Corporate Governance for Project Professionals [1, 2]

Taka Sande

Introduction

In the modern business landscape, effective corporate governance is vital for ensuring the sustainable success of organizations. Corporate governance refers to the system of principles, policies, and processes that guide and control a company's operations, decision-making, and accountability. While corporate governance is often associated with the overall management of a company, its significance extends to project professionals who play a critical role in executing strategic initiatives. This article explores the importance of corporate governance for project professionals and highlights key principles and practices that can enhance their effectiveness.

I. The Role of Project Professionals in Corporate Governance

Project professionals are responsible for driving organizational growth, executing projects, and delivering desired outcomes. They oversee the planning, implementation, and control of projects, making decisions that impact the company's strategic direction, financial health, and stakeholder relations. Consequently, project professionals are integral to corporate governance as they translate the organization's vision into actionable projects and ensure alignment with its objectives.

II. Definitions

What is Project Governance?

Project governance is defined as '*the management framework within which project decisions are made.*' The Project Management Institute (PMI) define project governance is the framework, functions and processes that guide activities in projects, program and portfolio management. It is about:

- Proper selection of projects and programmes
- Adherence to best practices

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- Oversight and accountability for alignment among projects, programs and portfolios.

What is Corporate Governance?

Corporate Governance is generally defined as *'the system by which a company (or organisation) is directed and controlled*.' However, the King IV Report on Corporate Governance define Corporate Governance as "*the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes: ethical culture, good performance, effective control and legitimacy.*"

III. Principles of Corporate Governance for Project Professionals

a. Accountability: Project professionals must be accountable for their actions, decisions, and project outcomes. They should establish clear lines of responsibility, communicate project progress transparently, and address any deviations promptly. Accountability promotes trust among stakeholders and facilitates effective decision-making.

b. Transparency: Transparency is crucial for project professionals to foster trust and credibility. They should ensure open and honest communication with stakeholders, share project information, risks, and challenges, and provide regular updates on progress and milestones. Transparency promotes collaboration, reduces uncertainty, and helps manage expectations.

c. Risk Management: Project professionals must identify, assess, and manage risks effectively. By integrating risk management into the project lifecycle, they can anticipate potential threats, develop mitigation strategies, and minimize negative impacts on the organization. Effective risk management demonstrates a proactive approach to corporate governance and enhances project success.

d. Ethical Conduct: Project professionals should uphold high ethical standards in their practices. They must act with integrity, adhere to legal and regulatory requirements, and avoid conflicts of interest. Ethical conduct promotes credibility, protects the company's reputation, and ensures project decisions are made in the best interest of all stakeholders.

IV. Best Practices for Corporate Governance in Project Management

a. Stakeholder Engagement: Engaging stakeholders throughout the project lifecycle is essential for effective corporate governance. Project professionals should identify key

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stakeholders, understand their expectations, involve them in decision-making processes, and seek their feedback. By incorporating diverse perspectives, project outcomes are more likely to align with organizational goals.

b. Board Oversight: Project professionals can benefit from the oversight of a project governance board or a project steering committee. These governing bodies provide strategic guidance, review project progress, and ensure alignment with corporate objectives. Board oversight enhances transparency, accountability, and ultimately, project success.

c. Performance Measurement: Establishing clear performance metrics and key performance indicators (KPIs) enables project professionals to monitor progress, evaluate project outcomes, and demonstrate value creation. Robust performance measurement practices allow for effective governance by providing objective data to evaluate project success and inform decision-making.

d. Continuous Learning: Project professionals should embrace a culture of continuous learning and improvement. By seeking feedback, analyzing lessons learned, and incorporating industry best practices, they can enhance their own capabilities and contribute to the overall development of the organization's project management processes. Continuous learning supports effective corporate governance by fostering adaptability, innovation, and resilience.

Conclusion

Corporate governance is not limited to the boardroom but extends to project professionals who are crucial in translating strategic intent into tangible outcomes. By adhering to principles of accountability, transparency, risk management, and ethical conduct, project professionals can ensure effective governance in their projects. Moreover, embracing best practices such as stakeholder engagement, board oversight, performance measurement, and continuous learning enhances their effectiveness and contributes to the sustainable success of organizations.

The current trends indicates that there is an increasing demand for project professional skills at higher leadership levels including corporate boards. Project management skills and competences provide a solid foundation at corporate board level. Project Businesspeople, in the project and innovation space who have evolved into entrepreneurs are making increasingly noticeable impact in the corporate governance level. If you are at the top of your careers ladder, go on and move to the next level, pursue corporal board positions.

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Taka Sande, MBA, BSc Hons Civil Eng, is a Project Management Profession® (PMP®) and Certified Director® by the Institute of Directors South Africa (IoDSA) with over 23 leadership experience in executive management and corporate governance. He offers advisory services to private sector organizations, state owned enterprises and government departments, locally and internationally.

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