

## **The Modern Day Corporate Secretary**

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The role and responsibilities of the modern day company or board secretary have changed significantly. It is undisputable that the name falls short of the duties that fall in the scope of a modern day secretary. Traditionally, their role was one of a “note taker” at board meetings or “administrative servant of the Board”. But things have changed. Today, it encompasses a much broader role of acting as “Board advisor” and having responsibility for the organization’s corporate governance.

The Board, particularly the Chairman, relies on the Corporate secretary to advise them not only on directors’ statutory duties under the law, disclosure obligations and listing rule requirements but also in respect of corporate governance requirements and practices and effective board processes. This specialized role of the modern corporate secretary has emerged to position them as one of the key governance professionals within the organization

In Ghana, the Companies Act, 1963 (Act 179), section 190(3) deals with the appointment, removal, and the duties of the Corporate secretary. The decision to have their appointment by the board however, is commendable as it lends the corporate secretary independence.

The onus lies on the board to make a collective decision as to the appropriate attributes needed by the corporate secretary to fulfill the diverse the role.

It is important to note that the Companies Act, Act 179, does not clearly define the role and duties of the Corporate secretary. The current provisions appear quite restrictive and mainly administrative in nature. Principally, the corporate secretary ensures the company complies with company law, maintains certain statutory registers and makes the necessary filings with the Registrar of Companies such as annual returns, financial statements and certain forms with respect to changes to share capital etc.

In practice today and drawing lessons from the financial crisis, the name Corporate secretary has evolved due to the changing role. Some emerging names are the ‘chief governance officer’ or ‘the governance director’. The responsibility for ensuring that the appropriate corporate governance systems and processes are in place has fallen largely within the remit of the Corporate secretary. The person must have adequate understanding of the business of the organization and how that impacts the community financially, socially and environmentally. It is for this reason that the Corporate secretary is the best executive to conduct board induction for new directors. Also, s/he is well placed to take on the role of strategic communications with all stakeholders and he must ensure that in

setting the board agenda in consultation with the Chairman, certain pertinent modern issues such as IT governance and stakeholder relationships are dealt with at their meetings.

The corporate secretary should be highly skilled to play the diverse role of being the advisor, communicator, networker, business analyst and having a boardroom presence. It is important that he/she understands the resources used by the company and stakeholder relationships to be able to manage relationships effectively.

The constantly changing dynamics of the boardroom are pushing boards to realize that they need persons with specialist skills and technical knowledge to play the role of the Corporate secretary.

Emerging trends in corporate governance have defined a number of areas where Company Secretaries can play key roles to add value, these include but not limited to:

### **Scribe**

This term depicts the traditional role of the corporate secretary. Nonetheless, the manner and approach at which minutes are taken in this modern day makes the term recent and for that matter cannot be undermined or undertaken by someone who does not know the business. A lack of understanding of the business could lead to nuances of discussion and inadequate record of meeting which could potentially have its own negative consequences. There is the need to understand the audience (management, board, shareholders, regulators, etc) in order to record the minutes to suit their needs. Recent developments in disclosure and reporting have placed emphasis on the quality of corporate governance reporting and increased transparency. The corporate secretary usually has responsibility for drafting the governance section of the company's annual report to comply with regulatory requirements. To this end, there is every reason to have a competent person who has specialized skills to manage this role.

### **Compliance Officer**

Statutory demands of listed entities and financial institutions place company secretaries in the position of compliance officers in relation to board issues. Certain regulations may require the secretary to constantly keep the board's calendar planned for certain regulatory requirements for which failures may result in serious repercussions and reputational issues.

### **Advisor and Confidant**

The modern day secretary acting as an advisor and a confidant to the board and other stakeholders is a key emerging corporate governance role. The chairman and the board as a whole look to the corporate secretary for advice on all governance related matters. S/he is expected to be the governance conscience of the board and is supposed to champion the good practices in the board room. He is to advise in areas of

- board succession, appointment, removal.
- chairman succession, appointment or removal.
- conduct of meetings,
- compliance with corporate ethics.
- board, committee and individual director's evaluation and
- trends and governance necessary to stay abreast with time.

### **Educator and Governance Leader**

There are many role players within the governance framework. Notwithstanding the numerous players as the finance directors, internal audit, risk and compliance etc, the role of the corporate secretary to ensure that governance frameworks such as board committees, compliance with legislations are adequately in place. S/he must work together with the chair to ensure directors continuous development as well as board evaluation and induction. It is for this reason that he must be well versed in the business of the organisation and must possess strong networking and relationship management skills to be able to understand the various background of the directors especially non-executives to be able to advise what training needs will help their professional development.

### **Liaison between the Board and Management**

The corporate secretary is the voice of the board and acts as the interface between the board and management. Typically, the corporate secretary serves as the conduit for flow of information to the board from management. It is important to realize that though executive directors are also on the board, the corporate secretary per the advice of the board relays information to management. He is supposed to coach management on the adequacy of information to the board and must constantly brief management of the board's expectation before entering the board room.

### **Communication with Shareholders and other Stakeholders**

The corporate secretary plays a critical role in communicating and educating shareholders particularly in relations to Annual General Meetings. Although many large listed institutions have designated the role of communicating with institutional shareholders to Investor relations, the role of the corporate secretary to communicate and educate cannot be overemphasized especially in the case of retail shareholders.

The advent of integrated reporting now calls for increased communication with stakeholders and has added stakeholder reporting to the agenda of the board. The corporate secretary has to coordinate all related communication demands for the board.

## Characteristics and Competences

The changing roles of the corporate secretary require that the person has certain peculiar characteristics and unique skills to handle the evolving task. Amongst the many characteristics s/he needs to possess include but not limited to the following:

**Communication skills:** The corporate secretary needs to possess strong communication skills to balance the many roles and various stakeholder engagements. S/he is an intermediary to many stakeholders and it is important for him/her to exert influence in various ways to be able to effectively demonstrate strong communication skills. Communication skills are underpinned by confidence. The corporate secretary needs to have credibility at both the board level, management level and even key investors with knowledge being a key factors for success.

**Focus on Details:** To be able to play an effective role and serve the needs of the board as well as other stakeholders, the corporate secretary has to have an eye for details. The nature of the role means that overlooking the seemingly smallest of issues could have a dire consequence on the organization. Besides the need to be detailed in relation to regulatory and statutory demands, the need to maintain quality and adequate content for board papers and communications cannot be overemphasized.

**Strong Organisational and Administrative Skills:** Managing and juggling the many roles identified to be fulfilled requires strong organisational skills.

**Trust and Integrity:** The nature and the exposure to confidential information requires someone who is mature, trustworthy and whose integrity has been tried and tested. It is important that S/He is able to build a relationship of mutual trust with the Chairman, Independent directors, executive and non-executive directors whilst maintaining the confidence of the board.

**Tolerance, Respect, Patience and Humility:** There are so many egos in the board room and it is important for the corporate secretary to demonstrate the above qualities to be able to manage all members. S/he should be able to listen to both the spoken and the unspoken communication around the board room table. A lot of patience is required to keep a sensitive boardroom conversation going whilst exercising respect and humility for the directors. Always note that individuals are different and each person and circumstance will require a peculiar approach to deal with.

**Emotional Intelligence:** This skill is very important to be able to massage the egos of the “big men”. It is important for the corporate secretary to study the various personalities of the directors and relate to them accordingly. S/he should be able to navigate through them with the required level of humility, respect and tolerance whilst challenging the status quo.

**Conclusion:**

In the light of increased regulatory and statutory demands on boards, the governance role of the corporate secretary is apparent.

It is critical that there is a skilled governance professional who can help the board navigate their fiduciary duties and facilitate board effectiveness by allowing the board members to focus on key decision making and strategy, knowing that there is a dedicated resource person to handle the day- to -day governance arrangements of the organization.

This is a crucial time to be a corporate Secretary as the expertise, roles and perceptions are daunting. The best advice to the modern corporate secretary would be to remain steadfast and committed to the course of implementing the best governance practices that will help build a strong organization.

*This article is an adaptation of the Corporate Secretary as a Polymath, an article developed by the International Finance Corporation Private Sector Advisory Group*