Beleaguered governance professionals face greater complexity and increased workload

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New research reveals 88% believe governance to be a key priority in their organisation, yet just 40% believe firms should face strict financial penalties if they do not comply

28 June – New research with governance professionals has illustrated the changing nature of governance roles, with 53% saying they now face greater complexity in their work and 61% an increased workload.

The study, conducted by online board portal provider eShare (http://eshare.co.uk/), also revealed that 88% of respondents say that good governance is a key priority in their organisation, and that 79% believe that governance is well resourced in their organisation. However, when it came to how organisations should be penalised for bad governance, just 40% say that companies with bad governance should face extreme financial penalties.

“Good governance is hugely important in modern business, but for it to work there has to be accountability amongst those at the highest level of an organisation,” said Alister Esam, CEO, eShare. “To really tighten up on governance there has to be an incentive for boards to be more accountable. Whether that’s a fine big enough for a corporation to actually notice, or for individual board members to be held responsible when things do go wrong, punishment must be increased for bad corporate behaviour.”

Half of respondents in the research say that they are better positioned than ever to meet compliance targets, while eight in 10 say to be cited for poor governance would be a disaster for their organisation. The last few years has seen an increased focus on firms found guilty of poor governance, with one of the most high profile being the Volkswagen scandal of 2015, which saw significant financial penalties for the car manufacturer.

However, despite the high profile of such cases, not all firms are addressing governance quite as head-on as they could. The research showed that 10% of those surveyed admit that their firm does not have a strict governance strategy, while less than half (44%) say that organisations are better governed now than they have ever been.

“Many organisations have in place the tools and processes they need to stay on top of compliance requirements and to be governed effectively, but to see any firm without a governance strategy is most concerning,” continued Alister Esam. “This is an indication that some boards aren’t taking the threat of financial penalties seriously enough, which is why measures must be stricter to try and ensure that companies do business in the right way.”

Around three-quarters of respondents say that the mark of an effective board is transparency into decision making, and that is another area where organisations can improve how they operate, according to Alister Esam:

“So many boards are so rigid in structure and approach, and much more could be done to ensure boards are transparent and honest. It’s partly the use of technology but it’s also a cultural issue – board members could be much more in touch with what is happening in their business, which would help greatly with issues of visibility, transparency and openness at a senior level. In turn, this greater transparency would inform and improve governance in the business.”

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About the research
An online survey of governance professionals was undertaken in March and April 2017.

For further information visit www.eshare.co.uk and www.boardpacks.com

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