



Center for
Corporate
Governance



european corporate governance institute

IESE CCG-ECGI CONFERENCE

Can Organizational Purpose Improve Corporate Governance?

October 29-30, 2020 • Madrid Campus

Co-organized by IESE CCG and ECGI

Endorsed on behalf of the SMS 40th Annual Conference in London

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INTRODUCTION

The notion that companies should have a corporate purpose or mission that goes beyond financial performance has been hovering around the fields of management and organizational behavior. The increasing weight of ESG dimensions in corporate governance, asset management and management, the search for the wider societal impact by companies, and the need to attract and retain top talent -among other factors- contribute to highlighting the potential implications of a deeper consideration of corporate purpose.

Asset managers and CEOs also seem to consider this to be a relevant factor. As CEO of BlackRock Larry Fink wrote in January 2019, "To prosper, every company must not only deliver financial performance, but also show how it makes a positive contribution to society." This view is challenging companies to not only focus on profits, but also on social purpose. The CEOs of other large asset managers, such as Vanguard, State Street, and Capital, among others, are highlighting the relevance of corporate purpose for companies' survival.

On August 22, 2019, The U.S. Business Roundtable presented a detailed statement on the importance of corporate purpose and the need to focus governance around a multi-stakeholder perspective. This document was signed by 182 CEOs of large U.S. companies. National capital markets regulators are considering the introduction of mandatory statements of purpose.

This level of concern and inquiry by business leaders is healthy. The traditional notion of companies a profit-maximization institutions is narrow and does not relate well with the needs of the 21st century society. Nevertheless, there is a need to consider some fundamental questions on the nature of corporate purpose, how to define it in a specific and meaningful way, how to measure its achievement, what its implications for the



firm's strategy and corporate culture are, which new metrics of performance we need, and what new expectations from companies' boards of directors we are defining.

Organizational purpose, why a company exists and how the company contributes to society, is, or can be, central to its identity and its reason for some strategic decisions. But what do we really know about organizational purpose and how and when does purpose matter for an organization's prosperity? What defines a good corporate purpose and how investors and board directors should distinguish one that makes sense from another that doesn't? What drivers translate purpose into firm's strategy and firm's corporate culture? What is its relationship with business performance? If purpose matters, how does one infuse corporations with a greater purpose? What roles do the CEO, the board of directors, and shareholders have in designing, strengthening, and reinforcing, if needed, organizational purpose?

The IESE Center for Corporate Governance (IESE CCG) and the European Corporate Governance Institute (ECGI) are partnering to bring together leading scholars from the fields of strategy, organizational theory, organizational economics, finance and corporate law to address these important questions with thoughtful business executives, corporate lawyers, asset managers and board directors from a variety of sectors.

The Conference will have a day and a half format. It will have two parts. The first part-first half day- will consist of two events. The first will be a distinguished keynote speaker, introducing the topic, followed by a discussion by two scholars. The second will be a CEO plus a roundtable of three CEOs and asset managers discussing the wider implications of corporate purpose in the corporate world. We plan for an audience of 400 people, both academics, board directors, asset managers and senior managers.

The second day will be more academic. We plan to invite five distinguished scholars to present new working papers covering different perspectives on that topic. Each paper will have a discussant. Our goal is to have a group of at least 40 distinguished scholars in the audience, with a total of 100 participants.



Tentative Conference Agenda

THURSDAY, OCTOBER 29, 2020 • DAY 1

16:00 **Registration**

16:30 **Welcome**

16:45-17:30 Session 1
KEYNOTE SPEECH AND DISCUSSION

17:30-18:15 Session 2
KEYNOTE SPEECH AND DISCUSSION

18:15-19:15 Session 3
CEOs ROUNDTABLE

20:00 Cocktail with speakers and guests



FRIDAY, OCTOBER 30, 2020 • DAY 2

8:00 **Registration**

8:30 **Welcome**

8:45-10:00 **Session 1**

10:00-11:15 **Session 2**

11:15-11:45 Coffee break

11:45-13:00 **Session 3**

13:00-14:15 Lunch

14:15-15:30 **Session 4**

15:30-16:45 **Session 5**

16:45-17:00 **Wrap-up**

17:00 Cocktail & Farewell