Introduction

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Biographical notes: Martin Hilb is a Professor of Management at the University of St. Gallen, Switzerland. He is Managing Director of the Institute for Leadership and HRM, and its Centre for Corporate Governance.

The International Research Workshop on Corporate Governance at the European Institute for Advanced Studies in Management (EIASM) has been conducted since 2004. In this thematic section we present two papers which have received the Best Paper Award in 2011 and 2012, respectively, as voted by the workshop chairpersons Tomas Casas Klett from CCG (Asia) in Shanghai/China, Hugh Grove from University of Denver, Colorado, USA, Laura Spira from Oxford Brookes University Business School, UK, and Martin Hilb from the University of St. Gallen, Switzerland (as a Coordinating Chairperson).

In 2011, the best paper award was given to Alessio M. Pacces (Italy/Netherlands) for his explanatory study 'Regulation of banking and banks governance when liquidity drives financial behaviour'. Based on the Keynesian and Minsky theoretical perspectives on liquidity problems, this paper explains the behaviour of banks and clarifies how the banks should be regulated and supported by central banks in order to reduce financial instability. Moreover, this paper provides suggestions for the corporate governance of banks to support financial stability. After validating the link between uncertainty and liquidity problems, the author's main intention is to derive policy implications from theory and practice. Compared with other formalised models of uncertainty in financial crises, the dynamic set up of this paper fills one important gap in the theoretical literature. Not only does this paper explain why banks hoard cash in bad times, it also describes the dynamics of uncertainty in good times, when private substitutes for cash are created in the first place through increasing maturity transformation. Finally, based on the lessons learned from the recent financial crises and Minsky's hypothesis, the author suggests that, to be on the safe side during the uncertainty and illiquidity (1) clawback provisions cannot be left to shareholders' choice. Instead, clawbacks must be imposed by regulations. (2) Corporate governance of banks should insulate managers and controlling shareholders from the short-termism of stock markets. (3) Tenure and golden parachutes efficiently protect bankers from stock-market speculation, because they commit shareholders to refrain from putting short-term pressure on managers. Even though it may not be so good for corporate governance, the findings of the paper suggest that the regulatory restrictions on golden parachutes should be removed and regulations should support bankers' tenure.

In 2012, the best paper award was given to Fabrice Galia and Emmanuel Zenou (France) for their empirical study 'Board composition and forms of innovation: does diversity make a difference?'. This paper aims to explore the relationship between board diversity, such as gender and age, and four types of innovation (product, process, organisational and marketing innovation) from a sample of 176 French firms in 2008. The paper is based on the resource dependence theory. Consistent with the theory, the authors stated that the positive outcomes of board diversity help to relate board diversity to innovation. Based on the detailed literature review, Galia and Zenou developed five hypotheses. Two of them concern gender diversity and the firm's marketing and organisational innovations. The rest concern age diversity and product, marketing, and organisational innovations. To test the hypotheses, a probit regression method was used. Four innovation variables are the dependent variables, and board diversity – age and gender – is the independent variable. The authors reached the following conclusions after considering the controlling variables of firm size and sector:

1 Gender diversity is significantly and positively related to the firm's marketing innovation at 10% significance level, which supports the positive output of gender diversity regarding the understanding of consumer behaviour and customer needs, as well as means and opportunities for firms to meet those needs.

2 There is significant evidence of a positive relationship between age diversity and product innovation.

3 There is a significant negative association between age diversity and organisational innovation. However, hypotheses on gender diversity and the firm's organisational innovation, and age diversity and the firm's marketing innovation, were not supported. To sum up, the results show some evidence of the influence of board diversity on all types of innovation, apart from process innovation.

We sincerely hope that you will enjoy these two papers!