Building Purpose-Driven Business Organisations and Their Boards^

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Questions have been raised about what a company is for and/or what the purpose of a company should be (Handy, 2002; Mayer, 2018). Factors, views and/or developments influencing the purpose of an entity and a rationale for its aspirations, activities, policies and priorities could be internal or external, or result from the interaction of the two. Concentric rings of influence could arise from within a corporate organisation and its network of relationships, or in the wider community, national or international context within which it operates. Where directors are expected to have regard for the longer-term and to take the interests of a range of stakeholders into account, could a responsible purpose be to produce practical solutions to challenges facing people and the planet that are also beneficial, profitable and responsible when their externalities, consequences and implications are taken into account, and/or could it be simply to survive in the face of multiple and inter-related existential threats (Mayer, 2018; Coulson-Thomas, 2021a & 2022a)? What issues in the contemporary global context in which many boards operate will need to be considered when reviewing and/or implementing corporate purpose (Coulson-Thomas, 2024h)?

The purpose of board and corporate leadership and how business value and environmental and/or social outcomes could be better aligned has also been questioned (Ahluwalia, 2015; Kempster et al, 2019). Human societies currently face a range of existential threats (Coulson-Thomas, 2024g). A biological goal such as survival may be achieved partly by conscious and collective effort and partly by other and involuntary factors such as a process of natural selection (Darwin, 1859; Williams, 1966). Might a shared or common purpose represent a cooperative and collaborative alternative to competition? For how long might it remain relevant and helpful in a volatile and unpredictable world? This article examines corporate purpose and purpose-led business organisations in the global eco-system and context in which companies operate, and what they might mean for corporate governance, the quality, value and growth that are sought, independent directors, ESG and sustainability, diversity and the role of future boards. It presents some questions that directors could consider in relation to selected items on board agendas when balancing contending claims upon resources, establishing priorities and endeavouring to sustain an appropriate and responsible purpose.

Purpose-Driven Business Organisations

Most companies have goals and objectives, and strategies for their achievement. Some boards also seek, establish and articulate a rationale or purpose for a company's existence and continuing operation, that is aligned with the aspirations, interests and concerns of its stakeholders, explains what it is about and seeking to achieve, and differentiates it from other corporate organisations. To be described as a 'purpose-driven organisation' should a company have goals that extend beyond the generation of value for shareholders and in some way serve the best interests of society and the environment, and promote the common good (Gibson, 2022)? If so, to what extent and for how long will shareholders be prepared to sacrifice or forgo value to achieve other objectives? ESG investors and responsible leaders may expect a company to have a positive environmental and social impact on ecosystems, local communities and wider society, and use resources and technologies responsibly and sustainably to provide products and services that benefit, protect and improve the lives of their customers. Will this remain the case if after 'early wins' the costs of environmental and social actions increase? Brands as well as organisations can become purpose-driven to build trust with internal and external stakeholders (Kjeldsen and Schmeltz, 2024).

The purpose of an organisation should ideally be responsible, sustainable and inclusive. It should clarify and provide a rationale for its existence and an identity. It could explain what an organisation is about and offer a justification for why others should be interested in it. A board should articulate, communicate, embody and represent the purpose of a company and its values. A clear purpose or mission can provide strategic direction and establish a framework for strategy formulation and decision making. It might underpin corporate values and goals and may motivate employees, provide them with shared identity, meaning and justification. It could also attract customers and other stakeholders. A purpose can help people to understand their role in achieving an organisation's vision. The over-riding loyalty and commitment of directors, officers and employees should be to an organisation and its purpose and values, rather than to particular people within it. Behaviours aligned with a company' purpose should be recognised and rewarded (Durand and Ioannou, 2023).

Purpose-driven improvisation can be important for resilience and surviving shocks such as natural disasters (Villar and Miralles, 2021). It may also influence responses and employee trust during challenges such as the global COVID-19 pandemic (Qin et al, 2022). The purpose of an entity could also affect others who interact with it and seek to support it. As organisations become more concerned with purpose, responsibility and sustainability, what role should universities play as a force for good, for example shifting focus from being the best in the world to become the best for the world (Haski-Leventhal, 2020)? Being purpose-driven and 'doing good in society' has led to hybrid organisations that balance both social and financial value (Dupret et al, 2022). A corporate purpose should address, or at minimum accommodate, contextual realities such as the prospect of a global population of nine billion people by 2050 requiring food, water, healthcare and other support. The larger an entity, the more likely it may be that to meet stakeholder expectations it will need to collaborate and work with other organisations that have an aligned or a compatible purpose and values in assembling collective responses to challenges and opportunities.

Corporate Purpose, Vision, Goals and Priorities

Organisations and institutions from businesses and trades unions to public, professional and voluntary bodies, that are legal entities and distinct from the people who form, incorporate or operate with and within them, can all have goals. These may need to be consistent with and intra-vires in relation to their purpose as set out in an objects clause or constitution. Might most of them also relate to an intrinsically human goal such as survival (Coulson-Thomas, 2022a)? Directors and boards who establish the strategic direction of organisations are also expected to review and determine their visions, missions, goals, objectives and values. A vision might represent a portrayal of the achievement of a purpose. The purpose of many public sector organisations is set out in an enabling statute. Having a monopoly and a requirement to offer a standard service sometimes limits the scope for experimentation and diversity. Objects or purpose clauses in private sector company constitutions often give directors and boards much more freedom to decide their own focus and priorities, and greater flexibility in terms of responding to evolving and emerging challenges. They may also have more scope for trying alternatives and doing things differently according to requirements, location and situations and circumstances, but are subject to applicable laws and regulations. Could state and Government bodies as well as companies play a more positive role in addressing environmental, climate change and sustainability challenges (Mazzucato, 2021)?

Public-private collaboration may require greater alignment of public policy and corporate purpose. Re-purposing, goal setting, innovation and progress may sometimes be limited by constitutional, legal, regulatory and other constraints as well as the ambition and imagination of directors. Reinforcement, incentives or inducements may be required (Sunstein and Thaler, 2021). Where there are many players, more options may be kept open and pursued and more minds might be involved in activities that could lead to a breakthrough. Purpose, priorities and strategies can be reviewed by private sector boards. Directors can re-think and re-invent, but in doing so are they collectively influenced by the some of the factors that affect them as individuals, such as 'groupthink' or confirmation bias (Janis, 1972; Edmans, 2024b)? Legally they may be able to take critical decisions, make choices, exercise foresight and endeavour to provide relevant and responsible leadership (Coulson-Thomas, 2021b).

As with individuals and nation states, boards may also be consciously and/or unconsciously affected by similar realities, limitations, concerns, preoccupations and constraints. While it may be stretching and might require changes of approach and innovation, an articulated purpose should be capable of achievement. Certain goals are more difficult to achieve than others. Sometimes the harder ones are perceived positively as a greater challenge, and they are more motivating (Kennedy, 1962). Balance and moderation and the avoidance of extremism are particularly needed at a time of fracturing, polarisation, uncertainty and/or instability (Oakshott, 1939 & 1962; WEF, 2024b). It helps if a purpose is aligned with stakeholder aspirations and concerns and a corporate culture and under-pinning claims are supported by scientific evidence. Would the goal of addressing a shared existential challenge quickly reach and motivate particularly receptive groups that are important for an organisation's future, such as a younger generation (Maynard, 2019)?

It might also be helpful if a corporate, common and shared purpose is aligned, compatible with and supported by the views, positions, sentiments or policies of influential political movements or parties, relevant professions, trades unions and/or religious beliefs and philosophical traditions. For example, could Indian ancient wisdom be helpful in relation to a shared challenge such as climate change and living in harmony with the natural world (Lal, 2015; Coulson-Thomas, 2019; Rao, 2021)? Selfishness related to individual survival may explain why so many people put their own interests as they see them ahead of those of other species and the environment (Dawkins, 1976). Given our dependence on vulnerable monocultures while biodiversity is under threat, shouldn't our collective purpose embrace protecting and sustaining natural eco-systems (Dasgupta, 2021)? Could the endorsement of certain influencers help a company to secure the support of certain publics? Might it be possible to turn a corporate purpose into a cause that is more widely shared and backed?

Reflecting and Addressing the Global Context in which Companies Operate

A corporate purpose should reflect and be appropriate for the wider contexts in which a company is active and could have an impact. Corporate boards operate in a global business ecosystem which is replete with challenges, risks and existential threats as well as pressing requirements, new possibilities and unprecedented opportunities, especially for those willing to collaborate with others in assembling the capabilities needed to address them (Coulson-Thomas, 2024d; WEF, 2024b). How might and should these and other eco-system changes and developments influence the purpose of companies and be addressed by boards and corporate governance arrangements? Pressures upon boards, and concerns they might have, are likely to be shared by others, including those who may have very different perspectives, philosophies, ideologies and values (Coker, 2019). Possible outcomes might reflect geo-political realities and contemporary fragmentation coinciding with perennial factors such as power politics, with regimes of differing political persuasions or religious affiliations and ostensibly varying belief systems sometimes pursuing consistent and very similar national interests (Schwarzenberger, 1951; Burton, 1968; Northedge, 1968; WEF, 2024b). How might a corporate purpose best accommodate current global uncertainty and volatility?

Corporate governance arrangements as well as corporate purpose should be appropriate for a changing international context. Within the global ecosystem among various international accords, an 'external' treaty such as the Paris Agreement to curb carbon emissions may have a critical role to play when and where internal governance is not effective (Khatri, 2024). Should its goals be explicitly recognised in a corporate purpose as well as accommodated? Some boards might be encouraged by active international investors to catch up with governance arrangements and other reforms sought and adopted elsewhere (Fauver et al, 2024). These might be relevant for the achievement of certain purpose-led goals. For example, certain governance changes have been found to stimulate the production and use of renewable energy (Makpotche et al, 2024). Which global trends will most affect corporate boards and what might the implications be for purpose and priorities? What represents 'good corporate governance' in relation to the global context and the achievement of corporate purpose, goals and objectives? Is a 'living' and more focused, relevant and responsible form of governance now required? What might this mean for directors and the board?

What has been termed a "Global ESG Stewardship Ecosystem" has emerged composed of UN agencies, NGOs, institutional investors, activist and investor networks, and others concerned with environmental, social and governance (ESG) issues from a stewardship perspective (Bowley and Hill, 2024). Interest in such concepts can wax and wane. There are questions relating to ESG that directors may wish to consider (Coulson-Thomas, 2023j). Does corporate purpose pass an ESG scrutiny test? Despite the growth of interest in ESG issues its detractors and certain studies suggest a risk of over investment in ESG. For example, a study of global equity real estate investment trusts (REITs) has found that REITs with higher ESG performance scores have lower firm value and operating cash flow, and exhibit higher firm risk (Chacon, 2024). While people may disagree over the value of ESG activities and some consider them detrimental to shareholder value, one study using particular ESG ratings and assessments of senior managers, found that high-ability managers allocate resources to ESG projects in ways that enhance shareholder value (Welch and Yoon, 2023).

What is fashionable might not necessarily be beneficial. How might boards ensure the separate but inter-related elements of ESG are aligned (Coulson-Thomas, 2023b)? Much will depend upon adoption and implementation, including how, where, when, upon what, by whom and for what purpose. Critical thinking and responsible leadership is required in corporate boardrooms (Coulson-Thomas, 2022b; Saks, 2023). Directors may want to ask questions, for example about the involvement of senior managers in the allocation of resources to ESG projects (Welch and Yoon, 2023). They might also wish to consider the relevance of the findings of reports and recent investigations and studies for a particular board. For example, what was the study situation and context, and where, when and from whom was data obtained? Evidence collected may be selected to support a certain viewpoint and be subject to confirmation bias (Edmans, 2024a & b). Directors should address issues faced or raised and reflect on the relevance and applicability of the findings of studies, advice received, and questions posed to companies and the contexts and issues that concern them.

Ensuring Purpose-Inspired Quality, Value and Contributions to the Common Good

Whether as citizens, consumers or other stakeholders, assessments of quality and value delivered, and whether it represents the 'common good' a purpose-led company seeks, are made in areas as diverse as the quality of life, experience, management, governance and/or water, or of a course, job or audit. Expectations of quality can depend upon many factors. For example, when faced with identical products, might consumers express a preference for those of larger companies in the case of high-tech products, because they might have bigger R & D budgets, and those of smaller businesses when low-tech offerings are considered (Woolley et al, 2023)? Perceptions of relative quality and changes of quality may influence decisions to purchase or use. For example, a significant number of people may be prepared to pay more for improved access and a higher quality of care (Milte et al, 2024). In the current business context, should factors such as sustainability, minimising negative externalities, reducing energy consumption and claims on scarce natural resources, and widening accessibility feature more highly in assessments of purpose and quality? There may be areas in which boards can act to improve quality. For example, improving the quality of an internal audit function may increase investment efficiency (Abbott et al, 2024). In what areas is there the greatest potential for increasing quality, differentiation and competitive advantage?

In an era and context of relative uncertainty and fluidity, changes and disruptions and corporate and collective responses to them, may have unexpected impacts upon the quality of what is provided. Board oversight could explore or monitor whether changes of approach, business model, funding, policy, strategy, staffing or structure has a positive or negative impact on quality, or an aspect of purpose inspired quality such as the consumer experience. When significant changes are introduced, it may be necessary to review the criteria used to assess quality from a purpose, delivery and customer perspective. In the case of radical changes, a new quality assurance framework and set of indicators for designing, delivering and monitoring offerings and activities may be required (Sebbaq and El Faddouli, 2024). Across supply and value chains, policies, contractual arrangements, the extent to which corporate purposes are aligned and the nature of relationships with competing suppliers may have an impact on the relative willingness of different parties to invest in quality improvements (Yang et al, 2024). What factors help or hinder the quality and value delivered to end customers, and how might certain business partners be encouraged to do more?

Is monitoring undertaken by a board, including that of the implementation and achievement of corporate purpose, alert and sensitive to changes of quality, relevance and value delivered? When were the criteria used to assess the quality of key corporate activities and governance, last reviewed? The perceived relationship between quality and value, and whether the perceptions of quality held by people within a company are aligned with customer and user perceptions of value, is often especially important. Does the customer's assessment of value depend upon the situation, circumstances and context in which an offering is encountered and consumed or used (Bettinson et al, 2024)? Stakeholder assessment of the quality of corporate governance can also reflect the value it creates in terms of impacts, common good and outcomes, in relation to current, emerging and new challenges and opportunities. Are more inclusive and diverse boards required to ensure greater resilience and effective responses in the face of multiple challenges, risks and threats, and their related and varied opportunities?

Shaping Corporate Governance for Purpose-Inspired Value Creation and Growth

While reflecting legal, regulatory, investor and other stakeholder expectations and requirements, the governance arrangements of a particular company and corporate conduct and activities can be shaped by the priorities of its board, including those inspired by or derived from corporate purpose. Should and to what extent should purpose and priorities embrace planetary and eco-system health and our collective survival in the face of multiple existential threats? Should they affect and/or constrain the value companies seek to create and require that future developments and growth be responsible and sustainable (Zakus, 2023; Coulson-Thomas, 2023h & 2024a)? The quality of growth can be more important than its quantity (WEF, 2024a). Owners and boards can sometimes overlook practical things they might be able to do, including together with others, to enhance the creation of value and contribute to the common good (Massa et al, 2023). This includes the use of knowledge and intellectual capital for innovation, value creation, cultural change and organisational transformation (Rice and Reeves, 2023; Ijjasz-Vasquez et al, 2024). They can often be the key to sustainable development, transition and more responsible and inclusive growth, when in response to existential threats it is necessary to do things differently.

Views may differ among and within boards, investor communities, other stakeholder groups and jurisdictions about the desirability and priority of different forms of value that should be sought, how inclusive they should be, and the extent to which aspirations are responsible. How might boards best handle such varying perspectives and different interpretations of what a corporate purpose should inspire (Coulson-Thomas, 2024e)? Routes to value creation using artificial intelligence (AI) applications whose future development trajectories are uncertain can also involve serious risks, create ethical dilemmas and result in differences of opinion that may be difficult to address (DSIT, 2024; Shadbolt and Hampson, 2024). Should purpose embrace means as well as ends? If corporate governance focuses on creating value for stakeholders and enhancing a wider 'common good', should all those who contribute to the resulting value benefit as well as those with a legal right to a share of income (Jhunjhunwala, 2023)? Does each stakeholder group benefit from the value created? Can they exercise choice and put their case for more, an alternative or different options? Who might be excluded?

Should corporate governance arrangements and practices aim to help individuals to maximise their collective welfare rather than the interests of just one prioritised group, and would this be a more efficient way of governing contemporary global, purpose-led and knowledge-based companies (Stoelhorst and Vishwanathan, 2024)? How might boards embrace sustainability through corporate governance (Coulson-Thomas, 2023h)? Where does sustainability rank as a priority? Given the possibilities for creating new ventures, and various routes to value creation through responses to global risks and existential threats, will the composition of stakeholders be shaped by the entrepreneurs who initiate contacts and pursue them (Brown and Bylund, 2023). Will stakeholder development and engagement be influenced by corporate purpose and how it is pursued? Do companies get the stakeholders the actions and conduct of their directors and boards, and/or their corporate purposes deserve? What can and should boards do to attract stakeholders who are supportive of more responsible, sustainable and inclusive outcomes? Where resources and natural capital are limited and/or being rapidly used up, should boards and corporate governance focus more upon responsible and purpose-led prioritisation and increasing productivity, effectiveness and efficiency?

Influencing the Desirability and Nature of Global Growth

More is not necessarily better if it is unrelated to purpose, or unwelcome and disproportionate consequences are involved. Global growth has gained some momentum post-Covid but varies in different parts of the world (IMF, 2024). The relative contributions of fiscal and monetary policy can also differ by country and between developed and emerging economies (Baumann et al, 2024). In relation to the environment, are there natural limits to human growth and development (Meadows, 1972; Higgs, 2014)? Given the speed with which the earth's natural resources are being used up, the negative externalities of human activities and current corporation operations, and population projections, how responsible, inclusive and sustainable are widespread growth aspirations? Many decision makers appear unaware of the fragility of conditions on earth that support contemporary lifestyles and business activities, and the narrow range of variability within which they remain viable (Mann, 2023). Many boards seem reluctant to change direction, shut down ecologically damaging activities, curb negative externalities, and advocate simpler and less materialistic, resource consuming and stressful lifestyles. What needs to be done and by whom to ensure that any further growth is sustainable? How might a revised corporate purpose enable the costs and benefits of future developments to be more equitably shared? Should board effectiveness be redefined in terms of achieving responsible, sustainable and inclusive outcomes (Coulson-Thomas, 2024a)?

What might a next generation of leadership and future boards for a more resilient, sustainable and inclusive global economy, and their functionality look like? Must they be purpose-led? How do we build more future-proof and diverse leadership teams, and boards that are better able to address existential threats and ensure that future growth is sustainable (Coulson-Thomas, 2023a & c)? What could the impact of artificial intelligence and the drive for sustainability mean for the future of work and the prospects of young and marginalised people (Coulson-Thomas, 2024a & c)? Given ecological and natural capital constraints, can growth lead to more inclusive as well as sustainable outcomes without accompanying social policies? Transparency and accountability are inter-related and core components of effective corporate governance (Solomon, 2021). With what is at stake and greater stakeholder interest, how can they be enhanced in the functioning of boards? Some directors may feel that when difficult issues are discussed, increased transparency and disclosure might impact board decision making (Canace et al, 2023). How might justifiable confidentiality be achieved?

A process for establishing, reviewing and/or consulting on a corporate purpose could lead to greater engagement with stakeholders and result in more concern with the aspirations, requirements and interests of a wider range of affected parties beyond investors and contractual commitments. This could be encouraged by responsible leadership and governance (Coulson-Thomas, 2023m; Saks, 2023). How might the ambit of a corporate purpose and/or corporate governance be expanded to include newer and further categories of stakeholder? The informational environment in which interaction with stakeholders occurs may shape stakeholder evaluations of firms (Dorobantu et al, 2024). Could a revised purpose do likewise? What should boards do differently in how they engage and communicate with stakeholders, particularly in relation to ESG concerns, existential threats and the growing global risk and reality of misinformation and disinformation (WEF, 2024b)? Is there a role that independent or non-executive directors could play in building mutually beneficial understanding and trust between companies and their stakeholders?

The Role of Independent Directors in a Purpose-Led Enterprise

Non-executive or independent directors who think for themselves and exercise independent judgement can bring an outsider view to a board. They may monitor the extent to which managers consider the interests of broader stakeholder groups and a wider public good when taking decisions (Islam et al, 2023). With many executive directors focused on internal and corporate issues, independent directors can contribute balance through their engagement with, and experience of, the external and international context within which companies operate. Could they also monitor the continuing relevance of a corporate purpose? Independent directors may offer awareness of geopolitical developments and be alert to the fracturing of the international system, and the emergence of polarised views, new confrontations and contending positions, and potential great power rivalry between the US and China (Niblett, 2024; Sangar, 2024; WEF, 2024b). How could existing and aspiring directors and senior executives be better prepared for contemporary international operation (Coulson-Thomas, 2024f)? Might a board also benefit from one or two new members with experience of science and technology challenges, direction and governance (Coulson-Thomas, 2023o)?

In view of what they may contribute, how might independent directors become more engaged in board deliberations? Where their experience and expertise are pertinent, how could they be encouraged to be more ‘centre stage’ during boardroom discussions? For example, could they be charged to be aware of and monitor warning signs or potential risks, such as a threat to openness and democracy, or the possibility of certain decisions leading to outcomes contrary to a corporate purpose and related values? Authoritarian leaders with dictatorial leanings can be a threat to democracy (Rachman, 2022). Given the emergence of contending visions of the future and the neo-imperialist ambitions of certain authoritarian regimes, what alert mechanisms could boards put in place? Connectivity can lead to dependency, which if exploited may lead to conflict (Leonard, 2021). What role could independent directors play in assessing risks, monitoring the emergence of existential threats, determining when and in what form collaboration and/or alerting stakeholders might be appropriate, and curating an effective mechanism for accountability and transparency?

Given the prevalence of negative externalities, conflicts and disputes, the lengths to which many companies go avoid or exploit sanctions regimes aimed at illegal activities, and widespread willingness to find ways of trading with perpetrators of aggression, some may wonder what if any role ethics plays in contemporary business relations and in regard to corporate purpose. In place of absolutes, standards and corporate statements of values, might more future boards ‘put business first’ and display greater fluidity and more openness to variety according to the requirements of a project, customer requirements or individual case? Opinion polling suggests a degree of pragmatism and flexibility, with a willingness to cooperate across ideological divisions on an issue-by-issue basis, according to situation and circumstances (Garton Ash et al, 2023). What role might independent directors play in relation to monitoring corporate conduct and values, and acceptable, ethical, and/or moral behaviours? How might one assess the value possible independent directors may add to the work of a board, and their potential value addition to a business?

Newly appointed independent directors may be less effective at controlling management, including real-earnings management (REM) and manipulation to improve apparent performance, than more experienced colleagues (Asad et al, 2024). They can bring a fresh perspective on the meaning, relevance and implications of purpose. Within the cohort of independent directors there should be sufficient experience of a company and its board to hold executive directors to account. The appointments of independent directors should ideally be planned to ensure a mix of more and less experienced directors, as those who have served longer and on multiple boards, without being over boarded, may be better able to control management and certain REM practices (Asad et al, 2024). How should directors be trained or otherwise prepared for future boards? What coaching, development and support might be appropriate for the leadership of future-ready organisations (Coulson-Thomas, 2023d)? Prudent, responsible and caring leaders get ready for possible emotional and behavioural responses to certain events and existential threats. Should they think about their own roles, and the help and support that key executives and others might require in crisis situations?

ESG, Sustainability and Purpose Compliance

Some boards feel obliged to adopt economic, social and governance (ESG) initiatives because of ESG criteria being used by investors and other sources of funding. However, ESG has its detractors because of 'greenwashing' and questions raised about the evidence used to support claims made about its impact and value (Edmans, 2024a). How might ESG strategies and initiatives tackle negative externalities, ensure growth is sustainable and value added is desirable, and contribute to a wider public good by helping people, organisations and communities to better cope with existential threats? As windows of opportunity to address an existential threat such global warming and climate change narrow, doing things differently and innovation are increasingly required. How might ESG, responsible business, green growth and innovation strategies be better aligned with a corporate purpose? A study of Spanish enterprises found that ESG-driven companies exhibit a better future innovation performance than non-ESG driven companies in terms of labour productivity, exporting, and survival (Cabaleiro-Cerviño et al, 2024). Their performance was never inferior to that of innovative firms that are not ESG-drive. What needs to happen for more directors and boards to understand, accept, observe and comply with sustainability constraints?

Boards should ensure that ESG strategies are appropriate for the operations of a company, its purpose, threats it face, and what its directors are seeking to achieve. The impact of ESG ratings on news and stock prices can reflect the extent to which there is a consensus in the ratings (Serafeim and Yoon, 2023). However, obsession with ESG ratings and news reports should not detract from required actions and desirable outcomes. Urgent action on global warming and radical decarbonisation are now required (UNEP, 2023; UNFCCC, 2023). Global surface air temperatures continue to be at record levels (Copernicus, 2024a, b & c). The global average temperature for the twelve months to April 2024 was 1.61 degrees C above the 1850-1900 pre-industrial average. Extreme heat threatens humans and many other life forms and ecosystems (Goodell, 2023). Extreme weather events such as heatwaves, floods, droughts, wildfires result in significant disruption, damaged eco-systems, and economic losses, and they undermine food security and socio-economic development (WMO, 2024a). Increasingly, people, organisations, communities and their infrastructures will feel the effects of global warming and climate change. How might boards and ESG accelerate decarbonisation? Should this and reducing greenhouse gas emissions be a purpose priority?

WMO forecasts highlight the urgent need for climate action (WMO, 2024b). Hitherto, whatever their individual achievements and ESG rhetoric and claims, collectively boards and the business community have not done enough, either to phase out and stop damaging activities, or to provide more sustainable alternative options. Climate scientists are pessimistic. A poll of 380 lead authors or review editors of IPCC reports has found almost 80% of them expect a global temperature rise of at least 2.5 degrees C this century leading to a "semi-dystopian" era of famines, conflicts, mass migrations, heatwaves and floods, wildfires and storms of an intensity and frequency far beyond what's been seen before (Carrington, 2024). Only 6% believe the agreed target of limiting increases to 1.5 degrees C above pre-industrial levels will be met. What more can and should individual directors do to encourage procrastinating board colleagues to take urgent and tough decisions needed for our collective survival? What activities, viewpoints and perspectives are now incompatible with corporate purpose? Boards may have to make choices and decide what to give up, and whose interests to ignore or override to achieve better collective outcomes (Head, 2022).

Greener Business and Preventing Purpose Hypocrisy

The full and negative impacts of human activities such as climate change are likely to be under-estimated (Royal Society, 2023). Given the momentum and self and vested interests behind existing operations and practices, changes our collective survival requires are unlikely to occur without imposition by external events or action by boards. How might boards and corporate governance better embrace sustainability (Coulson-Thomas, 2023h)? What questions should directors ask about the sustainable application of supposedly transformative technologies (Coulson-Thomas, 2023p)? If boards are to give a lead in achieving sustainable development and enabling a smoother transition to less damaging and more responsible business models, should more directors become educators to ensure corporate purpose is understood and also advocate and champion green business and more sustainable operations and lifestyles? How many directors and boards are 'the problem' and responsible for undesirable activities and practices, rather than part of a solution? Overall, collective required actions are inadequate (IPCC, 2023; UNFCCC, 2023). Given the number of requirements and related opportunities for responsible purpose-driven innovation, transition or transformation, how might boards ensure their urgent prioritisation (Coulson-Thomas, 2023k)?

Damaging activities continue as if there is no tomorrow. How might charges of responsible purpose hypocrisy be avoided? The picture is grim, murky and mixed. Evidence from China suggests academic independent directors might promote green investment by alleviating corporate financing constraints and encouraging related corporate R&D investment and reducing management myopia (Zhang et al, 2023). Evidence from France suggests that to protect intellectual property, independent directors may have a conservative approach to innovation that requires lengthy investigations with uncertain outcomes and the disclosure of information about R&D, technological progress and innovation (Lahyani and Ayadi, 2024). What more could and should responsible nomination committees and active investors do to ensure that while exercising independent judgement directors and boards are instigators of desirable changes, rather than obstacles to them? Should innovation also be risk led and balance current and longer-term requirements (Coulson-Thomas, 2023n; Medhat, 2023)?

Commitment to green business should involve efforts to limit global warming by speeding up decarbonisation and transition to renewable energy. The communique of meeting 287 of the IEA governing board at Ministerial level follows pledges to strengthen energy security and accelerate green transitions to bring average global temperatures back below the Paris limit of 1.52°C above the pre-industrial average level (IEA, 2024). Air pollution from fossil fuels has been estimated to already kill over five million people per year (Lelieveld et al, 2023). How could corporate governance better support energy transition? A 45-country study of 3,896 firms found that governance arrangements, and factors such as: a sustainability committee; environmental, social and governance-based compensation policy; financial performance-based compensation; sustainability external audit; transparency; board gender diversity; and board independence can positively impact the consumption of renewable energy (Makpotche et al, 2024). What more can and should boards do to phase out the use of fossil fuels and accelerate the transition to renewables and adopt less energy and resource intensive practices?

Demonstrating ESG and Purpose Commitment and Progress

Investors and other stakeholders may be uncertain about a board's commitment to responsible ESG objectives and a corporate purpose. Some of them may also be critics. How might ESG and corporate purpose related strategies, initiatives, and disclosures of the outcomes they achieve, be better synced with the financial language of responsible business and backsliding prevented? Unilever has scaled-back certain environmental and social commitments "against a backdrop of wider investor unrest around such strategies" (Afanasieva, 2024). A study of Thai listed companies has found that hard disclosure of environmental and social activities tends to reflect their actual performance, but soft ESG disclosures may lack reliability (Katisart et al, 2024). Hard data could include applications of technology. A study of A-share listed Chinese enterprises has found a positive relationship between ESG ratings and green technology innovation (Zhao et al, 2024). How could technology be used to support and/or evidence ESG compliant green business objectives and purpose progress? Aspirations for green growth and a desire for progress towards a sustainable future may lead to innovations and breakthroughs that could also be used by bad actors (GOS, 2023). How do boards ensure that innovation and uses of emerging technologies are responsible (Medhat, 2023)?

Against a background of widespread greenwashing and exaggeration of ESG achievements, is an independent ESG audit the way forward for green compliance? Should purpose-related claims also be subject to independent review? What should the terms of reference be in either or both cases? How might a board determine whether it has spent too much or too little on activities labelled as ESG, as opposed to what a board considers needs to be done to address the challenges and opportunities a company faces and further a corporate purpose? A study of Korean family firms suggests there may be an optimum level of ESG investment in relation to firm value, and that depending upon the level of family ownership and other factors, investment or disinvestment in ESG activities might be appropriate (Nam et al, 2024). How might an independent audit differ from an assessment undertaken by an ESG rating agency, in relation to internal guidance and external impact? Overall, external ESG assessments in the form of ESG ratings can predict future news and proxy for market expectations of future news if there is a consensus among ratings agencies (Serafeim and Yoon, 2023).

Responsible and Purpose-Led use of Artificial Intelligence (AI) Applications

AI concerns executive and board leadership and has various possible implications for our collective future (Coulson-Thomas, 2023a). It's use involves risks and raises responsibility and sustainability questions. The energy demands of data centres that support digital developments are voracious. Corporate AI adoption presents boards with challenges and opportunities, and there are also safety and security concerns to consider (HM Government, 2023). Where affordable and justifiable, autonomous AI applications could potentially perform various roles undertaken by directors and others, while augmented intelligence applications might also offer the opportunity for board members to work with AI without supplanting human input (Ahdadou et al, 2023). Areas in which AI applications might be useful for boards include decision-making and governance support, information and data analysis, consolidation and/or presentation, improving efficiency and monitoring, and risk analysis and management (Chapman, 2023). How ready are boards to explore the many possibilities? What precautions should be undertaken to protect IP and price sensitive and other information, ensure AI applications remain aligned with corporate purpose, and avoid various risks associated with its adoption and use (GOS, 2023)?

Wider AI adoption across organisations, supply and value chains and corporate networks also involves risk. It presents practical, ethical and compliance issues that require responsible consideration (Blackman, 2023). For example, what is generated needs to be fact-checked as errors, misinformation and disinformation are widespread, and there may well be compliance and data and cybersecurity considerations and applicable regulations to consider (Chapman, 2023). Any point and device on a company's network of relationships represents an entry point for a hacker, blackmailer or bad actor. Applications can hallucinate. They be used to impersonate, create fake news, and undermine democratic systems and societies. They can erode the trust it has been hoped that a shared corporate purpose might build. Prudent organisations do not put all their eggs in one basket. They duplicate and ensure adequate and analogue back-up. AI models can also collapse, and AI applications can produce gibberish when they are trained on synthetic AI generated data, as errors accumulate and/or are amplified (Shumailov et al, 2024). In time, users can run out of accurate and objective human data that is available to train them. Responsible boards anticipate and prepare.

What are the implications of AI for board and corporate responsibilities relating to future work (Coulson-Thomas, 2024a & c)? Could the provision of meaningful work opportunities be an element of a responsible purpose? Should boards ensure that new technologies do not just benefit a few at the expense of 'the many' (Acemoglu and Johnson, 2023)? From an employee, community and society perspective, should ensuring wider benefits and a greater good be a core element of a corporate purpose? Encounters with the unfamiliar or unknown can sometimes result in discomfort, concern and instinctive prejudice. Objectivity and balance are required. Within boards, some members may display an unconscious bias against AI and reliance upon algorithms, but early aversion may later become acceptance once they learn more and have experience of applications (Turel and Kalhan, 2023). To whom should boards turn for objective advice on AI developments, digital technologies and related cyber security issues (HM Government, 2023; Wuillamie, 2023; DSIT, 2024)? Could a more diverse board be more likely to have the mix of skills required to provide AI oversight?

Enhancing Diversity and Representation in Boardrooms

A corporate purpose should ideally be open, welcoming, inclusive, widely shared and conducive of diversity. Boardroom diversity can help to limit the dangers of 'groupthink' (Janis, 1972). It also combats complacency and encourages challenge, creativity and innovation (Coulson-Thomas, 2023c & g). Evidence from the UK suggests it may also reduce carbon emissions (Khatri, 2024). In China, it has been found to increase the financial stability of listed companies and reduce risk (Ning et al, 2024). When searching for and selecting candidates for board appointments, diversity could be sought in age, culture, gender, ethnicity, nationality, educational and social backgrounds, experience, skills, personal qualities, interests, perspectives, relationships, priorities, strategies, challenges, opportunities, disability, or other factors. Might future boards have to be more open to diversity of beliefs, perspectives, ambitions, relationships and timescales, as certain countries operate according to different principles (Coker, 2019)? Could a concentration on only certain factors such as gender inhibit wider diversity? Will boards encourage the openness and freethinking that encourages enquiry, creativity and enterprise, and offers hope (Bakewell, (2023)?

Institutional investors may encourage board diversity and companies can also experience improved valuations because of compliance with changes they favour and value-enhancing governance reforms (Fauver, 2024). In accordance with the literature on the relationship between board gender diversity and accounting and market-based performance, an increasing proportion of women on listed company boards across five European countries has been found to have a significant positive association with corporate performance (Darmawan, 2024; Omri and Alfaleh, 2024). There is some evidence that racial diversity on boards may be quickly increased in response to high-profile events. A wave of appointments of black directors to US S&P 500 index boards followed Black Lives Matter protests, with many companies increasing board size to accommodate new directors (Pajuste et al, 2024). Diversity of background, experience and thought can often be especially helpful. What other diversity factors should be prioritised? How might more boards overcome obstacles and barriers that exist primarily in the imaginations of their members?

Building Diverse, Ethical and Inclusive Future Boards

Future boards should be appropriately diverse, ethical and inclusive to cope with greater fluidity, uncertainty, instability and volatility, and the need for more dramatic and radical corporate and collective action in response to common challenges and shared and inter-related existential threats such as global warming and climate change (Coulson-Thomas, 2023i & 2024d). Diversity with a shared and common purpose may mitigate consequences of tackling issues in isolation and encourage collective awareness of inter-related issues. A Spanish study suggests that independent directors may have a negative effect upon innovation as measured by the number of firm patents, but that this might be mitigated by greater gender and nationality diversity (Sierra-Moran et al, 2024). Rather than address discrete problems, many future leaders will be required to handle a succession of evolving and inter-related issues and maintain commitment and collaborative relationships during transition and transformation journeys (Coulson-Thomas, 2023k). What needs to change for boards to handle multiple inter-connected and complex issues simultaneously rather than sequentially?

If boards fail to adapt, cope, and tackle negative externalities and existential threats, Governments might intervene (Rönnegard and Smith, 2023). Consequently, variety, enterprise and entrepreneurship to match differing requirements, situations and circumstances might be lost. Challenging misinformation, understanding impacts and pursuing possibilities may become more important activities for directors and future boards (Coulson-Thomas, 2024b). People, organisations and communities, and the infrastructures upon which they depend need to become more resilient and better able to cope with uncertainty and external interventions and shocks (Coulson-Thomas, 2023f & l). What can boards do to increase corporate and collective resilience? For example, a study of Italian listed companies found that putting non-executive board members on remuneration and audit committees may enhance a firm's financial stability (Lagasio, 2023). Are environmental and contextual developments taken into account during annual and independent reviews of board composition and performance?

Coping with emerging threats and unexpected crises, the governance of environmental, contextual and existential risks, and prioritisation, collaboration and reporting are likely to feature on future board agendas (Coulson-Thomas, 2023e & i, & 2024d). With an enhanced requirement for cooperation, co-creation and innovation, future leaders of creative ventures, collaborations, communities and companies ought to be in demand. How should they be selected, developed and supported? How might boards maintain value-adding oversight of a greater diversity of creative activities? In what areas should future boards play a more significant role in the global business ecosystem? What else could they do to enable and support collective, community and societal responses to global risks and existential threats? How could they become a counterweight to Governments of Petrostates and other political leaders that encourage unsustainable growth, consciously refuse to act against negative externalities and are laggards in respect of action to address looming existential threats?

Responsible and Purpose-Driven Corporate Leadership

Is a purpose-led company an aspiration or possibility rather than a reality and priority for many boards? Whether being purpose driven is desirable will depend upon the purpose in relation to the situation, circumstances and context. As these change and/or evolve, a purpose that was initially perceived as fundamental and intended to be longer-lasting, may need to be revisited, reviewed and re-defined if it is to remain aligned with contemporary aspirations, priorities and requirements and appropriate. It may itself have to organically evolve and be flexibly interpreted and intelligently implemented if it is to be resilient and remain relevant for the organisation that those who proposed it presumably hoped it might influence or drive. Questions might need to be asked about original intentions and the aim of the corporate purpose that has been agreed. For example, as events have unfolded, situations change and threats materialise, has the consensus underling initial perceptions of common and shared interests remained or fragmented? Polarisation can lead to division and further fragmentation (WEF, 2024b). In democracies, and especially those with 'first past the post' electoral systems, dramatic and radical changes of public policy, direction, laws and regulations can quickly occur because of relatively small movements in swing constituencies.

Over time, actions, initiatives, strategies and priorities to further a corporate purpose may become more difficult to sustain as situations, circumstances and contexts evolve and/or change. Different interests and parties could become more aware of their costs and negative consequences and implications for themselves. They might also compare their situations with those of others and feel they are being asked to make an unfair contribution or bear a disproportionate burden. Instability, unpredictability, unexpected crises and other events can undermine the confidence and continuity that some players would require to make the longer-term commitments required to further a previously agreed corporate purpose. Opponents and sceptics might also become more active and determined in the delaying tactics they use to prevent the achievement and/or implementation of aspects of a purpose they are unhappy with (Coulson-Thomas, 2024i). A purpose must be present in the minds of actors and influencers when issues are discussed, decisions considered, options assessed and possibilities explored if it is to influence outcomes and hypocrisy is to be avoided.

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Abstract

Whether a purpose driven organisation is desirable will depend upon the purpose in relation to stakeholder aspirations, concerns and requirements, and the situation, circumstances and context. This article examines what corporate purpose and a purpose-led business might mean for corporate governance, the quality, value and growth that are sought, independent

directors, ESG and sustainability, diversity and the role of future boards. It presents questions that directors could consider in relation to selected items on board agendas when balancing contending claims upon resources, establishing priorities and endeavouring to become and remain purpose led. A corporate purpose should reflect global risks, existential threats, challenges and opportunities, be responsible, sustainable, inclusive and appropriate for the wider contexts in which a company is active and could have an impact. As situations, circumstances and contexts change and/or evolve, a purpose may need to be revisited, reviewed and re-defined, flexibly interpreted and intelligently implemented if it is to be resilient and remain relevant. Where this does not happen, and interests and parties become more aware of the costs and negative consequences and implications for themselves of certain purpose-led and/or ESG initiatives, they may seek to delay their implementation and/or prevent their achievement.

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