

Personal Governance: The Cornerstone of Corporate Governance



CS S K Gupta, FCS
cbst.sk Gupta@gmail.com

The perspective

In a basic sense, corporate governance refers to the way in which a business operates. The rules, regulations, policies and practices adopted by a business entity, the way in which its internal working functions, all form part of corporate governance. Many governance experts break it down into four simple words: People, Purpose, Process, and Performance. It is of utmost importance that the governance of an entity is one that ensures the following of appropriate and relatively transparent policies and practices, ones that protect the interests of all involved. Good Corporate Governance is not a set of rigid rules and should go beyond ticking the structural indicator boxes. Directors, employees and all stakeholders should understand and honor the letter and spirit of the laws and regulations that apply to their business; foster a fair, respectful and collaborative work environment; instil & maintain trust in dealings with all stakeholders and above all act with integrity.

Good Corporate Governance Is a Great Idea, But Is everyone one Practicing It ? Corporate governance is not only the focus of the board of directors but everyone in the organization.

Personal self governance deficiencies or the absence of personal governance has brought negative publicity upon leaders and their companies as well as in certain circumstances wrecked reputations and careers. Governance can be improved at two levels—intrinsic and extrinsic. India is beginning to leverage several extrinsic measures at the institutional level. The other half of the solution includes an intrinsic approach, where change should come from within, in every individual, through practicing righteousness, which can be perceived as a form of self-governance. It is driven by honesty, integrity, commitment to

larger good, and other moral values. The intrinsic approach is based on the assumption that individual moral values form the core and need to be restored to improve the conduct of human beings, and make the world a better place to live in. The principles of Corporate Governance by themselves define the responsibilities of individuals who have significant roles within the Corporate Governance framework and the diligent performance of these roles ultimately impact on the entity to which they belong. These principles are Responsibility, Accountability, Transparency, Reputation, Fairness, Independence and integrity.

Defining Self-governance : The dictionary defines self-governance as:

- Exercising control or rule over oneself
- Characterized by self-discipline or self-control
- Control of one's emotions, desires, and actions by one's own will

A good addition to the definition is - Doing the right thing when no one is watching. You focus on a life of good values, so you do the right thing even when there is no one to reward or punish you. Strong and sustainable corporate governance can only happen if the people in charge of organizations can demonstrate solid personal governance. Personal Governance is a conscious, strategic and operative/situational form of self steering and permanent personal development. Personal Governance reflects the uniqueness of each person. Personal Governance means taking responsibility for your own actions and doing things as well as you can.

Is Personal Governance a new concept ?

Well, given its special characteristics and its close relationship with top management and

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Corporate Governance, we can cautiously say yes. In recent years, corporate and managerial social responsibility, management ethics and work-life balance have all been talked about at length. Still, Personal Governance has deep roots. It has a lot in common with Plato's 'self-care.' For Plato, self-care was a pre-condition for moderation in exercising power over others. The theme has also been taken up by Michel Foucault and Peter Senge. This is a dynamic journey, linked to our personality development, aptitude for reflection, coping strategies, the way we communicate and interact, our ethics - and beyond

Essentials of Personal Governance

It all starts with ourselves. By establishing a meaningful Personal Mission and set of values. By engaging in healthy self-reflection and continuous self development. By better managing stress, balancing our work and private lives and interests - and ultimately our reputation. Organizations need to establish the conditions most likely to nourish good Personal and Corporate Governance and create shared responsibility together with employees. Personal Governance coaching is a powerful way to support reflection, learning and personal development.

Personal Governance is a psychological contract with ourselves. This contract implies expectations regarding our actions and commitments. An important corollary – playing a key role in personal governance – is the psychological contract between company and employee. This regulates mutual expectations in a way that goes beyond the formal framework of the employment contract.

So, what do you ideally see in persons who embraces personal governance ?

- They have Life plan and goals, a personal mission serving as a common thread with organizational goals
- They have a high-awareness of their personal value system and are ethically responsible for their action
- They have a high capacity for self reflection ,self-assessment and self-regulation
- They opt for functions in which their strengths and preferences can most ideally be expressed, avoiding (or clarifying) role conflicts (clashes between private or professional roles),
- They are aware of the most productive use of time and allocate their energy accordingly
- They regularly reflect upon and check their behavior. For example, via coaching, peer coaching and feedback
- They have a stress Knowledge and recognition of personal stressors (destructive causes of distress) and possess awareness of the right (work)load for themselves and for others:
- They have Coping strategies (ways to overcome problems and diminish load) which are situationally deployed, checked, adapted and, when necessary, effectively substituted
- They are able to reach out for help in difficult situations – via coaching, professional/ personal consulting, etc
- They have Personal development plans and pursue ongoing study and inquiry
- They have strong personal interests and passions outside the scope of professional

responsibilities:

- They can experience 'flow' experiences – a state of complete immersion in an activity
- They visibly and skilfully manage their personal space and time
- They make space for social engagement
- They are alert to maintaining and growing personal reputation and that of company
- They honor their words and keep promises they make
- When They ask for more responsibility, expect to be held fully accountable
- They Don't expect people to trust them if they aren't willing to be trustworthy for them first
- They are nice, courteous, polite, respectful and considerate

To work as a self-correcting system, individually or as part of a team, a person must operate from a developmental plan that contains three lines of work, stemming from a hierarchy of values and influences. This means working on expressing one's own uniqueness (first line) and learning about oneself and the joys and problems of working with others (second line), while all the time searching for opportunities to make a contribution to something greater than oneself (third line). Every person within an organization must consciously imbibe and reflect the characteristics of Corporate Governance which include the following:

- Accountability
- Transparency
- Lawfulness
- Responsiveness
- Equitability and inclusiveness
- Effectiveness and efficiency

- Participation
- Discipline
- Fairness
- Social responsibility

Conclusion

Society is changing. Organizations are not solely focused on delivering value for their shareholders, they accept they have a wider remit to act as a responsible business and deliver on more than just a financial level. Despite the corporate governance system, not enough has shifted in terms of how companies and individuals behave — which is where the change needs to occur. Codes and governance are not going to help shift mind-sets; instead we need to focus on principles, transparency, responsibility and accountability. To be effective on the job, people must have a stable working environment, access to critical resources, and clear goals and responsibilities. But they must also have leeway to adapt to changing conditions and make the right decisions in the moment—and managerial hierarchies often don't provide that flexibility and discretion.

The only way a person can maintain their inner balance and optimize their ability to be self-governing is by creating and utilizing their own developmentally holistic plan and then continually self-reflecting to stay with the plan. Organizations need to establish the conditions most likely to nourish good Personal and Corporate Governance and create shared responsibility together with employees. Personal Governance coaching is a powerful way to support reflection, learning and personal development. ■

