

## Culture – A spinning wheel going forward or remaining stationary

Earlier this year the peoples' AOC generated extraordinary public interest in some extraordinary internal machinations. One issue appeared to stand far above all others. That issue concerned the apparent lack of proper adherence by those in positions of power to good governance principles and practices. Paradoxically, this issue surfaces with people involved who, it is reasonable to consider, know better and importantly can perform better in their respective roles.

This sorry saga attracted media scrutiny and left many wondering what has become of some



Australian sport sector organisations and their governance practices.

In the Guardian of 29 July 2016, Gideon Haigh commented in an essay for the Griffith Review on sports governance, “that despite a demanding fan base and TV money supporting

multimillion-dollar businesses, much of Australian sport still relies on a ‘curious mix of cosy privilege and noblesse oblige’”. This may be an intoxicating elixir which is feeding either or both complacency and mediocrity.

Then in the February 2017 edition of the AICD journal, Gideon Haigh again commented on sports governance and the unique governance challenges facing sporting organisations. He observed that there seems to be increasing pressure to maintain integrity in how the sporting organisations are governed and in turn managed.

Yet all of this happens despite the past years of statements and re-statements of the 'Mandatory Sports Governance Principles' for Australian National Sports Organisations. For in March 2013, updated in June 2015, and restated in June 2016, the Australian Sports Commission (ASC) - an Australian Government Agency, responsible for providing financial support to national sports organisations, reinforced the need for governance reform with the release of the Mandatory Sports Governance Principles.

In fact, the thrust of this focus is on some key areas:

- Improved organisation structures
- Improved Board election processes including gender balance
- Zero tolerance especially in transparency by sports on money spent
- Public company requirements in sports financial reporting practices
- Proper supervision by Boards of sports science practices

Surely in times of mass communications, a plethora of publicly known mishaps, news reports, commentaries, private and public initiated reviews, inquiries be they formal or informal, collapses, and commitments to professional development programs; this could now be considered a matter that can safely be assigned to the past.

Alas as history readily reminds us, what was in the past, will be made modern; and the repeats of past omissions and mistakes, will continue apace.

### **So, what has been learnt? And by whom?**

The Australian Institute of Company Directors chairman, Elizabeth Proust AO FAICD recently opened the Australian Governance Summit; and discussed some of the challenges directors face currently.

Reportedly Proust called on business to do more and not to simply blame governments. Additionally, she also rightly highlighted the legitimate concern that is so prevalent now within our community.

The level of mistrust she identified is substantial.

The community is now cynical and “tired of the spin” that has become a poor substitute for leader’s assuming any direct responsibilities being attached to that leadership position. In a hard hitting, but it seems fair comment, Proust stated, “There is a balance to achieve – as leaders, we must show that we can be trusted to operate ethically in less prescriptive regulatory environments, or else risk being told, **and perhaps rightly so, that we do not deserve to** (our bolding)”.

Frequently culture presents as a wheel that spins but remains stationary. It remains hit and miss in what it achieves. This despite the number of times that culture has been described and captured in principles.

Also, it too often appears that directors, CEOs, and leaders have retained their trainer wheels when it comes to those issues that underpin and manifest trust.

The question must be asked if so many directors are occupying a seat of learning, then what does culture, trust and meeting the needs for transparency and collaboration mean in their roles?

It could even be concluded that directors appear to equate their role to something that has little relevant connection with what communities and stakeholders consider to be their role. This also applies to the apparent disconnect with the expectations of the regulatory bodies.

So, despite the use of such words as “Mandatory” and “Governance Principles”; it all gets somehow lost in translation.

The most confronting aspect in this governance space is that Einstein had it right. After every incident, there appears to be a similar response. And as a community the same message is spread that this time things will be different. Einstein spoke of the definition of insanity being, doing the same thing over and over again and expecting different results.

The race is surely now between insanity and achieving positive results. Is it too much for the community to now ask, and expect, directors to show a truly collective responsibility to doing things differently and to deliver proper and professional governance practices?

The wheel of culture continues to spin without any movement forward. And the cynicism of the community continues to grow, some might even suggest exponentially!

What is now needed is for the wheel of culture to attach itself to each organisation and move forward. The principles need to take on real meaning for an organisation. This is likely to have more success if directors are held accountable for an organisation’s culture. Culture will then be taken seriously. Its central place within an organisation will be actively and constructively managed. Its impact will then be monitored and steps taken to remedy any shortfall and maintenance of robust governance practices pursued.

Until the leaders understand the need for this and the heavy lifting that is involved then not only will Einstein’s saying be proved accurate, but the community’s cynicism boil over into outrage.

Surely it is not too long before even directors will join the community and in unison be shouting “I’m as mad as hell and I’m not going to take it anymore!”

August 2017

Damien J. Smith LLB B Com FAICD FCIS FCSA FAIM CAHRI

*Managing Director*

**Enterprise Care Pty Ltd**

*and Australian Legal Practitioner – Damien J Smith Lawyers & Consultants*