

Social governance

critical in organisation building

To defend the rights of members, unionists have to consider how organisations function and whether they comply with principles of corporate governance.

Frans Baleni explores the notion of social governance in unions and why this should form part of an organisational building exercise.

The unions should endorse good corporate governance principles, including the checks and balances that ensure those who steer the ship are accountable. The high-profile collapse of Enron illustrates clearly what happens when the leaders of an organisation don't have the interests of the organisations' future at heart. Although there seems to have been a multiple of factors contributing to the downfall of this empire, the overriding factor was greed (and the concern for material gain) and power of the CEO. This coupled with weak governance structures ensured that shareholders were misled.

If the structures that ensure accountability are weak, it becomes

difficult for organisations to confront their challenges. A clear lesson here is that corporate governance is not just a list of procedures. It is also a state of mind.

Negative attitudes, which are displayed or owned by leadership, have serious consequences for any organisation.

It is not only the CEO who is responsible for ensuring good corporate governance, but the entire board. In the case of Enron this was not possible because of greed. Some non-executive directors were offered consulting work within the company. This led to a situation where their focus was on making money through consulting and not paying attention to their fiduciary duties.

Non-executive directors had a responsibility for the whole company's direction and that didn't mean just attending meetings. Although Enron collapsed because of unethical practices, it had a code of conduct that 'Business is to be conducted in compliance... with the highest professional and ethical standards... integrity, communication and excellence is its core values', but it was ignored.

THE ROLE OF LEADERSHIP

Garratt (1997) argues that a fish rots from the head. This means that when there are organisational problems, which cannot be organisationally resolved, one must blame the leadership. The author makes a distinction between a director and a manager, 'managing is a hands-on-activity thriving on crises and action' whereas directing is essentially an intellectual activity. It is about showing the way ahead, giving leadership. Garratt says 'directors need brain-on, rather than a hands-on attitude.' Directors must provide essentially a political direction and be able to monitor, evaluate

and reposition the direction of the organisation. The following are symptoms of corporate collapse:

ONE-PERSON RULE

- A non-participating board
- An unbalanced team
- Lack of management depth
- Weak finance function; and
- Wearing negativity like a brand name

In his book *Thin on Top*, Garratt (2003) makes a case for fundamental corporate values – that is accountability, probity, honesty, while the following human values also play a critical factor:

- Humility
- Honesty
- Trustworthiness; and
- Frugality

Garratt states further the importance of the role of the boards in policy formulation, strategic thinking and their ability to scrutinise management decisions effectively. This must be done not by a red pen approach only, but by providing alternatives.

WHY IS THIS RELEVANT TO UNIONS?

Trade unionists must be wondering why corporate governance issues relating to companies and the world of capitalism are relevant to unions. Their relevance lies in the fact that unions have various structures and processes that are supposed to be accountable to the membership. For example, how leaders are elected, whether they have the necessary qualities to fulfil their functions and the role of various union structures.

ELECTION PROCESS

It is inevitable that outside interests dictate who is elected onto various union structures. They provide resources and networking

facilities to ensure that their preferred candidate wins. 'Twenty years ago, we could predict a number of things; a boy will be a boy, grow up and get married to a woman and have children. But today that prediction might not be so accurate because even sexual preference has become an important area of choice.' In other words, in the past we knew that those who are elected in the union structures had endured the bottom of the mountain before reaching the top. Honesty, commitment, hardwork and discipline are some of the expected characteristics in a cadre before being elected. Ultimately, a good leader is always chased by positions, whereas a weak leader chases positions. The results of elections must reflect a balanced team, who compliment one another.

WHAT ABOUT THE ROLE OF THE NEC

In the context of corporate governance, are NEC members playing the role of directors, managers or both? There are NEC members who are administrators, regional coordinators, political leaders, strategists and everything else you can think of. NEC members get free cars, free fuel and other resources to enable them to execute their responsibilities either as NEC members or regional leadership. Yet, in some cases there is a lack of accountability. Does that not amount to a director who is consulting for payment? To whom does an NEC member account when he/she spends in excess of R4 000 a month on fuel? What about the role of the NEC in relation to senior managers in the union? Should they be allowed to attend some NEC sessions? There are unions that do allow their senior management staff to attend CECs or NECs. Why is it that some unions do not encourage senior management participation?

REGIONAL STRUCTURES

Unions need to properly evaluate the state of regional structures and whether they are delivering on training and developmental issues or whether they get bogged down in petty squabbles. What happens to these structures when the funds from an agency shop are directed at the regions as opposed to head-office? Are these funds used to the best interests of the union and its members?

RECOMMENDATIONS

Edmund Burke once said, 'the only thing necessary for the triumph of evil is that good men and women do nothing'. On the other hand, Alexander Pope stated that 'if you are not part of the solution, you're part of the problem'. Reference to these two quotes is aimed at proving a point – we only have ourselves to blame for the weaknesses experienced in the organisation if we do nothing. Union structures must ensure the following:

Discipline – There must be a rulebook, which provides guidelines for discipline enforcement within the leadership.

Accountability – The national office bearers must be accountable to the NEC and other structures of the organisation. All NEC members must be subjected to peer performance appraisals. The Regional Committee members must also be subjected to the same exercise on an annual basis.

Resource management – All leaders must account for expenses including justifying fuel expenditure once they exceed the limit – they must be able to produce a record/logbook.

Senior management – Performance appraisals should continue while human resources should continue to conduct skills analysis of managers.

System of electing leaders – The system for electing leadership should be reviewed.

Consideration should be given to ensuring that

- only members who are committed to the aspirations of the union and its constitution are eligible to be elected as shop stewards;
- only current serving and former shop stewards who are members in good standing who have served for a period of over two years as stewards within the union in any branch of a region may be nominated and elected into positions of branch office bearers;
- at regional level only members who are current serving stewards and former stewards who are members in good standing or branch office are eligible for elections;
- at the national level only members who have served as office bearers at branch and regional level may be nominated and elected into the position of national office bearer. Where applicable only former members and members in good standing who have served as office bearers at branch or regional level shall be eligible for election as national office bearers.

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WHAT THEN SHOULD BE THE QUALITIES OF ELECTED OFFICE BEARERS?

General Secretary/Deputy

- Must have the ability to read and write.
- A good political administrator.
- Result orientated, honest and a visionary.
- Ability to detect weaknesses and alert the team in order to rise to the challenge.
- Must be knowledgeable about the union and educational expectations.
- Skilful, patient, passionate, tactful and self-motivated.
- Good in compiling records and presenting reports to the appropriate forums and structures.
- Must have financial and budget monitoring ability.

- Ability to analyse various situations.
- Must have a clear political stance, which is not contradictory to the union profile.

Treasurers

- Honesty, dedication and truthfulness are the top requirements.
- Good and calm political administrator.
- Decisiveness and hands-on leadership is a must.
- Knowledgeable about the organisational programmes, resolutions and long-term strategic plans.
- Politically sharp person who will be able to reconcile rands and cents with the organisational work.
- Ability to measure output.
- Team member and a unifying figure.