ROLE AMBIGUITY AND CONFLICTS: A STUDY OF COMPANY SECRETARIES AND TWO-TIER BOARDS IN THE NETHERLANDS

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Abstract

Recent research suggests that company secretaries are increasingly involved in governance responsibilities in addition to traditional administrative tasks. Little is known in the literature, however, about company secretaries' changing governance role, and their daily challenges in liaising with boards and other stakeholders. In addition, few studies have been able to gain access to learn firsthand how company secretaries operate. This exploratory study fills this void by gaining access to the opinions of about one hundred company secretaries in the Netherlands who operate in the two-tier board system. Our findings indicate that company secretaries significantly influence an organisation's governance framework, while they face a number of practical challenges with directors, employees and management in fulfilling their diverse roles and responsibilities.

Keywords: Corporate Governance, Company Secretary, Role Ambiguity and Conflicts, Governance Challenges, Two-Tier Board Model, the Netherlands

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“The amount of governance, and the amount of challenge and advice that this new role [company secretary] has to give to the executive team and the chairman and the non-execs has gone through the roof.” Company Secretary in ISCA (2014:18).

1 Introduction

Boards of directors play a pivotal role in the governance of modern corporations. By providing advice and monitoring, directors contribute to various firm outcomes and safeguard the interests of shareholders and other key stakeholders (Bezemer et al., 2007; Davis et al., 1997; Huse, 2007; Zahra and Pearce, 1989). In the wake of corporate governance scandals, boards' roles have increased in significance as evidenced by numerous regulatory efforts to strengthen boards and observations of scholars that boards have become more strategically involved in corporate decision-making (Hendry et al., 2010; Ingley and Van der Walt, 2005; Pugliese et al., 2009).

Scholars and practitioners have long examined the key factors that contribute to boards' effectiveness and have emphasized the importance of adequate board structures (Golden and Zajac, 2001; Tuggle et al., 2010; Westphal and Fredrickson, 2001) and boardroom dynamics (Forbes and Milliken, 1999; Huse, 2005; Pugliese et al., 2015; Sonnenfeld, 2002). Other studies have pointed to the role and characteristics of key organisational individuals such as chairmen (Bezemer et al., 2012; Kakabadse and Kakabadse 2007; Roberts, 2002), non-executive directors (Pye and Camm, 2003) and CEOs (Maitlis, 2004).

Surprisingly, the supporting role of company secretaries in the governance of corporations has received negligible scholarly attention (Erismann-Peyer et al., 2008; ISCA, 2014; McNulty and Stewart, 2014). While corporate law and corporate governance codes pay little attention to the responsibilities of corporate secretaries, they generally take a leading role in advising the board by (i) helping to organize board meetings, (ii) ensuring that corporate decision-making at board level occurs within the statutory and legal requirements, and (iii) supporting internal and external reporting activities. As such, company secretaries appear to have a significant impact on the functioning of the board of directors.

New research suggests that the role of the company secretary is rapidly evolving, as secretaries are increasingly involved in strategic tasks that go beyond mere administrative support activities. For example, Erismann-Peyer et al. (2008:xxiv) note that “the title 'corporate governance officer' has begun to
emerge making the job more managerial and attractive – the time for ‘legal only’ and primarily administrative secretaries is over.” Similarly, a large UK study concludes that “the role of the company secretary is much more than just administrative; at its best, it delivers strategic leadership, acting as a vital bridge between the executive management and the board and facilitating the delivery of organizational objectives” (ICSA, 2014:7). Most recently, McNulty and Stewart (2014:7) state that “the role and profile of the company secretary as a backstage administrator is moving into the public glare of good governance process [...]. A combination of their formal position as a legal officer of the company, and chief administrator to the board, their proximity to the board process, and the promotion of their role through regulation, invites attention to the role and contribution a company secretary can make to board effectiveness.”

As the governance role of the company secretary becomes more significant, this development raises several important questions. For instance, what is the current organisational status of the company secretary? Do they contribute to board performance? If so, which activities make a difference in the effectiveness of boards? And, what challenges do company secretaries face in their day-to-day work and how do they manage these?

This study addresses these questions by exploring the role of company secretaries in the two-tier board model that is prominent in the Netherlands. By analysing the survey responses of about one hundred company secretaries, the study contributes to the literature in two ways. First, the survey results confirm that the role of the company secretary is becoming more varied and strategic as secretaries believe they significantly contribute to a firm’s information management, governance framework and the functioning of boards. This suggests that a better understanding of their role and impact on the functioning of boards is an important area for future research. Second, the results highlight that company secretaries in the Dutch two-tier board system struggle with various challenges, particularly with time pressures and loyalty conflicts due to dual reporting lines. Part of the issue is the relatively undefined role and responsibilities of company secretaries in the Netherlands, raising the issue of whether corporate law and corporate governance codes need to further define the role and responsibilities of corporate secretaries.

The remainder of this paper is organized as follows: Section two provides an overview of the rather limited research on company secretaries and particularly describes how the function of the company secretary has been organised in the Dutch corporate governance context. Section three discusses the study’s research design and use of a survey to collect data about company secretaries in the Netherlands. Section four provides an overview of the results by describing the experiences of company secretaries in the Dutch two-tier system and their main challenges. Section five discusses the theoretical and practical implications of the empirical findings.

2 Literature review

2.1 Company secretaries in the literature

A limited number of studies provide insight into company secretaries’ perception of their tasks and responsibilities. Erismass-Peyer et al. (2008) suggest that the main activities of secretaries are supporting board meetings, and contributing to the annual general meeting and the annual report. The ISCA report (2014) classifies the company secretary’s role in three areas: (i) supporting an organisation’s reporting activities, (ii) contributing to an organisation’s governance framework and (iii) facilitating various board processes. McNulty and Stewart (2014:19) state that the company secretary is the “author of the board agenda, [who] not only can insist upon the form of good governance, but more importantly can also encourage a compliance with the substance of good governance, facilitates and manages the relationships between the executive and non-executive communities, assists the dialogue and access to information and information sources, and helps the executive to prepare, work up and present their proposals.”

This resonates well with professional associations’ role description of the company secretary. In the United States, the Society of Corporate Secretaries and Governance Professionals (SCSGP) (2013: 2) defines the main tasks of company secretaries as “coordinating and attending board and committee meetings and drafting minutes, serving as a liaison for directors, officers and shareholders, and directing the activities related to the annual meeting of shareholders.” In the United Kingdom, the Institute of Chartered Secretaries and Administrators (ICSA) (2008: 2) states that “the most effective company secretary is one who is regarded by the board as its trusted adviser and who keeps under review legislative, regulatory and governance developments that may impact the company and ensures that the board is appropriately briefed on them; wins the confidence of and acts as a confidential sounding board to the chairman and other directors on issues of concern; and provides, where appropriate, a discreet but challenging voice in relation to board deliberations and decision making, drawing in particular.” And in the Netherlands, the company secretary is seen as “the stage-manager of the corporate governance play” (PWC-NIVE, 2009:11) and safeguarding the “corporate governance consciousness” of an organisation (PWC-NIVE, 2009:23).

Several studies have assessed the required skills of company secretaries. Cras and Van Berkel (2007) emphasise that communication skills, loyalty,
analytical skills and a good organisational awareness are key to Dutch company secretaries. The ISCA report (2014) notes that discretionary action skills (e.g., independent mindset, confidence, personal awareness) and team alignment skills (e.g., empathy, relationship-building skills and effective team-working) are essential in addition to having a good technical understanding of corporate governance issues and developments. Research also highlights the importance of company secretaries' independence and discretion in decision-making in order to contribute to an organisation's governance framework and external reporting activities (Erismann-Peyer et al., 2008; ISCA, 2014; PWC/NIVE, 2009).

Academics and practitioners have also observed that the role and required skills of company secretaries widely vary across organisational contexts (ISCA, 2014; Lücke-Rath-Rovers and Oostdam, 2010; PWC-NIVE, 2009). In listed corporations, company secretaries' roles and responsibilities are often formally defined with a focus on corporate governance procedures and interactions between the executive and the supervisory boards, shareholders, external regulators and various investors. For unlisted companies, in most cases smaller in size, the company secretary often has more freedom to arrange his/her duties. The ISCA report (2014) notes that the activities of the company secretary in smaller organisations are more focused on governance reporting, whereas in larger organisations facilitating board processes is a more common task.

At an international level there are significant differences how financial markets regulate the roles and responsibilities of company secretaries, i.e., whether it is mandatory for a company to appoint a company secretary, the extent to which the roles of the company secretary have been defined by regulations and legislation, and to which level a company secretary can combine his/her role with other responsibilities within the organisation (Erismann-Peyer et al., 2008).

2.2 The company secretary in the Netherlands

The Netherlands has a coordinated market economy that is typical for most Continental European countries. Traditionally, Dutch public corporations have been legally defined as a community of interests, thereby emphasizing the role of the company in balancing the interests of stakeholders, including those of shareholders of the company. The Dutch stakeholder-model is supported by relatively high levels of concentrated ownership, employee representation through works councils and two-tier boards with a management board that is separate from the supervisory board. The management board is responsible for the day-to-day management of the organisation while the supervisory board monitors the management board. While the shareholder value model and one-tier boards are the most common in the top 50 listed corporations in the Netherlands (Spencer Stuart 2015, Maassen 2015), the Dutch governance system is still largely stakeholder and network-oriented (see Bezemer et al., 2007; 2015; De Jong et al., 2005; 2010; Maassen and Van Den Bosch, 1999; Peij et al., 2012; Van Ees et al., 2003 for more detailed descriptions of the Dutch corporate governance model).

In the Netherlands, the role of the company secretary is not legally defined and therefore the appointment and responsibilities of the company secretary depend entirely on the organisation's internal regulations. Principle III.4 of the Tabaksblat Corporate Governance Code (2003) states, however, that "the chairman of the supervisory board is assisted in his role by the company secretary." Principle III.4.3 of the Code adds: “The supervisory board shall be assisted by the company secretary. The company secretary shall ensure that correct procedures are followed and that the supervisory board acts in accordance with its statutory obligations and its obligations under the articles of association. He shall assist the chairman of the supervisory board in the actual organization of the affairs of the supervisory board (information, agenda, evaluation, training programme, etc.). The company secretary shall, either on the recommendation of the supervisory board or otherwise, be appointed and dismissed by the management board, after the approval of the supervisory board has been obtained.”

This weakly defined position might be a challenge to the company secretary in the Dutch two-tier board model as company secretaries often work for both the management board and the supervisory board (PWC-NIVE, 2009). This dual function can lead to role conflicts and ambiguity. Cras and Van Berkel (2007) note that the challenge of the company secretary is to avoid potential conflicts of interest, and that the secretary’s independence and the personal chemistry with the chair are important preconditions for success in cases where potential issues may arise. In that context we now turn to our study which explores the experiences of company secretaries and the challenges they face in the Netherlands.

3 Methodology

Given the dearth of prior research on the functioning of company secretaries and the potential challenges they face in their daily work (Erismann-Peyer et al., 2008; ICSA, 2014), surveys with open-ended and close-ended questions were used to maximize our understanding of company secretaries' roles and challenges in the governance of organisations. This design allowed us to obtain a broad overview of the fulfilment of the role of company secretaries in the Netherlands in the two-tier board system, while also allowing study participants to express their ideas and thoughts in their own words.
The close-ended questions were based directly on prior survey efforts by Erismass-Peyer et al. (2008) and Lückerath-Rovers and Oostdam (2010) and covered numerous topics ranging from company secretaries’ demographics, training needs, role perceptions and views on the effectiveness of boards of directors. For purposes of this study, we focused on company secretaries’ demographics (i.e., age, gender, sector, experience, secondary positions, working hours and educational background), the aspects of their role that they perceived to be the most significant, the internal and external stakeholders with whom they are working and the perceived effect of their role on board and organisational performance. We added three open-ended questions in which the respondents were asked to describe the top three challenges they face in their job as secretary.

During March 2014, a web-based questionnaire was sent to 326 company secretaries in the Netherlands. All surveyed secretaries were either alumni of a Dutch training institute for company secretaries or members of networking organisations (i.e., NIVE, AEDES, BIZ and HPV) that supported this study. In total, 107 company secretaries filled out the survey of which 99 responses were usable as those company secretaries have experience with two-tier boards, thereby yielding an effective response rate of 30.4%. As some participants avoided the open-ended questions, we obtained 81 responses for challenge one (82% of the respondents filled out this question), 71 for challenge two (72%) and 46 for challenge three (46%). The length of the answers varied from one to 78 words, with an average of 7.5 words per response.

Following Van Maanen’s (1979) approach to qualitative data analysis, open coding techniques were used to assign first-order concepts and descriptions to the collected narratives (Strauss and Corbin, 1990). These first-order concepts enabled the research team to construct an overview of how participating company secretaries perceive and describe the challenges they face in their day-to-day work. We then grouped similar descriptions in order to develop a coding scheme to classify challenges. Given the diversity of responses and some ambiguity surrounding a handful of answers, we went through multiple iterations to correctly classify responses. Table 1 provides an overview of the codes used to encode all open-ended responses.

**Figure 1. Importance of aspects of a company secretary’s function**

![Importance of aspects of a company secretary’s function](image_url)
4 Results

4.1 Characteristics of participating company secretaries

Of the 99 company secretaries who operate in the two-tier board system, the majority of them work for a non-profit organisation (65.6%), mainly in the health sector (47.5%)13. The remainder of the respondents work for either a listed corporation (9.1%) or a non-listed for-profit company (25.3%). For most company secretaries this is their sole job (63.6%). In 36.3% of the cases company secretaries report other positions (mainly memberships on other supervisory boards), of which 33.0% are paid jobs. The secretaries spend on average 29.2 hours a week on their role and most earn between €4,000 and €8,000 a month before taxation (68.8%). On average, company secretaries have spent 7.5 years in their role, of which 6.5 years is for their current employer. The majority of the respondents are female (60.6%) and the age groups of 40-50 (43.3%) and 50-60 (34.0%) are well-represented in the sample. The huge majority of the respondents have a university degree (85.9%). The educational background of survey respondents is quite varied, ranging from history and micro-biology to ICT and linguistics. The majority of respondents, however, have a background in either law (41.4%) or business administration (15.2%).

4.1 Role perceptions by company secretaries

When asked to rate the importance of various aspects of their tasks, company secretaries mainly referred to the importance of administrative and reporting activities (see Figure 1). The duties related to an organisation’s reporting, assuring that shareholders and funders are appropriately informed (rated by 72% of the respondents as very important) and contributing to the production of the governance section (56%) and board section (50%) of the annual report were seen as essential. Supporting meetings of the supervisory board (65%) and management board (62%) were often rated as important administrative tasks. In contrast, the more strategic tasks relating to the content of governance were seen as less important by secretaries. Fewer than 50% of the company secretaries rated their contribution to the legal aspects of governance and strategic decision-making as very important.

Company secretaries mostly interact with the management board (rated as often by 93% of the company secretaries), other senior managers (67%) and the supervisory board (48%) (see Figure 2). This highlights the pivotal role secretaries play in connecting the higher levels in the organisations. The secretaries also regularly have contact with the employees, the works council and shareholders/funders, indicating the diversity of actors with which company secretaries inter-act and collaborate. Noteworthy is the fact that most company secretaries have limited contact with regulatory bodies, confirming their relatively unregulated role in the Netherlands.

Company secretaries indicated that managing the administrative aspects of an organisation’s governance system (57% of the participants rated this as having a very high impact), managing the information flow from the management board to the supervisory board (46%) and contributing to the governance content (44%) are the most significant ways to have an impact on an organisation (see Figure 3). Interestingly, the company secretaries assessed their contributions to the management and supervisory boards decision-making as relatively moderate (respectively 13% and 7% rate this as having a very high impact). In sum, this suggests that company secretaries see themselves as having the most impact on an organisation in a supporting role, leaving decision-making to the boards of directors.

4.2 Core challenges company secretaries face

Table 2 provides an overview of the top five challenges of company secretaries when asked to describe the number one challenge in their daily work. First, the most frequently mentioned challenge is time pressure and (unrealistic) deadlines (mentioned by 36% of the respondents). One company secretary remarked: “I am managing a wide variety of tasks; as a result some of them are being marginalised.” Another secretary stated to be “continuously setting (new) priorities due to the amount of work.” This is particularly challenging for the company secretaries who also fulfil other roles in the organisation: “My main issue is a lack of time, as I am also responsible for communications and quality management.” Study participants also mentioned the need to be trading off speed and quality: “My main challenge is balancing the speed and accuracy of the decision-making process.”

Second, company secretaries struggled with conflicting loyalties due to dual reporting lines (17%). One secretary stated in this context: “Who am I loyal to: the organisation or the management board?” Some company secretaries also referred to difficulties of working for both the supervisory board and management board, particularly at times of conflict. In that context, secretaries highlighted the importance of “building bridges between both boards”, acting as “intermediary and mediator” and maintaining “an independent position between both boards.” As an unintended consequence, several company secretaries described their position in the organisation to be “lonely” and “solitary.”

13 This study uses the term “company secretary” to describe secretaries in profit and non-profit industries with a two-tier board in the Netherlands, as the Dutch term “secretaris” is the equivalent of “company secretary.”
Third, 11% of the respondents see information sharing as a main challenge. Some of the secretaries highlighted issues around the timing and quality of information: “My main challenge is the quality of management proposals; it requires a lot of work to correct and improve them” and “I am always struggling to obtain information on time that is complete.” Several respondents also mentioned that they are not sufficiently informed about what is being discussed in and between the supervisory and management boards. One secretary expressed this as follows: “I don’t have any insights in the activities and ways of decision-making of the supervisory and management boards.”

Fourth, company secretaries were not clear about their profile in their organisation (9%). One company secretary stated to be confronted with “ignorance; as employees don’t know what you do and the knowledge that you possess, and think that you have nothing to do.” Others mentioned the lack of definition of the function: “it is seen as a secondary function with an unclear profile within my organisation” and “there is no clear job description; my tasks and responsibilities are not documented.” In addition, company secretaries mentioned that they lack real decision-making power: “It is challenging as I don’t have any real power, while changes and results are expected.” As a result, company secretaries highlighted that it is sometimes “hard to obtain a mandate to get things done.”

Fifth, some of the respondents referred to...
resistance within the organisation (7%) towards their advisory role as a main challenge. Several secretaries indicated that their professional advice is largely being ignored: “I face directors that have difficulties with my input as company secretary”, “the supervisory board members have strong views on the application of governance codes, the election of new board members and board evaluations”, and “decisions are not being followed up by directors.” Company secretaries also pointed to director turnover, a lack of skills in the boardroom and disagreements among directors as key factors challenging their role. For example, one company secretary described that “unresolved disagreements (about strategic issues) within the management board continuously lead to conflicting policies and instructions.” Not surprisingly, several company secretaries highlighted the importance of “being aware of all the sensitivities.”

Table 1. Coding scheme challenges of company secretaries

<table>
<thead>
<tr>
<th>Code</th>
<th>Description of Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Unclear position in the organisation Comments relating to the undefined role and tasks of the company secretary within the organisation.</td>
</tr>
<tr>
<td>2.</td>
<td>Problems related to information processes Comments relating to challenges of managing information in and around the boards.</td>
</tr>
<tr>
<td>3.</td>
<td>Conflicting loyalties Comments relating to challenges of dual reporting lines.</td>
</tr>
<tr>
<td>4.</td>
<td>Difficult internal working environment Comments relating to internal problems (such as board turnover, ignorance of secretarial advice) that hamper the perceived effectiveness of company secretaries.</td>
</tr>
<tr>
<td>5.</td>
<td>Insufficient support Comments relating to sourcing problems, i.e., not having enough employees supporting the company secretary.</td>
</tr>
<tr>
<td>6.</td>
<td>Time pressure Comments relating to time pressure as a result of diverse tasks, deadlines, limited time, and dependence on other actors.</td>
</tr>
<tr>
<td>7.</td>
<td>Changing external regulatory environment Comments relating to the changing regulatory context and need to keep informed of governance developments.</td>
</tr>
<tr>
<td>8.</td>
<td>Issues relating to shareholders Comments relating to pressure from shareholders to change the internal governance (i.e., framework, people).</td>
</tr>
<tr>
<td>9.</td>
<td>Confidentiality problems Comments relating to determining what can and cannot be disclosed to various organisational actors.</td>
</tr>
<tr>
<td>10.</td>
<td>Maintaining general overview Comments relating to the challenge of overseeing the governance framework and not getting lost in the details.</td>
</tr>
<tr>
<td>11.</td>
<td>Lack of required knowledge Comments relating to knowledge deficits.</td>
</tr>
<tr>
<td>12.</td>
<td>Remuneration of the company secretary Comments relating to the remuneration of company secretaries.</td>
</tr>
</tbody>
</table>

Table 2. Overview of most frequently stated number one challenge

<table>
<thead>
<tr>
<th>Nr 1 challenge for board secretaries</th>
<th>Mentioned by # of respondents</th>
<th>Percentage of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Time pressure</td>
<td>29</td>
<td>35.8%</td>
</tr>
<tr>
<td>2. Conflicting loyalties</td>
<td>14</td>
<td>17.3%</td>
</tr>
<tr>
<td>3. Problems related to information processes</td>
<td>9</td>
<td>11.1%</td>
</tr>
<tr>
<td>4. Unclear position within the organisation</td>
<td>7</td>
<td>8.6%</td>
</tr>
<tr>
<td>5. Difficult internal working environment</td>
<td>6</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

Table 3. Overview of the most frequently stated challenges

<table>
<thead>
<tr>
<th>Challenges for board secretaries</th>
<th>Mentioned by # of respondents</th>
<th>Percentage of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Time pressure</td>
<td>42</td>
<td>51.9%</td>
</tr>
<tr>
<td>2. Difficult internal working context</td>
<td>28</td>
<td>34.6%</td>
</tr>
<tr>
<td>3. Conflicting loyalties</td>
<td>23</td>
<td>28.4%</td>
</tr>
<tr>
<td>4. Changing external environment</td>
<td>16</td>
<td>19.8%</td>
</tr>
<tr>
<td>5. Unclear position within the organisation</td>
<td>16</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

We also analysed the combined responses of the number one, two and three challenges mentioned by the company secretaries to explore whether the top 5 would be identical. The results of this analysis are...
quite similar to our analysis of the number one challenge. The ranking of challenges slightly differs in this case, i.e., respondents more often mentioned issues with the internal organisation as a second or third challenge. A more notable difference, however, is that company secretaries less frequently mentioned problems relating to internal information processes and more often referred to significant changes in the external environment as an important challenge. For example, one respondent stated the importance of “continuously tracking relevant developments in governance and interpreting what they imply for practice; this last implication is often underestimated.” Company secretaries also noted that the governance environment has become more legally and compliance-focused, creating issues for both company secretaries and directors: “There is too little legal knowledge due to the swiftly changing regulatory expectations” and “the quickly changing government policies are a great risk as it further increases the governance knowledge gap within the supervisory board.” As a result, secretaries noted that boards sometimes get “their priorities wrong” and tend to follow “the flavour of the day too much.”

In conclusion, the challenges depict a demanding working environment for the company secretary in the Dutch two-tier board system. With rapidly changing regulatory expectations, a relatively undefined role within the organisation and being the “linking pin” among organisational layers, the role of the company secretary appears to be a solitary one that requires tact, superior knowledge and strong diplomatic skills.

4.3 Post-Hoc analysis of company secretaries in the medical sector

Because a significant part of the sample is from the medical sector (47.5% of the cases), we ran several post-hoc analyses to better understand the extent to which these organisations were driving our findings. First, we ran multiple independent t-tests to explore whether company secretaries from the medical sector perceive their role differently. This indeed turned out to be the case as company secretaries in medical organisations gave significantly less importance to the implementation of “internal” governance activities (i.e., formulating ethical standards and policies, contributing to board evaluations and organising the governance framework), yet emphasized the importance of contributing to strategic decision-making and informing the “shareholders.” Company secretaries in the medical sector also meet less often with the supervisory board and have more contact with the works council and clients. Finally, company secretaries in medical organisations indicate that they have significantly less influence, particularly on the functioning of the supervisory board. This suggests that the secretary in the medical sector acts more as a strategic advisor to the organisation and its boards of directors with limited authority to determine and implement the organisation’s governance framework. As such, some of our findings need to be interpreted with care, as they depend on this specific context.

While multiple independent t-tests revealed differences in the perceived role of company secretaries in the medical sector, several cross tabulations indicated that such a difference did not exist with regard to the challenges company secretaries face (i.e., none of the tests reached statistical significance (p>.05)). This strongly suggests that the described challenges in this paper are generic and do not depend on whether a company secretary is operating in the medical sector.

5 Conclusion

Emerging research suggests that the role of the company secretary in the governance of organisations has become more prominent as a result of ongoing regulatory developments and changing societal expectations (Erismann-Peyer et al., 2008; ISCA, 2014; McNulty and Stewart, 2014). Still little is known about how company secretaries contribute to an organisation’s governance framework and the functioning of boards. This study set out to fill this void by exploring how company secretaries perceive their role and the challenges they face in the Dutch two-tier board system. Our findings indicate that company secretaries believe they have a significant impact on the governance of organisations beyond their mere administrative tasks. They face several important challenges, however, mainly relating to time pressure and work load, conflicting loyalties due to dual reporting lines, and company secretaries’ dependence on other organisational actors to fulfill their tasks.

These findings have three important implications for scholars and practitioners. First, the study highlights and confirms the significant role that company secretaries play in an organisation’s overall governance framework. By moving beyond their traditional administrative and regulatory tasks, the potential to add value to the governance of an organisation is significant. This suggests at a minimum that further research into this role is important, as it might help to explain the strength of an organisation’s governance system including the execution of the monitoring and service tasks of the board of directors. This also raises other questions, such as which skills company secretaries should ideally have to adequately fulfil their role as governance facilitators, what kind of internal support systems they need to contribute effectively, and which of their tasks may have the biggest corporate impact given the particularities of the industry sector they operate in (e.g., the medical sector versus other sectors).

Second, the study indicates that the role of the company secretary is often not sufficiently and explicitly defined in the Netherlands, which is seen as
a challenge by company secretaries. In particular, company secretaries refer to the limited external regulatory framework and their rather undefined position in their organisation as contributing to their challenges. For regulators, this raises the question whether the company secretary's formal role needs further clarification in law. Similarly, for organisations this raises the question whether it would be beneficial to further clarify the role and position of the company secretary, thereby enabling company secretaries to more optimally contribute to an organisation’s governance practices and the functioning of the board. Both questions appear important given the rapid corporate governance changes over the past decade.

Third, by exploring the role of the company secretary in the Dutch two-tier board model across industries, the study revealed that the separation of the management board from the supervisory board creates challenges, as company secretaries often have dual reporting lines and face potential conflicts in loyalty. The company secretary often acts as a key linking pin between both boards, which makes the two-tier board model appear to be a challenging working environment for company secretaries. More research would be beneficial to further gauge the significance of the impact of the two-tier board model on company secretaries' role execution and to what extent company secretaries in one-tier board models face similar challenges.

5.1 Limitations and avenues for future research

This study has several limitations that simultaneously offer opportunities for future research. First, company secretaries were asked their opinion regarding their impact on the governance of organisations and the challenges they face. By relying solely on the self-perceptions of company secretaries, this study may have portrayed a positively biased picture of the role and impact of company secretaries in the overall governance of an organisation. As such, future research could explore to what extent other key organisational actors such as CEOs, chair and directors similarly perceive the contribution of company secretaries to the governance of organisations.

Second, convenience sampling was used to obtain a list of potential study participants as company secretaries are not easily accessible. Our post-hoc analysis suggests that most findings are generalizable across organisational contexts and industries, yet not all of them. As such, the findings may not be fully representative of the entire population of company secretaries in the Netherlands and must be treated with caution. Third, related studies have highlighted the varied role of the company secretary across national contexts (Erismann-Peyer et al., 2008). Future research could assess to what extent our findings hold for other contexts with two-tier boards (e.g., Germany and Austria), and financial markets with one-tier boards (e.g., Australia, United States and the United Kingdom).

Fourth, this exploratory study “only” focused on describing the challenges of the company secretary in the Dutch two-tier board model without exploring them in-depth. Whereas we asked study participants to highlight their three main challenges, we did not ask them to assess why they face these challenges, how often are they confronted with them, what kind of impact they have on an organisation’s governance framework and effectiveness of the board, and how company secretaries cope with these challenges. Based on our study we believe that assessing these questions further is important, particularly given the increasing responsibilities of company secretaries.

5.2 Concluding remarks

Despite the importance of secretaries’ roles in the governance of organisations, the literature has paid limited attention to their role in supporting boards and the implementation and function of corporate governance systems. This study described the evolving role of the company secretary in the Dutch two-tier board model and the challenges company secretaries face. Based on the responses, company secretaries view themselves as having a significant impact on an organisation’s governance framework, and this impact includes an increasing number of responsibilities in addition to traditional administrative and regulatory compliance tasks. Particularly given the speed of corporate governance developments in financial markets, a better understanding of the governance contribution of company secretaries appears to be an important and fruitful area for future research.

References

29. SCSGP, (2013), *The Corporate Secretary: An Overview of Duties and Responsibilities*, Society of Corporate Secretaries and Governance Professionals, US.