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Probing the Classical Theory of the Role of the Firm in the Context of the COVID-19 Pandemic

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Abstract

The ongoing COVID-19 pandemic has exposed the conflict between the shareholder-centric form of governance and benevolent capitalism. Diverse shortcomings have deflated the government's efforts towards taming the catastrophic consequences of the pandemic, hence calls for private sector involvement. Efforts to rope in corporations are, however, impeded by factors such as the firms' inward-looking nature, that is the boards' obsession with shareholder value-adding activities. It is this fixation on the short-term value of the shareholders that impedes continued involvement in resolving social ills. Although the private sector has made initiatives to complement government efforts, these philanthropic gestures are mere tokenism; greater and deeper corporate involvement is needed to promote societal welfare.

Keywords: COVID-19; pandemic; shareholders; classical theory; corporate governance; stakeholder

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1 INTRODUCTION

The robust containment measures instigated by the need to stem the spread of the COVID-19 virus have culminated in unintended consequences ranging from economic, and fiscal to social challenges which arguably surpass those that battered global economies during and after the Second World War.¹ With the pandemic showing no downturn but instead, rebounding in diverse variants and waves,² it is unarguable that economies will continue to dig deep in their reserves to protect firms, households, and susceptible populations from its aftereffects. It is the duty of the government to ensure social justice and champion social welfare,³ especially, in times of emergency. However, for underprepared, ill-equipped economies such as South Africa which are characterised by limited resources, fiscal support and investment recovery packages can only go so far, hence the calls for corporations to play a more prominent role to complement government efforts.⁴

This article argues that the pandemic and the resultant call for corporate involvement have provided a forum for revisiting the classical theory of economics, especially the role of the firm in society. More specifically, the pandemic has culminated in the rebirth of the debate between the corporation's value creation agenda versus the interests of non-shareholders such as communities. Riding on theoretical scholarship on this subject, this article focuses on how the firm has found itself at a crossroads during the pandemic and seeks to explain the reticence of the private sector in mobilising its resources to augment government efforts. More specifically, it argues that moral considerations stemming from the social status of corporations provide incentives to corporate boards to broaden their mandate beyond their obsession for profit objectives and pay attention to social concerns. It posits that by balancing the profit objective against societal needs that do not necessarily amplify corporate profits, corporate boards could engender greater profits over the long term.⁵

This article proceeds as follows. The ensuing section restates the social, economic, and fiscal condition that the pandemic has wrecked in South Africa and highlights how, due to its inadequacies ranging from limited resources and corruption,⁶ the government has been hamstrung in its endeavour to ameliorate the adverse impact of the pandemic on the economy and society. Having set out the context, the third section revisits the debate around corporate existence and argues that the pandemic exemplifies conditions that make a case against the profit element being the solitary purpose for the existence of corporations. The fourth section deals with the aspect of corporate altruism as a contrast to the insular model of governance. The

- 1 OECD Policy Responses to Coronavirus (COVID-19) "The Territorial Impact of COVID-19: Managing the Crisis Across Levels of Government" (10 November 2020) <https://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government-d3e314e1/> (accessed 22-08-2021); Gross and Sampat "Crisis Innovation Policy from World War II to COVID-19" in *Entrepreneurship and Innovation Policy and the Economy* (2022).
- 2 Luring, Malani "Variants of SARS-CoV-2" 2021 *JAMA* 326 880 doi:10.1001/jama.2021.14181; Harvey, Carabelli, Jackson *et al.* "SARS-CoV-2 Variants, Spike Mutations and Immune Escape" 2021 *Nat Rev Microbiol* 409.
- 3 See generally Stiglitz *People, Power, and Profits: Progressive Capitalism for an Age of Discontent* (2019).
- 4 Devex "Bringing the Private Sector to the Front Line of the COVID-19 Battle" (2021) <https://www.devex.com/news/sponsored/q-a-bringing-the-private-sector-to-the-front-line-of-the-covid-19-battle-98414>; Clarke "All Hands on Deck: Mobilising the Private Sector for the COVID-19 Response" (2021) <https://www.uhc2030.org/blog-news-events/uhc2030-blog/all-hands-on-deck-mobilising-the-private-sector-for-the-covid-19-response-555347/> (accessed 22-09-2021)
- 5 See generally See, e.g., *Shlensky v Wrigley*, 237 N.E. 776, 780 (Ill. App. Ct. 1968).
- 6 See e.g. Transparency International "In South Africa, Covid has Exposed Greed and Spurred Long Needed Action Against Corruption" (2020) <https://www.transparency.org/en/blog/in-south-africa-covid-19-has-exposed-greed-and-spurred-long-needed-action-against-corruption> (accessed 27-09-2021); Parliament of the Republic of South Africa "SIU to Investigate 'Disgraceful' Covid-19 Corruption" 2020 *In-Session* 2.

fifth section considers how efforts to engender benevolent capitalism could find fertile ground in the cultural norms of ubuntu and makes a case for ubuntu management as a component of corporate social responsibility. This is followed by the sixth section which makes closing remarks.

2 RESTATING THE IMPACT OF THE PANDEMIC ON SOCIETY

The delicate trade-off required to balance the interests of the health of the people against those of the economy has *inter alia*, been associated with unforeseen pressures on the South African government. In a country characterised by one of the widest inequality gaps in the world,⁷ the dawn of the pandemic had the effect of exacerbating poverty, especially with regard to the vulnerable. That over 2,2 million jobs were lost in the first year of the pandemic means that food insecurity across the country has been deepened.⁸ It is therefore fair to say that the hope of attaining a poverty-free South Africa by 2030 in terms of the United Nations' Global Goals remains a pipe dream.⁹

To its credit, the government of South Africa has come up with fiscal packages aimed at cushioning businesses and the citizenry from the harsh impact of the pandemic. However, not all the intended beneficiaries of those schemes have received such aid. It is no wonder the president of South Africa lamented that support to the vulnerable has been tardy and sluggish.¹⁰ It is not surprising that such fiscal overtures have been derided as “a plaster-sticking exercise that will offer temporary and inadequate relief... [and] offers too little for the most vulnerable people.”¹¹ Such a gloomy outlook only serves to underscore the government's failure to effectively deploy what resources it had at its disposal to contain the adverse effects of the pandemic.¹²

A plethora of shortcomings mean that the government cannot accomplish much, hence the agitation for benevolent capitalism in the form of corporate involvement. Much as the private

7 Stats SA “How Unequal is South Africa?” (2020) <http://www.statssa.gov.za/?p=12930> (accessed 27-09-2021); The Economist “Unpicking Inequality in South Africa” 25 September 2021; Makgetla Inequality in South Africa (2018).

8 See Business and Human Rights Resource Centre “South Africa: Three Million South Africans have Lost their Jobs as a Result of the Covid-19 Pandemic, Women most Affected” <https://www.business-humanrights.org/en/latest-news/so-africa-three-million-south-africans-have-lost-their-jobs-as-a-result-of-the-covid-19-pandemic-women-most-affected/> (accessed 27-09-2021); World Bank “South Africa Economic Update: South Africa's Labor Market Can Benefit from Young Entrepreneurs, Self-Employment” <https://www.worldbank.org/en/country/southafrica/publication/south-africa-economic-update-south-africa-s-labor-market-can-benefit-from-young-entrepreneurs-self-employment> (accessed 27-09-2021).

9 *Global Citizen* “5 Ways South Africa's Private Sector Has Supported Pandemic Recovery” <https://www.globalcitizen.org/en/content/south-africa-private-sector-covid-19-response/> (accessed 28-09-2021).

10 *SA Government News* “President Ramaphosa Bemoans Alleged Food Parcel Theft” 20 April 2020; *Sunday Times* “Harsh Consequences for ‘Disgusting’ Food Parcel Thieves: Cyril Ramaphosa” 20 April 2020.

11 Gqubule “A Stimulus Package that Will Neither Stimulate or Heal” *Sunday Times* 26 April 2020.

12 Schröder, Bossert, Kersting *et al.* “COVID-19 in South Africa: Outbreak Despite Interventions” 2021 *Sci Rep* 4956; Nkengasong and Mankoula “Looming Threat of COVID-19 Infection in Africa: Act Collectively, and Fast” 2020 *The Lancet* 841.

sector has made initiatives to complement the government's COVID-19 containment efforts,¹³ this is arguably tokenism; greater and deeper corporate involvement is expected to promote an enduring culture of corporate philanthropy.

3 THE CLASSICAL THEORY OF CORPORATE GOVERNANCE

Before considering the impediments to private sector involvement in welfare issues, it is important to consider why in the first place a strategic public-private collaboration would be a noble idea, particularly during a pandemic. Factors such as budget constraints particularly on the part of the government make a strong case for the government to consider piggybacking on the private sector's resources, such as its deeper pockets.¹⁴ Such partnerships could engender several positive outcomes including capacity building and knowledge transfer to upskill public-sector officials and improve public procurements.¹⁵

Although persuasive mechanisms place emphasis on the need for corporate boards to factor in the welfare of the community as part of sustainable development,¹⁶ corporations are generally averse to engaging in these non-core activities. There are diverse dynamics that account for this. It should not be forgotten that "corporations are not structured to be benevolent institutions. They are structured to make money. In the pursuit of this one goal, they will freely cast aside concerns about society and ecological systems in which they operate."¹⁷

Therefore, chief among these constraints is the canonical profit agenda which puts "pressures on corporate boards ... to resist the pressure to emphasize the delivery of immediate profits over the implementation of longer-term strategies that might yield more durable and more substantial benefits to stockholders, as well as society in general."¹⁸ Put differently, the "difficulty with the corporate entity is that it has a dynamic that doesn't take into account the concerns of flesh and blood human people who form the world in which it exists."¹⁹

At the core of this model is the "whose interests" objective of corporate governance. Unlike the stakeholder model which argues that corporate managers make decisions in the interest of all

- 13 At best, the response from the South African private sector is best exemplified by the Business for South Africa (B4SA) Alliance which has been formulated to support the government-led national vaccine programme. See <https://www.businessforsa.org/> (accessed 29-09-2021). Other notable examples include chemicals and energy company SASOL which has increased the production of hand sanitiser in conjunction with AngloGold Ashanti. The Imperial Group will provide sanitiser tanks for the transportation of sanitisers to the hospitals. <https://www.weforum.org/agenda/2020/03/how-are-companies-responding-to-the-coronavirus-crisis-d15bed6137/> (accessed 29-09-2021); Old Mutual Limited pledged R50 million toward a comprehensive COVID-19 response, in partnership with government, business, labour and civil society <https://www.oldmutual.co.za/news/old-mutual-pledges-r50-million-towards-comprehensive-covid-19-response/> (accessed 30-09-2021). For a more comprehensive outline of the participation of the private sector in the South African context see Global Compact Network South Africa "South African Private Sector Response to Covid-19" <https://globalcompactsa.org.za/special-initiatives/how-south-african-companies-are-responding-to-covid-19/> (accessed 30-09-2021).
- 14 World Bank "Government Objectives: Benefits and Risks of PPPs" <https://ppp.worldbank.org/public-private-partnership/overview/ppp-objectives> (accessed 30-09-2021); OECD "Public Governance of Public-Private Partnerships" <https://www.oecd.org/governance/budgeting/PPP-Recommendation.pdf> (accessed 30-09-2021).
- 15 World Economic Forum (2018) "Empowering Public-Private Collaboration in Infrastructure" https://www3.weforum.org/docs/WEF_Empowering_Public-Private_Collaboration_Infrastructure_report_2018.pdf (accessed 30-09-2021).
- 16 See King IV Report on Corporate Governance for South Africa.
- 17 Drutman and Cray *The People's Business: Controlling Corporations and Restoring Democracy* (2004) 3
- 18 Strine "Our Continuing Struggle with the Idea that for-Profit Corporations Seek Profit" 2012 *WAKE Forest Law Review* 135 155; Strine "Toward Common Sense and Common Ground? Reflections on the Shared Interests of Managers and Labor in a More Rational System of Corporate Governance" 2007 *J. Corp. L.* 15.
- 19 Bakan *The Corporation, The Pathological Pursuit of Profit and Power* (2005) 71.

stakeholders, the shareholder primacy school of thought suggests that “the social responsibility of business is to increase its profits.”²⁰ More clearly, the Friedmanite model declares that the existence of the corporation is merely to meet the profit intentions of those who inject capital into the firm.²¹ Equally, in *Dodge v Ford Motor Co* the court reiterated that “a business corporation is organized and carried on primarily for the profit of the stockholders.”²²

The understanding is that by investing in the firm, a shareholder’s fundamental expectation is a return for that investment. There is therefore a reciprocal exchange where, in return for the capital injected into it, the firm contracts to maximise the value of such an investment. The corollary is that investors should be the beneficiaries of corporate operations and diverting income to activities that have no value-adding effect would culminate *inter alia*, into the diminution of shareholders’ rights.²³ It follows, therefore, that any departure from that objective, that is, the utilisation of the company’s income in pursuit of non-profit-related missions aimed at ameliorating the impact of the pandemic — though noble — would be inimical to the goal of maximising shareholder value.²⁴ As far as boards of directors are concerned the argument is the same:

In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.²⁵

Although the Companies Act provides that in certain circumstances the responsible minister may prescribe that a company or a category of companies must have a social and ethics committee,²⁶ it is worth pointing out that this does not apply to all types of corporations. As such, in the absence of a sector-wide obligation on all corporations to engage in socially responsible or philanthropic activities, corporate benevolence only happens at the whim of the board.

Essentially, therefore, the corporation’s sole endowment is to the equity holders, and communitarian considerations and interests are of no consequence. Such a profit-seeking drive on the part of corporations is consistent with the shareholder-centric’s self-seeking inclination. In the context of the pandemic, the guiding principles of the shareholder-centric model are ordinarily characterised by an expectation that corporations turn a blind eye to the pandemic’s social ills.²⁷ It is no wonder therefore that calls to the private sector to channel their resources

20 Friedman “The Social Responsibility of Business is to Increase its Profits” 1970 *The New York Times Magazine*, 32; Springer “Corporate Law, Corporate Constituency Statutes: Hollow Hopes and False Fears” 1999 *New York University School of Law Annual Survey of American Law* 85.

21 Friedman 1970 *The New York Times* 32 33. See also Fisch “Measuring Efficiency in Corporate Law: The Role of Shareholder Primacy” 2006 *Iowa Journal of Corporation Law* 637.

22 *Dodge v Ford Motor Co* 204 Mich. 459 (1919).

23 See Esser *Recognition of Various Stakeholder Interests in Company Management: Corporate Social Responsibility and Directors’ Duties* (2009).

24 Macey “Corporate Social Responsibility: A Law and Economics Perspective” 2014 *Chapman Law Review* 331.

25 Friedman 1970 *The New York Times* 1

26 Companies Act 72 of 2008 s 72(4) provides that: “The Minister may by regulation prescribe that a company or a category of companies must have a social and ethics committee, if it is desirable in the public interest, having regard to — (a) its annual turnover; (b) the size of its workforce; or (c) the nature and extent of its activities.”

27 Gold and Miller *Philosophical Foundations of Fiduciary Law* (2016) 21.

towards minimising the impact of the COVID-19 pandemic have not been widely heeded.²⁸ As the pandemic unfolds this is characterised by self-enrichment and a lack of self-initiated concern for pressuring social issues and the general welfare of communities.²⁹ With such characteristics, particularly its tendency to commercialise all human relationships, capitalism has been denounced for catalysing the destruction of social networks and community values.³⁰

4 THE ANTITHESIS: BENEVOLENT CAPITALISM

By contrast, the stakeholder-centric model suggests that firms are social institutions and therefore are inseparable from communities. Thus, corporations have an obligation to give back to society.³¹ That being so, capitalism is “humanised” or imbued with a conscience and people-friendly traits. Proponents of benevolent capitalism advocate for the reset of capitalism to enable firms — in exceptional circumstances — to sacrifice profits to solve social ills even without shareholder endorsement.³² This does not contend that corporations should not earn a profit for the investors, rather, the argument is that benevolent capitalism needs to balance shareholder value with the social-value narrative. In essence, therefore, the stakeholder theory champions a communitarian slant that deplores governance that focuses on sectarian interests³³ which in the current milieu would make no room for public interest concerns such as benevolent capitalism to assist the vulnerable during the COVID-19 pandemic.

The reported collaborative effort between the government and the private sector which seeks to minimise the impact of the pandemic does not take away from the reality that “corporations are not the inherently benevolent institutions that they would have us believe they are. And although we will not deny that corporations can serve certain useful purposes, they are also very dangerous institutions, capable of causing great harm to society, particularly when left unregulated.”³⁴ Even when regulated, corporate actors can easily retreat behind the corporate veil³⁵ or shield themselves behind stratagems such as the business judgment rule.³⁶ Perhaps the major denunciation of the current rapacious capitalism and the endorsement of the above sentiments is provided by the World Economic Forum which notes that “the coronavirus pandemic has laid bare longstanding ruptures in our economies and societies, and created

28 Chanda-Kapata “Equity in the Public And Private Health Sector Responses to COVID-19 In East And Southern Africa” https://www.equinet africa.org/sites/default/files/uploads/documents/EQ%20Diss%20123%20PP%20Mix%20in%20COVID%202021_0.pdf (accessed 02-11-2021); Africa Resource Centre “The Role of Private Sector Engagement In Post-Pandemic Health System Strengthening” (2020) <https://www.africaresourcecentre.org/the-role-of-private-sector-engagement-in-post-pandemic-health-system-strengthening/> (last accessed 5-11-2021).

29 See generally Khoza *Attuned Leadership* (2012); Kawadza “Towards Corporate Conscience through Mores: The Case for Ubuntu” 2021 *Interdisciplinary Journal of Economics and Business Law* 305.

30 Polanyi *The Great Transformation* (1957).

31 Elhauge “Sacrificing Corporate Profits in the Public Interest” 2005 *New York University Law Review* 733; Gold and Miller *Philosophical Foundations*.

32 Renesch “Humanizing Capitalism: Vision of Hope; Challenge for Transcendence” 2008 *Journal of Human Values* 1.

33 Easterbrook and Fischel *The Economic Structure of Corporate Law* (1991) 4 6–7.

34 Drutman and Cray *The People’s Business: Controlling Corporations and Restoring Democracy* 1 ed (2004) 3.

35 One critic lambasts this: “But lobbying and clever manipulation to gain advantage has led to corporations becoming ‘the person who never dies’ — sheltering individuals from having any responsibility in how these legal ‘persons’ behave, providing safe havens for the ruthless and greedy”: Renesch “Humanizing Capitalism” 2008 *Journal of Human Values* 1 2–3.

36 The rule protects directors from liability for their actions in situations where they act in the best interests of the company and with care, skill, and diligence. See s 76 (4) of the Companies Act 71 of 2008; Muswaka “Shielding Directors against Liability Imputations: The Business Judgment Rule and Good Corporate Governance” 2013 *SPECJU* 2

a social crisis.”³⁷ This warrants an urgent reassessment of the current models of capitalism through the Great Reset initiative.

5 UBUNTUISM AND CORPORATE BENEVOLENCE

As noted above, a common criticism levied at corporations centres on their embedded profit agenda which impedes the adoption of a “human heart” approach in corporate decision-making processes. Much as corporate social responsibility is an expectation, it remains merely that and is not an obligation.³⁸ As such, corporations are not compelled to undertake altruistic activities.³⁹ Ultimately, there are no penalties visited on companies for their failure to internalise socially responsible entrepreneurship. The failure to do so could emanate from inherent weaknesses such as failures to mainstream or institutionalise philanthropic activities as a strategic aspect of the businesses of corporations.⁴⁰ An executive perception that corporate social responsibility has little impact on business success as well as the lack of strategic vision to that agenda can lead to lax commitment towards altruistic endeavours.⁴¹ Similarly, there might be industry or firm-specific barriers which could impede the adoption of altruistic objectives.⁴² Perhaps the greatest flaw of corporate social responsibility is its voluntary application. Because it is non-inclusive, corporate social responsibility is said to be more sympathetic to the interests of the shareholders than those of groups and regulators.⁴³

In the South African context, a compelling argument for an altruistic form of corporate governance in the form of the culture of *ubuntu* can be made.⁴⁴ Although a discussion of *ubuntu* is beyond the scope of this article, it is worth highlighting its celebrated tenets. In essence, *ubuntu* denotes African humanism, which when applied to corporations, has the essential formula to change and improve capitalism. It exhorts people to act “ethically towards others, empathise with them, and rationally seek common ground or consensus for decisions and actions.”⁴⁵ Attributes such as supportiveness, empathy, and humanness make *ubuntu* a probable management tool⁴⁶ with laudable qualities which could engender responsible commerce and governance driven by conscience and through which philanthropic values can be extracted particularly during pandemics. Such a communitarian style of management would be in conformity with and have an effect of buttressing not only the current corporate social responsibility objectives but also

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- 37 World Economic Forum “Now is the Time for a ‘Great Reset’” (2020) <https://www.weforum.org/agenda/2020/06/now-is-the-time-for-a-great-reset/> (accessed 12-11-2021).
- 38 Amaeshi, Adegbite *et al.* “Corporate Social Responsibility as Obligated Internalisation of Social Costs” 2021 *J Bus Ethics* 39.
- 39 Lee “Contracts and Hierarchies: A Moral Examination of Economic Theories of the Firm” 2018 *Business Ethics Quarterly* 153.
- 40 See for example Berad “Corporate Social Responsibility – Issues and Challenges in India” <https://icharity.in/wp-content/uploads/2017/11/csr-challenges.pdf/> (accessed 29-11-2021)
- 41 Gaffron, Dewes, Songand andPanayides “Corporate Social Responsibility in Maritime Logistics” 2012 *Maritime Logistics: Contemporary Issues* 205.
- 42 Yuen and Lim “Barriers to the Implementation of Strategic Corporate Social Responsibility in Shipping” 2016 *The Asian Journal of Shipping and Logistics* 49.
- 43 Karsten and Illa “Ubuntu as a Key African Management Concept: Contextual Background and Practical Insights for Knowledge Application” 2005 *Journal of Managerial Psychology* 607.
- 44 Nzimakwe “Practising Ubuntu and Leadership for Good Governance” 2014 *African Journal of Public Affairs* 31; Lutz “African Ubuntu Philosophy and Philosophy of Global Management” 2009 *Journal of Business Ethics* 313–328; Kawadza “Towards Corporate Conscience through Mores: The Case for Ubuntu” 2021 *Interdisciplinary Journal of Economics and Business Law* 305.
- 45 Khoza “Humanising Capitalism” (2012) <https://www.reuelkhoza.co.za/humanising-capitalism/> (last accessed 29-11-2021); Kawadza 2021 *Interdisciplinary Journal of Economics and Business Law* 305.
- 46 McCarthy “Ubuntu: A Metaphor for the Origins, Role and Development of the International Society for Music Education” 1999 *International Journal of Music Education* 46.

the interests of other stakeholders.⁴⁷

6 CLOSING REMARKS

The crucial role that capitalistic commerce plays in catalysing economic growth should not be downplayed. However, in its current form capitalism and unbridled hubris have robbed it of a human face and it is in times such as the present when this becomes patent. The pandemic has exposed the conflict between the shareholder-centric form of governance and benevolent capitalism. It has shown that unless there is a nexus between altruism and increasing shareholder wealth, corporations are unlikely to participate in philanthropic activities. By resetting it to what Adam Smith envisioned, it might be possible to create a humane form of capitalism, one with a conscience and which is characterised by compassionate corporations.⁴⁸ Accomplishing that necessitates a change in attitudes, practices, oversight and behaviour. That can only be attained under the stewardship of compassionate boards. In other words, broader community considerations demand modifications to the current models of corporate management with the objective of resetting capitalistic corporate culture to serve a broader base of constituencies who are affected by pandemics.

This research does not contend for a regime which compels corporate benevolence, especially during crises. It does not imply that philanthropy becomes a mandate or that it becomes embedded into the corporate agenda, but rather, that board primacy should be broadened to give directors latitude to regularly utilise tools such as the business judgment rule to meet the corporate social and ethical responsibility expectations. This would be ideal especially during pandemics when governments are hamstrung by resource deficiencies. Fundamentally, what is needed in times such as the pandemic, are norms that unshackle directors from the inclination to be preoccupied with profit.

As such, the traditional corporate governance model needs to evolve, and norms which ensure that “directors can choose to pursue profit through corporate philanthropy and good works in the community”⁴⁹ need to be experimented with. The private sector needs to take a more noticeable role in addressing or at least, in formulating community-based schemes geared towards ameliorating the plight of the vulnerable during pandemics. Having said that, it is important to reiterate that appropriate mechanisms would need to be employed to ensure that considerations of the interests of a larger polity outside the corporation are not taken at the expense of the shareholders’ profit interests. It is also worth pointing out that a call for private sector involvement in social issues should not be construed as a call to the government to relinquish its obligations for communal issues, rather, it is a recognition of the potential benefits arising from the collaboration between the government and the private sector.

Therefore, this article argues that there is utility in tinkering with the shareholder-centric view and shielding corporate boards from the wrath of shareholders in the event of the board being swayed by community emergencies such as pandemics to enable the boards to undertake philanthropic activities which do not necessarily have a direct bearing on shareholder value maximisation.

47 Karsten and Illa 2005 *Journal of Managerial Psychology* 607.

48 See generally, Bishop “Adam Smith’s Invisible Hand Argument” 1995 *Journal of Business Ethics* 165.

49 Murrow quoted in “On Corporate Purpose, Director Primacy, and the Business Judgment Rule” <https://clsbluesky.law.columbia.edu/2020/12/04/on-corporate-purpose-director-primacy-and-the-business-judgment-rule/> (accessed 29-11-2021).