

2022 IESE Survey on Boards of Directors: Corporate Purpose, Culture and Strategy

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Edited by: Caja Alta Edición & Comunicación: www.cajaalta.es

Design: IESE Business School: www.iese.edu

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1. How Do Board Directors See Their Boards?

The IESE Center for Corporate Governance designed this survey to better understand how board of directors work in addressing some of the governance challenges that their firms face¹. Some studies analyze the relation between structure and composition of boards of directors and the firm's performance. Unfortunately, very few of them deal with internal dynamics of boards and how board members work together on some critical governance issues.

In particular, this survey aims at understanding how board directors analyze and work on four relevant themes for the quality of corporate governance and the effectiveness of boards of directors: corporate purpose, culture, strategy and board engagement. There is a growing literature that analyzes the relationship between some variables that are proxies for those factors, mostly by using data filed in mandatory corporate reporting, with the quality of governance or corporate performance (Adams et alia, 2010; Hermalin and Weisbach, 1998). The goal of this survey is to shed light on the factors that board members themselves consider relevant and more influential in each one of those dimensions². By considering the point of view of board directors, we aim to gain additional perspectives on these very relevant dimensions of board effectiveness.

We sent invitations via email to board directors to participate in this survey in April-May 2021 and asked them to complete this online before July 31, 2021. Of the invited directors, 197 responded.

In Section 2, we present an overview of the survey and the board directors who participated in it. In Section 3, we present the major results and conclusions from the survey. Section 4 summarizes some results. **Table 1** presents the quantitative summary of the survey. **Tables 2 to 5** offer a more detailed analysis of the results.

2. Survey Description and Methodology

This survey aims at studying four major themes related with corporate governance and the role of boards of directors in addressing them: corporate purpose and ESG factors, corporate culture, strategy and strategic decisions, and board engagement and key board activities. In order to capture participants' views, the survey uses a Likert scale from 1 to 5 (i.e., 1: strongly disagree, 2: somewhat disagree, 3: neither agree nor disagree, 4: somewhat agree, 5: strongly agree). We asked survey participants to provide their own names and the name of a company where they serve as board of director. Of these, 151 participants provided information on their identity. As for the company name, all but one participant provided the name of a company where they served as board of director.

We used this information to investigate whether there were participants from the same company. Indeed, there were 69 participants who shared board membership in 29 companies. In order to reduce biases caused by inclusion of multiple answers from the same company, we calculated the average score for each company. For those who did not disclose the name of the company (1 respondent) or put more than one name of the company (2 respondents), we treated their answers separately, assuming that there is no overlap between these 3 participants and the rest. This leaves valid responses from 158 companies from 18 countries, of which 12 are in Europe.

In analyzing these results, we also considered whether companies were listed firms or privately held firms. In the following sections, we will present the results distinguishing the nature of ownership.

¹ The structure and questions of the survey was prepared by Félix Sánchez and Jordi Canals.

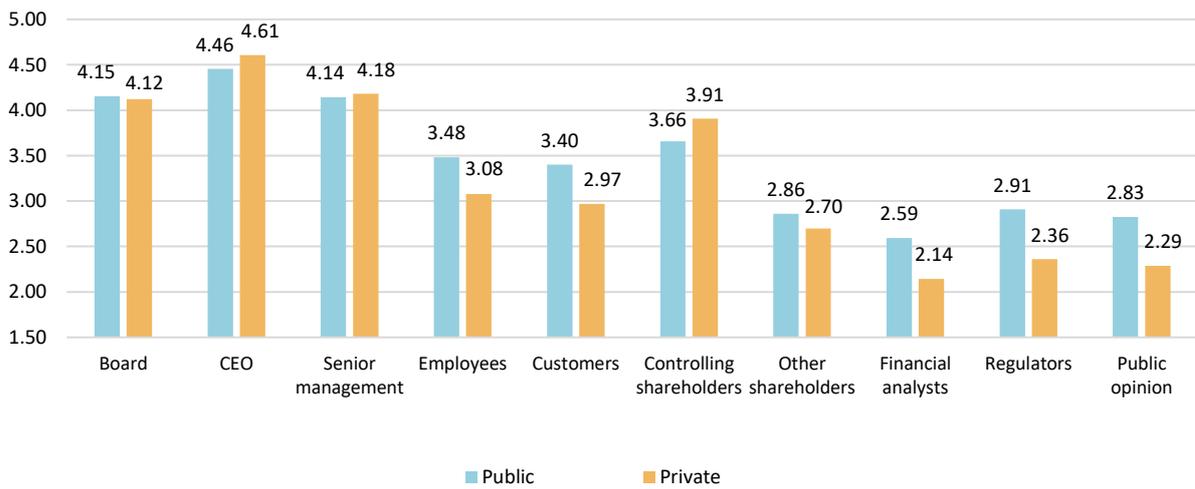
² Cheng, Groysberg, Healy and Sana (2021) study the internal dynamics of boards for directors to assess their effectiveness. They look at some variables that complement the ones that we study in this survey.

3. How Board Directors Take Care of Some Critical Governance Dimensions

3.1. Corporate Purpose and ESG Dimensions

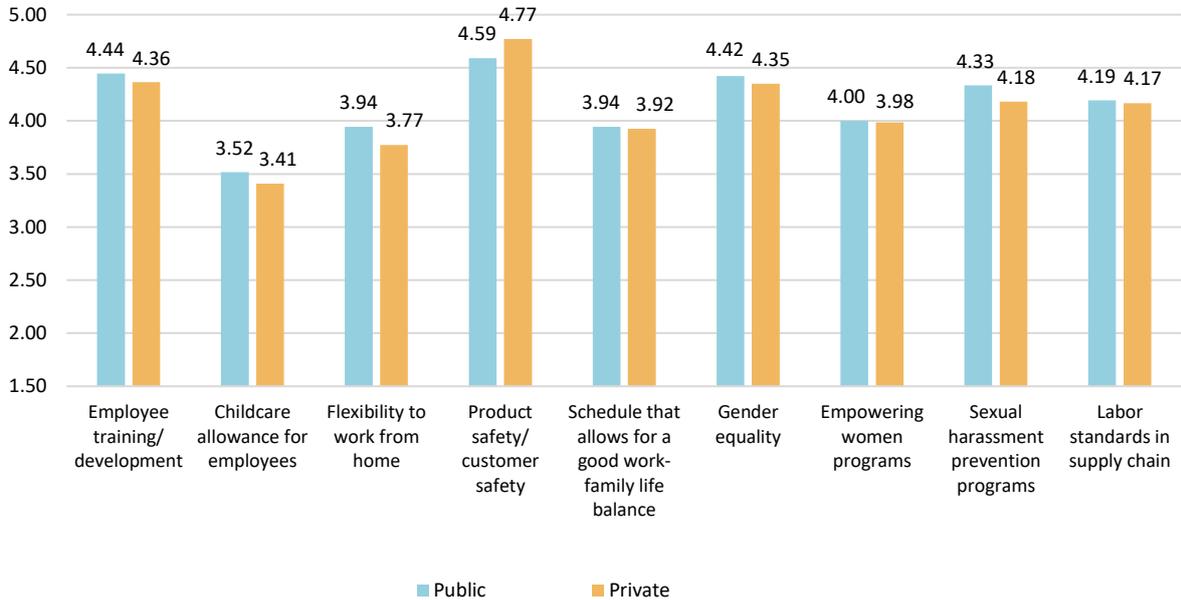
It is remarkable the very high number of board directors (89%) who say that their company has an explicit statement of purpose. Regardless of how well defined or functional these statements are, the fact that 89% of board directors affirm that their companies have an explicit purpose reveals the deep influence that the current debate on corporate purpose is having on the business world, and how boards of directors consider it relevant and think about it (Canals, 2010; Mayer, 2018; Gartenberg et alia, 2019; Edmans, 2020; Henderson, 2020). These directors also highlight that the main driving forces behind corporate purpose are the CEO (4.52) and senior management (4.16) (see **Figure 1**). Numbers in parenthesis represent average score of respondents, unless otherwise stated.

Figure 1. Actors Playing a Role in Shaping Corporate Purpose



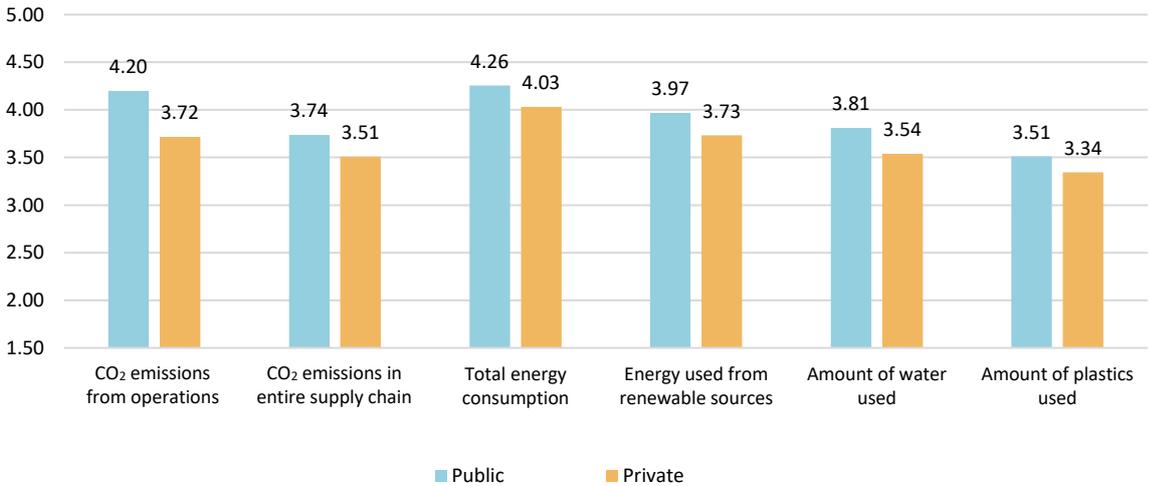
Board directors consider that corporate purpose is expressed, although not exclusively, through ESG factors (Ormazabal, 2018). In particular, board directors show a stronger commitment, in terms of relative importance, to social factors than to environmental factors (see **Figure 2**). One potential reason is that many social factors are increasingly regulated by law – from basic working conditions to fairness and gender parity. They are also easy to measure. Companies should pay attention to them, but regulation forces them to do so anyway.

Figure 2. Importance of Social-Related Targets



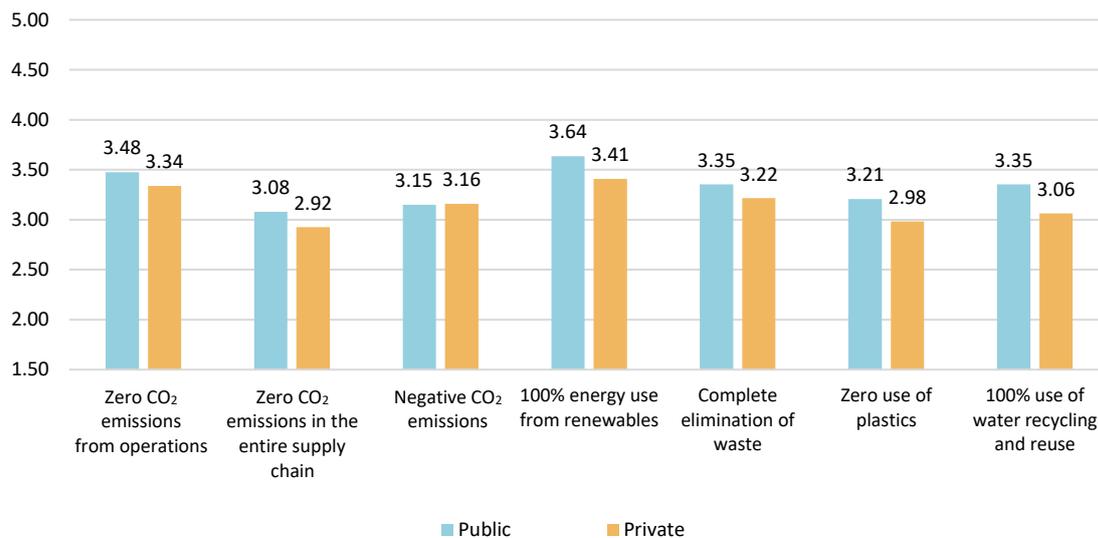
Board directors show interest in the environmental impact of their companies. Unfortunately, their attention to CO₂ emissions only gets a 3.99 score (see **Figure 3**), below some social factors scores such as employee development (4.41) or customer safety (4.67) (see **Figure 2**). The attention and measurement of emissions along the entire supply chain, or the amount of plastic and water used is relatively low. In general, the importance of these factors seems to be higher in listed companies than in private firms. This indicates that some of the more recent themes of discussion regarding sustainability have not reached yet boardrooms.

Figure 3. Indicators to Assess the Firm’s Environmental Impact



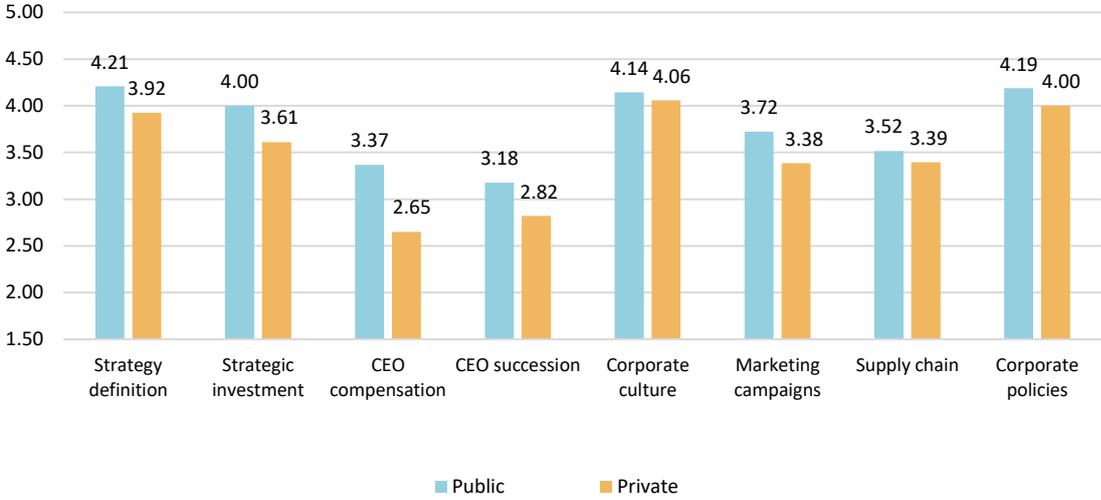
The survey also shows that board directors are not fully convinced about their firm’s ability to reach the environmental goals that they have set up for 2030 (see **Figure 4**). In particular, private companies show a lower score than listed companies in this area. This suggests at least two major problems. The first is that the complexity of measuring environmental impact has a negative effect on the clarity of definition of company goals in this area. The second is that in order to achieve substantial results regarding climate change, companies will need to make greater effort in this area.

Figure 4. Likelihood That Your Company Will Achieve Environmental-Related Targets by 2030



A final observation in this area is that board directors suggest that their firm’s purpose is reasonably integrated into the firm’s strategy (see **Figure 5**). Nevertheless, other answers reveal that this is still work in progress. The impact of purpose on critical areas such as strategic investments, CEO compensation and some functional policies is still low. Private companies exhibit even lower scores than listed companies. This suggests that boards can do a better job at making sure that their firm’s purpose truly shapes and influences the firms’ strategy and major corporate policies.

Figure 5. Integration of Policies with ESG Targets



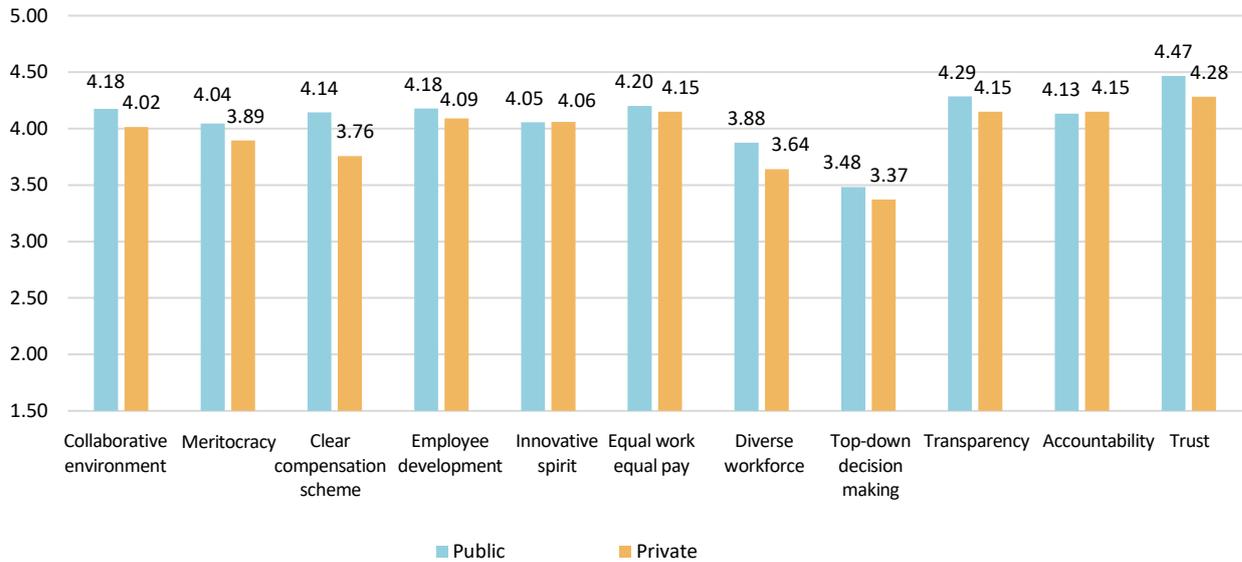
In summary, our survey data would suggest that board directors are aware of the importance of purpose and ESG factors. In their board duties, they give more importance to the execution of social factors than to environmental factors. Moreover, directors consider that the environmental policies of their companies may not be sufficiently effective to achieve zero CO₂ emissions levels by 2030. Finally, board members consider that their purpose is connected with strategy, but other variables studied suggest that boards of directors should help companies to integrate corporate purpose deeper into the firm’s strategy and corporate policies.

3.2. The Role of Corporate Culture: The Tone at the Top

The culture and values of the board of directors, or the tone at the top, is increasingly described as a key dimension of corporate governance (Guiso, Sapienza and Zingales, 2015). This refers to the culture and style of work of the board of directors. Corporate culture has been widely studied in the field of management (Cameron and Quinn, 2011; Edmonson, 2018; Groysberg et al., 2018). Its essentially qualitative nature reflects some complexities in terms of definition and measurement, but some research progress has been achieved in defining and measuring corporate culture. Culture is increasingly considered a key element of management and governance.

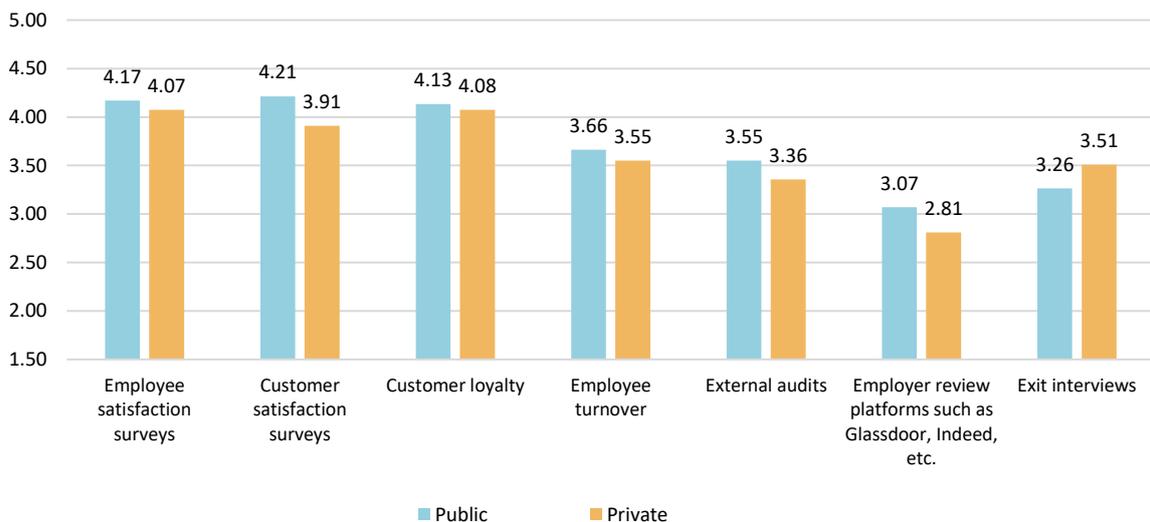
In this survey, we address the role of culture in the work of boards of directors and obtain data on how board directors consider its relevance. As with corporate purpose, board directors seem to be capable of defining their firm’s corporate culture well. Moreover, survey participants highlight that a collaborative environment, employee development, pay, transparency and trust are key features of their firms’ culture (see **Figure 6**). Results from listed companies are very similar to those from private firms.

Figure 6. Values and Features That Represent the Firm's Culture



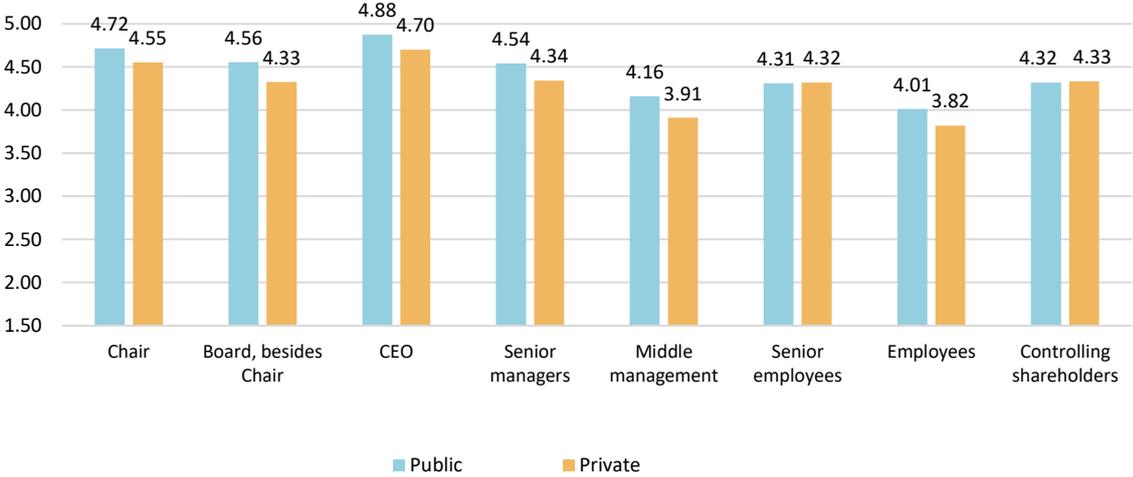
Board directors also point out that service to customers and employee hiring and development are very useful indicators for gauging their firms' culture (see **Figure 7**). This is a good signal of strong and positive corporate cultures, because these answers reflect that their firms are centered around customers and employees.

Figure 7. Key Areas and Indicators to Assess the Company's Culture



A clear feature emerging from the data is the alignment that board directors observe between CEO and senior managers and corporate culture (see **Figure 8**). This suggests that CEOs and senior managers walking the talk is not only important but feasible. The alignment of other employees is reasonably high, too. There is no remarkable difference in this area between public and private companies.

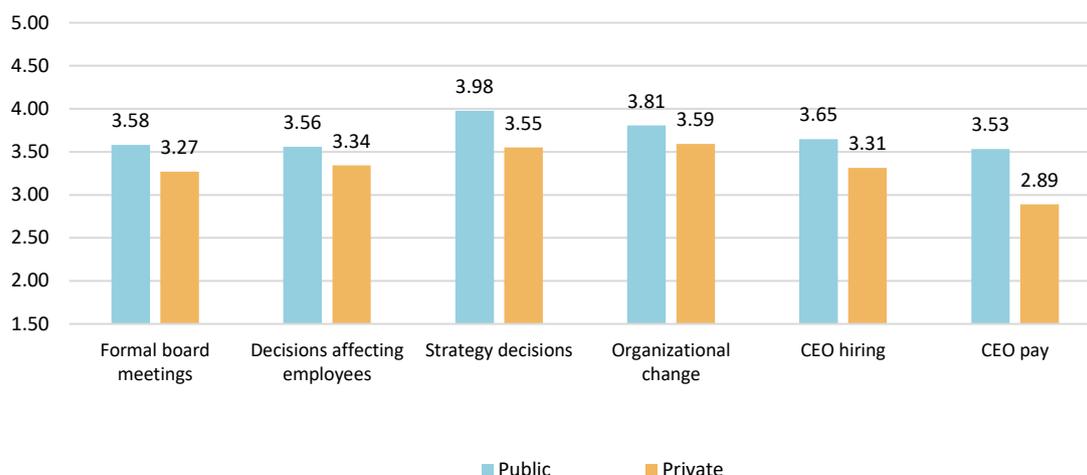
Figure 8. Key Actors' Alignment With the Culture of the Firm



There are some factors discussed in the survey that seem to express well the quality of the firm’s culture: collaboration, trust, transparency, accountability or employee development (see **Figure 6**). This observation may suggest that companies are increasingly adopting some universal values that highlight dimensions of human dignity as elements of their culture. As a result, they adopt the same language, but the culture’s impact may be different in each company: as with other corporate policies, the difference lies with the quality of implementation. The board and top management’s effectiveness in implementing a positive culture will depend on specific policies and decisions on how to do it, as well as their own example.

The data also offers food for thought on areas related with culture and how the work on corporate culture at the corporate governance level may evolve. The first is that corporate culture is not a theme often discussed at the board level (see **Figure 9**). If boards do not discuss how corporate culture shapes the company and evolves, it is difficult to govern culture and protect it effectively. The second is that companies seem to differ in the key factors that define and assess corporate culture. The importance of customers’ and employees’ feedback seem important. Nevertheless, there are factors that truly define a firm’s culture, such as employee turnover or exit interviews that are not considered particularly valuable by boards of directors. The third dimension for improvement is the role of culture in employee hiring and development. The importance that directors seem to attach to this dimension is not low, but not very high, either. In this theme, listed companies seem to attribute more importance to culture than privately held firms.

Figure 9. The Role of Culture in Board Decisions



Finally, board directors express their conviction that their board has a positive board culture (4.32 over 5.0) that allows them to carry out their work effectively.

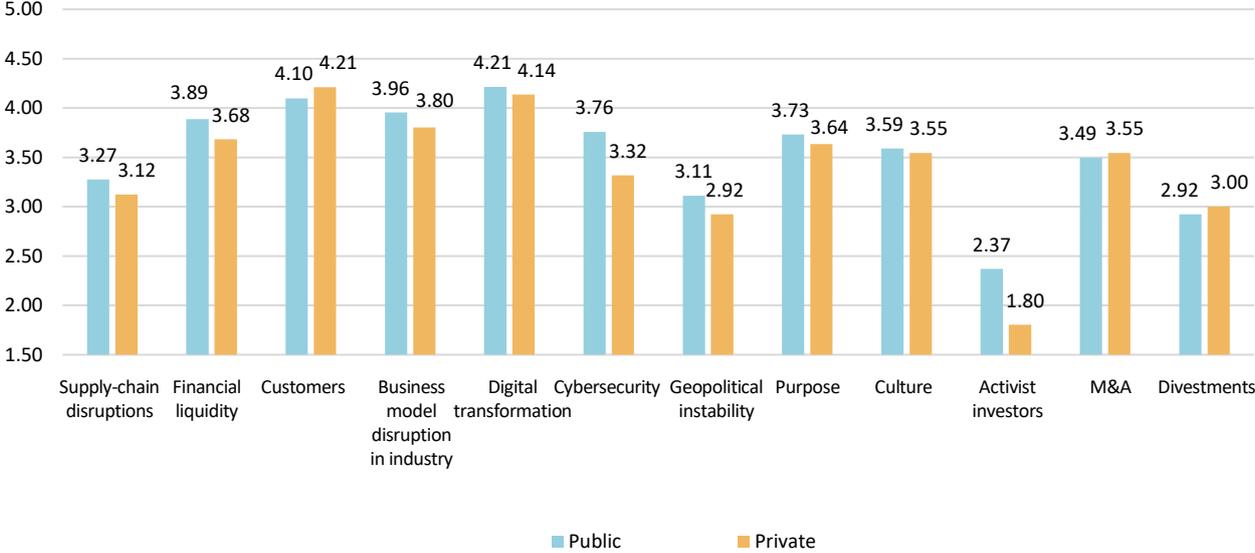
Board directors understand the power of corporate culture and seem to be able to define their firms' culture well. They even attribute a great importance to culture in some decision-making activities. Nevertheless, they also find some difficulties in expressing some of the dimensions of culture and how to assess them. Moreover, culture is not an issue often discussed at the board level, which seems to be in contradiction with the importance that board directors attribute to it.

3.3. The Board and Corporate Strategy

As the firm's responsible administrators, boards of directors should govern their companies with care and prudence. Among other duties, this involves the discussion of the firm's strategy, approval of strategic plans and making strategic decisions (McNulty and Pettigrew, 1998; Charan et alia, 2014; Garg and Eisenhardt, 2017). The data offers some interesting insights. First, it is remarkable that 94% of directors confirm that their firms have a formal strategic plan.

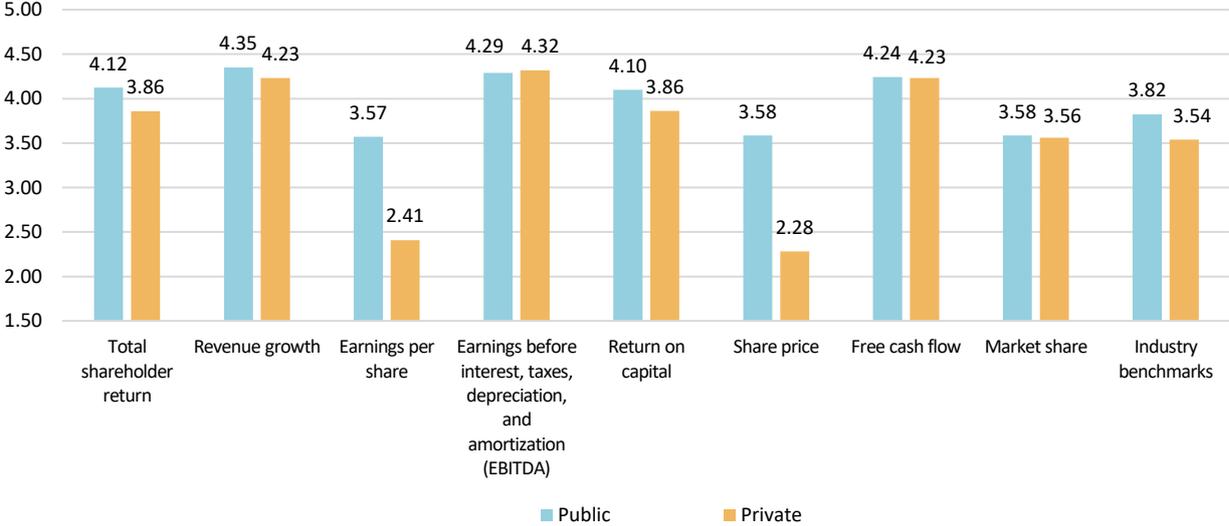
The second observation is that the themes that seem to be included in the board's strategic reflection widely differ across companies (see **Figure 10**). Digital transformation and digital disruptions are strategy challenges that gather a broad support by around 80% of the participants. Unfortunately, other very relevant topics for boards and their long-term orientation, such as geo-political instability (3.03) or activist investors (2.13) exhibit low marks. It seems that boards may be more familiar with regular strategic plans and less familiar with discussing broader strategic issues. In a highly volatile international order and with globalization slowing down, boards of directors should place geo-political risks at the top of their agendas. In this regard, there aren't any remarkable differences between privately held and listed companies.

Figure 10. Relevant Strategic Issues That Get the Board’s Attention



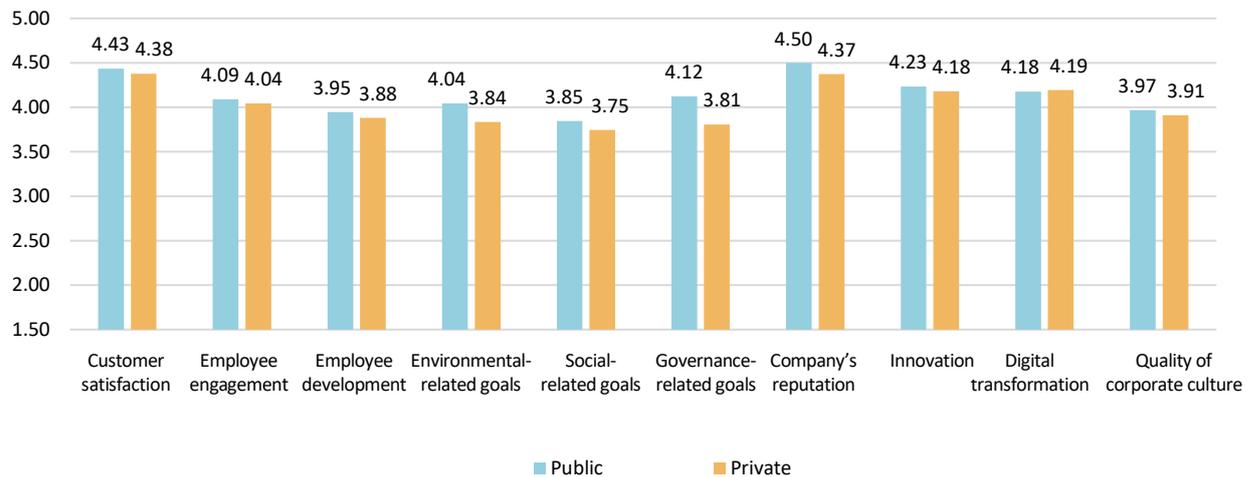
Corporate performance is an outcome of corporate strategy. Unfortunately, assessing corporate performance is not easy. Board directors seem to prefer the use of some financial adjusted metrics such as EBITDA and free cash flows (see Figure 11). Remarkably, stock price is not one of the metrics that attracts most attention.

Figure 11. How Important to Your Company’s Strategy Are the Following Financial KPIs?



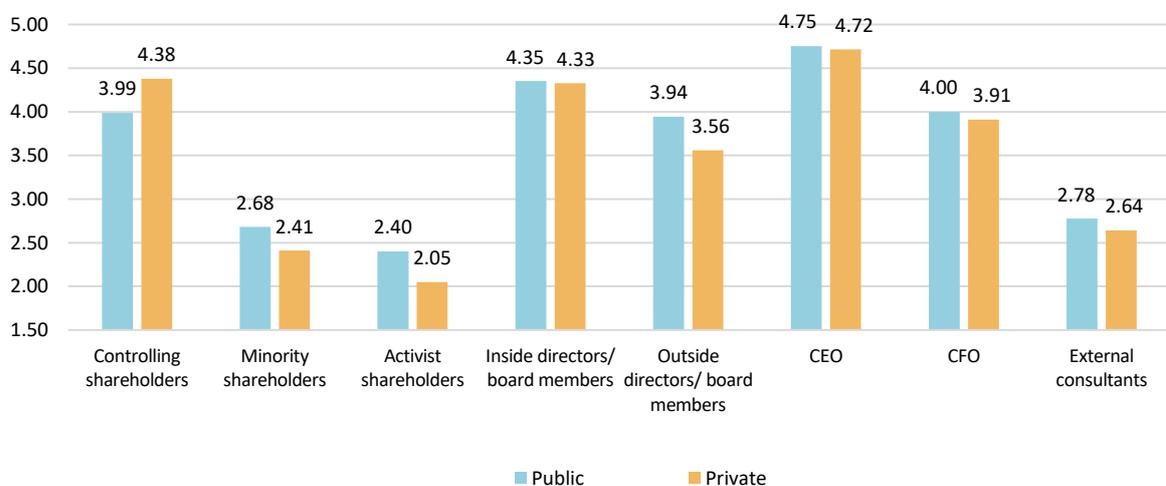
Non-financial indicators of performance are also very relevant, since they may reveal information about some critical areas for strategy and performance. Board directors attribute very high importance to customer satisfaction, corporate reputation and employee satisfaction (see **Figure 12**).

Figure 12. Non-Financial KPIs: Relevance for Strategy



The role of the different governance actors in defining corporate strategy is also a relevant issue. Board directors acknowledge the disproportionate role that the CEO (4.74) and board executives (4.34) have in the process (see **Figure 13**). An interesting result is that external board members have less influence in shaping the firm's strategy than their role in corporate governance regulations seems to define. They are less relevant than the CEO, insider board members or controlling shareholders, except for private companies, in which the role of controlling shareholders is very strong.

Figure 13. How Important Are the Following Actors in Your Company's Strategy Definition

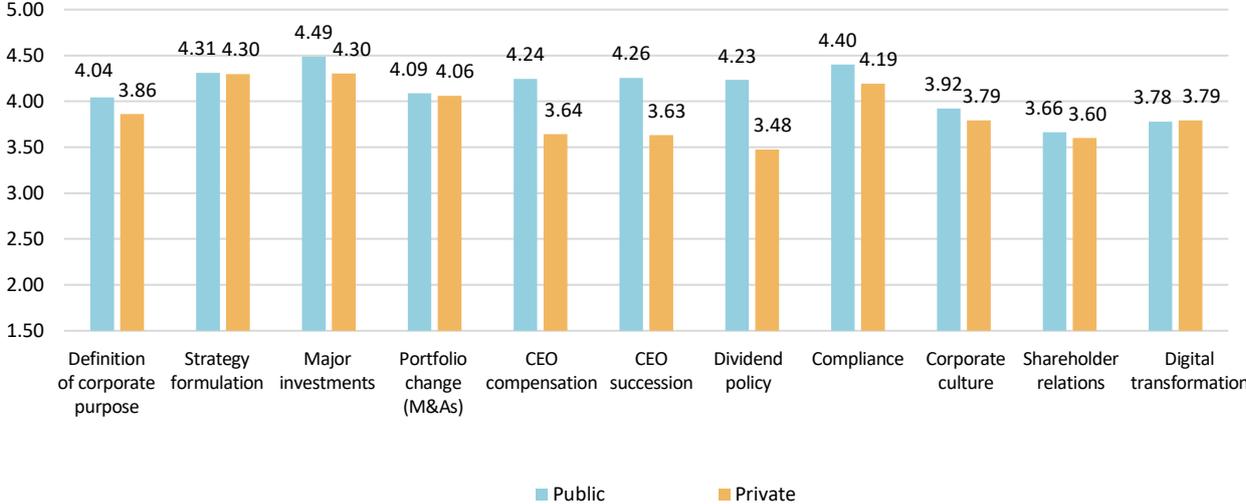


It is plausible that in the future board directors will become much more involved in strategy discussions, in cooperation with the CEO and the senior management team. If boards of directors are responsible for the firm’s long-term orientation, they will need to spend more time on this process.

3.4. Board Engagement and Commitment

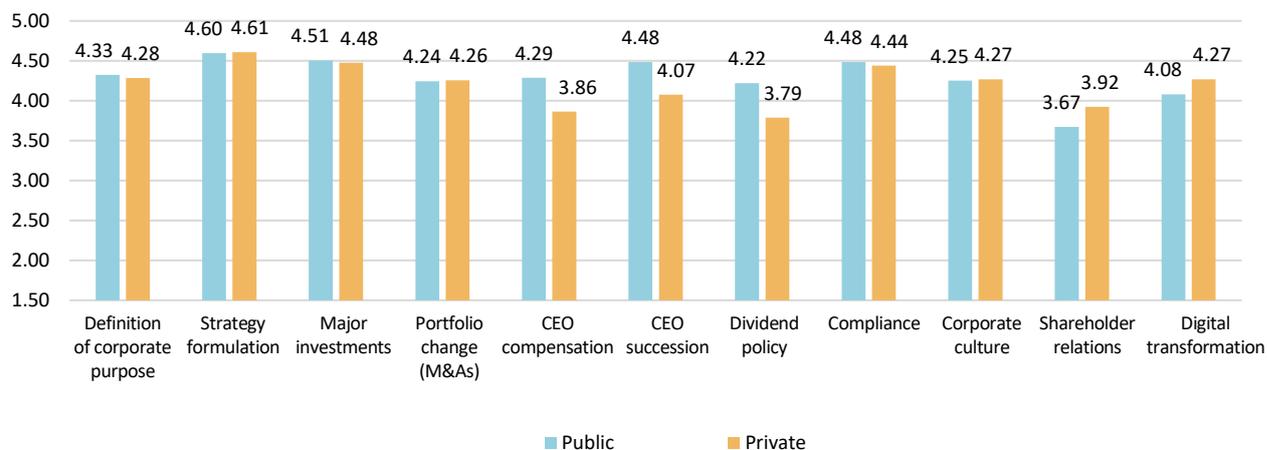
The survey shows that boards of directors are highly involved in some areas, such as strategy, strategic decisions and compliance, as has been documented in other sections of this survey. It also shows that boards’ involvement in other areas such as corporate culture is lower (see **Figure 14**). CEO compensation, CEO succession and dividend policy are three areas where directors from listed companies express greater engagement than directors from private companies.

Figure 14. Depth of the Board’s Involvement in Some Corporate Areas



It is positive that the desired level of involvement in some areas is quite close to the actual dedication, with the exception of CEO succession and digital transformation (see **Figure 15**). In these areas, the gap between the attention given by the board and the attention desired by the board is wider.

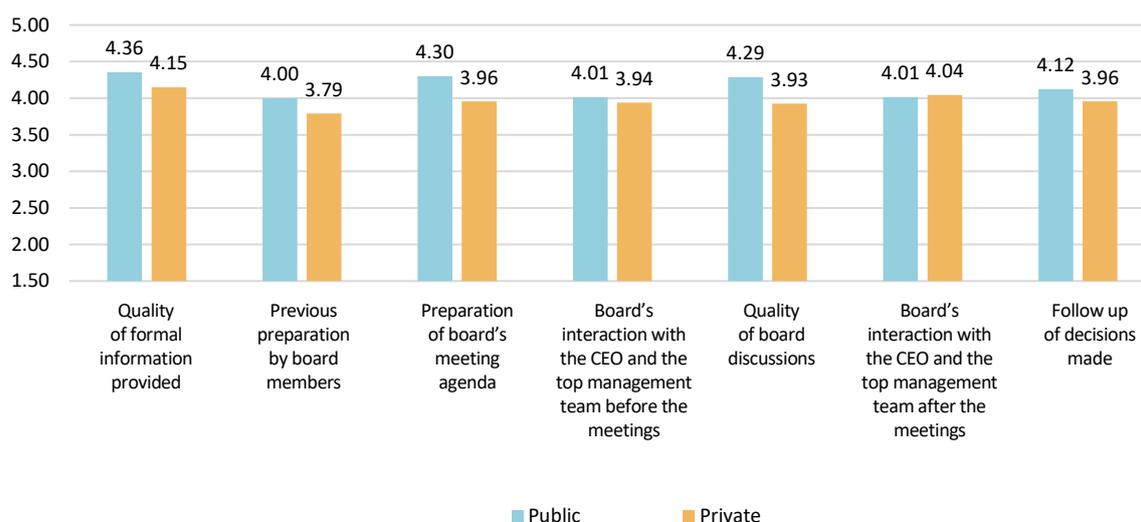
Figure 15. Level of Involvement of the Board of Directors in Some Areas



The data reveals that directors' perception of their level of engagement and commitment due to COVID-19 has not changed a lot during the pandemic. A potential explanation is that boards of directors were already quite committed to their job before the pandemic.

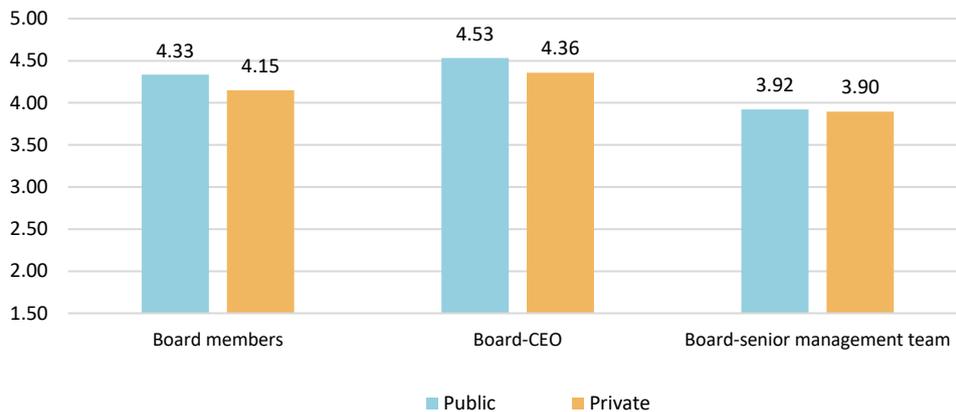
This survey also asks about some specific board policies that define how the board works, in particular, in relation to board meetings (see **Figure 16**). Board directors seem to assess positively the quality of the board information, the quality of board discussions and the interaction between the board and the CEO before and after the meetings. In this regard, there aren't any substantial differences between private and public companies.

Figure 16. Features of Board Meetings



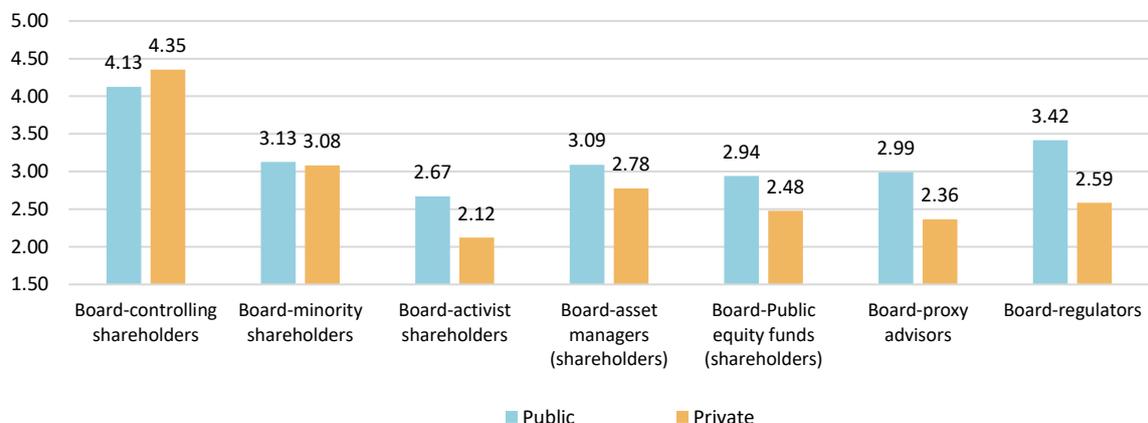
It is also remarkable that board directors seem to work well with CEOs, with a high level of collaboration (see **Figure 17**). They also express that board members also work well in the board (4.25). When this high level of collaboration is combined with strategic clarity and transparency, the chances of higher corporate performance become much larger.

Figure 17. Collaboration Within the Board, Between the Board and the CEO, and the Board and the Senior Management Team



Finally, board engagement with some key stakeholders is also explored in the survey (see **Figure 18**). Board directors express that their level of engagement with dominant shareholders is high, particularly in privately held companies. What is more surprising is that board directors do not seem to give much importance to their relationship with other shareholders, activist shareholders, other asset managers and proxy advisors. This is also the case with listed companies. This fact may reflect that relationships with shareholders and proxy advisors are delegated to the CEO and senior managers. Nevertheless, these are very important players in the corporate governance arena and the board should also govern the relationships with them. This requires that the board understands their views and diagnosis of challenges and problems that the company faces and establish policies to address them.

Figure 18. Board's Engagement With Key Actors



4. Conclusions

This survey sought to delve into the views of board directors on major governance themes for companies: corporate purpose, corporate culture, strategy and board's engagement with key governance players. There is a growing consensus on the importance of these factors for the quality and effectiveness of boards of directors, but available studies are not very explicit about the channels of influence. This survey highlights some of those factors.

The high number of directors confirming that their companies have a clear notion of purpose is an indicator of how deep the purpose movement is influencing companies and boards of directors. Based on this survey, we conclude that environmental and social factors reflect the firm's orientation towards purpose. Social factors are considered more valuable than environmental factors in expressing purpose, maybe because there is a clearer way of setting goals and measuring performance. Even if a very high number of directors suggest that their companies have a clear purpose, the evidence from other results of the survey suggest that purpose is not yet tightly connected with the firm's major corporate policies.

The relevance of corporate culture is highlighted as a positive dimension that affects performance by most board directors. They express that some critical values such as collaboration, accountability, transparency and trust express well their firms' culture. It seems that these are widely accepted ethical values that a growing number of companies consider to be their own values. Nevertheless, the major challenge these companies face is how they apply these values in real decisions. Differences across companies emerge not only as a result of the values they say they adopt, but how they apply them in strategic and daily decisions. Board directors appreciate the role of corporate culture in the firm's governance, but do not allocate much time to discussing this issue in board meetings. This is an area for clear improvement for many boards.

Most board directors also reveal that their companies have formal strategic plans approved by the board. They express that some critical strategic issues (such as digital transformation, customers and business model disruptions, among others) are discussed often at board meetings. Board directors also show a preference for some adjusted metrics to assess financial performance, such as cash flows. Share price is not one of the top metrics used. Some key shareholders have an influence on how the board discusses corporate strategy. Nevertheless, the role of external, independent directors in strategy planning is not very strong, according to the survey. This may suggest that even if the board works on strategy, the voice and experience of external directors should have a stronger impact. If their profile and competence level is high, they can contribute much more to the firm's strategy.

Finally, board engagement and commitment to board duties are considered high among participants. Moreover, the gap between the desired level of dedication to certain activities and the real level of dedication is small, which indicates a high level of dedication by board members to critical board functions. The level of engagement of the board with large shareholders is high. Nevertheless, the results suggest that boards should become more involved in dealing with other shareholders, such as minority shareholders and activist shareholders, as well as with proxy advisors and other governance actors. The recommendation is not that the board should deal directly with them in all the cases, but that the board defines some guidelines to approach relationships with large shareholders and other stakeholders. Governing these relationships is also a very important dimension of the board's engagement.

Table 1. Survey Sample Basic Characteristics

	Survey sample		
	N	Mean	Median
Board characteristics			
Number of directors	158	9.90	10.0
Public (or Private) (0/1)	158	0.51	
Industry			
Financial services; professional services	32		
Mechanical and electrical engineering	14		
Utilities (water, gas; electricity)	14		
Food; drink; tobacco	13		
Chemical industries	12		
Commerce	12		
Construction	9		
Transport (including civil aviation; railways; road transport)	9		
Basic metal production	6		
Health services	5		
Hotels; catering; tourism	5		
Oil and gas production; oil refining	5		
Others	22		

Table 2. Purpose and ESG Dimensions

	All sample			Public			Private		
	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5
Formal written corporate purpose (0/1)	158	0.89		91	0.95		67	0.82	
Actors playing a role in shaping corporate purpose									
Board	157	4.14	0.82	91	4.15	0.85	66	4.12	0.77
CEO	156	4.52	0.92	90	4.46	0.91	66	4.61	0.94
Senior management	156	4.16	0.80	90	4.14	0.80	66	4.18	0.80
Employees	150	3.31	0.42	87	3.48	0.48	63	3.08	0.33
Customers	151	3.22	0.46	87	3.40	0.52	64	2.97	0.38
Controlling shareholders	149	3.77	0.68	85	3.66	0.67	64	3.91	0.69
Other shareholders	148	2.79	0.30	85	2.86	0.27	63	2.70	0.33
Financial analysts	149	2.40	0.17	86	2.59	0.20	63	2.14	0.14
Regulators	152	2.68	0.30	88	2.91	0.36	64	2.36	0.22
Public opinion	149	2.60	0.21	86	2.83	0.27	63	2.29	0.14
Factors affecting the environment									
CO ₂ emissions from operations	158	3.99	0.73	91	4.20	0.78	67	3.72	0.66
CO ₂ emissions in entire supply chain	158	3.64	0.60	91	3.74	0.63	67	3.51	0.57
Total energy consumption	157	4.16	0.78	90	4.26	0.83	67	4.03	0.72
Energy used from renewable sources	157	3.87	0.71	90	3.97	0.72	67	3.73	0.69
Amount of water used	157	3.69	0.60	90	3.81	0.60	67	3.54	0.60
Amount of plastics used	157	3.44	0.50	90	3.51	0.48	67	3.34	0.52
Likelihood to achieve targets by 2030									
Zero CO ₂ emissions from operations	151	3.42	0.50	90	4.44	0.94	66	4.36	0.89
Zero CO ₂ emissions in the entire supply chain	155	3.01	0.37	89	3.52	0.53	66	3.41	0.47
Negative CO ₂ emissions	150	3.15	0.42	90	3.94	0.72	66	3.77	0.64
100% energy use from renewables	154	3.54	0.56	88	4.59	0.93	65	4.77	0.98
Complete elimination of waste	153	3.29	0.42	90	3.94	0.76	66	3.92	0.68
Zero use of plastics	153	3.11	0.37	90	4.42	0.92	66	4.35	0.89
100% use of water recycling and reuse	153	3.23	0.44	90	4.00	0.74	66	3.98	0.67

Table 2. Purpose and ESG Dimensions (Continued)

	All sample			Public			Private		
	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5
Social-related targets									
Employee training/ development	156	4.41	0.92	90	4.44	0.94	66	4.36	0.89
Childcare allowance for employees	155	3.47	0.50	89	3.52	0.53	66	3.41	0.47
Flexibility to work from home	156	3.87	0.69	90	3.94	0.72	66	3.77	0.64
Product safety/ customer safety	153	4.67	0.95	88	4.59	0.93	65	4.77	0.98
Schedule that allows for a good work-family life balance	156	3.94	0.72	90	3.94	0.76	66	3.92	0.68
Gender equality	156	4.39	0.91	90	4.42	0.92	66	4.35	0.89
Empowering women programs	156	3.99	0.71	90	4.00	0.74	66	3.98	0.67
Sexual harassment prevention programs	156	4.27	0.83	90	4.33	0.86	66	4.18	0.80
Labor standards in supply chain	154	4.18	0.83	88	4.19	0.86	66	4.17	0.79
“Our firm chose those ES targets -and no others- because...”									
They align with our core business	156	4.11	0.81	90	4.14	0.83	66	4.06	0.77
They are part of our corporate purpose	157	4.24	0.82	91	4.18	0.80	66	4.32	0.83
They are material information to be disclosed to inform investment decisions	155	3.23	0.46	89	3.46	0.57	66	2.91	0.30
Our commitment to the UN’s Sustainable Development Goals (SGDs) 2030	155	3.86	0.66	89	3.90	0.69	66	3.82	0.64
They are aligned with our investors’ priorities	155	3.79	0.68	90	3.89	0.76	65	3.65	0.58
Peer pressure	152	2.65	0.18	88	2.66	0.20	64	2.64	0.16
Connection with ESG targets									
Strategy definition	157	4.09	0.78	91	4.21	0.82	66	3.92	0.71
Strategic investment	158	3.84	0.68	91	4.00	0.76	67	3.61	0.58
CEO compensation	156	3.06	0.37	90	3.37	0.43	66	2.65	0.27
CEO succession	157	3.03	0.35	90	3.18	0.37	67	2.82	0.33
Corporate culture	158	4.11	0.82	91	4.14	0.86	67	4.06	0.78
Marketing campaigns	155	3.58	0.58	90	3.72	0.66	65	3.38	0.48
Supply chain	157	3.46	0.51	91	3.52	0.52	66	3.39	0.50
Corporate policies	158	4.11	0.83	91	4.19	0.87	67	4.00	0.78
“In times of COVID...”									
Priorities have changed: purpose is a luxury we can only afford in prosperous times	157	1.64	0.08	91	1.69	0.09	66	1.58	0.08
We’re going back to just profit maximization	157	1.77	0.07	91	1.73	0.04	66	1.83	0.11
We’re lowering our commitment to social and environmental issues	157	1.43	0.03	90	1.41	0.03	67	1.45	0.01
We’re sticking to our social and environmental commitments	157	4.24	0.82	90	4.21	0.82	67	4.27	0.82
Our social/environmental commitments helped us to be more resilient to the crisis	157	3.85	0.68	90	3.90	0.72	67	3.78	0.61
Purpose-oriented firms attract higher investments in times of COVID	156	3.60	0.56	90	3.54	0.57	64	3.67	0.56
Controlling shareholders remain committed to our firm’s purpose in times of COVID	154	4.30	0.85	89	4.35	0.89	66	4.24	0.80

Table 3. Corporate Culture and Tone at the Top

	All sample			Public			Private		
	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5
(Accurately) Able to describe/characterize firm's culture	157	4.29	0.90	91	4.32	0.93	66	4.26	0.86
Weight of formal and informal factors (mean and median shown)									
Formal	158	64.1	67.5	91	66.7	70.0	67	60.7	65.0
Informal	155	35.9	32.5	91	33.3	30.0	64	39.3	35.0
Representing firm's culture									
Collaborative environment	157	4.11	0.85	91	4.18	0.89	66	4.02	0.79
Meritocracy	157	3.98	0.78	91	4.04	0.78	66	3.89	0.79
Clear compensation scheme	156	3.98	0.73	90	4.14	0.83	66	3.76	0.59
Employee development	157	4.14	0.82	90	4.18	0.86	67	4.09	0.76
Innovative spirit	158	4.06	0.82	91	4.05	0.86	67	4.06	0.78
Equal work equal pay	157	4.18	0.80	90	4.20	0.80	67	4.15	0.79
Diverse workforce	156	3.78	0.63	89	3.88	0.70	67	3.64	0.55
Top-down decision making	158	3.44	0.48	91	3.48	0.48	67	3.37	0.48
Transparency	158	4.23	0.85	91	4.29	0.87	67	4.15	0.82
Accountability	157	4.14	0.83	90	4.13	0.81	67	4.15	0.85
Trust	157	4.39	0.92	90	4.47	0.96	67	4.28	0.87
Alignment with the culture of the firm									
Chair	155	4.65	0.94	88	4.72	0.94	67	4.55	0.93
Board, besides Chair	155	4.46	0.90	88	4.56	0.94	67	4.33	0.85
CEO	156	4.80	0.99	89	4.88	1.00	67	4.70	0.97
Senior managers	154	4.45	0.95	87	4.54	0.97	67	4.34	0.94
Middle management	155	4.05	0.83	88	4.16	0.88	67	3.91	0.78
Senior employees	153	4.31	0.90	87	4.31	0.91	66	4.32	0.89
Employees	155	3.93	0.77	88	4.01	0.83	67	3.82	0.70
Controlling shareholders	151	4.32	0.87	85	4.32	0.88	66	4.33	0.86

Table 3. Corporate Culture and Tone at the Top (Continued)

	All sample			Public			Private		
	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5
Usefulness to assess company's culture									
Employee satisfaction surveys	156	4.13	0.81	89	4.17	0.84	67	4.07	0.78
Customer satisfaction surveys	156	4.08	0.79	89	4.21	0.84	67	3.91	0.73
Customer loyalty	155	4.11	0.81	89	4.13	0.79	66	4.08	0.83
Employee turnover	156	3.62	0.58	89	3.66	0.61	67	3.55	0.54
External audits	156	3.47	0.53	89	3.55	0.55	67	3.36	0.49
Employer review platforms such as Glassdoor, Indeed, etc.	149	2.96	0.31	86	3.07	0.33	63	2.81	0.29
Exit interviews	158	3.37	0.55	91	3.26	0.47	67	3.51	0.66
The extent firm's culture is discussed in...									
Formal board meetings	158	3.45	0.51	91	3.58	0.55	67	3.27	0.46
Decisions affecting employees	155	3.46	0.56	88	3.56	0.59	67	3.34	0.52
Strategy decisions	155	3.79	0.67	88	3.98	0.75	67	3.55	0.57
Organizational change	154	3.71	0.66	88	3.81	0.67	66	3.59	0.65
CEO hiring	152	3.51	0.59	88	3.65	0.64	64	3.31	0.53
CEO pay	152	3.26	0.53	88	3.53	0.59	64	2.89	0.45
"Fitting in the firm's culture" is a key element in the decision on...									
Employee hiring	156	4.06	0.81	89	4.01	0.79	67	4.13	0.85
Employee promoting	156	4.27	0.90	89	4.22	0.91	67	4.33	0.90
Employee education/development	156	3.97	0.79	89	3.98	0.79	67	3.96	0.81
Employee pay	155	3.47	0.54	89	3.51	0.53	66	3.42	0.55
Employee firing	154	3.77	0.64	88	3.80	0.64	66	3.73	0.65
Positive board culture to carry out your work	156	4.32	0.90	90	4.36	0.90	66	4.27	0.91

Table 4. The Board and Corporate Strategy

	All sample			Public			Private		
	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5
Having a formally approved strategic plan (0/1)	157	0.94		90	0.94		67	0.94	
Dominated board's strategic discussion over the past 12 months									
Supply-chain disruptions	156	3.21	0.40	91	3.27	0.42	65	3.12	0.37
Financial liquidity	155	3.80	0.66	89	3.89	0.69	66	3.68	0.62
Customers	157	4.15	0.83	91	4.10	0.80	66	4.21	0.88
Business model disruptions in industry	157	3.89	0.71	91	3.96	0.74	66	3.80	0.67
Digital transformation	155	4.18	0.81	89	4.21	0.81	66	4.14	0.80
Cybersecurity	157	3.57	0.58	91	3.76	0.64	66	3.32	0.50
Geopolitical instability	156	3.03	0.36	90	3.11	0.41	66	2.92	0.29
Purpose	156	3.69	0.63	90	3.73	0.64	66	3.64	0.62
Culture	156	3.57	0.60	90	3.59	0.63	66	3.55	0.55
Activist investors	155	2.13	0.15	89	2.37	0.20	66	1.80	0.09
M&A	155	3.52	0.59	89	3.49	0.58	66	3.55	0.59
Divestments	156	2.96	0.37	90	2.92	0.36	66	3.00	0.39
Financial KPIs important to company's strategy									
Total shareholder return	153	4.01	0.74	89	4.12	0.78	64	3.86	0.69
Revenue growth	156	4.30	0.87	91	4.35	0.90	65	4.23	0.83
Earnings per share	155	3.08	0.43	89	3.57	0.57	66	2.41	0.24
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	156	4.30	0.83	90	4.29	0.82	66	4.32	0.83
Return on capital	155	4.00	0.72	90	4.10	0.78	65	3.86	0.65
Share price	153	3.04	0.44	89	3.58	0.60	64	2.28	0.22
Free cash flow	156	4.24	0.82	91	4.24	0.84	65	4.23	0.80
Market share	155	3.57	0.59	89	3.58	0.57	66	3.56	0.61
Industry benchmarks	156	3.71	0.65	91	3.82	0.70	65	3.54	0.58
Usefulness of the information the board has on financial KPIs									
Total shareholder return	152	3.95	0.70	88	4.25	0.81	64	3.53	0.56
Revenue growth	154	4.60	0.94	90	4.64	0.97	64	4.53	0.89
Earnings per share	151	3.58	0.59	87	4.06	0.74	64	2.92	0.39
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	155	4.55	0.92	90	4.62	0.93	65	4.45	0.91
Return on capital	153	4.08	0.79	89	4.26	0.84	64	3.84	0.72
Share price	152	3.51	0.57	89	4.07	0.75	63	2.71	0.30
Free cash flow	154	4.47	0.92	89	4.52	0.92	65	4.40	0.91
Market share	154	3.83	0.67	90	3.87	0.68	64	3.78	0.66
Industry benchmarks	155	3.70	0.61	89	3.84	0.66	66	3.52	0.53

Table 4. The Board and Corporate Strategy (Continued)

	All sample			Public			Private		
	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5
Non-financial KPIs important to company's strategy									
Customer satisfaction	156	4.41	0.88	90	4.43	0.88	66	4.38	0.88
Employee engagement	157	4.07	0.80	90	4.09	0.81	67	4.04	0.78
Employee development	158	3.92	0.76	91	3.95	0.79	67	3.88	0.72
Environmental-related goals	158	3.96	0.72	91	4.04	0.77	67	3.84	0.66
Social-related goals	158	3.80	0.68	91	3.85	0.74	67	3.75	0.61
Governance-related goals	157	3.99	0.79	90	4.12	0.84	67	3.81	0.72
Company's reputation	157	4.45	0.90	90	4.50	0.92	67	4.37	0.88
Innovation	157	4.21	0.83	90	4.23	0.89	67	4.18	0.76
Digital transformation	157	4.18	0.81	90	4.18	0.82	67	4.19	0.79
Quality of corporate culture	157	3.94	0.74	90	3.97	0.78	67	3.91	0.69
Usefulness of the information the board has on non-financial KPIs									
Customer satisfaction	153	3.94	0.72	88	3.99	0.72	65	3.88	0.72
Employee engagement	153	3.73	0.62	88	3.84	0.68	65	3.57	0.54
Employee development	153	3.54	0.59	88	3.67	0.65	65	3.35	0.52
Environmental-related goals	153	3.81	0.69	88	3.98	0.75	65	3.58	0.60
Social-related goals	153	3.63	0.57	88	3.69	0.57	65	3.55	0.57
Governance-related goals	153	3.94	0.71	88	4.08	0.80	65	3.75	0.60
Company's reputation	153	3.98	0.74	88	4.09	0.78	65	3.83	0.68
Innovation	152	3.93	0.77	87	4.00	0.79	65	3.83	0.74
Digital transformation	152	3.82	0.69	87	3.86	0.74	65	3.77	0.63
Quality of corporate culture	152	3.63	0.59	87	3.77	0.67	65	3.43	0.48
Important to company's strategy definition									
Controlling shareholders	152	4.16	0.78	86	3.99	0.70	66	4.38	0.88
Minority shareholders	154	2.56	0.29	88	2.68	0.28	66	2.41	0.29
Activist shareholders	149	2.25	0.19	85	2.40	0.19	64	2.05	0.20
Inside directors/ board members	155	4.34	0.88	88	4.35	0.89	67	4.33	0.87
Outside directors/ board members	155	3.78	0.68	89	3.94	0.73	66	3.56	0.62
CEO	156	4.74	0.99	89	4.75	0.99	67	4.72	0.99
CFO	157	3.96	0.73	90	4.00	0.73	67	3.91	0.72
External consultants	153	2.72	0.25	89	2.78	0.25	64	2.64	0.27

Table 5. Board Engagement and Commitment

	All sample			Public			Private		
	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5
CURRENT level of board's involvement									
Definition of corporate purpose	156	3.97	0.73	90	4.04	0.74	66	3.86	0.71
Strategy formulation	157	4.31	0.83	90	4.31	0.82	67	4.30	0.85
Major investments	156	4.41	0.87	90	4.49	0.89	66	4.30	0.83
Portfolio change (M&As)	156	4.08	0.76	90	4.09	0.79	66	4.06	0.73
CEO compensation	157	3.99	0.72	90	4.24	0.82	67	3.64	0.58
CEO succession	155	3.99	0.72	90	4.26	0.81	65	3.63	0.60
Dividend policy	155	3.92	0.74	90	4.23	0.84	65	3.48	0.60
Compliance	157	4.31	0.85	90	4.40	0.88	67	4.19	0.81
Corporate culture	157	3.87	0.73	90	3.92	0.77	67	3.79	0.67
Shareholder relations	154	3.64	0.62	89	3.66	0.58	65	3.60	0.66
Digital transformation	157	3.78	0.68	90	3.78	0.68	67	3.79	0.69
DESIRED level of board's involvement									
Definition of corporate purpose	153	4.31	0.86	86	4.33	0.83	67	4.28	0.90
Strategy formulation	153	4.60	0.95	87	4.60	0.94	66	4.61	0.95
Major investments	154	4.49	0.92	87	4.51	0.90	67	4.48	0.96
Portfolio change (M&As)	152	4.25	0.85	86	4.24	0.83	66	4.26	0.88
CEO compensation	153	4.10	0.77	87	4.29	0.86	66	3.86	0.65
CEO succession	154	4.31	0.83	87	4.48	0.91	67	4.07	0.73
Dividend policy	152	4.03	0.74	86	4.22	0.80	66	3.79	0.65
Compliance	153	4.46	0.92	87	4.48	0.91	66	4.44	0.92
Corporate culture	154	4.26	0.88	87	4.25	0.89	67	4.27	0.87
Shareholder relations	151	3.78	0.66	85	3.67	0.62	66	3.92	0.71
Digital transformation	153	4.16	0.83	86	4.08	0.84	67	4.27	0.82
Board's involvement changed as a result of COVID (0/1)									
Definition of corporate purpose	157	0.09		90	0.09		67	0.09	
Strategy formulation	157	0.23		90	0.23		67	0.22	
Major investments	157	0.20		90	0.19		67	0.21	
Portfolio change (M&As)	156	0.18		90	0.18		66	0.18	
CEO compensation	157	0.09		90	0.12		67	0.06	
CEO succession	157	0.07		90	0.08		67	0.06	
Dividend policy	156	0.12		90	0.15		66	0.09	
Compliance	157	0.10		90	0.09		67	0.10	
Corporate culture	157	0.09		90	0.11		67	0.06	
Shareholder relations	156	0.09		90	0.12		66	0.06	
Digital transformation	156	0.31		90	0.33		66	0.27	

Table 5. Board Engagement and Commitment (Continued)

	All sample			Public			Private		
	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5	N	Mean	% Rate 4 to 5
In relation to board meetings, how good is the...?									
Quality of formal information provided	157	4.27	0.87	90	4.36	0.89	67	4.15	0.85
Previous preparation by board members	157	3.91	0.75	90	4.00	0.80	67	3.79	0.69
Preparation of board's meeting agenda	157	4.15	0.82	90	4.30	0.86	67	3.96	0.78
Board's interaction with the CEO/the top management team before the meetings	157	3.98	0.78	90	4.01	0.79	67	3.94	0.76
Quality of board discussions	157	4.13	0.83	90	4.29	0.90	67	3.93	0.75
Board's interaction with the CEO and the top management team after the meetings	157	4.03	0.76	90	4.01	0.78	67	4.04	0.75
Follow up of decisions made	157	4.05	0.77	90	4.12	0.79	67	3.96	0.75
Collaboration between the board									
Board-board	157	4.25	0.87	90	4.33	0.89	67	4.15	0.85
Board-CEO	157	4.46	0.94	90	4.53	0.97	67	4.36	0.90
Board-senior management team	157	3.91	0.74	90	3.92	0.72	67	3.90	0.76
Board's engagement following actors									
Board-controlling shareholders	152	4.22	0.81	87	4.13	0.78	65	4.35	0.85
Board-minority shareholders	148	3.11	0.37	86	3.13	0.34	62	3.08	0.42
Board-activist shareholders	142	2.45	0.22	85	2.67	0.27	57	2.12	0.14
Board-asset managers (shareholders)	145	2.97	0.36	87	3.09	0.38	58	2.78	0.33
Board-Public equity funds (shareholders)	141	2.77	0.30	87	2.94	0.33	54	2.48	0.26
Board-proxy advisors	142	2.75	0.29	87	2.99	0.32	55	2.36	0.24
Board-regulators	147	3.09	0.41	89	3.42	0.51	58	2.59	0.26

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