

Chapter 63

Co-Engagement of Organisational Leadership in Collective Decision-Making: A Case of Public Enterprise

Thea Van der Westhuizen
University of KwaZulu Natal, South Africa

Max Mkhonta
Royal Swaziland Electricity Company, South Africa

ABSTRACT

Co-engagement of organisation leadership in collective decision-making is recognised as a key modality for encouragement of collective creativity as well as responsible and sustainable business practices. In cases of public enterprise (PE) collective decision-making regarding organisational policy is necessary for organisation leadership to co-engage with key decision-makers in government to ensure responsible and sustainable execution of policy. Often policy-making and implementation allows little scope for innovation and creativity, in other words, for flexibility, with direct consequences for success or failure of collaboration. This chapter explores key inferences such as the need for creative strategic intent; need for co-engagement; need for responsible and sustainable business practices to build morale and the need for innovative approach to policy-making.

INTRODUCTION

Co-engagement of organisation leadership in collective decision-making is recognised as a key modality for encouragement of collective creativity and responsible and sustainable business practices (Van der Westhuizen, 2016). In cases of public enterprise (PE) communication and collective decision-making regarding organisational policy it is necessary for organisation leadership to co-engage with key decision-makers in government to ensure responsible and sustainable execution of policy. Often policy-making

DOI: 10.4018/978-1-5225-9615-8.ch063

and implementation allows little scope for innovation and creativity, little scope, in other words, for flexibility, with direct consequences for success or failure of collaboration (Van der Westhuizen, 2016).

Debate around the level of compensation for executive teams and senior management in PEs has reached fever pitch in recent years. Governments, shareholders, boards of directors, academics, the business community in general and employee representative bodies have all demanded a say in how senior leaders are compensated and rewarded for their performance and input in organisations (Haynie, Mossholder & Harris, 2016). The debate, according to Core et al. (1999; see also Van der Westhuizen, 2016), has centred on two key questions: who should set appropriate pay policy and how superior performance can be rewarded as organisation leadership of PEs feel they have a strong claim to co-engage in collective decision-making.

According to Filatotchev and Allcock (2010), executive compensation has recently seen a move from fixed pay structures to remuneration schemes that are predominantly linked to performance and share ownership structures, and the role of shareholders (as principals) and boards of directors in determining the structure and shape of executive compensation has become a key issue in the debate on what constitutes fair and value-adding compensation and on the need for greater accountability in responsible and sustainable business practice.

In 2010, the Swaziland government introduced new guidelines on executive remuneration for all public enterprises in Swaziland (Circular No. 3, 2010). Boards of directors and remuneration committees of government-owned entities were directed to use the new guidelines to remunerate chief executive officers, chief financial officers and executive teams of PEs. The guidelines further directed that the remuneration of the rest of the employees in PEs must be also aligned according to the same directive. In this way government sought to monitor how PEs remunerated their employees in general and their executives in particular, underpinned by the need to “establish a clear relationship between key executive performance and remuneration” (Circular 3, 2010: p2). Therefore, there was a direct link between creative and innovative business practices, collective decision-making amongst leadership, and co-engagement in business practices on the part of the organisation teams relating to key executive performance and senior leadership remuneration.

Swaziland Electricity Company Limited (SEC) is the sole electricity utility company in Swaziland, tasked with the provision of electricity services and products. It is 100% owned by the Kingdom of Swaziland government and is managed via an appointed board of directors. Research was conducted to investigate the extent to which the government pay regulations had affected performance of leaders in SEC, which is one of the largest PEs in Swaziland. From recorded perceptions of senior leaders collective insight was derived and conclusions were drawn on the existence or non-existence of a direct relationship between remuneration and performance and on the degree to which senior leadership has the flexibility to act creatively and innovatively. The performance of SEC prior to and after the introduction of the guidelines on remuneration, with particular reference both to the company’s success in attracting and retaining key talent and to employee motivation, was used to give a context to the research on the success or failure of responsible and sustainable business practices.

This chapter seeks to establish a better understanding of co-engagement of organisation leadership in collective decision-making regarding the impact of remuneration on the performance of SEC since 2007 in particular, and to add to the knowledge base on PE remuneration policies in ways that would provide useful input in the development of a sustainable regulatory approach to remuneration of PEs in Swaziland and elsewhere.

Three objectives were identified in relation to the study being reported here:

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