

## **EDITORIAL: Board of directors in the context of the stakeholder capitalism paradigm**

*Dear readers!*

Recently, the discussion on the subject of stakeholder capitalism has become more and more intense worldwide. We would say right away that this topic is quite complex considering its empirical, scholarly contribution that increases its relevance for the practice of company management. What is the moment in the company evolution that most qualitatively signals the company's request for stakeholder capitalism? Such a moment of truth is the decision of the owners regarding the company's profits.

The decision in favor of dividends is a manifestation of shareholder capitalism, but the decision to reinvest profits is an offshoot of stakeholder capitalism itself because the result of this decision is the expansion of the network of individuals interested in the company's activities, for example, the workforce due to the increase of employment, partner companies due to the formation of new forms of cooperation, local authorities by promoting the creation of new company divisions on the territory of the community, etc.

Thus, in order to develop stakeholder capitalism, the company must be profitable and its owners must be willing to invest in the development of stakeholder capitalism as a system. Given the fact that the legislation on corporate governance only in some countries gives stakeholders the right to participate in the company's management bodies (besides shareholders), a third prerequisite for the development of stakeholder capitalism — shareholder activism — appears, which should discipline large owners and make them more inclined to take into account the interests of minority shareholders and stakeholders who do not have a share in the company's capital, i.e., shareholder activism is a test of the readiness of the system to launch stakeholder capitalism.

Another prerequisite for the emergence of stakeholder capitalism is the developed institute of independent directors in the country, who, with their independent judgment, should ensure a balance of stakeholders' interests, emphasizing not shareholder value, but stakeholder value.

Thus, we need four prerequisites for the development of stakeholder capitalism in the country — profitable companies, owners with intentions to reinvest profits, shareholder activism as a movement, and independent directors as an institution. We have not yet discussed the importance of macro-level conditions, but they are also important. Is the state, as the owner, capable of developing shareholder activism in its enterprises?

We need to learn how to manage businesses so that they generate income. Then move away from the "dividend" paradigm that currently dominates and learn to reinvest profits. Then pay attention to the rights of minority owners and develop a legislative field for shareholder activism. Moreover, promote the development of a transparent market for independent directors, without which a powerful institute of independent directors in the country is useless because otherwise our stakeholder capitalism is doomed to be unheard of in companies.

Papers published in the recent issue of the journal *Corporate Board: Role, Duties and Composition* consider a wide spectrum of issues linked to the board of directors and firm performance through the prism of stakeholder capitalism. The papers contribute to the previous research by Morrone, Bianchi, Marsocci, and Faioli (2022), Rautenstrauch and Hummel (2022), Akomea-Frimpong, Asogwa, and Tenakwah (2022), Chen, Yi, Zhao, and Zheng (2022), Singh and Rahman (2022), Kostyuk, Mozghovyi, and Govorun (2018), Abdel-Baki, Kostyuk, and Govorun (2011).

Moreover, previous literature has outlined a list of promising issues to explore in further research (Grove, Clouse, & Xu, 2021; Owusu, 2021; Galavotti, 2021; Magnanelli, Paolucci, & Pirolo, 2021; Kostyuk, Kostyuk, & Shcherbak, 2016; Kostyuk, 2003). We invite all experts in corporate governance to read the papers published in this journal as a valuable contribution to the literature in the field of corporate governance.

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