

## EDITORIAL: Cross-disciplinary research of board of directors practices

*Dear readers!*

I am glad to present the first issue of 2020 of the journal “*Corporate Board: Role, Duties and Composition*”.

Since corporate governance is viewed as a combination of corporate mechanism and practices in all national contexts, different models and proposal have arisen from the academic field and regulators, in order to improve the efficiency of the system, reducing conflict of interests among all the stakeholders (see among others Basuony, Mahmed, & Al-Baidhani, 2014; La Porta, Lopez-de-Silanes, & Shleifer, 1997; La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998; Lubatkin, Lane, Collin, & Very, 2007; Shleifer & Vishny, 1997). Due to the wide range of mechanisms of corporate governance, academic and practitioners have pointed out that the discussion about its impact on the firm long-term sustainability is necessary to achieve an optimal system (Grove & Clouse, 2018; Grove & Clouse, 2017; Aguilera, Filatotchev, Gospel, & Jackson, 2008). Without a doubt, board of directors’ characteristics play an important role in the achievement of an optimal corporate governance system. With the aim to contribute to the understanding of conditions improving the oversight role of this body of control, scholars have pointed the important implication of board diversity on corporate governance efficiency (Argote & Greve, 2007; Huse, 2005; van Ees, Gabrielsson, & Huse, 2009). In fact, new insight on corporate governance point that the essence of the optimal practice is the social interactions between actors with different interest and incentives on the firm (Kostyuk & Barros, 2018; Daily, Dalton, & Cannella, 2003). Although in previous literature diversity has been analyzed by differences in board members characteristic (gender, nationality, race, ethnicity, religion, tenure, age, educational backgrounds, functional backgrounds, industry experience, organizational membership and so on), behavioral studies on board members and corporate governance are scarce. This issue of the journal marks another step in this area, providing an interdisciplinary dialogue on different focus about diversity and behavior of board members and how they impact on board of directors’ effectiveness.

The first article in this issue, by *Franco Ernesto Rubino, Giovanni Bronzetti, Graziella Sicoli, Maria Assunta Baldini* and *Maurizio Rija*, examine the relationship among corporate control and company performance in the public service companies, specifically firms working in a metalworking industry. The authors note that some characteristic of board of directors improve public utilities. They find that: “In public services, it is precisely the board of directors that pays the role of safeguarding and negotiating the various interests between the parties involved, balancing the power of the majority shareholders” (p. 17). In particular, they posit that “different members in the Board of Directors can improve business results because it stimulates creativity, innovation and the ability to solve problems” (p. 13). Specifically, they examine the impact of board diversity (board size, CEO duality, board meeting, board membership, number of women on the board and so on) on profitability in public utility sector. The results of this work are consistent with that body of research in favor of diversity to improve board oversight role.

Moreover, diversity of interests involved in the governance of the company has been widely discussed from a stakeholder corporate governance perspective (Alagla, 2019; Vargas-Hernández & Teodoro Cruz, 2018; Rossi, Nerino, & Capasso, 2015; Chung, Firth, & Kim, 2005; Chapelle, 2004). Another important issue in this research area is how organizations promote good governance practice based on a sustainability view in different context. The second article in this issue, by *Hugh Grove, John M. Holcomb, Mac Clouse* and *Tracy Xu* analyze the US Business Roundtable American association proposals on three corporate governance issues: CEO pay, performance metrics and sustainability reporting. Although American principles have being base on shareholders primacy, a new Statement proposal is described where Chief Executive Officers of the main American corporations agree on a change of corporate governance principles. In particular, they advocate an approach of sustainable corporate governance practice due to its impact on long-term firm sustainability (Business Roundtable, 2019). The authors describe the guides of Business Roundtable associations and conclude that the new insights are an evolution to embrace the stakeholders’ approach of corporate governance.

In the third article of this issue, *Felice Matozza* and *Eugenio D'Amico* empirically test the relationship between power gaps and innovation in co-CEOs firms. This study provides an additional insight into the understanding of co-CEOs as multi-leader teams (Dust & Ziegert, 2016; Krause, Priem, & Love, 2015; O'Toole, Galbraith, & Lawler III, 2002) by identifying an inverse-U-Shared effect of shared leadership and innovation investment. Their findings note that "... the positive effect of the unity of command in co-CEO context can only be realized when co-CEOs' power gaps are moderately high. Above this threshold, we report that extremely high levels of power gaps elicit feelings of inequity and resentment that result in detrimental effects on innovation". That is, that "extremely high unequal distribution of power between co-CEOs reduces collaboration and cohesion in turn, impairs innovation". Similar to the previous studies in this issue we found more research into the interpersonal influence of board members as a driver to effective corporate governance in the firm.

From the psychical perspective, the study of *Jackson Mills* and *Karen M. Hogan*, analyses the relationship between CEO facial width and financial management decisions. They found that higher CEO facial width-to-height ratio fWHR is associated with more aggressive financial policies. They extend the research on psychical appearance and behavioral traits into the corporate governance on the firm, specifically on financial decisions contributing to the previous papers on the CEO related issues by *Caton, Goh, and Ke (2019)* and *Stein and Capapé (2011)*.

The last paper in this issue, by *Daisuke Asaoka*, analyses some corporate governance reform in Japan from a behavioral perspective. From arguments related to "collective intelligent" the author discusses the role of independent directors, women or management compensation contracts into corporate governance form an offensive and defensive perspective. The author develops and interesting discussion about the behavioral aspects on corporate governance systems.

Previous studies have in common their focus on corporate governance on individuals rather than firms. In this sense, the present issue is dealing with a new line of progress in the academic community, the behavior of individuals as part of corporate governance system (Huse, 1998; Forbes & Milliken, 1999; Huse, 2005; Leblanc & Schwartz, 2007). As *Daisuke Asaoka* (p. 56) asserts "As all phases of corporate activity must involve humans in order to continuously deliver create work, an understanding of psychological processes is essential". In this sense, this *Corporate Board: Role, Duties and Composition* issue bring lines of progress in the academic community to clarify the new challenges of corporate governance practices in international contexts.

We hope that you will enjoy reading this issue of our journal!

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