

THERAPEUTIC INFORMATICS

SPECIALISING IN THE LECTURING AND APPLICATION OF BUSINESS ETHICS

ABOUT THERAPEUTIC INFORMATICS

Therapeutic Informatics was founded by Dr. Willem Moore in Windhoek, Namibia in 1997 and is a consulting company that amongst others, specialises in the lecturing and application of Business Ethics. The company recognises the severe ethical challenges faced by all types of organisations in the private and public sectors in Namibia and is driven by the mission to empower these entities in dealing with their challenges in a professional manner. Dr. Moore holds a DPhil in Ethics from Stellenbosch University and is a member and Certified Ethics Officer (Reg. No. EO 424) of the Ethics Institute of South Africa.

THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA

According to the King IV Report on Corporate Governance for South Africa released on 1 November 2016, the 21st Century has thus far been characterised by a host of new global realities and by accompanying fundamental changes in business.

To the new global realities that are testing the leadership of organisations belong issues as diverse as inequality, globalised trade, social tensions, climate change, population growth, ecological overshoot, geopolitical tensions, radical transparency, rapid technological and scientific advancement, financial instability and greater expectations from stakeholders than ever before.

With regard to the fundamental changes in business, King IV points out three connected paradigm shifts in the corporate world.

The first of these was the shift from Financial to Inclusive Capitalism due to the recognition that Financial Capitalism with its focus on the employment, transformation and provision of financial capital only represents a fraction of an organisation's activities and should instead be replaced by Inclusive Capitalism that takes account of the employment, transformation and provision of all sources of capital in order to reposition capitalism as the engine of shared prosperity.

The second important shift that recently occurred in the corporate world was from Short-term to Long-term Sustainable Capital Markets and was brought about by the need to create value in a sustainable manner and by a growing sense that the financial crisis of 2008 was to a large extent due to a focus on short-term objectives with little or no consideration of the long-term effects on either the organisations concerned, or the economy as a whole.

The third shift, namely from Siloed to Integrated Reporting is consistent with the concept of an inclusive, sustainable capital market system and has been given impetus by a growing awareness of doing business in an era of radical transparency, the inadequacies of the traditional financial reporting system and by an acceptance of the triple context in which organisations operate.

These global realities and fundamental changes are currently severely challenging business leaders in guiding their organisations in the creation of value in a sustainable manner and in achieving more with less. Corollaries of the latter are that the duty of care has become both more complex and necessary and that business judgements not considering the impacts of an organisation's business model on the triple context in which business operates, could lead to a decrease in the organisation's value.

According to King IV, the well-known Milton Friedman's epigram that 'The social responsibility of business is to increase its profits', thus now needs to be reconsidered in view of the fact that an organisation is part of society and can no longer be seen as only existing in its own universe of internal stakeholders and the resources needed to create value, but as operating in and forming part of society. The licensor of an organisation is therefore no longer those individuals and entities within its narrowly defined value chain, but society as a whole (IoDSA, 2016:3-7).

THE PROMINENCE OF ETHICS IN THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA

Against this background, Ethics is even more prominent in the King IV than in the King III Report on Corporate governance for South Africa. While in King III, only 3 of its 75 governance principles dealt with ethics, 3 of the 16 governance principles of King IV are now specifically focussed on ethics.

These 3 principles respectively deal with the elements of

- ethical leadership,
- an ethical organisational culture and
- corporate citizenship or the ethical responsibilities of organisations with regard to the environment in which they operate.

ETHICAL LEADERSHIP

By stating that a governing body should lead an organisation in an ethical and effective manner, King IV emphasises the fact that

good governance does not start with principles, rules and procedures, but with the character of those tasked with governance and that the ethical tone of the organisation should be set from the top and specifically in the governing body. Following from this, the Report retains the King III so-called RAFT values of Responsibility, Accountability, Fairness and Transparency, but adds the values of Integrity and Competence to form the ICRAFT values that should underpin and inform all good governance.

ETHICAL CULTURE

While King III indeed contained a principle dealing with the management of ethics, King IV goes further by indicating that the management of ethics in organisations remains insufficient, unless and until it results in the establishment of an ethical culture. The second principle of King IV, namely that the governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture, thus provides governing bodies with a mandate to ensure that an ethical culture is developed and maintained in the organisation. With organisational ethics understood as 'the way we do things around here', this principle therefore suggests that ethics should become a normal part of 'how things are being done in an organisation'. This emphasis on the establishment of an ethical culture in King IV does however not imply that the management of ethics in organisations has become less important. In order to ensure that ethics management neither remains a goal in itself, nor a mere box-ticking exercise, but should be approached and applied in a manner that will result in the cultivation and maintenance of an ethical organisational culture over time, King IV amongst others recommends ethics management actions such as the setting of ethical standards for the interaction of internal and external stakeholders, the formulation of an ethics strategy for the organisation and the provision of safe whistle-blowing mechanisms for the reporting of unethical conduct.

CORPORATE CITIZENSHIP

King IV's principle that the governing body



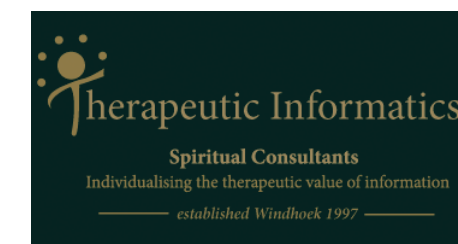
Dr. Willem Moore

should ensure that the organisation is, and is seen to be, a responsible corporate citizen, focuses on the ethical responsibilities of organisations in the triple context of the economic, social and natural environment in which they operate. In this regard, King IV recommends that all organisations take responsibility for the governance of their social and ethics performance with regard to elements such as fair remuneration and transparent tax practices, since it will have an impact on their success and ultimately also on their sustainability (Rossouw, G J, The Ethics Institute).

THERAPEUTIC INFORMATICS AND KING IV

The legal status of King IV, as with its predecessors, is that of a set of voluntary principles and leading practices (IoDSA, 2016:35) and since its emphasis on good leadership, underpinned by the principles of good governance, is equally valuable to all types of organisations in the private and public sectors and also Namibian organisations are in need of ethical leadership, deeply embedded ethical cultures and to be perceived as responsible corporate citizens in the societies in which they operate,

it is the mission of Therapeutic Informatics to professionally empower Namibians in putting King IV into organisational practice through the lecturing and application of all 16 governance principles of the Report.



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