

Why Director Accreditation?

Contributed by Tan Lye Huat, FCCA CEO, HIM Governance Pte Ltd

■ Mr John Lim, President of the Singapore Institute of Directors (SID), declared at a recent seminar, jointly organised with Ngee Ann Polytechnic and supported by ACCA, “that having good corporate governance is not an option but a necessity for Singapore companies”. I also quoted, at the same seminar, Professor Bob Tricker as predicting that the 21st century will be “the Century of Corporate Governance”. The Institute of Directors (IOD), UK, has all along referred to the work of directors as “the profession of director” and my guru, Dr John Carver, makes no qualms about what the “job of the Board” or the “job of the director” under Policy Governance® is all about.

Juran and Leighton note that the governing role is “one of the least studied in the entire spectrum of industrial activities”. The disparity between the authority, power and responsibility bestowed upon boards and the degree by which the science and art of governance that has been developed to fully discharge them, thus far, is tremendous. The resources and facilities that are made available to support boards and directors in their governance role pales in comparison to that of management.

A visit to Hong Kong late last year, drew attention to a report by a Finance Secretary-led Committee which acknowledges that good corporate governance was critical to the development of Hong Kong as a financial centre. It also notes that not more than 20% of targeted directors attended programmes rolled out by the HK IOD and goes on to propose that in order to motivate directors to subject themselves to training,

listed companies have to comment on director training and development in their annual reports.

There is no doubt that the majority of directors need to undergo some degree of training and development in order to enhance their knowledge, understanding, skills, expertise and professionalism in playing their increasingly onerous and demanding roles in an increasingly complex and demanding environment, something which they have all along been advocating to management, except to themselves.

Corporate governance expert Bob Garratt, in his latest book, “Thin On Top” mentions “that simply replicating the functions of executives at a higher functional level is not a solution but a key part of the present problem” and “that there is now significant demand for the accreditation of directors—directing is becoming an assessable profession” as two new notions sweeping through director and board development thinking.

William A. Dimma, one of the most distinguished and outstanding directors that Canada has produced, in a chapter on “Director Accreditation” in the book “Excellence In The Boardroom”, notes that “the principle of fostering a better-trained and, therefore, better-prepared director class is universal” and he “concluded, tentatively, that this is an idea whose time, if it has not yet come, is probably approaching”.

Other than the Institute of Directors (IOD, UK), which celebrated its 100th anniversary last year, most national institutes of directors or their equivalent, were set up in the past 5-10 years in response to the

need to promote good corporate governance as well as to provide training and development. Both the IOD (UK) and the Australian Institute of Company Directors (AICD) have made significant breakthroughs in their very wide range of programmes. The former and the latter's title of "Chartered Director" and "Fellow" are accorded based on director accreditation and proven professional experience and expertise of between three and five years.

Across our region, only the Thai IOD has a director accreditation programme with the AICD and it is understood that the Philippines should have theirs up and running by the middle of the year. Back home, our very own SID is contemplating the equivalent of the Chartered Director (C Dir) programme as reported earlier.

It is heartening to note that two directors' programmes examined by ACCA (www.ACCAdemy.com) and Kingston University, respectively are available in Singapore.

These two programmes will no doubt assist in uplifting the level of director education and accreditation in Singapore and contribute significantly to the supply of professional directors in due course. ■

