

# Wanted: Government Corporate Board Directors

**A**fter the May elections, one of the many tasks facing the new president is looking for directors and executives to the big number of government-owned and controlled corporations (GOCCs).

There are at least 102 active state companies, according to the Governance Commission on Government-Owned and Controlled Corporations (GCG), an office reporting to the President of the Philippines tasked to oversee state companies. If we assume there are at least seven directors per company, the new president will need to appoint 700 directors to govern the hundred or so state companies.

If you are a prominent business figure, there's a high chance you'll be asked to serve on the boards of the state companies. Should you even think about it?

The minimum qualifications to be appointed director and CEOs in state companies are pretty straightforward. You must be a Filipino citizen, at least 30 years of age at the time of appointment, of good moral character, unquestionable integrity, and of known probity, have a college degree, with at least five years relevant work experience, possess management skills and competence preferably relating to the operations of the GOCC, and have attended, or will attend within three months from date of appointment, a special seminar on public governance for directors.

Of course, these are just the minimum qualifications. A study by global auditing firm PricewaterhouseCoopers suggests that board directors and executives of state-owned enterprises (SOEs) must also satisfy at least four "tests". First, they need to have a clear understanding of the objectives of the SOE and their role in delivering these. Second, the time and resources to conduct their role well. Third, the capability or having the required and relevant expertise and experience to manage the SOE. Lastly, commitment to integrity or serving the citizen for the purpose of societal value creation.

State-owned enterprises are instruments for social and public value creation. This being so, a great deal hangs on the quality of leadership of these organizations. It is under the leadership of these appointive officials that the government's investments must deliver the outcomes desired.



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Clearly, an invitation to sit in the board of any of the GOCCs is a unique opportunity to make a difference in the life of the nation, particularly the 26 million Filipinos who fall below the poverty line. It is a chance to help promote inclusive growth and development for our country, a great opportunity to contribute to collective social good.

However, these opportunities carry a potential downside as well. Many state companies are at the center of allegations of irregularities. They are commonly viewed as inefficient and uncaring. When the public hear of GOCCs, the first things that come to mind are “fat salaries of directors, hefty bonuses of unqualified board members, drain on public finances, profit-oriented instead of providing social services, GOCCs answering to no one and inefficient, state-subsidized companies with no threat of bankruptcy”, a PR firm Eon has found in a report.

Despite these risks, some successful business men and women, especially those who feel they have a “calling to serve” may still want to consider heeding the invitation to serve in government. Some are at that stage in their life and career when they want to “give back to the country”.

If you are one of these brave and admirable souls, I encourage you to go ahead and serve in government. But know that it is an altogether different ballgame.

To be sure, a lot of it will be about corporate governance and policymaking, fiduciary responsibility, strategic management, review and control and ethical, sound operations – stuff you're used to in the private sector. However, more importantly, it will also be about tenacity, the ability to withstand inertia and change mindsets. There are plenty of times when you will feel like the mythical Sisyphus who was condemned to forever push an immense boulder up a hill, only to watch it roll back down.

Make no mistake: it'll be tough. But it also offers you the rare chance to take part in a massive effort to transform state companies, according to a GCG vision paper, “into a significant tool of the state in the attainment of inclusive economic growth and development”. 

**SUSAN GRACE RIVERA** IS MANAGING DIRECTOR AND EXECUTIVE COACH OF TALENT, LEADERSHIP & CHANGE CONSULTING AND COACHING SOLUTIONS. SHE CAN BE REACHED AT [SG.RIVERA@THETLCSOLUTION.COM](mailto:SG.RIVERA@THETLCSOLUTION.COM)

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