



Leading Ireland to recovery

The role of directors in a sustained economic recovery in Ireland is pivotal, according to **Maura Quinn**

There is no question that we are experiencing one of the most turbulent periods in our economic history. From vast deficits in the public finances to the many well-documented crises in our banking system, the country's corporate reputation has suffered greatly. A combined effort to put Ireland on the road to recovery is now critical. Business directors throughout all sectors must play a key leadership role in that recovery. Irish business has been sorely impacted by the recession, and while we have seen many forced to make redundancies and even shut their doors, those that remain open and viable must contribute to the long process of creating stability and re-establishing stakeholder confidence. By leveraging and further developing the wealth of business talent that already exists in Ireland, from sectors as diverse as professional practice to retail, we can work to restore confidence in Ireland Inc.

Taking responsibility

Directors are uniquely placed to take a real leadership role. By taking responsibility for their own area of influence, and by strengthening and improving management and governance frameworks in areas such as audit, risk and compliance, directors can promote general confidence in their own company and in the larger economy. Directors must take on board that it is they who are responsible to all stakeholders for their company's culture and it is they who must create and demand the highest standards of transparency, integrity and ethics. A key area of focus on the road to recovery will be improving standards of corporate governance. Good corporate governance allows an organisation to bring together all of its powers and resources, nurturing better business and ultimately restoring confidence. Over the last year, we have seen too

many examples of poor corporate governance and lack of oversight, bringing the role of the director under unprecedented scrutiny. It is now vital that we move beyond these mistakes of the past and work to improve corporate governance standards in Ireland for the future. There is a need for all directors, in particular those involved in larger corporations and financial services, to understand best governance practices and how these should be applied within their own organisation. Directors should recognise that, far from being a burden, improving governance can fundamentally benefit business, through increasing efficiency and minimising risk. By having robust corporate governance frameworks in place, directors can positively contribute to the long-term corporate reputation of Ireland.

Deirdre Kiely, a partner at FGS Partnership and an ACCA and IoD member agrees: 'Those directors who are members of the accountancy profession can play a vital role in promoting confidence in both the company in which they are a director and the larger economy. Such directors can bring a vast amount of expertise and knowledge to the role, particularly in areas such as participating on audit committees, ensuring adherence to best practice corporate governance and implementing risk management policies.'

Knowledge is power

Ireland is, and continues to, be highly dependent on its business talent as a means of supporting our economy and creating the potential for business growth. Therefore, the more developed and well rounded our directors are, the more significant and positive a role our businesses will play in the country's economic recovery.

Continuous professional development has long been recognised by the ACCA as a means of ensuring that its members are kept up-to-date with best practice and the latest thinking relevant to their profession. Likewise, for those accountants who hold executive or non-

executive directorships, developing and building specific knowledge and skills for the responsibilities of that role is just as important.

Directors should recognise that the skills required for their chosen profession differ from those needed for their position as a director, and while their professional skills will, of course, be of benefit, it is important to seek specialist training specifically focused on the role and responsibilities of a director.

According to Kiely: 'The absence of a corporate governance legislative framework - with the exception of European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010, which requires public interest entities to establish audit committees from 20 November 2010 - results in an increased reliance on best practice in this area. There is often therefore, an increased expectation placed on directors who are also accountants to have knowledge of best practice and to fulfil an enhanced role in this regard. It is, therefore,

imperative that such directors ensure that they have the necessary skills and undertake appropriate training to equip themselves in the performance of their role on the board.'

Directors need to ensure they are fully equipped for their role, as the better equipped directors are, the

better businesses thrive. Running successful businesses results in greater profitability, creates new opportunities, enhances shareholder value and, in turn, supports our economy.

The development of effective leaders who can devise and advise on an organisations' strategy is of increased importance in the current climate. Many business leaders, from a variety of professions, have already recognised the importance of director development and have undertaken training specific to their role and the responsibilities that come with it.

Director training, such as the IoD's Chartered Director programme, offers directors the opportunity to build and expand their knowledge of company direction and corporate governance, thereby developing their skills and expertise as business leaders.

There is a definite requirement for high quality management and governance expertise in Irish business. By continually developing and improving their skills, directors can lead by example. Directors need to provide strong and positive business leadership, as by doing so they can successfully navigate the current business climate and, at the same time, support the country's economic recovery.

Maura Quinn is chief executive of the Institute of Directors in Ireland

