



Call for papers for an *ephemera* special issue on:

## The political economy of corporate governance

**Issue Editors:** Ulf Larsson Olaison, Andreas Jansson, Jeroen Veldman  
and Armin Beverungen

Corporate governance as an academic field was hardly present before the 1970s, but has since risen to prominence (Ireland, 2009) and has arguably become dominated by agency theory (Daily et al., 2003). In agency theory, 'shareholder value' is typically identified as the legitimate goal of the corporation, and the purpose of corporate governance here becomes to rectify deviations from this ideal (Jensen and Meckling, 1976). The definition of problems and the practical corporate governance solutions prescribed by agency theory have proven to be very effective for law and economics scholars to 'converge' upon (Hansmann and Kraakman, 2001) as a normative blueprint of what constitutes 'good governance' (Fligstein, 1993; Lazonick and O'Sullivan, 2000). They have also come to dominate adjacent disciplines such as accounting, strategic management and law (Whittington, 2008; Power, 2010). This 'optimal' view of the corporation and its governance has with equal vigour and instrumentality been used in the rapid enforcement of governance standards by individual nations as well as international standards setters like the EU, OECD and IASB, and will continue to influence future regulation, for example through the European Commission's green book on corporate governance regulation (2011).

Notwithstanding its dominance, agency theory is certainly not without its critics. In organization studies, we find critiques of its tendency to view subjects as under-socialised and without a sense of social responsibility (Ghoshal, 2005). Here, agency theory is seen as creating a self-fulfilling and untestable model: its ‘actors’ come to act in line with the model because the model itself prescribes a dominant rationality (Zajac and Westphal, 1995). This view is echoed in corporate social responsibility and business ethics, where it has been argued that agency theory imports a narrow view of the corporation and its goals (Roberts, 2003). In legal studies, agency theory is charged with obscuring the historical development of corporate forms through its simplified assumptions about the primacy of contractual relations and attributions of ownership (Bratton, 1989; Ireland, 1999). In this it disregards the moral justification of the corporate form as it stood before the rise of agency theory (Robé, 2011). Contemporary corporate governance scholarship thus treats the socially complex phenomenon of corporate law in a conceptually reductive way (Siems and Deakin, 2010).

While these modes of critique help to show the theoretical limits of agency theory, they have in turn been subject to criticism. Indeed, such critiques in organization studies and CSR tend to take the wider framing of corporate subjecthood and agency in legal and economic scholarship as a given (Dunne, 2008). Consequently, questions relating to the ‘nature’, ‘agency’ and ‘responsibility’ of the corporation are addressed with only limited insight into the historical – and political – legitimation of the corporate form (Ireland, 2010; Marens, 2012). Economic sociology in particular acknowledges that financialised versions of corporate governance play a central role in wealth distribution (Fligstein, 2001; Lazonick and O’Sullivan, 2000). Yet there is little consideration of how this distribution of wealth might be produced and legitimated by particular ideas of the corporation and its governance or by the contract as a key building block of a capitalist legal architecture (Mitropoulos, 2012).

By proposing to explore the political economy of corporate governance, the Special Issue seeks to foreground how agency theory becomes *prescriptive* by soliciting a very specific idea of the corporation and corporate governance that foregrounds the primacy of shareholder value. Agency theory here is framed as a theoretical program that pushes a specific distribution of wealth and becomes the most prominent propagator of neoliberal politics (Harvey, 2005; Ireland, 2009; Peck, 2010). The dominance of this prescriptive theory over corporate governance research and practice provides every reason to question both the ‘is’ and the ‘ought’ of corporate governance as an emerging discipline (Friedman, 1953).

## Contributions

To this end, we ask for contributions, from both a theoretical and an empirical perspective, which critically analyse the ideas, values and ideologies that inform notions of corporate governance. We welcome contributions from within the broad study of corporate governance – e.g. from organization studies, sociology, accounting and finance, legal theory, economics, political theory – with an emphasis on the political economy of corporate governance, addressing topics such as:

- The ideology and politics of corporate governance
- The similarities and differences of conceptions of actors, contracts and corporations in agency theory and other theories and fields (e.g., law, sociology, and organization studies)
- Agency theory and the implementation of new standards of corporate governance
- The ‘agency’ of agency theorists in corporate governance standard setting
- The economic, legal, and political consequences of the rapid dissemination of agency theoretical accounts of corporate governance
- The performativity of contracts in constructing a capitalist legal architecture
- Political economic effects of the personification of corporations and of markets
- The role of descriptive alternatives such as the ‘varieties of capitalism’ approach, in relation to the dominance of agency theory

The deadline for contributions is the 31<sup>st</sup> of December 2013. All contributions should be submitted to one of the issue editors. Please note that three categories of contributions are invited for the special issue: articles, notes and reviews. Please contact any of the editors with your ideas especially to propose a note or review for the issue, or a contribution of any other format. All submissions should follow *ephemera*'s submissions guidelines: <http://www.ephemerajournal.org/how-submit>.

Ulf Larsson Olaison ([ulf.larsson@lnu.se](mailto:ulf.larsson@lnu.se))

Andreas Jansson ([andreas.jansson@lnu.se](mailto:andreas.jansson@lnu.se))

Jeroen Veldman ([veldmanj@cardiff.ac.uk](mailto:veldmanj@cardiff.ac.uk))

Armin Beverungen ([armin.beverungen@inkubator.leuphana.de](mailto:armin.beverungen@inkubator.leuphana.de))

## References

- Bratton Jr, W.W. (1989) 'The new economic theory of the firm: critical perspectives from history', *Stanford Law Review*, 41(6): 1471-1527.
- Daily, C.M., D.R. Dalton and A.A. Cannella (2003) 'Corporate governance: decades of dialogue and data', *Academy of Management Review*, 28(3): 371-382.
- Dunne, S. (2008) 'Corporate social responsibility and the value of corporate moral pragmatism', *Culture and Organization*, 14(2): 135-149.
- Fligstein, N. (1993) *The transformation of corporate control*. Cambridge: Harvard University Press.
- Fligstein, N. (2001) *The architecture of markets – An economic sociology of twenty-first-century capitalist society*. Princeton: Princeton University Press.
- Friedman, M. (1953) *Essays in positive economics*. Chicago: University of Chicago Press.
- Ghoshal, S. (2005) 'Bad management theories are destroying good management practices', *Academy of Management Learning and Education*, 4(1): 75-91.
- Hansmann, H. and R. Kraakman (2001) 'The end of history for corporate law', *Georgetown Law Journal*, 89: 439.
- Harvey, D. (2009) *A brief history of neoliberalism*. Oxford: Oxford University Press.
- Ireland, P. (1999) 'Company law and the myth of shareholder ownership', *Modern Law Review*, 62(1): 32-57.
- Ireland, P. (2009) 'Financialization and corporate governance', *Northern Ireland Legal Quarterly*, 60(1): 1-34.
- Jensen, M.C. and W.H. Meckling (1976) 'Theory of the firm: managerial behaviour, agency costs and ownership structure', *Journal of Financial Economics*, 3(4): 305-360.
- Lazonick, W. and M. O'Sullivan (2000) 'Maximizing shareholder value: a new ideology for corporate governance', *Economy and Society*, 29(1): 13-35.
- Marens, R. (2012) 'Generous in victory? American managerial autonomy, labour relations and the invention of Corporate Social Responsibility', *Socio-Economic Review*, 10(1): 59-84.
- Mitropoulos, A. (2012) *Contract and contagion: from biopolitics to oikonomia*. Wivenhoe: Minor Compositions / Autonomia.
- Peck, J. (2010) *Constructions of neoliberal reason*. Oxford: Oxford University Press.
- Power, M. (2010) 'Fair value accounting, financial economics and the transformation of reliability', *Accounting and Business Research*, 40(3): 197-210.
- Robé, J.P. (2011) 'The legal structure of the firm', *Accounting, Economics and Law*, 1(1). [[http://works.bepress.com/jean-philippe\\_robe/1](http://works.bepress.com/jean-philippe_robe/1)]
- Roberts, J. (2003) 'The manufacture of corporate social responsibility: constructing corporate sensibility', *Organization*, 10(2): 249-265.
- Siems, M. and S. Deakin (2010) 'Comparative law and finance: past, present and future research', *Journal of Institutional and Theoretical Economics*, 166(1): 120-140.
- Whittington, G. (2008) 'Fair value and the IASB/FASB conceptual framework project: an alternative view', *ABACUS*, 44(2): 139-168.
- Zajac, E. and J. Westphal (1995) 'Accounting for the explanations of CEO compensation: substance and symbolism', *Administrative Science Quarterly*, 40(2): 283-308.

Corporate governance reform for promoting efficiency and wealth creation by large corporations has been much in vogue for a few decades now (Lazonick and Oâ€™Sullivan, 2000; Filatotchev and Boyd, 2009). The academic field of corporate governance has been equally vibrant with a burgeoning of theory and research (Filatotchev and Boyd, 2009; Ireland, 2009), and influential publications on corporate governance matters, such as Jensen and Meckling (1976) and La Porta et al. (1998), rank among the most cited in the social sciences. Distributive effects of the orientation towards shareholder value. The political economy of corporate governance comes to the fore most prominently in debates around income distribution. Forms of corporate governance are shaped nationally by their economic, political and legal backgrounds, by their sources of finance, and by the history and culture of the countries concerned. Beyond all this, we are studying a process in motion and the practice of corporate governance has developed dramatically in the last two decades. The pace has been set by the introduction of governance codes, first nationally and then internationally. These codes have usually been drawn up in reaction to events and have been composed by practitioners, pressed for time and responding to immediate political... Other political variables also affect regulatory outcomes, especially for the labor market. The origin of the legal system has some additional explanatory power only for employment protection. Citation. Pagano, Marco, and Paolo F. Volpin. 2005. "The Political Economy of Corporate Governance." *American Economic Review*, 95 (4): 1005-1030. DOI: 10.1257/0002828054825646. Because forms of corporate governance structure most other relationships within firms and even in society as a whole, they are inherently connected with a distribution of power and material welfare. They therefore decisively shape the logic of the whole political economy. Hence there is strong concern, particularly but not only on the part of labour, with the consequences of change for the distribution of surplus and control to various stakeholders in the firm, as well as the future viability of the production paradigm of diversified quality production. Pursuing Laneâ€™s perspective this paper The paper analyzes the political decision that determines the degree of investor protection. We show that, in some circumstances, entrepreneurs and workers agree. Pagano, Marco and Volpin, Paolo F., *The Political Economy of Corporate Governance* (October 1999). Available at SSRN: <https://ssrn.com/abstract=209314> or <http://dx.doi.org/10.2139/ssrn.209314>. Marco Pagano (Contact Author).