

PRESIDENT'S CORNER



Dear ICGS members,

I hope this newsletter finds you well.

The year 2021 has been still difficult. The video calls and virtual (or blended) teaching have become a routine for every scholar.

Luckily, most ICGS members had the chance to attend – physically or virtually – the 7th ICGS conference held at the University of Groningen. The conference was a great success, especially because a number of scholars had the chance to meet and discuss their research in person. Participants appreciated the quality of paper presentations and feedbacks, the keynote speakers' presentations by Jaap Winter and Alex Edmans, the panels on "Boards in times of disruption" and "Ownership in times of disruption". The various social activities – i.e., the welcome and closing receptions, and the gala dinner – were also highly appreciated. Attendees of the virtual conference were also particularly happy for the reviews and comments received on their presentations. Kudos to Niels, Jana and Swarnodeep – and, obviously, Sara - for having organized such a great event!

Till Talaulicar and Kostas Stathopoulos – the co-editors-in-chief of *Corporate Governance: An International Review* – organized a PDW on Friday afternoon. The PDW was well attended. It involved 30 senior scholars and 32 junior scholars who received 30 minutes feedbacks on their papers. The participants

also attended a session where Till and Kostas presented the journal. Kudos to Till and Kostas for organizing such a successful PDW!

I remind you that our 8th annual conference will be held the 12-13th of November 2022 at Miami Herbert Business School. The conference chairs will be Wei Shi (our board member and Associate professor of Management) and Fabrizio Ferri (Professor of Accounting). You may find more information below in this newsletter. I greatly thank Wei and Fabrizio for organizing our 8th annual conference. I am sure it will be a great success!

About *Annals of Corporate Governance (ACG)*, the two Co-Editors Geoff Wood and Marc Goergen finalized volume 6 and started to develop the issues to be published in 2022. Many thanks to Geoff and Marc (who joined our board of directors) for the nice work they are doing to promote and develop ACG!

During our annual assembly meeting, I presented some initiatives that the membership committee and the board of directors are discussing and will finalize soon. The first initiative we launched is a series of webinars coordinated by Bill Judge, Ruth Aguilera and Shelby Gai. The first webinar has been held the 5th of January 2022 with Randall Morck as keynote speaker. The next one will be held the 3rd of March and the keynote speaker will be Patricia Lenkov. You may find more info on the webinars on the ICGS website. We are also thinking how to boost the micro-communities and how to better connect ICGS with practitioners who have an interest in corporate governance. Please, feel free to share with me or other board members any ideas on how ICGS can improve your professional life in all its dimensions (i.e., teaching, research, service, consulting). Your suggestions and comments will be discussed in the board and taken into consideration to promote future initiatives.

I conclude saying that it is a privilege and an honor to serve as the President of our Society. The interactions during the networking and social sessions made me understand that ICGS includes many corporate governance scholars that are willing both to

contribute to the development of the Society and to do relevant and rigorous governance studies. This is a great news as better corporate governance practices may contribute to address the several corporate, societal, and environmental issues we are facing today.

We recently held board elections. ICGS members have elected four valuable directors: i.e., Marc Goergen, Professor of Finance at IE Business School; Luh Luh Lan, Associate professor of Law at National University of Singapore; Sun Hyun Park, Professor of Strategy at Seoul National University; and Margarethe Wiersema, Dean's Professor of Strategic Management at UCI School of Business. Please, join me in congratulating them for the election. The ICGS board of directors will effectively promote the future development of our society.

I wish you and your family a very Happy New Year.

With my best wishes

Alessandro

Are We Progressing in Board Diversity?

Editor's note: We are pleased to present this important Q&A between ICGS Contributor Patricia Lenkov and the SHRM Executive Network. The ICGS Newsletter thanks SHRM for permission. Please find the entire original article on the SHRM Executive Network at: <https://www.shrm.org/executive/resources/articles/Pages/board-diversity-progress-lenkov.aspx>

SHRM: Women and minorities are still relegated to a small subset of board seats set aside for underrepresented groups. You've noted in the recent Spencer Stuart report that this means if representation of one underrepresented group rises another minority group's representation falls. How can boards expand their thinking about diversity?

Lenkov: Boards must appreciate the value that diversity can bring rather than view it as a compliance exercise. We should also eradicate the myth that there are not enough qualified candidates to fill board seats. For almost any set of qualifications there are in fact a multitude of candidates who can bring the requisite skill set and experience and are diverse in terms of gender and/or race/ethnicity. To improve diversity, we have to diversify the way we look for board candidates.

SHRM: Another statistic from the research showed while the number of women directors has risen from 28% to 30% overall, the overall number of new women board members fell from 47% to 43% from 2020 to 2021. How do companies and boards know what to measure in terms of diversity going forward?

Lenkov: The fact that it is 2022 and we are still measuring these changes on such a granular level is troubling. Rather than focus on a few percentage points up or down, companies would be better served to appreciate that their businesses are ever-changing. The business environment is evolving by the second and keeping boards stagnant and unchanging does not serve the company well. Boards and the companies they serve should be focused on continuous improvement. In terms of strategy, business conditions, challenges and employee expectations change. The board should transform accordingly. This does not mean endless board turnover but rather regular assessment of the contributions and composition of boards and the freedom to adjust as necessary.

SHRM: While a close eye is kept on companies in the S&P 500, what about companies not on that list? What progress have medium and small businesses made on board diversity?

Lenkov: We can look at the rates of gender diversity in the S&P 500 versus the Russell 3000 to get a sense of progress or the lack thereof. In 2021, women made up 29.1% of board directors, in the S&P 500 and in the Russell 3000 this number was 24.1%. Generally, the larger the company the more progress it has made with regards to diversity. Another insight can be gained by the fact that in 2021, 28% of newly elected directors were white in the S&P 500, as well as the Russell 3000 and S&P Midcap 400.

SHRM: Are certain industries better at board diversity? What about geographic areas?

Lenkov: Not surprisingly consumer companies have the most gender diversity on their boards. Industrial and energy companies have the least. The difference between both ends of the spectrum is not huge, going from 29.1% at the high end to 23.8% at the bottom. Regarding ethnic/racial diversity, it has been reported that utility boards have the most diversity while energy and real estate have the least.

As it pertains to geography, diversity and the lack thereof has been more or less evenly distributed across the country. However, now that California and

Washington have a board diversity quota, we would expect to see diversity numbers increase. Colorado, Pennsylvania and Ohio have non-binding diversity requirements that ask, but don't tell boards to improve diversity. This too will have impact and improve diversity in these geographies.

SHRM: Is there a particular aspect of diversity that seems easier to achieve, for example, gender or race? What role is intersectionality playing?

Lenkov: The ability to achieve a particular aspect of diversity will depend on what other criteria the board is looking for. There are a finite number of racially/ethnically diverse CEOs and even female CEOs are still scarce. For example, as of June of this year there were only 4 Black CEOs of Fortune 500 companies. So, if a board is fixated on hiring away a Black CEO of a Fortune 500 company, they are likely to come up short as these four individuals are already spoken for. On the other hand, if a board is looking for a CFO or CIO there are many. There are super-qualified candidates in abundance and amazingly many are ready, willing and able, and not yet approached. At the end of the day the diversity we are looking for is diversity of thought. As such, intersectionality provides an added bonus of multiple layers of diversity and will further enrich their ability to contribute.

SHRM: Many boards are encouraging turnover or adding seats to allow for openings to be filled by new candidates. Are these strategies working to increase board diversity?

Lenkov: Board refreshment and adding new seats are certainly ways to improve diversity. In the 2021 proxy year S&P 500 companies added 456 new directors, which is the most since 2004 according to the Spencer Stuart Board Index. However, directors with long tenures are still commonplace. In fact, in the United States there are over 1000 directors on public company boards who have a tenure of 25 years or more. If boards are to evolve and make progress, expectations about tenure and turnover need to change.

SHRM: Pressure to report to investors positive business outcomes and more creative future planning have been part of making the case for diversity. What seems to be the most powerful motivation for increasing representation?

Lenkov: The most powerful motivation should be an appreciation of the value diversity can bring. It has been shown that diverse groups deliberate more

when making decisions as they must consider divergent points of view. However once decisions are reached, they tend to be superior to those that come from more homogenous groups. This should be motivation enough. However investors are increasingly measuring diversity and it is ever more important to treat employees well.

There is an expression "you cannot be what you cannot see" and to attract the best employee's companies must be mindful of how they present themselves, including the values they portray through board composition.

ICGS 2021 Conference Awards

Best Paper: CEO Pet Projects. Paul Decaire & Denis Sosyura.

Best Paper Runner-up: Different Shades: The Effects of Hedge Fund Activism and Corporate Shareholder Activism on Competitive Actions. Mark DesJardine, Wei Shi & Zihui Sun.

**Best Paper and Best Paper Runner-up awards are supported by Wiley.*

Upcoming events

March 3, 2022. 11AM EST. ICGS Webinar Series. Time's Up. Why Boards Need to Get Diverse Now. Patricia Lenkov. Register now at:

https://msu.zoom.us/meeting/register/tJAof-2prj8sEtQN6wO2tHKZ0nQYIBHyb9Qi?_x_zm_rtaid=jFlua22dRMuE62PXkPRuvA.1642102240888.18efe0d6bf273bc03f0c0f7b72cd2488&_x_zm_rtaid=822

November 12-13, 2022. Miami, Florida, USA. 8th Conference of the International Corporate Governance Society.

July 4-8, 2022. Groningen, the Netherlands. Summer School. Corporate Governance and the Effectiveness of Boards. Find more information at: https://www.rug.nl/education/summer-winter-schools/corporate_governance/

Editor's Note: Please see the end of the newsletter for details on several calls for corporate governance papers.

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. Its focus is the global economy and its constituent societies, so governance scholars and government officials from every economy of the world can find value in this association. It is governed by an internationally-representative board of directors and supervised by its officers. We attempt to think and act consistent with our society's values.

ICGS 2021 Conference Wrap

Due to the COVID-19 crisis, the 7th ICGS annual conference, organized by the University of Groningen, the Netherlands, was a hybrid event.

On October 9-10, over 100 scholars participated in the onsite conference held in the Academy building of the University of Groningen. During the two-day program, they were offered 22 parallel sessions with presentations of recent work on different corporate governance topics, as well as a number of plenary sessions, such as two keynote speeches, two panel discussions, the announcement of the conference best paper award, and the annual general meeting of the members of ICGS. Another 70 scholars were able to participate online in the plenary sessions of the conference program in Groningen. Participants of the onsite conference were able to socialize during the welcome reception on October 8, the lunches, several coffee breaks, the conference dinner on October 9 and the closing reception on October 10. We were happy to see that almost all participants were also present at these social events.

One week later, on October 16, close to 90 scholars participated in the online part of the conference. During this online event, scholars presented and discussed their work during 17 parallel sessions. Moreover, they were invited to informally meet in three social events.

In total, almost 130 papers were selected for presentation, either at the in-person or online conference. We were very fortunate having a team of track chairs who put a lot of effort in making the review and selection of submitted papers a smooth and efficient process. The team consisted of Marc Deloof, Miriam Flickinger, Dimitrios Georgakakis,

Maria Goranova, Aleksandra Gregoric, Swarnodeep Homroy, Nikos Kavadis, Esha Mendiratta, Trond Randøy, Floor Rink, Kees van Veen, Dennis Veltrop, and Patrick Verwijmeren. Thanks a lot to all of you for your efforts.

The central theme of the conference was “Corporate Governance in Times of Disruption”. Issues such as the COVID-19 crisis, ESG and the digital transformation, including the misuse of personal data, put pressure on corporate governance practitioners. In order to effectively respond to these challenges, practitioners need to develop new and/or adjust existing corporate governance mechanisms and policies. The keynotes and panel discussions, as well as a number of paper presentations, aimed at contributing to the discussion on how corporate governance mechanisms and practices can be adjusted to cope with disruptive events.

Keynote Alex Edmans, Professor of Finance at the London Business School (LBS), talked about academic evidence showing what policies and practices may help to serve the interests of stakeholders of the firm, debunking the idea that firms have to choose between the interests of shareholders versus interests of other stakeholders.

Jaap Winter, Professor of International Company Law at the University of Amsterdam and Professor of Corporate Law, Governance and Behaviour at the Vrije Universiteit Amsterdam, gave a keynote speech in which he stressed that board work is first and foremost human work, that is, the outcomes of what boards do is driven by board dynamics.

One of the two panel discussions was on “Boards in Times of Disruption”, sponsored by the International Finance Corporation (IFC), with Floor Rink (University of Groningen), Jacobina Brinkman (PwC), Erik Vermeulen (Tilburg University and Signify), and Karina Litvack (ENI) as panelists. They talked about their personal experience in corporate boards when confronted with disruptive events. The other panel was on “Investors in Times of Disruption” with Rients Abma (Eumedion), Faryda Lindeman (NN), Margarethe Wiersema (University of California), and Cynthia Williams (University of York) as members of the panel. Drawing upon practical experience as well as on academic research, they discussed how shareholder activism could help firms to cope with disruptive events. This year, the Best Conference Paper Award Committee, consisting of Ruth Aguilera, Miriam Flickinger, Aleksandra Gregoric, Bill Judge,

Trond Randøy, Patrick Verwijmeren, Georg Wernicke, and Margarethe Wiersema, selected the paper entitled “CEO Pet Projects” by Paul Decaire and Denis Sosyura as the best paper presented at the conference. The runner-up best paper was entitled “Different Shades: The Effects of Hedge Fund Activism and Corporate Shareholder Activism on Competitive Actions” by Mark DesJardine, Wei Shi, and Zhihui Sun. Congratulations to the winners and a big thank you to the members of the Award Committee who did a great job in evaluating the eight nominated papers.

The main conference on 9-10 October was preceded by a paper development workshop on October 8 on location in Groningen, hosted by CGIR Co-Chief Editors Till Talaulicar and Kostas Stathopoulos. More than 30 PhD students and early career academic staff participated in this workshop, where they received comments from senior CGIR Senior editors on their work. Thanks Till and Kostas for the work you have done to organize this event.

Finally, a big thanks goes to the Executive Director of ICGS, Sara Russell-Riggs. Sara was extremely helpful in supporting us with organizing the conference in many possible ways. We are very pleased about the end result of this year’s ICGS conference.

Admittedly, organizing an event like this during the COVID-19 pandemic was challenging, but we are very happy we were able to offer it in hybrid form. Based on the responses we received during and after the conference, we believe we can say that participants were very pleased as well. Let us hope that the 2022 annual conference in November in Miami can be organized without major disruptions and that we are all able to meet in-person. We wish conference organizers Fabrizio Ferri and Wei Shi all the best with preparing this year’s conference.

2021 conference organizers,

Niels Hermes, Jana Oehmichen & Swarnodeep Homroy

ICGS 2022 Conference

We are excited to invite you all to the 8th conference of the International Corporate Governance Society, which will take place from Saturday to Sunday, 12-13 November 2022 at the University of Miami (U.S.A.). The conference is intended to provide a forum for international academics and policymakers to showcase and discuss the latest corporate

governance research issues and practices. The theme of the conference is “Corporate Governance in a Digital Era: Challenges and Opportunities” and the conference includes the six tracks: Corporate Governance in a Digital Era, Internal Governance and Strategic Leadership, Ownership, External Corporate Governance Mechanisms, Corporate Governance and Stakeholders, and Comparative Corporate Governance

We will start with an opening reception on Friday evening and end with a closing reception on Sunday. At this point in time, we plan to have the conference in person in Miami.

More information about the conference can be found here: <https://herbert.miami.edu/faculty-research/business-conferences/icgs2022/index.html>.

We are very much looking forward to welcoming you all in Miami.

Best regards,

Fabrizio Ferri & Wei Shi

ANNALS OF CORPORATE GOVERNANCE

Volume 6, issue 1: The social purpose of the modern business corporation, Peter J. Buckley

Volume 2, issue 2-3: Beyond ESG: Reforming capitalism and social democracy. Marcel Boyer

The journal is indexed in Cabell's International, EconLit/JEL, Emerging Sources Citation Index (ESCI), Google Scholar, RePEc/IDEAS, Ulrich's.

Submission instructions for ACG are found at: <https://www.nowpublishers.com/Journal/AuthorInstructions/ACG>

Meet new ICGS Board Member Margarethe Wiersema.



Why did you join ICGS?

I have been active in corporate governance for some time. I didn't know much about the society as it is still relatively new and growing. I heard about it through co-authors and through Ruth Aguilera. The culture of the society and value proposition are attractive.

Please describe the value proposition and how ICGS can continue to grow and improve?

Academic researchers are overextended. I am active in several groups including the Academy of Management and the Strategic Management Society. I joined ICGS because of an invitation by Ruth Aguilera. ICGS has a clear value proposition and growth potential but could better communicate its benefits to the academy. The value proposition of ICGS is its positioning to address the multi-faceted nature of corporate governance. Corporate governance intersects many disciplines - management, accounting, finance, law - etc. The management discipline is siloed. It can be difficult to connect the dots without being cross-disciplinary. The whole premise of ICGS is to bring scholars together from other disciplines. It is happening. This can be promoted more in the future.

Where do you believe corporate governance is going in the future?

Debate about the purpose of the public corporation and the respective obligations to stakeholders versus shareholders has become a front burner issue for executives and investors. Companies are facing intense pressure to reduce their environmental impact, but at the same time investors are also concerned about whether doing so results in neglecting shareholder interests. Danone, for example, has been targeted by activists who believe that ESG factors have been used by the CEO to justify its underperformance. The conflicting demands from the investment community for ESG compliance and shareholder value maximization represents the new governance landscape that management and boards must navigate. It calls for scholarly research to help identify what is responsible capitalism and how it is best measured.

You have an extremely successful publishing track record. What is your advice for society members in developing a research program?

Find good co-authors. We can't be productive alone. Look for complementarities. Look for people that have different strengths. I have worked with an international trade economist, for example. Carefully consider approaches by interested co-authors. Be willing to connect with people. Look at their data and invest the time if the relationship seems promising. Avoid spending time on one-paper co-author situations. It is too little return for the start-up costs. If you are early in your academic career go out and present. Meet people in your chosen domain, identify connections and write with them. Over time you can build a good network that will drive productivity.

Publishing Opportunities. CGIR Calls for Papers.

Please visit the CGIR link to find an extensive list of special issues and calls for proposals. We highlight five here:

- Special issue on "The Role of Institutional Investors in International Corporate Governance: Contemporary Paradigms and Perspectives." Deadline January 31, 2022 (conference) or August 31, 2022 (special issue).
- Special issue on "Meta-analyses on Contemporary Corporate Governance." Proposals due May 1, 2022.
- Special issue on "Global Social Movements and Governance of the Firm". Deadline October 1, 2022.
- Special issue proposals. Due August 1, 2022.
- Review Issue 2024 proposals. Due March 1, 2023.

More detail is available at the CGIR home page.
<https://onlinelibrary.wiley.com/page/journal/14678683/homepage/callforpapers>.

Meet ICGS Board Treasurer, Dr. Gavin Nicholson.



Background.

My background is as a director, governance researcher and board consultant. I have provided

advice on corporate governance and strategy to more than 200 listed and large public companies, government owned corporations, statutory authorities, local government and not-for-profit organizations.

Appointments.

I am an Associate Professor at the QUT Business School, and I also facilitate nationally for the Australian Institute of Company Directors in the areas of strategy, governance policy and process, and board evaluations.

Research focus.

I have a range of corporate governance publications with a recent focus on directly observing board behavior to understand how to help boards make better decisions.

What the ICGS Treasurer does.

I primarily support the hard-working Executive Director (Sara Russell Riggs) who along with Yuki Harada runs the operations of ICGS.

The future.

We are looking at some exciting opportunities for Members and part of the Treasurer's role is ensuring that there is a sustainable financial model to back up those plans.

Editor's note: Gavin's profile was excerpted and reformatted from the June 17, 2021 ICGS social media release published on LinkedIn.

Please note a well-cited publication, and a recent publication, of Dr. Nicholson :

Kiel, G.C., & Nicholson, G. J. (2003). Board composition and corporate performance: How the Australian experience informs contrasting theories of corporate governance. Corporate governance: an international review, 11(3), 189-205.

Veltrop, D.B., Bezemer, P.J., Nicholson, G., & Pugliese, A. (2021). Too unsafe to monitor? How board-CEO cognitive conflict and chair leadership shape outside director monitoring. Academy of Management Journal, 64(1), 207-234.

ICGS Newsletter Editor

Dr. Andrew Root is an Assistant Professor of Finance at Regent University. His research spans organization capital, economic policy uncertainty and corporate governance. Prior to his academic career, Andrew spent twenty two years in global Finance, including as a research director at Goldman Sachs and Macquarie Capital.

ICGS NEWSLETTER SUBMISSION PROCESS

If you have contributions for our next newsletter (Volume 9, Issue 2) which will be published in July 2022, please contact Andrew Root (aroot001@odu.edu) by **June 1, 2022**. 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.

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