MANAGING A STRATEGIC GOVERNANCE ECOSYSTEM

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ABSTRACT

This study introduces the concept of a "Strategic Governance Ecosystem" encouraging academics and practitioners to view corporate governance in a more strategic way by planning for all the major actors including the board of directors, CEO, shareholders, and stakeholders. Research suggests many actors are over emphasized, undervalued, or ignored causing loss of valuable ideas to firms. The heterogeneity amongst these actors must be strategized for in a systemic way as the motives, recognition, and influence of each actor is usually not fully accounted for which can lead to destruction of firm value. Based upon the corporate governance literature, the author offers insights, tools, solutions, and future directions for firms to consider in managing their strategic governance ecosystem. This study hopes to influence practitioners towards this model and future research ideas for academics.

***Keywords**: Corporate Governance; Business Policy and Strategy; Management Board*

1. INTRODUCTION

As the world continues to become more complex and dynamic at the same time, companies must become more strategic about creating synergies and extracting value from all of its points of contact to create and maintain competitive advantage. Most companies have a tremendous opportunity to deeply engage shareholders and stakeholders that have been overlooked, undervalued, and/or completely ignored (Gupta et al., 2020). Historically, corporate governance could not have been less strategic with boards of directors filled with family, friends, and other individuals who would simply rubber stamp any plan that management would put in front of them (Cheffins, 2013). This is merely one example of an actor (boards of directors) that was not being maximized to help generate corporate wealth. Thankfully, research shows us that boards of directors have improved some (Canals, 2022).

However, boards are just one actor in a much larger ecosystem that most companies have yet to fully strategize for and/or exploit as their strategic plan is too traditional and not nuanced or deep enough to plan for all actors (Mallin, 2016).

The other actors include the CEO, management teams, shareholders, and stakeholders. While most business people are aware of these actors, research has shown that the level and depth that organizations assess, evaluate, and strategize over these actors to understand their heterogeneity, motives, and interest in the company that can help or pose risk to a company is significantly underdeveloped (Shi and Hoskisson, 2021) (Larcker and Tayan, 2020). This means there is tremendous opportunity for firms to reconsider, reevaluate, and plan for better governance in their ecosystem which leads to the term, strategic governance ecosystem. Following are the major actors and how companies can evaluate and be more strategic within their governance ecosystems.

2. BOARD OF DIRECTORS

I start with the board of directors as their main objective should be the long-term sustainability of the organization they serve (Mayer, 2021). Any other motives, and there are plenty (income, stock, notoriety, ego, control, lifestyle, etc.), will limit the company's performance over time or risk it going out of business altogether (Veenstra, 2020, Stout, 2003). Like human resources used to be as well, boards used to be considered laughable at worst to now the overseers and partners of the management team at best. Historically, research tells us that for far too long, boards often merely rubber stamped many of