

GOVERNANCE, ENTERPRISE AND ENTREPRENEURSHIP*

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Is corporate governance excessively negative and conformist, and insufficiently positive and liberating? It may serve to safeguard the interests of remote investors who have limited and prescribed opportunities to influence the affairs of companies, but what about more engaged and involved owners? What is the significance and relevance of corporate governance for active investors, family businesses and ambitious entrepreneurs who are eager to build enterprises? Is it a constraint or an enabler, an area to be concerned about or something to actively embrace?

ORIGINS OF CORPORATE GOVERNANCE

Governance issues such as participation and legitimacy have been long discussed in connection with Government. Early pressure for action in a company and market context derived from awareness of corporate wrong doing in the US (Seligman, 1982) and increased with subsequent governance scandals in the UK, US and elsewhere. However, does corporate governance have to be exclusively or predominantly protective in order to prevent abuse and the pursuit of self-interest by people in positions of power? Is it primarily defensive to guard a vulnerable underbelly of capitalism and ensure compliance with codes and rules designed to prevent undesirable conduct?

Alternatively, could corporate governance be a more positive force? If a governance framework is perceived conducive of fairness and balance might this build trust and increase the legitimacy of capitalism and markets? Could it play a proactive role and contribute to innovation and business development? Could it work with the grain of capitalism, be supportive of enterprise and help entrepreneurs to build their businesses? Is it relevant to the aspirations and ambitions of those who found businesses and conducive of entrepreneurship?

Historically, governance has been associated with politics and the responsible use of power. The concern of this paper is specifically with corporate governance. Enterprises of all types and sizes have an impact upon our daily lives. The inventiveness of companies will determine our prospects for the future. Many people spend much time, including their most creative hours, either working for businesses, interacting with them or benefiting from what they do. These companies supply us with incomes and/or goods and services. Taxes on the value they produce fund our public services.

Corporate governance is particularly associated with issues concerning listed or quoted companies, where there is a relatively clear separation of ownership and control. In many countries effort has also been devoted to improving the governance of public bodies, and there are other arenas such as the world of trade unions that would benefit from a review of prevailing governance arrangements. However, our focus is to explore the applicability of corporate governance principles to small and medium sized enterprises (SMEs), family businesses and social enterprises. Specifically, how applicable and relevant is corporate governance to enterprise and entrepreneurship?

THE LIMITS OF CORPORATE GOVERNANCE

The roots of the term 'corporate governance' lie in a perceived requirement for greater openness and shareholder power (Jacoby, 1973). How should those with the power to influence governance arrangements

best ensure that enterprises pursue appropriate aims, engage in relevant activities and use capabilities and resources effectively and sustainably? How can they prevent or reduce the risk of individuals and cliques in positions of power within companies taking advantage of their roles and pursuing their own interests, for example by paying themselves excessive remuneration?

Where ownership is widely spread and in the case of listed companies, shareholders may need to wait for periodic communications such as an annual report and accounts in order to assess how directors have performed. They are dependent upon the judgements of others. The protection of their interests can partly depend upon governance arrangements and how they are implemented. However, in the case of many private companies and family businesses, the owners or trustees of their interests may be intimately involved, perhaps attending board meetings. Can contemporary corporate governance also address their distinct requirements, or could it be extended to do so?

Appropriate governance structures can be accompanied by the inappropriate behaviours of directors. Given the nature of human beings and the extent of temptation, many investors do not entirely trust corporate governance arrangements or the judgements of others. By investing in a diversified portfolio they endeavour to spread their risks and avoid excessive exposure to particular boards that may under perform, for example by taking mistaken decisions or missing opportunities.

GENERAL OR SITUATION SPECIFIC RESPONSES

For many people corporate governance is associated with principles and/or best practices set out in codes of practice. Such documents can suggest standards and norms and result in assumptions that deviations from them need to be explained and justified if they are not to result in adverse reactions. Might this inhibit innovation and diversity to address particular circumstances? In other walks of life a departure from standard could indicate a bespoke approach, and that one has gone beyond a norm and taken the time to address the requirements of interested parties in a specific situation. Customers often pay a premium for a response that meets their individual requirements.

One can understand collective efforts to identify fundamental governance principles (ACCA, 2014; ICAEW, 2013) such as seeking to prevent an unhealthy concentration of power, but the duties and responsibilities of directors are set out in legislation. In many countries Companies Acts are quite specific in terms of what directors should and/or should not do. Beyond this while some might benefit from guidance, to what extent should corporate governance be standard as opposed to appropriate to the context? Should directors simply observe the norm or commit time to assessing options and adopting and explaining the best course of action in a particular situation?

The use of standards, norms and common approaches may simplify the work of auditors, analysts and regulators. If more boards thought for themselves and adopted bespoke approaches would innovation and diversity lead to a loss of influence among such groups? The more extensive and complex rules, regulations, codes and standards are, the greater the opportunity for providers of assurance, governance and reporting services. Boards might also be more likely to delegate 'compliance' to head office experts rather than themselves discuss the issues. Given the governance focus upon preventing a recurrence of past 'scandals', should boards do just enough to comply in some areas, while focusing their attention on priority challenges and opportunities and remaining alert to new and emerging areas of risk that the governance community has yet to address?

RELATING GOVERNANCE TO PARTICULAR CONTEXTS

Is there too much prescription and too little guidance? Has corporate governance practice become a bureaucratic and legalistic process of compliance with standard and external approaches, codes and models that sometimes seem detached from the challenges of business building and satisfying stakeholder interests? Some independent directors try to justify their presence at the boardroom table by posing periodic questions relating to assurance, compliance, risks, standards and codes. Many boards delegate the observance of codes - or doing just enough to justify ticking a box - to a member of the corporate legal or company secretarial team. Should other directors do the same, or should they think about better ways of governing and how a board might add more value?

In short, should governance practice pay more attention to the particular context? The importance of contextual factors has been recognised by those who have attempted to measure the effectiveness of

corporate governance. For example, Gerard Schnyder (2012) concluded that: "It seems unlikely that ever simpler measures for firm-level corporate governance are able to account for the complex and multiple interactions that exist between corporate governance mechanisms and between these and environmental factors." The challenge for directors is to respond appropriately.

Why should one assume that similar - let alone the same - corporate governance approaches and models should apply to an entrepreneurial start up, a long established family business, a diversified international conglomerate, a professional or charitable body, or a Governmental organisation? In all these areas boards have been encountered that have endeavoured to adopt a general and standard governance code. Why should anyone imagine that a particular governance model would be appropriate at all stages of an enterprise's development from start-up and through the introduction of new lines of business, international expansion, technological changes, mergers and acquisitions, and competitive challenges, and in changing market, regulatory, economic and social contexts?

One frequently encounters directors who are frustrated at being offered basic principles and general solutions rather than advice on the best governance arrangements for the situation they are in at their company's particular stage of development. Given the basic principles of corporate governance and the extreme diversity of organisations, situations and contexts and the fundamental nature of many developments, why is there so little variety in governance approaches, models and practices? Why do reviews and changes occur so infrequently? Internationally, flexibility is an issue (KPMG and ACCA, 2014) and it is of particular concern to entrepreneurs and directors in dynamic situations. Ideally, corporate governance should be capable of evolution to meet the changing needs of a growing business and its stakeholders as a succession of distinct stages of development occur.

INNOVATION AND ENTREPRENEURSHIP IN GOVERNANCE

Governance academics, advisers, consultants, committees, codes and publications abound. Are they adding to the well of governance knowledge and competence or just drawing from it? Where is the return in terms of either fewer governance issues or innovation, relevance, proportionality, and bespoke responses that are easy to implement, and which build director competence and board effectiveness and contribute to sustainable business development and the achievement of key corporate and stakeholder objectives? Where is the creative exploration of better alternatives as opposed to occasional reviews of our inheritance from governance pioneers?

Risk management and governance is becoming increasingly complex (Mainelli, 2014). Does contemporary corporate governance deter risk taking from the perspective of entrepreneurs? When businesses are growing rapidly, should owners respond to governance suggestions with a sense of trepidation? They may recognise that greater scale, international operation and new activities and technologies require new perspectives and different ways of operating at board level. They may face particular problems such as succession when founder directors step back, or how to maintain family control. However, they may also worry whether a standard approach is right for their business and if the relatively bureaucratic, more formal and complex approaches being advocated and a greater focus upon compliance might reduce healthy diversity, stifle creativity and inhibit innovation.

Many owner managers and start-up entrepreneurs are not convinced that the value of appointing additional directors and operating more regular board meetings will outweigh the extra costs involved and possible constraints that might result (Coulson-Thomas, 2007b). Before considering corporate governance arrangements they may first need to be persuaded that more formality, directors and boards would contribute positively to the growth and development of their businesses.

Will new procedures suggested by proponents of more formal governance processes be so time consuming to implement that those with ideas for better ways of operating may lie low rather than suggest changes? Where various business units need to operate differently, will subjecting them to common approaches and disciplines act as a straight-jacket? Should different companies – and perhaps business units - within a diversified group have their own governance structures and practices, according to what is most appropriate for their individual circumstances?

Do we need different approaches in emerging markets (Mishra et al, 2013)? For many growing businesses and family companies around the globe, would adoption of the prevailing governance structure with its origins in the particular governance problems of listed companies in certain countries damage what is different and special about each of them? Would a better option be to address each case on its own merits, and build upon what already works and put in place governance arrangements that match the aspirations

and requirements of each set of stakeholders for the next stage of development of each entity? Should the governance community more explicitly recognise the distinct perspectives, interests, aspirations and priorities of entrepreneurs?

ASSESSING CORPORATE GOVERNANCE

Given the profile of corporate governance, should we expect more than just an association between the observance of codes and performance? Should we expect a direct cause and effect link and measurable benefits? Are there fewer business failures? Is there less favouritism, fraud and corruption? Has director remuneration moderated? Are boards taking smarter decisions? Are they better informed, more vital and adding more value? Do entrepreneurs ascribe their success to boards and corporate governance arrangements? Are the latter now more relevant, flexible and conducive of innovation and value creation? Are governance danger signals still apparent in boards?

How should one measure governance success? Is it observance of principles, compliance with codes and laws, or the degree of challenge and/or the quality of thinking, debate and decisions in the boardroom? Should a board assess itself and/or commission an independent evaluation and/or seek the external views of investors and other stakeholders? Are there indications of external recognition such as awards? What criteria should be employed: vision, strategy, accountability, implementation, risk management, growth, profitability, innovation, sustainability or transparency?

A UK study by the Institute of Directors in association with Cass Business School (2015) involved six months of research into the measurement of corporate governance in UK listed companies using both perceptions and quantifiable instrumental factors. The investigating team concluded that: "no one approach can yet be used to measure corporate governance. We believe that corporate governance cannot be assessed using straightforward tick-box approaches, such as measuring how a company scores against an arbitrary list of factors".

One can raise questions about the contribution of corporate governance to all companies, and not just entrepreneurial ones. Is it more relevant to some board functions than others? Are dilemmas faced by directors and boards now easier to handle? Does it favour the interests of some stakeholder groups over others? Are particular board activities from visioning and delegating to implementing strategy and reporting noticeably better or worse? Could any beneficial changes be explained by factors other than corporate governance? Where does it rank in terms of impact, compared with say director and board development or bringing new blood into the boardroom and changing the composition of the board as a company grows and develops (Coulson-Thomas, 2007a)?

PREVENTATIVE OR POSITIVE GOVERNANCE

Many entrepreneurs recognise that governance arrangements should reflect how people are rather than how we would like them to be. Arrangements and policies may be required to address risks such as hacking, money laundering, terrorism, the funding of banned and suspect organisations and the stealing of personal and corporate information and intellectual property. A proportion of people may be out to take advantage of any loophole or opportunity, but surveillance, monitoring and counter-fraud initiatives can raise legal, moral and practical issues. They can also compromise trust.

Could governance entrepreneurs, investigators and regulators use the expertise of the governance community more pro-actively and creatively and to better effect? For example, what about the governance of criminal and/or terrorist organisations? If we better understood the governance of these networks, how leadership is exercised within and across them, and how control is maintained, maybe we could find new ways of disrupting, disabling and/or neutralising them.

Are boards ticking boxes to get governance out of the way in order to focus on business building, or are they investing quality time and effort in reviewing governance arrangements and investing in re-shaping them to contribute to the next phase of business development? If directors are doing just enough to show willing, how do we move on from compliance with general codes, rules and regulations to getting corporate governance arrangements right for particular enterprises?

DISAGGREGATING CORPORATE GOVERNANCE

Do we need to simplify and go back to basic principles of corporate governance (ACCA, 2014; ICAEW, 2013) and add whatever elaboration is required for particular situations and contexts? One alternative to a single standard would be a series of codes and/or guidelines to address the distinct requirements of different types of entity and/or sectors, or organisations facing particular challenges and opportunities. Each would need to be periodically reviewed and updated to remain current, but who would do this and under what auspices? Would a family of codes, while it may have advantages, be a staging point en route to boards putting in place governance arrangements appropriate for the entities for which they are responsible? Should this be a statutory duty, with the lazy adoption of a standard model a possible indicator that directors are not doing their jobs?

Is separate guidance required for governance in specific arenas such as innovation, knowledge, risk or talent management, IT or strategic planning? Potential adopters would need to ensure general guidance is appropriate for their particular companies. In some sectors intelligent steering rather than annual corporate planning may be required. Guidance relating to education and training and human capital growth might not be a priority for a company with a strategy of replacing people with robots, drones and self-help systems, but other considerations would need addressing (Ford, 2015).

Governance is preoccupied with preventing downsides. The need for vigilance is justified by reference to corporate scandals, with the same few names regularly trotted out in articles and speeches. However, what about upside potential? For every negative example, there may well be hundreds or thousands of boards that are missing opportunities, taking well meaning but less than optimum decisions, and/or not operating as effectively as they could for a variety of reasons. What is governance contributing to this wider problem of improving the competence of directors and boards that could not be accomplished by other means such as director and board development?

CHALLENGING GOVERNANCE ASSUMPTIONS

One might expect shareholders to be vigilant in looking after their best interests. This is particularly true of entrepreneurs and the worlds of SMEs and family companies, where shareholders often keep a close watch on their investments, or are intimately involved in 'building the business'. Many corporate governance approaches and codes have evolved to address a different situation, namely a separation of ownership and control and the reality that many investors have a diversified portfolio of investments and/or invest via institutions and their pensions (Mallin, 2014). Hence they have less motivation to be actively involved in the affairs of any particular company.

Few if any individual shareholders can exert much influence on the affairs of many quoted companies of national and international significance. But the question of the relative advantage of standard and bespoke approaches still applies. The ideal governance requirements of an integrated utility considering a new generation of nuclear power stations may not be the same as that of a seasonal fashion business, or a restaurant chain or an e-business in terms of board composition, frequency of meetings, agendas or how the business of the board is conducted. Why do those whose governance experience derives from some arenas assume it is relevant in quite different contexts?

Certain assumptions and widespread practices need to be challenged. For example, why do so many boards put such a high priority upon recruiting a high powered CEO? Elevating one person far above executive colleagues in standing and powers can encourage an unhealthy concentration of power and the hierarchical forms of organisation that are associated with it. Does current corporate governance assume certain forms of organisation? Is it equally relevant to the internet age and the different models of operation that are emerging and which can quickly mutate and enable entrepreneurs and relatively small numbers of people to rapidly build valuable businesses?

CORPORATE GOVERNANCE AND SUSTAINABILITY

What is contemporary corporate governance contributing to sustainability? Governance and sustainability ought to be natural complements as continuity, effective challenge, the efficient use of resources and the best long-term interests of organisations and their stakeholders are concerns of practitioners in both arenas. Are they engaged in a productive dialogue? If solutions to sustainability and environmental issues require entrepreneurial responses then governance might best contribute by being conducive of enterprise and entrepreneurship.

It is easy to become lost in the rhetoric of governance. What do terms such as 'transparency', 'integrity' and 'ethical' mean in relation to sustainability? How open should one be in competitive markets about risks and future problems, while not being alarmist and while awaiting related developments? What are boards doing in terms of entrepreneurial responses to address and capitalise upon greater public interest in sustainability issues? Are people with sustainability credentials being brought onto boards? How does one assess whether or not individual directors and a board collectively are environmentally aware and alert to sustainability concerns?

Mobile devices and social media mean can quickly spread awareness of corporate failure in sustainability and other areas to greater numbers of people than ever before. Some responses cannot wait until the next board meeting. Directors and boards face a host of new and emerging challenges and opportunities, a proportion of which may raise issues relating to direction, policy and/or strategy. In order to cope, directors may need to review governance arrangements and operate in new ways. These and other challenges represent opportunities for alert entrepreneurs.

GLOBAL PERSPECTIVES ON GOVERNANCE

How are contemporary approaches to governance perceived in different parts of the world? Do views vary in respect of different types of entity at particular stages of growth and development? If the origins of corporate governance lay in a perceived requirement for greater shareholder power and democracy in the US (Ocasio and Joseph, 2005), how applicable are good governance principles to SMEs and entrepreneurial and family businesses in North America and elsewhere?

Is consolidation or fragmentation occurring at an international level? Will the next generation of governance codes, regulations, approaches and guidelines contain more common elements, or will they be noticeably different in order to accommodate local issues and requirements? Will providers of finance and certain international institutions prefer some approaches over others? Will the corporate governance landscape favour or inhibit joint ventures, mergers and acquisitions?

Are distinct areas of national or regional focus emerging? Do we need different approaches in an Asian context or emerging regions of the world (Mishra, 2013)? Could or will China seek to exert influence and promote a particular approach to governance? Are competing models and approaches converging or moving further apart? Which of any contending approaches are most conducive of enterprise and entrepreneurship? Should we be thinking in terms of 'global' best practices, and if so what are they and how does one judge their applicability in a particular situation and context?

BUILDING MORE ENTREPRENEURIAL BOARDS

How should boards renew and reshape themselves for tomorrow's pressures, priorities, concerns, challenges and opportunities? Is there an ideal board composition for driving business development and sustainable growth, or does it all depend upon the context? What constitutes a high performance board? How do directors and board chairs create a high performance board and best leverage and apply its contribution? Where speed and flexibility are important, there are quicker, cheaper and less disruptive routes to high performance organisations (Coulson-Thomas, 2012a and b, 2013).

What are the priorities in respect of diversity, whether of thinking or board composition? How should one best improve diversity, relevance and quality? A collection of carefully chosen and excellent people does not necessarily constitute an effective board. How does one persuade a founder chairman and chief executive to separate a focus upon building the business from a focus upon the more effective operation of the board? What role should institutional investors and other owners and executive and independent directors play in building more effective boardroom teams?

How should one set about building entrepreneurial boards in emerging markets (Mishra, 2013)? Are certain roles different from their equivalents in developed contexts? Do control structures need to be different and contextual? How should independent directors be selected, used and supported? In respect of family companies, what parallel developments need to occur in relation to the governance of family interests? How should one handle the departure of first generation entrepreneurs?

ROLES AND RESPONSIBILITIES

How should roles and responsibilities for building mutually beneficial relationships with different groups of stakeholders be allocated within an entrepreneurial team? Are there better ways of engaging stakeholders and involving them, whether to increase awareness of innovations and other developments and/or understanding, or to stimulate supportive action and benefit from it?

What role should the company secretary play in an entrepreneurial context? How can those with financial, legal, risk, knowledge, talent and technology responsibilities better support entrepreneurs? How might colleagues with a professional interest in good governance share views, discuss issues and coordinate their responses? What can they contribute individually and collectively to ethical business practices and organisational integrity?

As an entrepreneurial business grows and more people are recruited upward communication and informing, supporting and reporting to the board must not ossify. Whether by better understanding the function of the board and the distinct liabilities, duties and responsibilities of company directors or through better reporting mutual appreciation and support may need to increase, if the requirement for control of a more complex entity is to be balanced with the need for continuing innovation, new operating models and the expansion of a business into new products, services and markets.

SUSTAINABLE AND ENTREPRENEURIAL DEVELOPMENT

In entrepreneurial contexts, the sustainability of an enterprise can involve innovation, discontinuity and what Joseph Schumpeter (1975/1942) termed "creative destruction". More sustainable operations and practices can require the breakthroughs that creative entrepreneurs can bring about. The desire, intention and rhetoric of sustainability needs to be matched with practical initiatives to change behaviours in desired ways without putting a company at a competitive disadvantage. Sustainability concerns create new business opportunities. A more sustainable business model can also attract certain stakeholders. There are cost effective ways of helping staff, customers and users of goods and services to make more sustainable decisions (Coulson-Thomas, 2012a and 2013)?

Where there are calls from politicians, commentators, social and traditional media, and others for growth and development that is inclusive as well as sustainable, how should boards respond? While meeting legal obligations, should they skew business decisions to favour particular groups, or to achieve social objectives that might not be priorities for other stakeholders? Does being responsible extend to social engineering, supporting Government policies and becoming involved in areas that are properly the province of Government? While a Government might be very concerned with finding jobs for unemployed people, an entrepreneur seeking to be competitive and at the cutting edge might adopt competitive strategies that reduce employment (Ford, 2015; Kaplan, 2015).

Boards have to make choices. In relation to sustainability, what are 'green credentials'? How important are they to customers and other stakeholders? How should one assess their achievement? How is a company portrayed and perceived in social media, and how representative are the views that others are expressing? In relation to timing, should directors act now or later, for example when the cost of renewable energy has further reduced? At what point has one done enough?

VALUES, CSR AND THE BOARDROOM

Directors and boards are custodians of an organisation's values. The board of a growing business might have to establish policies and principles to cover the activities of people from a range of nationalities, religions and political persuasions, some of whom may have very different values. Certain choices may be more difficult than they appear at first sight. Some directors find it easier to make ethical judgements than others. Should entrepreneurs embed CSR into corporate boardrooms or should they be sceptical? Where markets are free and regulation is effective, does irresponsible conduct simply lead to customers, investors and ones best employees going elsewhere?

Might external factors such as CSR legislation lead some directors to loose sight of the primary purpose of enterprise? Might certain boards contribute more to wider society, as well as immediate stakeholders, by avoiding distraction with peripheral CSR initiatives, and focussing upon innovation and more effective and sustainable operation in their core business, where their comparative advantage is greatest and corporate capabilities are most relevant (Friedman, 1962)? Maybe entrepreneurs are being most responsible when

they concentrate upon innovation and differentiation and giving customers new options and better, healthier and more sustainable choices.

Are we in danger of imposing so many duties and expectations upon directors that some of them might lose the plot? In discussions of corporate values and ethics, what is the value of diverting attention and resources from a core activity where breakthroughs could be game changing to an initiative that may be inefficient in comparison but which is undertaken just to tick a CSR box and chalk up a 'responsibility' credential? In terms of their small scale, relative ineffectiveness and opportunity costs, is the use of corporate resources for some 'social' initiatives ethical or unethical?

MEASURING BOARD EFFECTIVENESS

Some boards are blessed with favourable conditions that are not of their own making, while others are hit by a succession of problems. Coping with recession presents different challenges from riding a boom, but in tough economic times there may still be opportunities to gain competitive advantage. The assessment of board effectiveness should reflect the situation and circumstances. Should it take account of professionalism as well as performance, or the extent of entrepreneurial ambition?

What are the emerging trends in relation to reporting, the accountability of directors and boards, how they are evaluated and how their individual and collective performance is measured? How should one assess performance and compliance? Are the approaches of internal and external auditors changing? How flexible are they in accommodating different situations and contexts? How can boards best work with them to obtain the assurance that directors require? How might risk-based and risk-centric approaches help? Can they accommodate different entrepreneurial styles?

Entrepreneurs tend to watch costs. How many people read and understand annual reports and accounts? How could their value and cost-effectiveness be increased? Is integrated accounting a natural evolution or a paradigm shift? What are the implications of integrated accounting and/or international reporting standards for boards, stakeholders, governance and sustainability? What standards should family companies observe? Would confidence accounting clarify or complicate? How can rapidly growing businesses meet increasing reporting requirements while at the same time ensuring that stakeholders are not 'left behind' when situations and circumstances rapidly change?

EVOLUTION OR REVOLUTION IN GOVERNANCE

Corporate governance has been in the spotlight long enough to have a history (Cheffins, 2013), but what of its future? Do we need a revolution in governance, a new model, a family of different approaches for various situations, or is it just a question of a shift of emphasis and change of balance? Does the notion of shareholder and owner now need to explicitly embrace entrepreneurs?

Extensive frameworks of laws, regulations, checks, assurance and compliance mechanisms and large numbers of people from auditors and independent directors to regulators, officials and those concerned with policing and fraud prevention are paid to check up on others and monitor them. If processes and systems are robust and scalable and transgressors are few in number, should more effort be devoted to appointing honest and competent people to boards? Would this be more cost-effective than imposing constraints upon all companies that might inhibit innovation and diversity?

Wise backers of ventures and smart individuals looking to join them have always looked for honest, competent and fair-minded people who would look after their interests and do the right thing, in either favourable circumstances or adversity. They would weigh the risks involved, welcome any windfalls and suffer any occasional losses. Only the naïve and greedy would normally expect other than reasonable returns over time. Since the creation of limited liability companies, their owners, whether holders of shares in a quoted company or in a family business, have hoped that directors will be competent and boards effective and adding value rather than just acting as rubber stamps.

Boards can benefit entrepreneurial enterprises (Coulson-Thomas, 2007a and b). Many entrepreneurs would gain from directors of integrity with a passion for growing businesses and who can think for themselves and are able to put the interests of others before their own. They should look for people who view a directorial appointment as an opportunity to make a difference, and who commit to lifetime learning from their experiences and that of others in order to stay current, become a better director, and match the changing

needs of a developing business. The corporate governance community should reflect upon how their experience might be drawn upon and how their practices might be amended to help this process and better support enterprise and entrepreneurship.

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