

Enterprise Governance

This Wednesday I joined the first ever Forum for Enterprise Governance, here in Hong Kong. The first ever to be held anywhere in the world. It was a great honour to be approached by the Chartered Institute of Management Accountants (CIMA) in September about the event – I saw the point immediately. Local businesses are fed up with being bashed over the head with the corporate governance agenda from the west and they were responding with a very timely counterpoint. Corporate governance, as commonly understood by the markets, is about the conduct of the company board. Enterprise governance is about the conduct of a company as a whole. As such, enterprise governance chimes most perfectly with the triple bottom line agenda of SRI and its interest in accountability and reporting on ‘total’ corporate performance.

As Albert Law, Vice President of CIMA HK, the champion of the event, explained ‘Corporate governance does not by itself make a successful company’. Quite so. This is not to belittle the importance of high standards of corporate governance. However if the interest is in maximising enduring returns, then the scope has to become wider and encompass an evaluation of the management of the company as a whole. Looking for examples to cite I realise there are now Asian companies with as good as or better enterprise governance systems in place as any of their western competitors. Take Sony, for example, with its product development and procurement policies, or MTR with its emphasis on employee training. At the same time it’s clear that those working in the field of Corporate Social Responsibility need to reflect on this term ‘Enterprise Governance’. Too much of CSR the world over is worthy, ‘must do’ activities which are not seen to be core to the company’s success or survival. As a consequence there are very substantial blind spots in CSR, especially in some industries. Given the scale of the challenges we face, especially on issues like climate change, this level of response is woefully inadequate. Isn’t it time to see some enterprise in CSR? Or put another way, shouldn’t CSR be stepping up to the challenge of Enterprise Governance?

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