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Gregory H. Shill is an Associate Professor at the University of Iowa College of Law and a Visiting Scholar at the American Bar Foundation. His research focuses on corporate governance and transportation law and policy, and his research has been published or is forthcoming in the *N.Y.U. Law Review, the UCLA Law Review*, and other law reviews as well as The Atlantic. An Ann Arbor native, he holds a J.D. from Harvard Law School, a B.A. from Columbia University, and an M.A. from the Jewish Theological Seminary. He is frequently called upon by government agencies and nonprofits to provide commentary relating to his research, and his views have appeared in the Wall Street Journal, the Washington Post, NBC, CNBC, NPR, podcasts, and other outlets.

The Geography of Corporate Governance

Corporate governance, never static, is unusually fluid today. Key players are buffeted by three shifts in the twenty-first century capital markets—the rise of institutional investing, board diversity, and stakeholders—which have prompted reflection on the mechanics and even the purpose of corporate governance. While these three forces appear to be acting via separate channels, they share an unexplored nexus: geography.

This Article contends that geography—specifically, the spatial configuration of factors of production—scrambles traditional models of corporate governance. In the standard formulation, corporate governance is produced via a system in which shareholders, managers, and other actors compete to optimize their interests. But this account lacks any way of accounting for geographic changes to factors of production, such as those triggered by technological innovation, that transcend these groups. Corporate governance scholarship's first contact with geography is overdue.

Diversity in board composition is a good example of the hidden relationship. Because U.S. professional women are more geographically concentrated than their male counterparts, the corporate director labor market differs spatially by sex. Increases in board gender diversity (which have been shown to produce stricter monitoring) therefore tend to be associated with changes in geographic makeup. Research suggests that gender is sufficiently endogenous that the distance between directors and headquarters explains nearly all the resulting improvement in monitoring, underscoring both the structural role of geography and the risks of justifying diversity efforts by reference to conventional governance goals alone.

Deploying research from related literatures, including corporate finance and economic geography, this Article shows how the spatial arrangement of factors of production can both inform and confound decisionmaking by key players and institutions. By developing the scholarly understanding of a novel source of pressure, the Article spotlights a variable that is key to understanding efforts to advance diversity, corporate social responsibility, and other important policy objectives.