

Company secretary: a role of breadth and majesty

Article

Accepted Version

Kakabadse, A. ORCID: <https://orcid.org/0000-0002-0031-7767>, Khan, N. ORCID: <https://orcid.org/0000-0001-6911-9737> and Kakabadse, N. K. ORCID: <https://orcid.org/0000-0002-9517-8279> (2016) Company secretary: a role of breadth and majesty. *Society and Business Review*, 11 (3). pp. 333-349. ISSN 1746-5680 doi: <https://doi.org/10.1108/sbr-04-2016-0023> Available at <https://centaur.reading.ac.uk/67555/>

It is advisable to refer to the publisher's version if you intend to cite from the work. See [Guidance on citing](#).

To link to this article DOI: <http://dx.doi.org/10.1108/sbr-04-2016-0023>

Publisher: Emerald

All outputs in CentAUR are protected by Intellectual Property Rights law, including copyright law. Copyright and IPR is retained by the creators or other copyright holders. Terms and conditions for use of this material are defined in the [End User Agreement](#).

www.reading.ac.uk/centaur

CentAUR

Central Archive at the University of Reading

Reading's research outputs online

Company Secretary: A Role of Breadth and Majesty

©Prof. Andrew Kakabadse, Nadeem Khan and Prof. Nada Kakabadse

Abstract

Purpose: This paper presents the outcomes from 40 one-to-one semi-structured interviews and 12 focus group sessions with Company Secretaries, Chairmen, CEOs, CFOs, SIDs and NEDs, about the role of the Company Secretary.

Approach: Lukes' (1974, 2005) third dimensional power is engaged in thematic analysis of this strategic leadership role and its contribution to Board effectiveness.

Findings: The findings identify 'discretionary capacity' as being critical to effective role contribution.

Limitations: Whilst the inquiry included international participants e.g. multi-national Board members and Company Secretaries, it was conducted within the U.K.

Practical / social implications: Having a range of discretion is particularly necessary at this time, when the new governance regime is broadening its demands on the role of Company Secretary in order to interact with wider stakeholders.

Originality: An emergent model of the Company Secretary role is offered as a tool for building discretionary capacity, based on key Technical, Commercial and Social characteristics, in their contexts - understood together as Breadth and Majesty. Breadth establishes a competency and Majesty the refined high-level social qualities. This study concludes that the Company Secretary role is highly dependent on the preferences of the Chairman, in enabling them to make an effective contribution to the Board.

Key words: Company Secretary; Role; Discretion; Power; Board effectiveness.

Introduction

Today's organisations engage multiple diverse formats in operating across the more mature interconnected markets (Clarke, 2015, Knyght et al., 2011a), which are characterized by the competing pressures of integrated governmental policies¹ and strategic business decentralisations² (Chandler, 1962). Whilst the focus of institutional governance is on building risk-resilience capacities against volatile and chaotic market impacts (Kakabadse, 2015; Boussebaa et al., 2012), the firm leadership priority remains more towards How board should be structured and engaged to achieve better investor value (Finkelstein & Boyd, 1998; Agrawal & Knoeber, 1996) from their committees and top-team members (Filatotchev & Dotsenko,

¹ Regional and national governments e.g. UK renegotiation of relationship within the EU (2016).

² i.e. the firm behaving differently in each diverse local market.

2015, Ferrero-Ferrero et al., 2015; Krause et al., 2014). But the narrowly conceived (Kakabadse et al., 2013; Freeman et al., 2007) shorter-term institution-firm relationships reorientation has yet to effectively address the longer-term policy-strategy sustainability³ concern as supporting societal value (Bouglet et. al., 2016; Parker & Tamaschke, 2005; Griffin & Mahone, 1997).

The wide impact of cyclical economic crisis (Shularick & Taylor, 2009; Schumpeter, 1934) is not new to the advanced Anglo-Saxon market⁴. Examples include the post-Napoleonic depression (1812-1821), the Panic of 1857, the Long Depression (1873-96), the oil crisis of the 1970s and Black Monday in 1987. However, the combined effects of exclusive government (Edelman Trust Barometer, 2016), low political engagement (Political Info, 2014), voluntary regulation (Elshandidy et al., 2015), potential distancing from the EU (UK referendum, 2016) and ever-creative neo-liberalisms (Kinderman, 2012; Heyes et al., 2012) all place the greater burden of this shared responsibility onto the shoulders of leadership in UK-based firms, i.e. firm strategy. An extensive global research of leadership teams/Boards demonstrates that “Boards within the U.K. are more often aware of the challenges, but do not adequately address them”(Kakabadse, 2014). Therefore, in this governance environment, the focus of attention has to be on improving Board effectiveness.

Organisational leadership studies have typically focused on the Chairman-CEO relationship (Kakabadse et al., 2006; 2010; Kakabadse & Kakabadse, 2008; McNulty & Pettigrew, 1999; Dalton & Daily, 1997). As a result of the 2007 financial crisis (Van Essen et al., 2013; Knyght et al., 2011b) the Non-Executive Director⁵ role in the UK attracted

³A greater equitable balance by leaderships between social, environmental and economic outcomes - more than just economic.

⁴The UK ranks 1st in the Soft Power List - see <http://softpower30.portland-communications.com/ranking> or http://www.comres.co.uk/wp-content/uploads/2015/07/Report_Final-published.pdf.

⁵ Similar to after the Hong-Kong Financial Crash - see Gul and Leung, 2004.

considerable attention (McNulty et al., 2013; Kirkpartick, 2009). However, at the same time, the demands and pressures placed on the Company Secretary role have also evolved (McNulty & Stewart, 2015). Most recently, the Senior Managers Regime (SMR) that came into force in March 2016 gives more accountable responsibility to some independent NEDs and Chairmen, but the potential of unintended consequences, e.g. two-tier Boards; recruitment and retention of Board members; quantity and quality of information; and inequitable decision-making, will need to be mitigated in Company Secretary interactions with the Board (Durbin, 2016). Further, where no guidelines exist for stakeholders' interactions with the Company Secretary, there is increasingly a need for a broader collaborative culture, e.g. with investor relations or internal audit, for strategic reporting (McIntosh, 2016). A long-standing criticism from within Secretariat being that Board members often have a poor perception and lack of awareness about this particular strategic leadership role - i.e. that of the Company Secretary (APPCGG, 2012).

Clearly, the current developmental need is for all top-team leadership members to have greater incisive discretionary professionalism and better team alignment (Kakabadse, 2015; Kakabadse & Van den Berghe, 2013, Kakabadse et al., 2009) for managing change (Tushman et al., 1986), whilst also meeting the evolving regulatory demand for transparent accountability (UK Corporate Governance Code, 2012; Financial Reporting Council, 2014) to their wider stakeholders (Solas, 2016; Beau, 2016).

Discretion gives the power or right to make official decisions using reason and judgment in choosing from acceptable alternatives. In Public Office, executive discretion is “the extent of legal flexibility to use government power by executive branch officials - power over personnel; budgets; information - giving coercive authority” (Cuellar, 2006, p.236) - where in reality “government actions are rarely purely discretionary, neither is discretion ever

entirely absent...it is relative” (Cuellar, 2006, p. 37). In corporate circles, discretion centrally features in the debates concerning agency and stewardship issues⁶ (Berle & Means, 2009; Jensen & Meckling, 1976; Donaldson & Davis, 1991) and within Board accountability as governance and effectiveness (Hamza & Jarboui, 2016; Van den Berghe & Levrau, 2013). It also underpins the nature of individual leadership (Sheard et al., 2013) through periods of innovation (e.g. Apple) and crisis (e.g. Enron, Lehman’s, BP, RBS).

Therefore, this paper focuses attention on the critical strategic leadership role of Company Secretary (Swabey, 2014) and its contributions to Board effectiveness (EY, 2016), which has – to date – received limited attention.

The remainder of this paper proceeds with a brief historical overview of the Company Secretary role. This is followed by a precis of the typical day-to-day tasks associated with the role, which varies according to the size of the organization. The methodology section outlines the engagement of third dimensional power (Lukes, 1974; 2005) to analyse Company Secretary effectiveness; these are shared as ‘Breadth and Majesty’ findings. The latter sections of the paper offer a model of the Company Secretary role in building credibility in order to contribute to Board effectiveness. The conclusion asserts that the Company Secretary role is very much dependant on, and similar to, the Chairman role and is critical to the triumvirate relationship between NED–Company Secretary–CEO⁷. The most effective Company Secretaries are those who are able to exercise greater discretionary capacity in their role.

Historical Overview

⁶Shareholder ownership and control at firm boundary.

⁷ NED - Non Executive Director; Co Sec. - Company Secretary; CEO - Chief Executive Officer.

The Company Secretary role has existed, in various forms, for over 5,000 years (see Table 1 below). The concept, as we know it today, first appeared in English Case Law reports in 1841 as a ‘secretary of the society’ and according to Hübner (1999, p. 461) the Company Secretary has been legally recognized since 1845. A point of note here is that the 1841 definition refers to ‘society’ whereas, in 1845, the role focus is on ‘Company’.

INSERT TABLE 1 HERE

In the English Levant Company, the Company Secretary’s duties held great power, including commanding actions to be performed in her Majesty’s name (Epstein, 1908, p. 74). Emerging from the East India Company, the role distinguished between ‘Secretary of State’ and a trading role (Kaye, 1853). In the post-World Wars era, i.e. 1950 onwards, the Company Secretary was increasingly recognised as an ‘Officer of the Company’ connected with administrative affairs, thus determining the “profession’s duties and responsibilities” (Monsted & Garside, 1991, p. 4). More recently, governance development (e.g. Revised Cadbury Codes - Corporate Governance Code, 2012) has broadened the scope of the role.

Role of Company Secretary

Currently, statutory and regulative requirements shape the role of Company Secretary at the macro level (Companies Act, 2006). However, the spread of responsibility and activities are realistically influenced to a greater extent by internal firm procedures, such as company-specific articles of association/ bylaws, company policies and practices, employment contracts, and organisational reporting structure and lines.

This regulation creates a framework for the scope of action that the Company Secretary has, and the articles of association/bylaws define each company's unique expectations of the Company Secretary. Board structure and composition can be an influence on the role. US Boards may prefer duality and German Boards prefer two-tier (supervisory) structures, whereas UK Boards separate the leading roles (Chairman/CEO) at Board level (Dsouli et al., 2013; Spencer Stuart, 2011). Furthermore, the Company Secretary role (Directors Briefing, 2015) and tasks vary not only as a factor of the size of organisation (Table 2 below), but may also be influenced by the nature of the industry (e.g. energy, finance, tourism) or, more subtly, the background of the person in the role and/or the historical development of the role within the firm.

INSERT TABLE 2 HERE

In the largest companies, the Company Secretary role is based on the company's statutory (formal) duties exemplified by the listed companies (FTSE 350) that are obliged to obey the statutory requirements (see Table 2 above). The Company Secretary may often also fulfil various additional functions/roles, such as being the 'General Counsel' and/or 'Governance Officer'.

The range of the precise duties of the Company Secretary are less well-defined in statute, in comparison to other Board roles (McNulty & Stewart, 2015). This may emerge more as historical significance of how the company has grown from small to becoming larger in size (Table 1 above) and/or through the ability of the Company Secretary themselves to negotiate their terms or position as 'Company Secretary'. These may "usually need to be set out in his/her contract of employment" (Morris et al., 2009, p. 223).

Bourne (1998, p. 221) suggests that “a daunting list of duties and responsibilities awaits the person who is appointed to the position”. Thus, the boundaries of the role can vary considerably, as it embraces statutory, managerial, administration, and advisory/maintenance functions.

In the UK, the Company Code (CA 2006) renders the Company Secretary role mandatory for public companies (CA 2006, S271). Hence, the role of the Company Secretary is a statutory requirement for public companies, and is highly integrated into the company’s processes and procedures (Jackson, 2008; Knightley, 1931). Moreover, in publicly-listed companies, the Company Secretary “has important corporate governance responsibilities and are recognised by the Combined Code, which makes the appointment of and removal of a Company Secretary a matter for the board as a whole” (Hannigan, 2009, p. 123; CA 2006, S271). Hence, the Company Secretary must be listed in the Register of Secretaries (CA 2006, S275) and the Register of Commerce must be notified about any change (CA 2006, S276). The Company Secretary is “responsible for advising the board through the Chairman on all governance matters and for ensuring compliance with board procedures” (Hannigan, 2009, p.123, A.5.3).

Methodology

This study is informed by 40 one-to-one semi-structured qualitative interviews (Creswell& Miller, 2000) with Chairmen, CEOs, Non-Executive Directors, Company Secretaries and independent consultants. The focus of the interviews was to understand the Company Secretary role from the different Board perspectives - by the critical others⁸ and about themselves, as

⁸ Board members as directly linked primary stakeholder perspectives.

self-perspectives⁹. Each interview lasted over an hour. The one-to-one interviews were complimented by a further twelve focus group sessions with 15-20 Company Secretaries in each session¹⁰ (see Table 3 below), purposefully selected in conjunction with the Institute of Company Secretaries and Administrators (ICSA).

INSERT TABLE 3 HERE

In total, over 240 detailed contributions (Harre & Secord, 1972; Kakabadse & Louchart, 2012) of individually-held beliefs, experiences and perceptions of the Company Secretary were conducted, audio-recorded with their pre-agreed permission, transcribed and thematically analyzed (see Table 4 below). Going beyond the role, this qualitative inquiry identifies the characteristic influences that establish a capacity for power within the Company Secretary role. The most appropriate guiding theory adopted is ‘third dimensional’ power (Lukes, 1974, p. 2005). This overcomes the limitations of - Role theory (Mead, 1934) that simplifies activities of actors to their social roles; Leadership or managerial discretionary theories (Finkelstein & Peteraf, 2007) that are constrained to economic/organisational perspectives and assumptions to their unit of analysis. Closer to reality, at the Board-level strategic decision-making is better holistically understood as a political process between individuals that, at the deeper level, emerges as a complex inter-play of power (Lukes, 2005).

INSERT TABLE 4 HERE

⁹ Company Secretaries’ own views about themselves.

¹⁰ In total, there were 205 participants in the focus group sessions in addition to the 40 one-to-one interviews.

Several themes emerged from the interview narratives (Corbin & Strauss, 1990) that could be classified into three characteristics. These may, in unique combinations, influence the Company Secretary's level of contribution to Board effectiveness. Lukes' (2005) third dimension of power establishes the ways in which the powerful transform the powerless in such a way that the latter behave as the former wish - without coercion or forcible constraint. Sometimes referred to as 'ideological power', this highlights the capacity of the Company Secretary in their ability to influence, or be influenced by, others.

Breadth and Majesty Findings

The interview and focus group transcription narratives were thematically analyzed and many traits of the Company Secretary emerged. These traits were then further iteratively classified into three major characteristics – Technical, Commercial and Social (see Table 5 below). Extracted from the interview data-sets, Table 5 shares the Company Secretary traits associated with each of the major characteristics. To exemplify, the trait of understanding of Company law is classified as a Technical characteristic; business acumen in decision-making is classified as a Commercial characteristic; whilst traits of diplomacy and tact are Social characteristics (see Table 5 below).

For each Company Secretary in their unique role and specific context, the particular combination of these three characteristics establishes the third dimensional power (Lukes, 2005) that the Company Secretary can exercise. Alternatively, it highlights where the Company Secretary is 'dominated' or 'constrained' in their capacity to make an effective contribution in their role and to the Board.

It is the combinations of Technical, Commercial, and Social characteristics, each ranging from formal (F) to informal (I), that enables the Company Secretary to exercise their discretionary power in a given situation, or consistently over time (Table 5 below). ‘Formal’ demonstrates low power (F), where the Company Secretary simply carries out instructions or duties, whilst ‘Informal’ demonstrates high power (I) - in which context the Company Secretary engages discretionary capacity as higher order skills toward contributing to successful strategic outcomes.

The findings suggest that Social characteristics are more evident or dominant within smaller organisations (Table 2). Within large organisations, this evolves to include a broader range of distributed power that incorporates a greater degree of the Commercial and Technical characteristics. Thus, for the high-performing Company Secretary in a large organisation, the dynamic ability to engage the broader range of characteristics, whilst retaining refined Social skills, becomes important.

INSERT TABLE 5 HERE

The third dimensional power (Lukes, 2005) of the Company Secretary role then emerges as a ‘Breadth and Majesty’ capacity. Breadth establishes the competency (Technical and Commercial), whereas Majesty calls upon interpersonal, softer people skills e.g. calmness under pressure, diplomacy - as Statesman-like qualities in the approach to, and conduct of, tasks. The high-performing and/or effective Company Secretary will, over time, demonstrate a greater discretion (I) within the role.

Contributions to Board Effectiveness

These findings, with regard to the third dimensional power (Lukes, 2005) of the Company Secretary, are of particular interest as they explain how the Company Secretary can build their 'role' - engaging Social, Commercial and Technical characteristics -toward a greater degree of 'discretionary capacity'. At the same time, the interview responses can be understood in a new light - as Formal and Informal characteristics (or behaviours).

To exemplify, where the title in some cases was perceived as purely administrative by other Board members i.e. *"The title is a misnomer...They don't understand the role"* [Co. Sec. 01], or where the Company Secretary may not have been able to speak in the boardroom, *"I don't participate in the Board meeting"* [Co. Sec.03]. These may refer to an understanding of the Role as formal (F), i.e. simply performing duty.

Contrastingly, in other cases, the Company Secretaries responses relate to Ban Ki-moon's important role as Secretary [Co. Sec. 05],or that they were able to comment in the boardroom [Co. Sec. 12]. These responses reflect differences in that these individuals demonstrate their informal (I) power engagement for exercising discretionary capability. Similarly, another example of exercising Company Secretary power (Lukes, 2005) is:

"Agenda setting is straight forward in that the executive directors know what they want to say, but you also know what they don't want to talk about and what needs to be discussed....you can point the Chair and Board...."

[Co. Sec. Focus Group, 01]

Building discretionary capacity is dependent upon recognising what is important in the longer term, and requires being able to shift effectively between the broader holistic and more focused, detailed, demands. At the same time, the Company Secretary has to hold the trust of both the Board and the Executive:

“If you haven’t built up trust, you can’t play the role” [Co. Sec. Focus Group, 02]

where, at the higher order:

“Judgment is sometimes exercised behind the scenes privately, helping to steer things in the right direction”[Co. Sec. 03]

When discretionary capacity is exercised, the effective Company Secretary recognises that the nature of the role evolves, requiring a need for more independence, and at the same time, greater resilience:

“It can be the loneliest job in the organisation...to stand alone if need be and do what you believe is right...” [Co. Sec. Focus Group, 01]

The Company Secretary’s daily interactions are with a group of self-assured people who all differ in their preferences, thinking and personalities (Chair; CEO; CFO; SID; NED) and their demands on this communicative role:

“You’ve got to be able to read people, understand where they are coming from and speak their language.”[Co. Sec. Focus Group, 03]

However, the greater the level of discretion that is exercised, the more likely that Company Secretary has to constantly deal with dilemmas:

“I actually enjoy the moral ethical dilemmas, because I love trying to work out what is the right thing to do”[Co. Sec. 03]

“It goes to the Chairman and the CEO, the CEO wants to change it and the Chairman does not...”[Co. Sec. 02]

Where often the other Board member roles are more likely to be ‘charismatic’ or ‘assertive/aggressive’, the Company Secretary may balance the Board in that:

“[The role] of Company Secretary is much more reflective and as I get older, I’m more suited to it.”[Co. Sec. 03]

Actually, these days more often than not, the Company Secretary may be the longest-serving individual in their role compared with Board members and thus have the advantage of corporate memory/history:

“...very good repository of cultural history as well as practical history...a useful sounding board that helps shape policies and processes”[Chairman, 04]

or it may be that:

“a new Chairman more than year ago, a new CEO last year and two thirds of the Board are new.”[Co. Sec. 08]

These findings impact the level of contribution, ranging from low (Formal) to high (Informal) that a Company Secretary is able to make to Board effectiveness. This can be modelled to demonstrate the context-specific capacity of the role in contributing to Board effectiveness.

Building Credibility with the Board

In each particular context, the Company Secretary’s capacity can be understood to build credibility toward contributing to Board effectiveness. Figure 1 below presents a model of role contribution to Board effectiveness. The role can be understood simply as Formal (center circle) where the Company Secretary only demonstrates duty functions. This extends toward the outer circle (Informal) when a greater degree of discretion is demonstrated. These emerge as combinations of Technical, Commercial and Social characteristics within each context:

INSERT FIGURE 1 HERE

Thus, in each context, the Company Secretary demonstrates a unique (triangulated) combination of Technical, Commercial and Social capacity within their role, where each of these characteristics ranges between Formal and Informal (Figure 1 above). The larger the triangle is, the greater discretionary power the Company Secretary demonstrates. To exemplify, in Figure 1(A) low discretion is demonstrated, whereas in Figure 1(B) high discretion is demonstrated. Of course, there may be times or circumstances when a more Formal role contribution is needed; however this will be reflected as the triangular points closer to the centre circle.

This framework allows the Company Secretary to better understand their role and the perceptions of the role. More importantly, engaging the framework enables the identification of opportunities for building a greater level of discretionary power - through learning, experience and negotiation of the position of the role. For the individual in the role, it is worth appreciating that the nature of the role itself then advances from simplicity toward a greater complexity. As such, skills for dealing with ambiguity, the unknown, dilemmas and politics emerge as factors to leadership criteria. This framework, as an extended tool, allows for the perception of other Board members of the Company Secretary role to be better understood and questioned, to raise the understanding and profile of this role.

Conclusion

In conclusion, the Company Secretary is the main contact for all Board members, who may be internationally based. Furthermore, the Company Secretary is most likely to be the first person to know the up to date developments, as they sit in committee meetings, Board meetings and have access to information that is critical to shaping the pre-meetings and agendas. Thus, the

role is ideally positioned to exercise third dimensional power (Lukes, 2005) in their interactions with the Board.

The findings of the Company Secretary role emerge as a combination of Technical, Commercial and Social characteristics - where each of these within context, range from low (Formal) to high (Informal) levels of discretion (Table 5 above). The highly effective Company Secretary is able to exercise greater discretionary capacity in their role (Figure 1B above), which, in turn, contributes to Board effectiveness. The opportunities are for 1) the Company Secretary to build their capacity and 2) the perceptions of other Board members to better appreciate the strategic value of this leadership role, in order to engage with it most effectively (Kakabadse et al., 2014). In consideration, each organization, Board and context is unique and the role has to be aligned to the team (Board) within its specific context.

The findings of this qualitative inquiry have established a conceptual framework (Figure 1 above) for Role contribution to Board effectiveness. The findings suggest that the Company Secretary may often be the critical stability that maintains team alignment of the Board in a crisis or difficult situation. Often, the Chairman or CEO may become the focus of media attention or shareholder criticisms. Where their power capacity is constrained or pressurised, this dissipates to the other Board members (NEDs) to some extent, but more so to the Company Secretary. After all, the NEDs are likely to all meet together only at the Board meeting, and the Company Secretary is often more closer to the daily activities and ground realities of the business - with direct access to both CEO and Chairman.

This role is vital to successful team alignment and as such, requires stronger softer personal emotional strengths, i.e. Majestic qualities, as characteristics to drive the effectiveness

of high-performing Boards. More likely, the success of dominant personalities (Chairman; CEO; SID; CFO; NEDs) is actually their dependency on the 'power behind the throne' - the Company Secretary.

Company Secretaries themselves often suggest that their role is very much dependent on the Chairman's preferences. Our findings suggest that the Chairman is instrumental in the selection of the Company Secretary - in which case he/she may seek candidates that complement their style or particular needs, e.g. a legal or financial mind. The Chairman may also influence the level of discretionary capacity that Company Secretary is able to exercise within the role. In this respect, the inquiry concludes that the Chairman - Company Secretary relationship is unique and that a highly effective Company Secretary demonstrates many similar characteristics to that of the Chairman (Kakabadse & Kakabadse, 2007).

Considering Board effectiveness, different role interpretations reflect "boss, entrepreneurial and bureaucratic" qualities (Cutting & Kouzmin, 2000) to facilitate good decision-making, where power (Lukes, 2005) is distributed amongst the leadership roles. In reality, poor decision-making often reflects conditions where the CEO is boss. In contrast, the more effective alignment emerges where the CEO is entrepreneur; the NED is bureaucrat and the Chairman is boss (Cutting & Kouzmin, 2000).

Where the other leadership roles often demonstrate more second face of power (Lukes, 1974; 2005)¹¹ i.e. using force in decision-making, the Company Secretary engages third dimensional power¹² (Lukes, 2005), i.e. getting others to want the outcome you want, through co-opting them rather than coercing¹³ them. In this regard, Board effectiveness emerges as a

¹¹ At institutional level this maybe interpreted as Hard Power, e.g. see Nye, 2004 - as non-normative example.

¹² At institutional level maybe interpreted as Soft Power e.g. see Nye, 1990 - as non-normative example.

¹³ Also evident at institutional level - see Dahl, 1961.

balance between the second face and third level (Lukes, 2005) where the Company Secretary is strategically indispensable, giving attention to preference-setting and belief-shaping. Thus, this paper contributes as for the first time, Lukes' third dimensional power theory (Lukes, 2005) has been used in the context of corporate governance to understand the role of Company Secretary and their discretionary capacity in this way. In addition, the paper adds to the discretionary, role, and leadership theories literatures at a deeper level.

Importantly, the role itself has evolved from being more an inward-focused role, to becoming much more outward-looking, where wider interactions with stakeholders such as investor relations, legal, strategic, media relations, and regulators in dealings of governance are an increasing part of the role. As such, the level of discretionary capacity of the role is critical to the contribution that can be made to business within society.

To summarize, the Company Secretary is a unique strategic leadership role unlike any of the Board roles. Its value-adding capacity goes beyond economic perspective and monetary worth, to non-confrontational conflict resolving, in striving for consensus amongst the Board, ensuring good communication and in holding the best interests of the organisation above all else. At a time when the demands and pressures on the Company Secretary are increasing in a new governance regime, the question arises - for the Company Secretary to be most effective, should they be expected to hold additional functions? Through their Breadth and Majesty, the Company Secretary is able to exercise discretion and make an effective strategic contribution to the Board.

Future Direction

This paper has highlighted the Company Secretary as an important strategic leadership role with a key contribution to Board effectiveness. The findings assert that the Company Secretary engages third dimensional power (Lukes, 2005) in exercising higher levels of discretion, but that the capacity for discretion is highly dependent on the level of support and relationship with Chairman.

The model of the Company Secretary role as Breadth and Majesty is limited where its focus is on understanding this role's contribution alone, as perceived by Company Secretaries and Board members. As such, there is scope for the emergent model to be extended or considered with application to the Board roles, i.e. what do the Chairman, CEO, SID, CFO, NED contribute to Board effectiveness? The outcomes of these findings together will then enable a broader understanding of how the different roles perceive each other. Further, the tool can be used as a mechanism for building longer term discretionary capacity within the role or as a flexible, context-specific analytical framework. If the framework is adopted across the board, then the inter-play of this collegial body maybe better understood.

With regard to broader contributions, the future direction should be toward improving both role and Board effectiveness; for better understanding the characteristics needed within crisis/stable contexts; or within particular industry settings. In doing so, the focus should be on building leadership qualities for the longer term, where both role and discretionary capacity bring benefit to business and society. The combinations of improved governance and discretionary capacities should afford longer-term Board tenures and a greater effectiveness in dealing with a fuller spectrum of issues over time, as opposed to being simply specialists or experts.

Ultimately, top teams need a better shared understanding of the bigger picture in their decision-making processes. In this regard, the future trend may be toward the Company Secretary role becoming more equitably engaged with at Board level, as it is critical to the successful strategic contributions of an effective Board. The shift may force the Company Secretary to exercise greater second dimensional rather than third dimensional power (Lukes, 2005). Underpinning such potential developments depends on the nature of the governed marketplace and the preferred types of leadership that are promoted within it.

References

- Agrawal, A., & Knoeber, C. R. (1996). Firm performance and mechanisms to control agency problems between managers and shareholders. *The Journal of Financial and Quantitative Analysis*, 31(3) 377–397.
- APPCGG (2012). *Elevating the Role of the Company Secretary - Lessons from the FTSE All Share* Published Report May 2012 by All Party Parliamentary Corporate Governance Group and Linstock.
- Beau, G. (2016). Beyond the leader centric approach: Leadership phenomena and aesthetics in a conductorless orchestra. *Society and Business Review*, Vol.11, Iss.1, 62-79.
- Berle, A.A., & Means, G.C. (2009). *The Modern Corporation and Private Property*. Rutgers, NJ: Transaction Publications. Originally published in 1932 by Harcourt, Brace and World.
- Boughlet, J., Joffre, O., Simon, E. (2016) How to reconcile business with sustainable development: an innovation approach. *Society and Business Review*, Vol.7, Iss. 3, 212-222.
- Bourne, N. (1998). *Principles of Company Law*. London: Cavendish Publishing Limited.
- Boussebaa, M., Morgan, G., & Sturdy, A. (2012). Constructing global firms? National, transnational and neo-colonial effects in international management consultancies. *Organization Studies*, 33(4), 465–486.
- CA (Companies Act) (2006). *Companies Act*. Retrieved July 20, 2014, from <http://www.legislation.gov.uk/ukpga/2006/46/contents>.
- Cadbury, A. (1992, revised 2010 as Combined Code). *Report of the Committee on the Financial Aspects of Corporate Governance* [Electronic version]. London: Gee (a division of Professional Publishing Ltd).
- Chandler, A. D. (1962). *Strategy and structure: Chapters in the history of the American industrial enterprise*. Cambridge, MA: MIT Press.
- Clarke, T. (2015). Changing paradigms in corporate governance: new cycles and new responsibilities. *Society and Business Review*. Vol 10, Iss 3, 306-326.
- Collier, J. G. (1972). Authority of a Company's Secretary to Enter into Contracts on Its Behalf. *The Cambridge Law Journal*. 30(1), 44-47. Data Retrieved from University of St. Gallen Library database.
- Corbin, J. M., & Strauss, A. (1990). Grounded theory research: Procedures, canons, and evaluative criteria. *Qualitative Sociology*, 13(1), 3–21.
- Corporate Governance Code (2012). *The UK Corporate Governance Code*. Financial Reporting Council. Retrieved February 25, 2016, from <https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/The-UK-Approach-to-Corporate-Governance.pdf>.
- Creswell, J. W., & Miller, D. L. (2000). Determining validity in qualitative inquiry. *Theory into practice*, 39(3), 124–130.
- Cuellar, M.F. (2006). Auditing Executive Discretion. *Notre Dame Law Review*, Article 6, 82(1), 227–312.

- Cutting, B., & Kouzmin, A. (2000). The emerging patterns of power in corporate governance-back to the future in improving corporate decision making. *Journal of Managerial Psychology*, 15(5), 477–507.
- Dalton, D. R., & Daily, C. M. (1997). CEO and Board Chair Roles Held Jointly or Separately: Much Ado About Nothing? *Academy of Management Executive*, 11(3), 11–20.
- Directors Briefing (2015). *Role of the company secretary*. Bristol: Atom Content Marketing.
- Donaldson, L., & Davis, J. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Academy of Management Review*, 20(1), 65–91.
- Dsouli, O., Khan, N., & Kakabadse, N.K. (2013). The Secret to Boards in Reinventing Themselves. In A. Kakabadse & L. Van den Berghe (Eds.), *How to Make Boards Work: An International Review* (pp. 95–136). Hampshire: Palgrave Macmillan.
- Durbin, A. (2016). Missing the gorilla. The Senior Managers Regime is in danger of reducing directors' ability to see the bigger picture. *Governance and Compliance*, March 2016, 30–31.
- Edelman Trust Barometer (2016). Global Report. Retrieved February 25, 2016, from <http://www.slideshare.net/EdelmanInsights/2016-edelman-trust-barometer-global-results>.
- Elshandidy, T., Fraser, I., & Hussainey, K. (2015). What drives mandatory and voluntary risk reporting variations across Germany, UK and US? *The British Accounting Review*, 47(4), 376–394.
- Epstein, M. (1908). *The Early History of the Levant Company*. London: George Routledge & Sons Limited.
- Ernst & Young (2016). Top Board Priorities for 2016. EY Centre for Board Matters. Retrieved March 2, 2016, from [2016/\\$FILE/ey-top-board-priorities-for-2016.pdf](http://www.ey.com/2016/$FILE/ey-top-board-priorities-for-2016.pdf).
- Ferrero-Ferrero, I., Muñoz-Torres, M.J., & Fernández-Izquierdo, M.Á. (2015). Changes in top management team strategies caused by the external financial environment. *Leadership & Organization Development Journal*, 36(7), 849–866.
- Filatotchev, I., & Dotsenko, O. (2015). Shareholder activism in the UK: types of activists, forms of activism, and their impact on a target's performance. *Journal of Management & Governance*, 19(1), 5–24.
- Financial Reporting Council (2014). Guidance on Strategic Reporting. Retrieved February 25, 2016, from <https://www.frc.org.uk/Our-Work/Publications/Accounting-and-Reporting-Policy/Guidance-on-the-Strategic-Report.pdf>
- Finkelstein, S., & Boyd, B. K. (1998). How much does the CEO matter? The role of managerial discretion in the setting of CEO compensation. *Academy of Management Journal*, 41(2), 179–199.
- Finkelstein, S. & Peteraf, M.A., (2007). Managerial activities: a missing link in managerial discretion theory. *Strategic organisation* 5 (3) pp. 237-248.
- Freeman, R.E., Martin, K., & Parmar, B. (2007). Stakeholder capitalism. *Journal of Business Ethics*, 74(4), 303–314.

- Gepken Jager, Ella., van Solinge, Gerard., & Timmerman, Levinus. (2005). VOC 1602 – 2002: 400 Years of Company Law. Law of Business and Finance. Volume 6. The Netherlands: Kluwer Legal Publishers.
- Griffin, J. J., & Mahone, J. F.(1997). The corporate social performance and corporate financial performance debate twenty-five years of incomparable research. *Business & Society*, 36(1), 5–31.
- Gul, F.A.,& Leung, S.(2004). Board leadership, outside directors’ expertise and voluntary corporate disclosures. *Journal of Accounting and Public Policy*, 23(5), 351–379.
- Hamza, F.,& Jarboui, A.(2016). The role of board independence on R&D investment’ choice decided by committed managers: The cognitive management of executives’ discretion. *Accounting*, 2(1),11–30.
- Hannigan, B.(2009).*Company Law* (2nd ed.). Oxford, UK: Oxford University Press.
- Harré, R.,& Secord, P. F.(1972).*The explanation of social behaviour*. Oxford, UK: Blackwell.
- Heyes, J., Lewis, P., & Clark, I.(2012). Varieties of capitalism, neo-liberalism and the economic crisis of 2008–? *Industrial Relations Journal*, 43(3), 222–241.
- Hübner, U.(1999).The Company Secretary in English company law (Der “Company Secretary” im englischen Gesellschaftsrecht).In U. Hübner&W. F. Ebke (Eds.), *Festschrift for Bernard Grossfeld Birthday (Festschrift für Bernhard Grossfeld zum Geburtstag)* (pp. 459–469).Heidelberg: Verlag Recht und Wirtschaft GmbH.
- Jackson, D.(2008).The role of the Company Secretary. In K. Rushton(Ed.), *The Business Case for Corporate Governance*, Law Practitioner Series (pp. 67–80). Cambridge: Cambridge University Press.
- Jensen, M.C.,& Meckling, W.H.(1976). Theory of the firm: managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
- Kakabadse, A. (2014). Findings from Top Teams Boards Database presented at Henley Business School, University of Reading, June 2014 (on-going research).
- Kakabadse, A.(2015). *The Success Formula: How Smart Leaders Deliver Outstanding Value*. London: Bloomsbury Publishing.
- Kakabadse, A.,& Kakabadse, N. (2008).*Leading the Board: The Six Disciplines of World-Class Chairman*. London: Palgrave.
- Kakabadse, A., Kakabadse, N.K.,& Barratt, R. (2006). Chairman and chief executive officer (CEO): that sacred and secret relationship. *Journal of Management Development*, 25(2), 134–150.
- Kakabadse, A., Kakabadse, N., & Khan, N. (2014). *The Company Secretary. Building Trust through governance*. Joint research project and report between Henley Business School and Institute of Company Secretaries and Administrators UK. Retrieved February 25, 2016, from <http://www.geniusmethods.com/wp-content/uploads/2015/01/icsa-the-company-secretary-report.pdf>.

- Kakabadse, A., Kakabadse, N., & Knyght, R. (2010). The “Chemistry factor” in the Chairman/CEO Relationship. *European Management Journal (Special Issue: New Leadership Themes)*, 28(4), 285–296.
- Kakabadse, A., & Van den Berghe, L. (2013). *How to Make Boards Work: An International Overview*. Hampshire: Palgrave Macmillan.
- Kakabadse, N.K., & Kakabadse, A.P. (2007). Chairman of the board: demographics effects on role pursuit. *Journal of Management Development*, 26(2), 169–192.
- Kakabadse, N. K., Kakabadse, A., Kouzmin, A., & Pesqueux, Y. (2013). Rethinking the ontology of the shareholder model of the corporation. *Society and Business Review*, 8(1), 55–70.
- Kakabadse, N. K., Lee-Davies, L., & Kakabadse, A. (2009). Leadership discretion: a developmental experience. *Strategic Change Journal*, 18 (3–4), 111–124.
- Kakabadse, N., & Louchart, E. (2012). Practical approach to elite interviewing. In A. Kakabadse & N. Kakabadse (Eds.), *Elite: The Opaque Nature of Transnational Policy Determination* (pp. 286–307). London: Palgrave.
- Kaye, J. W. (1853). *The Administration of The East India Company*. London: Richard Bentley.
- Kinderman, D. (2012). ‘Free us up so we can be responsible!’ The co-evolution of Corporate Social Responsibility and neo-liberalism in the UK, 1977–2010. *Socio-Economic Review*, 10(1), 29–57.
- Kirkpatrick, G. (2009). The corporate governance lessons from the financial crisis. *OECD Journal: Financial Market Trends*, 2009, (1), 61–87.
- Knightley, P. F. (1931). *The Practical Company Secretary*. Bath: Sir Isaac Pitman & Sons Ltd.
- Knyght, R., Kakabadse, N., & Kakabadse, A.P. (2011a). When Rules and Principles are not enough: Insiders views and narratives on the global financial crises. *Journal of Change Management*, 11(1). 45–67.
- Knyght, P. R., Kakabadse, N., Kouzmin, A., Kakabadse, A. (2011b) Chronic limitations of neo-liberal capitalism and oligopolistic markets: An urgent case for socialised capital. *Society and Business Review*, Vol. 6, Iss 1, 7-26.
- Krause, R., Semadeni, M., & Cannella, A.A. (2014). CEO Duality A Review and Research Agenda. *Journal of Management*, 40(1), 256–286.
- Lukes, S. (1974). *Power: A radical view*. London: MacMillan Press.
- Lukes, S. (2005). Three dimensional power. In S. Lukes (Ed.), *Power: a radical view* (2nd Ed., pp. 137–151). Basingstoke: Palgrave Macmillan.
- McIntosh, A. (2016). Natural Alliances. Head of Internal Audit and Company Secretaries both play the role of trusted advisors to the board. *Governance and Compliance*, March 2016, 33–34.
- McNulty, T., Florackis, C., & Ormrod, P. (2013). Boards of directors and financial risk during the credit crisis. *Corporate Governance: An International Review*, 21(1), 58–78.
- McNulty, T., & Pettigrew, A. (1999). Strategists on the board. *Organization Studies*, 20(1), 47–74.

- McNulty, T., & Stewart, A. (2015). Developing the Governance Space: A Study of the Role and Potential of the Company Secretary in and around the Board of Directors. *Organization Studies*, 36(4), 513–535.
- Mead, G. H. (1934). *Mind, self & society from the standpoint of a social behaviorist* (Edited by C. W. Morris). Chicago, IL: University of Chicago Press.
- Monsted, P., & Garside, G. (1991). *The Role of the Company Secretary: A practical guide*. Institute of Corporate Managers Secretaries and Administrators. Australia: Prentice Hall of Australia Pty Ltd.
- Morris, G. D., McKay, S., & Oates, A. (2009). *Finance Director's Handbook* (5th ed.). Burlington, USA: CIMA Publishing is an imprint of Elsevier.
- Nye, J. (1990). *Bound to Lead: The Changing Nature of American Power*. New York: Basic Books.
- Nye, J. (2004). *Soft Power: The Means to Success in World Politics*. New York: Public Affairs.
- Parker, R., & Tamaschke, L. (2005). Explaining regional departures from national patterns of industry specialization: regional institutions, policies and state coordination. *Organization Studies*, 26(12), 1787–1807.
- Political Info (2014). *General Election Turnout 1945-2010*. Available from: <http://www.ukpolitical.info/Turnout45.htm>. Retrieved 25th February 2016.
- Pontifex v Bignold (1841). *British Columbia Reports*, Vol. 3, 63; *English Reports*, Vol. 133, 1058.
- Pontifex v Bignold (1841). *Manning & Granger's Common Pleas Reports* (England and Wales), Vol. 3, 63; *English Reports*, Vol. 133, 1058.
- Schlott, Adelheit. (1989). *Schrift und Schreiber im Alten Ägypten*. München: Beck.
- Schularick, M., & Taylor, A. M. (2009). Credit Booms gone Bust: Monetary policy, Leverage cycles and Financial Crisis, 1870–2008 (Working Paper No. 1552). *The National Bureau of Economic Research*.
- Schumpeter, J. (1934). *The Theory of Economic Development*. Cambridge, MA: Harvard University Press.
- Sheard, A. G., Kakabadse, N., & Kakabadse, A. (2013). Destructive behaviours and leadership: the source of the shift from a functional to dysfunctional workplace? *International Journal of Social Science Studies*, 1(1), 73–89.
- Solas, J. (2016) The banality of bad leadership and followership. *Society and Business Review*, Vol. 11, Iss. 1, 12–23.
- Spencer Stuart (2011). UK Board Index: current board trends and practices at major UK companies. Retrieved January 2016, from http://content.spencerstuart.com/sswebsite/pdf/lib/UK2011_FINAL.pdf.
- Swabey, P. (2014). Unique Role of the Company Secretary. Company Secretaries Report published August 13, 2014, pp. 30–31.

- Tushman, M., Newman, W., & Romanelli, E. (1986). Convergence and Upheaval: Managing Evolutionary Unsteady Pace of Organizational Evolution. *California Management Review*, 29, no1, (fall 1986) pp.29–44.
- Van den Berghe, L., & Levrau, A.(2013). An Effective Board Makes the Necessary Trade-Offs. In A. Kakabadse&Van den Berge, L. (Eds.),*How to Make Boards Work* (pp. 187–210). Basingstoke: Palgrave Macmillan.
- Van Essen, M., Engelen, P.J.,& Carney, M.(2013). Does ‘good’ corporate governance help in a crisis? The impact of country- and firm-level governance mechanisms in the European financial crisis. *Corporate Governance: An International Review*,21(3),201–224.
- Werder, Axel v. (2008). Führungsorganisation: Grundlagen der Corporate Governance, Spitzen- und Leitungsorganisation. Lehrbuch. 2. aktualisierte und erweiterte Auflage. Wiesbaden: Betriebswirtschaftlicher Verlag Dr. Th. Gabler, GWV Fachverlage GmbH.

Table 1: Historical development of the Company Secretary’s role and duties

Historical Period Role Development¹⁴	Role	Duties	Author
3000 BCE	Analogies – e.g. ‘writer’ (Ancient Egypt)	<ul style="list-style-type: none"> • Registration • Administration • Organization 	Schlott (1989, pp. 90-129)
1550-1650	Consul and administrator of trade (e.g. East India Company; Levant)	Govern (an ambassador or consul and the administration of trade)	Gepken-Jager et al. (2005, p. 177)
1750-1850	Servant (i.e. specialized tasks) – e.g. ‘secretary of the society’	<ul style="list-style-type: none"> • Registration • Administration 	Collier (1972, p. 44); Monsted & Garside (1991, p. 4) Pontifex v Bigold, 1841*
1900-1950	An Officer of the Company (i.e. administration council)	Determined by the bylaws <ul style="list-style-type: none"> • Registration • Administration and Management 	Werder (2008, p. 149)
2000-2015	Officer of the Company and corporate governance officer	Precise duties usually set out in contract of employment (not prescribed by statute) <ul style="list-style-type: none"> • Registration • Administration • Management • Procedures • Communication 	Morris (2009, p. 223)

Source: Designed by authors.

¹⁴The legal evolution of the Company Secretary before 1841 is not clearly traceable.

Table 2: Typical tasks of a Company Secretary

Large Organization	Small Organization
<ul style="list-style-type: none"> • Organizing Board meetings and the AGM • Chairman/CEO/major shareholders/ stakeholder relations • Induction/training of, and point of contact For, Non-Executives • Keeping the Chairman up-to-date on governance/organization matters • Board evaluations (becoming involved in review/selection of third party choice) • Annual reporting – sections within the report • Statutory regulatory compliance; stock exchange listings; share transfers 	<ul style="list-style-type: none"> • Companies House filings • Change of details of directors • Statutory forms • Supply of company accounts • Filing of VAT/PAYE • Dealing with insurance/pension issues • Bank account mandate • Registers of members and charges • Custody of company seal • Company letterheads • Registered office

Source: Kakabadse et al., 2014.

Table 3: Study sample

Study sample		Chairman		CEO		NED		Company Secretary		Independent	
191M	54F	11M	0F	9M	1F	16M	2F	148M	42F	7M	9F

Key: M – male; F–female

Source: Designed by authors with reference to study sample.

Table 4: Analysis of transcripts

Transcripts	Themes	Traits	Characteristics
<ul style="list-style-type: none"> • 40 one-one interviews • 12 focus group sessions 	Hundreds of themes emergent from the transcripts	Themes collated into tens of traits - iterative process	Traits classified into three emergent major characteristics as influences on role

Designed by authors adopting Lukes’ (2005) understanding of power.

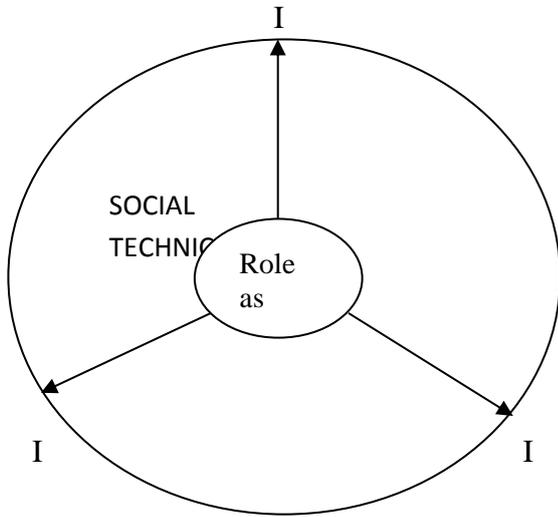
Table 5: Third dimensional discretion of the Company Secretary

Characteristic	Company Secretary traits	Breadth and Majesty
Technical	Understanding of Company law, governance codes, listing rules; financials; attention to detail; administrative and organizational skills; planning; analyzing; minute taking; record keeping; annual reporting; due diligence; looking after Board and committee; getting things right, doing them properly and getting things done.	Discretion I ↑ ↓
Commercial	Minimum two years' prior commercial experience in a different department; Business acumen in decision-making; budget control; problem-solving; flow of direct and relevant information; having justification; confidence in dealing with senior management or Board; managing complexity and bureaucracy; personal situational awareness and perspective; level of independence; self-assurance and integrity.	F I ↑ ↓ F
Social	Emotional intelligence; communication skills; 'Antenna' of the bigger picture; being innovative; speaking the same language in the same way; intuition; relationship management; navigation; soft social skills; interpersonal skills; facilitating; influencing; persuasion; conflict resolution; discretion; diplomacy; tact; intuition; holding the line; knowing how to say 'No'; choreographer; reflection; knowing individual personalities; patience; adaptability, enthusiasm; wanting to learn.	I ↑ ↓ F Role

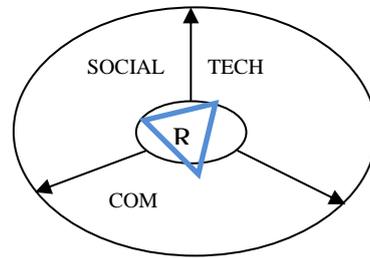
Designed by authors adopting Lukes (2005) to ICSA interview themes.

Key - I: Informal (high level of discretion) F: Formal (low level of discretion).

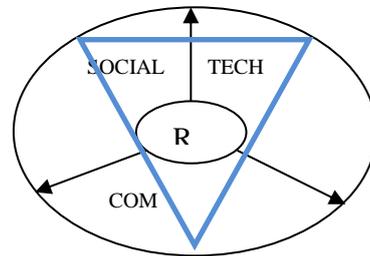
Figure 1: Model of the Company Secretary Role for Board Effectiveness



I: Informal
Source: Designed by authors



(A) Low discretion



(B) High Discretion