



# Corporate Stewardship – Ensuring Sustainability for the Future

## The Foundations of Stewardship

Stewardship is defined as taking care of that which has been entrusted over the long term, so that it can be passed on in better shape. To achieve this aim, individuals and organisations alike need to build on upon three key foundations: values, people, and leadership.

### Values

Stewardship is undergirded by values such as integrity, inclusiveness, harmony, mutual support, compassion, love and compassion, care for people and stakeholders, the pursuit of happiness. These values, while less often discussed in business forums, are indispensable in the practice of stewardship. They are just as fundamental to the long-term success of a business as the more conventionally referenced governance (financial and regulatory) measures. In fact, these values are considered as the key to success in financial terms rather than vice versa. Without a foundation of good values, stewardship is not possible.

### People

Stewardship is fundamentally about people: everything that we do, whether as individuals or as a group, is by people, for people. The values of an organisation, or indeed any group of people extending all the way up to an entire society and

country, begin with the people in that group. Similarly, any successes, problems or issues the group faces ultimately originate from its people, and have to be solved by people.

For businesses, this implies that firstly, everyone in the company, from the Board and top management to the most junior employees on the ground, must be aware of and aligned with its vision and its values. At the same time, organisational culture needs to place emphasis on meeting the needs of people both inside and outside the business. This places human resource policies very close to the centre of stewardship, if not at its core. Businesses need to consider how their policies can incorporate personal development and quality of life for their employees, covering not only “hard” skills development and training but also “soft” values such as development and social engagement.

Going beyond internal policies, businesses should also examine how they can engage people on the outside, whether by taking stakeholder input into consideration when making decisions, or by the more altruistic approach of giving back to the community. For example, many corporations in developing countries around Asia have launched community development programmes to improve the lives of people in their locale.

## Leadership

Stewardship is ultimately about leaders: it is defined not by a given formula, but by the vision, values and inspiration of the leaders of the day, who would in due course pass it on to the leaders following them. The success of any enterprise, be it a business or an entire nation, depends to a very great extent on the calibre of its leaders – other factors such as technological progress or financial wealth will always take a back seat. These leaders should have a clear vision of the kind of future they aspire to achieve, incorporating core values such as integrity, honesty and openness to change, and they need to be able to communicate this vision to others.

The importance of leadership extends into the future, so that succession planning is possibly a most important stewardship responsibility that the leaders of any day and age should bear. To meet the challenges of the future, today's leaders must not spare any effort on developing the next generation of successors who have the right values, traits and skills. This next generation could be developed from within the organisation itself wherever possible: once stewardship has been institutionalised in the organisation's culture through collective values, beliefs and practices, individuals who embody the notion of stewardship will naturally emerge, and these candidates will be the future steward leaders.

## Making Stewardship Work

In corporate terms, stewardship should translate into growth over the long term. The question of how to achieve this was much in discussion at the recent Stewardship Asia Roundtable – a number of stewardship-aligned approaches to long-term growth were raised.

### Planning for the future

Stewardship is about the long term. In order to preserve and grow their assets, and pass on these assets on to the next generation in better shape – not merely financial assets, but intangibles such as values, stakeholder relationships, reputation, and so on – companies need to look at three key areas.

Firstly, they need to carry out succession planning. They need to have a line-up of future leaders who are fully aligned with their values and objectives, and who will be able to guide the company through changes and uncertainties in the future.

To create this line-up, companies must go beyond identifying and grooming their own internal talent. They need to ensure that they can continue recruiting new talent with the potential to lead, and that the new talent is in tune with the community in which the company operates. This means that companies also need to play a role in continually educating the younger generation on the right values.

Secondly, companies need to foster a corporate culture that can sustain stable, reasonable levels of growth and profitability over the long term. This is tied closely to leadership and stakeholder alignment. Companies must have a firm grasp of their own values and objectives, and implement these through relevant policies and processes. They need to nurture a work environment that encourages people to internalise and take pride in these values.

Thirdly, companies need to invest – not just in areas that are beneficial to themselves, but in areas that will benefit the community at large. As aggregators of wealth, resources and talent, with local and potentially global outreach, companies have a responsibility to create products and services that are of value to society. They provide platforms for partnerships and play a role in community building, and, especially in developing nations, they have a place in nation building as well.

Companies need to be aware that people today – investors, consumers, business partners, the global community at large – are increasingly conscientious of values and sustainability. They want to partner with, work for, buy from and interact with morally good companies. In the long term, this will be amongst the most important factors for a company's survival, and it is inextricable from stewardship. ■



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Mr Ong Boon Hwee is the CEO of Stewardship Asia Centre (SAC), a Singapore-based thought leadership centre focusing on promoting stewardship and fostering effective governance of companies and organisations across Asia. SAC also chairs the Singapore Stewardship Principles (SSP) Steering Committee. The SSP (announced on 2 November 2016), is an initiative intended to encourage responsible investment and good stewardship practices among the investor community. Mr Ong directs SAC's efforts to develop and propagate a greater understanding of stewardship.