

COMMENT ON DON TABSCOTT'S INTERVIEW RESPONSES

Don Tapscott is a consultant who specialises in business strategy. When interviewed recently by McKinsey Global Institute,¹ he put together several loosely related thoughts and used this to emphasise the importance of seeking new strategic models of governance. These thoughts represent a convenient way of introducing the links to articles that are beginning to appear on this page.

The first notion to consider is the generally recognised view that many of the problems of corporate governance, and of public sector governance, that we now have are not only stalled, but are also getting worse. Is this because they are more difficult to solve than problems of the past, or is it because we need new models? The answer could include some of both; that is, it is possible that the old models solved the problems for which they were designed, but newly mutated problems may require mutated models, or perhaps models with a mixed character – hybrid models. If so, then we need to know how these new problems changed in form or nature so that we may be able to acquire a grip on the type of new models that should be considered.

Tapscott suggested that technology has had an impact in this mutation by lowering the costs of transactions as well as the cost of collaboration. The economists' view of search and transactions costs relate to the costs of participating in the market and of these there are many.² A trend in the reduction of these costs is likely to engender economies of scale in production and marketing, so collaboration among producers and sellers is likely to be encouraged.³ It is this that gives credibility to multi-stakeholder governance, in particular.

It should be noted that increased collaboration and sharing is most probably not the only way in which hard-to-solve problems can be approached, but it is offered as one which seems to have a distinct possibility of success, at least in the short term.⁴ Developing this

¹ Rik Kirkland, "The Flow of Governance: An Interview with Don Tapscott," McKinsey Global Institute, May 2014. Available at:
http://www.mckinsey.com/insights/strategy/the_flow_of_governance_an_interview_with_don_tapscott

² The RAND Corporation made a comprehensive statement of transaction costs at:
http://www.rand.org/content/dam/rand/pubs/monograph_reports/MR865/MR865.chap2.pdf and treated it as a governance issue. Oliver E Williamson provided an organisational. Oliver Williamson treated it as part of organisational theory in "The Economics of Organisation: The Transaction Cost Approach," *American Journal of Sociology*, Vol. 87, No. 3 (November 1981). Available at:
<http://www.jstor.org/discover/10.2307/2778934?uid=3737536&uid=2134&uid=2&uid=70&uid=4&sid=21104226361133>.

³ This arises from the cost of not collaborating, which would be substantial when the larger enterprises have a sustained cost advantage as a result of their increased scale of operation.

⁴ The shorter time span is made relevant by the thought, which seems to be receiving greater support, that a search for solutions has encountered "blind alleys." This may change with the development of new approaches other than that of collaboration and sharing.

thought with examples of different approaches to governance is the objective of this Internet page. Both corporate governance and public sector governance will be considered.

A second notion, mentioned but not elaborated on by Tabscott, is the perception that the older institutions dominated by problem-solvers are not able to function with newly mutated governance problems, so new models will require new “pillars” within the existing structure of inter-governmental organisations (IGOs). However, if IGOs are a principle cause of the stalled process of problem solving, it may be because the degree of collaboration and sharing among the member states who sit within the IGOs is relatively poor, thus indicating that governance problems carry to this top level. There is reason to give this notion qualified support since we cannot rule out the possibility that the controlling body of each IGO is structured by the governments of the member states, and over time the predominant views held by one member, or at most a small group of member states, becomes a rigidly fixed consensus. Chamber considers this to be worthy of investigation and will seek and report examples of ineffective collaboration and sharing with a view to uncovering weaknesses in the inter-related levels of governance.