

GOVERNANCE: MYTHS AND MYSTERIES

MAX WEAVER

WORSHIPFUL COMPANY OF EDUCATORS

20 MARCH 2017

- REFLECTIONS FROM EXPERIENCE

- ~40 MINUTES PRESENTATION

- identifying questions for you

- BREAK AND CIRCULATION OF:

- complete text
- list of questions

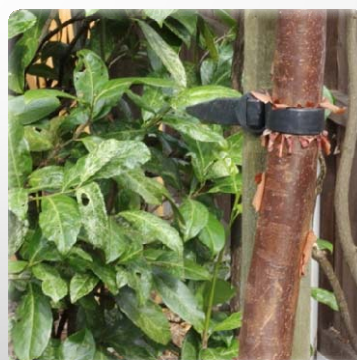
- DISCUSSION

- given questions
- any others that emerge

OUTLINE

- CONCEPTS AND CONCEPTIONS
 - e.g. we all favour 'justice' but cannot agree whether it is based on: property rights or human rights; desert; or need
- CONCEPTIONS OF 'AUTHORITY' AND OF 'ORGANISATIONS'
- GOVERNANCE
- MANAGEMENT
- CONCEPTIONS OF ACCOUNTABILITY: Forensic; Agent; Trust Model; Consumer; Symbolic; Legal
- CONDITIONS FOR EFFECTIVE ACCOUNTABILITY
 - Information
 - Trust
 - Learning From Mistakes
 - Chair-head Relationship

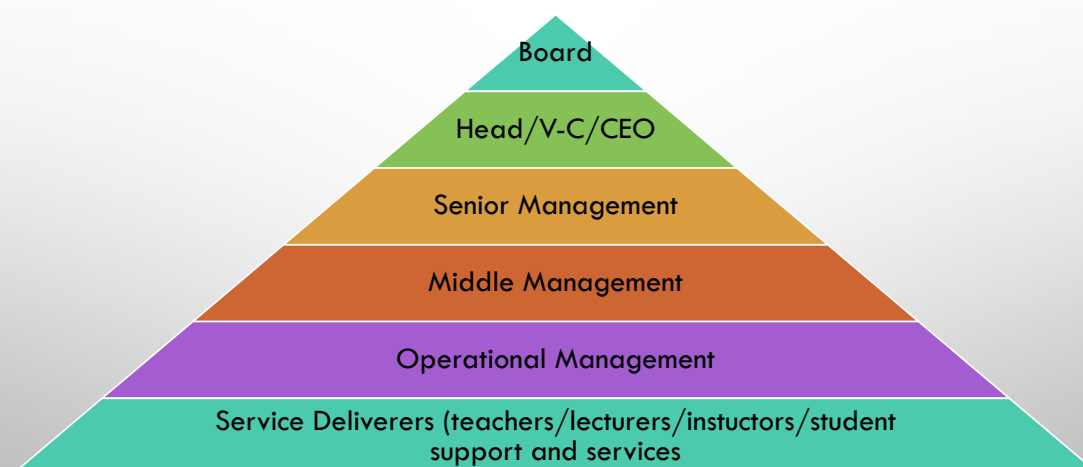
HARD AND SOFT FOCUS



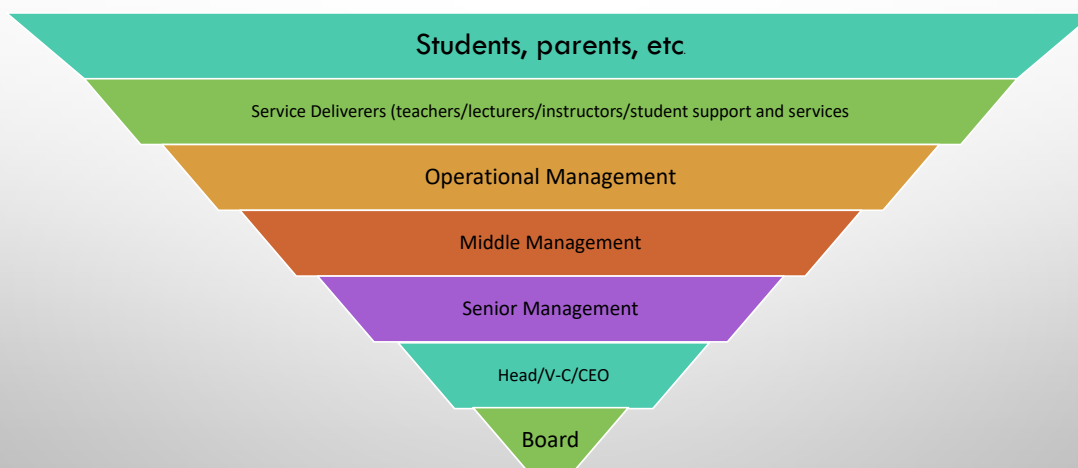
CONCEPTIONS OF 'AUTHORITY' AND OF 'ORGANISATIONS'

- BORROWING MAX WEBER'S 'IDEAL TYPES' OR 'MODELS'
- MODELS OF AUTHORITY
 - (I) CHARISMATIC AUTHORITY
 - (II) TRADITIONAL PRACTICES
 - (III) BUREAUCRATIC
- MODELS OF ORGANISATIONS
 - GEMEINSCHAFT
 - FAMILY, TEAM, GUILD—rooted in the consonance of its members' subjective feelings
 - GESELLSCHAFT
 - PROPERTY, CONTRACT, MARKET—impersonal, for owners' benefit
 - BUREAUCRATIC-ADMINISTRATIVE
 - REVOLUTIONARY—'eliminating from official business love, hatred, and all purely personal, irrational, and emotional elements which escape calculation'
 - DOWNSIDE

THE CLASSIC ORGANISATIONAL PYRAMID



INVERTING THE PYRAMID



GOVERNANCE

- *'Governance is...fundamentally concerned with the enhancement of corporate performance. It means adopting a modus operandi or a modus vivendi that will add value to your organisation. In other words, it's a state of mind.'* (INSTITUTE OF DIRECTORS)
- *'Someone says to me "shew the children a game." I teach them gaming with dice, and the other says "I didn't mean that sort of game."* (LUDWIG WITTGENSTEIN)
 - TALKING PAST EACH OTHER
 - INTERPRETIVE EXPRESSIONS: 'excellence', 'diversity', 'balanced'
 - VALUES AFFECT INTERPRETATIONS
 - BACKGROUNDS AND EXPERIENCES AFFECT VALUES

MANAGEMENT

- NO 'LITMUS TEST' FOR DISTINCTION FROM GOVERNANCE
- A BOARD CANNOT IGNORE THE ORGANISATION'S OPERATIONS
 - CORPORATE MANSLAUGHTER EXAMPLE
 - A BOARD WILL WANT TO SAY THAT:
 - it expected management to take care of the risk
 - it appointed management to take care of the risk
 - it is entitled to rely in management to take care of the risk
 - it cannot practically be expected to manage the risk itself
 - BUT THE ACTIVITY WAS 'MANAGED OR ORGANISED BY ITS SENIOR MANAGEMENT'

- CONSIDER THE AMBIGUITY OF THIS STATEMENT:

- *'The board must have close regard to the voice of its students and the quality of the student experience, which should be central to all board decisions.'*

Code of Good Governance for English Colleges, page 8, §3.5

(London: Association Of Colleges, 2015).

- HOW CLOSE IS 'CLOSE ENOUGH'? HOW CLOSE IS 'TOO CLOSE'?
- INEVITABLY, WE ARE DRIVEN TO THE CONCEPT OF 'GOOD SYSTEMS'
- HOWEVER, THAT LEADS US TO THE KEY CONCEPT OF 'ACCOUNTABILITY'

ACCOUNTABILITY

'As with all dysfunctional organisations, this episode was the result of a profound failure of governance and a failure to control chief executives.'

A comment from a Law Society insider on the £3.3 million failure of VEYO, the Society's large IT project (*The Times*, 10 December 2015)

- SOME FAILURES ARE CATASTROPHIC
 - CONSIDER KID'S CLUB AND ENRON
 - SUCH FAILURES ARE USUALLY PRECEDED BY THE DEVELOPMENT OF CORPORATE CULTURES THAT STIFLE DEBATE AND CRITICISM

CONCEPTIONS OF ACCOUNTABILITY

- JEREMY WALDRON
 - FORENSIC-ACCOUNTABILITY
 - AGENT-ACCOUNTABILITY
 - TRUST MODEL ACCOUNTABILITY
 - CONSUMER-ACCOUNTABILITY
- AMITAI ETZIONI
 - 'SYMBOLIC ACCOUNTABILITY' OR 'ACCOUNTABILITY AS GESTURE'
 - 'a "Sunday only" value mechanically acknowledged in a secular form of lip service...easily and vociferously endorsed by boards of trustees...in positions of power whose recitations of the phrase serve as a substitute for actual accountability.'
 - FORMAL, LEGAL APPROACH

CONDITIONS FOR EFFECTIVE ACCOUNTABILITY

- **INFORMATION**
- **TRUST**
- **LEARNING FROM MISTAKES**
- **CHAIR-HEAD RELATIONSHIP**

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