

PRESIDENT'S CORNER

Dear ICGS members,

I hope you and your families are fine.

It has been, and it is still, a difficult period for most of us. The long lockdown period has been stressful. COVID-19 had a tremendous impact on our personal and professional lives.

All or most universities and schools have moved classes, thesis' discussions, and exams online. Sometimes, it happened overnight. Teaching has been redesigned and new teaching methods have been used. In addition, there is still uncertainty if courses will be taught online, blended or face-to-face in the next semester.

Universities and schools are lively communities that need social interactions among engaged people to function smoothly and effectively. I hope we can go back soon to a 'new normal' where we can use new teaching methods, but also experience the fruitful interactions and conversations with colleagues, staff and students. This is what makes our work so special and interesting!

About ICGS, I am happy to communicate that the board is working hard to meet the challenges of the global crisis. In the first months of 2020, we had several effective and collaborative meetings. We aim to design a strategic plan for the future of ICGS. To this purpose, board members presented and discussed several ideas in both board committees and plenary

sessions. I will be happy to share the strategic plan in the plenary meeting during the next ICGS conference. In the meantime, feel free to share with me any idea on how ICGS can improve your professional life in all its dimensions (i.e., teaching, research, service, consulting). Any suggestion or comment will be shared with the board and taken into consideration.

About ACG, I am happy to announce that Marc Goergen, Professor of Finance at IE Business School, accepted to be the Co-Editor of ACG together with Geoff Wood, Professor of Management at Western University. Four issues will be published in 2020 and the Editors are finalizing the four issues to be published in 2021. Many thanks to Geoff and Marc for the great work done for the Society!

Our 6th annual conference will be held this year on the 14-15 of November at Old Dominion University, Norfolk, Virginia. The conference chairs – Bill Judge (our founding President and Professor of Management at Old Dominion University) and Krista Lewellyn (Assistant Professor of Management at Florida Southern College) – are doing a great work to organize the conference, that will be held virtually, physically or in a blended format. The conference will have (as usual) paper presentation sessions, keynote speakers, guest panelists, meet the editors, etc. Within the conference, CGIR and ICGS will organize a paper development workshop. You may find more information below in this newsletter. I greatly thank both Bill and Krista for managing the conference in such a global turmoil!

About ICGS newsletter, I want to thank Andrew Root who accepted to be the Newsletter Editor. Andrew prepared his first issue with care and passion. Please share with him (aroot001@odu.edu) comments and suggestions on the newsletter.

I hope you have started your summer break and that the current global pandemic crisis allows you to have proper relaxation and fun. We need to recharge the battery, so to start with enthusiasm and energy the next academic year.

I conclude saying that it is a privilege to serve as a President of ICGS Society. In 2014, Bill, Praveen and I founded the Society with the ambition to create a community of engaged and passionate corporate governance scholars from any discipline and country. I think this challenge is still, or is even more, important today. Improving corporate governance practices may greatly contribute to address the several corporate, societal, and environmental concerns we will experience in the future.

Looking forward meeting you all – virtually or physically – at the 6th ICGS annual conference!

Alessandro

BOARDS AND COVID-19: NAVIGATING THE INCOMPREHENSIBLE

By Patricia Lenkov



When reflected upon at some time in the future, the pandemic of 2020 will surely be seen as changing the world. This is not a casual statement and may in fact be an understatement. Nevertheless, we continue to forge ahead during this time of unprecedented challenge. Currently, the future and new normal may be uncertain, but what we do know is that life continues and businesses accordingly so.

For companies, beyond the CEO, the board of directors has an essential role to play in the navigation of COVID-19 and its aftermath. The performance of the board can have a huge impact and pave the way for the future of the organization. To do so successfully and add value, boards should focus and attend to the following:

1. Live in the Immediate but Continue Planning

During crises, it is important to act, be decisive, stay strong and hopefully follow a well-crafted plan. In 2019, Deloitte reported on a study that found that

nearly 60% of more than 500 crisis management experts believe that organizations face more crises today than they did 10 years ago ⁽¹⁾. As such, it is critically important to have a crisis plan that will provide a structured and immediate response for unknown plights and predicaments facing your organization.

Concurrently, it is essential to continue focusing on strategy and the future of the organization. While navigating through the impact of COVID-19, boards must maintain their long-term perspective and resolve how strategy is impacted and what needs to be altered as a result. Companies must be prepared for the future and boards must make sure of this.

2. Support the CEO

CEO's know it can be lonely at the top. Fundamentally, and particularly during this time of unprecedented challenge, it is incumbent on the board to support the CEO. This means being a role model for leading during crisis as well as being thoughtful, available, and decisive. What this does not mean is unequivocal support. Board directors must be generous with their time and wisdom while at the same time assessing the CEO's performance with objective and discerning standards.

As they are supporting the CEO and assessing his or her performance the board should be prepared for CEO succession as well. This can be because of inadequacy or even exposure to the virus unfortunately. Regardless of the cause, the board must be familiar with bench strength and able to reconstitute as necessary.

3. Cash Flow Oriented Finance

The financial impact of COVID-19 is varied and company dependent. However, boards should concern themselves with cash flow resiliency. They should ensure that management is pulling on every lever possible to maximize cash flow. Boards must also be aware of how management is revisiting business forecasts and whether company prospects need to be permanently changed and the consequent impact on valuation.

4. Focus on Messaging and Communication

When there are business disruptions and other calamities, people can be prone to misinformation, rumor, and hearsay. We tend to add details when they are lacking and misperceive when under stress. As such boards must be extremely mindful of three types of communication:

(i) Between the board and management. There is always a dilution of information that reaches the board as a result of its very structure. During the COVID-19 pandemic the channels of communication must be open and flowing both ways. Boards must be kept abreast of new challenges and problems and management must avail themselves of the board's expertise and experience.

(ii) Between board and shareholders. While shareholder communication is not directly under the purview of the board, during this crisis they should make certain that shareholders are in fact communicated with, clearly and regularly.

(iii) Between management and employees. The board may be called upon to weigh in on employee communication during this challenging time. Employee well-being is of critical importance and mismanagement of this can have far-reaching consequences. McKinsey reported on a recent survey of long-term investors:

"Look after employees first, followed by customers and suppliers. It will pay off in the long run, as each group will certainly remember how you treated them during this difficult time. The profits and dividends will come later if you make the right decisions and moves now." ⁽²⁾

5. Anticipate an Activist

Activist Investors look for undervalued companies. COVID-19 has created many such opportunities. Although there are a variety of strategies employed by activists to create transformation, leadership and board change is a commonplace lever. In fact, CNBC recently reported that in the second quarter of this year 50% of all campaigns by shareholder activists have involved attacks against boards or management teams, compared to a consistent 33% in the first quarter of 2020 and the whole of 2019.⁽³⁾ As such, it is incumbent on boards to maintain their activist scenario planning. While it may feel like there are endless agenda items that take precedent, best not to neglect this.

Undoubtedly some of the aforementioned are simply basic elements of good governance irrespective of the environment. However, during this pandemic, plans and people are tested and companies that come out of COVID-19 with a renewed and improved focus will be rewarded by the marketplace. Engaged, high performing boards should not be a reaction to a crisis but rather standard operating procedure.

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. Patricia has been interviewed for media outlets such as: The Wall Street Journal, Business Insider, Boardmember.com, Chicago Tribune, The Globe and Mail, and Money Magazine.

Notes:

1. <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/risk/deloitte-uk-risk-global-on-the-boards-agenda-crisis-management.pdf>

2. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/navigating-covid-19-advice-from-long-term-investors>

3. <https://www.cnn.com/2020/06/09/in-the-age-of-coronavirus-activist-shareholders-are-going-after-company-bosses.html>

Upcoming events

July 9, 2020. 11AM. Sustainability Accounting Standards Board Webinar. Leading the Change: The CFO's Role in Sustainable Business. The event can be accessed live, or on replay. [Register today.](#)

October 5, 2020. 1230 BST. Corporate Governance in 2020. LexisNexis Webinars. <https://www.lexiswebinars.co.uk/legal/corporate-law/corporate-governance-in-2020>

*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 2020 Conference

is an interesting time to plan an international conference to say the least! This is made all the more important by the critical theme of the 2020 conference: ***Corporate Governance and Environmental Sustainability***. Please recall that we announced earlier that the specific venue offered will depend on the status of Covid-19 travel restrictions expected in November. Specifically, we announced in April that we will make an announcement sometime in August regarding the format of the conference. We have not yet made a decision, but it is looking more and more likely that it will be either: (1) a hybrid event (with physical and virtual attendance options), or (2) purely a virtual event due to lingering health and travel restriction concerns. In the interim, the conference organizing committee is preparing for a very safe and successful event by examining all of our options.

The good news is that we received 93 submissions to the [general conference](#), which is less than in the past but quite remarkable in light of all the uncertainty. Notably, these submissions came from 25 different countries and a wide variety of disciplines. In addition to the general conference, we are expecting additional submissions for the **Special Issue on “Corporate Governance and Ownership” for *Corporate Governance: An International Review (CGIR)***. The deadline for those submissions is September 1. Please [click here](#), if interested in submitting to that issue whereby submitters can present their work at the conference and be considered for publication in our partner journal, CGIR.

In addition to this Special Issue, you can also participate in our Paper Development Workshop (PDW) by submitting your early stage research. Members of the CGIR editorial team will be providing feedback to authors on how their work may be enhanced and further developed. The PDW is scheduled for the pre-conference on Friday (November 13). Further details on this PDW can be found on the relevant section of the [general conference](#) website.

The conference organizing committee has arranged for an all-star cast of characters for guest speakers.

The **keynote speaker, Nell Minow**, has dedicated her distinguished career to value-creating shareholder activism, and she is currently engaged with a new organization whose mission is to channel shareholder activism for the well-being of the planet. The provocative talk that she will give is entitled: **“Only Corporate Governance Can Save the World.”** Please [click here](#) for more details about Nell.

Furthermore, Ruth Aguilera has put together a great academic panel of distinguished scholars to discuss research around the transition to a more environmentally-sustainable economic system. This panel includes: (1) Professor Jette Steen Knudsen who holds the Shelby Collum Davis Chair in Sustainability at Tufts University; (2) Professor Judith Walls who is Chair for Sustainability Management at the University of St. Gallen; (3) Professor Cynthia Williams who holds the Osler Chair in Business Law at the Osgoode Hall Law School; and (4) Professor Pedro Matos who is a finance scholar at the UVA Darden School of Business. Clearly, this distinguished group of cross-disciplinary and geographically diverse set of scholars fits the mission of ICGS very well, and they all have extensive research interests in our conference theme. Please [click here](#) for more details about this panel.

Finally, we have also organized a “Meet the Editors” panel by getting a wide variety of distinguished friends of the society to join us on Sunday for the conference. Specifically, representatives from the *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly*, *Corporate Governance: An International Review*, *European Journal of Finance*, *Journal of Corporate Finance*, *Journal of Management*, *Journal of Management Studies*, *Management Science* and *Strategic Management Journal* will all be on hand to share their insights on publishing in these distinguished scholarly outlets. Please [click here](#) for further details.

As always, please do not hesitate to contact us if you have any questions before, during, or after our announcement in August regarding the upcoming conference. We hope to see you physically or virtually in November!

Krista Lewellyn, Co-chair
Bill Judge, Co-chair

New publications



This is a comprehensive and updated book on corporate governance. The volume is divided into two parts. The first part presents corporate governance issues, theories and models. The second part analyzes corporate governance mechanisms and practices around the world.

The book is based on rigorous academic research, policymakers' guidelines, and company best practices. The writing style and the structure of each chapter (i.e., case, content, boxes, check list) facilitate the understanding of both key corporate governance issues and mechanisms, and their implications on corporate behaviors and results. The volume has been written with the purpose to enable readers to understand, assess and design good corporate governance practices.

The book is the result of decades of researching, teaching and practicing corporate governance. It is supplemented by additional content: power point presentations covering each chapter; syllabus of author's courses on corporate governance; additional cases; teaching notes on how to discuss cases (upon request); links to key videos and reports (selected from the web). It can be proficiently used in courses targeting different audiences (i.e., MSc, MBA, and Executives).

ANNALS OF CORPORATE GOVERNANCE

ACG 5:1 -- Corporate Governance in IPO Forms by Silvio Vismara and Erik Lehmann (published February 2020)

ACG 5:2 – Blockchain-based Corporate Governance by Wulf Kaal (published June 2020)

ACG 5:3 – Tax Havens and Corporate Governance by Vijay Pereira and Yama Temouri (forthcoming)

ACG 5:4 – The Social Purpose of the Modern Business Corporation by Peter Buckley (forthcoming)

ICGS New ACG Co-Editor Spotlight



Dr. Marc Goergen, Professor of Finance at IE Business School, is a new co-editor of the journal *Annals of Corporate Governance*. We connected with Prof. Goergen to get his feedback on corporate governance research and important issues facing the field.

Why do you research corporate governance issues?

What makes corporate governance research so exciting for me is its cross-disciplinary nature. Corporate governance is studied by various disciplines, including accounting, finance, economics, HRM, law, management, psychology and strategy. This makes this research area so varied. This also opens up avenues for me to study corporate governance with scholars with very different backgrounds from my own background. I find this exciting. I have published in various journals, including journals in finance, management, law, HRM and economics. I also tried to reflect this cross-disciplinary angle of corporate governance in my textbook.

The other thing that I find exciting about corporate governance is that ultimately corporate governance is about how capitalist systems work and how they affect the distribution of wealth and income across society. This means that corporate governance is about so much more than just compliance or boards of directors.

What do you find most interesting about corporate governance?

A lot of the firm and board characteristics that potentially determine corporate governance practices as well as corporate decision making cannot be directly observed. For example, how does one measure the intensity of the monitoring of management by the board of directors? How does one measure the potential for disagreement in the boardroom? This means that often researchers have to be quite creative about how they measure these characteristics. Another issue which forces researchers to be creative is data availability. Sometimes you have to make do with what you have got. Data availability and disclosure have improved a lot over recent years, but more needs to be done.

What are you currently working on?

I always tend to work on a large number of projects and these projects involve different co-authors, from all over the world. This also means that I work on very different projects including projects on CEO characteristics, corporate governance relating to new ventures and board gender issues.

What are some key areas of corporate governance that need more attention from the researchers?

Being an associate editor of various journals, I frequently receive submissions from researchers who apply the principal-agent model to their national system, typically a system dominated by large shareholders and relatively low agency costs. While a lot of these submissions are based on proprietary datasets, frequently those who have collected them do not get the most out of their data as they tend to ignore important institutional and cultural features that set their country apart from other countries. This is a real shame. If we interested in improving capitalism, then these institutional differences and their impact on how business is conducted do really matter.

Why did you join ICGS?

I am part of a smaller network of scholars in corporate governance. Some networks have some advantages. For example, the events they organize tend to be cozier and less overwhelming. The ICGS has the advantage of being a larger society, with a greater potential for networking and disseminating my research.

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

Because of global warming and rising inequality, there has been an increased emphasis on making businesses more sustainable. The drop in global pollution during the Covid-19 pandemic and the way the pandemic has affected some parts of society more than others has reminded us about the importance of sustainability. Here, sustainability needs to be understood in a broader sense: Sustainability in terms of the environments such as the move from fossil energy to renewable energy sources, but also sustainability in terms of companies' resilience to future crises and how these crises affect society at large.

Finally, I feel that there has been too much emphasis in corporate governance research on an important methodological issue, that is endogeneity. While endogeneity issues are clearly important, especially when one tries to prove causality, we have somehow lost track of why we do research in the first place: To generate policy recommendations and best practices for businesses. I think we need to return to a healthier balance between methodological concerns and generating research that is of value to its potential users.

Of the many notable elements of Dr. Goergen's curriculum vitae, three include Research Member of the European Corporate Governance Institute (ECGI; www.ecgi.global), former member Corporate Governance Committee of the Institute of Chartered Accountants of England and Wales (ICAEW) and associate editor appointments at the British Journal of Management, the Journal of Corporate Finance and the European Journal of Finance. Marc can be reached at marc.goergen@ie.edu.

In the next ICGS newsletter we look forward to shining the spotlight on a new ICGS board member, Professor Eduardo Schiehl.

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 7, Issue 1) which will be published in January 2021, please contact Andrew Root (aroot001@odu.edu) by **December 1, 2020**. 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