ACCA AFRICA MEMBER CONVENTION 2017

CORPORATE GOVERNANCE DEVELOPMENT

"Corporate Governance Beyond Corporates"

by

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PRELUDE

- **November 2016**

  Consultant for ACCA-KPMG study in determining Corporate Governance landscape for Zambia and Malawi

- **2012-2013**

  Participated in establishing OECD Southern African Guidelines on the Governance of SOEs.

CORPORATE GOVERNANCE DEFINED

"the system by which organisations are directed and controlled"

Cadbury Report 1992

"Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals…..the aim is to align as nearly as possible the interest of individuals, corporations and society."

Sir Adrian Cadbury
Corporate Governance Overview, 1999
World Bank Report

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HAS CORPORATE GOVERNANCE DEVELOPED?

- In so far as Africa is concerned, the real question is whether Corporate Governance is found in SOEs, which will determine if SOEs are applying Corporate Governance Principles for their daily activities.
- This will indicate what Corporate Governance is doing in Developmental Agendas in Africa.

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CORPORATE GOVERNANCE IN SOEs: WHY?

- State-owned enterprises form one of the largest sectors of the economy in many African countries
- They are important contributors to national development.
- SOEs provide citizens with access to vital services such as water, electricity, health, sanitation, telecommunications and transportation.

CORPORATE GOVERNANCE IN SOEs: WHY?

- Many African economies have placed SOEs at the centre of their national development strategies
- There is a growing trend to rely on SOEs to remedy market failures and remove direct obstacles to development.
- SOEs drive competitiveness, job creation and industrial development.

CORPORATE GOVERNANCE IN SOEs: WHY?

- The competitive position of the private sector-led economy, including small and medium-sized enterprises, is also heavily dependent on the services and infrastructure provided by these firms.
- On a regional scale, SOEs are key players in large cross-border infrastructure projects, which are crucial to realising regional integration goals.

CORPORATE GOVERNANCE IN SOEs: WHY?

- This is partially a response to disappointment with the outcomes of privatisations and structural reform programmes in the 1990s
- There is also a growing consensus that if governed properly, SOEs can support national development
- **Governed Properly** means application of Corporate Governance Principles

KING IV: UNIVERSAL APPLICABILITY

- Ethical Leadership: Integrity, Competence, Responsibility, Accountability, Fairness and Transparency
- Every organisation is in society. It ought to go for effective leadership which is results-driven
- Stakeholder expectations impact on organisations' strategy
- Technology is part and parcel of Corporate DNA
- "Organisations" and "Governing Bodies" are used instead of "Companies" and "Boards of Directors"

CORPORATE GOVERNANCE BEYOND CORPORATES

- King IV Report aspires to apply to all organisations, regardless of their form of incorporation.
- Corporate Governance must be accepted by all as applicable across a variety of sectors and organisational types.
- Corporate Governance must therefore apply to SOEs, NGOs – a wide spectrum

THE DRIVERS OF CORPORATE GOVERNANCE IN SOEs

- IoDs: African Networks
- African Governments acceptance of Corporate Governance in APRM drive
- Seminars, Conferences, Trainings everywhere

(2017: Zanzibar, Moshi, Arusha, Johannesburg, Lusaka, Local Government Authorities)

CONCLUSION

- Good Corporate Governance dictates that Governing Bodies govern organisations in a way that maximizes shareholder value and in best interest of society.
- It is neither in long-term interest of the organisation nor of society, to short-change customers, exploit labour, pollute environment or engage in corrupt practices.
- This is development.
- The Giant is Awake!

THANK YOU

FOR YOUR ATTENTION!
STAY BLESSED!

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