Managers are to serve the corporation immaterial they are agents or steward: importance of corporate governance in the organisation for commercial performance

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Abstract

In this study, it addresses the agency theory, the steward theory and corporate governance for positive commercial performance. Although agency theory and steward theory are widely studied, the fiduciary duties of directors and managers are overlooked. This study intends to fill the literature gap of fiduciary duties of a director or manger playing an important role in commercial performance. Agency theory is liabilities for the corporate owner whereas stewardship provides for a good corporate governance. This is because directors and managers work for the interest of the corporation. Corporate governance which ensures the good governance of a company ensures accountability, which is essential for commercial gain. This study is qualitative with interviews with managers of the corporations. Findings revealed that directors and manager work for the best interest of the corporation. The agency cost that are needed to monitor the managers are not needed because managers are keen to ensure the growth of their corporations. In decision making of directors, they must keep aside any ulterior motives and serve in the best interest of the corporation.

Type of Paper: Research

Keywords: Agency theory, steward theory, corporate governance, fiduciary accountability

1. Introduction

The large-scale enterprise (LSE) and small-scale enterprises (SMEs) would be prudent when it comes to allocation of financial resources for innovation and merging of another companies. With slow growth of gross domestic product, directors or managers who govern the company would prefer to have the sustainable growth rather than going into liquidation. This paper addresses how corporate governance can sustain its business operation. However, the effectiveness of corporate governance lies on the corporate or company law. Without the law, it is rather difficult to see how a director or manager who breaches his fiduciary's duty would go free.

Although common law provides a set of legal principles for those who breached the fiduciary's duties, corporate governance has its root from agency and stewardship. OECD (2015) argues that corporate governance does not rely on rules and guidelines issued by the Stock Exchange. It is the composition of corporate law, solvency law other relevant laws to ensure perpetual governance in the corporation. Some of it are legislated as the corporate or company law. In Malaysia, the accountability of directors or managers is contained in the Companies Act 2016. This study explores whether the agency theory and stewardship theory contribute to sustainable business growth.

The objective of this study is to find out the agency, steward, and accountable director/manager governs his/her company or business. Since corporate law forms the corporate governance, the methodology is qualitative.

2. Literature Review

The following addresses agency, steward theory, corporate law whether the accountability of directors or managers shall be explored to find out whether there is accountability.

2.1 Agency theory

Its origins can be traced back to economic and financial literatures. Agency theory distinguishes between the ownership and manager (Berle & Means, 1932), with the principal delegating duties to the agent (Fama & Jensen, 1983; Jensen & Meckling, 1976a). In this sense, directors and shareholders are in expectation of positive return for the investment, and these stakeholders rely on the agent's expertise to make a correct decision-making for the corporation. As the business becomes more complex, the principal has difficulty in monitoring the agents, and their loyalty to the corporation is questionable. Jensen and Meckling (1976a) believe that agents are not the shareholders of the corporation. They may have the mindset of not giving the best because no rewards or perks are given to them. As a result, agents' behaviour and attitudes are geared toward harnessing profit for them (Grundei, 2008), and while neglecting their contractual obligation. However, agents' competing interests is tantamount to the breach of fiduciary duties (Manning, Braam, & Reimsbach, 2019).

Jensen (1983) proposes two important remedies to address these fiduciary issues, that is, the principal-agent risk bearing mechanism and positive agency theory. The former mechanism involves entering a contract with a reasonable gain for the agents. This approach ensures that an agent performs its fiduciary duties without any self-interest, thereby lowering agency cost (Jensen & Meckling, 1976b). The latter mechanism is central to the incomplete terms in the contract of the corporation (Fama & Jensen, 1983; Jensen & Meckling, 1976a; Jespersen, Rigamonti, Jensen, & Bysted, 2017). Also, the bargaining power between an agent and corporation should be based on fairness which is the fundamental of rule of law in corporate governance. In business domain, any investors would want their investment to be transformed into financial gain, this is the expectation of investors. The burden falls onto a director/ a manager to ensure that any investment is converted to financial gain. Although the law does not punish of erroneous business judgement, the director/manager owes fiduciary duty to the company.

In the context of corporate governance, agency theory seeks to support that board of directors (BOD) because they can overcome any disputes arising from the contractual obligations (Blair, 1990). However, Blair (1990) saw in a real scenario that too much power vested in the managers could lead to abuse of power or mala-fide, which must be curbed through the form of constitution or other form of arrangements.

A final note about agency theory, shareholders and board are regarded as entities (Bob, 2009), of course as legal entities. Bob (2009) asserts that decision-making is done at the directors' level and managers are supposed carry out the duties. The principals are unable to control the agents because they are confined in their decision making and policies of the corporation (Arnold & de Lange, 2004). In fact, agency theory stresses on internal affairs between the owners of corporation and managers, managers are busy carrying out duties. With such a disadvantage to the principal, it is impossible to control the agent's action and thus has serious legal implications(Jensen & Meckling, 1976a). In view of the above, the hypothesis is as follow:

Proposition 1. *A proper governance ensures a good performance of a company.*

2.1.1 Criticism of Agency theory

This theory is built on assumptions and prediction. The agency theory does make any provision for performance or business growth of the corporation. As such, it requires controlling the management system for the positive performance (Henry, 2010; Hiastori, Siregar, Sembel, & Maulana, 2015). This would result in the implementation of unpleasant polices such as sanctions and incentives (Homayoun & Homayoun, 2015), which adversely affects the managers. Many nations constantly devise the corporate governance systems to improve the defects in their governance systems. Although there is the internal control such as auditing, it is not that easy to monitor them in case of breach of fiduciary's duties. To overcome financial rewards to a manager, promotion to a higher rank such as CEO would go a long way for the success growth of the corporation. In this way, it is possible to reduce the cost of monitoring the agent's performance.

Proposition 2. *Cost to monitor a manager reduces the financial burden.*

2.2. Stewardship theory

Stewardship theory has its roots in the organisational psychology and sociology upon which the organisation works collectively to accomplish the desired outcome (Davies., Schoorman, & Donaldson, 1997; Donaldson, 2012; Donaldson & Preston, 1995). The allocation of budget to monitor a manager does not arise in the steward theory. It is unnecessary to allocate funds to monitor or any financial rewards during the time of economic unpredictability. As a steward, his role is to serve in the best interests of a company and therefore there is no prevalence of self-interest or conflict of interest (Davies. et al., 1997; Grundei, 2008; Kuppelwieser, 2011; Qiao, Fung, Miao, & Fung, 2017). Having this type of setting, one can conclude that a company enhances positive performance (Davies. et al., 1997; Donaldson, 2012; Donaldson & Preston, 1995; Hernandez-Lara. & Gonzalez-Gonzalez, 2019; Hernandez, 2011). However, it is beyond the scope to address what are the financial and reward systems are given to the stewards for the effective performance.

Fiduciary accountability is the combination of trust, actions, and accountability, all of which become the fundamental approach of the steward theory. In corporate governance, the administration of a company lies on to the manager who has the fiduciary responsibilities to the company. This in a way contradicts the assumption of stewards' opportunistic behaviour.

In any managerial activities, there is the possibility for a manager to breach his fiduciary duties. It is not found in the steward theory because of the assumption is based on non-indulgence of any financial perpetration in a company, hence the theory does not account for this phenomenon. According to Buchanan, steward's duties are confined to the duties entrusted to them (Buchanan, 1966). In this respect, Lord Cairns while delivering his judgement commented that managers appointed in the corporation should not prioritise their interests as it would causes losses to the company and drastically affects stakeholders (Rabindra, 2021; Walter, 2020).

2.2.1 Criticism of steward theory

Studies on this theory confine on governance mechanisms, which fail to shed light on areas where directors and manager may collaborate for personal gains. Sundramuthy and Lewis (2003) emphasise the importance of collaboration among directors and managers, who form the

"governing team." It is not possible to pursue a proper corporate strategy without a collaborative team.

Proposition 3. *Directors* and manager collaborate for the purpose of commercial gain.

The stewardship theory makes no mention of information asymmetry or bounded rationality. This theory stresses that stewards tend to comply with the owners to achieve those goals, even if stewards are unaware the objectives of the organisation. It is assumed that owners and managers communicate in the meeting. Given to the situation of bounded rationality and information asymmetry (Harding, 2013; Hernandez-Lara. & Gonzalez-Gonzalez, 2019; Andrew Keay, 2017; Rabindra, 2021), it is impossible for stewards to know the exact policies and objectives of the corporation as the organisation grows larger.

Proposition 5 *Managers can perform better if they are provided the objective and objects of the organisation.*

2.3 Fiduciary responsibilities

The meaning of fiduciary duties is explained by Lord Justice Millett in the case of Bristol & West Building Society v Mothew that " a fiduciary is someone who undertakes to act for or on behalf of another in a particular matter which give rise to a relationship of trust and confidence" (Harding, 2013; Rabindra, 2021; Walter, 2020).

The fiduciary responsibility of a director or a manager is the functional process in which proper governance is implemented to ensure assets are properly maintained, assets surpass liabilities (Ibrahim, 2017). While the Code of Corporate Governance in Malaysia provides a guide for companies listed in Security Commission (Bursa Malaysia), it can be used as guidance for other companies that are unlisted.

2.3.1 Fiduciary duties of directors and Companies Act 2016 of Malaysia

The abovementioned Act came into effect 2017 with several landmark changes such as accountability, business judgement, no personal interest. In this Act, common law principles of fiduciary duties were incorporated in section 213(a) (b). The appointment of stewards, managers, is provided in the Act, and they must serve in the best interests of the corporation. Both directors and managers must exercise their discretion in the best interests of the corporation when making the business or management decisions. In case directors have given interest to someone else, directors or managers have breached their fiduciary duties. Malaysian corporate law makes it clear that directors may violate their fiduciary duties to the corporation even if they are not morally wrong (Walter, 2020). In the modern context, the rule is clear that whatever duties or policies given by a director, such rules or policies must commercially benefit the company. According to Walter (2020), it is 'commercially justifiable from the company's point of view' (at pg.249)

Obviously, directors are supposed to give prominence to the commercial transactions which benefit the corporation because corporation is a commercial entity. Corporate decisions are not based on the personal interests of shareholders, creditors, and employees; it is in these practical areas that agency and steward have ignored. When the decision is made to reinvest profit into the company rather than to pay dividends or bonuses, company's interests outweigh the interests of shareholders and employees. As long as the decision is made honestly and best interests of the company best interests, it cannot be impugned as a breach of duty (Walter, 2020).

Proposition 4. *Directors who perform their fiduciary duties ensure good corporate governance with commercial gain*.

A director may be acting in good faith in what he honestly believes is in the best interest of the company, it is still possible for him to be in violation of his fiduciary duties. Legally speaking, a company is a separate personality and distinct from its members. It is considered a breach of a director's fiduciary obligations if the director is found to have misused the company's resources or abused the power that has been delegated to him by the board of director.

While the director tries to benefit himself or third party, it is not difficult to characterise his exercise of power as improper duty (Walter, 2020). At times, it is difficult issues arises when a director assumes that his exercise of power is in accordance with company's interest, albeit for a purpose that is 'foreign to the power'. Literally, the exercise of directorial authority is for an improper purpose is considered as a breach of duty, even if it is misguided (Walter, 2020).

Proposition 5. *Director misapplies the company assets run contrary to corporate governance which affects the company performance*.

3 Methodology

Qualitative methodology is suitable for this study. This is because of analysis of the propositions. The other method, qualitative, is not suitable because of general analysis and respondents may not understand items contained in the questionnaire. Although, time is needed to conduct semi-structure interviews and most interviews were conducted through Zoom. It is difficult to request a meeting as managers are busy with corporation affairs. Owing to temperamental nature of managers, fixing of appointment for the meeting is done by the secretary (Eisenhardt, Graebner, & Sonenshein, 2016; Gill, Johnson, & Clark, 2010; Gillham, 2010). This methodology is effective for unearthing information to answer the propositions (Kumar, 2019; Tashakkori & Charles, 2003).

Prior to the meeting, semi-structured questionnaire was emailed to the secretary so that the managers in the interview would be fully aware of the questions. Having this method, the meeting would be cordial (Sturge., Judith, & Hanrahan, 2004; Sunder, Ganesh, & Marathe, 2018).

4. Analysis

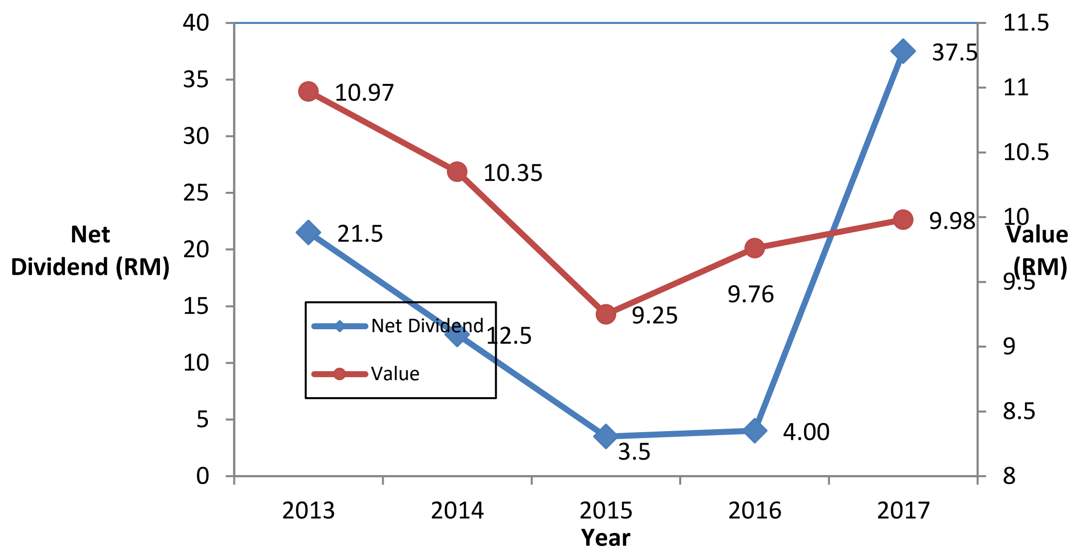
4.1 Corporation A

This corporation is listed in the Stock Exchange, which is one of the best counters. The corporation had its humble beginnings when it was founded in 1965. Directors with entrepreneurial instinct extended its wings in overseas and incorporated subsidiaries. It has become a holding corporation. The nature of business is holiday resorts in hilly regions and casinos. It attracted customers besides Malaysia. With such entrepreneurial skills, directors, managed to brand their business and tied up with Universal Studios, Twentieth Century Fox, Premium Outlets and Hard Rock. It has diversified the business such as laying of petrol pipelines, repairs, and installation.

Besides, the stock market for the year 2013 to 2017 is encouraging with a continuous rise in the share price as depicted at Figure 1. However, pandemic covid-19 has reduced foreign tourists and locals to the site.

A Video conference was conducted with one of the executives of Corporation A. The meeting was cordial which lasted for an hour with a ten-minutes break. Since questionnaire as

depicted at Table 1 was emailed to the corporation one week prior to the interview, the interview was confined to the questions and some other relevant questions. Based on the



interview, the corporation has three tier meetings: managerial, manager, and board of directors. Directors own a greater percentage of share and make the major decision such as future investment and risky projects. However, managers and executive carry out their duties as directed.

This organisation allows managers and executive to discuss on business and marketing strategy. In the meeting, not all directors attend the meeting with the CEO to make the entrepreneurial and strategy decisions. It is reported that the CEO discusses at the board level. If an executive or a manager proposes the market strategy that CEO believes is effective, the CEO will invite the concerned staff to attend the meeting to discuss the effectiveness of his/ her marketing strategy. According to the respondent, all staffs are treated with respect and considered them as corporate workers, and they are exposed to the corporation culture and objectives of the organisation. Respondent clarified that the organisation works on trust basis and gives more important to the employee's ability to give innovative ideas.

Figure 1

Dividends declared

Table 1 Questions for the respondents

NO	ITEMS
1	My manager has a proper governance.
2	My company manages financially well.
3.	Managers work in the best interest of the corporation.
4.	Managers with fiduciary accountability ensures commercial gains to the corporation.
5.	Managers are honest while performing their fiduciary duties

This organisation's culture is to send the employees to training session to become familiarised with the company's objectives. The respondents explained that directors had given bonus shares to the employees. As a result of the covid pandemic this corporation was severely affected in the first quarter of 2021, resulting in massive losses. It kept the size under control by reducing unnecessary overhead costs. The respondent hopes that the pandemic is contained so that business can resume normal operations

4.2 Corporation B

This company, established in 1980, has extended its outlets throughout Malaysia. It caters to different types of foods for customers. The restaurant started with five employees and currently employs more than 100 workers, mainly foreigners. They are skilled and semi-skilled workers. The governance of the corporation consists of a board of directors and a CEO who make the major decisions and policies. In restaurant business, there are frequent inspections by the government authorities with rules and regulations that must be complied with.

For the supervision and smooth running of the business, each manager is appointed to supervise and make quick decision. They must manage and supervise the operation of each zone, which comprise of four restaurants. A personal interview was granted, and he was interviewed in one of the restaurants.

The meeting with the respondents was cordial and lasted an hour. According to the respondent, the peak time is difficult to manage because the workers get alienated. To overcome this shortfall, locals are employed on a part-time basis with better wage, and two robots were seen plying the aisles between the tables to deliver the ordered foods to customers. Recently, the business has increased due to digital marketing. Foods are ordered online, which must be delivered promptly. It is assisted by a private agency which undertakes to deliver the food in less than ten minutes. The food is packed with a disposal package which is free from carcinogens.

Respondent elaborated that special lunch and dinner meal are organised, the business strategy, to woe customers, akin going to dine in an ordinary restaurant. Customers are advised to book in advance. While preparation of food, attention is given to aesthetics such as taste, texture, quality, organic and more importantly on product-quality measures. These include cordial employees, food served quickly as ordered and a sense of professionalism. As part of business strategy, pricing is an important determinant for customers. According to the respondent, a lesson is learnt not to increase the price as customers would not patronise in future. It is the policy of this company not to increase the price. With an increase of tax, habit of customers would change because customers would not like to dine if prices are high. So, the company offers special discount for its customers.

According to the respondent, different market strategies are devised to attract larger customers who prefer to have a larger portion of meal with a reduced price. This attracts more customers daily. However, different menu is prepared to maintain the same number of customers. By engaging in these strategies, the company gives more attention to the needs of customers. This ensure customers' satisfaction, and it is hoped that they will frequent to any of their restaurants in Malaysia.

At the governance level, directors have periodical meetings to discuss the new venture, capital management, and credit-management. The board of directors and managers meet each month to get the feedback about the operation, customers' complaints, and hospitality of the workers. Although the meeting between directors and managers are paradox-based, decisions

are made after analysing competing issues. The priority of managers is to work in the interest of the corporation and stakeholders.

Foreign workers are treated like local workers and bonus is given to them for their performance. The respondent commented that foreign chefs with vast experiences contributed to the increase in customers.

Although the organisation is getting bigger, there is good working relationship with the board of directors. BOD encourages the managers to come out with innovative ideas to brand their products, and trademark. According to the respondent, these managers become conscientiousness of their job which motivates them to strive for the company's interest. The company initiated a factory before the pandemic to manufacture food products which are marketed online. According to him, the products are in demand during the movement control and lock-down.

Furthermore, this company has accumulated a net profit for past ten years because of good corporate governance, monitoring, creative foods, and other activities. The factory production has increased its production due to digital marketing. Digital marketing is given to a private company to design the interface, security, and user friendliness.

4.3 Corporation C

It is one of the rated hotels that are in the heritage city of Malaysia. The hotel industry is vulnerable to market sentiments. When interviewed, the senior manager was cordial and furnished information. The interview was held before nation's lockdown. According to him, tourists are no longer travelling globally, which has affected not only his hotel but other hotels in the industry.

The common hotel strategy is daily rate which depends on occupancy and the economic situation. Although the discount rates and free breakfast were appealing the respondent lamented that those who patronise were the regular customers. Besides, there was a sudden increase of booking when the government allowed inter-state travel.

In the past, hotel made profit and extended its business into property development. Most decisions that involve risk ventures are decided by the BOD after careful evaluation. According to him, managers do not meet the directors, but they meet CEO on a quarterly basis to discuss the management, strategy, and other issues. Currently, the covid 19 pandemic caused 8% occupancy which affects the company earning. A respondent commented that company is devising ways to cut expenses and increase the sales.

5. Findings

This study sought to address the propositions and secondly to expand the knowledge of agency, steward theory, and corporate law in the context of corporate governance, which ensures positive commercial performance.

Corporation A is a well-established corporation with strong capital reserves. The decision-making process is integrated with corporate governance, and there have been no breach of fiduciary duties of directors and managers to date. Proposition 1 states that agency works differently with corporate governance. In agency theory does not work contrary to corporate governance if managers are accountable (Wang, Chen, Fang, & Tian, 2018). This corporation has corporate governance setting as the board makes the important decisions and

polices in the corporation's interest. Although there are legal cases of breach of duties and conflict of interest, they are not prevalent in this study, directors/managers have geared their attention to positive performance. The findings showed that directors are the decision makers in both Corporation 1 and Corporation 2. Following the interview, the directors of two corporations meet on regular basis to review the commercial performance of the corporation and their interests.

For proposition 2, agency theory which binds the contract between the principal and agent may have positive performance. This theory stresses that agency tries to enrich himself because whatever his fiduciary duties go unrecognised. In these cases, directors and senior managers meet for discussion, and they contribute to positive commercial performance. Since this corporation complies to the corporate governance for commercial gain and welfare of employees, these corporations have been making profits over the years.

Additionally, preposition 3 is about stewardship theory approaches fiduciary responsibilities of corporate governance for business growth. Based on the past performance, of Corporation 1, the effective management is due to corporate governance in which stewards carry out their fiduciary responsibilities. Based on the interview, Corporation A which is listed in the stock exchange adhered to accountable governance. Also, there is no extra cost to monitor any fraudulent activities of a steward. Limijaya, Hutagaol-Martowidjojo, and Annisa (2021) studies reveal cost of monitoring reduces financial performance, but this is not for this corporation. For Corporation 2, managers showed keen interest of the corporation's growth. They played an important role in their respective business operations. The meeting with directors and managers built a better understanding of spirit of working in the organisation, all of which contributed to the commercial gain. In Corporation C, CEO and managers met to discuss the management strategy and other issues. All in all, these corporations have one thing common, that is, to govern according to the corporate law.

Managers and directors of these corporations complied their fiduciary duties, which is one of the important ingredients of corporate governance. As part of the corporate governance, each one of them must account to the corporations for their actions. It is known that the corporation is distinct form its members, which include directors, shareholders, employees and other stakeholders (Andrew Keay, 2017; Anderw. Keay, Looghery, Mcnulty, Okanigbuan, & Steward, 2020; Walter, 2020). Directors and CEO are involved in the mainstream of business decision which also involved in risky venture and merger of other companies. The financial management is tabled by financial manager with CEO, directors, and managers. Market oriented and business- oriented managers provide their feedback, ideas and market strategy to the CEO.

Discussion and implications

In this study, we conceptualise the fiduciary duties of corporate governance. Fiduciary duties have been overlooked in the literature of agency theory and steward theory. Agency theory emphasises that an agent seeks to enrich himself due to uncertainty and a lack of future avenues(Bonazzi & Islam, 2007; Buchanan, 1966; Davies. et al., 1997), whereas stewards' owe loyalty to the organisation without monetary gain (Davies.et al, 1997). This is seen in these three corporations that managers and directors work towards the commercial gain while serving in the best interest of their corporations.

Presuming the directors and managers practise on monetary gains, the corporations would adversely affected in the context of profit or commercial gain. Samson, Foley, Gan, and Gloet (2017) studies on the family firm governance affirm that decision-making plays an important aspect in the financial performance. According to an interview with three

corporations, before embarking on risky projects, the directors make major decisions guided by the principles of fiduciary duties, personal and independent professional advice.

These corporations have corporate governance that complies with the law to ensure that no monetary gain is involved by managers or directors. In the event of a pandemic, these managers and directors cut unnecessary overhead costs and seek to generate income. Also, our study provides a better understanding of directors' and managers' effects on commercial performance A similar study by Qiao et al. (2017) affirms that companies with a CEO ensure the growth of a firm and agency costs are no longer needed. Likewise, this study confirms that these corporations do not allocate budgets for agency costs as the managers perform their duties in the interest of the corporation. The success of these corporations is due to the practise of corporate accountability.

The distinctiveness of a corporation from its members is clearly stated in corporate governance (Andrew Keay, 2017; Anderw. Keay et al., 2020; Walter, 2020), this concept, these corporations can perform well. To have such performance must be attributed to the accountability of directors and managers. It is the fundamental law that fiduciary responsibility moulds these officers to put their mind and efforts to serve the corporations towards positive financial performance.

This study is important for policymakers and managers in corporate governance. Based on this study, risk involvement by directors with the CEO If directors or managers fail to fulfil their fiduciary duties, the company is held accountable to its shareholders and stakeholders. As decision-making is an important part of corporate governance, decision-making on risky projects needs to be evaluated. Based on the observations and interviews, companies facing a drop in sales due to the nation's lockdown should not honour their employees by providing perks during such poor financial and non-financial performance. Although employees are the assets of the organisation, it is not the correct time to think about incentives.

Consequently, the importance of corporate governance is crucially relevant in times of crisis, and so is the willingness to forgo it, which becomes a difficult task for the directors. In devising and implementing strategies to curb unnecessary expenses, directors and managers must make corporate decisions without causing any disharmony in the organisation.

Corporate law has the provision to punish for personal financial gain. It is necessary to have a proper culture and understanding between directors and managers to work for commercial gain. At the organisational level, top management must abandon the traditional and time-consuming decision-making process. For that, it is necessary to have participative, professional and decision-makers must decide comprehensively based on the independent report of evaluation.

The serious implication of decision maker is the possibility of court process being initiated by shareholders (Millstein, Odoner, & Sharma, 2018). Directors or managers would be cautious when making risky decision because of the possibility of court action. In these circumstances, corporate law must protect the board, as long as they make the business judgement in the best interest of the company. If any business judgement decided by directors which cause fatal to the corporation would come under the scrutiny of court.

6. Future Research

Corporate governance, with the addition of legal elements, can be effective if a longitudinal study is conducted with SMEs in mind. to the increase in SMEs, it is proper to explore how corporate governance and fiduciary accountability determine sustainable business

growth. Also, the quantitative study would provide more understanding of corporate governance in the context of corporate law..

7. Conclusion

Agency theory, which hinges on the monetary gain, does not contribute to the commercial performance of a corporation. The steward theory which has some components of the corporate governance allows corporation to experience business growth. Corporate governance with corporate law ensures the accountable governance, which is essential for the growth of the organisation and enjoys a competitive advantage. With the entrepreneurial skills of directors, decisions made would benefit the company and stakeholders. (Alhakimi & Mahmoud, 2020; Bendle & Vandenbosch, 2014). In any decision-making of directors, risky venture is a gamble in business, and this pays off with profit. Presently, fiduciary responsibilities have become corporate law across the global which also includes China (Chen, 2014), forms the basis of inner conscience for the directors to be honest and discharge their responsibilities without any ulterior motive. This is the fundamental rule of corporate governance.

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