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GOVERNANCE

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CORPORATE governance hinges on a delicate triangle: the board, the board chairperson (chair) and the CEO. When in harmony, this dynamic provides clear roles and decisive accountability. When strained, it breeds confusion, factionalism and failure.

Good governance requires clear roles and mutual trust. The board oversees strategy; the CEO manages operations. King IV Principle 7 mandates the board to appoint the CEO, ensuring alignment with strategy and ethical culture, and guarding against external interference.

The board chair's role is pivotal in balancing support and oversight of the CEO. How the chair and CEO relate shapes the board's culture and success. If the chair and CEO are openly at odds, the board and management can splinter into camps and erode trust.

Clarity, unity and open communication define healthy governance. When present, organisations navigate challenges with accountability. When absent, chaos often follows.

FirstRand exemplifies collegial leadership and forward-looking succession planning. Long before its CEO's planned departure, the board and CEO collaborated on a multi-year plan to ensure continuity.

Alan Pullinger, the former CEO, signalled his intended time horizon early, enabling the board to anchor succession planning well in advance. Consequently, Mary Vilakazi was identified and developed as his successor.

The result: a smooth, seamless process, with Vilakazi ready to take the helm, and a leadership transition executed in a collegiate and empowering environment aligned with a consistent strategy.

This orderly handover shows how a trust-based board–CEO relationship fosters stability. The board exercised oversight in choosing the new CEO and the outgoing CEO cooperated fully with governance processes.

Markets and stakeholders responded with confidence rather than concern, precisely because the roles and plan were clear.

In stark contrast, the drama unfolding at the Independent Development Trust (IDT) provides a cautionary tale of a dysfunctional board-chair-CEO relationship and the havoc it can unleash. The IDT has, in recent times, been gripped by governance turmoil.

The Minister of Public Works, the shareholder representative, removed key board members (including the then chairperson) and appointed new trustees in early 2025. As the government's shareholder representative, the minister legally holds authority to appoint the IDT board.

However, best governance practice requires such appointments be transparent, merit-based, and free from political interference to safeguard board independence and oversight.

On 7 April 2025, the newly constituted board elected Zimbini Hill as chair. Almost immediately, cracks appeared between the new chair and incumbent CEO, Tebogo Malaka.

Instead of building trust, the two leaders descended into suspicion and confrontation.

The CEO reportedly bypassed the board, chair and minister by writing directly to President Cyril Ramaphosa to complain about political meddling and to seek Hill's removal, which is regarded as a serious breach of protocol.

Chair Hill responded with a formal written warning, deeming Malaka's actions insubordinate.

The backstory further strained an already fragile relationship. Malaka revealed that she had previously lodged grievances against Hill for alleged misconduct, and that Hill had lost confidence in the CEO's leadership before stepping down the first time.

Now, with Hill reappointed as chair by the minister over Malaka's objection, mutual trust was at zero.

Instead of the chair and CEO working as partners, they were effectively in a cold war, communicating through lawyers' letters and formal warnings instead of open dialogue.

The consequences for the IDT have been dire, with governance paralysis setting in. With only seven of the required 12 trustees active after resignations and removals, the board's strategic decision-making ground to a halt, raising questions around quorum and decision validity.

The IDT saga is a vivid reminder of what happens when the board-chair-CEO relationship is dysfunctional. Roles became blurred; a minister effectively usurping the board's role in appointing leadership, a CEO going outside governance channels to seek redress, and a chair perceived by some as more aligned with political interests than focused on collaborative resolution with the CEO.

A chair's authority hinges on perceived impartiality. When chairs are seen as politically-aligned (as at IDT) or CEOs bypass them (as Malaka did), the triangle fractures. This overreach erodes the board's independence and compromises both leadership and oversight.

In such a scenario, accountability becomes muddled. To whom does the CEO answer: the board or the minister? And who truly holds the CEO accountable when the chair is at loggerheads with her?

It is evident from these two cases that sound governance lives or dies by the quality of the relationship between board, chair and CEO.

A harmonious, well-defined partnership at the top creates a solid foundation for organisational clarity and accountability. A fractured one can bring even a well-structured entity to its knees.

As such, I pose the following questions:

- For board chairs and directors: Do you foster trust and clear boundaries with the CEO, or send mixed signals that blur oversight and interference?
- For CEOs: Are you keeping the board appropriately informed and engaged as strategic partners, or withholding information and side-stepping them when tensions arise, thereby weakening accountability?
- For shareholders and stakeholders: Do you ensure that governance structures clearly separate the roles of chair and CEO, promote merit-based board appointments, especially in public institutions, and hold leadership accountable when these standards are not met?

In the end, the board-chair-CEO triad is not just a governance technicality; it is the heartbeat of organisational leadership. Getting this relationship right is central to avoiding fiascos and ensuring that companies and institutions truly serve their stakeholders.

Every boardroom should regularly ask itself: Is our leadership triangle aligned in purpose and trust? The answer will inevitably reveal whether the organisation is primed for enduring trust and performance, or whether a governance reckoning lies ahead.

GOOD governance requires clear roles and mutual trust. The board oversees strategy; the CEO manages operations. | AI Lab

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