EDITORIAL: Purposeful leadership and governance

Dear readers!

Corporate governance and its main actors, the board directors, have been exposed to enduring challenges for the last few years. Board directors and academics alike do not have the luxury of being just passive witnesses of the developing future, but be active stakeholders responsible for electing the purpose and values of organizations, so the future develops most sustainably. However, the challenges in driving organizations' long-term performance under a volatility, uncertainty, complexity and ambiguity endeavour are considerable. Among the questions that keep board directors asleep at night, we find some of the following: How to prepare our organizations for the "green revolution"? What is the role of corporate governance in aligning with climate change policies and concerns? What shall be the broader environmental, social, and corporate governance (ESG) approach of our organizations? How shall human motivation be approached within our organizations, so an optimal alignment between shareholder value creation and a broader stakeholder strategy is guaranteed? Do these questions demand a different kind of leadership in comparison to past corporate governance practices?

These and other questions demand new strategic approaches from the boardroom, where "satisficing" may be given more weight than "maximizing" in developing the intended future. For example, instead of just copying with the increasing ESG goals, such strategies shall at the same time provide a competitive edge against competitors' technological edges and innovation in general. This evolving paradigm is demanding increasing involvement from board directors, forcing them to step outside of their comfort zones and have to learn about new trends, technologies or even geopolitics. Overall, some of these topics are placed high on board agendas and are addressed in the current issue of *Corporate Board: Role, Duties and Composition*.

Pietro Fera, Gianmarco Salzillo and *Caterina Cantone* present a study on the subject of minority directors in contexts characterized by high ownership concentration, where a relevant corporate governance issue reveals in the form of a "horizontal" conflict among distinct principals. As the authors pose it this issue oftentimes implies a separation between control rights and cash flow rights, demanding a widespread use of control enhancing mechanisms — not without costs. In such a context, independent directors as an internal mechanism for good practices may lack the mandate, the incentives, and the ability to be an effective monitoring mechanism. Hence, this paper is of interest to practitioners, regulators and academics, as it provides an adequate framework for supporting decision-making in what concerns the appointment of minority directors.

Shirley Mo Ching Yeung and *Francis Chun-Cheong Wong* in their paper provide insights on the role of leadership in transforming organizations towards a more sustainable future. The green revolution is an unavoidable issue that demands effective, but prudent, responses from board directors, as they shall simultaneously care about sustainability, and guard for prosperity, without which there are not enough resources to ensure that same sustainability in the first place. The authors, departing from previous papers did a qualitative study that challenge common sense regarding several critical topics, among them: sustainable human development experiences, complementary design, holistic development of products, a new vision for society, adaptations of current teaching practices, an extension of the "end-of-life" concept, stable policies, multifaceted concept applications as well. Education towards servant leadership is suggested as the way forward towards more sustainable organizations.

In his paper titled "Impact of directors' remuneration on banks' performance", author *Paolo Capuano* drawing from the US banking system paradigm provides evidence on the relationship between directors' compensation and banks' performance. Paolo goes beyond the normal studies that focus on Chief Executive Officer (CEO) compensation and the respective relation to performance and broadens his study to encompass the whole board of directors. As a contribution of this study, it can help banks identify best practices regarding management as well as provide useful insights to different categories of stakeholders, for instance, bank regulators and supervising authorities.

Hugh Grove, Maclyn Clouse and *Tracy Xu* provide some guidance for board directors regarding what climate opportunities concern. Their paper focuses on whether net-zero pledges are a dangerous trap for boards of directors' guidance and monitoring of their companies' climate activities and opportunities. There may be a legitimate concern for board directors to rethink easy ESG rhetoric and accounting and avoid a potentially dangerous trap of net-zero pledges. After all, board directors shall regard the present while understanding the past, and addressing the future with respect. The present requires attention to all stakeholders an organization is accountable for; the future requires a certain degree of humility in facing all developments one cannot control, and the past provides the opportunity to build on all the previous knowledge. This paper provides an overall climate perspective for boards and provides some guidance for assessing the role of companies in climate activities and opportunities. It argues that boards shall have guidance and act adequately in the monitoring of climate activities and opportunities.

The papers in this issue make use of a diverse set of methodologies, providing findings and insights that may trigger future research across several corporate governance issues. They contribute to the previous literature related both to the more specific board practices (Morrone et al., 2022; Karger & Kostyuk, 2023; Mantovani et al., 2022; Gupta et al., 2021) as well as general board issues (El Beshlawy & Ardroumli, 2021; Grove et al., 2020; Abdel-Azim & Soliman, 2020; Esposito De Falco et al., 2018; Kostyuk et al., 2017) and are recommended for researchers and readers looking for some of the latest trends in the field of corporate governance. In closing this Editorial, I would like to thank all the authors for their intellectual contributions. I hope you enjoy reading this issue of the journal.

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