

SUSTAINABILITY AND CORPORATE GOVERNANCE

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Keynote speech / Summary

Sustainability and corporate governance literatures have evolved as separate strands so far. However, there is a significant overlap between the sustainability discourse focusing on protecting the interests of future generations and corporate governance as the 'system of checks and balances, both internal and external to companies, which ensure that companies discharge their accountability to all their stakeholders and act in a socially responsible way in all areas of their business activity' (Solomon, 2007). Global sustainability challenges urge businesses to reconsider their governance perspective and to question shareholder primacy. Sustainable governance is slowly gaining momentum across the business world and academic circles. Recently CEOs of largest 181 US companies have challenged the existing purpose of their corporations and have changed it in a way to prioritize the benefits of stakeholders and the contribution to the society. Although there are significant attempts to bridge sustainability and corporate governance from the part of the transnational organizations, governments, NGOs and companies there is still a long way to go to build a sustainability mindset in corporate governance. There is a need to identify the forces leading to and constraining sustainable corporate governance. A multilevel assessment of both sustainability and governance may provide a clearer picture. New paradigms of director's duty in relation to sustainability are influenced by the initiatives of business and society. The activities of World Business Council for Sustainable Development and the carbon disclosure

project are among the major examples. Internationally developed frameworks like Global Reporting Initiative, Global Compact, UN 2015 Framework Convention on Climate have the potential of offering guidelines for a sustainable governance. Socially responsible investments' impressive growth compared to traditional investment funds acts as another powerful driver. The landscape of fiduciary duty is changing fast with the attempts of transition from a linear to a circular economy, extended producer responsibility, enlightened leaders and shareholders. While new paradigms of director's duty emerge it becomes imperative to reconsider the theoretical lenses we use in sustainable corporate governance. Going beyond Agency Theory and embracing a wider variety of perspectives including the critical theory may help better assess the existing domination and its underlying forces in the relationship between the organizations and the society. This may certainly enlighten our understanding of sustainable governance.