

People governance

A MINDSET

To provide some perspective from the outset, people governance is a component of corporate governance. Corporate governance involves developing rules and patterns of behaviour for taking the decisions needed for running a company and assessing how it is managed. The key challenge is not the rule-setting process but deciding how to apply the rules. The stumbling block with corporate governance is often the behaviour of managers applying rules or otherwise. When someone fails to apply a decision properly, this is generally because people are not behaving in the way it was agreed they should. This proposition is borne out by the current global economic situation. Consequently, the crux of the matter is finding out how senior personnel take and reach decisions. This issue has both an individual ("what kind of decision-maker am I?") and a team ("how can I make a contribution to the decision-making process?") component. It is clearly apparent that corporate governance is a debate about managerial behaviour more than about the pieces of legislation and other texts managers have to contend with. Managerial experiences, such as cognitive and behavioural abilities, have to be developed in order to produce good governance. It is a considerable challenge. Its ethical dimension is reflected not in a moralising and rule-setting envi-

ronment but in the way meaning is produced for any economic community at work, our businesses and people exercising their rights and duties.

A way of deciding

People governance is of concern to all company staff called upon to take decisions. This is not a priority, in the sense that the starting point for developing a company is based not on the human dimensions but the corporate project and its viability. Conversely, people governance is of crucial importance and should be discussed any time the issue is raised. The focus here is on the dimensions and examining the human implications of decision-making. The creation of good people governance involves ensuring that all decisions pay respect to the rules and principles that have been set. It also implies adopting attitudes and patterns of behaviour that are consistent with the in-company and out-of-company operating principles. People governance is not self-evident. As in the case of all behaviour-related processes, it entails a mindset, principles and a sustained willingness to promote the principles investing our action with meaning.

Being an actor

A manager keen on operating within the people governance framework has to develop a degree of flexibility and self-discipline to initiate this kind of debate. Towards this end, the official has to be capable of appropriately identifying and interpreting the criteria that will have a human impact on the decisions. This is what people governance is all about. Looking beyond the differences of opinion and the resistance what is needed then is an ability to propose an organised debate on people governance. The profile of our "people governance actor" is not straightforward, as underscored by the following diagram:

Characteristics of a people governance actor

Willingness to defend a clear ethical point of view

Capacity to develop a broad set of behaviours. Flexibility, self awareness, tolerance for ambiguity

High cognitive complexity capacity, business intuition applied to governance matters

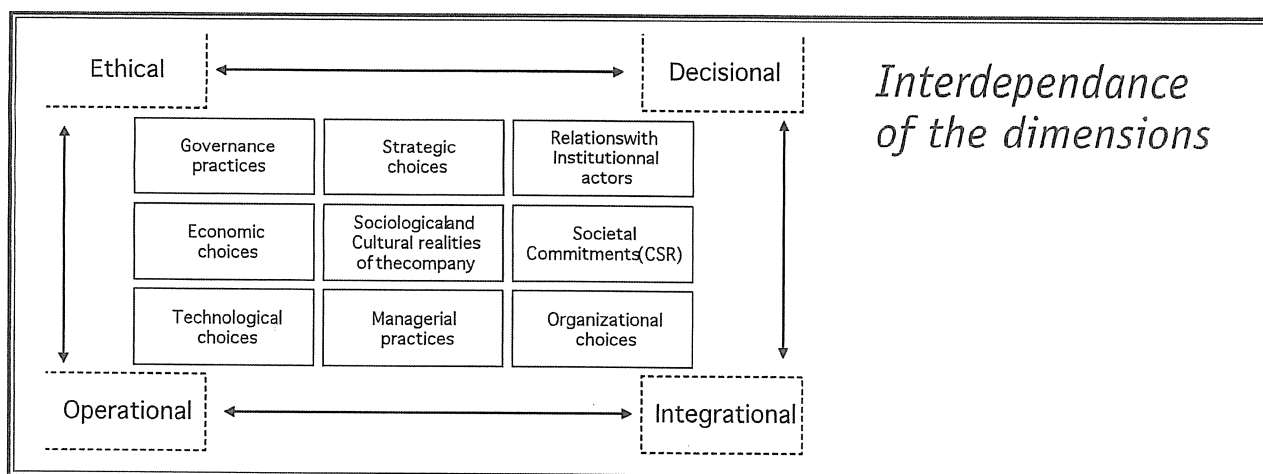
Large knowledge of corporate activities. Open to new ideas and concepts

Open to define people governance guidelines

Be a « coherence actor ». Influence peers to respect people governance decisions

Large corporate experience as board member, executive member, manager

Complex decision making experience. Capacity to influence.



A people governance actor has to demonstrate a comprehensive managerial profile able to take on board four dimensions of key importance to governance: ethics, decision-making, implementation and assessment (of the consistency of the corporate measures taken):

the "people governance principles" the company is anxious to uphold and apply in day-to-day activities, and, hence, in its decision-making. These principles are illustrated in the people governance approach adopted by AGC Glass Europe

"People governance is a " meaningful system of ethics" with the behaviour of the actors involved as a smaller common thread, where the hierarchy of company-specific (interested) parties is crowned by the human dimension.

It is decision-based insofar as it used to identify factors that prepare for and implement "decisions with a human impact" while pinpointing the risks involved and making the relevant parties accountable.

It is operation-based when the actors are committed to a coherent application of the governance principles as a result of appropriate behaviour and reflect the determination of a company whose members pull together.

It is integration-based when it leads to a way of thinking that factors in the interdependence of activities and the human dimensions of the company while encouraging the actors to work together.

People governance requires the company manager and management to demonstrate a pragmatic and realistic approach. They have to join forces in defining the guidelines of their people governance policy".

A people governance actor also needs to have the cognitive and managerial abilities to deal with a plethora of intricate, effective and human processes.

Awareness-raising and decision-making

To some extent it might be said that "each decision" taken at company, level concerns "a human issue. People governance covers nine decision-making dimensions. For each dimension referred to, managers will have to contend with the people governance issue. The nine dimensions are illustrated in figure "Interdependence of the dimensions".

The board of directors, the management committee or a manager may be faced with the human issue in each of these dimensions when called upon to take a decision. Hence the need for those who will "make" the decision to agree beforehand on a set of people governance principles. This generally takes the form of drawing up a "guidelines report" outlining

People governance, Human recognition

A company is a location and an opportunity for undertaking a Project. A repository for a line of command, leadership, responsibilities, fulfilment and income.

People governance involves recognising the dignity of human beings in what they are: human beings, all different and all similar, irrespective of their wealth, social or cultural status, their responsibilities, their powers.

They are all entitled to respect and if they place their confidence in the company they work for the company has to meet this basic need: for recognition as a human being taking part in the corporate Project.

People governance has no other goal.

People governance is not a rigid system of principles

The people governance debate is based on the underlying assumption that this enhances corporate governance, as its extension and source. It is first and foremost an act of awareness by the board of directors and its management. The management provides the momentum for placing meaning within a dynamic corporate development process that will reflect the human dimension in corporate governance. Each company is at liberty to adopt a position on people governance, investing it with the significance thought necessary for the company's development. Against this background, each manager relies on his/her personal system of ethics and chooses patterns of behaviour that promote people governance. The debate does not involve deciding how to add an ethical dimension to business activities but to create managerial practices inherently expressed by people governance leading to ethical conclusions. The challenge is a behavioural one. It is a question of discovering how to make our current managers more aware and offer better training to our students as the future leaders of the people governance approach of tomorrow. The debate makes sense...