

CORPORATE GOVERNANCE

Much has been said of this concept in recent months and years with many prominent cases. Amongst others members called for the Minister of Transport to fire the board of PRASA due to unfair governance a while back. What is meant by **Corporate Governance**?

Corporate Governance is a system that directs and controls the management of companies and should be a cornerstone of all businesses/organisations (including schools) that operate in the country.

In a company the **board of directors** are appointed and have to report to various stakeholders, amongst them the **shareholders**.

The principles that govern this reporting are:

- **Transparency** - openness and nothing withheld or kept secret
- **Accountability** - answerable and able stand up and take responsibility for actions and decisions – there needs to be discipline
- **Integrity** - operating with honour, truth and dignity
- **Honesty and responsible management** - honest and upright with all decisions and actions that are fair to all stakeholders

These principles imply that all people making decisions in a business or any environment that affects other stakeholders must do so in accordance with these principles. This concept found its roots in the King Code. While aspects of the Code have been incorporated into the New Companies Act it has become ACCEPTED practice in the country that people act and make decisions according to these principles.

You are advised to follow the PRASA and other cases in the media in order to fully understand the principles and consequences of Corporate Governance.