Effective Governance, or

The tussle between *structure* and *culture*,
*rules* and *discipline*

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With every major corporate crisis comes a new wave of regulatory reform, yet seemingly incapable of preventing the next one
Regulation

• Incompleteness
• Imprecision
• Substitution
• Unintended consequences
Will who or what is fit to serve serve well?
More or less regulation?

Tussle between

• Self-correcting market forces
• Over-prescriptive regulation
Comply or explain
Comply or explain

• Companies are ‘remarkably compliant’

• ‘Box-ticking’ by both issuers and users
Explain and demonstrate

• Minimal guidance

• Learning as a disciplining mechanism and to combat obsolescence

• ‘Corporate value’ driven
Accountability is a precondition for responsibility

Relevant information is the key mechanism for vigilant stakeholders to enforce accountability
UNCTAD

Disclosures should be shaped for real use and addressed directly to value
The personal reporting on governance by chairmen as the leaders of boards might be a turning point in attacking the fungus of ‘boilerplate’ which is so often the preferred and easy option in sensitive areas but which is dead communication.
Accounting risk v. governance risk

or ...

the things addressed directly to value
Regulators should be firm in their requirement for disclosure but restrained in their prescription.

Users should be vigilant for credible disclosures and skeptical for merely cosmetic claims by issuers.
Issuers with robust governance should embrace the opportunity to ‘make their case’ rather than to be subjected to ever more onerous, expensive rules.
Complacency is the enemy

Discipline and learning are its best repellants

Regulation should provide the first without numbing the second
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