

The Language of Corporate Governance: Executive Summary

Genius Methods Project Manager, Fiona Burgess, has recently completed a Masters of Research dissertation on 'The Language of Corporate Governance'. Her research is based on a survey of 56 governance professionals in the UK comparing how key terms such as 'ownership', 'performance' and 'corporate governance' are defined variously in the literature and amongst survey respondents.

Former President of the World Bank, James Wolfensohn, said 'the proper governance of companies will become as crucial to the world economy as the proper governance of countries' (University of Denver, 2013). However, Brink (2011:vii) explains that: 'Despite innumerable written contributions on [corporate governance], economic sciences have failed to provide a clear definition of the corporate governance concept or even to sufficiently demarcate the underlying context of consideration'.

The purpose of this study was to explore Anglo-American corporate governance through the lens of language, both within the literature and secondary data, and from the perspective of those involved in corporate governance in the UK: directors, executives, chairmen and consultants. Despite the vast increase in attention given to the importance of corporate governance in recent decades, the 2008 economic crisis in particular revealed that there is still progress to be made.

Much of the work in economics and law can be seen as offering models or stylized representations of Anglo-American corporate governance which is often far removed from the way the system really operates in practice. Corporate governance is an extremely complex arrangement involving many people and varied interests. A sociological analysis of corporate governance emphasizes the role of human behaviour and collective action. This study views corporate governance as a social construction. From this perspective, the role of language in the creation and adoption of corporate governance best practices is crucial and it has been widely noted that there is yet to be a commonly held definition of corporate governance. A common language can often be a pre-requisite for significant theoretical and practical progress.

This study investigated and compared definitions within the literature and survey responses of a set of 5 key terms: 'corporate governance', 'ownership', 'risk', 'value', and 'performance'. Respondents were also asked to explain how they define the difference between 'governance' and 'management'.

The findings highlight a number of key areas of variation both between and within the survey and literature data. For example, the results indicate a lower degree of focus on corporate governance as related to representing owner interests within the definitions of governance professionals as compared to the data from the literature.

Read the [complete dissertation here](#).

As elucidated in this research, corporate governance is a social construct in which communication and consensus on language has a critical impact on effectiveness. Genius Methods works with Boards to improve corporate governance effectiveness in a variety of ways, starting with a Board Evaluation tailored to your needs. If you would like to discuss your next Board Evaluation and how Genius Methods can support your board, please contact us at sconstancon@geniusmethods.com.