

Millennials and Generation Z: Leading the charge in corporate governance

There's no place to hide. From state capture to large-scale corruption and wrong-doing, the sordid underbelly of corporate South Africa has been exposed and found wanting when it comes to good governance and ethics.



Photo: Greenpeace

The media has played a key role on highlighting unethical behaviour in the industry and that is set to continue. This, in conjunction with the information available online, will see many more South Africans asking questions about doing business with unethical companies. However, attorney, Michael Judin, believes millennials and Generation Z can play an integral role in ensuring local corporates apply a more ethical approach to corporate governance and comply with the King IV report. He was a member of the task team that wrote King IV, released on November 1, 2016.

“The coming of age of millennials and Generation Z, together with the rise of social media, have changed the global corporate environment. Businesses vehemently protect their image, by ensuring they adhere to strict ethical standards. When they are seen as having acted in an unethical manner, or have associated themselves with individuals or entities that are perceived to be unethical, more often than not, millennials Generation Z will demonstrate their disapproval,” Judin explains.

Judin cites the incident between Nestle and Greenpeace as a prime example of how public opinion can change a business. In 2010, the environmental organisation started a [campaign](#) against the nutrition, health and wellness company for using suppliers that were responsible for deforestation in the Indonesian rainforest.

“The campaign, commonly known as the Kit-Kat campaign, was so powerful that the food giant had no choice but to change its ways. This proves that corporates can no longer avoid embracing good governance while still expecting an unblemished image,” he says.

King IV - No longer a tick-box approach

“The King IV report on corporate governance has moved away from the previous ‘tick-box’ approach and towards an outcome-based method, which means corporates actually need to enforce King IV and prove that they have done so. This is exactly what millennials and Generation Z are looking for,” he says.

Millennials and Generation Z have evolved into a cohort that want to associate themselves with brands and organisations that are ethical and environmentally friendly. “Corporates spend millions each year to ensure that they change their business to be more environmentally friendly, to attract millennial and Generation Z clients,” says Judin.

King IV has also simplified and reduced the amount of governing principles to just 17, from the previous 75, enabling millennials and Generation Z (and those not falling within those categories) to easily understand what good governance entails.

“The King Committee has gone to great lengths to simplify the Code in King IV. Not only is it easier to understand, but it fits onto ‘one page’, which will cater for the ease of use millennials and Generation Z are always striving for,” explains Judin.

King IV must be part of corporate DNA

He stresses that the only way South African corporates will experience an age of ethical enlightenment, is for businesses to make King IV a part of their DNA.

“Every single employee must have ethics at the heart of everything they do. It doesn’t matter what industry you are in, ethics and good governance should be the basis. Not only will it create an ethical environment in our country, it will also empower employees to stand up if they start seeing something that doesn’t completely adhere to King IV,” says Judin.

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