

PRESIDENT'S CORNER



Happy New Year everyone! I am pleased to say that your new inter-disciplinary academic society built around corporate governance is growing and thriving. Our annual conference continues to grow and add value. Please read the 2017 conference

chair's report on the following pages. Special kudos to Alessandro Zattoni for a fun and special experience in Rome. I for one, will always remember the gala dinner at the conclusion of our conference in Rome amongst many other special memories.

Over the past year, we hit several milestones and went through a number of changes. For the first time, we exceeded the revenue threshold of the IRS so now we have to file taxes with the IRS. While the bureaucracy isn't fun, the growth in size and stature is rewarding. Next, we had our first transition in Executive Directors (ED). Dan Campbell, our worthy first ED, wanted to spend more time with his family so we reluctantly parted ways last fall. Replacing Dan is Sara Russell Riggs and she is working out just great. I am hopeful that Sara can join us in Shanghai later this year so everyone can meet her. Notably, we are trying to build up our leadership pipeline within the society and Doug Cumming has stepped into the role as the first President-elect of the ICGS. You may recall that Doug helped to pioneer the creation and development of the Annals of Corporate Governance (ACG) which he co-edits with Geoff Woods. Evidently, Doug has too much time on his hands so he is continuing as co-editor (for ACG) in addition to working with Anthea Yang on the upcoming conference in Shanghai. Doug will assume the role of President in 2019 per our succession planning event. We are in good hands!

Having Doug on board has enabled Sara and myself to start focusing on our next initiative which is the creation of virtual interest groups for our entire membership. The way they will work is that each member in good standing is welcome to join one or two interest groups as part of their annual membership. Each interest group is led by two moderators and the platform is based in Linked-In. If you are a member in good standing and have a Linked-In profile, you are welcome to join an interest group. There are currently six interest groups: (1) Boards of Directors; (2) Ownership; (3) External Institutions; (4) Comparative Systems; (5) Compensation; and (6) Disclosure & Transparency.

The idea is that if you have a research question, are searching for a co-author, or want to know the latest thinking on certain topics within an interest group, you can read, post or lead discussions within the interest group. If you have any problems doing this, just go to our website for details or contact our ED for specific guidance. It is our hope and desire that we can provide value to you, our members, more frequently than just in an annual conference. Our vision is to create a community of scholars from the four corners of the world all in dialogue about a common topic. If you want to create a new interest group that doesn't overlap too much with existing groups, simply send your proposed name and description to the ED along with the support and commitment of six members to engage with you on this topic.

Furthermore, an exciting array of new review articles from prominent authors will be coming your way in 2018. Best wishes for a productive and meaningful year!

Bill Judge

Snapshot: 3rd Annual ICGS Conference



**Alessandro Zattoni,
2017 ICSG Conference Chair**

The 3rd Annual ICGS Conference on “Corporate power and corporate governance: Balancing value creation with stakeholder accountability” was held at LUISS University and Business School in Rome, Italy on September 2 and 3, 2017.

The conference received large interest from corporate governance scholars as witnessed by the 161 working papers submitted for acceptance. The reviewing process was intense and quick with almost all papers receiving two reviews in just one month. As a result of the review process, the conference organizers accepted 121 papers (66% of submissions). Among the eight papers nominated for the best paper award, a special conference committee assigned the prize to a paper by Aleksandra Gregoric and Thomas Poulsen entitled, “The power of non-controlling stake: Below parity representation of employees on corporate boards”.

The ICGS conference was preceded by a doctoral workshop where 12 PhD students - selected from 43 submissions - presented and discussed their works with colleagues and senior discussants including Ruth Aguilera, Douglas Cummings, Bill Judge, Eduardo Schiehl, Till Talaulicar, and Alessandro Zattoni. At the end of the day there was a session on tips on publishing in CGIR and a social dinner with ICGS board members. The doctoral consortium was sponsored by Wiley, the publisher of Corporate Governance: An International Review, and IFC provided financial support to a number of PhD and scholars from emerging economies.

The conference was attended by 150 corporate governance scholars from 37 countries. More than 100 papers were presented in 44 sessions. All disciplines (e.g. management, accounting, finance, law, and economics) were represented.

Two special events were organized during the conference. First, there was a panel discussion on the conference topic involving Douglas Cummings, Professor of Finance and Entrepreneurship at the Schulich School of Business at York University; Kristin Holter, Managing Director/Partner at Stakeholder AS; Peter Montagnon, Associate Director of the Institute of Business Ethics; and, John Plender, journalist at the Financial Times, BBC and Channel Four. The panelists presented their interesting views and experiences on two fundamental questions: Is it possible and necessary to balance value creation with stakeholders’ accountability; and, eventually, in which circumstances and how? Panelists were all convinced that stakeholders are critical for a firm’s success, but did not share the same conclusion about if and when companies should be managed according to shareholder theory or to a less conventional stakeholders’ perspective.

Second, Franklin Allen, Professor of Finance and Economics and Executive Director of the Brevan Howard Centre at Imperial College London delivered a keynote speech on the “International evidence on firm level decisions in response to the crisis: Shareholders vs. other stakeholders”.



Conference Keynote Speaker Franklin Allen

The main conclusion of Allen's presentation was that companies from different countries reacted differently to the large decrease in revenues after the global financial crisis. Firms in the United States decreased operation costs and increased cash holdings more than peer companies in other countries. In Germany and Japan, firms in labor-intensive industries saw an increase in operating costs compared to peer US firms.

As a conference chair, I would like to thank a number of people for the great support I received including Bill Judge and all board members of ICGS; all track chairs (Nikolaos Kavadis, Carlos III; Amanda Cowen, University of Virginia; Xavier Castaner, HEC Lausanne; Konstantinos Statoupolous, University of Manchester; Eduardo Schiehl, HEC Montreal; Martin Conyon, Bentley College; and Jose Rivas, ITAM School of Business); IFC and Wiley for their special contribution to conference success; all reviewers and session chairs; and, LUISS PhD and post-doc students involved in the organization of the conference.

At the end, it has been a great experience to organize the 3rd ICGS Conference. To see a large number of corporate governance scholars presenting their studies and discussing their views in the magnificent buildings of Villa Blanc in Rome was a great payoff!



ICGS Board Member Cynthia Clark presenting Alexandra Gregoric with the best paper award.

4TH ANNUAL ICGS CONFERENCE

October 13-14, 2018

Shanghai, China

The 4th Annual ICGS Conference will be held on October 13-14, 2018 at Fudan University in Shanghai, China. Co-chaired by Dr. Yan "Anthea" Zhang and Dr. Ming Zheng, its theme will be "**Navigating Corporate Governance in Emerging Markets**". The Harold S. Geneen Institute of Corporate Governance at Bentley University will be the primary corporate sponsor of this conference.

Additional information about the conference, including how to register can be found by clicking this [link](#). You must be a member in good standing in order to register for the conference. Conference registration will open on April 1, 2018.

In conjunction with the 4th Annual Conference, on October 12, 2018, there will be a pre-conference and doctoral consortium. The **ICGS Doctoral Consortium** provides an opportunity for doctoral students to get detailed and constructive feedback on their work from senior corporate governance scholars. Participants will discuss opportunities and challenges in the field from an international and interdisciplinary perspective. The consortium is open to both doctoral students who have completed approximately two to three years of their PhD program as well as junior faculty not well experienced with publications in an international journal.

The **5th annual ICGS conference** will be hosted by Essex Business School, University of Essex in Colchester, UK on October 12-13, 2019 with a pre-conference on October 11, 2019.

Award Winning Papers at the 3rd Annual ICGS Conference

Best Paper: Gregoric, A. & Poulsen, "The power of non-controlling stake: Below parity representations of employees on corporate boards"

Runner-Up: Carney, M., Estrin, S., Liang, Z., & Shapiro, D., "Ownership and firm performance: The case of understudied countries"

SNAPSHOTS FROM THE 3RD ANNUAL ICGS CONFERENCE



RISKY BUSINESS: THE PERILS OF BEING A BOARD DIRECTOR

By Patricia Lenkov

The role of corporate board director can be highly desirable. To many it represents the capstone of a career and the ultimate confirmation of achievement and success. We all know that one typically does not become a board director until we have achieved a certain level of accomplishment, esteem and wisdom. And it is precisely because of this track record of accomplishment and notoriety that directors and potential directors must be aware that the role is not without its own set of risks.



Interestingly, and particularly with individuals new to the world of corporate governance, the risks of the role are scantily considered. It seems that the goal of being a director and the perceived esteem of the role is so strong that it often causes otherwise rational and analytical individuals to forget caution.

But caution and care are exactly what is necessary. Here is a sampling of some of the risks associated with being a board director:

Reputational Risk

As mentioned previously, one becomes a board director in the later stages of one's career. Implicit in this is at least a moderate level of success and importantly, and in order to get there, an untarnished career path and accordant reputation. Joining the wrong board can change this in a heartbeat. For example, the recent debacle at Equifax most affected the 143 million people whose records were breached. However, another consequence is that the CEO is gone and there are infinite questions about what the board could have and should have done. There are dozens of lawsuits and the effects will linger for years.

Even directors on boards as large and previously distinguished as General Electric are not immune. CNBC's Jim Cramer stated last month that "GE's

whole board of directors should go on the Wall of Shame". While these directors may recover and some may even stay on these boards, they will be tainted by these episodes in ways that could never be fully anticipated.

Legal Risk

Directors do occasionally get sued. For example, in 2017 the Directors of United Continental Holdings were sued by a pension fund for granting a \$37 million severance package to the company's former Chief Executive Officer. A shareholder sued Yahoo!'s Directors for delaying the disclosure of the massive data breaches that the company suffered. And, investors are suing the board of Wells Fargo over the fake accounts scandal of recent past.

Some mitigation of this risk comes from the business judgement rule which is the legal principle that states and assumes that directors will exercise their best judgement when acting on behalf of the corporation. D&O (Directors & Officers) insurance can also provide some amnesty. As such it is important to understand what a particular company's policy looks like and what exactly it covers. Nevertheless, while the tangible consequences of a lawsuit can be perhaps partially tempered, the risks to character and status are harder to quantify.

Risk of Disappointment

What if the board and the experience is not what you had anticipated it to be? Perhaps it is simply a ceremonial board that doesn't do much more than agree with whatever the Chief Executive Officer suggests. Perhaps there is no debate, deliberation, intellectual curiosity. Conceivably the other Directors may be simply disinterested, or disenchanted. All of this can and unfortunately does happen. The inexperienced director may come to believe that all boards function like this but those that have seen a productive board can perhaps agitate for improvement. Nevertheless, this is a risk and perhaps one that is not often discussed.

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There are certainly other risks associated with being a board director but on the other hand the experience can be unequivocally positive and without risk. The key is thorough and perhaps even lengthy due diligence that should include meetings with all board members and as many on the executive team as appropriate and possible. Speaking to clients, suppliers and employees can also be helpful as well as an examination of financial documents and any outstanding legal proceedings. There is more that can be done to mitigate risk but that is beyond the scope of this article. Suffice it to say that a clear, composed and methodical evaluation of any board opportunity is essential, even if it feels like a dream come true.

Patricia Lenkov heads up Agility Executive Search, a boutique firm she founded in 2008. She has extensive board and C-suite search experience having worked in the board of directors' practice at Spencer Stuart and Heidrick & Struggles. She is widely regarded as a thought leader on board recruiting, corporate governance, composition, and succession. She is well known for her work on board diversity, and sits on the New York Steering Committee of 2020 Women on Boards.

The **International Corporate Governance Society** (ICGS) is a nonprofit, educational organization formed to provide an academic forum for corporate governance scholars that enhances research, teaching and consulting on corporate governance systems, practices, and outcomes throughout the global economy. The focus of ICGS is the global economy and its constituent societies and it is governed by an internationally-representative board of directors and supervised by its officers. ICGS seeks to be the academic society of choice for all academics with an interest in research, teaching and/or consulting associated with corporate governance practices and systems. We attempt to practice good governance within our society as well as explore ideas for improving governance of other organizations. Please visit our website [here](#).

GREAT ADVANTAGES WITH ICGS MEMBERSHIP

While there are a number of advantages to being a member of the ICGS, there are three in particular that really provide our members with unique benefits.

Annual Conference

Every year the ICGS holds an annual conference which draws the top governance scholars in the world for scholarship and networking. The most recent annual conference held in September 2017 at LUISS University and Business School in Rome, Italy was attended by 150 scholars from 37 countries. More than 100 papers were presented in 44 sessions. The fourth annual conference, co-chaired by Anthea Zhang and Ming Zheng, will be held in Shanghai, China in October, 2018. Registration for the conference opens on April 1, 2018 so keep checking back on the ICGS website (www.icgsociety.org).

Annals of Corporate Governance

ICGS members receive a quarterly monograph through ICGS' new online journal, Annals of Corporate Governance (ACG). Led by Editors-in-Chief, Douglas Cummings (York University) and Geoffrey Wood (University of Essex), each issue of ACG comprises a 50-100+ page monograph written by research leaders in the field on some of the hottest governance topics.

Access to Country-Level Data

One of the most exciting advantages of ICGS membership is the opportunity to access country-level data generated and curated by ICGS country experts. ICGS members have access to a team of ICGS country experts who reside within a national governance environment and who are responsible for basic information, useful internet links, and sources of data (multi-year) on their particular governance environment. Only members in good standing will be able to access the ICGS country expert information. The data currently available on the ICGS website are country economic and corporate governance data from 2010 to 2014 and are provided in an excel spreadsheet format. Once you login as a member, the data are accessible under the downloads tab under the economic and governance data folder. To date, there are five ICGS country experts covering India (Monomita Nandy), Israel (Stav Fainshmidt), Mexico (Jose Rivas), Singapore (Michael Witt), and the United Kingdom (Suman Lodh).

ANNALS OF CORPORATE GOVERNANCE: ISSUES TO DATE

1. Volume 1, Issue 1: (Law) Coffee & Palia – Hedge fund activism
2. Volume 1, Issue 2: (Finance) McCahery & Vermeulen – Venture capital
3. Volume 1, Issue 3: (Law) Ringe – Regulatory competition in global financial markets
4. Volume 1, Issue 4: (Management) Wood & Brewster – Corporate governance and HRM
5. Volume 2, Issue 1: (Management) Lorsch – Board of director research
6. Volume 2, Issue 2: (Management) Judge & Talaulicar – Board involvement in SDM
7. Volume 2, Issue 3: (Finance) Chakravarty & Pylypiv – Microfinance
8. Volume 2, Issue 4: (Economics) Renneboog & Vansteenkiste – Leveraged buyouts
9. Volume 3, Issue 1: (Management) Reuer & Klijn – Governance of hybrid organizations

ICGS NEWSLETTER EDITOR

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If you have contributions for our next newsletter (Volume 4, Issue 2) which will be published in July 2018, please contact Karin Schnarr (kschnarr@wlu.ca) by **June 1, 2018**. We welcome information on upcoming book publications from ICGS members or conferences/events that will be of interest to other ICGS members. We especially would appreciate information about activities in which ICGS members may be involved given the global community of scholars that comprise the ICGS.

UPCOMING EVENTS

April 1, 2018: Submission deadline for panels and abstracts for the 4th annual ICGS conference in Shanghai, China.

May 10-12, 2018: International Conference on Corporate Governance held by the Cardiff Corporate Governance Research Group at Cardiff Business School in Wales, UK.

June 20-23, 2018: EURAM's annual conference with special emphasis on corporate governance in Reykjavik, Iceland.

June 25-28, 2018: International Corporate Governance Network's annual conference in Milan, Italy.

October 13-14, 2018: International Conference on Corporate Governance at Fudan University in Shanghai, China. The conference theme is 'corporate governance in emerging economies.'

Don't forget to visit our website at www.icgsociety.org