Modern Corporate Governance
Dynamic Briefing

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Modern Corporate Governance

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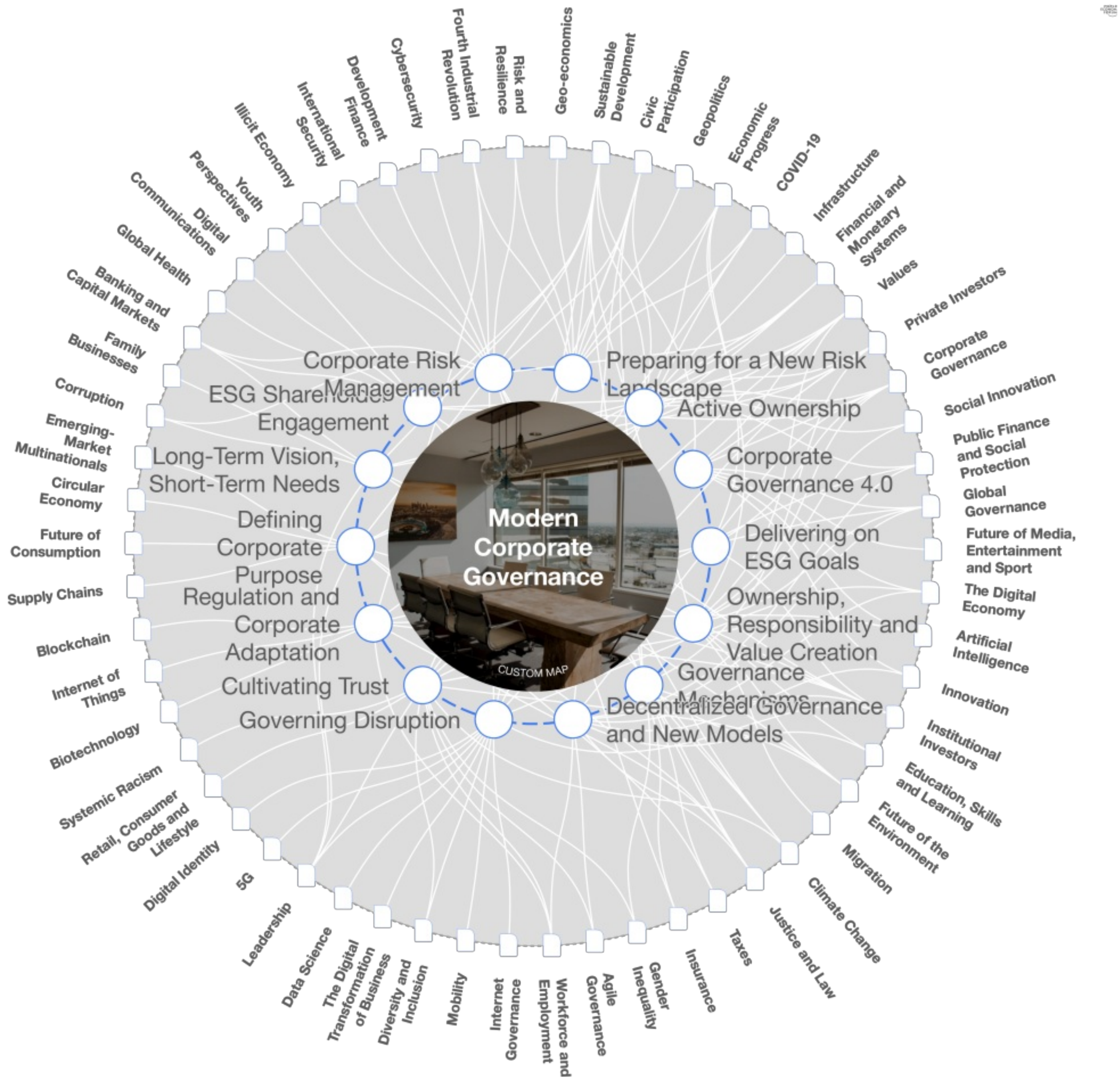
About

This dynamic briefing draws on the collective intelligence of the Forum network to explore the key trends, interconnections and interdependencies between industry, regional and global issues. In the briefing, you will find a visual representation of this topic (Transformation Map – interactive version available online via intelligence.weforum.org), an overview and the key trends affecting it, along with summaries and links to the latest research and analysis on each of the trends. Briefings for countries also include the relevant data from the Forum's benchmarking indices. The content is continuously updated with the latest thinking of leaders and experts from across the Forum network, and with insights from Forum meetings, projects communities and activities.



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Preparing for a New Risk Landscape

Companies have to build long-term growth and resilience strategies in an increasingly volatile business landscape

After the shocks and government stimulus of COVID-19, a volatile shakeout threatens the global business landscape. Protectionism, technological transformation, and social unrest had been disrupting economic activity for years, but the pandemic provided them with fresh momentum.

According to the Forum's Global Risks report 2021, business ecosystems in many countries are faced with sclerotic, regressive torpor or accelerated creative destruction. Indecisive or misguided leadership has the potential to exacerbate these trends, sending ripples through the global economy and locking in catastrophic outcomes. A disorderly shakeout would precipitate economic stagnation in advanced economies, lost potential in emerging and developing markets, greater bifurcation between major and minor companies, the collapse of millions of small businesses, greater inequality, and the attrition of long-term global sustainable development imperatives.

KEY INSIGHTS FROM THE DISCUSSIONS

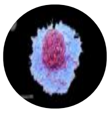
Risks in the post-COVID-19 world will not be materially different than they were before the pandemic. It is urgent, however, that we emerge from the pandemic with a new mindset for managing these risks. "Our view of risk - and their potential impacts - remains too narrow, and our responses too anchored in the past."

Cybersecurity has emerged during the pandemic as the top future risk. In July 2020, CEOs had surveyed ranked it as the 5th highest risk, though it had become the top risk by early 2021.

While the risk profile faced by various industries is similar, the way they manage those risks must be approached differently.

Alongside the risks we are already facing, there are others that are poised to become more prominent in the years ahead - including the digital divide, blockchain, and climate change.

Related insight areas: Fourth Industrial Revolution, Risk and Resilience, Geo-economics, Sustainable Development, Civic Participation, Geopolitics, Economic Progress, COVID-19



Nature

What triggers severe COVID? Infected immune cells hold clues

06 April 2022

Studies have revealed that infected immune cells prompt a massive inflammatory response. Studies have revealed that infected immune cells prompt a massive inflammatory response.

World Economic Forum

How Europe can exit the COVID-19 public health emergency

31 March 2022

High COVID-19 vaccination rates in many European countries have helped to keep hospitalisation and death rates down in recent months, and have led to an easing of pandemic restrictions. Some countries are at earlier stages in the pandemic's trajectory, however, and certain sections of the population also remain more vulnerable to COVID-19, while many people have been affected by long COVID. For everyone in the region to exit the pandemic, European countries need certain measures to help control transmission, regardless of emerging variants, without having to impose severe societal restrictions. Moving into the third year of the COVID-19 pandemic, as Europe's winter gives way to spring, it may be tempting for exhausted governments and societies alike to wish the pandemic over. The recent surge of the highly transmissible omicron variant has led to half of the WHO European region's 200 million confirmed COVID-19 cases recorded within the last three months.

World Economic Forum

Here are five policies to help solve the global housing crisis

24 March 2022

The COVID-19 pandemic accelerated a worldwide housing shortage. There is thus an urgent need to boost housing production and affordability, while the cost of inaction could result in a deep social crisis and civil unrest. Here are five policies that can help solve the problem: upzoning, financial incentives, revised immigration policies, more favourable mortgage terms and increasing tax revenue. The world was already experiencing an acute housing shortage, both in rentals and houses for sale, prior to the pandemic. COVID-19 accelerated the dearth of available housing as supply chain challenges collided with a rush of buyers looking for more space fuelled by historically low interest rates.

RAND Corporation

Pulse-Check

24 March 2022

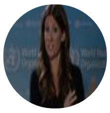
This report outlines the results of an exploratory analysis of strategies used by health care systems and public health in response to COVID-19 in five countries -- Iran, Jordan, Lebanon, Qatar, and Tunisia.

RAND Corporation

Subsequent Buprenorphine Treatment Following Emergency Physician Buprenorphine Prescription Fills

23 March 2022

This study examined the rates of subsequent buprenorphine treatment for buprenorphine-naïve individuals filling buprenorphine prescriptions from emergency physicians and initiated buprenorphine treatment and how such rates varied before and during the COVID-19 pandemic.



World Health Organization

WHO's Science in 5 on COVID 19 : Tracking variants

22 March 2022

How does WHO track variants for SARS CoV 2 , the virus that causes COVID-19? what are the challenges on the ground? What are variants WHO is tracking at this time? WHO's Dr Maria Van Kerkhove explains in Science in 5. .

Imperial College London

People with Omicron variant less likely hospitalised compared to Delta variant

17 March 2022

People with the Omicron variant of SARS-CoV-2 were less likely to be admitted to hospital or to die, compared to those with the Delta variant. After adjusting for a number of factors, the risk of hospital admission for Omicron cases was found to be less than half (59% lower) compared to the risk for Delta cases. The risk of dying was 69% lower for those with Omicron compared to those with Delta infections. The research, published in The Lancet, was led by researchers at the MRC Centre for Global Infectious Disease Analysis, Jameel Institute at Imperial College London, the MRC Biostatistics Unit at the University of Cambridge, and the UK Health Security Agency. Severity and age.

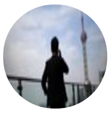
Active Ownership

The shift to active ownership may help to foster longer-term value creation

Banks and brokers are the most widely disparaged culprits behind the financial crisis, due to their short-termism and excessive risk taking. Yet, they were acting on behalf of large institutional investors who failed to effectively monitor their investments. Pension funds, endowments, insurers, and sovereign wealth funds should therefore share some of the blame, due to their passive corporate governance. In the future, they will hopefully act as better stewards of the companies they invest in by adopting a more active stance. A broader transition to active institutional ownership is gaining momentum, largely due to the extensive shedding of debt taking place in the corporate and financial spheres. By replacing debt with equity, investment managers are likely to become less inclined to maximize short-term results and instead focus on companies' long-term value creation. Norway's $1 trillion sovereign wealth fund, for example, has clearly stated its expectations for the companies it invests in, in terms of corporate governance, shareholder rights, social issues, and the environment. The fund's active ownership is a tool to both protect shareholders' rights, and to benefit the people of Norway.

Active ownership has implications for the relationship between asset owners and managers, with performance no longer hinging purely on short-term market benchmarking, but also on longer-term metrics like internal rates of return. The organizational impact of this will be profound, as layers of intermediaries are reduced, more reliance is placed on internal capabilities and in-house expertise, and fewer mandates are granted to external managers and funds of funds (a mutual fund, for example, that invests in other funds). Dedicated teams can more effectively operationalize an institution's long-term mission, and improve corporate governance at the companies being invested in. In principle, the cost of active ownership is the increased volatility that results from more concentrated portfolios; diversification is widely considered the surest way to achieve better returns. However, institutional ownership of large stakes in companies could provide better monitoring, and more aligned incentives, without necessarily increasing risk thanks to so-called relationship investing - or actively investing for the long term, in exchange for some say in how a firm is run. Stewardship should matter to institutions that take the long view. Some asset managers may not welcome it, as it involves spending more effort and resources. However, until institutional investors start to behave like well-informed, responsible owners, managerial entrenchment will undermine the long-term prospects for finance capitalism.

Related insight areas: Sustainable Development, Private Investors, Corporate Governance, Values, Public Finance and Social Protection, Financial and Monetary Systems, Social Innovation, Economic Progress, Infrastructure, Civic Participation



Frontiers

Investigating the Role of Education, Foreign Investment, and Economic Development for Sustainable Environment in BRI Countries: Application of Method of Movements Quantile Regression

28 April 2022

Environmental pollution comes from several sectors of activities. It is almost conceivable that the education sector subsidies to the disruption of the environmental quality. The study employs panel cointegration techniques and method of moments quantile regression (MMQR) to inspect the influence of income, education (scholarly enrollment and expenditure), and foreign direct investment on carbon dioxide (CO_2) emissions for a panel of 46 Belt and Road initiative (BRI) countries spanning the period 1996–2016. The estimation shows that the hypothesis of environmental Kuznets is established for both the models. Using fully modified ordinary least squares (OLS), fixed effects OLS and dynamic OLS, long-run elasticities show that real income increases the emissions.

International Monetary Fund (IMF)

Press Briefing: Fiscal Monitor, April 2022

20 April 2022

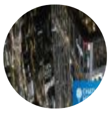
This chapter discusses how fiscal policy operates amid a sharp rise in uncertainty caused by the war in Ukraine, rising inflation and interest rates, slower economic growth, and increasing debt vulnerabilities.

CGAP Blog

Regulating Platform-Based Finance: Seeing the Big Picture

14 April 2022

The scale and scope of platform-based finance extends beyond the powers of a single regulator — cooperation across agencies will be essential. Platforms combine technology, customer data and network effects across diverse markets. This brings in regulatory agencies covering a wide array of domains such as finance, competition, labor, consumer and data protection, telecoms and myriad commercial sectors. For financial regulators to act strictly within traditional silos framed in terms of financial institutions and services would be to ignore the multi-faceted nature of platforms , including risks that arise beyond the regulatory perimeter. How can financial regulators widen their perspective and take account of the big picture?.



Chatham House

How countries can regulate investment screening

13 April 2022

To attract investment, certain regulations can help countries understand the size of the garden (where investors can play) and the height of fence (to keep out malign actors). Investment screening has become an important component of the policy toolbox of nations, with the objective of blocking inward investment by foreign actors over concerns of national security and retaining competitiveness.

SpringerOpen

Modelling the dynamics of stock market in the gulf cooperation council countries: evidence on persistence to shocks

11 April 2022

This study examines the statistical properties required to model the dynamics of both the returns and volatility series of the daily stock market returns in six Gulf Cooperation Council countries, namely Bahrain, Oman, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates, under different financial and economic circumstances. The empirical investigation is conducted using daily data from June 1, 2005 to July 1, 2019. The analysis is conducted using a set of double long-memory specifications with some significant features such as long-range dependencies, asymmetries in conditional variances, non-linearity, and multiple seasonality or time-varying correlations. Our study indicates that the joint dual long-memory process can adequately estimate long-memory dynamics in returns and volatility.

VoxEU

The next Fed tightening cycle is not necessarily bad news for emerging markets

05 March 2022

The capital flows literature does not distinguish between increases in US interest rates caused by upward revisions in the Fed economic outlook (information shocks) from those that are not (pure monetary policy shocks). This column argues that this distinction is crucial. Pure monetary policy shocks have conventional, negative effects but positive information shocks do not. The latter even drive a reallocation out of US Treasuries and into growth-sensitive US assets. If the current Fed tightening cycle is driven by expectations of stronger growth, it might not be bad news for emerging markets.

Corporate Governance 4.0

Family businesses can successfully renew themselves by taking a new approach to governance

Governance needs to be optimized, rather than minimized. The four arms of governance at a family business - the owners, controlling family members, the board, and non-family executives - have to step up, as regulation piles up in response to scandals and political pressure. While there is considerable discussion about the technologies shaping the Fourth Industrial Revolution, such as artificial intelligence and robotics, there is less attention paid to the specific impact of new innovation on governance. A family business that aims to be tech-savvy and lean will struggle with an antiquated board; we therefore need to move to Corporate Governance 4.0, in order to enhance communication, better define roles, and ensure agility. Governance should provide vision and a sense of responsibility, and ensure accountability. And, in a world where compliance reports run to hundreds of pages, specific roles must be clearly defined. Family business owners and boards have to strike a balance, by understanding the business without being drawn into day-to-day management. Owners must establish a vision and standards, while giving clear direction on speed, growth strategy, ethics, and risk appetite.

With Corporate Governance 4.0, and enhanced clarity on roles, overlap between different management and oversight structures can be kept to a minimum. Communication among all levels, cohesion around a shared vision and values, and direction can all be centred on the leanest viable structure - augmented by digital systems that present data on everything from unit profitability to staff turnover. While sadly rare in practice, this sort of super-intelligent dashboard providing sophisticated information in real time is possible with existing technology. Such a tool could be liberating for boards, as around half of all board meetings are currently consumed with analyzing financial and other statements. In this way, technology can free up human intelligence to focus on what it is best at: strategic judgement, establishing and maintaining values, and setting direction. Many family businesses fail to adapt effectively when faced with unpredictability and change, especially during a time of increasing regulation. Those best able adapt will do so thanks to a willingness to adopt technology and to clearly articulate the roles set by their governing bodies.

This key issue is curated in partnership with Denise Kenyon-Rouvinez, the Wild Group Professor and Director of the IMD Global Family Business Center at IMD International.

Related insight areas: Private Investors, Future of Media, Entertainment and Sport, Sustainable Development, Global Governance, Values, Corporate Governance, Artificial Intelligence, The Digital Economy, Innovation

Harvard Business School Working Knowledge

Can the Case Method Survive Another Hundred Years?

02 May 2022

The case method pioneered by Harvard Business School has weathered a hundred years of controversy and criticism. However, is the approach the best way to teach people to lead in a world that demands more agility and adaptability? James Heskett asks.

Wharton School of the University of Pennsylvania - Knowledge@Wharton

How to Have More Successful Conversations

30 March 2022

Whether negotiating a salary increase or chatting with a co-worker, people have more productive conversations when they identify their motives and goals. New research co-authored by Wharton’s Maurice Schweitzer offers a tool for doing just that.

Harvard Business School Working Knowledge

Rituals at Work: Teams That Play Together Stay Together

24 March 2022

Rituals—even seemingly silly ones—help employees bond and add meaning to their work, says research by Michael Norton, Francesca Gino, and colleagues. After two years of pandemic disruption, who wouldn't welcome a workday pick-me-up?.

Harvard Business School Working Knowledge

Lack of Female Scientists Means Fewer Medical Treatments for Women

22 February 2022

Women scientists are more likely to develop treatments for women, but many of their ideas never become inventions, research by Rembrand Koning says. What would it take to make innovation more equitable?.

Delivering on ESG Goals

Companies are reorienting business strategies and operating models to deliver on their goals

A clear consensus is emerging: for a company to enjoy sustainable value creation and long-term success, it must clearly understand who its key stakeholders are, engage with them, and bring their voice into decision-making. According to the Forum's Future of Corporation 2021 white paper, recent years have seen a clear shift towards greater stakeholder activism. Certainly, the pandemic has changed the rhetoric from "returns" to "value creation," and investors and shareholders are demanding more transparency and meaningful engagement with boards on environmental, social, and governance (ESG) issues.

The white paper also emphasizes that for a corporation to maintain its licence to operate, it must gain and retain the trust of its material stakeholders: those who can reasonably be expected to be significantly affected by its activities, products and services; and those whose actions can reasonably be expected to affect the ability of the corporation to implement its strategies and achieve its objectives.

KEY INSIGHTS FROM THE DISCUSSIONS

When asked to rank their company on its ESG journey, 38% of participants said it is in "advanced deployment" (10+ metrics), while 25% said it is at a "moderate" deployment level (5-10 metrics), and 25% described it as being in "initial" deployment (1-5). Only one participant saw his/her organization at an early stage with no deployment. 45% described their company's adoption of ESG metrics as strategically driven, while 26% deemed it culturally driven, 24% saw it as functionally driven, and only 5% as "ad hoc."

When it comes to implementing and delivering on ESG goals, companies should not wait to be perfect – but instead get started now and evolve. It is also important not to get distracted by competition over ratings. What is key is to focus on the purpose of the effort, and to communicate that effectively.

Smart incentive plans can be instrumental in the acceleration of ESG integration processes. Individual employee targets can be personalized through variable compensation.

Companies must engage with peers and join coalitions, as many contemporaries are working through the same challenges.

As companies embrace ESG-related goals, the most important issues for strategy are: diversity and inclusion, employee mental and physical health, an internal ESG narrative to get everyone on board (and explain the influence their organization can exert on these issues). Companies also need to ensure that they are credible - and deliver on their commitments.

Related insight areas: Institutional Investors, Corporate Governance, Economic Progress

Harvard Business School Working Knowledge

How to Avoid the 'Ethical Slide' That Leads Companies Astray

17 April 2022

Building strong ethics requires continuous effort from everyone in an organization. In the book Business Ethics: What Everyone Needs to Know, J.S. Nelson offers practical advice for cultivating a "speak-up" culture.

Harvard Business School Working Knowledge

Effective Leaders Share the Spotlight with Their Teams

07 March 2022

Many executives make decisions alone and take credit for every win. Research by Yuan Zou and Ethan Rouen shows how leaders—and their companies—directly benefit when they engage and elevate colleagues.

Science Direct - family business strategy

Family firm succession through the lens of technology intelligence

14 February 2022

Succession is a critical event (Miller et al., 2013). Scholars have observed that the tenure of family-firm leaders is three times that of non-family firms (McConaughy, 2000). For decades, scholars have recognized that the difficulty pertaining to family firm succession is not the leader’s willingness to let go or the firm’s process of choosing a successor, but it is steering the succession planning, communicating it, and winning the buy-in from the whole organization (e.g., Trow, 1961).

Wharton School of the University of Pennsylvania - Knowledge@Wharton

How Should Investors Value Gold?

08 February 2022

Investors of all kinds have always been lured by the king of metals, and even the most hardnosed of them know it holds extra value for those who adorn themselves with it. Wharton finance and economics professor Urban Jermann has devised a new approach to capture that extra value in gold jewelry, allowing investors a better way to price gold. “Because gold is used as an investment asset, it is believed to be worth more than its fundamental value as jewelry or as productive input. How much more?” jermann wrote in his research paper titled “ gold’s value as an investment .” “Investors that use a standard model that compares interest rates and gold prices might estimate gold prices to fall by, say 20%.

Ownership, Responsibility and Value Creation

Family businesses are adopting the principles and practices of responsible ownership

Ownership can no longer be passive or speculative - and many families have begun adopting principles and practices that enable them to approach their roles as owners in a genuinely professional manner. In order to truly understand what it takes to be a responsible shareholder of a family business today, in an atmosphere of heightened expectations for corporate behaviour, it requires a specific type of education. Responsible families now understand that while they may devolve day-to-day operations to managers, they are accountable for the long-term stewardship of their business. They are promoting meaningful engagement between the board, investors, and other stakeholders, in order to build trust and promote high standards of conduct. They are also putting the needs of the business before their own short-term financial interests, by encouraging long term vision, patient capital investment that does not demand quick returns, and education and training for staff. The primary responsibility of owners is to ensure the long-term success of a business, which can in turn bolster job security and living standards for employees. Responsible owners are committed to the area where they work and live. They know that returns that come in the form of loyalty and engagement are some of the most beneficial.

These types of owners are also ideally placed to take on broader, external leadership roles - and more are starting to do so. Amid widespread concern about climate change and growing inequality, businesses are being called upon to assume more expansive social and environmental responsibilities. They can do so by not only looking after financial returns, but by also looking after communities and helping to preserve natural resources. Several studies have shown that such responsible ownership does not compromise commercial performance; on the contrary, it can actually enhance shareholder returns when measured over the long term. That is because businesses that are clearly committed to a responsible corporate vision can better create long-term value, and secure higher levels of trust and respect. Responsible practices are unlikely to stem from a business's leadership team alone. They tend to have their origins in responsible ownership, typically among family owners. These owners are long-term shareholders, and there are relatively few of them per company, so their relative influence can be considerable. Responsible family businesses can therefore serve as role models not only for other family firms, but for all businesses working towards a fairer and more sustainable economic model.

This key issue is curated in partnership with Denise Kenyon-Rouvinez, the Wild Group Professor and Director of the IMD Global Family Business Center at IMD International.

Related insight areas: Future of the Environment, Education, Skills and Learning, Values, Global Governance, Economic Progress, Corporate Governance, Social Innovation, Sustainable Development, Migration

Harvard Business School Working Knowledge

Dick’s Sporting Goods Followed Its Conscience on Guns—and It Paid Off

18 April 2022

After the 2018 school shooting in Parkland, Florida, Dick's Sporting Goods' CEO declared: "I don't want to be part of the story anymore." Two new case studies by George Riedel go inside the retailer's decision to remove certain firearms from stores and restrict gun sales.

VoxEU

The private equity industry in the new interest rate environment

24 February 2022

As interest rates shift from a decades-long decline to hovering at the zero lower bound and potentially increasing significantly, the private equity industry will face new pressures. The inflow of capital to the asset class will decelerate, leading to an increased scrutiny of costs and an opportunity to shift bargaining power to limited partners. The first LTI Report argues that while the private equity industry has made promising steps towards innovation to preserve momentum, the adverse macroeconomic pressures will likely still prevail, affecting the industry’s growth and, subsequently, its cost structure, which remains a controversial subject.

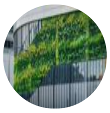
Governance Mechanisms

Corporate governance relies on a handful of mechanisms to align executives with owners and other stakeholders

Corporate governance involves establishing mechanisms to align the goals of a company's executive team with those of owners and other stakeholders (customers, local communities) in the interest of fostering sustainable and long-term development. One of the main mechanisms is the board of directors. It plays a vital role in keeping the executive team both accountable, and on track relative to its stated purpose and long-term goals. There has been a lot of discussion about the most effective structure for a board - which tends to depend on the nature of the organization, its market, and its regulatory environment. For a board to be truly effective it must decide on its optimal size, the independence of its members, the means to assess potential risks, and the renewal process necessary to maintain effectiveness. There has been heated debate about how to add diversity (in terms of both skills and backgrounds) to boards, in the interest of enhancing strategic guidance. Another high-profile topic is incentives, or setting the right type of compensation for top executives in order to encourage long-term decision making that is in line with the organization's purpose.

The compensation debate revolves around not only pay levels but also structure: short-term vs long-term, preferred stock vs. options, performance vesting options as well as discretionary bonuses. Research has shown that setting variable incentives tied to long-term horizons is conducive to long-term profitability, an increase in innovation, and increases in employee and client satisfaction. One key mechanism is the ability of shareholders to engage with management and discuss material matters, and to (most importantly) vote on proposals at annual meetings. Shareholders can include anyone from founding families to institutional investors like pension funds, and a significant share will likely be participating via retirement plans. Shareholder engagement keeps managers on their toes - and while not every form of activism genuinely adds value, making managers respond to shareholder pressure helps them to avoid becoming entrenched and insulated. There has been a marked increase in corporate responsiveness to shareholder pressure related to climate and gender equality issues in recent years, as well as a greater emphasis on long-term strategic plans - reflecting the fact that many shareholders now have longer-term investment horizons.

Related insight areas: Climate Change, Civic Participation, Sustainable Development, Justice and Law, Taxes, Institutional Investors, Private Investors, Future of the Environment, Gender Inequality, Insurance



World Economic Forum

Businesses are contributing to the Paris Agreement for nature. Here's how.

04 May 2022

The latest round of negotiations on the Post-2020 Global Biodiversity Framework was recently concluded in Geneva. For the first time at a United Nations Convention on Biological Diversity (CBD) meeting, leading businesses turned out in force in support of more ambition. Leading businesses must step up and speak up to ensure a meaningful global agreement on nature is reached. It has been a tough start to 2022. The war in Ukraine has shaken global geopolitical order and brought immense grief while disrupting supply chains and global economic stability.

London School of Economics and Political Science

Pink Tax: The gender bias in product recommendations and corporate social responsibility

29 April 2022

The conceptual underpinning of the 'pink-tax' refers to the profit-maximizing techniques adopted by companies based on psychological trends, shopping behaviour and interests, to promote the sale of products marketed towards female consumers at substantially higher prices than those promoted to male consumers. Far from being a "traditional" tax, these marketing strategies take advantage of women by increasing the price they pay. This difference results in a significant reduction in the opportunities and services available to women, augmenting deeply entrenched inequalities. Advertisements and the media impose physical standards and encourage society to adhere to gender-stereotypes that push women to purchase beauty products despite higher prices.

Project Syndicate

Inequality Is a Business Risk

12 April 2022

Managing the fallout from recent global crises will require not just solidarity and collective action but also a stronger commitment to reducing inequality in all its forms. But governments can't do everything, while businesses – particularly banks and financial institutions – will need to do more.

World Economic Forum

Social Intrapreneurship for ESG Targets | Sustainable Development Impact Summit

16 February 2022

A global ESG survey suggests that 46% of companies find the "S" component of their ESG strategy the most difficult to embed. This session aims to build partnerships in intrapreneurship and explore innovative approaches for companies to achieve sustainability goals. Speakers: Harald Nusser, Steve Krouskos, Ben R. Jordan, Ezgi Barcenas, François Bonnici, Saskia Bruysten, Kyle Zimmer, Gib Bulloch.

London School of Economics and Political Science

Times Higher Education is expanding, but what is it becoming?

10 February 2022

Since its origins as a newspaper supplement, the Times Higher Education (THE) has become so much more than a higher education news company. As its business model and commercial raison d'être changed, so has its rankings-related journalism. In this post, Morten Hansen and Astrid Van den Bossche explain how recent research on THE rankings output … Continued.

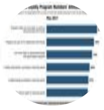
Decentralized Governance and New Models

The distributed nature of blockchain can facilitate new ways of doing business

In order to make the most of blockchain technology, organizations will have to collaborate. In an acknowledgement of this fact, there has been a proliferation of industry consortia dedicated to blockchain exploration and implementation. These groups are often collaborating to an unprecedented degree, even drawing together rival businesses determined to cooperate in order to truly unlock the full potential of technology through new governance models. To-date, almost 400 such organizations have been registered, with several seeming to appear every month. The Blockchain Insurance Industry Initiative (b3i), for example, has brought together 20 key industry players such as Allianz, Liberty Mutual, and the China Pacific Insurance Company in order to explore and deploy the technology in different ways. The consortium’s core activities include developing the standards and infrastructure necessary to facilitate data-sharing across separate organizations. However, collaborative models also raise new questions about intellectual property ownership, shared liability, data sharing, and more. To address such questions, consortium models generally require clear communication and alignment on roles and responsibilities.

Blockchain technology can enable decentralized autonomous organizations, also known as “DAOs” - which operate on code-based rules and are intended to be controlled by members without a hierarchical structure. These organizations are designed to provide a secure, digital ledger in a way that eliminates the need for a third party to approve or warehouse a transaction or agreement - so that parties could securely sign and execute a contractual work agreement, for example, without even necessarily knowing one another’s identity. By enabling the re-thinking of the foundations of businesses and organizations from the ground up, there may be opportunities to consider new incentive structures. For example, traditional organizations have faced the “principal-agent” problem, where the decisions of front-line workers may not align with the interests of top-level decision-makers. Decentralized autonomous organizations present the opportunity to integrate demand, decision-making, and production in ways that enable an organization to adapt in a more nimble and aligned manner. However, the anonymity provided by this decentralized means of decision-making can come into conflict with corporate governance rules and regulations.

Related insight areas: Education, Skills and Learning, Corporate Governance, Global Governance, Agile Governance, Civic Participation, The Digital Economy, Public Finance and Social Protection, Justice and Law, Workforce and Employment, Innovation



World Economic Forum

Can brands make reusable packaging more attractive than single-use plastic? NFTs could be the answer

27 April 2022

The reusable packaging market could be a $10 billion opportunity to eliminate single-use plastic. Despite this many brands are reluctant to believe their customers can change their throw away habits. Next-generation reward schemes using digital currencies could accelerate the circular economy. Undoubtedly, one of the best ways to reduce plastic pollution is to eliminate single-use plastic and introduce long-lasting reusable packaging instead. Brands are still reluctant to abandon the low-cost convenience of grab-and-go.

Project Syndicate

CBDCs for the People

18 April 2022

With the rapid adoption of digital payment technologies, central banks have an opportunity to explore reforms and new tools, including by issuing their own digital currencies. Provided that policymakers get the design right, a CBDC could go a long way toward improving financial inclusion and driving innovation.

The Innovator

Interview Of The Week, Sheila Warren, Crypto Council For Innovation

01 April 2022

Sheila Warren is the Chief Executive Officer of the Crypto Council for Innovation (CCI), a global alliance that includes influential crypto industry leaders Coinbase, Fidelity Digital Assets, Block, Gemini, Andreessen Horowitz, Ribbit Capital, and Paradigm. The group was formed to demonstrate the transformational promise of crypto and educate policymakers, regulators, businesses, and the public. Prior […] The post Interview Of The Week, Sheila Warren, Crypto Council For Innovation appeared first on The Innovator .

NiemanLab

Local news outlets were targeted in Facebook’s smear campaign against TikTok

31 March 2022

Facebook hired a large consulting firm to undermine its competitor TikTok, The Washington Post's Taylor Lorenz and Drew Harwell reported in an eye-popping scoop on Wednesday. The secret campaign specifically targeted local reporters to help amplify questionable claims about the platform. .

The New Humanitarian

Fixing Aid | Can blockchain help fix the I.D. problem for a billion people?

31 March 2022

Today, we look at how to help people who have fled their homes or live in vulnerable environments access their personal documents – from I.D.s to diplomas – in a secure and streamlined way. Two startups offer some solutions – and, yes, blockchain is involved! Imagine having to flee your home.

Wharton School of the University of Pennsylvania - Knowledge@Wharton

Why the U.S. Government Should Regulate Cryptocurrency

29 March 2022

The Biden administration’s executive order to develop a national policy on cryptocurrency and digital assets is an important first step in setting some guardrails around a global market now worth more than $3 trillion , said Wharton legal studies and business ethics professor Kevin Werbach . The executive order issued in early March calls for government agencies to coordinate on six key priorities: protecting consumers and investors, preserving financial stability, mitigating risks from illegal digital assets, promoting American competitiveness, ensuring financial inclusion, and guiding responsible innovation. “We need experts working on these issues and working through the mechanisms of these agencies, so I give the administration a good deal of credit for how much work it must have taken to align all of these different groups to move forward,” Werbach said during an interview with Wharton Business Daily on SiriusXM.

LSE Business Review

Comparing cryptocurrencies in search of features that promote social inclusion

25 March 2022

Cryptocurrencies raise many potential problems for social inclusion. Thomas Kalafatis and Richard Nesbitt examine whether newer forms of cryptographically enhanced commerce, and more specifically central bank digital currencies, can address the issue. Their framework for contrasting currency features helps them consider issues of inclusiveness and glean some possible answers to the many questions that have been … Continued.

Governing Disruption

Organizations must be able to evolve and adapt, as the COVID-19 crisis has illustrated

A board of directors has the responsibility to drive the continuous reinvention of an organization - in a way that ensures it is fit for purpose relative to shifting customer demands, social expectations, and unexpected calamities. Technological innovation at the core of the Fourth Industrial Revolution is changing the way we live, work, and relate to one another - and forcing the decision-makers guiding organizations to rethink how they can create value and reinvent the ways they function. As the global economy weathers the impact of the COVID-19 pandemic, for example, many organizations that had previously focused on maximizing resilience through technologies like cloud computing may find themselves in better shape than others. Innovation impacts many of a board's core responsibilities, including long-term planning, fostering a corporate culture, executive compensation, setting strategy, and making investments and acquisitions. While established incumbents are at risk of lacking sensitivity to evolving technology needs and responsibilities, younger players need the financial resources and data enjoyed by their older counterparts - and each can gear their corporate governance efforts towards sharing resources in a way that creates value.

New collaborative models may require entirely new corporate governance approaches that are much less based on traditional vertical control and siloed mechanisms - while still maintaining accountability to shareholders. The United Nations has emphasized the critical potential for breakthrough innovation to help achieve the Sustainable Development Goals, which are designed to enable a more sustainable global economy by 2030. It is a matter of corporate governance to consider how this innovation can both enable sustainable economic growth and help fulfil a specific organization's purpose. In terms of investor stewardship, for example, shareholders must be engaged on the topic of innovation in order to better understand long-term prospects both for the business and for society as a whole. Some organizations have specific board committees dedicated to technology and innovation, while others bring on consultants or other external advisors. Boards at the most forward-looking companies consider the long-term prospects of a business alongside its internal capabilities - essentially looking into the future in order to assess whether a company might be impacted by a paradigm shift in technology and business models, or a global crisis, and whether there are related opportunities and risks.

Related insight areas: The Digital Transformation of Business, Digital Identity, Sustainable Development, Fourth Industrial Revolution, Mobility, Private Investors, Leadership, Diversity and Inclusion, COVID-19, Institutional Investors, Data Science, Internet Governance, The Digital Economy, 5G

Wharton School of the University of Pennsylvania - Knowledge@Wharton

Making the Business Case for ESG

04 May 2022

Witold Henisz is a Wharton management professor, director of the Wharton Political Risk Lab, and founder of the Wharton ESG Analytics Lab. He's also a subject-matter expert on one of the most pressing issues in business today, which is ESG. Many investors want to put their money into socially conscious companies that proffer environmental, social, and governance criteria, but actually measuring a company's ESG impact is an imperfect science at best.

The Tokenist

After Making $156M with Delayed SEC Filing, Elon Musk Wants Twitter's HQ to be a Homeless Shelter

11 April 2022

Elon Musk delayed disclosing his stake in Twitter by 11 days, potentially buying the shares at an artificially low price. The post After Making $156M with Delayed SEC Filing, Elon Musk Wants Twitter's HQ to be a Homeless Shelter appeared first on The Tokenist .

Istituto Affari Internazionali

Central Bank Digital Currencies: Governance, Interoperability, and Inclusive Growth

30 March 2022

As economies have become increasingly digitalized, central bank digital currencies (CBDCs) have been at the forefront of the agenda for central banks as a means to enhance payments systems' efficiency (both domestically and cross-border) and increase financial inclusion, and more broadly to support the effective transmission of monetary policy in the digital age (BIS, 2020; Boar and Wehrli, 2021). While the potential of CBDCs to meet these goals is clear, a secure underlying infrastructure and a credible, globally accepted system is of paramount importance.

Institute for Human Rights and Business

Tech Companies Have Crucial Responsibilities in the Attack on Ukraine – Misinformation, Virtual Warfare and Arbitrating Truth

03 March 2022

Companies are distancing themselves from the unfolding invasion of Ukraine by the Russian federation: Major western oil companies such as BP , Shell , and Exxon Mobil have cut ties with Russian oil companies and joint ventures, decisions which will have significant impacts on their bottom line. Total is under similar pressure and said it would not pump more capital into Russia. Western sanctions will make it nearly impossible for Russian oligarchs to move money easily across countries, or to acquire overseas assets. Two Russian billionaires with vast business interests in both countries and elsewhere have expressed anguish.

World Economic Forum

What makes a great startup leader? 13 views on leadership

07 February 2022

Any organization – even whole countries – can rise or fall depending solely on how capable their leader is. What exactly makes a great leader? For startups, a capable leader is even more crucial as uncertainty prevails in nearly every area of business. Here are the results of more than 30 chief executive officers of innovative startups in the World Economic Forum Technology Pioneers community what their number one leadership trait is. What comes to mind when you think of a true leader?.

Cultivating Trust

Responsible corporate governance can create a culture of mutual trust

Trust is crucial for the long-term success of companies - especially at the board level. Genuine trust is underpinned by personal integrity, and by putting the interests of the organization (and of society) above those of individuals. Boards need to be able to trust that management will bring full transparency into the boardroom, and that will only happen thanks to shared integrity. There is a strong sense of pessimism about leadership in both the private and public sectors, and anxiety related to job security is high - due to a general lack of training and increasing automation, and not least due to the global pandemic. This threatens to fuel the growth of nationalist and protectionist movements. According to the Pew Research Center, as of 2019 only about one-third of adult Americans had a great deal or fair amount of confidence in elected officials to act in the public's best interests, and less than half said the same about business leaders (attitudes were far more positive when it came to the medical professionals now grappling with COVID-19). In addition to the general public, employees increasingly expect their employers to do the right thing and take action on issues related to inequality, the environment, and climate change.

As people lose faith in their political leaders, it appears that they have higher expectations for CEOs. According to the 2019 Edelman Trust Barometer, more than three-quarters of the general population, or 76%, want CEOs to take the lead on necessary social and economic change rather than waiting for governments to act. While organizations must comply with legislation and regulation on everything from taxes to consumer protection, competition, corruption, and environmental protection, they can also be positively influenced in terms of corporate governance and trust by industry self-regulation and voluntary practices - such as a code of conduct. Most cases of fraud and breach of trust among stakeholders can be traced to corporate governance failures, and so corporate leaders have the ultimate responsibility for creating an organizational culture that supports trust - and ensures that management and employees embody and act on the stated values and mission of their organization. Particular areas of increased social expectations that require the attention of boards of directors include diversity (including gender diversity), transparency, equal opportunity, and eliminating all forms of harassment.

Related insight areas: Values, Civic Participation, Systemic Racism, COVID-19, Agile Governance, Retail, Consumer Goods and Lifestyle, Artificial Intelligence, Climate Change, Workforce and Employment, Future of the Environment, Gender Inequality, Leadership, Public Finance and Social Protection, Diversity and Inclusion

VoxEU

Public support for carbon taxation

01 May 2022

While many economists are in favour of carbon taxation, the public often opposes this climate policy. This column uses data from a survey of 3,000 people in France to show that rejection of a carbon tax is driven by pessimistic beliefs regarding the properties of the tax. Even when revenues from the tax are redistributed to households so as to make the policy progressive, most people think that they and low-income households would lose out, and that the policy would not be effective at reducing emissions. Public investments and standards could help foster support for an ambitious climate policy.

World Economic Forum

The key skills needed to build diversity, equality, inclusion and belonging in the workplace

20 April 2022

Skills and diversity needed to drive innovation, performance and value but many organizations are falling short on both. Study shows there is no single set of skills that make a company succeed at diversity, equality, inclusion and belonging (DEIB). Instead different skills are valued at different levels of an organization, and employers should take these into account when improving diversity. As organizations explore ways to become more diverse and inclusive, what skills might help them be more successful? After all, there is a strong body of research highlighting how diversity in the workplace can lead to increased profitability and creativity, stronger governance and better problem-solving skills.

Eco-Business

Asian banks — good at selling green finance, 'falling short' on decarbonisation efforts: report

30 March 2022

The region's banks have been more actively launching green finance products than aligning their lending policies to meet decarbonisation targets, a study by Asia Research & Engagement finds. Singapore's DBS Bank emerges on top of the study.

World Economic Forum

We desperately need to disrupt our approach to retirement saving

21 March 2022

Today’s retirement and pension plans were not designed for the current reality of people living longer, healthier lives. The traditional three stage life of school, work and retirement no longer functions in an age of unprecedented longevity and shifts in work and health outcomes. Many people will want to work past mandatory retirement age because they will live for another 20-30 years, while others will need to work longer to remain financially resilient in later life. As societies continue to age, with many women living longer than men, new ways to deal with the retirement savings gap will have to be created to address gender and racial disparities, the changing needs of older workers, as well as the growing number of gig workers.

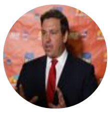
Regulation and Corporate Adaptation

Shifts in regulation can have profound corporate governance implications

A wide variety of legal and regulatory environments have been constructed around the world; the OECD Corporate Governance Factbook contains information about nearly 50 different national institutional, legal, and regulatory frameworks. Some institutional and legal settings have proven to be more conducive to effective corporate governance than others. Enhancing governance reform in the many places where it is lacking is a potential source of value creation both for individual companies and broader economies. One example of legal governance reform is 2002's Sarbanes-Oxley Act in the US, which expanded disclosure and auditing requirements and the responsibilities of the boards at all publicly-traded companies. Sarbanes-Oxley triggered similar reforms around the world: Australia in 2004, India in 2005, and Japan in 2006. Since then, other important reforms have been put in place - such as the Dodd-Frank Act enacted in 2010, in response to the banking industry excesses that resulted in the financial crisis, and the Jumpstart Our Business Startups, or JOBS Act, which was designed to facilitate the funding of small businesses in the US by exempting them from certain regulatory requirements.

The right mix of legislation, regulation, and self-regulation depend on a country's specific circumstances, history, and culture. The corporate governance structures developed in response typically cover the ownership of publicly-listed companies and stock exchanges, shareholder rights and responsibilities, takeover rules, board structures and composition, and information disclosure. Technological progress has created situations where regulatory needs are not necessarily black and white. Services like Uber and Lyft, for example, have made it unclear if drivers should be treated like regular employees or contractors under the law. Legislation passed in California in 2019 requires these ride-sharing platforms to treat drivers in that state as employees when it comes to wage and benefit protections, creating uncertainty about the financial prospects of the broader "gig economy" amid the possibility that other states and countries might follow suit. This shift could impact many boards and the ways they approach compliance, risk management and corporate strategy. Other areas of technological development with significant corporate governance implications include artificial intelligence, blockchain, the Internet of Things, and biotechnology - all of which are likely to trigger new regulations and corporate governance needs.

Related insight areas: Fourth Industrial Revolution, Workforce and Employment, Biotechnology, Artificial Intelligence, Institutional Investors, Financial and Monetary Systems, Blockchain, Justice and Law, Global Governance, Internet of Things

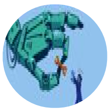


The Tokenist

Gov. DeSantis Supports Musk's Twitter Bid, State Pension Fund Owns 946,960 Shares

21 April 2022

The State of Florida, which invested in Twitter through its state pension fund, may side with Elon Musk and his attempt to take ownership of Twitter. The post Gov. DeSantis Supports Musk's Twitter Bid, State Pension Fund Owns 946,960 Shares appeared first on The Tokenist .



Electronic Frontier Foundation

Day of Action for Antitrust: Our Rights Are Tied to Having Choices

04 April 2022

Today, EFF joins a diverse coalition of civil society and tech companies to call on Congress to pass strong anti-monopoly rules for the Internet.

LSE Business Review

Demystifying the 'dividend puzzle' and making sense of government regulations in times of pandemics

16 March 2022

In the early days of 2020, when measures to contain the coronavirus pandemic hurt economies worldwide, many publicly listed firms omitted or suspended their dividend payments. For investors across the world, who seek for or solely rely on dividend income, this situation caused great difficulty. By the end of 2021, dividends had bounced back. Globally, 90 … Continued.

Wired

Facebook Has a Child Predation Problem

13 March 2022

While trying to map the extent and impact of place-based Facebook groups where QAnon and allied disinformation spread, I went looking for Facebook groups with names including 10, 11, or 12. This was part of my work with the Pitt Disinformation Lab, and I was thinking of the 10th, 11th, or 12th wards of the city of Pittsburgh. What appeared instead was a group named "Buscando novi@ de 9,10,11,12,13 años." Looking for *a nine-year-old* girlfriend? The page's aesthetic was cartoon cute: oversized eyes with long lashes, hearts and pastels.

Defining Corporate Purpose

An organization's reasons for being should extend well beyond financial gains

The Business Roundtable, an association of CEOs of the largest American companies, has departed from a longstanding view that corporations exist solely to serve their shareholders. In 2019, the organization declared that companies should benefit all stakeholders, including customers, employees, suppliers, and communities - in addition to shareholders. This strongly reinforced the idea that profits are not the sole purpose of a business, and that corporations should exist to solve problems and provide services. If they are successful at doing this, long-term shareholder returns can increase, as society in general is better served. Establishing purpose is not an abstract exercise; it has proven to be essential for guiding decision making and for establishing priorities. London Business School Professor Alex Edmans has noted that as virtually all of the major decisions a company makes involve trade-offs, one of the main benefits of having a strong purpose is to guide these trade-offs. Purpose must not only be explicitly defined, however - it must also be implemented. Shareholders must understand the organization's purpose, and be able to identify the metrics (both quantitative and qualitative) related to delivering on it.

Some of these metrics incorporate the traditional concepts behind corporate social responsibility (CSR), such as maintaining positive working conditions and employee satisfaction, cultivating workforce diversity, and focusing on client satisfaction and product quality. But purpose can go well beyond CSR - one example is the clothing company Patagonia, which states that its reason for being is to help protect life on Earth. This is (presumably) understood by its investors, and implemented by designing, producing and selling products in the most environmentally sustainable way possible, and by building its supply chains and customer service around the circular economy ideas of repairing, reusing, and recycling. Responsible corporations create value for society and are motivated by the desire to do so. Survey results published by researchers at Stanford Graduate School of Business in 2018 showed that 65% of Americans believe CEOs at large companies should use their positions to address broad social, political, and environmental issues. That is to say, most Americans realize that corporations need to be committed to providing solutions and value to everyone - and that businesses have a responsibility to society.

Related insight areas: Future of Consumption, ESG, Leadership, Circular Economy, Values, Emerging-Market Multinationals, Financial and Monetary Systems, Justice and Law, Sustainable Development, Taxes, Supply Chains, Institutional Investors

Asian Development Bank

Debunking Viet Nam’s Credit Rating Misconceptions

04 May 2022

There have been growing concerns that Viet Nam’s fast-growing corporate bond market is harboring financial risks. The single most important step that the government could take to improve the transparency, safety, and sustainability of the corporate bond market is to mandate public credit ratings for all publicly and privately traded bonds. Under the 2019 Law on Securities, the government introduced some mandatory ratings. However, the regulations were tightly scripted and would mandate few, if any, issuers to be rated. Expanding the regulations to encompass all bonds is controversial, and opponents raise several objections.

GreenBiz

The temperature is rising on heat as an ESG issue

02 May 2022

I’ve become reasonably immune, for better or worse, to most mind-numbing headlines. They seem to happen daily. The full plate of issues that comprise my daily media diet has been overflowing with dispiriting news as we humans seem to gorge ourselves on a smorgasbord of conflict and controversy.

GreenBiz

Definitive Guide to ESG

02 May 2022

This Definitive Guide to Getting Started with an ESG Program is a comprehensive resource full of tips, advice and examples to help companies implement and manage ESG as a part of a complete risk and compliance strategy. By proactively addressing impacts of ESG, like climate change, companies can better predict future innovation to avoid supply chain disruption by advancing ways in which materials are sourced and ensuring the global economy drives value creation with ESG elements in mind. For anyone responsible for: ESG program management or creation What you'll learn: What ESG is and why it's growing in importance ESG regulatory drivers and the risk of non-compliance The necessity and value of an ESG program and how to get started.

Harvard Business School Working Knowledge

What Role Do Individual Leaders Play in Corporate Governance?

19 April 2022

From 1997 to 2012, Scott Tucker built a nationwide network of payday lending businesses, becoming a pioneer in online lending along the way. Many of his borrowers could not access credit from commercial banks and depended on payday loans as a financial lifeline to cope with emergency expenses. But in 2012 federal prosecutors indicted Tucker on several criminal charges that he violated disclosure requirements. He was later convicted on 14 charges, including racketeering, misleading disclosures, and fraud. Associate Professor Aiyesha Dey discusses how the case, “Scott Tucker: Race to the Top,” examines the role of individual leaders in the corporate governance system, as well as their responsibility for creating a positive corporate culture that embodies ethics, self-restraint, and a commitment to serve.

GreenBiz

The Future of Sustainability Management Platforms

14 April 2022

The call to focus on climate change and track greenhouse gas emissions has never been louder. However, rules, guidelines, standards and regulations are constantly changing, including the potential new SEC reporting requirements, and companies still have siloed or missing data, making carbon accounting a daunting task — especially for Scope 3 emissions.

GreenBiz

It’s time to comment on climate risk disclosure

06 April 2022

The noise in the sustainability space has gradually grown louder over the past few years, most often via forward-looking aspiration: bold commitments, proclamations of renewed corporate purpose, even a (nominal) redefinition of the corporation’s role in society.

Long-Term Vision, Short-Term Needs

Balancing short- and long-term pressures is one of the most difficult business leadership challenges

There is a commonly-held view that investors pursue short-term profit at the expense of long-term value. According to the results of a survey published by the Rock Center for Corporate Governance at Stanford University in 2019, 70% of CEOs and CFOs at S&P 1500 Index companies were facing pressure to maximize short-term returns at the expense of long-term growth. When firms focus on the short term, it often translates into lower investment in the long-term sustainability of a company at the expense of other stakeholders. Management has to be able to both articulate a long-term strategy and deliver sufficient short-term returns in order to ensure support and continued investment. Consistent metrics for measuring the success of long-term strategies are important. Corporate governance can play an important role in this regard by implementing incentives and pay aligned with these long-term metrics. Another means to tilt the balance towards a longer-term approach has been the increased adoption of Environment, Social and Governance (ESG) criteria in corporate strategies and investment decisions - which can draw the attention of shareholders zeroing in on firms with a longer-term, socially-conscious approach.

According to a white paper published by the World Economic Forum in 2019, quarterly reporting requirements are not the sole reason for short-termism - though corporate leaders describe them as a “necessary evil.” According to the white paper, these leaders must become better storytellers about their companies, by framing each quarter as a step in a longer-term story. Management and their boards must engage in constant conversation about how the company will grow, and the risks it will take to get there. Leaders of global companies have been signing a World Economic Forum compact for responsive and responsible leadership, committing them to ensure that their boards oversee the definition and implementation of corporate strategies that pursue sustainable long-term value creation, to encourage the periodic review of corporate governance, long-term objectives and strategies at the board level, to promote meaningful engagement between the board, investors, and other stakeholders that builds mutual trust and promotes the highest possible standards of corporate conduct, and to implement policies, practices, and long-term strategies aimed at cultivating sustainable growth for the benefit of all stakeholders.

Related insight areas: Future of the Environment, Leadership, Corruption, Family Businesses, Values, Institutional Investors, Banking and Capital Markets, Sustainable Development, Private Investors

World Economic Forum

Five ‘Monday morning priorities’ for private equity investors looking to progress on sustainability

21 April 2022

Private equity investors are under increasing pressure to deliver on environmental, social and governance issues. Sustainable investing offers investors an opportunity to create real financial value, but it requires leadership to drive impact. The industry is at a critical point where it needs to respond to quickly evolving societal goals and expectations. The pressure on private equity investors to deliver real impact on environmental and social issues alongside financial returns – often referred to as ‘sustainable investing’ – has rapidly escalated. Leadership on this issue will position private equity to drive tremendous social and environmental impact.

University of Chicago

Universal basic income policies don’t cause people to leave workforce, study finds

31 March 2022

New research from the University of Chicago Harris School of Public Policy suggests that a universal basic income would not cause people to leave the workforce. Such proposals, including one considered by Hillary Clinton during her 2016 presidential campaign, include direct payments that ensure each resident has a baseline of income to provide for basic needs. While previous research has focused on the effects of these unconditional cash transfers at the micro level—for example, winning the lottery— this study examined their large-scale impact by looking a government program that has supported Alaska residents for the past 25 years. In a working paper released Feb. 12 by the National Bureau of Economic Research , Assoc. Prof. Damon Jones of Harris Public Policy and Asst.

GreenBiz

The ESG bar is high this proxy season: Is your board prepared?

07 March 2022

Last year saw a record number of ESG and climate-focused shareholder proposals winning majority support in 2021. Therefore, we can only expect the same for 2022 as shareholders’ and stakeholders’ expectations continue to rise. The success of hedge fund Engine No. 1 in securing board seats at Exxon Mobil in 2021 was a major warning sign for what will come. So, what can companies and their boards expect this year and are they prepared?.

London School of Economics and Political Science (LSE)

How can you help to shape the world?

22 February 2022

Ben Plummer-Powell, Head of LSE's Philanthropy and Global Engagement and Campaign Director, invites you to join in our journey to shape the world for good.

ESG Shareholder Engagement

Environmental, Social and Governance-based engagement can help drive climate action and address public health issues

In addition to shaping their portfolios through ESG integration, investors may choose to actively drive related improvements at companies through greater shareholder engagement. Evidence suggests this is a far more effective way of shaping corporate behaviour than simply buying and selling stock. The ways in which investors can approach this depends on asset class, however. Private equity investors, for example, are likely to have relatively large ownership stakes and therefore more direct access to management teams (large PE funds like KKR and TPG regularly engage with senior and middle managers, as well as front line workers, to identify ESG issues and encourage development of related strategies, measurement, disclosures, and operational practices). For buyers of public equities, the style of engagement depends on their scale and objectives. Large asset managers with long-term investment styles are likely to have greater and more prolonged access to management teams, similar to what is afforded to private equity backers. Meanwhile activist hedge funds tend to take large stakes in firms for short periods of time, through leveraged capital and borrowing - and then use that time to mount aggressive campaigns.

Examples of ESG-centred shareholder engagement include Aviva Investors' push for Apple to address youth smartphone addiction, and Engine No. 1's campaign to drive stronger climate action at Exxon Mobil by replacing board members. Smaller, socially-responsible asset management firms like Boston Trust Walden, and values-based asset owners like religious pension funds, often engage firms by initiating shareholder proxy votes that call for stronger ESG strategies. Individual retail investors can join campaigns mounted by larger activists, though most delegate their voting power to index fund managers like BlackRock or Vanguard (which tend to follow shareholder voting guidance from firms like ISS and Glass Lewis). ESG shareholder action tends to focus on three objectives: disclosure, target setting, and governance. Disclosure, the most common, relates to the frequency of, quality of, and auditor assurances behind ESG information. Target setting can occur once ESG data is made available, and can be used to improve things like greenhouse gas emissions. Ir terms of governance, investors may simply ask for more rigour from a firm - both for its own sake, and as an enabler of the greater good through instruments like aligning executive compensation with sustainability goals.

Related insight areas: Climate Change, Corporate Governance, Private Investors, Youth Perspectives, Institutional Investors, Sustainable Development, Digital Communications, Global Health, Banking and Capital Markets

GreenBiz

Corporate GHG emissions need to move beyond 'best-guess' territory

02 May 2022

Historically, companies looking to calculate their greenhouse gas (GHG) emissions have had to rely on self-reported data and estimates rather than primary data from supply chain partners. These best-guess estimates lead to inconsistencies and a lack of clarity about what is really being emitted, where. That lack of visibility and transparency has made it challenging to establish credible and achievable goals for GHG emissions reductions in this decisive decade. RMI's Horizon Zero project aims to enable companies and brands to take much greater strides toward their net-zero goals by providing clarity on where emissions are happening throughout their supply chains, and specific guidance for their supply chain partners to decarbonize manufacturing processes.

GreenBiz

State lands open for carbon crediting, but how good are those credits?

02 May 2022

Last year, the global carbon offset market hit a record $851 billion , according to analysts at Refinitiv. In the u.s., there are millions of acres that haven't been available for carbon projects — located on federal and state land. Indeed, there are currently only two carbon projects generating carbon credits on state land; there are none on federal land.

Rocky Mountain Institute

How Australia is Decarbonizing Its Premium Commercial Buildings: A Story of Ambition Loops

02 May 2022

Currently, more than half of the largest commercial property management companies in Australia have climate goals that are fully or closely aligned with the country's net zero by 2050 target. .

Brookings Institution

New targets and metrics for energy reliability, productivity, and quality

28 April 2022

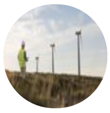
In this thirteenth interview of the "17 Rooms" podcast, Clare Boland Ross and Todd Moss discuss new "measurable metrics" to reframe SDG7 energy targets to be more ambitious and location-specific. Ross, managing director of the Power and Climate Initiative at The Rockefeller Foundation and Moss, executive director at the Energy for Growth Hub, moderated Room 7 focused on Sustainable Development Goal number 7—on affordable and clean energy—during the 2021 17 Rooms flagship process.

Brookings Institution

Five trends to expect in Africa for the rest of 2022

13 April 2022

Ryan Short, a partner at Genesis Analytics, explores five trends to look for in Africa's business world for the rest of the year 2022. He touches on achieving "net zero" in greenhouse gas emissions, ESG and impact, the EU's green taxonomy, and more. He concludes giving some advice to African negotiators ahead of the COP27 climate summit in Egypt.

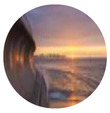


World Economic Forum

IPCC report: urgent climate action needed to halve emissions by 2030

06 April 2022

IPCC's latest report on Mitigation of Climate Change was published on 4 April. Emissions must peak by 2025 to limit global warming and reduce by 43% by 2030. We need to cut fossil fuel use, transition to renewable energy at scale and invest in carbon dioxide removal. The third and final instalment of the IPCC's Sixth Assessment report Mitigation of Climate Change , published on 4 April, found that average annual global greenhouse gas emissions were at their highest levels in human history between 2010 to 2019, but the rate of growth of emissions has since slowed. Central to averting climate disaster is the need for immediate and deep emissions reductions across all sectors if we are to meet the goals of the Paris Agreement.



Mott MacDonald

Climate adaptation: changing the narrative from cost-benefit ratio to investment opportunity

31 March 2022

Climate adaptation: changing the narrative from cost-benefit ratio to investment opportunity Efforts and investment to cut greenhouse gas emissions are increasing but spending on adaptation and resilience still lags behind. Virginie Fayolle Technical principal, climate finance, Mott MacDonald But to improve balance between investment in climate change mitigation and resilience, and to increase the level of private investment overall, requires stronger business cases and enabling environments – policies, regulation, governance and institutional capacity. Estimating the probability, severity and consequences of physical climate risks is an important starting point.

Corporate Risk Management

For boards, the volatility of risk scenarios is only increasing

Every organization is confronted with some type of risk - operational, financial, technological, environmental, regulatory - which can have devastating consequences. Effective corporate governance requires continuous and systematic management of all types of risk, both current and anticipated. First, risks must be prioritized, and here the board of directors can play a key role by deciding in what priority they should be addressed, what is to be deemed simply unacceptable, and how they should be addressed from a structural perspective. For example, evidence gathered from the 2007 global financial meltdown indicates that banks with boards that had identified a need to establish a separate risk management committee managed the crisis better than those with integrated committees. The benefits of this type of separation have become only more evident as fiduciary duties have come to include oversight of a broad range of matters, including compliance with international accounting rules and stability measures that require banks to set aside capital in case of potential losses. Implementing a robust risk management system requires the integration of different parts of an organization, including the board's risk committee, internal auditing, finance, legal, and operations.

Increasingly complex and rapidly changing economic, environmental, social, and technological conditions have multiplied potential risk scenarios. Worsening climate change, geopolitical tensions, trade wars, and social upheaval like the protests that spread in Hong Kong in 2019 require corporate governance that is proactive when it comes to identifying risks and addressing them. Determining an appropriate board structure and approach to risk management will depend upon both a company's industry and stage of its life cycle; risk exposure is very different for financial institutions than it is for petrochemical firms. Even within the financial sector, different approaches are required - from insurers exposed to extreme weather events related to climate change, to retail banks making loans to small businesses during volatile periods. Organizations are dealing with complexity and litigiousness like never before, forcing their boards to assess current and past organizational exposure. Still, there are some strategic advantages to taking risks; after all, achieving sustained growth requires some degree of risk-taking. Incorporating risk management into corporate strategy is therefore crucial.

Related insight areas: Risk and Resilience, Civic Participation, Banking and Capital Markets, Illicit Economy, Insurance, Climate Change, Justice and Law, Financial and Monetary Systems, International Security, Cybersecurity, Development Finance, Corruption

World Economic Forum

Why private companies need to catch up on sustainability

08 April 2022

Public companies are leading private companies in three interlinked areas: environmental sustainability, corporate social responsibility and people sustainability. A diverse and inclusive culture attracts and retains the best talent, which leads to competitive advantages for those companies that have inclusive cultures. We call for improved transparency from private companies and their owners for better ESG and DEI insights to ensure that proper progress is being made. Sustainable businesses are focusing on three interlinked areas: environmental sustainability, corporate social responsibility and people sustainability. Their investors (i.e.

Harvard Kennedy School - Belfer Center for Science and International Affairs

How Nuclear Material Accounting Can Contribute to Nuclear Security

31 March 2022

Like its predecessor summits, the recently concluded Nuclear Security Summit in The Hague acknowledged the role that nuclear material accounting can play in securing materials from unauthorized use. The emphasis of this and past initiatives, however, has been on improving national laws and regulations—and primarily in states without nuclear weapons. States have yet to develop comprehensive requirements that address the full scope of nuclear risks and that are meant to be adopted by all states—including nuclear weapons states.

Duke Fuqua School of Business

Untangling the Risk Management Paradox

09 March 2022

"You might think that the firms that are more constrained can least afford to bear these various risks, but in fact, something makes them choose to forego this type of financial hedging," Rampini said. "The paradox is that a firm's financial constraints are both the reason they should be hedging and the reason why they don't do it." Rampini and colleagues have examined hedging in many contexts, from how people use household insurance policies to how airlines hedge fuel expenses. Their insights have prompted new questions about the foundations of risk management theory. Using data from airlines, the authors also developed a model to predict when a financially constrained firm is likely to abandon hedging and use its resources to finance investment or to avoid downsizing and focus on staying operable.

Wharton School of the University of Pennsylvania - Knowledge@Wharton

Questions to Help You Pick Your Next Leader

21 February 2022

This article was written by Wharton professor emeritus of management Michael Useem . Useem is also director of the Wharton Center for Leadership and Change Management . You are about to interview three finalists for a senior position in your enterprise. The candidates have all worked for the company for years, and your search committee believes all are qualified. What questions should you ask in the final interview to help you decide who is best qualified to lead one of your premier divisions or functions?.

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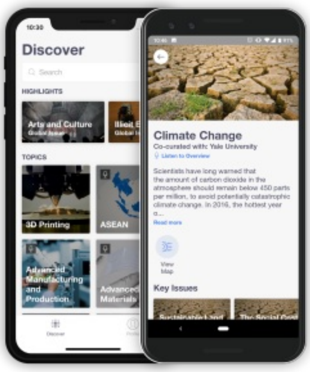

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