What does a scorecard achieve: A Bulgarian overview

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1. Business leaders’ opinions about the role of the Scorecard /extracts from verification interviews with board members of Bulgarian public companies based on the scorecard, May 2014/

“"The scorecard enables the board members to evaluate themselves their company’s compliance with the norms of the CG Code””

“"The scorecard and the annual assessment offer a good feedback to the board members “

“"The scorecard is instrumental not because we evaluate our past results but because we move on to the next steps on the way to improvement”

2. How to decode the messages /my personal opinion/: 

- The scorecard is an litmus test for the quality of the implementation of the “Comply or Explain” principle by the corporate boards of listed Bulgarian companies;
- In a systematic way comprehensive information is disseminated to the shareholders, stakeholders and the market/ Bulgarian stock exchange/;
- It is one of the tools that measures the impact of corporate governance on the company’s performance and competiveness;
- It enables companies to assess the results of their CG practice- learning by doing!!;
- It enables comparisons across industries and countries.

3. What outcomes are achieved at the level of the institution owner of the scorecard?

- Consensus among the members of the National Taskforce for CG code /National Corporate Governance Commission on the necessity to implement reliable tools for the assessment of corporate governance practices. National Corporate Governance Commission/ voluntary organization/ is the owner. The Scorecard reflects our work with IFC and PSAG.
- The German experience and the German scorecard model guided the process of (2007-2009). International experience and networking are among the factors for success!!!
- The “Global- Local” principle determined the structure and weights of the national CG scorecard: the German model, on one hand, and National CG Code structure and country business system uniqueness: co-existence of one tier and two tier models of CG, on the other hand.
- The elaboration, launch and implementation are supported by the business community, Bulgarian Stock Exchange /BSE, capital market / and the Financial Supervision Commission /state-regulator/. Public-private partnership is a sine qua non for the good results of the CG Scorecard implementation.
- The introduction of good international practices in Bulgarian public companies.
Increasing the awareness among the board members of the role of corporate governance.

And finally: scorecards supply information for the annual CG index/BSE index/

4. Are there any weaknesses in the evaluation process?

- certain degree of formality; a Scorecard could not replace an annual report on compliance with the Code
- According to our experience self-evaluation could be non-objective. A verification procedure is introduced: representatives of the National CG Commission conduct interviews with board members on the Scorecard. I strongly recommend verification procedure.
- Networking among the companies with regard to the Scorecard is not efficient. Sharing of Experience among the owner of the Scorecard, companies and stakeholders is a must

Fact: the implementation of the scorecard adds value to good corporate practices and boosts market democracy. It is all about rules, tools and morale!!
- Dissemination of the results- annual report and website of the company (section shareholders)
- CG Scorecards are evaluated by independent experts (to be decided)
- Reassessment of the CG Scorecards (to be decided)