

**PRESIDENT'S CORNER**



It's amazing to realize that the ICGS is now beginning its fourth year of operation. Aside from hiring our first executive director in February, the highlight for me continues to be experiencing the growing community of scholars at our annual conference. Our second conference in Boston was hosted by Bentley University and chaired by board member, Cynthia Clark. Cynthia not only pulled off a great conference, but she added our first doctoral consortium as a pre-conference event. Karin Schnarr, our Newsletter Editor extraordinaire, did a nice job documenting that event in the remainder of this issue so I won't rehash the many events and experiences. Just let me simply say that while it takes a lot of work from a lot of folks to pull something like this off, attending the conference is becoming a highlight of my year as I renew friendships with old friends and meet many new exciting members of the ICGS.

I would be remiss to fail to mention that our panel discussion at the annual conference was unusually 'lively' at the second conference. After each panelist opened up with some preliminary comments on their perspective of the role and impact of corporate boards, they next engaged with myself, the moderator, and addressed comments from the audience. Interestingly, there was open and quite forceful disagreement amongst the panelists regarding the general capability of corporate boards to do their job. I chose to let the disagreements play out naturally which I later learned disappointed some members of the audience. While I may have erred in my moderator role, I can attest that the session was certainly stimulating!

The keynote speaker for the conference was Jerry Davis who spoke about "the vanishing corporation" and the implications of steadily diminished public

equity markets for the global economy. Jerry had a lively speaking style and we were fortunate to have him in attendance for much of the conference. It was a special treat getting to interact with such a distinguished speaker in such an intimate setting. Kudos to Ruth Aguilera for getting Jerry to join with us. Indeed, the "intimacy" of the conference and frequency of opportunities for scholars to interact with each other was perhaps the most positive feedback that we received after the conference.

We continue to try to practice what we preach by attempting to practice "good governance" within the society. This year, the annual meeting was chaired by Tim McNulty, and the meeting was held during the conference after our first luncheon together which seemed to agree with everyone since it was so well attended. Unfortunately, the agenda was very packed with necessary items so it did not permit very much airing of unscheduled debate (sorry Shann!). However, we are doing our best to be responsive to member concerns and be transparent with societal business.

Speaking of which, the society now has a growing bank account so our financial viability continues to improve. Thanks to generous sponsorship by the Geneen Institute at our annual conference (our primary expense), we did not have to raise annual dues or conference registration fees despite the fact that registration fees cover considerably less than what we spend to make the conference a success. We are fortunate to have Geneen's sponsorship, and we are hoping to add additional corporate supporters in future years.

Under Doug Cumming's able leadership, our societal journal, *Annals of Corporate Governance*, now has four issues published in 2016 and there are many exciting review articles in the pipeline for 2017 and beyond. While each issue is offered free to members of the ICGS, we encourage members to contact their librarians and encourage them to add the ACG to the library system as this will help the journal prosper, strategically and financially. Kudos to Doug for getting this new journal

up and running! In a few years, it is our intention to get this journal SSCI rated.

Yuki Harada, our volunteer webmaster, attended the annual conference in Boston. Yuki is a Japanese national seeking citizenship in the United States. He works full-time as a webmaster for a startup firm in Arlington, VA. Yuki can't accept payment for his excellent services because it would jeopardize his dream of becoming a U.S. citizen. Nonetheless, he shares his considerable expertise and generously donates his time to the ICGS so it was great being able to support his conference attendance. I hope that you got a chance to meet this remarkable young man!

In 2017, our revenues will likely rise above a certain threshold so we will have to file formal financial statements to the IRS in early 2018. Hence, I will be interviewing accountants this year to help make sure that we comply with the growing reporting requirements. I am learning so much throughout this process – undergoing incorporation, filing financial reports, interacting with the board and the membership, and trying to practice good governance. Thanks for the privilege of serving as your founding President. Although we know that things can always improve and I hope that you will see these improvements manifest in the coming years, know that we are doing our best and can only be as strong as our weakest link. We are engaged in something unique – building an interdisciplinary society focused on a single topic. I'm increasingly optimistic about our future as I see more and more scholars step up and contribute to the vision and mission of the society.

*Bill Judge*

## **AN INTERVIEW WITH ICGS BOARD MEMBER YAN "ANTHEA" ZHANG**

### **Why do we need the ICGS?**

ICGS is a unique academic organization because rather than focusing on a particular academic discipline, it focuses on an important practical field: corporate governance. We need such a focused academic community because the field of corporate governance is evolving with new problems, practices and regulations occurring from time to time, which



provide new questions for scholars to study and new problems for scholars to solve. Moreover, countries differ in their corporate governance regulations, practices and cultural norms, which offer great opportunities for scholars to compare corporate governance across countries.

ICGS is well positioned to address the dynamic, complex, and heterogeneous nature of corporate governance. Its competitive advantage is rooted in its cross-discipline and cross-country members. The members with widely diverse backgrounds, brought together by the Society, can investigate corporate governance issues from various lenses rather than from a single theoretical perspective.

### **Why did you agree to serve on the Board of Directors?**

I agreed to serve on the Board of Directors of the Society because I agree with the mission of the Society. Equally important, I highly respect the scholars who founded the Society and who are serving on the Board. I believe that with a group of competent and dedicated scholars, we can contribute to the academic research and practices of corporate governance.

### **What advice would you give to ICGS members as a board member to get maximum benefit from being a member of the ICGS?**

I encourage ICGS members to be more involved in the Society's activities. Attending the annual ICGS conference is a great way to get to know each other and learn from each other. Since joining the Board, I have attended its 2016 annual conference in Boston and really enjoyed it. I look forward to participating in its 2017 annual conference in Rome Italy, and sincerely welcome ICGS members to attend the 2018 annual conference in Shanghai, China which I will co-chair. ICGS is a new society and the Board is exploring new ways to serve the members. Please share your ideas and suggestions with us. It is OUR society!

*Dr. Yan "Anthea" Zhang is the Faye Sarofim Vanguard Professor of Strategic Management and the Area Coordinator of the Strategy and Environment Group at the Jessie H. Jones Graduate School of Business at Rice University in Houston, Texas. Her areas of specialization include CEO succession and corporate governance, as well as foreign direct investment and technology entrepreneurship in emerging markets.*

## ADVENTURES IN BOSTON: RECAP FROM THE 2<sup>ND</sup> ANNUAL ICGS CONFERENCE

The 2<sup>nd</sup> Annual ICGS Conference was held October 1-2, 2016 at Bentley University in Boston, MA. Scholars from 30 countries covering five continents and six disciplines were represented on the program. Building on the inaugural conference in 2015 in Copenhagen, Denmark, the 2016 ICGS conference was attended by 74 faculty members and 24 students, an increase over 2015 conference numbers.



***ICGS Members at the Pre-Gala Dinner Reception***

The 2<sup>nd</sup> Annual ICGS Conference also saw the introduction of a well-attended pre-conference doctoral workshop organized by the 2016 Conference Chair, Cynthia E. Clark. Ruth V. Aguilera (Northeastern University, USA), Jill A. Brown (Bentley University, USA), William Q. Judge (Old Dominion University, USA), Lori Versteegen Ryan (San Diego State University, USA) and Till Talaulicar (University of Erfurt, Germany) volunteered to provide input and comments to the participating PhD students.

The conference theme of “Taking stock of corporate governance research: Where we are and where we are going” was well received by the ICGS membership as the conference grew in terms of the number of submissions received, accepted and presented. Specifically, there were 120 academic papers submitted, 98 papers accepted and 67 papers presented.



***ICGS Members attending the Distinguished Panel***



***Keynote speaker Jerry Davis and Conference Chair Cynthia E. Clark***

The ICGS Best Paper Award is given annually to individual(s) who present their paper at the annual conference. Candidates for the ICGS Award are nominated by reviewers for the ICGS conference and those nominations are then reviewed by the Awards Committee. The award is made to the successful recipient(s) at the Annual Conference and highlighted on the ICGS website. While there were a number of outstanding paper submissions to this year’s

conference, the 2016 Best Paper Award recipients were Razvan Lungenau (Penn State, USA) and Edward J. Zajac (Northwestern University, USA) for their paper, “Ambidextrous board members and their outsized influence on firm strategy.”

## KEYNOTE PRESENTATIONS AT THE 2<sup>ND</sup> ANNUAL ICGS CONFERENCE



***Distinguished Panel: (L-R) Bill Judge (Moderator), Jay Lorsch, Arturo Bris, Francis Byrd, and Kathleen Camilli***

Building on the conference theme of “Taking stock of corporate governance research: Where we are and where we are going”, the 2<sup>nd</sup> Annual ICGS conference featured two keynote sessions. The first keynote session was a distinguished panel that reviewed board research. Moderated by ICGS President, William Q. Judge (Old Dominion University, USA), the panel featured Jay Lorsch (Harvard University, USA), Arturo Bris (IMD, Switzerland), Francis Byrd (Byrd Governance Advisory) and Kathleen Camilli (Camilli Economics LLC) who offered their unique and informed perspectives on important questions confronting boards and/or board research.

Dr. Lorsch began the discussion by noting, “...unfortunately, after looking at all the research

over the past decade, but particularly in the past several months, I have to conclude that there is little of it that is relevant to improving practice. Part of this I believe is a product of a fact, a lack of access to real boardrooms and board meetings and the functioning of boards. So if you can’t see a board function, how can you study it is my basic question.” Dr. Bris added to the dialogue, stating “At the company level and this is one of my main challenges as an executive educator, we haven’t still found the drivers of how governance becomes valuable for companies.” In discussing breaches in governance behavior, Mr. Byrd commented, “In reality, at least according to how the systems are supposed to work, not only in the United States but in other countries, the buck really stops with the board of directors...It goes without saying then that research into the performance and behaviors of public company boards is of critical importance.” Ms. Camilli spoke to her perception of corporate governance stating, “My take on board governance is quite simple. It’s about doing the right thing for shareholders and stakeholders. Showing up to meetings prepared, acting in a collegial manner, asking difficult questions, and helping the management team strategize about the future with all of its uncertainties.”

The second keynote presentation featured Jerry Davis (University of Michigan, USA) who spoke about his insightful new book, “The vanishing American corporation: Navigating the hazards of a new economy.” In Dr. Davis’ presentation, he suggested that there is currently a shift occurring in the costs of organizing due to information technologies; namely, modern technologies now make it a lot cheaper to coordinate the actions of big groups of people. He further noted that information technologies enable pervasive markets for almost everything which can undermine or replace social institutions (such as corporations).

Dr. Davis reflected on the current trend of “uberization” which involves turning what used to be jobs into tasks; people are compensated for specific performances with a set fee. He suggested that anything that can be specified can be uberized. Dr. Davis ended his keynote by suggesting that “the categories we use to apprehend the economic world (e.g. corporation, employee) no longer fit the world in which we live. Policy makers have little idea what we are in for because their map is outdated.”



***Dr. Jerry Davis giving his keynote address on “The Vanishing American Corporation”***

## THE ETHICS OF CORPORATE GOVERNANCE SCHOLARSHIP: DOES THE ICGS NEED A CODE OF ETHICS?

By Peter Tunjic



In recent years, the integrity of knowledge produced by our universities and the creditability of the scholars who create it has been the source of much debate. At issue

is whether industry influence is compromising the ethics of scholarship.

The life sciences are well advanced in this debate. For example, in response to numerous studies, codes and guidelines have been developed to assist medical researchers to stay on the path of truth and avoid falling into the abys of advocacy for “big pharma”.

Less advanced is the connection between corporate governance scholarship and industry. Arguably, the finance industry is to corporate governance what the pharmaceutical industry is to medicine. And though the latter has been studied exhaustively, the relationship between corporate governance scholarship and the finance industry is still largely unknown. That said, it would be wishful thinking to believe that corporate governance scholarship is immune from public perception that undisclosed commercial forces could be at play.

In light of this, I encourage the ICGS to play a leadership role in maintaining and promoting the integrity of corporate governance scholarship by establishing a working group to formulate a code of ethics.

Though the scope of such a code is beyond this column, these questions provide a start:

- Should members avoid “advocating” on behalf of any class of industry participant such as “share owners”?

- Should members not accept industry funding tied to favourable research findings?
- Should members disclose the sources of their research funding?
- Should members be encouraged to disclose all their research data for peer review?
- Should members commit to the scholar’s duties?

Sadly, this last issue has all but been reduced to a duty to avoid plagiarism. It is worth remembering that exactly one hundred years before the ICGS held its inaugural conference in Copenhagen, the American Association of University Professors (‘AAUP’) set down the duties of the scholar:

*Since there are no rights without corresponding duties, the considerations heretofore set down with respect to the freedom of the academic teacher entail certain correlative obligations. [...] The liberty of the scholar within the university to set forth his conclusions, be they what they may, is conditioned by their being conclusions gained by a scholar’s method and held in a scholar’s spirit that is to say, they must be the fruits of competent and patient and sincere inquiry, and they should be set forth with dignity, courtesy, and temperateness of language.*

Critically, the AAUP Principles state that the duty is owed to the public. The scholar’s “*duty is to the wider public to which the institution itself is morally amenable.*”

Corporate governance scholars are well known for reminding company directors and officers of their duties and ethics. In my view, the ICGS will do a great service by reminding its members of their duty and ethics.

*Peter Tunjic is a corporate theorist and commercial lawyer who publishes extensively in the areas of ethics, law and the practice of directorship. He is the Founder and Principal of Thoughtpost Legal which has a focus on helping to support innovation for tech and biotech companies. In 2016, he established DLMA LABS, a consulting company which encompasses directorship, leadership, management, and assurance. Both companies are based in Melbourne, Australia.*

## MILLENNIALS: WHAT CORPORATE BOARDS NEED TO BE THINKING ABOUT

By Patricia Lenkov

Millennials are taking over the world! Ok, not quite but by 2020 (only three years away) they will represent 50% of the global workforce according to PWC. And Forbes has reported that by 2025 they will be 75% of our workforce. Like it or not, this generation is becoming increasingly more critical to the success of every business.



Before we go further, let's clarify exactly who this cohort is. The common definition is that Millennials are those born between approximately 1980 and 2000. Per the US Census they are the largest generation in US history at about 92 million. To put it in context there are approximately 77 million Baby Boomers.

As with most previous generations, Millennials are quite different than those that have come before them. We all know that they are the first generation of digital natives. But think for a moment about the fact that Millennials can be reluctant to buy such items as cars, music and luxury goods. Instead they are part of a brand new "sharing economy" whereby they patronize services that provide access without ownership. Ergo the success of Uber and Rent-the-Runway. The sharing economy also extends into the workplace with the rise of and interest in shared work environments. The Wall Street Journal reported earlier this year that in the USA there are approximately 3,000 co-working spaces, up from 250 in 2010.

Another recent transformation is the popularity of the "gig" economy which refers to contingent or independent workers. Some say it was the recession of 2008 but it is more likely the fact that as technology becomes more ubiquitous so has the ability to work independently. Millennials are coming of working age in an environment where the parameters and basic foundations of work are undergoing a metamorphosis.

The ramifications are intense and need to be assessed by board directors if their companies are to remain competitive both in the marketplace as well as inside their own organizations with their employees. Board directors need to assess the implications of all of the above.

They must also understand that Millennials don't subscribe to the traditional work concepts of being in an office at a desk all day. They want work that intersects with their lives and can be done anywhere at any time. They want to be measured on results not face-time. And importantly, the concept of life-time employment no longer applies. In fact, their idea of appropriate job tenure might be shocking to some senior executives around the boardroom table. According to PWC, 25% of this group expects to have six or more employers in their career.

Boards would be well advised to look at all of this as an opportunity. They need to begin with awareness, followed by deep understanding and then analyze the implications and follow this with a determination of how to strategically capitalize on these changes. There are ramifications on hiring, organizational structure and design and of course the products and services that are ultimately developed and sold and form the core viability of the business.

While Millennials do not yet represent the majority of our workforce this will soon be the case. They will also continue to increase their purchasing power as they age and grow in their careers. It is for these reasons that boards must have a handle on this generation and the implications for each unique business. Some forward thinking companies are even recruiting members of this generation into their boardroom for first hand insight and unique perspective. Some might refer to this as diversity of a different dimension!

*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.*

Don't forget to visit our website at [www.icgsociety.org](http://www.icgsociety.org)

## CURRENT AND PLANNED ISSUES OF *THE ANNALS OF CORPORATE GOVERNANCE*

### Issue 1, Number 1: (Law)

- **Coffee & Palia** – Hedge fund activism

### Issue 1, Number 2: (Finance)

- **McCahery & Vermeulen** – Venture capital

### Issue 1, Number 3: (Law)

- **Ringe** – Regulatory competition in global markets

### Issue 1, Number 4: (Management)

- **Wood & Brewster** – Corporate governance and human resource management

### Issue 2, Number 1: (Finance)

- **Chakravarty & Pylypiv** – Corporate governance and microfinance

### Issue 2, Number 2: (Management)

- **Lorsch** – Board of director research

## ICGS NEWSLETTER EDITOR

Dr. Karin Schnarr is an Assistant Professor of Policy (Strategic Management) at the Lazaridis School of Business and Economics at Wilfrid Laurier University in Waterloo, Canada. If you have contributions for our next newsletter (Volume 3, Issue 2) which will be published in July 2017, please contact Karin Schnarr (kschnarr@wlu.ca) by **May 15, 2017**. We especially welcome information on upcoming book publications from ICGS members or conferences/events that will be of interest to other ICGS members.

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](#).

## 3RD ANNUAL ICGS CONFERENCE

September 2-3, 2017

Rome, Italy

The 3<sup>rd</sup> Annual ICGS Conference will be held September 2-3, 2017 in Rome, Italy. LUISS University and LUISS Business School will host the event with a theme of **Corporate Power and Corporate Governance: Balancing Value Creation with Stakeholder Accountability**. The Harold S. Geneen Institute of Corporate Governance at Bentley University will be the primary corporate sponsor of this conference.

Please consider submitting an individual paper or symposium proposal. **Paper and symposium proposals can be submitted starting on February 1, 2017 with a final deadline of midnight (EST) on April 1, 2017**. Additional information about the conference, including templates for paper and symposium presentations and registration information can be found by clicking this [link](#). All proposals must be submitted through ICGS's online conference management system which is available through the Conferences tab of the ICGS website. It can be accessed by clicking this [link](#). Conference registration will open immediately after April 1, 2017.

In conjunction with the 3<sup>rd</sup> Annual Conference, on September 1, 2017, 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 **4th annual ICGS conference** will be held at Fudan University in Shanghai, China on October 13-14, 2018. Its theme will be "Navigating Corporate Governance in Emerging Markets".