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# corporate governance

*better companies, better societies*

## Corporate Governance Leadership Program: Assessment Stimulates Program Thrust

It has been almost a decade since the Global Corporate Governance Forum expanded the operating platform for businesses in developing countries beyond the traditional confines of adherence to laws and regulations.

In transforming the caliber of corporate governance, the Forum envisioned that it would be promoting *“an engine of growth, reducing the vulnerability of developing and transitioning economies to financial crises, and providing incentives for corporations to invest and perform efficiently in a socially responsible manner.”*

To assist developing countries in attaining this goal, the Forum devised Leadership programs for corporate governance trainers. Based on global best practices, these programs sought to enhance board directors' competencies and skill levels.

These train-the-trainer sessions were based on the belief that *“expert training strengthens effectiveness in building board directors' professionalism.”*

During these sessions, trainers conveyed standards and principles; defined board functions and shared implementation methods; initiated the sponsorship and application of case studies; distributed texts, manuals, and other applicable materials; and, spawned the development and leveraging of strategic partnerships and alliances.

### Assessment Guides Effectiveness

In the spirit of good stewardship, the Forum set about to assess these programs' effectiveness. A consultant was hired to examine the two most recent Leadership programs, evaluating the sessions, reviewing the subse-



Participant from the Corporate Governance Leadership Program (Southern and East Africa) receiving her certificate from Philip Armstrong, Head of the Global Corporate Governance Forum

quent impact, and analyzing the monitoring mechanisms with one overall purpose to recommend adjustments and propose alternative program solutions.

In evaluating the effectiveness of the Forum's activities, the consultant employed three measurement criteria: transfer of knowledge; knowledge applicability and utilization; and, their subsequent effect on corporate governance, management, and performance.

In general, the assessment was favorable. *“Almost all participants [found] the Leadership programs of high quality, well thought through, intense and worthwhile.”*

The general consensus about the sessions was that they provided encouragement and moral support to those advancing the corporate governance agenda; they introduced new topics such as shareholder activism; and, they created venues in which individuals could solidify strategic alliances with other organizations also working on corporate governance.

There was significant evidence of knowledge transfer. Participants became confident in citing case studies and felt comfortable with their adult-learning skills. They had many occasions to network, meeting new colleagues



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The Global Corporate Governance Forum is an International Finance Corporation (IFC) multi-donor trust fund facility located in the IFC/World Bank Corporate Governance and Capital Markets Department. The Forum was co-founded by the World Bank and the Organisation for Economic Co-operation and Development (OECD) in 1999.

Through its activities, the Forum aims to promote the private sector as an engine of growth, reduce the vulnerability of developing and transition economies to financial crisis, and provide incentives for corporations to invest and perform efficiently in a socially responsible manner. The Forum sponsors regional and local initiatives that address the corporate governance weaknesses of middle- and low-income countries in the context of broader national or regional economic reform programs.

Donors to the Forum include the IFC and the Governments of Canada, France, Luxembourg, the Netherlands, Norway, Sweden, and Switzerland.

who faced similar challenges. Mentoring opportunities were also cultivated so that participants knew who to contact with questions and/or ideas.

Even though participants were appreciative of these activities, a pent-up demand was discovered, which prompted the Forum to launch its next steps. While it was generally felt that the previous training methods had been beneficial, it became clear that their impact was limited because they lacked in-country follow-up. There was less evidence of knowledge applicability and utilization. Upon their return to their countries, participants expressed a lack of time and resources to modify teaching materials and/or develop new case studies. To them, networking was not the panacea participants had expected it to be. Nonetheless, networking led to: increased communication among organizations working on corporate governance; joint programs; and, the sharing of trainers and facilities.

From this invaluable feedback and insight, the Forum initiated the next generation of Corporate Governance Leadership work for 2008.

## Feedback Inspires Forum's Next Steps in 2008

In keeping with its goals to instill greater board director competencies, the Forum has culled expertise and counsel from its network of director-training institutions and programs in creating the *Corporate Governance Board Leadership Training Resources* toolkit. From this enormous undertaking, more comprehensive materials, training presentations, case studies, teaching guides, and revised audio/visual CD-ROMs have been developed to fulfill the overwhelming demand for more regional and country-specific activities and curriculum.

During first quarter 2008, the Forum will roll out the *Corporate Governance Board Leadership Training Resources* toolkit. Trainers will utilize a fresh, more dynamic approach that emphasizes and

promotes greater discussion and interaction. Participants are encouraged to share their individual experiences, better grooming their boardroom skills to more capably confront the critical issues and challenges facing them.

This new Forum program will provide a standardized "core curriculum." This approach will furnish participants with a better roadmap for success, giving them step-by-step mechanisms to strengthen their understanding of corporate governance techniques and inspire them to be "agents of change." Since the toolkit's development was informed by the assessment of previous participants, it will be more tailored to meet the specific needs of director training organizations and allow for greater adaptation within the various regions.

### KEY COMMENTS

- Board members tell us that those trained display more confidence in board operations and that their participation has improved.
- My approach as a director has changed from representing my industrial group to focusing on the health of the company.
- I immediately applied 'setting strategic priorities' to my own company.
- As board members, we now have a common language which facilitates discussion and decision-making.
- Because we now know how to look at key financial performance indicators, we speak up during meetings and ask questions more confidently.
- We used to simply participate. Now, we run board directors' meetings.
- The tool (kit) has made me more proficient in risk management.
- Directors report that corporate secretaries are 'adding value' as a result of the programs.
- As a result of the training, mid-level managers realize they have a great stake in a company's future, pulling senior managers to improve corporate governance.

### LEARN MORE

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#### Next issue:

The next issue will feature the experiences of the Forum and IFC-MENA in supporting the development of corporate governance codes in the Middle East and North Africa. Key findings from an independent evaluation of this project will also be included.