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### **Poor governance leads to ivory towers**

The media is increasingly reporting on the manner in which CEOs are being exposed through their careless leadership qualities, questionable managerial styles and poor decision making abilities, all of which inevitably contributes to scepticism about their bona-fides as corporate citizens amongst an organisation's stakeholders, locally or internationally. Clearly, as in the case of the infamous and 'indestructible' Titanic, the bridge and its captain (the board and CEO) are to be held accountable for plotting the course of the ship's charter, or in the business case, the organisation's strategy and end results. However, if the engineers in the engine room are not on board -- if they do not heed the instructions of its captain -- the ship is almost certainly doomed.

Naturally, the passengers (stakeholders) suffer the fate of the impasse that may exist between the captain and the engineers. This mostly has devastating results. Accordingly, it is an absolute imperative that the leader of any mission, charter or organisation is chosen on merit, knowledge and experience. This will ensure that the stakeholders do not only feel comfortable with their leader, but are indeed confident as their captain navigates the organisation past the treacherous icebergs.

Alarmingly, many of South Africa's major public state-owned enterprises (SOEs) find themselves in turbulent seas with their charters in total disarray. To make matters even worse, the engineers are ignoring the direction of their captain's leadership; the passengers (stakeholders) are totally disenchanted with the 'oceanic experience' and the arrogance of their captains. Drawing further references to the Titanic disaster, the citizens of South Africa -- the country's biggest stakeholder constituency -- cannot be blamed for their grave concern regarding the implications attached to poor leadership as cited in the media. This includes Eskom, Landbank, Transnet, Armscor, SABC, Denel and SAA.

Whilst there may be many other embattled private organisations with similar leadership problems, they generally do not have the same effect or level of public attention because the stakeholder investment is different. In the majority of instances the ordinary citizens of South Africa do not have a direct interest or investment in these private entities. As far as the SOEs are concerned, citizens **do have** a direct interest in these organisations as they form part of our civil infrastructure; they provide our essential communal backbone and citizens pay for these services through their taxes! Compounding the country's leadership problems yet further and causing even more stakeholder alienation from our country's national leadership, are the deep-rooted poor service delivery issues that may be attributed to municipalities' inept leadership, including the shocking reality in which many are accused of incompetence, nepotism, greed, fraud and corruption.

Lessons of the past appear to have been forgotten. Perhaps the country's citizens (stakeholders) need to take stock of their current circumstances which is causing incalculable damage and personal misery, especially amongst the poorest of the poor in South Africa. In many instances, one can directly link poor leadership in the SOEs and municipalities to the damage caused within the communities. It is therefore important to ask critical questions regarding the calibre of our country's leadership and whether these leaders have held themselves accountable to deliver the expected deliverables to those citizens who put them there in the first place?

Perhaps it is the citizens themselves who are partly to blame for the predicament we currently find ourselves in because we did not apply the necessary checks and balances to ensure that we were appointing the right leader for the position. Too often we elect leaders based on their popularity; or it

may be their *reported* successes which we naively accept and thereby allow these so-called 'leaders' to take control and destroy the credibility of that which previously may have been good. This is why it is so important to ensure that each and every citizen is aware of the role they play in civil society, particularly where leaders of governmental organisations are appointed. There is no excuse for poor leadership and mediocrity. We have a constitutional right and duty to elect and maintain a pool of good leaders to serve our country and its interests. These leaders should conduct their business and its affairs, on our behalf, on an exemplary basis at all times.

Moving to the organisations themselves, blame can also be attributed to the internal stakeholders when they allow CEOs to operate without reasonable consultation when this is warranted. Many executives and senior management, including employees, may actually know the shenanigans of their CEO, yet are either intimidated or mesmerised not to speak out, due to the CEOs spell of secrecy or code of silence.

Then there are the shareholders, who so often focus on the profits in isolation, caring little for the manner in which these profits are achieved, or the cost to society at large. As the modern-day organisation has evolved, we have -- through the principles of the triple bottom line and integrated reporting -- realised the critical importance of preserving our environment, to take care of our people and the role of stakeholder engagement and activism in sustaining a healthy, well-balanced society. Indeed, these values are also enshrined within our Constitution. It is only a question of time, together with stakeholder engagement and activism, and civil society's frustration before we see a radical shift that will see errant CEOs and directors being forcibly removed from their 'ivory towers'.

Good leaders should be appointed on the basis of their leadership qualities and experience cited within the recommendations of the King Code for Corporate Governance. This is one of the many reports used to guide organisations and its leaders on the prerequisites for running a successful, sustainable and acceptably practiced organisation. Good leaders think about their stakeholders first and would certainly not draw unrealistic bonuses of any sort, neither purchase luxurious vehicles costing extraordinary sums of money, without first ensuring that all the stakeholders are in good shape and order.

No red tape should be tolerated in the process of dismissing leaders when they have been found guilty of serious transgressions on the most basic functions of their job. In fact, leaders who demand and expect some kind of severance pay after being exposed for not having fulfilled their mandates confirm that they are self-serving individuals. The very least these disgraced individuals should do if they have any integrity, or intention to restore their dignity is to correct their wrong-doing by repaying their debt to society instead of expecting unrealistic financial settlements which have become so fashionable in recent years. Simply walking away from their problems is no solution either - leaders are accountable, that's why they demand higher fees and they must be brought to book if they do not perform as expected.

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