledge, wisdom and counsel. Therefore, outstanding individual achievement from an entity who does not belong to these two groups might destroy vital social cohesion in a community by creating destructive competitive behaviour (Visser, 2005). This however does not say that individuals are not encouraged to master areas for which they display particular aptitude or they are naturally gifted at. Skilful specialisation whether as a healer, artist, hunter, or leader has always been a key element for communities to survive and thrive. Competition within the African culture of *Ubuntu* is managed through strict social rules so as to enhance the common good and maintain cohesion of the unit. In contrast, it is socially desirable and encouraged in the Eurocentric (non-*Ubuntu*) culture for individuals to ‘stand out from the crowd’ through one’s visible achievements.

According to Freeman (1983) and Letza *et al.*, (2004) a corporation is a nexus of relationships comprising of several interest groups such as management, employees, creditors, suppliers, customers, local communities, government, and the general public. These various groups (stakeholders) have various contractual and non-contractual relationships with corporations and hence affect and are affected by the corporation. In order for the corporation to achieve sustainability, it is important to nature this nexus of relationships. It is argued that, a “*Yu u Nobuntu*” corporate executive [e.g. board chairman, board members, CEO/MD and FD], whose culture is considered to be feminine (Hofstede, 1984) (e.g. stresses the value of relationships, helping the weak) would implement best practice corporate governance principles which emphasize corporate sustainability (relationship management) for the good of the organisation and the good of all stakeholders.

On the other hand a corporate executive whose culture is considered to be masculine (Hofstede, 1988) may engage in activities which are geared towards self-fulfilment because as per Hofstede his/her culture stresses acquisition of money and power. For instance, the corporate executive may engage in corporate practices which are not relationship oriented but are more focussed on short term benefits e.g. he/she may not implement good corporate governance practices like those recommended by the King Report (King Report, 2002, 2009, 2017). The white corporate executive may have economic concerns (the creation of material wealth, including financial income and assets for the company) only at the expense of social concerns (the quality of people's lives and particularly the equity between people, communities and nations) and environmental concerns (the protection and conservation of our natural environment) because he/she is more interested in material gains. This may ultimately lead to loss of trust with all the different stakeholder groups resulting in corporate failure.

3.4 Strong versus Weak Uncertainty Avoidance & Long term versus Short Term Orientation

The strong versus weak uncertainty avoidance describes the extent to which people in a culture feel uncomfortable with uncertainty and ambiguity. Strong uncertainty avoidance societies maintain rigid codes of belief and behaviour and are intolerant of deviant persons and ideas. Weak uncertainty avoidance societies maintain a more relaxed atmosphere in which practice counts more than principles and deviance is more easily tolerated (Hofstede, 1984).

Cultures that score low on uncertainty avoidance accept uncertainty, do not find it upsetting and take risks easily. Cultures that score high on uncertainty avoidance favour structured organisations and a profusion of rules and regulations that promote security and create a less ambiguous environment (Hofstede, 1984). According to Hofstede (1984) cultures which score high on uncertainty avoidance are characterised by higher levels of stress and anxiety because individuals in these societies are uncomfortable in unstructured situations. The focus of these societies is planning and trying to ensure stability as a way of dealing with life's uncertainties Hofstede (1988).

The African cultural time orientation (Note 3) is used to show a link between Hofstede's two cultural dimensions, thus uncertainty avoidance and long term versus short term and corporate governance. Darley and Blankson (2008, pp., p. 376) state that time orientation covers the temporal focus of human life, whether time is directed at the past present, or future. People "make decisions with respect to traditions or events in the past, events in the present, or events in the future" Thomas, (2002, p. 49) as quoted in Darley and Blankson (2008, p. 376). Mbiti, (1990, p. 16) as quoted in Darley and Blankson (2008, p. 376) claims that, to the African, "time is simply a composition of events which have occurred, those which are taking place now and those which are inevitable or immediately to occur". He asserts that traditionally, "time is a two-dimensional phenomenon—with a long past, a present and virtually no future (Mbiti 1990, p. 16—17) as quoted in Darley and Blankson (2008, p. 376), The linear concept of time in the Western thought, with an indefinite past, present and an infinite future, is practically foreign to traditional African thinking", claims Mbiti (1990). The future from a traditional African perspective, is virtually absent because events that lie in it have not taken place, have not been realized, and cannot, therefore constitute time (Darley & Blankson, 2008). This leads to the conclusion that, actual time is what is present and what is past in the African context. Mbiti (1990) argues that this time orientation dominates African understanding of the individual, the community, and the universe.

This two dimensional view has however been questioned by other researchers who argue that, while Africans, like any other group, may not have a clear understanding of the future, that does not mean they cannot conceive of the future plan or plan for the future (Onwubiko, 1991 as quoted in Darley and Blankson, 2008). In addition, Mbiti's views are not based on empirical evidence. In contrast Africans have been known to plan for the future. For instance, in the past it was common practice for Africans to build grain storages and store grain and other non-perishable harvests in preparation for drought years. There are also other examples which demonstrate good planning on the part of Africans e.g. in Southern Africa there is the concept of "*motshelo or stokvels*". "These are a good way for people to help motivate each other to save, and many *stokvel* or savings clubs are like social clubs where members also help each other in ways other than with money. Regular *motshelo* meetings have become a social highlight in many communities. A basic *stokvel/motshelo* is very simple. There are usually two or more members, and each member contributes a certain amount each month. This can be anything from USD50 to USD1000, depending on everyone's income. Each month, it is a different member's turn to receive the money. So, if you belong to a *stokvel/motshelo* with twelve members who each contribute USD500 a month, then once a year you will receive a USD6000 payout. You are motivated to save because the other members will know if you haven't paid your contribution, and also because the regular meetings are a reminder of what you will gain when it is your turn." These *metshelo/stockvels* are pervasive across African countries and vary in terms of *modus operandi*. The following paragraph attempts to make a link between culture (through the African cultural time orientation), the two Hofstede cultural dimensions and corporate governance.

The 21st century turbulent business world requires efficacy in business operations in the pursuit of organisational goals (Skaug, 2007), because businesses are faced with a myriad of risks ranging from physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery, credit and market risk and compliance risks (King Code, 2002; 2009; 2017). As per the King Code, one of the functions of the board of directors is to ensure that proper risk management and internal controls are practiced throughout the organisation. As such, proper planning, risk management and control strategies and procedures for addressing crises in organisations are essential to ensure a smooth flow of business operations and business recovery in the event of a crisis. This requires managers who for instance, have the capacity to plan, to consider past events, present circumstances and anticipate future events. However as per the African cultural time orientation, as claimed by Mbiti, "time is a two-dimensional phenomenon—with a long past, a present and virtually no future" (Mbiti, 1990, p. 16-17 from Darley and Blankson, 2008, p. 376), implying short term focus and high propensity to accept uncertainty and take risks, in terms of Hofstede's cultural dimensions. It is therefore posited that corporations whose structures are dominated by people from the Ubuntu culture would not implement good governance practice because of the two dimensional time orientation [short term orientation – fostering of virtues relating to the past and present – in particular respect for tradition, presentation of face and fulfilling of social obligations] which implies lack of capacity to plan.

In accordance with Mbiti's (1990) contention it may be concluded that, corporations whose structures are dominated by people from the Ubuntu culture, may generally not comply with best practice corporate governance principles because the Ubuntu culture tolerates risks and accept uncertainty unlike the Western culture which considers risk to be upsetting and require rules and regulations to promote security and eliminate ambiguity in their environment.

Studies on cultural differences in South Africa indicate that Booyesen (2000) *Ubuntu/Botho* [indigenous/black] managers are more collectivist than their white [Eurocentric] managers, white managers show a higher intolerance for uncertainty than black managers, white managers show a higher future orientation than black managers, black

managers measured higher than white managers on the humane orientation. In addition, white managers measured high on assertiveness and gender egalitarianism than their black counterparts and that white managers scored higher than black managers on performance orientation. An insignificant difference was found to exist between black and white managers on power distance (Booyse, 2000). However, both groups scored above average on power distance, although whites scored higher than blacks.

Similarly, McFarlin *et al.*, (1999) find that Africans (indigenous) have a very high uncertainty avoidance, high power distance, collectivist and feminine. In contrast their white counterparts (Afrikaner and Anglo) are individualistic, masculine and have a long term orientation. They differ (Afrikaner and Anglo) on uncertainty avoidance and power distance where Anglos are ranked as low and moderate respectively and Afrikaners ranked high in the two dimensions.

In terms of the Hofstede-Gray model, the *Ubuntu/Botho* culture of Africans has a high secrecy owing to high power distance, uncertainty avoidance, low individualism and low masculinity. High secrecy may be associated with poor governance practice. The culture also has high uniformity as per Hofstede-Gray model. Arguably, Hofstede-Gray model also indicates that the *Ubuntu/Botho* culture may also have high conservatism and low level of professionalism e.g. preference for compliance with prescriptive legal requirements and statutory control as opposed to individual professional judgement and the maintenance of professional self-regulation.

4. Summary

This paper is considered the first to theoretically assess the relationship between the African culture of *Ubuntu/Botho*, diversity and corporate compliance. The paper aimed to provide a theoretical analysis on the relationship between diversity (using nationality as proxy) and corporate compliance with best practice corporate governance principles, through Hofstede-Gray's five cultural-accounting dimensions. The paper has attempted to demonstrate that the collectivist value of *Ubuntu* culture, may play a role in fostering a stakeholder oriented philosophy in corporations. For instance, the collectivist value of the *Ubuntu/Botho* culture may influence implementation of good governance principles which ultimately benefit the community (all stakeholders) because the *Ubuntu/Botho* people are more interested in communal gain as opposed to individual gain [according to the culture].

The paper has also demonstrated that the *Ubuntu* culture has high power distance which implies that people from this culture are frequently afraid of disagreeing with their leaders. There is a tendency to seek to agree with the leaders even when the leaders may not be correct. In addition, the paternalistic and patriarchal nature of the culture of *Ubuntu*, may influence unacceptable corporate governance practices whereby decisions are taken by a single individual in corporate boards or management of corporations because under the *Ubuntu* culture, it may be deemed disrespectful to oppose and or contradict authority. Contradicting and or challenging the view points of the authorities may attract reproach from the 'elders'.

In terms of Hofstede's masculine-feminine cultural attribute, this paper has demonstrated that Ubuntu people value co-existence with other people and humility and helpfulness to others. In a way, the Ubuntu culture promotes preference for quality of life, relationships, modesty and caring for the weak as opposed to the masculine culture which promotes material possessions, money and assertiveness. From a governance perspective, it could be concluded arguably, that a corporate executive who subscribes to the *Ubuntu* culture, may implement good governance practices which enhance the quality of life of employees, quality of life of customers, pay creditors on time because they value relationships [thanks to their culture] and abide by rules and regulations governing good governance practices.

As per the strong/weak uncertainty avoidance and long and short term orientation; this paper contends that contingency planning in the Ubuntu culture has long been a practice that was part of the culture (e.g. grain storage in preparation for drought years). Similarly, time management has always been part of this culture as demonstrated by the various names given to important calendar events with regard to the ploughing season. For instance, Africans have always synchronised ploughing crops with changes in weather patterns to avoid loss of harvest due to bad weather. Contrary to Mbiti's (1990) arguments, this paper argues that *Ubuntu* culture promotes contingency planning (based on practice) and risk management as demonstrated by cultural and communal practices in this culture as discussed above.

Based on the discussion from this paper, nationality has been identified in the literature as a major impact on corporate governance (e.g. Li and Harrison, 2008; Haniffa and Cooke, 2002) and that *Ubuntu* culture may promote [not promote] good governance practices in corporations. Accordingly, diversity may play a meaningful role in striking a balance between the good and the bad attributes of the cultures of people holding positions in boards of directors and management of corporations. Literature has established a positive influence of nationality on corporate

outcomes (Ayuso & Argandoña, 2010; Brickely, Cloes, & Jarrel, 1997; Masulis et al., 2012). In a way, this provides an opportunity to diversify corporate boards and management according to different nationalities.

The paper contributes to the literature of board diversity as well as to the literature of corporate compliance and the culture of *Ubuntu/Botho*. As a result, this provides opportunities for future research to empirically assess the above-mentioned relationships. For instance, future research could empirically examine Hofstede (1984) cultural dimensions, Gary's (1988) accounting dimensions and corporate compliance within the *Ubuntu* culture. Finally, future research could investigate whether the cultural values of *Ubuntu/Botho* as discussed in this paper and in the literature, still hold true today, in view of the autocratic governments across the African continent which abuse power and authority to oppress the general populace. In addition, the African continent is replete with a culture of impunity, corruption and bad governance (Okeahalam, 2004) which counter the values of *Ubuntu/Botho*, hence the need to empirically examine whether these values are mere aspirations or reality.

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Notes

Note 1. From the researcher's experience as someone who grew up in the *Ubuntu/Botho* culture.

Note 2. Respect for the elders is an important guiding principle for behaviour common to Africans. "The elderly are seen as the true repositories of wisdom and knowledge, examples for the youth to emulate (Moemeka, 1996), fore bearers or gatekeepers of society and treated with deference, respect and dignity" (Darley and Blanson, 2008, p. 376)

Note 3. Kluckhohn and Strodtbeck (1961) Present five cultural orientations common to all human groups: 1. Human nature orientation; 2. Man and nature orientation; 3. Time orientation; 4. Relational orientation; and 5. Activity orientation. They argue that each culture addresses common human issues with a preferred set of choices but acknowledge that not all people in a culture will make exactly the same choices (Lustig and Koester, 1999; Darley and Blankson, 2008).