

Corporate Governance

An International Review

Call for Papers to be submitted to a Conference and Special Issue on “Corporate Governance and the Global Financial Crisis”

Deadline for Conference Proposals: March 1, 2010

Deadline for Special Issue Papers: August 1, 2010

Conference: September 24-25, 2010 in Philadelphia, PA

The worldwide economic crisis that erupted in 2008 and deepened in 2009 is challenging a host of our conceptions and theories of effective corporate governance. This is a call to prepare a paper for a conference on corporate governance prior to, during, and in the aftermath of the global financial crisis. We are particularly interested in “new perspectives” on how to reform the corporate governance system nationally, regionally, or globally. The best papers from the conference will be published in a subsequent special issue of *Corporate Governance: An International Review (CGIR)*.

The American corporate governance tradition, “strengthened” by the Sarbanes-Oxley Act of 2002 and New York Stock Exchange listing rules of 2003, has emphasized strong outsider dominated boards with independent audit, compensation, and governance committees, and a common law legal system that favors shareholder rights. Yet many financial services firms (e.g., AIG, Citigroup, Countrywide, Fannie Mae, Lehman Brothers, Merrill Lynch) were unable to prevent the risky and ill-fated decisions that jeopardized their firms and helped precipitate the financial meltdown that later morphed into a worldwide recession. Company boards were also directly responsible for the sharp rise in executive compensation, often little related to company performance, that many public figures came to criticize as improper.

The governance shortcomings contributing to the crisis of confidence are not uniquely American, however, with companies in many countries adding their own governance shortcomings to the crisis. Iceland’s government, for instance, fell due to its banks’ extreme financial exposure, leading to the country’s technical bankruptcy. Britain was forced to effectively nationalize HBOS and the Royal Bank of Scotland as their ineffective risk oversight led to insolvency. And UBS in Switzerland has tacitly admitted to allowing wealthy foreigners to hide assets in their bank so as to avoid paying taxes at home.

Many complex and interdependent forces led to the greatest economic crisis since the Great Depression of the 1930s, and corporate governance systems are arguably one of them. Indeed, one issue that many attending the 2009 annual meeting of the World Economic Forum in Davos, Switzerland, could agree upon was that most corporate governance systems were not working properly. And while corporate governance may or may not be a root cause of the economic crisis, it would appear to be an important contributing factor. Unfortunately, there is little agreement as to what went wrong with governance systems and what changes need to be made. Our proposed corporate governance conference and subsequent special issue in *CGIR* are intended to explore these issues in two related themes. The first general theme asks: Did corporate governance play a contributing role in precipitating and/or exacerbating the financial crisis in the U.S. and other countries? The second general theme asks: What public-policy and corporate- governance reforms are required in light of what we have learned from the financial crisis?

A unique aspect of this conference/special issue is that we are particularly interested in specific reforms required in national and global corporate governance systems. Suggestions for addressing this crisis are already emerging, though some proposed reforms may not work globally and others may not work at all. As such, the following suggestions for reform provide some guidance for future scholarly conceptual or empirical studies as well as prescriptive new perspectives:

1. Moving directors from part-time to full-time status for firms over a certain size.
2. Empowering shareholders to influence corporate boards more readily.
3. Instituting new governmental rules and regulations for corporate governance.

4. Creating an international corporate governance oversight agency.
5. Formally separating the roles of board chair from chief executive.
6. Emphasizing stronger self-regulation (and stiffer penalties for failing to do so).
7. Nationalizing and reconstituting the governing boards of firms for a period of time.
8. Limiting financial institutions from becoming “too big to fail” in the future.
9. Overhauling accounting and financial reporting systems to better signal risk.

The above suggestions are by no means comprehensive, and explorations of other innovative reforms are encouraged. We encourage papers that are diverse in approach and cross-national in focus. Some of the papers may be academic theory-building or theory-testing studies; others may focus on offering a more prescriptive and less theoretical fresh perspective on how to reform corporate governance. All submissions should concentrate on the larger issues associated with corporate governance and the global financial crisis.

The deadline for submission of conference proposals is March 1, 2010. Authors are asked to submit a proposal on or before **March 1, 2010** to <http://gfc.wharton.upenn.edu/abstract.shtml> . The proposal must be in the form of a structured abstract with a 500 word maximum length. Please use the structure listed below describing those summarized highlights:

- **Manuscript Type:** ‘Conceptual’, ‘Empirical’, or ‘Review’ (pick one).
- **Research Question/Issue:** Summarize the focus of your study here.
- **Research Findings/Insights:** Identify what you consider to be the most important findings from an empirical study or insights from a conceptual study in your manuscript.
- **Theoretical/Academic Implications:** Identify what you consider to be the most important theoretical implication or implications of your study.
- **Practitioner/Policy Implications:** Please discuss what you consider to be the most important practitioner and/or policy maker implications of your study.

If the proposal is accepted, authors will then submit a full paper on or before August 1, 2010. Full papers must be 10,000 words or less in length and follow the CGIR editorial guidelines. Please go to www.cgir.org for more information. Special issue submissions can be made through CGIR’s online system at <http://mc.manuscriptcentral.com/cgir>. When doing so, please be sure to indicate that the submission is for the special issue on “Corporate Governance and Global Financial Crisis.”

Authors of papers that are accepted for presentation at the conference will be required to send at least one author to present the paper. The conference will be held at the University of Pennsylvania in Philadelphia on September 24-25, 2010. The conference will be underwritten by the Center for Leadership and Change of the Wharton School and Penn Lauder CIBER (Center for International Business Education and Research) of the University of Pennsylvania as well as Wiley-Blackwell, publisher of *Corporate Governance: An International Review*.

Details on specifics for the conference can be found on the conference website: <http://gfc.wharton.upenn.edu>. *CGIR* is the premier outlet for cross-national corporate governance theories and practices, and since reforming corporate governance will be an important step in averting future financial crises, we anticipate that the articles published in this special issue will receive international attention. The conference organizers and special issue editors are Mauro Guillen and Michael Useem of the Wharton School and William Judge, Editor-in-Chief of *CGIR*. Feel free to contact Kay Dowgun (gfc-conference@wharton.upenn.edu) if you have any questions about the conference, or Krista Lewellyn (cgir@odu.edu) if you have any questions about the special issue.