

PRESIDENT'S CORNER



Dear ICGS members,

I hope this newsletter finds you well.

The year 2022 will be the year that we remember as the first after the COVID pandemic. Finally, we could go back to classrooms and have onsite meetings with our colleagues. No uncertainty about whether we could have a physical ICGS annual conference. So, from 11-13 November we had our 8th ICGS conference at the University of Miami, organized by Wei Shi and Fabrizio Ferri.

During the conference, it was announced that I will succeed Alessandro Zattoni as the new President of the society. I feel very honoured and I am very happy to be able to step into Alessandro's shoes to help building our society. Alessandro did a great job to get our society where it is now: a truly international and lively research community with a very friendly and open atmosphere, where members can easily approach and communicate with each other. In the name of all members of the society, I would like to thank him very much for his hard work and I only can hope I can keep the high standard of involvement and commitment Alessandro has shown during his presidency in the past years.

The conference in Miami was a great success. We had over 100 participants. According to the survey we sent out, participants very much appreciated the informal interaction and the community feel during the conference. They were also positive about the quality of the papers and paper sessions. They especially liked the two keynote speakers, Wei Jiang (Columbia Business School) and Robert Jackson (New York University), and the two panels on "Corporate Governance in a Digital Age" and "Artificial Intelligence and ESG Implications". Thanks a lot to Wei and Fabrizio, as well as to Sara Russell-Riggs, for organizing the conference.

The day before the conference started, we had the Paper Development Workshop, organized by Till Talaulicar and Kostas Stathopoulos, the co-editors-in-chief of the journal *Corporate Governance: An International Review*. This event was well attended, with around 25 PhD students and early-career academics receiving feedback on their work from senior researchers. Till and Kostas also presented the journal and discussed the journal's publication process and strategy. Thanks, Till and Kostas for your contribution to a successful workshop.

During the general meeting of members at the conference, we announced the election of (new) board members. The voting outcomes resulted in the re-election of Ruth Aguilera, Alessandro Zattoni, and Gavin Nicholson for a new term as board members. In addition, we welcome three new board members: Joanna Campbell (University of Cincinnati), Mario Amore (Bocconi University), and Kostas Stathopoulos (University of Manchester). We also say goodbye to Eduardo Schiell (HEC Montreal) and thank him very much for his work for the board during the past years. The board now consists of 14 members.

This year, on 20-22 October, the 9th annual conference will be at IE University, Madrid, with conference chairs Marc Goergen, Patricia Gabaldon Quiñones, and Juan-Pedro Gomez. The conference theme will be "Sustainable Corporate Governance".

Marc, Patricia, and Juan-Pedro are currently planning the program and it looks like it is going to be a great event with very interesting keynote speakers and panel discussions and a fantastic location (the IE Tower in the city's financial centre) in one of the most beautiful cities in Europe. I invite you all to send in your work: submissions can be made between 1 March and 30 June. More information is available on the ICGS website:

[\(https://icgsociety.org/conferences/\)](https://icgsociety.org/conferences/).

Before the start of the conference in Miami, the board met and one of the things we discussed was the future of the society. We talked about how to create value for the members of the society. The annual conference is the most important event the society offers to its members. However, we also want to connect and offer value to members between annual conferences, including, since 2016, the Annals of Corporate Governance, with Geoff Wood and Marc Goergen as co-editors.

Several new initiatives have more recently been developed, including webinars and the so-called micro-communities. The webinars started last year (2022) and they were a great success. Thanks to Bill Judge, Georg Wernicke, and Ruth Aguilera, this year's program for the webinars has been finalized with very interesting speakers, both academic and practitioners, starting with Steen Thomsen (Copenhagen Business School) on 8 February, who will talk about "Sustainable Corporate Governance". For more information about the webinars, please go to the ICGS website (<https://icgsociety.org/webinars/>). The micro-communities are communities of ICGS members focussing on specific topics such as board diversity and corporate governance in Latin America, or specific groups among ICGS members, such as the early career community. These micro-communities help build and/or strengthen interactions and networks between members of the society. Ideas about starting your own micro-community are welcome and can be shared with the board.

During the board meeting, we also talked about how to reach out to new members to enlarge the society. For this, social media is key and we are therefore very happy that we have Canan Mutlu (Kennesaw State University) and Ryan Federo (Universitat de les Illes Balears), who recently joined us as our social media team. Our aim for the coming year is to increase our

visibility in social media and via our website to strengthen the links between current members, as well as to assist in enlarging the society.

I am looking forward to meeting you during the coming webinars, the events of the micro-communities, and/or the annual conference in October in Madrid.

Best wishes,



Niels Hermes

How much is too much? Major misconceptions about overboarding.

By Patricia Lenkov



The question of how many board director roles is too many is often deliberated and debated. Institutional investors and proxy advisory firms have policies about how many boards a director should serve on simultaneously. They will vote against a director they deem to be overboarded. For example, in the 2020-2021 proxy year, Blackrock voted against 758 directors at 639 unique companies for what they termed "overcommitments," aka over-boarding.¹

In the past twenty years or so, the role of the board director has become increasingly complex and demanding. Various corporate implosions and the regulations that followed have led to expanded responsibility and liability. Expectations have

increased as the board of directors has moved (hopefully) beyond the ceremonial to the strategic.

But why the debate about capacity? By definition, board directors are highly accomplished and very experienced, so surely, they know how many board roles they can reasonably take on. True. But it is also true that board roles are highly desirable and prestigious and can be quite financially lucrative. Additionally, the very human tendency to overestimate ourselves should not be overlooked.

So, the issue will remain a point of contention for those focused on best governance practices challenging those they feel have overextended themselves by serving on too many boards. There is, however, a critical variable that needs to be brought into the debate and discussion.

Investors and proxy advisors focus on public company board directorships. Their policies dictate the prescribed number of public company boards that are appropriate. They do make the distinction between an executive who is an active CEO versus those who are “retired” from their day jobs. For example, Institutional Shareholder Services (ISS) states that three is the maximum number of public company board roles a public company CEO can have. For someone who is not a public company CEO or Executive Officer, this number can be five. Anything above these numbers is considered overboarding, and a negative vote for the director is recommended.²

These policies are crucial for the reasons mentioned above. Although different institutional investors and proxy advisors have slightly different recommendations, overall, they put a standard measurement in place that helps take some of the subjectivity out of the overcommitment question.

So, what is missing in all these well-thought-through policies and prescriptions? The discussion, debate, recommendations, and voting all involve public company boards. Private company boards are not included in the count.

In the US, it is estimated that about 1% of companies are public. Of the millions of private companies, most

are too small to have boards, but there are undoubtedly thousands that not only have boards of directors but also follow good governance best practices. They have strategic and hard-working boards that are committed and meet regularly, just like their public company counterparts.

These boards represent serious and significant undertakings. Take, for example, a small venture start-up that consists of investors and an independent expert or two. These boards are often called upon far more frequently and asked to delve more deeply than well-ordered public companies. And what about large private companies like Cargill, with revenues of over \$100 billion, or Mars Inc., the global confectionary and food company? Their directors certainly sit on board committees and work hard to ensure the continued success of these global behemoths. Another example of the prototypical private company board is that of a private equity portfolio company. Like the early-stage venture company board, a PE portfolio company board is comprised of several investors and, in many cases, several independents. The pace within these boards and the companies they serve is fast and deliberate. Not unlike the average public company.

With all of the variations of boards, why, then, are only those that are publicly traded considered when determining overboarding? To omit private company boards is to miss the entire picture. If institutional investors and proxy advisors care about how committed a director will be based on their other responsibilities, they should look at the whole spectrum of commitments. At the very least, this must include private company boards. Truth be told, advisory boards and non-profits can also be demanding and put limits on the time a Director has available to serve, but that can be part of the next round of improvements.

- 1- <https://www.blackrock.com/corporate/literature/publication/2021-voting-spotlight-full-report.pdf>
- 2- <https://www.sidley.com/-/media/update-pdfs/2021/10/20211026-roundup-of-director-overboarding-policies.pdf?la=en>

Notice of 2023 ICGS Webinar Series

February 8, 2023. 11AM-12PM EST.

Guest: Steen Thomsen of the Copenhagen Business School.

Hosts: Bill Judge (ICGS Founder) and Georg Wernicke (HEC Paris).

Description: Steen will discuss the implications of climate action and sustainable business transformation for corporate governance, including governance regulation and director liability, long-term ownership, ESG investment, company purpose, sustainability committees on company boards, climate plans, managerial ESG incentives, climate risk management, sustainability reporting and compliance. Steen will argue that we are trying to do too much too fast with negative consequences for global welfare and will suggest more cost-efficient ways forward.

Register at the following link:

Please register here: https://hec-fr.zoom.us/webinar/register/WN_33XKVVvOSFiVVpVKBYVqQ

(Replay link to follow from the ICGS team.)

Additional 2023 webinars:

March: F. William McNabb III. Former Chairman and CEO The Vanguard Group.

April: Randall Peterson. London Business School.

May: Silviya Velikova. Copenhagen Business School.

May: Jose Luis Alvarez. INSEAD.

September: George Serafeim. Harvard Business School.

November: Mara Faccio. Purdue University.

**Please also see the full 2023 webinar flyer at the end of the newsletter.*

Special issue call for papers, and events.

1. Corporate Governance: An International Review Call for Proposals: Review Issue 2024 Deadline for Submissions of **Proposals**: March 1, 2023

For queries about this review issue, please feel free to contact the CGIR Editors-in- Chief, Konstantinos Stathopoulos (k.stathopoulos@manchester.ac.uk) and Till Talaulicar (till.talaulicar@uni-erfurt.de), or the editorial office of the journal (CGIR@wiley.com).

<https://onlinelibrary.wiley.com/pb-assets/assets/14678683/CfP%20Review%20Issue%202024-1630058503337.pdf>

2. Call for Papers. *International Business Review* invites manuscripts for a special issue on:

"Corporate Governance, Finance and Global Strategy"

Submission deadline: 30 September 2023

Guest Editors:

Marc Goergen IE Business School, IE University, Madrid, Spain (Marc.Goergen@ie.edu)

Igor Filatotchev King's College London, UK (igor.filatotchev@kcl.ac.uk)

Konstantinos Bozos University of Leeds, UK (k.bozos@lubs.leeds.ac.uk)

3. October 20-22, 2023. 9th Annual ICGS conference. Sustainable *Corporate Governance*. IE University, Madrid, Spain.

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.

The 2023 ICGS 9th Annual Conference at IE University in Madrid

Following a highly successful 2022 conference of the International Corporate Governance Society (ICGS) at the University of Miami, it is my pleasure to announce that the 2023 edition of the conference will be held at IE University in Madrid from 20 to 22 October 2023.



The conference will be preceded by a paper development workshop aimed at PhD students and early-career researchers on Friday, 20 October 2023. The conference itself will be held on Saturday, 21 October, and Sunday 22 October 2023. The conference theme is Sustainable Corporate Governance, broadly defined. Submissions that attempt to answer the following questions are particularly welcome. What corporate governance characteristics motivate firms to address society's grand challenges? What are the enablers and inhibitors of the transition to a sustainable business? Of course, submissions under the usual five conference tracks are more than welcome as well.

The conference will be held at IE University, a private university, with five different schools, including the highly ranked IE Business School, and schools of law, architecture and design, economics and international relations, and sciences and technology. IE University has just under 6,000 undergraduate students and 3,000 Masters students. IE University also offers burgeoning PhD and DBA programmes, as well as a range of executive and tailored programmes.

IE University is based in Madrid, the capital of Spain. Madrid is a UNESCO World Heritage Site; there are six other such sites nearby. Madrid, the highest capital city in Europe, is also home to world-renowned museums, such as the Prado Museum, the Reina Sofía and the Thyssen-Bornemisza museum. The city is well connected via Adolfo Suárez Madrid-Barajas Airport to major cities across the world. It is also well connected to the rest of Spain via an extensive network of highspeed trains.



The conference will be held at IE Tower, one of the few vertical university campuses in the world. IE Tower is 180 meters tall, the 5th tallest tower in Madrid and the 7th tallest in Spain. It is situated in the centre of the business district, close to the airport, Chamartín rail station and Begoña metro station. There are several hotels close to IE Tower and plenty of other accommodation options in Madrid easily accessible by metro.

Together with my co-chairs Patricia Gabaldón and Juan Pedro Gómez, I encourage you to submit your research to the conference. Indeed, it would be a great pleasure to welcome you at the 2023 ICGS conference at IE University in October 2023. Papers can be submitted to the conference from 1 March to 30 June 2023. More information will be made available soon via the ICGS website (<https://icgsociety.org/conferences/>).

Marc Goergen

Professor of Finance

IE Business School

IE University

<https://www.ie.edu/faculty/marc-goergen/>

Meet ICGS Board Member Aleksandra Gregorič



Why did you join ICGS and why did you take a leadership position in the board?

Being a member of ICGS has provided me with the opportunity to interact regularly with scholars that share my research interests; through these interactions, I have gained valuable feedback on my research work, new opportunities for research collaborations, new knowledge and research inspirations and, least but not last, valuable friendships.

I joined the Board because I care about the future of ICGS. I want to see this society prosper also in the future, by advancing the current corporate governance knowledge and, with this, creating value to the existing and new members, the business and society.

What is the key idea ICGS members should take away from your recent working paper on *The Role of Family Ties in the Market for Directors* (with L. Mors)?

In this paper, we provide new evidence on the functioning on the directors' labor market. In line with the socialized perspective of director selection, we show how holding family ties to exiting directors (on family and non-family boards) help qualified director candidates navigate the directors' market better. Men on average benefit more from such connections than women do. Empirically, we look at recruitments to boards of Danish (mostly non-listed) firms.

This paper largely reflects my recent research focus within the CG field, namely gender inequalities in

upper echelons (and other aspects of recruitment to top positions) and the family firms' management and governance.

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

The value propositions of ICGS lie in the scientific excellence, interdisciplinarity, internationality and relevance for business. I think we can continue growing along these propositions, attracting scholars and practitioners from various scientific fields (even beyond social sciences) with the aim to improve scientific research and corporate governance practices, and to actively contribute to solving the global world challenges.

What other observation would you make about the future of CG research?

Despite decades of corporate governance research, we are today still witnessing many corporate governance scandals with serious implications for companies, their employees, shareholder and the society as a whole. At the same time, we need to reconsider the conventional shareholder-oriented model of corporate governance and propose governance solutions that support the path towards more inclusive and responsible capitalism, where corporations not only take responsibility for the negative externalities they create and also actively contribute to solving current world challenges. All these factors definitely create ample research opportunities for corporate governance scholars.

8th Annual ICGS 2022 Conference Follow Up and Best Paper Information

The content at the University of Miami received high quality feedback from all attendees. Conference co-host Dr. Wei Shi summarizes key themes as follows:

The development of digital technologies, such as artificial intelligence, blockchains, cloud computing, and the Internet of Things, has not only transformed our lives but also changed the business landscape. With Google, Facebook, Alibaba, Amazon, Tencent, and Apple becoming household names, there is no denying the importance of the digital economy propelled by the development of digital technologies.

Companies conduct businesses through online marketplaces, and stakeholders connect with one another through social media platforms. The digital era is characterized by the unprecedented power of platform companies, the importance of data to business successes, and the prevalent adoption of artificial intelligence technology. Yet, the digital transformation generates opportunities for firms to monetize new technologies, but also challenges for stakeholders, including employees, customers, and society at large, such as unemployment and the misuse of personal data. Corporate governance practitioners are faced with both challenges and opportunities in a digital era. Against this background, the theme of the conference was **“Corporate Governance in a Digital Era: Challenges and Opportunities.”**

Finally, we commend to members the five, carefully reviewed, nominees for Best Conference Paper:

Best Paper: “Neighborhood CEOs” by Mario Amore.

Committee comment on the winning paper: The paper empirically tests whether neighborhood CEOs (defined by physical distance and personal values) can influence the working environment. The empirical analyses are very rigorous, and the datasets used are unique and fine-grained. Findings from the paper advance research on the role of executives in shaping stakeholder practices.

Runner-Up: “Does Information Technology Reduce Corporate Misconduct?” By Jonas Heese and Joseph Pacelli.

Committee comment on the runner-up paper: The runner-up paper: The paper shows that firms’ investment in information technology can reduce corporate misconduct, and this finding holds important practical implications. One notable strength of this paper is that its empirical analyses are well executed.

Three additional nominated papers:

“ESG Leaders or Laggards? A Configurational Analysis of ESG Performance” by Krista Lewellyn and Maureen Muller-Kahle.

“Can sticks and stones break your bones? A cross-country study of the state’s impact on greenwashing” by Svetlana Flankova, Valentina Marano, Ruth Aguilera, and Peter Tashman.

“Hanging by a thread while at the zenith? The effect of stigma and social capital on directors’ career success” by Ilaria Orlandi.

ANNALS OF CORPORATE GOVERNANCE

ACG 7:1 – Investor-Led Sustainability in Corporate Governance by Wolf-Georg Ringe.

ACG 7:2 – Digital and Cybersecurity Governance Around the World by Bob Zukis.

ICGS Newsletter Editor

Dr. Andrew Root is an Assistant Professor of Finance at Regent University. His research spans organization capital, economic policy uncertainty, corporate governance and firm religiosity. 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 2023, please contact Andrew Root (aroot@regent.edu) by **June 15, 2023**. 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



ICGS

International Corporate Governance Society

2023 ICGS Webinar Series

February 8, 2023 (Wed)
11 am – 12 pm ET

Please register here: https://hec-fr.zoom.us/webinar/register/WN_33XKVWvOSFiVVpVKBYVgQ

Moderated By



Bill Judge
Old Dominion University
College of Business and
Public Administration



Georg Wernicke
HEC Paris

Sustainable Corporate Governance



Steen Thomsen
Copenhagen
Business School

Steen will discuss the implications of climate action and sustainable business transformation for corporate governance, including governance regulation and director liability, long-term ownership, ESG investment, company purpose, sustainability committees on company boards, climate plans, managerial ESG incentives, climate risk management, sustainability reporting and compliance.

Steen will argue that we are trying to do too much too fast with negative consequences for global welfare and will suggest more cost-efficient ways forward.



ICGS

International Corporate Governance Society

2023 ICGS Webinar Series

Featuring six 45-min webinars centered around current topics and recent books in the governance space by eminent scholars and practitioners in the area.

Moderated By



Steen Thomsen
Copenhagen Business School
January

F. William McNabb III
Former Chairman and CEO
The Vanguard Group
March

Randall Peterson
London Business School
April

Silviya Velikova
Copenhagen Business School
May

Jose Luis Alvarez
INSEAD
May

George Serafeim
Harvard Business School
September

Mara Faccio
Purdue University
November

Ruth Aguilera
Northeastern University -
D'Amore-McKim School of Business

Bill Judge
Old Dominion University –
College of Business and Public Administration

Georg Wernicke
HEC Paris

Corporate Governance

An International Review

Corporate Governance: An International Review
Call for Proposals: Review Issue 2024
Deadline for Submissions of Proposals: March 1, 2023

Corporate Governance: An International Review seeks proposals for review articles that consolidate and advance current knowledge of subjects in line with the mission of the journal. The mission of *CGIR* is to publish cutting-edge international business research on the phenomena of corporate governance throughout the global economy. We define corporate governance broadly as the exercise of power over corporate entities so as to increase the value provided to the organization's various stakeholders, as well as making those stakeholders accountable for acting responsibly with regard to the protection, generation, and distribution of wealth invested in the firm.

Review articles should be high-impact scholarly surveys of important streams of governance research. They should compile the state of corresponding knowledge, integrate related literatures and provide promising avenues for future research. Their scope should be broad enough to attract general interest and sufficiently focused to be dealt with in a single article.

Submissions have to follow a two-step process. First, an article proposal must be submitted by March 1, 2023. The proposal outlines the subject, the novelty and the contribution of the review. Proposals should be double-spaced and not exceed eight pages of text (including a brief executive summary, but excluding references). Complete papers will not be considered. Authors may indicate in their proposal that the draft of a full paper already exists. Submissions of proposals must be made via the *CGIR* website (<https://mc.manuscriptcentral.com/cgir>) and indicate that the submission is intended for the *CGIR* review issue.

Proposals will be evaluated with regard to the following criteria:

- Fit of the subject with the scope of *CGIR*
- Relevance and novelty of the review topic
- Incorporation of relevant literatures
- Integration of related concepts and/or streams of research
- Implications for future research
- Overall significance of intended contribution
- Clarity of exposition and writing

Final decisions on proposals will be made by April 1, 2023. Authors of selected proposals will be invited to submit a full paper of their review article by November 30, 2023. Full papers will be subject to the *CGIR* standard double-blind reviewing process. It is anticipated that the review issue will be published in *CGIR* issue 6 of 2024.

For queries about this review issue, please feel free to contact the *CGIR* Editors-in-Chief, Konstantinos Stathopoulos (k.stathopoulos@manchester.ac.uk) and Till Talaulicar (till.talaulicar@uni-erfurt.de), or the editorial office of the journal (CGIR@wiley.com).