



IT'S TIME FOR POSITIVE GOVERNANCE

10 Key Elements for Chairs, Directors and Boards to enhance their Organisations' Survivability, Sustainability, and Success

EXECUTIVE SUMMARY

It is time to take a more positive view of Boards and their ability to contribute to society as well as their own organisations. The paradigm needs to shift from risk, legislation and criticism to the positive contributions of Boards of all shapes and sizes.

At Peakstone Global, we see 10 Key Elements for Chairs, Directors and Boards to enhance their organisations through Positive Governance.

The Peakstone Elements of Positive Governance are Purpose, Strategy, Culture, Ethics and Values, Risks and Opportunities, ESG, Leadership, Reward and Recognition, Decision Making and Value Creation.

By taking a fresh, conscious approach to these Elements Boards can lift the performance and contribution of their organisations and employees to new levels. Importantly, with proper application they can help Boards Survive, Sustain and Succeed in this challenging world.

BACKGROUND

Positive Governance builds on the concept of Positive Psychology. Dr Martin Seligman as President of the American Psychological Association in 1968 proffered that "Positive psychology is the scientific study of human strengths and virtues."

This field has now grown to a well researched and utilised international endeavour. Positive psychology is now well recognised for its ability to advance organisations.

At Peakstone Global our proposition is that:

"Positive Governance is the professional field of endeavour that advances the positive value of applying a Board's strengths, virtues and values to the governance of organisations and the benefit of society."

Positive Governance is about optimising the potential contributions of boards.

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1 PURPOSE

Beyond Mission and Goals, the Board practising Positive Governance will establish the organisation's clear statement of its Purpose within society. This will help to focus and engage its employees, investors, and stakeholders. The organisation accepts that its Purpose reaches beyond investor short to medium term financial goals.

2 STRATEGY

The Board establishes clear, measurable, meaningful and realistic strategies to optimise its Purpose. This includes setting clear financial and non-financial goals. It engages and motivates all stakeholders, including employees, investors and communities.

3 CULTURE

The Board consciously reviews and actively develops its own and the organisation's culture. This is about taking positive steps in line with the concept of positive psychology to create and build the organisation's culture. Setting the optimum *Tone from the Top* by words and actions is essential to advancing the organisation.

4 ETHICS & VALUES

When well stated and reinforced by the Board, ethics and standards help create the framework for behaviours and decisions across the organisation. They should be couched in positive language as much as possible. It is more about "We shall rather than Thou shall not." They are the bedrock of board and organisational culture.

5 RISKS & OPPORTUNITIES

The Board establishes a clear and understandable Risk & Opportunities Management Framework, which also recognises and encourages a positive preparedness for the organisation and its employees to create opportunities within the Framework. This will help the organisation advance rather than stultify.

6 ESG

The Board recognises, applies and reports on Environmental, Social and Governance objectives. These include international objectives such as the UN Sustainable Development Goals and reporting on global sustainability standards.

7 LEADERSHIP

The Board, Chair and CEO demonstrate leadership with positive behaviours exhibited, such as confidence, competence, compassion, and clarity. Such authentic leadership is not based on blame, ego, criticism, or falsehoods. It does use effective stories, examples, and role modelling of expectations.

8 REWARD & RECOGNITION

The Board clearly establishes a framework that positively rewards and recognises desirable behaviours and outcomes. The framework utilises financial and non-financial motivators including individual and group awards, personal attendances by Directors, media and the like. Positive psychology clearly establishes the value of focussing on strengths instead of weaknesses, as well as on positive experiences, traits, and organisations.

9 DECISION MAKING

The positive governing Board will seek to create an optimistic decision-making process utilising relevant, realistic and timely information, as well as diversity of thoughts and experiences around the table and from executives or elsewhere. It will also seek to avoid unconscious bias at the group or individual level whilst creating, as much as is reasonable, positive emotions coupled with realistic risk adversity. There will be a conscious understanding of the variances and values of different perceptions and communications styles or expectations. Respect is a key behaviour even in the face of diversity of thoughts

10 VALUE CREATION

Commercial Boards have traditionally judged the success of their organisations on financial value creation, be it revenue or capital-based criteria. Increasingly Boards are now assessing success on a wider range of criteria that may be summed up in the concepts of broad based ESG or 'Social Value Contributions'. Positive Governance will see Boards and their organisations adding value to society as well as their long-term shareholders and stakeholders in this way. Ultimately the activities and the profits of organisations are for a greater Purpose in society.

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WHERE DO WE GO FROM HERE?

Aspiration is a key first step in the practice of Positive Governance.

It is recognised that this is an emerging field of endeavour and Boards need to adjust the Elements to suit their organisation's particular circumstances. The multiple bottom-line outcomes will be that the Board, the organisation, the community, society and all stakeholders will be better off.

Boards are encouraged to review and measure their performance and contributions against the above 10 Elements of Positive Governance.

At Peakstone Global we can help in that regard. Call us and we will be pleased to discuss this concept and its application in Boardrooms at a local and global level.

Contact the author of this article for to start the dialogue:



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ABOUT PEAKSTONE GLOBAL

Outstanding boards are the 'peakstone' in an organisation for creating trust and increasing performance. At Peakstone Global this is exactly the focus of our governance advisors and digital services: To enhance our client organisations by building outstanding Governance, Trust and Performance.


The founding directors of Peakstone Global and its specialist advisors dedicate themselves professionally to advancing governance in enhancing organisations and society.


Our extensive backgrounds in advising boards and leaders included being Advisors for the Australian Institute of Company Directors' Board Advisory Practice. It is in our DNA. We know that improving board and governance performance is most effective when all members of the board and executive team ascend together. We bring a global perspective to the enhancement of governance processes, structures, and standards of performance.

Visit peakstoneglobal.com to learn more about how we help organisations to diagnose, design, deliver and embed improvements in boards and governance processes.

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