SmartLessons
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Getting Universities to Adopt Corporate Governance: Not as Easy as It Looks!

The main goal of IFC's Corporate Governance Project in Pakistan is to establish sustainable capacity in the country so that, once the project is over, institutions will be able to improve their corporate governance practices to international standards using locally available resources. The project aims to achieve this goal by helping set up a stable and robust regulatory framework, establishing sustainable institutions to train directors and improve board performance, training the media in selecting and reporting on issues that communicate the local relevance of corporate governance, and encouraging business schools to incorporate corporate governance as a core subject in the MBA curriculum.

BACKGROUND

This last goal—helping universities embed corporate governance into the Master of Business Administration curriculum—is the focus of this SmartLesson. This important focus aims to inculcate best practices at the grassroots level and build a resource pool of formally trained corporate governance expertise. The key steps in the process are:

- Getting buy-in from faculty and students at the start;
- Conducting a training-of-trainers program for the business school faculty;
- Strengthening our relationship with the key stakeholders at the university; and
- Remaining connected with the students to reinforce the importance of corporate governance.

In achieving this milestone, we had to navigate some potentially tricky hurdles that threatened the success of this entire initiative. The SmartLesson below—lessons learned while implementing the first corporate governance course based on IFC's material and taught by a university in Pakistan—shows how the project team addressed these challenges.

LESSONS LEARNED

1) Get buy-in at the outset.

We chose to start with a local university so that we could manage any hiccups with close personal attention. The first step was to embark upon a fact-finding mission to gauge the appetite of key stakeholders and determine their requirements for a corporate governance course. To accomplish this mission, the project team organized a half-day seminar with faculty members, the head of the business school, and postgraduate students. The seminar gave us the opportunity to assess the different stakeholders' levels of interest in a corporate governance course. Based on the seminar, we concluded there was sufficient traction from faculty and students alike to encourage us to sign an agreement with the university to proceed with the development of a corporate governance curriculum and the design and delivery of a TOT program for the faculty.

2) Make course corrections in a timely manner.

After developing the corporate governance curriculum, designing the TOT program was relatively straightforward. All we had to do, it seemed, was to select the relevant material, adapt the content to the local context, and deliver the training. Before the three-day training, we paid one last visit to the business school to confirm areas of focus of the training. All the pieces of the puzzle seemed to be clicking into place.

The first part of the training was going as planned. The audience appeared to be attentive. As the presentations unfolded, however, we began to sense an uneasy silence. We realized that many in the audience were not responding; they were looking into space! Then, as the presentations became more and more intricate, some members of the audience started to become agitated. A couple of the faculty lecturers began to share their fears. They questioned whether the concept of corporate governance would fly in Pakistan, and whether their students would show any interest in corporate governance.

These people carried the main responsibility for the success of the course, and it appeared they were sensing a shift in the burden of responsibility from IFC to themselves, as they realized that the success of this initiative now rested on their shoulders. Other faculty members joined in, for good measure, with more general objections, most of which had no grounding in principles of good corporate governance. It did not take long for the mood of the audience to shift from polite attendance to antagonistic and at times markedly aggressive. As the course wore on, the atmosphere became intimidating and highly charged, and we became concerned that this audience reaction would jeopardize the entire training program. We knew we had to find a way to reassure and motivate this core group of faculty lecturers to move ahead with the original plan.

Urgent action was required to cool the temperature before the situation became overheated and slipped from our control. We brought the three key opinion leaders center stage to focus everybody's attention. To harness their experiences, we opened up a discussion on their achievements in corporate governance. They talked of their experience serving on boards, some within the country and some abroad. By recognizing their achievements, we were able to reinforce our key messages on good corporate governance practice. This marked a turning point in the process, because the audience started to engage and take ownership of the material we were presenting. As a result, the atmosphere calmed down and became more positive and conducive to learning. This change was reinforced in the positive feedback from the post-training evaluations.

3) Continue to build bridges with the key stakeholders after the event.

Because we wanted to ensure the successful implementation of our agreement with the university, our engagement with them did not stop at the end of the three-day training-of-trainers program. After the training, we leveraged several other opportunities to visit the faculty and follow up on their promises to start teaching corporate governance to their MBA students. Unfortunately, the university seemed to be dragging its feet in getting the corporate governance course on the road. The head of finance, the original sponsor of the project within the university, had become too busy to take this project across the finish line.

We therefore focused on the senior lecturer, who had been one of the most animated and energetic participants during the TOT. We worked closely with him, encouraging him to champion the project and sign up students for the first corporate governance course. At first he was reluctant, because he felt there would be very few takers. He claimed the students were not very familiar with the topic of corporate governance, and would not see career prospects in this field. We saw this as an opportunity to present our business case for a corporate governance elective course in the MBA program. Our premise was that corporate governance is an emerging issue and, in light of the unfolding global financial tsunami, this issue was here to stay. In addition, since very few people had any kind of specialization in corporate governance, students with formal academic grounding in corporate governance would be in high demand. We also offered to present these arguments directly to prospective students. In the end, this was not necessary, because 30 students signed up for the corporate governance elective.

4) Reinforce the relationship with the end user.

Once the students were on board, having signed up for their corporate governance elective course, we reinforced their good decision by inviting them to IFC for an orientation on the landscape of corporate governance in Pakistan. We wanted to nurture these students so that they would become ambassadors of good corporate governance practices at their university.

We lined up a videoconference with the students, the Pakistan Institute of Corporate Governance, and IFC. We briefed the students on the objectives and achievements of the IFC Corporate Governance Project and the work of the institute in accrediting directors, increasing membership, and orienting companies on corporate governance. The ensuing discussion was highly interactive. It ranged from a review of local business leaders' opinions on corporate governance to the opportunities and barriers to the progress of good corporate governance practice in the country. The students were thoroughly engrossed, and we rewarded them with certificates of participation. This activity generated a buzz at the university and enhanced the prospects of high enrollment for the second batch of students.

CONCLUSION

Engagement with the students is set to continue, because IFC has offered to meet with the students again toward the end of their course. The response from the university has also been positive, including an invitation for IFC to deliver orientation lectures during the next round of recruitment for the new batch of students. Also, since the initial course, other colleges have asked IFC to provide an orientation on corporate governance and training-of-trainers, and have shown interest in using IFC materials for their intended corporate governance courses. The key ingredients of our success were getting buy-in at the outset, building strong relationships with key stakeholders, making course corrections in a timely manner with back-up plans, and nurturing the students to become ambassadors of good corporate governance practice at their university.

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