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HRD Seminar on “Role of HRD Institutions in Capacity Building for Good Governance and Professionalization”

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I am honoured to be given this opportunity to share with all of you our SNCF’s experience on “Capacity Building for Good Governance and Professionalization”.

In an organization, capacity building for Good Governance and Professionalization refers to the creation of an environment that fosters good governance practices and transforms itself into a true “profession” of the highest integrity and competence.

Good Governance

For the benefit of those who may not know, the Singapore National Co-operative Federation (SNCF) is the apex body of the co-operative movement in Singapore. Like in any other national co-operative bodies in the world, our key role is to promote co-operative principles and values in our country.

However, in the last couple of years, SNCF’s main focus and challenge has been on promoting good corporate governance. This is in line with a world-wide trend today towards greater accountability and higher levels of disclosure for all types of organisations. In Singapore, public-listed companies need to comply with governance principles and explain any deviations. Voluntary welfare organisations or charities have already adopted governance standards and Co-operatives have no exception too.

What exactly is Good Governance? Good Governance is basically about organisational structure and control to ensure that there is a proper and an efficient system in decision-making processes, feedback and reporting, risk assessment and management of activities, setting up limits of authority and post operational audit of decisions and fraud prevention. Mindful of good governance’s impact on co-operatives’ well-being and public standing, it will remain a key area of SNCF’s focus as we seek to educate, promote and implement higher standards of governance among our affiliates.

SNCF has for the past five years conducted a series of courses for our affiliates to instil in them the principles and importance of good governance. About 500 Co-operative Board Members, key managers and staff have attended this course which equipped them with knowledge and understanding of their roles and responsibilities.

Awareness workshops were also conducted to increase affiliates' level of awareness in governance including areas like internal controls, risk and fraud management. SNCF had also worked with our credit co-operatives to introduce a Self-Regulatory Framework, whereby these co-operatives participate on a voluntary basis to report regularly on their compliance with operational governance standards.

That was not all we did. In 2006, SNCF launched the non-mandatory Code of governance before the revised legislation governing co-operatives kicked into effect recently (i.e. on 20 October 2008) to ensure greater accountability and transparency. The Code of Governance was launched by Dr Vivian Balakrishnan, our Minister for Community Development, Youth and Sports during the SNCF's Annual Co-operative Leaders' Conference on 11 Nov 2006. Mr Ng Siew Quan, Partner of PriceWaterhouseCoopers Singapore, was the key resource person for the conference and he delivered a keynote address on the conference theme "Strengthening Co-operative Governance Standards through Best Practices". In his presentation, he gave an 8-step guide to reinforcing good governance:

- Set the tone
- Board induction/training
- Be proactive in the oversight of the C suite
- Appoint a "director of governance"
- Document the basic controls
- Run an effective internal audit function
- Set up a formal Whistle-Blowing Process
- Conduct annual review

Our Code of Governance for Co-operatives is tiered, with more stringent guidelines proposed for the larger co-operatives as well as for the credit co-operatives. Although the guidelines in the Code of Governance will be non-mandatory, all co-operatives are required to complete a self-evaluation checklist. This exercise will help the co-operatives identify their own areas of weaknesses, and ensure that they have the pre-requisites for effective governance.

Conscious of the limitation and restrictions faced by our small affiliates in fulfilling their statutory obligations as well as compete in the marketplace, SNCF has been working with the Registry of Co-operative Society on how to further support co-operative capabilities in meeting the needs of their customers and members while at the same time help co-operatives to raise their standards of governance and accountability.

Following the passing of amendments to the Co-operative Societies' Act in Parliament in September 2008 aimed at raising the level of corporate governance and accountability for co-ops, SNCF is planning to conduct training sessions in early next year for affiliates to have a better understanding of the new rules and regulations.

Besides conducting training programmes and workshops relating to good governance, SNCF also embarked on a series of operational audits with the objectives of identifying the best practices and strengthening governance and internal controls.

Good governance must also encompass succession planning and development of human resources.

Hence, as part of our HRD process, SNCF launched its first Co-operative Scholarship in early this year. The Scholarship aims to attract, develop and nurture suitable talents to enter the ranks of the Co-operative Sector in Singapore. Three scholarships were given out to two young gentlemen and a young lady who are pursuing their tertiary education now.

Professionalization

I mentioned earlier, promoting good governance has been our key focus. The other focused area is to assist our affiliates in developing professional management practices. It aims to:

1. enhance co-op leaders' leadership and management capabilities so that they are able to manage their co-ops more efficiently and effectively.
 - SNCF embarked a broad range of leadership and management programme through partnership with the various established training providers
 - SNCF organises overseas study missions, to learn first-hand the policies, programmes and experiences of sister co-ops in different countries.
2. provide shared services (e.g. audit, accounting, IT etc) for cost effectiveness

SNCF has been providing a couple of shared services to some of the smaller co-operatives. To meet the new needs of our affiliates, SNCF is committed to bring in a larger pool of shared services.

- can coordinate the shared Audit Services by working out a reasonable, competitive rate with selected audit firms. These auditors are familiar with the audit requirements of Co-operatives.

- can coordinate the shared Legal Services by working out a reasonable, competitive rate with selected legal firms. We will invite lawyers who are familiar with the Co-operative Societies' Act and the drafting and amendment of the Co-operative by-laws etc.

- can coordinate the IT needs of the Co-operatives and in a position to engage IT vendors at reasonable rates. The generic IT services include Computer replacement and repair, Helpdesk, Network Maintenance, Website Design, Software Upgrade, Hosting of website and application systems and etc.

3. Assist affiliates in seeking professional advice and complying with statutory requirements

- such as to seek legal advice on amendment of co-op By-Law when there is a need.

4. Support affiliates financially and technically to beef up their operational effectiveness

The Central Co-operative Fund Special Project Grant provides financial assistance to co-operatives with the objective of strengthening their operating capabilities so that they can provide better and enhanced services to their members. Type of Projects that can be considered for funding includes professional services such as Information Technology, consultancy services and renovation works.

To achieve the above objectives, some of the activities we have carried out are:

- strengthen operational efficiency of the small co-ops by actively promoting to them the financial assistance schemes that require professional help on corporate secretarial services
- organize marketing, business promotion and networking sessions for service co-ops to facilitate better understanding of market environment among their co-op leaders.

Good Governance and professional management practices need to be established regardless of the operational size of co-operatives as the failure of any co-operative would tarnish the good reputation of the whole co-operative movement which has been painstakingly built over the years. Whilst we put in much effort in developing these good practices, we must not forget the main motivating factor behind it. And that is to gain and maintain the trust by the stakeholders, as once it is lost, it will be difficult to regain it.