



TOP WEEKLY BUSINESS & BOARDROOM UPDATES

JANUARY 7 - 13, 2017

1. Corporate Governance: The New Paradigm

The “New Paradigm” is an emerging corporate governance framework that derives from the recognition by corporations, their CEOs and boards of directors, and by leading institutional investors and asset managers (“investors”), that short-termism and attacks by short-term financial activists significantly impede long-term economic prosperity. The economic impact of a short-term myopic approach to managing and investing in businesses has become abundantly clear and has been generating rising levels of concern across a broad spectrum of stakeholders, including corporations, investors, policymakers and academics. The proposition that short-term financial activists and reactive corporate behavior spur sustainable improvements in corporate performance, and thereby systemically increase rather than undermine long-term economic prosperity and social welfare, has been overwhelmingly disproved by the real world experience of corporate decision-makers as well as a growing body of academic research. This emerging consensus has reached a tipping point, and decisive action is imperative.

<https://corpgov.law.harvard.edu/2017/01/11/corporate-governance-the-new-paradigm/>

2. Global and Regional Trends in Corporate Governance for 2017

The changing pressures and dynamics that boards will face in the coming year are diverse and significant in their impact. Institutional investors will continue their push for more uniform standards of corporate governance globally, while also increasing their expectations of the role that boards should play in responsibly representing shareholders. Political uncertainty and the surprise results of the US Presidential and “Brexit” votes may require that boards take a more active role in scenario planning and helping management to navigate increasingly costly risks. The movement for companies and investors to adopt a more long-term orientation has gained momentum, with several large institutional investors now pressuring boards to demonstrate that they are actively involved in guiding a company’s strategy for long-term value creation.

<https://corpgov.law.harvard.edu/2017/01/06/global-and-regional-trends-in-corporate-governance-for-2017/>

3. Sweden Rejects Quotas for Women on Boards of Listed Companies

Sweden’s parliament has rejected plans to introduce legislation that would fine listed companies who fail to appoint women to at least 40% of board seats. The leftwing government announced in September that it was drafting the legislation, but the centre-right opposition and a far-right party, which together hold a majority in parliament, told parliament’s law review committee on Thursday that they would not support the project. “The current gender distribution on the boards of listed companies is not satisfactory. However, the committee thinks a more even gender distribution should be encouraged through other means than legislation,” parliament summarised on its website.

<https://www.theguardian.com/world/2017/jan/12/sweden-rejects-quotas-women-boardroom-listed-companies>

4. Do Corporate Boards Pick the Best CEOs?

The data suggests that corporate boards do a reasonable job in identifying a CEO talent: about 30% of executives passed over at one company get hired to helm another, and those who do tend to perform worse than those promoted at the original company.

<https://www.gsb.stanford.edu/insights/do-corporate-boards-pick-best-ceos>

CARTOON OF THE WEEK



WEEKLY STATISTICS

During the last week 58 business & boardroom updates were published.

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