



Directors' Circle

Outcome Report

Topic 2: Conscience

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**INSTITUTE OF DIRECTORS
SOUTHERN AFRICA**

The aim of the Mentoring Circles is personal development, building a community of directors, and contributing towards the personal and social competencies of the Director Competency Framework.

Conscience was defined as one's internal definition of right and wrong, shaped by morals, interactions and experiences. It is perceived to be contextual and situational, requiring self-awareness, empathic listening and an appreciation of the bigger picture. It was recognised that the Board has a 'collective conscience',

The Challenges

- Exercising one's conscience at Board level is difficult, as one's position may be under threat. A safe environment must be created where questions – of conscience and/or knowledge - can be asked without judgement. Excessive justification over time – usually related to profit and power - can "kill one's conscience".
- Exercising one's conscience may require directors to look for creative alternatives to standard empowerment approaches that fail to deliver value to the intended beneficiaries.
- There is a potential conflict of conscience where existing incumbents (employees and/or directors) must not be threatened by the need to empower and develop people according to current government charter requirements. Individuals must also take responsibility for self-empowerment, and development needs must be balanced with competence requirements.
- Non-executive directors can face issues of conscience when they cannot ascertain if management is disclosing adequate or accurate information.

The Ideal

The 'conscientised board' is aware of all stakeholders and their needs; this board makes selfless decisions for the greater good of society, simultaneously acting in the best (longer-term) interests of the company. Directors with conscience are courageous and confident enough to stand out from the crowd, voice their opinions, and use their power responsibly. They choose a path of continuous learning.

The Solutions

- Directors must prepare thoroughly for board meetings, and read the board pack well in advance, in order to raise issues of conscience sensitively. The contemporary wisdom is that preparation for one directorship position requires one day of work per week.
- New board members should request a meeting with the CEO and/or Chairman, to clarify any issues of uncertainty or concern. Existing board members can be assigned as internal mentors for new directors. Prospective (new) directors should select their potential board positions carefully, and review board minutes prior to joining. Conversely, the board should carry out a due-diligence on the prospective director's qualifications.
- Director induction should be standard on all boards, including company values and the board charter.
- It is the responsibility of everyone who becomes a director to understand what the role of a director is, including the need to speak out on issues of conscience (values/morals).
- The board – and especially the Chairperson - is responsible for building a trusting culture and relationships, not least through regular discussions of values and ethics.
- The business judgement rule requires that directors are fully informed of relevant issues. The judicious use of minuted dissent and/or postponing decisions and/or halting the meeting until clarity is obtained, are critical measures to exercise in matters of conscience. Ensure that minutes are carefully reviewed for accuracy.
- Board Charters must be transparent, and should include statements of values to which directors can be held accountable. If any stakeholder group is being unfairly prejudiced, all policies, agreements and company-level (i.e. board-level) documentation can be reviewed and amended as required (including Royalty Agreements). The board Charter should include aspects of culture: how to build and maintain trust, values, commitment to regular discussion on empowerment and development, acknowledgement of and how to manage cultural differences, commitment to performance review of the board and directors. Where necessary, external guidance on particularly managing cultural differences can be sought.
- Being a director with conscience requires high emotional intelligence. This should be assessed.
- Issues of development and empowerment are long-term and require consolidation of resources: this reality must be acknowledged in order to be effectively addressed and expectations managed. Allowing potential (internal) directors to sit in or board meetings with adequate confidentiality and disclosure management is a powerful development tool.