

BUSINESS TALK

Malaysian Business and CIMA's recent 'CEO Luncheon Talk' attracted keen interest on enterprise governance.

By Ooi Sue Hwei

A SELECT group of top-level business managers paid rapt attention to a presentation on enterprise governance recently. The talk, given by Professor G Roland Kaye, was entitled 'Enterprise Governance – Getting the Balance Right for Business Success.'

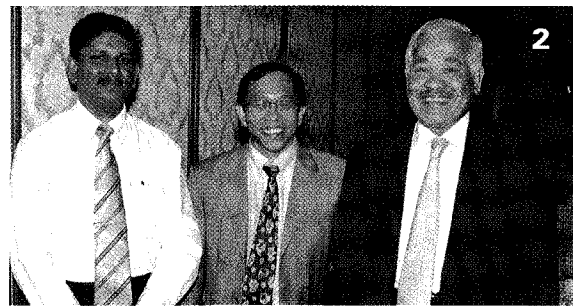
Kaye is the past president of Chartered Institute of Management Accountants (CIMA) and Professor of Management Accounting at the University of East Anglia in the United Kingdom.

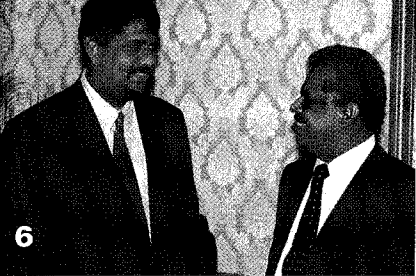
The inaugural 'CEO Luncheon Talk' was jointly organised by CIMA and **Malaysian Business** at Nikko Hotel on June 28, 2006.

In his welcoming speech, **Malaysian Business** Editor Charles Raj said, 'The topic today is very relevant for businesses to stay ahead. *The Malaysian Business Corporate Governance Award* took into account good enterprise governance as much as good corporate governance.'

Y C Lee, managing director of CCM Pharmaceuticals and immediate past president of CIMA Malaysia said, 'CIMA believes that corporate governance should be at the heart of every organisation that wants to be transparent and accountable to its stakeholders. In Malaysia, the concept of enterprise governance is rather new. Good corporate governance by itself does not necessarily lead to good business performance. Therefore, a good balance between conformance and performance is necessary.'

Pic by Mohd Jasmin Ramli





By way of introduction, Kaye began his topic by explaining the difference between financial accounting and management accounting. He said, 'Financial accounting shows where you've been and how you've done. On the other hand, management accounting helps managers to see where they're going and create performance indicators to help them get to where they want to go.'

Kaye also highlighted several infamous financial scandals. He said, 'While financial scandals are not the prime cause of loss of credibility, they are symptoms of deeper problems such as the failure of business which leads to the failure of governance which, ultimately, leads to the failure of reporting.'

He said the reason this happens is because companies and management fail to understand that there is a limit to the business model they had.

Kaye explained that often, certain management practices did not add, but rather reduced the value to shareholders. He said, 'Rather than growing organically, these companies grow through mergers and acquisitions (M&A).'

He pointed out that there is significant evidence which shows that a chief executive's pay grows directly with the size of his organisation. While he is not against an organisation's growth through M&As, he questioned if the move was out of personal interest or for the benefit of shareholders.

Kaye echoed Lee's statement when he said enterprise governance is concerned with the balance between corporate governance and the performance management of an organisation. Kaye supported his claims with the results of 27 case studies from 10 countries looking at successes and failures in corporate governance and strategy.

'We have found that good corporate governance can prevent failure, but it does not guarantee success,' he said. For it to be successful, Kaye stressed that business entities need to practise enterprise governance which combines the former and effective strategy execution.

He pointed out that for companies that were seen as successful, there was succession planning in place and strong ethics among the top management. **mb**

1. One for the album: Kaye (centre) flanked by (from left) Chan Siew Lian, head of CIMA's PR & Information; Raj; Yeo Tek Ling, council member of CIMA; Sopiiah Suid, Divisional Director of CIMA Malaysia; Zaini Zainuddin, senior general manager of Berita Publishing Sdn Bhd, and Ross Kamaruddin, head of CIMA's Business Development

2. (From left) Sugeng Somoo, CEO of Dбора Consulting (M) Sdn Bhd; Victor Ooi, CEO of BizAid Group; and Datuk Ishak Imam Abas, CEO of KLCC Property Holdings Bhd

3. Tan Sri Lee Shin Cheng (right), executive chairman of IOI Group, accompanied by Sopiiah

4. (From left) Yeo; Y C Lee, immediate past president of CIMA; Chandra Mohan, vice-president of CIMA; and C H Tong, regional director of Agensi Pekerjaan EML-BNB Sdn Bhd

5. Mohd Nizam Mohd Ali (left), director of Private Sector of the Malaysian Institute of Integrity (IIM), and Anis Yusaf Yusoff, director of the Political Sector of IIM

6. Raj (left) with Datuk A K Nathan, chairman/managing director of Eversendai Corporation

7. (From left) Balasubramaniam Velloosamy, executive director of PricewaterhouseCoopers; Francis Chan, Honorary Treasurer of CIMA; and Hamid Ghows, director of Rainbow Century Sdn Bhd

8. Kaye: Good corporate governance can prevent failure, but it does not guarantee success

9. Zaini (right) presenting a memento to Kaye

10. Tan Sri Dr Abdul Khalid Sahar, chairman of Rating Agency Malaysia Bhd, paying close attention to the presentation

11-14. Attendees paying rapt attention to the talk