

How is as important as Who, Why and When

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IF there is even an iota of truth in recent stories about corporate “hit lists”, Malaysia has reason to be concerned.

A “hit list” is part of urban legend, Godfather-type mob warfare where emotion and clan loyalty determine conduct. The very suggestion of a “hit list” today suggests arbitrary decision-making along party loyalty lines, with little or no regard for governance and due process. A “hit list” has no place in the corporate pantheon.

As a nation, we need to move away from an era characterised by cronyism, when corporate appointments were sometimes made to reward loyalists or secure loyalty to a political cause. During that era, there were also high-profile corporate casualties; individuals widely hailed as capable and upright, but who allegedly fell afoul of incumbent political masters. Those in touch with history will be well aware of these shenanigans.

This was a dangerous road for us to travel and we must never do it again. Good governance and due process cannot be sacrificed at the altar of expediency and public perception. Good governance and due process must never be victims of political posturing.

Therefore, the removal of an executive should only occur when the board decides. The removal of a director is a matter for shareholders.

Ideally, an effective CEO who has created value, who acts with integrity and has not abused his office for political or other reasons should retain his office irrespective of his socio-political opinions.

Can a board take the view that a person's future ability to serve the enterprise is compromised because of political or economic changes? It certainly can, but it is the board's decision. A government can express its views and a responsible board will seek and listen to external opinion.

Of course, individuals may make their own decisions and choose their own pathway.

However, it's for the board to make up its own mind what is in the best interests of the enterprise. If those interests clash with the desires of an external authority, or an individual, the board should properly express its opinion of what it believes to be the best interests of the enterprise.

Only when government has the right, embodied in an enterprise's constitution, to appoint a director or CEO in a GLC or similar enterprise, should it directly involve itself in the process. However, it should always consider the long-term best interests of the enterprise, especially if there are other shareholders, as is the case of listed GLCs. That is because the government is acting as a director and/or shareholder in such circumstances and should act in the same way as would be expected of any other responsible director and/or shareholder.

When change is expedited, or hurried through, it often results in a worthy goal becoming an expedient – politically advantageous, but without ethical or moral correctness.

The fundamental changes in train are worthwhile. While following proper process takes time, to do otherwise risks opening the door to the accusation that the new government has different actors but adopts the same dubious methods as its predecessors.

In the end, both the rule of law and the application of good governance practices and processes are vital to secure the current process of change, as well as the integrity of our national enterprises and institutions.

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