Corporate Leadership and Governance for Increasing Stakeholder Involvement and Developing Stronger Connections+

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With greater connectivity, many people and organisations have far more connections than they have valued and lasting relationships. Companies are networks of relationships that may have the potential to grow organically (Coulson-Thomas, 1992, 2002 & 2004). The issue for many boards is how to develop these relationships, make them more intimate, long-lasting and mutually beneficial, at a time when trust in business and business leaders is at a low level. Where they have a choice and an on-line alternative is just a click away, customers can also be fickle. Sales practices such as offering new customers better deals than existing ones encourages switching and disloyalty.

Do contemporary leadership, governance and management practices keep external customers and other stakeholders at a distance? Those who have been successful at building strategic and key-account relationships understand the importance of locking customers in (Hurcomb, 1998). Do we need new ways of of reaching, engaging, involving and developing stronger connections with customers, employees and other stakeholders and securing their continuing allegiance?

A challenge for many boards is also finding new ways of igniting or re-establishing passion and commitment and harnessing them so that people will invest more of themselves in their work and into helping organisations to achieve their objectives (Lightie et al, 2015). Would a wider and more meaningful social purpose reach, engage and connect with internal staff and external stakeholders and help to restore trust and build relationships? Could the greater awareness, hope and optimism this might create result in more positive emotions, attitudes and behaviours (Avey et al, 2008)?

Contemporary Corporate Governance

From the perspective of corporate leaders, and particularly directors of companies, is contemporary corporate governance an enabling or constraining factor in relation to how they would like to operate, build relationships and what they would like to do? Do they feel that they, organisations and those who depend upon them benefit from the contributions of boards, accountability to shareholders and stakeholder engagement and support, or are any benefits outweighed by the delays, costs and distractions involved? Is corporate governance perceived as a “help” or a “hinder,” particularly in relation to stakeholder involvement, engagement and collaboration?

Might viewpoints on such questions influence how executive leaders and CEOs approach their relationships with boards, shareholders and other stakeholders? Do some of them engage in practices and play games to prevent what they see as independent director interference and minimise, neutralise or manage such involvement? Do some board chairs collude, ensuring that board members receive large papers they are unlikely to understand and pushing through items of business that are positioned on agendas to encourage the minimum of discussion?

Is the situation and relationships and mutual trust and respect between boards and senior management teams improving or getting worse? Is corporate governance maturing or moving in the wrong direction? Is it that important? Are senior executives pursuing corporate strategies, policies and priorities in spite of boards, rather than because of them? Importantly for them, are they securing the high levels of executive pay that they would like to have and Lord Digby Jones (2017) decries? Do some boards - like remuneration and other board committees - act as rubber stamps?

Is much of the practice of corporate governance reduced to box-ticking, simply because it is not thought to be sufficiently important to justify devoting more time to exercises such as annual board reviews? Do some CEOs prefer cosmetic and compliant boards whose members do not “rock the boat” or ask awkward questions, allowing them to get on with the serious business of running a company and building a business? Alternatively, has such lack of challenge and other corporate governance deficiencies, contributed to the public distrust of business and various governance scandals? Why don't we learn from the investigations of such failings and the associated question “where was the board?” (Garrett, 2017).

Questioning Contemporary Governance

Twenty five years ago the Report of the Committee on the Financial Aspects of Corporate Governance (Cadbury, 1992) was published. The work of this group chaired by Sir Adrian Cadbury has had such a significant impact on the development of corporate governance in many jurisdictions that a history of the committee itself has been produced (Spira, 2013). The principles that were set out in 1992 may still resonate today, but have the elaboration, review and application of the resulting code and the work of subsequent committees added value or resulted in a loss of focus and too many detailed rules? Has prescription replaced discretion and the thinking application of principles to particular circumstances?

Is there now too much emphasis upon ticking boxes on checklists, compliance and the avoidance of risk (Coulson-Thomas, 2017a & b)? Is enough attention given to innovation and entrepreneurship? Have there been fewer corporate governance failures? Are today's directors noticeably more competent? Are boards evidently more effective? Are they taking better decisions? How applicable and helpful are today's corporate governance codes to non-listed companies, public bodies, professional practices, voluntary organisations, SMEs and family businesses? What about the non-financial aspects of corporate governance? How relevant to emerging markets is a UK or US approach to corporate governance, as compared with, say, a South African one (Mishra et al, 2013)?

Is more than asking a company secretary to check compliance with a governance code required? The duties of company secretaries were summarised and significant at the time the Cadbury Committee was at work (ICSA, 1992), but should boards themselves ask more fundamental questions about their role, how they operate and the value of ritualistic events such as monthly board meetings? What do many boards contribute? Given the variety of listed companies, should we worry about the lack of diversity and innovation in governance arrangements? Should we be concerned rather than pleased that companies in such differing circumstances are so compliant with a particular model? Why don't more boards justify doing something different that is right for them?

Has corporate governance reached a cross roads or has it already lost its way? Does it need to change direction? Compliance with governance codes may have had an impact upon board structures. However, what impact if any has the contemporary corporate governance community had upon the behaviours of directors and boards? Has it forgotten or underplayed the interests of certain key stakeholder groups and the responsibility of directors to work for the future success of a company? Why has it taken drafters of governance codes so long to recognise the importance of director, board and corporate behaviours? Do we need to revisit the basic purposes of a board and the legal duties and responsibilities of directors, or is the issue that they are too often forgotten?

Issues, Trends and Perspectives

There may be a case for reassessing the relevance and effectiveness of current corporate governance arrangements. How might boards add more value? What would directors like to see more of and/or less of? What principles and practices of corporate governance and reporting are conducive of remaining relevant, current and competitive? What about external relationships, inclusion, sustainability, the environment and social responsibilities? What would foster the investment, responsible conduct and innovation needed to address business, economic, social and community challenges and seize opportunities? Could governance changes contribute to greater innovation in the public sector (Torfing and Triantafillou, 2016)? Must the process of Government remain largely a no go area for fundamental review?

Is corporate governance stuck in a groove? Are there too many vested interests in favour of ever more rules and costly compliance? If convergence of standards and practices is occurring, is this because similar lessons are being learned in different places, or because local circumstances and different requirements are not being addressed? Should directors look beyond standard models and current codes and establish an approach that is right for a particular company and board in relation to the situation they are in, the company's activities and stage of development, the board's aims and the challenges and opportunities it faces? Are there other sources of advice or guidance?

Boards face a range of issues, such as disruptive technologies and new business models at a time of uncertainty and unpredictability. Trends and developments need to be monitored and their possible impacts assessed. Changes to governance arrangements may be required where appropriate. Too often governance is a structure set in concrete rather than a flexible, living and learning system that is continually adapting to change and evolving stakeholder interests. Shareholder concerns have been expressed by investor activists since the 1920s (Gramm, 2016). UK Prime Minister Theresa May (2016) has raised the question of whether certain other stakeholder groups, namely employees and customers should be represented on corporate boards.

Will Governments and regulators engage with emerging issues and be alert to rapidly evolving requirements? Can their processes move quickly enough to enable adaptation to occur? For example, how might regulation and governance be applied to the sharing economy and crowd-based capitalism and to activities, networks and institutions related to them (Sundarajan, 2016)? Are corporate leadership and governance perspectives, codes and arrangements paying sufficient attention to the new connections and forms of relationships that are emerging from these developments and new business models?

Managing Risk and Preventing Fraud

Greater connectivity, closer and more intimate connections and the internet of things, coupled with the naivete of many individuals and the mutating and increasingly sophisticated nature of external cyber-threats is leaving people and organisations more open to fraud, hacking and other cyber-crimes. The enhanced risk can lead to greater focus on harder shells, firewalls and what can sometimes be perceived as additional barriers and inhibitors to interaction and trust.

A board also has to balance the creativity and entrepreneurial risk involved in making progress and building a business with the prudence and control needed to comply with rules, policies, laws and regulations and remain safe. Business development needs to be legal, responsible and sustainable. When communities of people cooperate, freedom is often conducive of innovation. However, the concentration of power and authority may also be required to ensure order, security, alignment and collaboration and to enable collective choices and decisions to be made (Durant and Durant, 1968).

In the case of many boards, is there a danger that directors might become overloaded to the extent that they narrow their focus, consider fewer options and take less rational decisions (Allison, 1971, Allison and Zelikow, 1999)? In an effort to simplify and reduce overload, executives and directors may limit the number of relationships they feel they can handle, resist bespoke and personalised responses, avoid getting involved in individual stakeholder issues, introduce more rules and standards, and hide behind personal assistants and use other ways of limiting access and inputs. For many companies, could such behaviours be an actual or potential governance related risk?

Directors need to ensure that companies do not incur levels of risk that are disproportionate or excessive in relation to likely returns and what is acceptable to investors and other stakeholders. Boards should establish a risk appetite for various corporate activities. What is thought to be desirable in one area might be inappropriate in another. The costs, benefits and risks of building closer connections and relationships could be assessed. Although profitable, some behaviours and forms of conduct might be socially unacceptable and/or give rise to legal and/or financial penalties. Risks need to be managed and, where necessary, compliance assured without inhibiting innovation.

Situations, circumstances and business models can change. To remain relevant and competitive, one may need both resilience and flexibility. Nettles may have to be grasped. If risks must be incurred and/or emanate from outside a company, how might they be best mitigated and reduced? Some areas of risk such as fraud and a range of cyber threats are ever present. How might they be prevented and, if they occur, how should recovery be achieved ? How can one ensure that risk based approaches to compliance and internal and external audit reflect the actual risks facing a company and do not frustrate creativity, innovation and entrepreneurship (Coulson-Thomas, 2017a & b)?

Fraud, cyber security lapses and corruption harm many people. Addressing such risks can require vigilance, appropriate conduct and collaboration across a company's operations and network of relationships. Are some boards too concerned with the financial priorities of certain investors at the expense of the wider interests of other stakeholders? How might an element of democracy and greater stakeholder involvement be introduced into the running of a company? Would this be desirable? Is it inevitable in certain circumstances, where even though there may be alternatives to a company and stakeholders may have a choice, they insist on using their power and influence?

Stakeholder Relationships

Will more people question the primacy that is often given to shareholder interests over those of other stakeholders? How many directors revisit past assumptions about the purpose of enterprise, or Charles Handy's (2002) question: “whats a business for”? How many boards voluntarily engage with the UN Global Compact (2000) initiative and report the steps they take towards a more sustainable and socially responsible business? Do they take a narrow view of corporate interests?

Unlike short-term and algorithm driven traders, are other and particularly younger people more concerned with inter-generational fairness, transparency, inclusion and environmental issues? Do they hope that business leaders will show more commitment to a wider range of such interests? Are enough directors passionate about these areas, their companies and their and other people's contributions? Should directors and boards do more to show that they care (Cardon, 2008)? Might younger employees with scarce skills and who are conscious of their value and corporate dependency upon them seek a voice and more opportunities to exert influence?

For many companies, members of other stakeholder groups have more “skin in the game” than most shareholders. The income of employees and the welfare of their families may be totally dependent upon their jobs, whereas a small shareholding may be just one of many held by an investor. The loss of any one of these diversified investments might not be significant. Does corporate governance with its emphasis upon the rights of shareholders miss the bigger picture? The challenge for many boards is to maintain mutually beneficial relationships with a range of stakeholder groups and to avoid any one of them gaining disproportionately at the expense of the others.

Shareholder and Stakeholder Responsibilities

Effective relationships can require commitment from all the parties involved. Prior to the Cadbury Report (1992) steps were taken by the Institutional Shareholders Committee (1991) and others to make shareholders aware of their responsibilities. The California Public Employees' Retirement System takes its stewardship responsibilities seriously and has set out its investment beliefs (CalPERS, 2015) and articulated what it considers to be global principles of corporate governance (CalPERS, 2011). Do more shareholders, especially institutional investors, need to emulate their example and/or step up to stewardship responsibilities such as those set out by the UK's Financial Reporting Council (2012) or Tomorrow's Company (2012)? Is there more that smaller shareholders could or should do? Would other stakeholder groups benefit from more guidance on how to engage with companies and their boards?

Transparency and trust can build and sustain relationships. Would wider buy-in to a vision, mission and an ethical or performance culture, or to corporate goals, values, policies, strategies and objectives, make their achievement more likely? Where stakeholder involvement and community engagement is thought to be beneficial, how should one set priorities and best monitor, manage and resource the process? Do current governance requirements help or hinder wider engagement?

Would dialogue and greater mutual understanding help to address the issue of short-termism, or are a wider set of actions required along the lines of those suggested by the review of UK equity markets undertaken by John Kay (2012)? Is the required collaboration and combination of steps needed for a more joined-up approach likely to occur when those involved are busy and have other priorities? Given the fragmentation of responsibilities for better governance and the vested interests involved, is it unrealistic to expect a more comprehensive and coordinated improvement strategy? Is short-termism less of an issue for family owned companies, where controlling family members or trustees may feel less constrained by any other owners and more able to take a longer-term view?

Stakeholder Engagement

Kahn (1990) introduced the notion of engagement in terms of the "harnessing of organisation members' selves to their work roles" and whether they are able to "employ and express themselves physically, cognitively and emotionally" while undertaking them. Can CSR, more responsible conduct and/or turning an organisation into a cause reach more elements, aspects and activities of some people and encourage deeper and more mutually beneficial and rewarding connections and relationships between people and organisations?

Gibbons (2006) defined engagement in terms of "a heightened emotional and intellectual connection" that an employee has with a job, organisation, manager or colleagues that results in application of "additional discretionary effort". Could a CSR, responsible business or related initiative or new priorities act as a catalyst and engage people to the extent of causing additional effort and motivation? Might it reduce disengagement (Kahn, 1990)? Could it help to build bridges between work and non-work activities and between organisations and their stakeholders?

While there may be a degree of uncertainty about what exactly is meant by a term such as engagement (Little and Little, 2006), an issue for boards is whether greater engagement, and related and inter-related factors such as interest, involvement, meaningfulness, motivation, commitment and satisfaction, can be used to positively impact upon different dimensions of performance (Jha and Kumar, 2016; Markos et al, 2010; May et al, 2004). Could initiatives in an area such as CSR that capture the attention and interest of people lead to multiple benefits for people and organisations?

Building Stakeholder Relationships

What are the do's and don't of investor relations? Some shareholders may be interested in environmental, social and governance (ESG) matters. Others may be short-term traders rather than long-term investors. How can one achieve a value adding relationship without encouraging unwelcome interference by a motivated and unrepresentative minority of investors or other stakeholders? Might making special arrangements for shareholders result in their vested interests being pursued to the disadvantage of other stakeholders?

It usually takes two to form a relationship and people generally resent having a relationship imposed upon them. How many shareholders have the interest, competence, time, inclination and motivation to become more involved? Do they give their dividends priority over the long-term interests of companies? Might a vocal minority of responders and more active shareholders become a distraction? Would servicing their greater involvement add disproportionately to costs?

Increasingly, there is an expectation on the part of some regulators that effective boards will engage with a wider range of stakeholders (FRC, 2017). This can involve regular communications, contacts and feedback, some involvement in commenting upon or setting general and/or responsible business guidelines, objectives and priorities and opportunities to participate in particular initiatives and/or projects. Some companies establish forums, advisory panels, liaison committees or other mechanisms for securing greater stakeholder involvement and their more intimate connection with particular activities or areas of operation.

ICSA and The Investment Association (2017) have issued guidance on involving the stakeholder voice in board decision making. Their interests, perspectives and concerns could be reflected in the composition of a board and in the selection, induction and development of directors. Certain directors could be invited to liaise with, understand and articulate the viewpoints of particular stakeholder groups. In some countries, there are worker or representative directors on boards, although in other jurisdictions all directors are supposed to work for the future success of a company rather than particular interests.

For some companies there may be opportunities to build different and more intimate forms of value-adding collaborative relationships with certain stakeholders who have compatible aspirations and objectives. For example, value can be co-created with customers and business partners (Prahalad and Ramaswamy, 2004; Ramaswamy and Gouillart, 2010; Ramaswamy and Ozcan, 2014). What changes of attitude, approach, policies and personnel would this require? Could more responsible and engaging business practices open up new routes for creating shared value?

Widening Perspectives and Involvement

Concentration of power in the hands of a strong and hopefully wise leader is one traditional governance solution, but even the best of people can make mistakes (Durant and Durant, 1968). They can listen to the wrong advice and/or form inappropriate, destructive or misguided relationships. As Lord Acton (1985) observed, power corrupts. Unless constrained and guided by concerned, dispassionate and influential hands, the best of CEOs can go off the rails. Do CEOs of US listed companies in particular have too much power? Might a CEO have a predilection to pursue certain interests ahead of others, to favour some connections and relationships over others, or to be possessive of some of them?

To avoid autocracy and dictatorship, in many contexts at different points in history authority has been given to a group, whether an oligarchy or, in the case of a company, a board. The issue in political contexts can then become one of whether this minority is representative of the majority, or more narrowly the particular interests of an elite. The intimacy of some relationships might be seen by others as a threat or as a source of undue influence. Directors of a company should endeavour to be free of obligations that constrain their independence and prime duty to the company itself.

Directors should have regard to the interests of various stakeholders when board decisions are taken. Might widening involvement, more consultation and devoting greater attention to sustainability and the social responsibilities of business help to restore public trust in companies, governance arrangements and capitalism (Bowen, 1953)? What if any legal, contractual or other remedies are available to those who feel their interests were not taken into account when board decisions were taken that have adversely affected and/or disadvantaged them?

When political power is in the hands of a minority, clique or small group, some means needs to be found of ensuring accountability to the majority (Durant and Durant, 1968). Where the latter are unable to exert influence on those in governance roles they may become disgruntled. Excluded individuals and groups may plot and scheme as they look for ways of exerting greater influence and bringing about change. If directors and boards are perceived to be acting against wider public interests, will there be more calls for Government intervention?

Will boards be blamed as automation, internet businesses, self-service, e-government, robotics, drones, artificial intelligence, self-driving vehicles and the shared economy destroy and/or replace current jobs (Kaplan, 2015)? Will disaffection grow to the extent of triggering riots or a revolution? Some companies for various reasons have already faced shareholder revolts, employee resignations and defecting customers. How could digital technologies and social networking be used to engage stakeholders and build better relationships with them and with business and supply chain partners? Would different business, organisational and governance models better enable companies and communities to engage, collaborate and cope?

Building Better Boards

Some boards are better than others at building helpful and healthy relationships rather than dangerous and risky ones. Some directors have good judgement in terms of who to connect with and how far to go and on what terms, while board colleagues may be lured into one-sided relationships with vested interests that might border on the parasitic. Relationships that last are often those where the costs and benefits for the parties involved are similar and complementary. The consequences of inadequate relationship governance are sometimes easier to identify than the benefits of different and more satisfactory governance arrangements. Assessing impact upon performance is complicated by unrelated variables and the risk of identifying an association rather than a cause and effect relationship.

The boards one encounters vary greatly in relevance, contribution and effectiveness. Some are rubber stamps managed by a strong CEO, CMD, chair and/or inner group. Others, preoccupied with internal, executive and operational matters, are not thinking longer-term and/or providing strategic direction. Are too many boards defensive and perpetuating and protecting past practices and links, rather than being proactive and creating new options and choices (Coulson-Thomas, 2001)?

How should boards provide strategic leadership and release latent capability, potential and talent across a company and its value chain? What steps can they take to encourage challenge, creativity, innovation and entrepreneurship (Coulson-Thomas, 2017c & d)? How should directors be helped to exercise independent thought in place of groupthink (Janis, 1972)? How might they become more engaged in formulating strategy and building strategic relationships?

Some directors cannot even build relationships with members of their own family. Others find it very difficult to choose between contending relationships, or they are biased towards relationships which may be important today and overlook those that could be very significant in the future. To what extent should all board members be involved in relationship building? Should it be left to those who have appropriate skills and experience? Is training and a relationship approval process required, with regularly updated guidelines on the negotiation, management, security and review aspects of forging connections and building relationships?

Given the risks that new relationships and changed connections can create, what should be done to increase awareness of cyber threats, or the possible implications of disruptive technologies and new business models? How might directors break away from a traditional board and committee structure to create one that best enables them to discuss and transact business as and when required? Are new forums and liaison arrangements required? Should external parties be involved and how can this be done while protecting intellectual property and preserving confidentiality? Can activities be monitored and controlled without stifling them or constraining the search for better alternatives?

Whether to better hold onto power and/or to improve their performance, confident boards enlist help and support. They are willing to learn from others and good practice elsewhere. They are also prepared to pioneer and go out in front. Control of resources allows them to hire relevant sources of advice. Could more and better use be made of a company secretary, a chief legal or risk officer, or an internal auditor in areas like stakeholder engagement or building strategic relationships? How might these professionals become less invisible and more evident, involved and indispensable? They may share a board's interest in good governance. With the right advisors they may be able to help a board and its members to evaluate their performance and identify areas for improvement.

Legitimacy and Boards

Sometimes the advice received by boards is too narrow or even erroneous. Strong individuals are sometimes told what others believe they would like to hear. Other people build relationships they feel they can control or dominate. Connections are forged and inputs are selected to coincide with existing prejudices or confirm what a group would already like to do. Following the 2008 financial crisis, could further consequences of governance failures that impact on total populations lead to more questioning of governance practices and the legitimacy of power exercised by strong CEOs? What further checks and balances could and should boards and/or regulators introduce? Might such intervention lead to unintended consequences and are there some risks for which regulation and other forms of intervention might not be appropriate (Better Regulation Commission, 2006)?

Does the best hope of restoring public trust and ensuring perceived legitimacy lie in collective commitment to ensuring the competence of directors and the effectiveness of boards? Openness to ideas and possibilities and a willingness to listen and learn, especially from independent and objective sources, while avoiding vested interests, can lead to continual adaptation. This may be preferable to sudden and disruptive change that might threaten important relationships and lead to further questioning of corporate conduct. On occasion however, such as when a new business model has clear advantages, rapid adjustment may be needed to avoid being left behind.

Even if they do not necessarily agree with them, people are often more comfortable with decisions if they believe that due process has been followed and the exercise of power has been legitimate. Hence the importance of effective board processes and procedures. Were those most likely to be involved and/or impacted consulted? Were other options or competing proposals considered? Is sufficient time allowed for the discussion of agenda items? Has a board exercised moral and ethical leadership? Is the right tone being set from the top? Is a board earning respect as a result of its own conduct? Is it behaving in a responsible and sustainable way? Are the opinions of relevant interests and parties sought? Would the legitimacy of decisions increase if an element of democracy were introduced into governance and management practices (Arneson, 2003)?

Countervailing Power

When companies ignore national and international action to tackle their use of transfer pricing to avoid paying taxes where their customers reside, or refuse to allow law enforcement agencies access to encrypted communications or customer information that could help to identify damaging criminal activity such as laundering the proceeds of drug sales, are they being obstructive, or are their boards right to use legal devices to keep state authorities at bay? While some of the issues may be complex and companies may have conflicting legal obligations, some observers may feel that international society lacks a leviathan that is able to bring large companies to heel (Hobbes, 1651).

Those who consider they have a significant stake in an enterprise are more likely to be engaged. In the case of many listed companies, ultimate ownership is widely dispersed and often apathetic. Many individuals hold diversified portfolios within which, as already mentioned, an individual investment might not justify a significant allocation of time. In any event, when such investments have been acquired via a pension fund or collective investment vehicle, voting rights may be in the hands of fund managers. For certain companies however the challenge may be a different one of dealing with engaged and motivated investors, some of whom may not be shy of expressing their views on social media and elsewhere and seeking wider support. Are boards aware, sensitive, flexible, balanced and proportionate when determining whether or not and how to respond?

Where companies have a degree of competitive and market dominance, and customers lack alternatives, their people may be of the opinion that they can get away with irresponsible conduct. In the past dominant multinational companies have thrown their weight around in some countries to such as extent as to be considered actors in international society who are able to exert influence on states and other non-state actors and both protect and defend their interests (Wagner, 2010). This raises the question of what new sources of countervailing power can help to contain the abuse of such power, whether the use of the internet and social media or the emergence of an international civil society or public opinion (Warkentin, 2001).

Boardroom Issues and Challenges

Boards and their activities, errors of judgement and omissions continue to be under the spotlight. Despite the attention given to various codes and guidelines, there have been catastrophic failures of corporate governance. Some directors have missed golden opportunities, while others have seized them. Companies have been driven into the ground. Many boards are narrow and lacking in diversity. Should more be done to increase the proportion of women directors as suggested by the Tyson Report (2003), or to widen the gene pool from which directors are selected? Would greater diversity and freedom of thought in boards and across corporate organisations and supply chains encourage new relationships and co-creation and stimulate creativity, enable innovation and support entrepreneurship (Coulson-Thomas, 2017c & d)?

When civil servants compile a governance code for an area of the public sector the result can sometimes be flawed (e.g. Monitor, 2013). Should parts of the public, voluntary and professional sectors rejoice or be concerned that they have been relative no-go areas for much of contemporary corporate governance? Do some of its cornerstones miss the point? Shouldn't boards play a more positive role in innovation, responsible risk taking and building a better tomorrow? Why are so many boards excessively cautious and risk averse wet blankets, smothering initiative, preoccupied with compliance and either oblivious to opportunities or perceiving them as problems or threats?

For many years before the Cadbury Report (1992) stressed their importance, independent directors had their champions (e.g. Tricker, 1978). Are they the panacea that their high profile in governance codes might suggest? Has the contemporary focus upon independent directors been excessive? Has it divided boards? For many companies, what contribution have independent directors made to better corporate governance (Kumar, 2013)? Have we lost sight of the individual and collective duties and responsibilities of all directors? Is the real issue that all directors should exercise independent judgement and be free of obligations, relationships and vested and special interests that might prevent them from being objective? Rather than one set of directors acting as a check upon another, shouldn't they all be working together for the future success of companies?

Should directors and boards do more to ensure that corporate governance codes, standards and regulations are current, relevant and reflect contemporary realities and concerns, a wider range of interests and the consequences of greater connectivity and inter-dependence? What are they contributing to the social responsibilities of business (Bowen, 1953)? Should more attention be given to ethical and other codes and best practice guidance for investors and other stakeholders? Given what has happened to corporate governance, might this be counter productive? Are new and revised rules, regulations and codes required in areas such as insolvency and corporate rescue and recovery from potential insolvency? What else would benefit from a review? How can boards work with regulators without compromising their independence?

“Culture” has become fashionable (FRC, 2016). Is it a fundamental issue or a fad? Are behaviours rather than culture the issue, what people from various cultures and differing beliefs actually do? What about the characters, personalities, motivations and conduct of directors? Are the right attributes being sought in new appointees to boards? While achievement, intelligence and judgement may have been demonstrated in the past, are the qualities which led to appointments as directors still evident and relevant in today's boardrooms? Do directors have the information and support they need to make effective decisions? Do they take sufficient steps to remain current and competent? How independent and objective are they? Have they gone native or to sleep? Are they still learning and open to new ideas, possibilities and relationships?

Addressing Sustainability Challenges

Is the current pattern and model of growth sustainable (Higgs, 2014)? A major challenge for many boards is balancing short-term requirements emanating from market, competitive and other pressures with longer-term challenges such as ensuring environmental sustainability and coping with the impact of climate change. In the process, are new business possibilities being overlooked? Entrepreneurial boards recognise that where trends and developments impact upon customers and other external parties this can create an opportunity to craft offerings that enable them to cope. Addressing sustainability challenges requires openness and transparency in acknowledging and confronting realities, resilience and flexibility when withstanding pressures, and innovation where more than incremental improvement is required. It might also benefit from new relationships.

Are boards doing enough to ensure the openness, transparency, resilience, flexibility, innovation and relationships required to develop more sustainable practices and business models? Are they aware of voluntary Paris Agreement (2015) obligations and focused upon UN (2015) sustainable development goals? Are directors engaging with management, those for whom they are responsible and other stakeholders to ensure they understand the issues, what needs to be done to ensure sustainable and inclusive growth and development, how their companies and others will be affected, and how they might contribute? Are goals, objectives, strategies, policies and priorities being reviewed and changed where appropriate? Have constraints and limiting factors been identified? Are more sustainable practices and green growth solutions being developed, scaled up or rolled out?

The questions of to whom a board is accountable and for what, and whether responsibilities and accountabilities need to be widened beyond the financial interests of shareholders, are particularly pressing in relation to the environment and sustainability. The creativity of companies in reducing renewable energy costs needs to be followed by other innovations. The nature and scale of the challenge has also broadened certain reporting requirements to encompass environmental issues. Are boards doing enough in environmental monitoring and their adoption of integrated performance reporting? Is the information that they do provide actually wanted, read and used? Could and should compliance and performance for sustainability be made more accountable?

Responsible Business and Engagement

Many people are motivated by a cause. Could a CSR initiative or wider drive to become a more responsible company be used to adresss an issue or concern and form the basis of a cause that could capture the interest of external groups and communities, build trust and lead to greater collaboration with them? Could the right cause reach and engage the human spirit (May et al, 2004)?

Ideal causes for companies serving a large customer base are those that have a potential appeal for significant communities of people. For example, the River Ganges is of religious and cultural significance to large numbers of believers and their fellow citizens in India on top of the 450 million who depend upon it for survival and yet is badly polluted and requires a major clean up (Mallet, 2017). Could an initiative in this area engage those who yearn to have an impact? Would a wider programme to reduce the pollution of the world's oceans establish an emotional connection with people in other countries if there were practical ways in which they could become involved?

Boards can articulate more socially responsible goals in the hope of encouraging greater interest and engagement, but if people are not supported in achieving them, might a gap emerge between aspiration and achievement that proves to be demotivating? Srivalli and Mani Kanta (2016) suggest a relationship between organisational support and employee engagement. Performance support tools can help in this regard. They can connect people with relevant guidance and enable them to stay up to date and make more informed and responsible choices (Coulson-Thomas, 2012 a & b; 2013).

Future Prospects

If it would be beneficial for a wider range of stakeholders to be involved in corporate leadership and governance, is there a case for additional, better and more flexible Government action, or are we already over-regulated? In the case of the environment and sustainability, effective regulation in a country such as India is a significant challenge (Mejia, 2009). How cost effective are regulators and how should their performance be measured (Radaeli and Fritsch, 2012)? Is too much of the existing regulatory activity and Government intervention adding to the costs of doing business and counter-productive (Crews, 2017). Do corporate boards need to become more involved in the formulation, planning and implementation of public and regulatory interventions, not to protect their vested interests, but to help to ensure relevant, timely and proportionate responses, and to create better outcomes in terms of ease of implementation, enabling innovation and beneficial impacts?

How should one assess the relevance, quality and value of corporate relationships with stakeholders? Are additional independent satisfaction surveys required? How should the extent to which companies are socially responsible and/or the effectiveness of CSR and other initiatives to yield external benefits for stakeholder communities be measured? Since the 2008/9 financial crisis productivity in some parts of the world has stagnated (Harari, 2017). Views differ as to the cause or causes. Is it a lack of investment, a shortage of skills or a slowing of innovation? Is labour being hoarded? Is increased functionality - such as that of contemporary mobile devices - not being recorded as additional output or value because many prices have fallen, been static. or have only recently increased? Should we be taking a wider view of productivity and performance and assessing social productivity and social performance?

Finally, should we be optimistic or pessimistic about the future of corporate leadership, governance and relationships with stakeholders, and/or more sustainable corporate aspirations, business practices and lifestyles? Will the criteria used to assess them change? How many more reports, task forces and working parties will there need to be before the public notice governance improvements? Is it only when corporate failures and governance scandals occur that people reflect on directors and boards? Will enough entrepreneurs, directors and boards explore new ways of operating, governing and building relationships? Will they deliver the innovations that will enable us to address our economic, social, inclusion, community, environmental and sustainability issues?

Note

This article draws upon theme and conference papers prepared by Prof. Colin Coulson-Thomas for the international element of the 2017 and 17th London Global Convention on Corporate Governance and Sustainability and the 2018 and 12th International Conference on Corporate Social Responsibility. Both events were organised by India's Institute of Directors,.

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Abstract

Many organisations and their supply chains are networks of relationships, but greater connectivity, additional connections and more intimate relationships can involve costs and risks as well as confer benefits, while inappropriate relationships can be harmful. Aspects of company law and regulation and contemporary corporate leadership and governance codes, priorities and practices favour some stakeholders over others and can hinder rather than help the building of relationships with a wider range of stakeholders. Directors and boards need to consider what changes are needed in priorities, practices and initiatives to accommodate disruptive technologies, new business models and the sharing economy; better understand the perspectives, aspirations and requirements of stakeholders; and involve, engage and motivate them in order to achieve more balanced, relevant, cost-effective

and mutually beneficial relationships with them. Consideration is also required of whether such changes and a more socially responsible approach to business might help to establish and/or re-build trust and encourage closer collaboration and more co-creation of value.

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