



# Leadership Governance

Leadership positions is a responsibility instead of a privilege. It takes a special breed of individuals to be leaders who upholds corporate governance

**P**rior to writing this article, I earlier pondered upon the difference between leadership in governance and the governance of leadership. At a glance, one won't be able to discern the difference between the two. There is however a fine line separating them. The former pertains to key mechanisms which corporate and institutional leaders need to introduce into their respective institutions. The second relates to the qualities which leaders must possess to effectively lead corporate governance.

The New Economic Model (NEM) outlines five key challenges for the country in order to attain the status of high-income developed nation and global re-positioning. They are leadership, governance, people, planet and profit/productivity. In the context of business and the economy, I re-cluster them into four themes - institutional leadership, corporate governance, corporate responsibility (derived from people, planet and profit - the 'Triple Bottom Line') and innovation (derived from profit/productivity).

In my view, central to the five key challenges is leadership. For the purpose of this article, I will confine its deliberations within the context of corporate gover-

nance. At the risk of oversimplifying things, I firmly believe that effective leadership can address all the aforementioned challenges. Now, let's examine the multi dimensional characteristics of leadership governance.

First, a leader leads by example. In this regard, the board of directors must practice what they preach. Otherwise, they will be mocked upon and taken as hypocrites by their staff. As such, it is very important when making calls for corporate governance, the board of directors must themselves refrain from making decisions which smack of personal interest, possess hidden agenda or indulge in making misrepresentations. Their focus and intention must be pure, that is to serve and bring benefit to the company. To a large extent, such priority overrides the interest of the shareholders. In doing so, the board members are predominantly guided by their conscious, principles, self-discipline and most importantly honesty. It defeats the purpose where the board (or CEO) drums the call to embrace corporate governance but they themselves are devoid or lacking of it. 'Walking the talk' for corporate governance is extremely important. By adhering to corporate governance, the board members are actually setting the

tone for the entire organization to follow. Corporate employees will not only be motivated but also inspired by such leaders. Consequently, the board members would earn their respect, something which ineffective leaders tend to give less emphasis in their leadership.

Secondly, a leader must be firm and objective in upholding corporate governance. Serious corporate misfeasance should not be tolerated. Allegations or rumours with regard to lack of corporate governance should be investigated with an open mind. The guilty must be punished accordingly. All these are easier said than done though. In this regard, having the courage to do the 'right thing' is very important.

Thirdly, leaders are a special breed of people whom others look up to for guidance, knowledge and wisdom. With regard to corporate governance, their leadership quality will be augmented if they possess adequate knowledge of the subject. As such, board of directors should be acquainted with the true meaning and concept of corporate governance, key corporate regulatory requirements as well as understanding its economic and business benefits.

Fourthly, a leader must possess vision with regard to the end-state of corporate governance practice in his institution.

He must strive to attain the highest ideal and learn from past experiences. Address gaps and ensure continuous improvements (kaizen) where things are already in reasonably good order. Mankind has stepped on the moon. Our next target should be Mars. After that, the nearest star and beyond!

Finally, leaders always make the most difficult decisions. He need not be a populist. In doing so, he must be guided with knowledge and wisdom. Get to know the facts as much as possible. Listen to views from those who possess the knowledge and experience on a given subject matter. Thereafter, it will just be matter of arriving to a decision on an objective basis.

I see leadership positions as a responsibility instead of a privilege. It takes a special breed of individuals to be leaders who upholds corporate governance. True and effective corporate governance emanates from leadership instead of laws and regulations.

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