

THE CORPORATE GOVERNANCE MACHINE

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THE CONTEMPORARY CORPORATE PURPOSE DEBATE

Shareholder Value Is No Longer Everything, Top C.E.O.s Say

Chief executives from the Business Roundtable, including the leaders of Apple and JPMorgan Chase, argued that companies must also invest in employees and deliver value to customers.



OXFORD Saïd Business School

CAPITALISM The Great Debate

Stakeholder \vee Shareholder

Live on Thursday 25 June at 14.00 BST
Details at: sbs.oxford.edu

Colin Mayer CBE
Peter Moores Professor of Management Studies

Lucian A Bebchuk
James Barr Ames Professor of Law, Economics, and Finance
Director of the Program on Corporate Governance

“
Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders.
”

LARRY FINK, CEO, BLACKROCK

LARRY FINK'S 2019 LETTER TO CEOs
Purpose & Profit

- I. The Concurrent Rise of Corporate Governance and Shareholder Primacy
- II. The Corporate Governance Machine
- III. How the Corporate Governance Machine Works
- IV. Implications & Future Paths

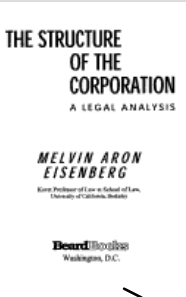
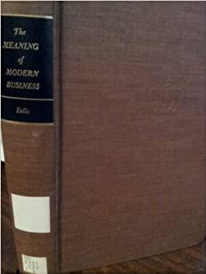
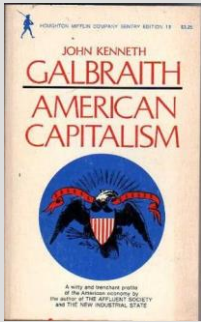
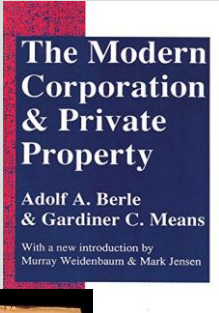
I. THE CONCURRENT RISE OF CORPORATE GOVERNANCE & SHAREHOLDER PRIMACY

1960

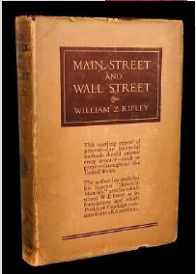
1970

1980

1990



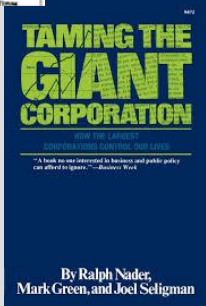
“good governance”



Eells (1960):
“corporate governance”



“increase profits”
for shareholders



“monitoring board”

minimize
“agency costs”

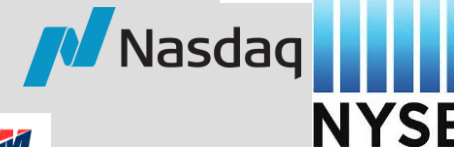
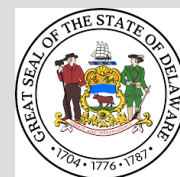


Fischel (1982):
“The Corporate Governance Movement”



II. THE CORPORATE GOVERNANCE MACHINE

- Law
 - Delaware, Congress, SEC, DOL
- Institutions
 - Stock Exchanges, Influential Investors, Stock Indices, Proxy Advisors, Ratings Agencies, Investor Associations, Industry Associations
- Culture
 - Professional Education, Media, Politics



III. HOW THE CORPORATE GOVERNANCE MACHINE WORKS



Environmental



Social



Governance



PEOPLE **USING**
BUSINESS
..... AS A
FORCE FOR GOOD

IV. IMPLICATIONS & FUTURE PATHS

- Shaping the development of corporate regulation
- Dictating one-size-fits-all governance
- Hampering corporate governance innovation
- Influencing the public/private divide
- Reinforcing shareholder primacy & future of corporate governance