“The link between diffusion of the concept of sustainable development and the composition of governing bodies: companies listed on the stock exchange”

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Abstract

Incorporating principles of sustainable development into management practices involves fundamental change which requires the support of a company's senior management as well as its governing bodies, particularly the board of directors and its affiliated committees. The aim of this paper is to analyze the rate of increase in awareness of sustainable development issues as well as incorporation of new regulations advocating 'best practice' in the area of corporate governance and explore links with the operation and composition of the board and its affiliated committees. This research has been conducted on the basis of case studies carried out over the period from 2002 to 2007 in relation to two French companies listed on the stock exchange. On basis of the two cases studies, it seems that there is no link between "good" governance practices in terms of composition of the board and adoption of SD into management.

Keywords: corporate governance, sustainable development, corporate social responsibility.
JEL Classification: M14.

Introduction

Initially conceived of as a political concept, sustainable development (hereinafter referred to as SD), has gradually transformed itself into a system of regulatory safeguards in the sphere of economic development (Aggeri & Goddard, 2006). Judging from the current management style of top companies listed on the stock exchange, we conclude that SD is in the process of becoming a 'new model' in business management and even a new force for partnership between companies and their stakeholders.

In sharp reaction to high profile abuses of the shareholder business model (e.g., Enron, Worldcom, Parmalat) major listed companies have increasingly felt it incumbent upon themselves to take a fresh look at the overall strategy of and business methods deployed in their companies and begin to act more responsibly not exclusively in the interests of their shareholders but in the interests of all their stakeholders. In light of this, the SD business management model came to be seen as both a valid model and one capable of producing long-term values because of the emphasis it places on environmental, social and economic factors and the fact that it prioritizes respect for the interests of all the company's stakeholders not just its shareholders (Lo & Sheu, 2007). This new orientation towards social responsibility and sustainable economic development raises important challenges in relation to matters of corporate governance because of their impact on strategic decision-making and the composition and the current operational practices of governing board (hereinafter referred to as The Board or Boards), and its specialist affiliated committees. These committees (e.g., accounts, appointments, remunerations, ethics) are in charge of specifics issues delegated by the board and by doing so, they are inevitably affected in various ways by the evolution of the business model. Furthermore, the composition of the board affects the composition of the committees.

Until recently, governance regulation and directives[1] have been elaborated according to the shareholder business model (Charreaux, 2006) – that is to say, a system based essentially on securing financial interest of the shareholder by getting the best possible return on capital. This way, independence of the majority of the board's members and his committees is desirable because it offers a better guaranty that the interests of shareholders are preserved and that conflicts of interests are reduced. Given the shareholder model, the independence of the directors ensures better decisions and consequently, better performance of the firm.

It, therefore, becomes relevant to explore whether governing bodies are actually able to effect change and actually incorporate and prioritize or at the very least support the development of SD principles generally in the day-to-day management of their business enterprises. In other words, are the very best of our governing bodies able to serve as examples and so help speed up a more widespread incorporation of SD principles into company management? This question will be answered by conducting two business case studies in the construction industry: a sector where SD is an important issue. We will examine the possible connection between the incorporation of principles linked to SD and the structure of governance deployed − particularly the composition and operational practices of the company boards.

[1] In France, the most known reports are the rapport Vienot I and II, the rapport Bouton and the AFEP - MEDEF code.

In the first part we set out the background to the study establishing the link between corporate governance and SD. Theoretical principles are then put forward. In the second part, the results of work undertaken on development of management style and SD are set out. In this part we also produce a methodological presentation on the manner in which the SD 21000 – the Afnor guide on sustainable development, can be used in such research to measure the performance of an enterprise in terms of the integration of SD principles into management practices. In the third part, covering the period of 2002-2007, we describe the evolution of the governing bodies of the two companies in question and go on to evaluate the potential link between their constitution, their operational practices and the incorporation of SD principles. The years of 2002 and 2007 were chosen because this period is characterized by great evolution of SD in firms. Furthermore, in that same period, firms made adjustments to their governance structures and operations to comply with regulation and guidelines. Lastly, in the fourth part, the results of the two case studies are briefly discussed.

1. Sustainable development and corporate governance

Deliberation upon the role of the company and the manner in which the interests of all its stakeholders should be protected all relate to the subject of governance (Elkington, 2006). In light of this, SD can be said to offer a new model of governance because it redefines the aims and purposes of a company and in so doing it advocates more equitable treatment and inclusion of the interests of all the company's stakeholders. In this way, because SD seeks to reconcile economic, social and environmental considerations also known by the phrase 'triple bottom line' (Elkington, 1997), SD proposes the basis of a new model for long-term economic growth and offers an alternative to the shareholder business model.

1.1. Principles of SD: an alternative to the shareholder business model. Offering an objective of long-term creation of value – sustainable growth – SD offers a more equitable and, therefore, necessarily more durable economic development model. According to the Dow Jones Index quoted by Lo & Sheu (2007), '*Corporate sustainability is generally defined as a business approach that creates long-term shareholder value by embracing opportunities and managing risk from three dimensions: economic, environmental and social dimensions'*. In comparison with the business model based on creation of value exclusively for the shareholder, SD specifically introduces considerations which affect the well-being of all its stakeholders not just its shareholders, which also has the effect of extending the temporal horizon of strategic decision-making.

From now on, anyone talking about good governance has to be talking about 'sustainable' governance (Elkington, 2006). However, taking the SD approach to business can often mean making serious changes to previous working practices in that it requires all management and business practices which had up until then been based on the shareholder regime, to be reviewed. From now on, the 'right thing to do' is to be socially responsible whereas not so long before 'the right thing to do' had been to generate profit and value in stock market terms for its shareholders – irrespective of the social and environmental implications of the company's operations and transactions. These new norms and standards necessarily require change to operational practices and strategic decision-making processes within a company. As a result, senior management and board members are necessarily and directly involved. The board, as a decision making body of the highest order, therefore, has a vital role to play in the development and expansion of SD within the business sector. It is for these reasons that the composition of boards and the way they work deserve to be studied in depth.

1.2. Composition and operation of the board. In order to discuss the board of a given company and so be in a position to evaluate its quality as an instrument of governance, several criteria (e.g., independence, expertise, gender, credibility) established by different theoretical approaches have to be deployed (Charreaux, 2006; Ricart et al., 2005). Since the start of the 1980s several research projects concerned with the operation of governing boards have been undertaken and several different theoretical avenues have been applied in order to define what does and what does not constitute an effective board and then to go on from there to identify best practice in this field. The agency theory (Jensen and Meckling, 1976) is certainly the most well known of these theoretical approaches because it has produced numerous recommendations in relation to the composition of the board, the need for independent or non-executive directors on the board, the separation of post and function of Chief Executive Officer/Managing Director and Chairman as well as many recommendations in relation to the day-to-day operation of the board and affiliated councils or committees.

According to the agency theory, the board is a disciplinary body whose main function is to regulate the actions of its directors and managers and to encourage them to act in the best interests of its shareholders – exclusively in terms of financial performance and shareholder value. We are talking here about an internal governance mechanism, a mechanism for internal policing − the efficiency of which lies in its ability to reduce agency costs arising out of divergent management-shareholder objectives and information asymmetry as between directors and shareholders (Jensen and Meckling, 1976; Fama and Jensen, 1983). According to the agency theory, the independence of a board's directors is an essential performance criterion for "good" governance. In fact, independent directors can reduce conflicts of interests between management and shareholders as well as agency costs which are often incurred as a result. In addition, the existence of independent or non-executive directors also reduces the risk of collusion with management and is a necessary safeguard − although often not sufficient on its own, to ensure the exercise of the disciplinary functions entrusted to the board (Fama and Jensen 1983). For these reasons, the agency theory favors boards mostly composed of non-executive directors who are independent of management. In the same way, separation of the post and function of CEO/Managing Director and Chairman of the board is recommended as well as other procedures to allow independent directors to convene outside the board room setting and away from management − thus, assuring their complete independence, etc.

This disciplinary approach along with the agency theory of corporate governance is often criticized (Charreaux, 2006) for ignoring the importance of other functions and roles played by boards, for instance, the role they play in relation to company orientation and strategic decision-making − alongside management, and the role they play concerning access to critical resources (Johnson, Daily and Ellstrand, 1996). However, in order to be in a position to fulfill these roles, the board needs to be able to rely on more than the independence of its directors. They also need to be able to count on the varied and relevant expertise of directors in the particular business sector in question. In addition, diversity in terms of nationality and gender of the directors on its board and committees is also important.

Further on in the body of this paper we go on to evaluate these different criteria through two case studies we conduct on listed companies, the final objective being:

- on the one hand, to evaluate the link between the 'quality' of boards and their governance practices and the development of SD principles in the company;
- on the other hand, to identify the circumstances or conditions which could increase the incorporation or uptake rate of SD by a company.

2. Measuring the incorporation or uptake rate of principles linked to sustainable development in management

2.1. Methodological points of view. The SD21000 guide set out by Afnor – the French national organization for standardization, is a recognized referential norm which measures company performance on 34 issues associated with SD – this referential results from the research project of Afnor on 200 French enterprises from 2000 to 2003. The SD 21000 has been adapted for the purposes of our particular study because given the nature of the two companies involved not all the performance issues were relevant or the information either did not exist or was not available. In the end, only four of the performance thematic areas – and 15 issues associated with SD − have been used:

- a cross disciplinary thematic: Eco concept products (A1), Product quality and Procurement policy (A2), Risk assessment and prevention (A3);
- an economic thematic: Cost and investment (B1), Viability and division of value added (B2), Regulation and continuity of the business (B3);
- a social thematic: Work, conditions (C1), Equity (C2), Employment and training (C3), Health and safety in the workplace (C4);
- an environmental thematic: Water (D1), Energy: consumption (D2), Air: atmospheric pollution and GES (D3), Waste (D4) and Biodiversity (D5).

The performance levels of the companies was also recorded using the Likert standardization scale as follows: *(1) Recognition by a company of the importance of the particular issue; (2) Action taken − assessed on the basis of criteria governing the particular issue; (3) Corrective action taken; (4) Partial implementation of technical or managerial change; (5) Excellence or Exemplarity (Afnor, 2006).* It is worth noting that moving from level *(3)* to *(4)* is indicative of a 'change in behavior' or a technological change in relation to the manner in which a company is taking SD principles on board.

Having adapted the SD 21000 guide for our purposes, we set out to study the case of companies listed on the stock exchange and to identify the development of their performance over a given period of time. We used companies which were listed in the CAC 40 index over the period of 2002-2007. We then took the decision to base our work on companies working in the same industry sector and if possible, in the industry sector who have important issues in SD. As a result, St Gobain and Bouygues − both construction industry companies were selected. We then proceeded to assess them in accordance with the SD 2100 guide, adapted as outlined above (see Figures 1 & 2).

2.2. Summary of results using the modified SD 2100. The overall results show that over the period of 2002-2007, the two companies made distinct progress towards adopting an SD approach to management policy. Results of 2007 are illustrated in red and results of 2002 are in yellow[1]. In 2002, St Go-bain and Bouygues scored 2.3 and 2.1 out of 5. Five years later those scores rose to 3.2 and 3.1 out of 5, respectively. St Gobain scored an average, therefore, of 3.2 out of 5 and Bouygues scored an average of 3.1.

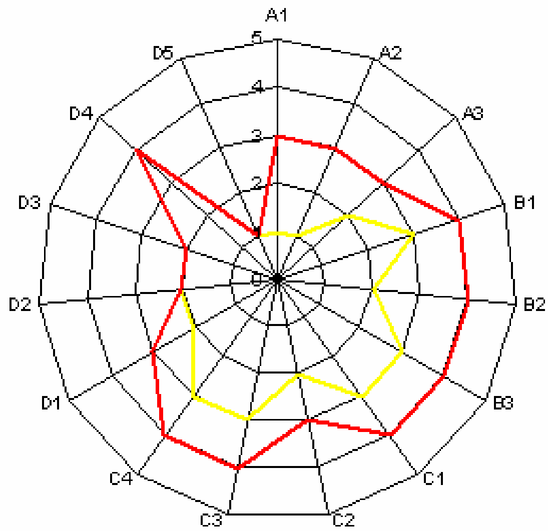

Fig. 1. St Gobain[2]

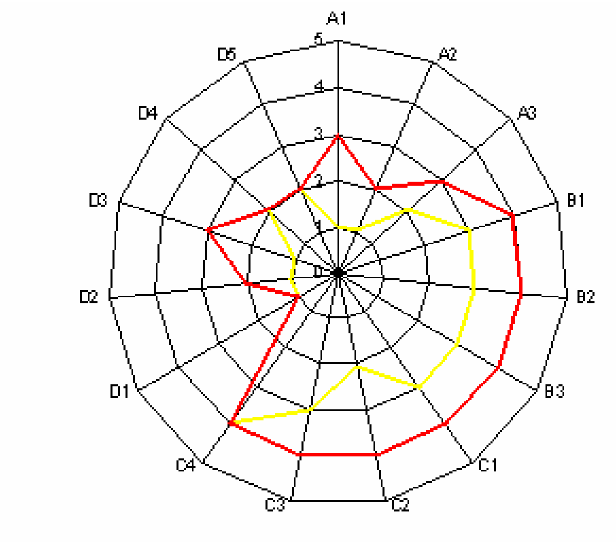

Fig. 2. Bouygues

Table 1. Results

	Average 2002	Average 2007	Number of results in the interval of 3 to 5 in 2002	Number of results in the interval of 3 to 5 in 2007
St Gobain	2,3	3,2	5	12
Bouygues	2,1	3,1	6	10

Grouping the scores attained into performance categories following the Afnor scale, and mindful of the suggestion that moving from level *(3)* to *(4)* is indicative of a 'change in behavior' or a technological change in relation to the manner in which a company is taking on board SD issues, St Gobain and Bouygues recorded a score, respectively, of 10 and 9 for the level [1; 3] in 2002, whereas this score was 3 and 5 in 2007. In other words, only 5 or 6 issues produced a performance level between 3 and 5 in 2002 whereas in 2007, it raises at 12 issues for St Gobain and 10 for Bouygues. These results show that on the basis of these two case studies, the principles of SD have been generally incorporated into management practices of the companies involved.

3. Change in composition of the board of directors and the uptake rate of sustainable development principles

In view of these results, it would now seem relevant to continue this study in an attempt to identify in what way these changes in performance are connected to the development of a particular structure of governance, and in particular to the development of rules and regulations governing the composition and operation of governing bodies and their specialized affiliated committees.

In order to proceed to a more specific examination of the governance structure and their operation, we first of all analyzed the composition and particular features of the two boards, respectively, of St Gobain and Bouygues. We then went on to consider the constitution and operation of the specialist committees affiliated to these two boards.

3.1. The case of St Gobain.

[1] Standardization of performance levels used: level (1) Recognition by a company of the importance of the i issue; (2) Action taken – assessed on the basis of criteria governing the i issue; (3) Corrective action taken; (4) Partial implementation of technical or managerial change; (5) Excellence or Exemplarity (Afnor, 2006).

[2] Eco concept products (A1), Quality and procurement policy (A2), Risk assessment and risk management (A3), Cost and investment (B1), Viability and division of value added (B2), Regulation and continuity of the business (B3), Work, conditions (C1), Equity (C2), Employment and training (C3), Health and safety (C4), Water (D1), Energy: consumption (D2), Air: atmospheric pollution and GES (D3), Waste (D4) and Biodiversity (D5).

Table 2. Changes in corporate governance − St Gobain

1. Composition of board	2002	2007
No. of directors	15	15
% Independent directors	46.7%	46.7%
% Female directors	13.3% (2 women)	13.3% (2 women)
% Employee representatives	0%	6.7%
2. Features		
Average age	61 years	61 years
Length of service on board	6 years	6 years
Frequency of board meetings	7 per year	8 per year
Attendance rate	84%	83%
Director's term of office	6 years	4 years
3. Structures		
Separation of Chair and Chief Executive Officer (CEO)	No	Yes
% Independent directors Frequency of meetings Attendance rate	Accounts committee 66.7% (3 directors) 4 per year 92%	Accounts committee 66.7%(3 directors)* 4 per year 78%
% Independent directors Frequency of meetings Attendance rate	Committee of authorized representatives 100% (3 directors) 3 per year 78%	Committee of authorized representatives 100% (3 directors) 3 per year 78%

Note: * The committee chairman is not an independent director.

In 2002, Saint Gobain had 15 directors on its board. In line with the European Recommendation of 15th February, 2005 (Com, 2005) and the Afep-Ansa_Medef report of October 2003 (Afep, 2003), 7 of these were independent or non-executive directors. Even though the ratio of independent directors remains constant from 2002 to 2007, it is important to note both the volume and the quality of its management turn-over during the same period. For instance, 8 of the 15 directors on the board in 2002 were replaced by new directors which constitutes a rotation ratio of 53.3%. It is also interesting to note that the company has prioritized an international approach to the recruitment of its board in that some of these new directors are non-French nationals coming of Canadian, German and Japanese origin. Its approach to membership has become more inclusive generally and now includes a university faculty member – Monsieur Ranque who is Chairman of the board of the Ecole Supérieure des Mines de Paris, as well as an employee shareholder representative – Monsieur Cusenier. In 2007, the company split the posts of Chief Executive Officer (CEO) and Chairman of the Board. Monsieur Jean-Louis Beffa, the ex CEO and Chairman of the board continues as current Chairman of the board. Monsieur Pierre-André Chalendar, director since 2006 is to be promoted to CEO.

These changes to the composition of the Saint-Gobain board indicate a willingness to capitalize on international expertize on the one hand − 40% of its directors are non-French nationals, for instance, and at the same time deal with the question of the age of its members. In choosing to reduce the length of time a director can serve on the board from 6 to 4 years, and by prioritizing the rotation of its directors and, hence, the expertise they bring to the company, St Gobain has been able to keep the average age of its directors constant (61 over the period of 2002-2007) and also keep the length of service record relatively low in this particular business sector: maximum length of term is 6 years for St Gobain as against 10 years for Bouygues (see Table 2).

However, these indications of openness in terms of corporate governance warrant more subtle analysis. It is important to emphasize that, during the period of our case study the figures illustrate that the attendance rate of directors at board meetings stagnated: attendance rate of 83% for St Gobain as against 93% for Bouygues (see Table 2).

In the same way the encouraging results in relation to diversity of expertise and the presence of non-French nationals on the board then need to be compared with the disappointingly small number of specialized committees that exist in the firm. It would appear that St Gobain only has 2 specialist committees − the accounts committee and the committee of authorized representatives, to assist the board itself. There is no specific committee in charge of governance, for instance, business ethics, SD or business strategy. It is equally important to note that the 2 committees which do exist are only composed of 3 members and that in each case, the Chairman is not a director considered to be independent in any sense of the term as outlined in the official texts previously quoted.

Given the predominant role played by the board, and the fact that specialist management functions are not delegated to affiliated committees we seriously question the ability of this particular board to act independently or challenge the decisions of the general management team.

Finally, the lack of debate at board level about strategic options envisaged for the company and the absence of any discussion on the issue of social responsibility within the group are important points which have been raised and discussed at the annual evaluation of the operation of the board (RA 2007, p. 28). This illustrates that transparency and incorporation of SD issues as previously outlined are certainly visible in terms of management (see previous section) and in terms of values and principles the company believes in (see Table 1), but that they do not seem to play any important role in the composition and operation of the board.

3.2. The case of Bouygues.

Table 3. Changes in corporate governance – Bouygues

1. Composition of board	**2002**	**2007**
No. of directors	19	20
% Independent directors	16%	40%
% Female directors	16%	10%
% Employee representatives	10%	10%
2. Characteristics		
Average age	58 years	61 years
Length of service on board	8 years	10 years
Frequency of board meetings	6 per year	4 per year
Attendance rate	90.2%	92.8%
Director's term of office	6 years	3 years
3. Structures		
Separation of Chair and Chief Executive Officer (CEO)	No	No
% Independent directors Frequency of meetings Attendance rate	<u>Accounts committee</u> 50% (4 directors) Twice per year 87.5%	<u>Accounts committee</u> 100% (4 directors) 4 times per year 100%
% Independent directors Frequency of meetings Attendance rate	<u>Remunerations committee</u> 50% (2 directors) One per year 100%	<u>Remunerations committee</u> 100% (2 directors) Twice per year 100%
% Independent directors Frequency of meetings Attendance rate	<u>Ethics committee</u> 33% (3 directors) Twice per year 83%	<u>Ethics committee</u> 40% (5 directors) 3 times per year 92%
% Independent directors Frequency of meetings Attendance rate	<u>Committee for the selection of directors</u> 0% (2 directors)* One per year 100%	<u>Committee for the selection of directors</u> 100% (2 directors) Once per year 100%

Note: * The committee chairman is not an independent director.

In 2002 the Bouygues board of directors was made up of 20 members – 19 directors and a vice principal. Of this total, 3 directors – approximately 16% – were deemed by management to be independent or non-executive directors. In 2007 the board consisted of 20 directors, 40% of whom were deemed to be independent. However, in comparison to the improvement recorded at St Gobain in relation to the rotation of board members over the period of 2002-2007, very little change took place at Bouygues: the arrival of 3 new directors and the retirement of one other are the only changes recorded. So that even though there has been a sharp increase in the proportion of independent directors on the board – rising from 16% to 40% (see Table 2) this development is mainly due to the fact that the status of 4 of the board directors was reassessed as per criteria laid down by both the European recommendation of February 2005 and the Afep-Ansa_Medef report of October 2003. This also helps to explain the recorded increase in the average age of the company's directors as well as their length of service (see Table 2).

However, in comparison with St Gobain, women (10%) and employee shareholders (10%) at Bouygues are no longer minority representatives on the board. It is also worth noting the existence of a vice chair[1] on

[1] The function of the vice chair is to oversee the application of company law as it applies to the particular business. The post-holder attends all board.

the Bouygues board. In relation to the composition of the board and its affiliated committees and in stark contrast to the situation prevailing at St Gobain, Bouygues has 4 affiliated committees – the Accounts Committee, the Remunerations Committee, the Committee for the Selection of Directors and the Ethics and Corporate Sponsorship Committee. In this way the company is conforming to the latest expectations of corporate governance – e.g., the existence of committees presided over by non-executive, independent directors. On this last point, it is worth noting that even if the Committee for Remuneration and the Committee for the Selection of Directors are composed as recommended of non-executive, independent directors, best practice advises that these different consultative groups be made up of a minimum of 3 directors.

A further detail to note is that board meetings were held less often in 2007 than in 2002. In 2007 Bouygues only held 4 meetings in that year whereas St Gobain held 8. Although the board can expect to count upon the support of its specialized committees the latter cannot replace the board in the whole of its functions. This reduced frequency of meetings does not, however, appear to have prevented the Bouygues board from discussing the strategic direction of the group and particularly important issues for the company. Nevertheless, at the board's annual evaluation meeting, the directors expressed the wish to engage in more extensive debates of this type including the subject of SD.

In relation to creating opportunities for its non-executive members to convene independently of the board's other directors – best practice recommendations made on governance by the European Commission, the company conceded that it has not acted upon this suggestion. Employee representatives intend to take this matter up when the board's performance is evaluated and indicated that they would like to have more contact and communication with the company's independent, non-executive members.

In conclusion, despite progress made on the numbers of independent directors now on the Bouygues board, its composition appears to be more than of a traditional 'family' structure, and not independent to any great degree of the management team. When the apparent progress in the area of independent director numbers is examined more closely, what becomes clear is that these statistics are more to do with a redefinition of the concept of independence than with any greater openness on the part of the general management team.

In addition, the Bouygues board is made up mostly of internally appointed directors with a long history of service in the company as well as members of the Bouygues family in their capacity as majority shareholders. In the final analysis, therefore, it would seem that despite the few small changes brought to the composition of the board during the 5 years of this study, the enduring quality which characterizes this particular company is the family-based nature of the board.

As a result, it is not surprising that Bouygues has been slower to incorporate SD principles into the day-to-day management of its affairs. The lack of independence of the board coupled with its 'family' make-up help to explain a certain reluctance to change.

It is worth noting, however, that as of 2005, under the tutelage of one of the 5 Assistant Managing Directors – Olivier Bouygues, the company has actually started to incorporate SD principles into his thinking and as a result has helped bring about a rapid increase in this area of the company's development. In this particular example, management leadership − rather than a particular form of corporate governance, has been responsible for the incorporation of SD principles into the management practices and strategic development of the group.

Discussion and conclusion

As we have seen, over the period of 2002-2007 the two companies studied have both improved their governance regime in relation to the independence and composition of their boards. This has been achieved by ensuring the following: greater numbers of independent, non-executive board directors and greater diversity in terms of gender, expertise and cultural horizons. In addition, the two companies have also been able to start promoting SD as a business model. This is being achieved in ways particular to each business, at a pace which is comfortable for them and consistent with the history of the firm (see Figures 1 & 2).

However, despite these encouraging results we are not able to establish a definite link between improvement in terms of general governance and the incorporation of SD into business practices. With regard to the recommendation that boards should be mostly composed of independent, non-executive directors and that the post-holders for the position of Managing Director and Chairman should not be one and the same, it seems that the quality of governance does not affect the evolution of business model in terms of SD. For instance, St Gobain has incorporated this recommended governance practice but Bouygues has not, although overall both companies display roughly the same level of commitment in practice to SD principles (see Figures 1 and 2).

Based on these results, it seems that "good" governance practices in terms of composition of the boards and committees is not directly related to the adoption and the evolution of SD into management practices.

In addition, contrary to what one might think, it seems that it is not the board but rather the leadership of the managers and the power centralization in the hands of managers that makes the difference and is the real accelerator in the integration of SD in management practices. Incorporation of the latter would appear to be more a question of management leadership in the case of Bouygues. As a result, in the case of Bouygues a marked increase in the company's green profile was recorded from the very moment that the general management decided to take the initiative in this domain. In this example, despite overall control being in the hands of majority shareholders who also happen to be principally Bouygues family members (mother and brothers), and, therefore, the potential for little boardroom independence, this fact appears not to have prevented the incorporation of SD principles into management of the group in any way once the general management team had become committed to this course of action.

In conclusion, it would appear that the incorporation of the new rules of corporate governance can vary both in terms of pace and actual practices deployed. For some, the appointment of a vice chairman is enough to constitute improved governance whereas for others it is a change in the composition and background of directors on the board and the new perspectives they bring to the post – whether this be related to gender, nationality or expertise. It is, therefore, difficult to draw any definite conclusions as to the existence of a direct link between the type of corporate governance deployed by a company – particularly the composition of the board and their affiliated committees, and the development and rapid expansion of SD principles in business management.

In addition to the difficulty of establishing a link or not between 'best' practice in the field of governance and the diffusion of SD principles, other questions emerge as a result of these two case studies. The Bouygues company is a case in point. The question raised here is whether the incorporation of SD principles into a company's strategic development and management policy is due to the leanings of the board or is it more a question of the personality and vision of its executive directors? In other words, setting aside the question of the influence of the main board, e.g., whether or not it lacks independence or whether its actions are satisfactorily monitored and controlled by some form of supervisory body or committee, could one not conclude perhaps that it is actually the quality of leadership at the top of the company which is of vital importance to the level of social responsibility espoused by the business? It would seem only natural that governance matters should at least contribute in some way to the evolution of business management behavior. However, in order to validate these two hypotheses, a more in-depth study providing supporting data would need to be carried out amongst directors and senior management figures themselves.

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