



Governance creates value

Corporate governance improves decision quality, protects shareholders' interests, and strengthens value creation. Its benefits extend to management, business succession, and preparation for mergers and acquisitions.

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Governance often attracts attention when a shareholder dispute, a difficult succession, or a major transaction arises. By then, however, many of its effects have already become apparent. A sound governance framework enables management and shareholders to understand the company's circumstances, compare alternatives, and make course corrections before operational failures, conflicts of interest, or poorly documented decisions result in lasting losses.

In a study published in 2024 covering the period from 2015 to 2023, MSCI, a global provider of indexes and capital markets research, compared companies with the highest and lowest governance ratings. In the United States, governance leaders delivered annualized excess returns of 2.7%, representing a cumulative advantage of 26.3%. Across developed markets, they also showed higher profitability and lower risk. A McKinsey analysis published in 2024 reported that, in a sample of 1,500 companies across 100 countries, those that improved their organizational health recorded an 18% increase in EBITDA after one year. In integration processes following mergers and acquisitions, organizations classified as healthy achieved a positive median change of 5% in total shareholder return relative to industry peers after two years, while the others recorded a decline of 17%.

Consistent information and clear criteria strengthen trust between management and shareholders and improve the quality of decisions.

These studies measure different dimensions and do not establish that governance alone accounts for the results. They nevertheless reinforce the economic significance of how a company makes decisions, executes plans, ensures accountability, and balances interests.

Although boards, policies, approval limits, and controls are necessary, they become less effective when reports arrive late, figures vary depending on who presents them, or important questions go unasked. Governance structures decision making by clarifying facts, making assumptions explicit, assigning responsibilities, and directing disagreements to the appropriate forum. Independence does not mean automatically opposing management. It means examining information without undue influence, asking questions freely, and maintaining conclusions that do not shift to accommodate the preferences of those involved. For minority shareholders, this is particularly important when information and decision criteria remain concentrated in the hands of management or the controlling shareholder. Governance promotes transparency and a shared understanding of the reasoning behind significant decisions.

This discipline creates value while reducing exposure to risks, conflicts, and contingent liabilities. Companies lose momentum when they must reconcile figures at every meeting, repeatedly clarify responsibilities, respond to recurring problems, or allocate resources without shared criteria. Consistent information makes it easier to compare returns, test assumptions, and assess strategic alternatives with greater clarity. In business succession, governance turns personal knowledge into institutional memory, reducing dependence on the founder. When preparing for an M&A transaction, consistent financial information, well-organized contracts, and clearly defined responsibilities reduce uncertainty during due diligence. Their absence increases perceived risk, prolongs negotiations, and may lead to valuation discounts or more restrictive terms.

Even a well-governed organization faces mistakes, conflicts, and uncertainty. The quality of its governance becomes evident in its ability to acknowledge them, examine their causes, assign responsibility, and exercise sound judgment. By making the company easier for management, shareholders, and third parties to understand, governance protects the interests involved, reduces ambiguity, and strengthens the capacity to create value. It also reveals the organization's character through its willingness to act with integrity when decisions depend on the judgment of those entrusted with authority.