

Accountancy profession as ‘Island of Good Governance

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by [Dr. Aliza Racelis](#) - April 24, 2016



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ON March 29 I had the privilege of sitting in the panel, as “academic expert” in the field of governance, for the Public Revalida within the Public Governance Forum convened by the Institute for Solidarity in Asia (ISA), in which specific organizations were to present the results of their transformation program to be recognized as “Islands of Good Governance.” (For details of the event, look up isacwenter.org).

Recognizing models of transformation in Philippine society, the ISA and the Institute of Corporate Directors have spearheaded the Islands of Good Governance to honor Philippine institutions that have transformed themselves through good governance. Several national-government agencies, government-owned and -controlled corporations, and local government units are now working toward this recognition. Each of these institutions has pledged to deliver breakthroughs results, verified through audit, to show the impact of their transformation initiatives not only in their organizations but also on the communities they serve. The first Islands of Good Governance were named last October 20 and 21 during a Public Governance Forum in Manila, where they presented their transformation stories before an international audience of field experts and governance champions.

At the end of the March 29 forum, the Government Service Insurance System (GSIS) and the Accountancy Profession joined the ranks of the 12 inaugural institu-

tions named by the ISA as Islands of Good Governance. President and General Manager Robert G. Vergara made the presentation on behalf of the GSIS, while Dr. Cesar Mansibang, Philippine Institute of Certified Public Accountants vice president for operations, made the presentation for the Accountancy Profession. As Islands of Good Governance, they are now officially recognized by ISA for their milestone achievements in using the Performance Governance System (PGS), given based on institution-wide use of effective governance mechanisms to improve public-service delivery or create new economic-growth initiatives.

At the Public Revalida to validate and assess the achievement of breakthrough results of the Accountancy Profession, I commented that, when one looks at governance mechanisms, one usually looks at the leadership, ownership (if any), incentivessystem and monitoring, external stakeholders, and rules, codes and laws. As regards leadership, I mentioned that there is a need for our institutions to ask themselves whether they are led by *good* people. “We might be becoming competent accountants, competent professionals... but are we *good persons*?” I asked the people to consider. I also asked ISA to incorporate this metric into future measurement tools.

In response to this remark, Chairman Joel Tan-Torres, current chairman of the Board of Accountancy, stood in defense of accountants, saying that, by the very nature of their task of service and truthfulness, accountants are *good* persons. He acknowledged, though, that there may be a few erring ones, but they are in “the super minority.” I fervently wished, within myself, that this could, indeed, be true for all accountants. I also thought that there is a great need for ethical training to be intensified for accounting and finance professionals.

After the event, I mentioned to the ISA staff that it would be good to expand their governance-measurement tool to encompass the larger metric of “sustainability.” In the corporate world, sustainability ratings consider environmental, social, and governance issues alongside financial or economic performance. New ratings standards, such as Sustainalytics, Sustainable Asset Management, and the Global

Initiative for Sustainability Ratings, among others, have recently arisen. Because of this recent experience at the Public Revalida organized by ISA, I have committed myself to come up with a comprehensive Sustainability Rating Tool for Asia, which can be used by accounting and business organizations.

Dr. Aliza Racelis received her Doctorate in Business Administration (University of the Philippines Diliman) in April 2010. She is a Management Accounting and Business Ethics professor at the University of the Philippines Business School. Her Doctoral Dissertation revolved around the topic of organizational culture. Her current research interests are in the areas of business ethics, corporate governance, virtue theory, global citizenship, ecological ethics, sustainability and other related topics.

This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to [boa.secretariat.@gmail.com](mailto:boa.secretariat@gmail.com).