

# The Governance Concept, objectives, roles, principles, components and methodologies and dimensions



▲ By Ahmed Masad Alghamrawi

This paper aims to enhance the understanding of the concept of governance, its objectives, roles, principles, components and methodologies, in addition to the perspectives that need to be taken into account to build or reactivate an effective governance framework targeted the entire enterprise. Moreover, the information provided in this paper has been tailored and customized from a wide range of globally recognized standards and references to suit all types of organizations, whether for-profit or non-profit organizations, regardless of their sizes, goals and strategies.

The governance concept objectives and roles:

The governance is a framework within which organizations Evaluate, Direct and Monitor their processes and activities including prioritization, decision making, in order to “best achieve the desired benefits at an optimal resource and risk as well as linking these benefits with the organization’s vision and strategic objectives”. While management is implementation of the governance framework by executives. The governance framework is commonly Board of Directors’ accountability.

The Governance Framework is a structured system of roles, responsibilities and authorities to achieve desired outputs, outcomes and identified benefits, through procedures, processes and activities required to realize value and the organization's objectives and vision. This governance framework is plying

major role to success but it isn't assuring the effectiveness of organizations without build a culture that supports the planned objectives.

The success criteria are deferent among organization based its vision, mission, values, adapted strategies and strategic objectives as well.

Therefore, the right level of capabilities, capacities and competencies needed to be established across the organization and among its employees.

The organization's culture derived from shared value and organization's objectives. furthermore, the organization's employees should be clearly understanding their roles towards achieving the desired benefits and value for the organization and involved stakeholders.

The governance principles:

Generally, there are a set of rules, beliefs and ideas to establish or reactivate the governance framework defined as the governance principles. These principles represent the start point to design or maintain the governance framework. the principles

preferred to be followed to tailor a successful governance framework include:

- 1- Focus on value: one of the governance function is evaluating the stakeholders' needs that added value for them. Achieving of this value requires a balance between Benefits, recourses and risks.
- 2- Holistic approach: the organization's divisions, departments, section, components, and business units are not standing alone, so helicopter view should be conducted to build a robust governance framework.
- 3- Comprehensively covered the entire organization: the governance framework should cover all entities within the organization to ensure end to end governance framework.
- 4- Customization: the governance framework should be tailored based on business and stakeholders needs to ensure real value added to the entire organization.
- 5- Promote the visibility: the right person or entity should be involved timely in the right role and working collaboratively in order to obtain the grater buy-in in order to ensure long-term success and support

decision making processes through availability of the right and sufficient information.

6- Perfectly understanding of the current situation: the consideration of what is already existing via investigation and observation in order to be leveraged.

7- Flexibility: the dynamic governance framework is required to cope the changing business environment and absorb the change as planned.

8- Simplicity: the elimination of processes or activities that are not added real value is required to minimize the steps necessary to achieve objectives and realize the benefits and to keep a practical governance framework.

9- Alignment: the governance framework should be aligned with major standards to be integrated seamlessly with them and keep the practicality of the governance framework.

10- Conceptuality: the governance framework's components and the relationship between them should be clearly identified to ensure consistency and to enable digitalization.

The governance framework components:

Each organization needs to tailor and establish a sustained governance framework using several components in order to achieve the governance objectives satisfactorily.

These components are factors contributing to operate the organizational governance framework, and to produce holistic governance framework through interaction with each other. These components include:

- 1- Enterprise Environmental Factors.
- 2- Organizational strategy and objectives.
- 3- Organizational structure including roles and responsibilities.
- 4- Principles.
- 5- Practices, Policies and Procedures.
- 6- Information.
- 7- Organizational capacity and capabilities.
- 8- Organizational culture and behavior.
- 9- Processes.

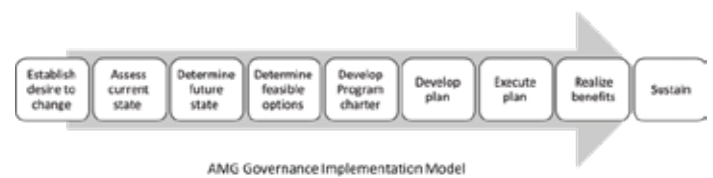
The implementation of governance framework:

Organizations should ensure that the desired benefits from implantation of the governance framework are realized, sustained and sponsored by senior management. Moreover, the visibility should be promoted and shared with involved stakeholders in order to obtain their buy-in. Therefore, Program Management should be addressed to ensure the successful implementation.

From the other hand, implementation of the governance framework means that a set of procedure, processes, practices and activities should be established and performed so the Continual Improvement steps is highly recommended. Additionally, the establishment or reactivation an appropriate governance framework is considered a change so adoption of the Change Management models and methodologies is a critical success factor.

In light of the above, Program Management, Continual Improvement and Change Management are integral parts of the governance framework implementation meth-

odology. The following are the steps of the governance framework implementation (AMG Governance Implementation Model) addressed the mentioned integral Parts, increased the probability of success, focused on value and linked the organizational efforts to the organization’s vision, and objectives:

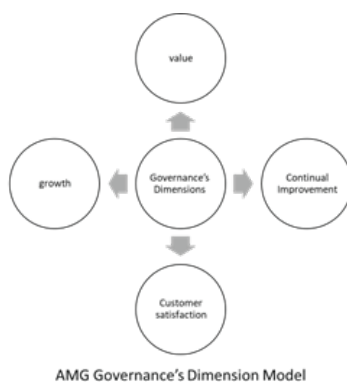


1- Establish desire to change: the vision of the governance framework should be clearly defined and business case should be initiated.

There are 4 perspectives for an effective governance framework defined as governance’s dimensions that should be considered to ensure holistic approach of the governance framework implementation and vital to achieve value for the entire organization. These dimensions are:

A. The value added for the organization and stakeholders: the value is the final results of one or more outcomes and bene-

fits that enabled by outputs resulted from one or more processes. The main purpose of an organization is creation of tangible or intangible value for the involved stakeholders. This value may be perceived benefits or usefulness and may be subjective as well. Therefore, effectively collaboration between organization's staff, business units and involved stakeholders whether they are external or internal is a critical success factor.



Organizations are not working in isolation, so they are they are influenced by external factors should be analyzed using models or frameworks customized for this purpose such as “PESTEL” or “STEEPLE”. The organization strategy should be aligning these external factors using several techniques such as “TOWS analysis” in order to maximize the planned benefits and response to

the identified risks.

B. Continual improved of internal processes: organizations are applying a series of processes and activities performed to deliver the desired value. These processes and activities should be optimized and continually improved. Optimization of the processes and related activities may be adoption of new technology or digitalization of these processes and activities.

C. Customer satisfaction: the organizational capabilities should be used to enable the value to customers, so the customer should be clearly identified. Furthermore, the stakeholder's needs should be accurately determined to ensure that the right value enabled for them timely based on their needs and agreed requirement including continuity, availability, confidentiality...etc.

D. Development and growth: this dimension includes training and enablement the organization's employees, improve the organizational culture to absorb the changes resulted from dynamic environ-

ment. The manpower's culture, capabilities and capacity are playing a significant role to support the organizational strategies and objectives. Therefore, the organization's vision, values and strategic objectives across the entire organization to ensure that everyone is very understanding his contribution toward the value and objectives.

From the other hand, the new technologies are playing a vital role in governance effectiveness. This include workflow management, communication system , analytical tools, information management as well as compliance of regulatory requirements.

2- Assess current state (As is Situation): the activities and steps required to implement the governance framework successfully cannot be mapped out without fully understand the current state so we also need to accurately determined where we are.

3- Determine future state (To Be Situation): from the previous step AS IS situation (Point A) is determined so we need to determine TO BE situation (Point B) to define the implementation Journey destination and map out the required steps and define Roadmap clearly.

4- Determine feasible options and applicable recommendations: the gap between AS IS and TO BE situations should be analyzed in order to determine the capabilities required to correctly determine the viable options and appropriate recommendations, in order to identify the capability required to implement selected option and appropriate recommendations and complete the business case consequently.

5- Develop Program charter: in this step the program charter is developed and approved.

6- Develop plan: implementation plan is developed then obtain approval from authorized.

7- Execute plan: in the previous step the execution plan approval of the governance framework implementation is obtained so the organizational capabilities should be used to start the successful implementation of an effective governance framework.

8- Realize benefits: implementation of plans should be monitored to ensure that they are correctly implemented, to remove any potential obstacles and to validate that the desired benefits have been realized timely.

9- Sustain: the momentum should be kept going, therefore, marketing of delivered quick wins and benefits should be focused on. Moreover, these benefits should be incorporated into the organizational culture to ensure that the outcomes and benefits realized have been sustained.

### **Conclusion:**

The adoption of an appropriate governance framework is a critical organizational success factor, so this paper has been prepared to enhance a comprehensive understanding of the governance framework to provide the professionals and practitioners with an informative guides summarized the concept of governance, its objectives, roles, principles, components and methodologies, in addition to the governance dimensions should be considered to maintain an effective governance framework targeted the entire enterprise. Furthermore, this paper has been customized from a wide range of globally recognized standards and references to be suitable all types of organizations, whether for-profit or non-profit organizations, regardless of their sizes, goals and strategies.