CGF RESEARCH INSTITUTE (PTY) LTD
Corporate Governance Framework®

ARTICLE

Somerset West
29 October 2024

NO THANKS, NOT FOR US!

By Terrance Mark Booysen (CGF Research Institute: CEO)

Despite the public outcries about corruption and the demand for increased accountability, in practice, the gravitas of good corporate governance continues to be trivialised. Corporate governance plays a crucial role in shaping the future strategic direction of organisations and guiding their operational conduct. It is especially important for those holding fiduciary duties or providing advisory services related to corporate governance. Considering the critical impacts of poor business practices on upstream and downstream stakeholders, it is very frustrating when those charged with governance repeatedly minimise or avoid their responsibility to ensure good governance is practiced within the organisation and by its leadership structures. Time and again, case studies show how unethical and poor leadership compounded by weak systems and controls, underpin the multiple governance failures that are encountered across the private, non-profit and government sectors. Understandably, many leaders do not fall within the category of 'bad leaders', and neither are they necessarily unethical. However, whilst their intentions of running an ethical business may be one of their priorities, given that they do not have proper systems of controls in place, they fail to satisfy the standards of good governance. In these circumstances, any utterances of practicing good governance are simply untrue. Then of course, giving credence to the title of this article, many leaders simply have not received the memorandum and they remain oblivious to how the world has changed in respect of the stakeholders' demands for good governance practices.

The business problem and challenge

In South Africa the introduction of the King IV™ Report on Corporate Governance for South Africa 2016 effectively compelled governing bodies (boards) to establish a governance framework to ensure vigorous oversight of the organisation's performance and value creation. In response, businesses have documented their governance structures and implemented various business systems to deliver performance information. Therein lies the problem: the information being presented to the Board is often disjointed and incomplete and not necessarily benchmarked to best practice. This makes it difficult to obtain a holistic view of the strengths and weaknesses inherent in the way in which the organisation is being governed (i.e. quality of governance). Understandably, this has grave implications for organisational decision-making.

To simplify matters, boards need access to consolidated governance, risk and compliance (GRC) data delivered by way of a digital governance framework that collates governance information from different business systems and departments and provides the Board with an assessment of the organisation's overall governance maturity (Figure 1). The outputs of the governance framework should be included in the boardpack.

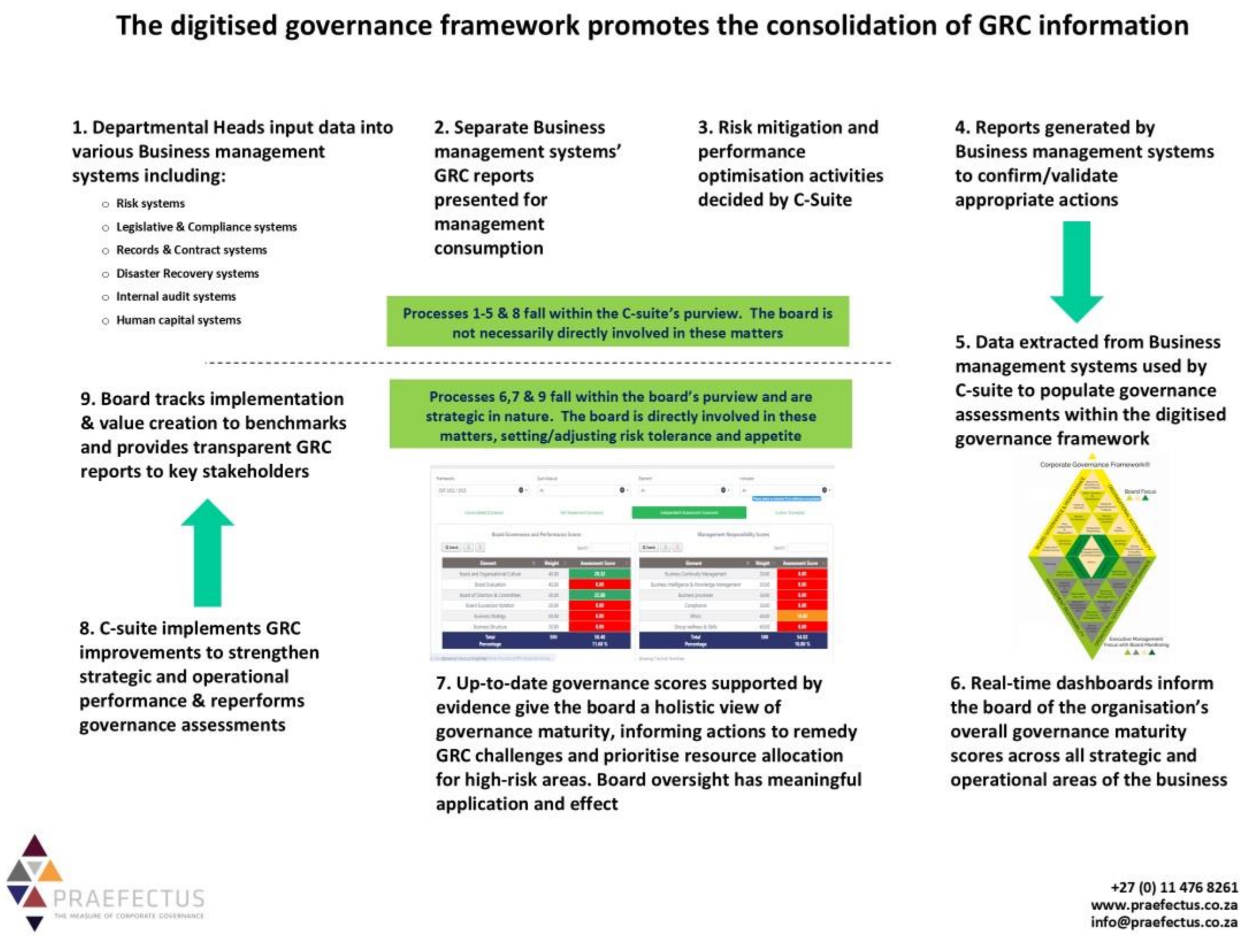

Figure 1: Flow of governance information

Important features of a digitised governance framework

An effective digital governance framework must, amongst other:

- Enable the executives and those charged with governance to assess the quality of governance across all elements (areas) of the business.
- Provide the Board, executives and other key stakeholders with a snapshot (through scorecards and dashboards) of the state of GRC across the organisation, driving transparency and accountability and specifically identifying those areas that require further attention.
- Provide data and supporting evidence to facilitate objective decision-making to navigate the organisation through changing geopolitical and socio-economic environments while prioritising, recording and monitoring the implementation of remedial action and governance improvements.
- Allow for flexibility and innovation, and drive improved efficiency, high performance, service delivery and accountability.
- Recognise the regulatory framework within which the organisation operates as well as the policies and best practice standards that inform its GRC maturity.
- Support an ethical and stakeholder-inclusive approach to strategy implementation in alignment with the organisation's purpose and values.
- Reinforce trust amongst the organisation and its stakeholders by:
    - demonstrating competence across all areas of the organisation
    - embedding performance management, meeting expectations and delivering on promises
    - transparently sharing information and motives
    - monitoring, caring about and advocating for the well-being of its stakeholders.

Boards should be leveraging cutting-edge digital solutions to obtain deep insight into the evolving needs and challenges of corporate governance and in doing so, empower board members and executive management to tackle these challenges in a forward-thinking manner.

Words: 679

For further information contact:

Terrance Booysen (CGF: Chief Executive Officer) - Cell: +27 (0)82 373 2249 / E-mail: tbooysen@cgf.co.za
Jené Palmer (CGF: Director) - Cell: +27 (0)82 903 6757 / E-mail: jpalmer@cgf.co.za
CGF Research Institute (Pty) Ltd - Tel: +27 (0)11 476 8261 / Web: www.cgfresearch.co.za