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How Boards Can Help Sustainability Transformations*

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Abstract

Board members are becoming increasingly aware of the relevance of sustainability and the ways in which orientation toward sustainable development is fundamentally reshaping business management in almost all industries. In this emerging model, the board's central mandate remains unchanged, but its scope regarding issues such as non-financial performance, establishment of governance structures dedicated to sustainability, as well as emphasis on circular behaviors, stakeholder engagement, and integrated disclosure continues to deepen. This pa- per reports the results of an in-depth examination of the main factors that can af- fect boards' promotion of effective implementation of sustainable business models.

Keywords: Sustainability View; Board of Directors; Corporate Governance; Sustainable Business Models.

1. Board of Directors and the "Sustainability View": a Shift in Perspective

Over the last several years, sustainability has become increasingly relevant at the international level, underlying the importance for firms to function in accordance with certain principles, such as global responsibility, equity, inclusion, transparency, and ecosystem-related safeguards. In this context, the Millennium Goals, Sustainable Development Goals (SDGs), and the Green Deal continually emphasize how successful firms cannot disregard the need to simultaneously take heed of economic, social, and environmental dimensions (United Nations, 2015, 2020; European Commission, 2019, 2021).

The international call to practice sustainability is leading firms to behave responsibly by effectively satisfying several expectations associated with increasing integration among and improving the synergies of all involved stakeholders. In this context, a company's board of directors is a key actor that can promote behaviors compliant with corporate social responsibility principles by increasing integration among the economic, social, and environmental dimensions, thereby benefiting all stakeholders (Brondoni, 2010; 2014; Salvioni & Gennari, 2017; Galbreath, 2018; Chams & Garcia-Blandón, 2019; Nguyen et al., 2020; Buckley, 2021). Shareholders, the community, the company's employees, the government—essentially all stakeholders—view sustainability as a common denominator on which they may establish relationships

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with a firm. While these relationships differ in essence, all of them are characterized by orientation toward shared value creation (Porter & Kramer, 2011; Salvioni & Gennari, 2017). Indeed, this has led to the development of a new perspective known as the "sustainability view." Here, the board serves to enable and promote an effective integration of all stakeholders' interests by helping to overcome the traditional dichotomies between the so-called "shareholder view" (Friedman, 1962) and "stakeholder view" (Freeman, 1984).The literature has long reported how shareholders are interested in their firm's pursuit of socio-environmental goals in addition to economic ones, given that sustainability generates positive effects on all relevant dimensions by creating conditions for a "win-win" situation for all involved parties (Orlitzky et al., 2003; Al-Tuwaijri et al., 2004; Berrone & Gomez-Mejia, 2009; Clarkson et al., 2011; El Ghoul et al., 2011; Matsumura et al., 2014; Kim et al., 2015; Gallego et al., 2015; Comyns & Figge, 2015; Salvioni, 2017).

The sustainability view enables the establishment of a circular relation in which economic interests are linked to non-economic ones and vice versa according to conditions of mutual dependency in terms of benefits and consequent costs. For example, the optimization of economic performance enables firms to distribute dividends while simultaneously obtaining the resources required to make investments in a circular economy; similarly, when the firm safeguards the environment and community, it can obtain the needed inputs under more favorable economic conditions due to, for instance, a higher environmental, social, and governance (ESG) rating or more efficient manufacturing processes.

This perspective orients firms' behaviors; it is pervasive and relevant at all decisional levels, including the strategic and managerial ones. However, the strategic dimension is particularly relevant, as it involves corporate decision-making by corporate governance bodies, wherein the board of directors plays a fundamental role.

In fact, to ensure the long-term success of their respective firms, boards of directors have played a major role in improving awareness about the relevance of conducting economic activities in line with the principles of sustainable development. This includes respecting limitations pertaining to certain—and at times, non-renewable—resources, paying heed to ecosystem vulnerability, promoting circular behaviors, adhering to community health protection mandates, and fulfilling moral obligations toward the surrounding community and society in general.

Hence, boards of directors are responsible for establishing an integrated vision, wherein satisfying shareholders' expectations requires safeguarding all stakeholders' interests (particularly the non-economic ones), by respecting the following specific conditions closely deriving from the sustainability concept: adoption of a long-run approach; global responsibility and inclusion, in order to reduce negative impacts on the ecosystem and the community; increasing relevance of ESG variables with- in the firm's key success factors, the selection of which requires constant revisions and updates, by considering the mutability of the conditions within a given context; development of an integrated strategy where the economic goals are selected and monitored according to the social and environmental ones; and implementation of performance appraisal systems complying with principles such as transparency, increased integration, and multidimensionality.

Thus, the board of directors should be instrumental in being proactive and tak- ing the lead in the formulation of strategic plans based on the abovementioned new value drivers (ESG factors, in particular), as opposed implementing passive behaviors restricted to simple approvals of strategic plans made by the management. The board must promote a deep rethinking of the usual approach, namely the "silos thinking" model, and move toward the development of integrated decisional processes (integrated thinking), wherein non-financial issues are well identified and embedded within the firm's strategy, by underscoring the related benefits, opportunities, and impacts on performance.

Hence, the sustainability orientation promoted by the board requires the adoption of a global responsibility approach by each board member and every board committee of the firm. The primary aims here are to overcome the traditional focus on the economic dimension only, and instead pay increasing attention to ecosystem and community impacts, as well as to acquire a deep knowledge of the social and environmental factors (in addition to the economic ones) that are relevant to the firm's business and its long-run growth. This would also involve conducting accurate sustainability-materiality assessments to identify the material non-financial variables on which to focus the selection of long-term goals. Creating strategic plans with reference to the Agenda 2030 for Sustainable Development is also crucial. The implementation of sustainable development conditions within these plans should be based mainly on non-financial variables. Specific mechanisms (for instance, the integration of non-financial targets into executive remuneration) would be required to fulfil social and environmental goals. Moreover, in accordance with the principles of transparency, completeness, and integration, it is necessary to establish performance appraisal systems based on multidimensional (key performance) indicators and sustainability reporting tools.

Thus, the establishment of a new integrated, pervasive, and multidimensional perspective capable of overcoming the traditional dichotomy between shareholder and stakeholder views requires a deep rethinking of the role of the board of directors. Its mandates must be executed according to integrated responsibility principles, and the ecosystem and community must be safeguarded at all times.

In Resolution 2012/2098 (INI) of 06/02/2013, the European Parliament expressly states this commitment as follows: "(…) corporate responsibility must not be reduced to a marketing tool, and that the only way to develop [corporate social responsibility] CSR to the full is to embed it in a company's overall business strategy and to implement it and translate it into reality in its day-to-day operations and financial strategy; would welcome a link between good corporate responsibility and good corporate governance; believes the Commission should encourage companies to decide on a CSR strategy at board level." (European Parliament, 2013, p. 3)

The increasing awareness by boards about the relevance of integrating sustainability in strategic guidelines as well as management behaviors would lead to a revision of the primary approaches regarding the role played by this governance body in the establishment of relationships between the firm and its stakeholders. Even when characterized by specific features, responsible boards identify sustainability as a common condition for addressing the conferred mandate. In this context, the most relevant theories are the agency theory, the legitimacy theory, the resource-based theory, and the institutional theory.

The agency theory states that shareholders (the principal) and managers (the agents) have conflicting interests; managers typically behave opportunistically on the basis of personal interests (Lazear, 1998). This implies the need to appoint a governance body that monitors the management's activities to ensure alignment between the shareholders' and the management's interests (Jensen & Meckling, 1976; Arora & Alam, 2005; Flammer et al., 2017). In this context, the board of directors monitors and establishes specific mechanisms (e.g., remuneration policies) in which sustainability is a key variable. Hence, promotion of the sustainability orientation by the board of directors can help reduce so-called agency costs.

According to the legitimacy theory, the development of communication processes complying with transparency and accountability criteria can help obtain legitimization and consent among stakeholders, improving the firm's reputation (Suchman, 1995). This process is facilitated by the board's promotion of sustainability-oriented behaviors and the disclosure of the firm's performance according to the integrated and multidimensional approach (Helfaya & Moussa, 2017; Mahmood et al., 2018).

With reference to the resource-based theory, sustainability is depicted as a widely pervasive condition; according to this approach, the board's structure can be identified as a system of resources aimed at leading the firm's activities toward sustainable development conditions (Grant, 1991; Eisenhardt & Martin, 2000; Barney & Clark, 2007; Macus, 2008).

Last, according to the institutional theory, in order to obtain legitimization and assume the advantage, firms are usually compliant with the formal and informal constraints linked to different stakeholders' expectations and pressures (i.e., those concerning the government, ecosystem, community, etc.). In this context, sustainability enables the adoption of behaviors compliant with these rules by effectively facing the social, political, environmental, and economic pressures exerted by different stakeholders (DiMaggio & Powell, 1983, 1991). According to these pressures, the board legitimizes the firm's activities by formulating a strategy focused on the selection of economic and non-economic goals referring to the stakeholders' expectations (North, 1990; Jennings & Zandbergen, 1995).

Thus, the sustainability orientation implies a shift in perspective in the corporate governance approach. This shift can benefit not only shareholders, but also all other stakeholders. For example, in Nielsen's 2021 Interim Responsibility Update, the company's CEO states the following:

> □ *"…we remained focused on the responsibilities we hold to our employees, communities and the markets we serve through our environmental, social and governance strategy and commitments."*

In another example, Toshihiro Suzuki, Representative Director and President of Suzuki Motors Corporation, in the firm's 2021 Sustainability Report promises that

> □ *"Suzuki will continue to hold dialogue after properly communicating to stakeholders how we plan to realize our management philosophy while making the most of our strengths as well as the ways we will contribute to a sustainable society. I believe that fulfilling this mission is crucial.*
>
> *Each officer and employee will once again return to the mission statement of "Develop products of superior value by focusing on the customer" with a strong awareness of creating environment-friendly products demanded by customers. At the same time, we will also pursue the concept of 'Sho-Sho-Kei-Tan-Bi' ('smaller' 'fewer' 'lighter' 'shorter' and 'neater') in every area to contribute to the realization of sustainable management and a sustainable society."*

It is evident that several factors can impact the effectiveness of the sustainability orientation, the most important being the board's structure, the willingness of its interaction with the firm's stakeholders, and the relevant skill development needed to establish sustainable business models.

2. The Main Structural Drivers of Sustainability Orientation for Boards

As noted above, the board of directors plays a fundamental role in establishing the sustainability view; in fact, the board is the only entity that formulates strategic guidelines that underscore the firm's choices, thus strongly affecting long-term decisions as well as the firm's behaviors in the economic, social, and environmental arenas.

The mandate conferred upon the board of directors relates increasingly to the need to ensure the creation of sustainable development conditions within the firm through the diffusion of responsible corporate behaviors safeguarding all stakeholders and opposing opportunistic attitudes aimed at achieving personal interests (Wang & Dewhirst, 1992; Mason & Simmons, 2014). This approach enables proactive risk management, exploitation of available opportunities, as well as the creation of long-term competitive advantage conditions.

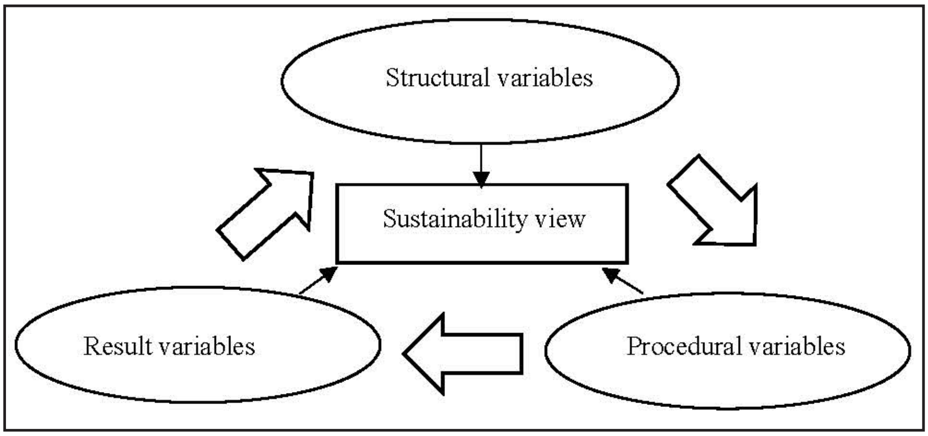
For instance, Pirelli and Leonardo, two Italian firms, listed on the Milan Stock Exchange, recognized as "sustainability leaders" (Robeco, 2021), underline their respective boards' commitments to integrate sustainability principles within their firms' corporate strategies.

> □ *"The sustainability of business activities is a pillar of Pirelli's strategy, which aims to create long-term value for the benefit of shareholders, taking into account the other stakeholders relevant to the Company." (Pirelli, 2020, p. 198)*
>
> *"Innovation, technology and sustainability are the factors underlying Leonardo's strategy which are integrated with each other and on which its competitiveness and future growth are founded." (Leonardo, 2020, p. 16)*
>
> *"Leonardo strengthens its focus on sustainability within the vision of the next decade, expressed by the Be Tomorrow – Leonardo 2030 Strategic Plan, which outlines the strategic priorities underlying the path to innovation and sustainable development." (Leonardo, 2020, p. 6)*

Specifically, the ability of the board of directors to orient corporate activities toward sustainability conditions depends on a combination of several factors, which refer to three main variables: structure, process, and results.

The structural variables are the core conditions related to the corporate governance body. They determine the activities and processes aimed at ensuring the achievement of satisfactory results and, thus, the correct development of the resources-activities-results loop. Together with the structural and procedural factors, results contribute to corporate sustainability, given the circular path of mutual conditioning. In other words, the board's structural features orient toward specific decisions and behaviors, exerting effects on corporate activities, results, and related disclosures (Michelon & Parbonetti, 2012; Jamil et al., 2021; Tran & Beddewela, 2021). Simultaneously, the achieved results affect the attainment of the needed stakeholders' consent, which influences the renewal of the mandate conferred on the board (Figure 1).

Figure 1: *Major Variables Relevant to Boards for Corporate Orientation Toward the Sustainability View.*



The structural components relate to different features of the board, some of them mandatory (e.g., the minimum number of independent board members), others discretionary (e.g., the establishment of a sustainability board). However, the literature typically focuses on components such as members' independence, board size, presence of female board members, and establishment of a sustainability committee (Sims, 1991; Walls et al., 2012; Liao et al. 2015; Glass et al., 2015). In particular, the majority of scholars explain how the abovementioned structural features orient the firm toward the adoption of responsible behaviors, leading to positive impacts on ESG performance (Gabrielsson & Huse, 2004; de Villers et al., 2011; Mason et al., 2014; Salvioni et al., 2016; Haque, 2017; Henry et al., 2018; Ludwig & Sassen, 2021). In this regard, Ricart et al. (2005, p. 32) underline that "The structure of the board is a decisive factor for embedding sustainability into the firm's strategy."

In fact, the board's structural features affect its ability to manage specific risk conditions related to the corporate governance structure, which are likely to hamper the convergence process toward sustainability (Bathala & Rao, 1995; Rao & Tilt, 2016). These are mainly risk factors related to the diffusion of opportunistic behaviors, the adoption of short-term perspectives (rather than long-term approaches that should drive the value creation process), the neglect of social and environmental issues, the absence of the skills and experience required for the effective management of relationships among the firm, community, and ecosystem, and the presence of conflicting interests. In this context, the board's structure is a key variable for good governance in accordance with all stakeholders' expectations and the overall integration with firm's performance.

The literature considers the independence of the board's members to be an enabling condition for the integration of sustainability principles into corporate strategy. In fact, such independence ensures impartiality, improving the effectiveness of the monitoring activity on the management and hampering potential opportunistic behaviors (Coffey & Wang, 1998; Liao et al., 2015).

Similarly, large boards enable the firm to attain the needed skills to cope effectively with new social and environmental challenges (energetic transitions, zero climate impact, poverty reduction, improved community well-being, etc.) (De Villers et al., 2011). On the other hand, a few studies report that large boards can reduce decisional efficiency by hampering the decision-making needed for the creation of sustainable development conditions (Core et al., 1999; Walls et al., 2012). Both theories are valid but, in the authors' opinion, the final result depends on the availability of effective board evaluation processes and the related impacts on nomination proposals. The board's evaluation must verify the existence of the needed skills to promote sustainability and transfer the consequent assessment to the nomination committee.

Sustainability orientation can also be stimulated by the presence of female directors who, as stated in many studies, are more committed than their male counterparts in achieving socio-environmental goals and promoting initiatives aimed at leading to positive impacts on the community (Huse & Solberg, 2006; Glass et al., 2015; Ben-Amar et al., 2015; Cordeiro et al., 2020).

With reference to the structural variables, the establishment of a committee dedicated to sustainability (e.g., a CSR committee, sustainability committee, ethics committee, business conduct committee, environmental committee, and ESG committee) has wide relevance. Such a committee would manage social and environmental issues according to principles such as global responsibility, equity, legality, trade-offs between conflicting interests, and integration of relevant dimensions (Mackenzie, 2007; Burke et al., 2017; Salvioni & Gennari, 2019; Gennari, 2019; Elmaghrabi, 2020). This voluntary committee can strongly contribute to the implementation of a convergence process toward sustainability conditions, as its members are typical- ly independent directors and possess specific skills in the social and environmental fields. Moreover, the committee would support the board in the formulation of CSR strategies. The establishment of such a dedicated committee would institutionalize the importance of sustainability by providing formal and explicit relevance to it (Sims, 1991). This type of committee would enable the development of an integrated approach to addressing ethical issues, thereby improving the firm's reputation and stakeholders' perceptions of it (Purcell, 1985). It would promote trade-offs between shareholders' economic expectations, which are sometimes focused on short-term results only, and the other stakeholders' interests, which are more oriented toward the creation of shared value (Eccles et al., 2014).

On the whole, the presence of the above-stated structural features would enable the implementation of activities characterized by the increasing number of relevant stakeholders, the growing engagement of key stakeholders, the promotion of responsible production and consumption models based on ecosystem-and biodiversity-related safeguards, orientation to a sustainable competitive advantage, the use of digital technologies to facilitate ecosystem protection and community well-being, and the establishment of new business models based on global responsibility and circularity principles (reuse of limited resources, lengthening of the product/service life cycle, development of eco-innovative processes, reduction and reuse of waste, etc.).

In general, the establishment of a board structurally oriented to sustainability enables the development of processes aimed at driving and managing corporate activities according to relevant stakeholder engagement principles and wide circularity conditions (Cumming, 2001; Greenwood, 2007; Klettner et al., 2013; Ellen McArthur Foundation, 2013; Gregson et al., 2015; Geissdoerfer et al., 2017).

3. The Procedural Drivers of Sustainability Orientation

The presence of structural features enabling special attention to the social and environmental dimensions in addition to the economic one would help boards to improve the dialogue between their respective firms and stakeholders. Expectations would be clearly identified and fulfilled to the satisfaction of all. In fact, relationships with stakeholders should be developed according to stakeholder engagement principles, which require stakeholders to be preliminarily mapped and classified before involving them in the establishment of dedicated communication processes (Gnan et al., 2013; AccountAbility, 2015).

In this regard, for the board, stakeholder engagement is an opportunity to better understand the most relevant expectations to select for strategy formulation in or- der to create value in the long run (Svendsen, 1998; Yaziji, 2004; Salvioni, 2018). Thus, boards should use the different dialogue tools available to them (letters, e-mails, meetings, investor briefings, webcasts, big data analysis platforms, etc.) to appraise stakeholders' economic and non-economic interests, and translate them into long-term goals by referring to all relevant dimensions (economic, social, and environmental).

Indeed, the involvement of selected stakeholders, according to their respective roles and contributions, is a fundamental condition for correct and effective strategy formulation and implementation by the board. More precisely, stakeholder engagement enables the translation of strategic goals into sustainable behaviors compliant with circular economy principles (Salvioni & Almici, 2020a; Salvioni & Almici, 2020b; Gennari & Cassano, 2020). In this context, the board, which is a corporate governance body, promotes a deep revision of management processes to increasingly orient them toward ensuring biodiversity protection, reducing climate impacts, enabling material reuse and renewable energy use, promoting the establishment of sharing, partnering, and networking relationships between the firm and its stakeholders, and stimulating the adoption of approaches based on responsible production and consumption models (OECD, 2019).

Through its dialogue with relevant stakeholders, the board integrates circular economy principles within its strategic guidelines by translating its content into specific management goals to be shared with the organization.

For example, both Pirelli and Leonardo underline how their respective boards identify stakeholder engagement as a fundamental condition to formulate a strategy oriented to sustainability and long-term success.

> □ *"Stakeholders have been involved through a request for prioritisation of action on a selection of ESG issues (Environmental, Social, Governance) relevant for the development of the Company." (Pirelli, 2020, p. 77)*
> *"Pirelli believes that the global challenge of natural rubber sustainability requires engagement, cooperation, dialogue and partnership among all involved actors." (Pirelli, 2020, p. 94).*

> □ *"Leonardo is part of a system that includes companies, political and economic institutions, the scientific world and local communities. In order to maintain effective dialogue with all stakeholders, starting with its employees, Leonardo regularly involves them through its organisational units and the most effective methods, in order to understand their interests and points of view." (Leonardo, 2020, p. 78)*

According to the above statements, these firms' boards are called upon to create long-run and profitable relations between the firm and its stakeholders to ensure the achievement of results aligned with the selected expectations and to manage corporate risks effectively. In this context, developing communications between firms and stakeholders according to principles such as transparency, increased integration, multidimensionality, and global responsibility is crucial. Scholars have underlined how financial disclosure is no longer sufficient to satisfy the expectations of stakeholders who are becoming increasingly interested in firms' sustainability efforts (Holland, 1998; Plumee, 2003; Li, 2006; Miller, 2010).

Over the last few years, a clear evolution of corporate disclosure has become evident. This evolution has been driven by national and international regulations (e.g., the Directive 2014/95/UE and the national laws implementing the directive, such as the Legislative Decree 254/2016 in Italy) as well as increasing stakeholder awareness (Lai & Stacchezzini, 2021; Larrinaga & Bebbington, 2021).

In this regard, institutional communication has increasingly widened its boundaries, moving from exclusively financial contexts toward environmental, social, and governance issues in line with increasing integration and transversality conditions. This has led to the development of the so-called "sustainability disclosure," an advanced reporting tool that requires the disclosure of not only economic and socio-environmental performance, but also an explanation of how sustainability is actually integrated into the firm's vision, corporate governance, and business models (Bennington, 2014; De Villers et al., 2014; Rinaldi et al. 2018; De Villers & Sharma, 2020; Lai & Stacchezzini, 2021).

The above-stated conditions underline the need for the board to establish coherent, transparent, and integrated communication processes, which while being addressed to different stakeholders (both internal and external) must also be characterized by the following: the identification, according to materiality and informative effectiveness principles, of a suitable set of indicators, accurately selected on the basis of ESG factors and the industry in question (i.e. the GRI environmental and social performance indicators); the use of effective reporting tools, such as the integrated report, that can suitably disclose the actual level of sustainability integration and pervasiveness within the firm; the development of an integrated approach to the decisional processes (integrated thinking) instead of thinking in silos; and the added focus on the non-economic dimensions related to the SDGs selected at international level.

Besides emphasizing the relations with stakeholders, sustainability-oriented boards seek alignment between technological and social factors. This is essential to improve the environmental impact of services and products by promoting responsible designs based on renewable resources and reuse, as well as lengthening of the life-cycle through maintenance, regeneration, strengthening, and adjustments, or reuse of raw materials through new manufacturing processes aimed at the transformation of discarded goods. In fact, the possibility of establishing circular business models to maximize resource efficiency and reorient the traditional business along the firm's entire chain must be considered. At times, it is possible to explore the potential for the creation of a new business to recover resources that would otherwise be lost (Salvioni and Brondoni, 2020). Thus, the procedural drivers are linked to the translation of the sustainability orientation into new business models that are necessarily intertwined with the creation of sustainable value.

4. The Translation of the Board's Sustainability Orientation into Business Models

The existence of a specific board's structural, procedural, and results-related variables enables the translation of the firm's sustainability goals into long-term value creation. Over the last several years, firms have understood the need to revise their traditional business models, given the increasing integration of sustainability into the strategies formulated by their respective apical corporate governance bodies (Stubbs & Cocklin, 2008; Bocken et al., 2014; Schaltegger et al., 2016; Nosratabadi et al., 2019; Hernández-Chea et al., 2021). Within this process, the board must satisfy a two-fold need: on the one hand, it must revise its strategic approach by promoting the increased integration of corporate responsibility into decisional processes; on the other hand, the board must ensure the effective sharing of long-term goals by the organization.

In this context, in order to translate the board's new approach into an effective orientation of the firm's business model toward increasing sustainability conditions, it is essential to promote, first and foremost, a wide rethinking of values, beliefs, and expectations embedded in the dominant corporate culture (Greenberg & Baron, 1997; Clemente & Greenspan, 1999; Ahmed et al., 1999). The board should engage different stakeholders (both internal and external) to drive behaviors toward responsible consumption and production models; principles such as inclusion, accessibility, and mutual respect in the workplace and daily community life; ecosystem and biodiversity's protection; reuse of materials and resources; a long-run perspective focused on the belief that the value created by the firm should be shared by all stakeholders; and the awareness that the firm's activities imply unavoidable consequences in intertwined fields where the social and environmental dimensions have become progressively relevant (Ngai et al., 2017; Todeschini et al., 2017; Yip & Bocken, 2018; Rossignoli & Lionzo, 2018; Heyes et al., 2018; Rizzi and Danesi, 2021).

The establishment of sustainable business models requires the revision of the core values identified by the firm's leader and shared by the organization. The aim here is to promote a new culture that is strongly based on sustainability principles (Eccles et al., 2012; Marans & Callewaert, 2016). This so-called "sustainability culture" is defined by some scholars as: "a company's recognition of the impact of the company's activities on society and communities and the need to minimize it, which translates into a philosophy and values that drive the decision-making process of the firm" (Marshall et al., 2015, p. 438).

Hence, the convergence of long-run growth toward sustainable models implies a wide cultural rethinking that the board must promote at all organizational levels for an effective reorientation of the management's behaviors. This process is supported by the establishment of continuous and bidirectional communication flows that are primarily oriented to the firm's internal players, as they are the depositories of the core values that the corporate's culture is built upon. Indeed, the firm's communication should be aimed at promoting the diffusion of a strong and pervasive sustainability culture, suitable to facilitate the internalization of management goals selected in line with responsible and long-term oriented governance.

More generally, internal communication is a valid tool for orienting the organization toward behaviors compliant with the sustainability principles embedded in the strategic guidelines; indeed, these communication processes legitimize the management's decisions and allow the disclosure of all the information needed for the effective understanding of the conduct rules formulated by the board.

Similarly, the communication oriented to external stakeholders contributes to their satisfaction regarding their expectations on the social and environmental dimensions in addition to the economic one. This enables the conservation of necessary trust-based relationships required for the establishment of sustainable business models. In order to grow in the long term, the firm needs resources for implementing economic activities; these resources are provided only when the achieved results align with the expectations and selected key indicators. In this context, increasing attention to- ward integrated optimization of performance implies revising the communication approach oriented to external stakeholders according to principles such as global responsibility and integration of disclosed results.

The establishment of effective communication processes as well as a strong and shared corporate culture are two fundamental conditions for implementing sustainability principles embedded in the firm's strategic guidelines and developing business models aimed at creating value in the long term and respecting all converging expectations.

Similarly, the establishment of sustainable business models implementing the board's strategic guidelines requires changes to the working principles of the firm's internal control systems. Even when characterized by specific features, these principles must share the same goals with regard to testing the correctness, effectiveness, and efficiency of the models. Internal control systems include, for example, management control, risk management, compliance controls, and internal auditing. These systems are established within the organization to verify administrative and procedural correctness, monitor the main risks, orient behaviors toward the selected goals, and analyze the alignment between expectations and results. They are intended to manage the firm in a sustainable manner and to create value in the long run. They also underline the need for technical skills and experience referring to specific and partially new fields (chiefly those concerning ecosystem protection, community health, the inclusion and accessibility of spaces and services, sustainable finance, etc.); new multidimensional appraisal indicators, which should be selected after the analysis of the relevant variables; novel risk assessment and management tools focused on the social and environmental dimensions; and advanced and integrated reporting tools capable of disclosing all relevant information for supporting and improving the decision-making of corporate governance bodies toward creating sustainable value.

5. Conclusions and Emerging Issues

Much of the evidence demonstrates that firms create greater value for investors when boards take decisions and make investments based on long-term goals. As we have already stated, the development of behaviors oriented to trade-offs between the interests of all stakeholders facilitates the establishment of trusty consent relationships, leading to improvements in long-term performance. It appears that the future belongs to boards with long-run-oriented structures and processes, which share the values of treating different stakeholders equally as well as integrating economic, social, and environmental dimensions into decisional processes.

Hence, the sustainability orientation is the winning perspective for a firm seeking to last in the long run. The ability to fulfil all expectations converging upon the firm is, in fact, a skill that the board must develop to ensure the availability of the necessary resources for carrying out the firm's activities. Thus, the need to integrate sustainability principles into the firm's strategy and management behaviors in order to establish sustainable business models is clear.

The appointment of the board members requires the assessment of the relevant variables to guarantee the skills and competencies required to promote effective decision-taking and sustainable behaviors. Given this understanding, this study focused on the main variables the board should pay attention to in a bid to drive and support the firm's convergence toward approaches oriented to long-term value creation, such as global responsibility, transparency, and equity principles.

Indeed, the board plays a leading role with respect to the selection of long-term goals and, thus, the development of the needed skills to conduct economic activities according to sustainability conditions. In this regard, the board's structural features, together with the promotion of engagement activities and circular models, are key variables for orienting the firm toward progressively responsible and sustainable behaviors.

However, this process requires the establishment of specific renewal mechanisms mainly aimed at revising the cultural values that serve as the foundation for the development of the firm's long-term growth paths, adapting internal control systems to the changed and more complex monitoring and disclosure needs, and facilitating the development of an integrated reporting system suitable to disclose the firm's results while encompassing its economic and socio-environmental performance.

Achieving sustainability is a challenge that requires a constant rethinking of the firm's vision and mission in accordance with stakeholders' expectations on the ecosystem and community. This challenge puts the board in a far-reaching and relevant position, considering its role in strategy formulation and translation to responsible management behaviors.

Over the last years, boards' awareness about the importance of orienting their firms' activities toward economic goals and beyond has been growing; nonetheless, considerable rethinking of corporate governance structures and processes is a must to continue promoting convergence toward sustainability principles. This may be achieved via various avenues, such as introducing laws and recommendations aimed at promoting the establishment of specific initiatives (e.g., by imposing or recommending, at least for listed companies, the establishment of sustainability committees).

Hence, this study highlights some aspects national lawmakers and self-regulation bodies could focus on, specifically with regard to revising corporate governance regulations to drive firms to follow a perspective strongly oriented to long-term growth.

The current study is the first effort to identify the key variables impacting this area of research; thus, further analysis—particularly empirical studies—aimed at tracking how boards' orientation toward sustainable business models will continue to develop over time, are needed.

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