

EDITORIAL: Board of directors' dynamics through a culture prism

Dear readers!

It is obvious that the election of directors to boards is putting increasing demands on the market for director services, including independent directors, and the level of its development determines the efficiency of the boards themselves. This is good because it is all about corporate governance. This is the main thesis of the well-known article titled "Companies look for ways to bring new directors up to speed quickly" in *The Wall Street Journal* (Glazer, 2022).

The data from Heidrick & Struggles (2024) is interesting. Among the directors elected to the boards of Fortune 500 companies in 2016, the share of so-called "first-timers", i.e., those with no previous experience in such activities, was 25%. In 2021, this figure rose to 43%. That is, last year, almost every second director elected to the boards of the world's leading companies had no previous board experience! That is, this market in the world is now like an active volcano.

The requirements for board directors are growing, and an effective director has no right to be static or inert. This is probably one of the key theses.

"It's really no longer enough for board members to just read the materials and go to the meetings; board members are being encouraged to get out and about", says Ms. Susan Angele, KPMG. "Board members now want to better understand the company's culture", she says, "as their roles increasingly touch on talent and an evolving workforce" (Glazer, 2022, para. 21).

All of this poses a significant challenge to corporate governance practices, as the market for board directors, especially independent board members, is still far from being able to provide the appropriate dynamics for our companies' boards.

In the summer of 2022, McKinsey & Company released the results of its annual McKinsey Global Survey of board members. The goal is to identify ways to increase the long-term impact of boards of directors on companies' operations (McKinsey & Company, 2022).

It is noteworthy that the actual workload of a board member to fulfill his or her duties has increased from 25 to 31 days per year from 2019 to 2022. This is the result of the growth of board efforts in 10 of the 11 main areas of board organization. There has been a significant increase in attention to such areas as the preparation of materials for board meetings, directors' search for information to supplement the information provided by executive management, and improving the efficiency of board meetings by the chairman.

In general, working with materials and searching for the necessary information are still not well-organized areas of board organization. While in 2019, 63% of directors searched for information necessary to participate in a board meeting, this year their share increased to 83% (McKinsey & Company, 2022). Obviously, finding a good specialist to join the board no longer guarantees its effectiveness. The way the company organizes the provision of information to board members, whether this information is complete and relevant at the same time, is already an obvious prerequisite for the success or failure of the board in terms of influencing the company's operations.

The recent issue of the journal *Corporate Board: Role, Duties and Composition* is devoted to the most outstanding practices of the board of directors, embracing a large variety of countries and cultures. Researchers and practitioners will enjoy reading the issue of the journal.

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