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Board and Business Leader Priorities for a New Year

The start of a new calendar year is an opportunity for directors to reflect on some of the big issues facing business leaders and how they and their colleagues are perceived, especially by the younger generations upon whom the future of their companies and humanity depend. Are they trusted? Are they regarded as responsible and ethical? Are they doing enough in relation to the challenges and opportunities of climate change, the environment and sustainability, areas that could have a big impact upon their children and grandchildren? Do their attitudes towards risk, governance, innovation, entrepreneurship and new technologies inspire stakeholders and young people? Are their approaches in these areas fit for purpose and likely to lead to the transformational changes needed for successful adaptation in the face of widespread uncertainty and multiple and inter-related challenges and opportunities?

Attitudes towards business and trust in leaders

In different countries trust in business and business leaders appears to be at a low level. Why is this when so many beneficial developments have been initiated by entrepreneurs and made widely available by commercial enterprises? Does contemporary cynicism, wariness and distrust reflect public views about those in leadership positions generally, or are there particular problems relating to certain companies and some business leaders? If so, what are the root causes? Corporate scandals and allegations of abuse and greed are not new. What has changed? Whether due to greater competitiveness or other pressures, have business leaders become harder and less caring and more focused on themselves and corporate profits rather than upon customers and other communities? Alternatively, have expectations and standards risen? Are people more willing to challenge and hold business leaders to account?

Are opinions on individual business leaders being affected by general views of business? In terms of business ethics and corporate conduct, what would stakeholders and younger people like to see less of and more of? How does a lack of trust impact upon their behaviours? What might they do differently if trust were restored? Within particular sections of the population are there groups that

have a distinctively negative view of business? Are there certain communities, stakeholder groups and/or potential allies and supporters with whom relationships and trust urgently need to be rebuilt? What can be done to address the suspicion of business and the hostility towards capitalism found on some university campuses?

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What are the consequences for individuals and organisations of a lack of trust in business leaders? How could it impact upon what they might wish to do in relation to alternative business strategies, new business models and radical change, especially when and where assent, legitimacy and support would be desirable? Would steps to introduce a more caring form of capitalism and/or calls for more cooperation be welcomed, or would they be regarded as a con? Is

reinvention possible without stakeholder consent and understanding? What do some business leaders need to do differently? Are there steps that drafters of codes of conduct and regulators should take to help restore trust in business and business leaders?

Perceptions and expectations of directors, boards and corporate leaders

Awake and alert directors, boards and corporate leaders such as chief executive officers (CEOs) should be aware of the perceptions that various groups in society have of them. Are these favourable or unfavourable? Those who are dependent upon business leaders for a living or their future prospects may flatter them, but what about others in society who are neutral and more objective? How do they view them? What do they think the primary roles and contribution of business leaders should be? What value can and should directors add when future developments and possibilities are so uncertain and their past experiences may no longer be perceived as relevant? Do what they do and how they use their time need to change? To what extent should leadership be shared and with whom?

Who other than directors themselves really benefit from what many of them do? What would different stakeholders like to see more or less of in the roles, conduct and priorities of boards, directors and other corporate leaders? Are they sufficiently imaginative and inspiring? Do they engender trust? Are the distinctions between management and

the provision of strategic direction and between being a company director and a CEO understood? Are the nature and relevance of such distinctions changing? Do routes to the boardroom need to change? What qualities are becoming more important for today's board members and contemporary business leaders? Should their priorities and accountabilities change?

Attitudes towards environmental challenges, climate change and sustainability

Individuals, organisations, societies and our planet face a variety of short, medium and longer term challenges. How aware are many boards of the differing views of different generations towards environmental challenges, sustainability and/or climate change? Where do these and their arenas of concern rank in relation to other corporate challenges and opportunities? Are members of different stakeholder groups aware of UN development goals and relevant Paris Agreement commitments and how they might be impacted by environmental issues and/or climate change? Should more boards be giving a lead in these areas?

Limitations and shortages of natural capital suggest that many current lifestyles and corporate operations cannot be sustained without innovation, the adoption of new business models and simpler and healthier lifestyles, and transformational change. What do we mean by sustainability? What are the attitudes of younger people towards it? Some of them could be potential allies, but as yet they might lack the economic voting power of older generations who may see the status quo as beneficial. Are business leaders and commercial companies perceived as trying to continue existing operations and priorities, or viewed as endeavouring to change to accommodate pressures on the environment and natural resource constraints?

In relation to many issues that concern younger generations, are major companies seen as part of the problem or as elements of possible solutions? Are perceptions of entrepreneurs and smaller businesses more or less positive? How credible and trustworthy are the statements of business leaders, corporate communications and the narratives of annual reports relating to the environment and climate change? To what extent are environmental challenges and/or climate change seen as an arena of opportunity for commercial companies? How do members of selected stakeholder groups assess the prospects of appropriate corporate action? Do they have more or less faith in collaborative, Governmental or international action?

Perceptions of corporate social responsibility

Corporate social responsibility (CSR) is sometimes justified in terms of its positive impact upon corporate reputation. What do we mean by CSR? How is it perceived by members of stakeholder groups and

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younger generations? Is it seen as an exception rather than the rule? Are companies doing enough? Shouldn't all corporate activity be socially responsible? How many businesses, companies and corporate leaders can be trusted to behave responsibly? Should directors, boards and business leaders be accountable to a wider range of stakeholder interests? Who would welcome or oppose such a wider remit?

In relation to CSR and other corporate activities, do external parties feel there is a gap between rhetoric and reality? Does the emphasis need to switch from words to deeds? Should more companies view socially responsible actions and activities as arenas of opportunity? Are they integrated into wider corporate strategy? In India, qualifying companies are required to devote a proportion of their net profits to CSR activities. What about all the other activities that qualifying companies and smaller and family businesses undertake? Is there a practical and affordable way of ensuring these are socially responsible?

Attitudes towards corporate ethics and risk

Action to address the unethical practices of some individuals and companies and certain areas of risk result in increased compliance and other costs for the generality of people and organisations. The conduct of particular people can result in general suspicion, if not distrust, of the motives and conduct of business in general and other directors, boards and business leaders. How do different stakeholder groups and younger generations perceive corporate ethics? How do they view the risks involved in business and encountered by commercial companies and their directors and boards? How useful and convincing are statements of corporate values and/or the steps taken by companies to mitigate the risks they face?

Is risk perceived as negative? Is it related to opportunity? Are risk management, corporate governance and compliance practices perceived as helpful and beneficial, or regarded as overhead costs and inhibitors of creativity, innovation and entrepreneurship? Are directors, boards and many business leaders seen as overly cautious and risk averse in relation to the innovations and degree of change needed to cope with challenges such as climate change and sustainability? Have they become a barrier to the trial and adoption of alternative approaches, new technologies and less environmentally damaging and more sustainable business models? How could the more open and courageous among them and their supporters and sympathizers be engaged, energized and turned into champions and advocates of change?

Attitudes towards creativity, innovation and entrepreneurship

Addressing many of the challenges faced by us all such as ensuring sustainability and coping with climate change is likely to require more than incremental improvement. It may need creativity, innovation, entrepreneurship and transformational leadership. How can boards and business leaders inspire, enable and support them? How do different stakeholder groups and younger generations perceive creativity, innovation and entrepreneurship? To what extent do they want themselves to engage in them?

Are business organisations, directors, boards and business leaders seen as open and welcoming of new ideas and supportive of

creativity, innovation and entrepreneurship, or are they regarded as defensive, risk averse and protective of existing practices and operations? Are they perceived as viewing disruptive technologies and new business models as threats or as opportunities? What would help and hinder people with aspirations to become more creative and innovators and/or entrepreneurs? Is there a potential role for more companies to become catalysts and incubators of new initiatives and ventures?

Attitudes towards disruptive technologies

Disruptive technologies and the new business models that they can enable are having a profound impact upon many business sectors. The challenges they create and how best to handle corporate responses are a major preoccupation of business leaders. How are these technologies perceived by selected stakeholder groups or communities such as millennials and young people? Are they viewed negatively as threats and challenges, or more positively as enablers and opportunities? What are their individual and collective impacts likely to be? How should individuals and organisations respond?

Today's directors need to be comfortable with uncertainty, curious in the face of the unknown and courageous when confronting tough challenges. They are not paid to procrastinate. They should be expected to make judgements and take decisions. To whom should boards and business leaders turn in order to better understand new and emerging technologies, for advice and guidance on what their implications might be, and for help and support in responding? Can independent and objective advice be obtained? What should the next steps be for business leaders whose colleagues represent vested interests that favour the status quo and/or whose organisation may lack the capability to adapt?

Relevance of corporate governance to contemporary challenges

When introduced, the modern corporation enabled a separation of ownership and control. Early corporate governance codes and practices in countries such as the US and UK arose in reaction to particular problems relating to certain quoted companies. More recently the number of listed companies has fallen in these jurisdictions. A rising proportion of investment is being channeled via private equity and involves a hands-on role by investors and smaller more focused boards. Is this governance model more relevant to entrepreneurial start-ups and situations where a relatively quick repositioning and/or radical change is required? Do fewer larger entities now consider themselves "established" and in the more stable and secure situations for which traditional approaches to corporate governance might be suited?

Many corporate governance codes are periodically updated. How relevant are current codes and practices to the requirements of small and medium sized enterprises (SMEs), entrepreneurial businesses, family companies and entities that need to go quickly through a process of transformation? Are current codes too prescriptive and restrictive? Do they inhibit innovation in board structures and practices? Do we need alternative approaches according to the

situation and context a company is in, the challenges and opportunities it faces and the aspirations and priorities of its stakeholders? If so, what should the common elements be?

Do aspiring and practicing entrepreneurs recognize the contribution that competent directors and an effective board could make to the development of their businesses? Should their governance arrangements be flexible and evolve as their businesses grow and encounter new pressures and possibilities? What particular factors and requirements apply in relation to the corporate governance of new business models and innovative and entrepreneurial ventures? What is hindering and could help the adoption of more flexible and relevant approaches? Are there particular requirements that apply in the Indian and international context?

Productivity and performance

In certain countries productivity has fallen significantly below historic levels and different views have been expressed as to the reasons. Why is stagnant or falling productivity happening while technological revolutions occur? Are we failing to measure the impacts of new technologies and other factors? Are we overlooking certain considerations and complicating factors, or are other unrecognized root causes at work? When boards take decisions, are externalities, implications and lifetime costs and benefits taken into account? Do directors use measures that exaggerate their contribution and maximize their rewards?

What do we mean by efficiency and productivity and how should boards and business leaders assess performance in an era when ever more areas of work are being automated and tasks previously performed by humans are undertaken by robots, AI and other support tools? What do efficiency and productivity mean for younger people? Are they interested in careers as directors, entrepreneurs or professionals? What are their aspirations? What causes would they relate to? How could business leaders better involve them in changes and developments that might benefit them during their lifetimes? In the coming year the Institute of Directors will be organizing international conferences covering the various areas considered in this article. These events will provide opportunities to discuss the above and related questions.

Not all business leaders may themselves be trusted, but do enough of them believe in the potential of younger generations to make a difference? Will they open up and engage, involve and trust them? With challenges such as global warming, the future of humanity is in the hands of younger people. They inherit a growing range of promising and enabling technologies. Will the batons of enterprise and entrepreneurship and the torches of inspiring, more inclusive and responsible leadership be passed on? Will today's leaders have the foresight to nurture their successors and put in place the mechanisms and models that will allow them to use current and future innovations, their time and natural resources wisely? ■

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