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# Shareholders and Stakeholders: How do Directors Decide?

Finance Working Paper N°. 276/2010

March 2010

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ECGI Working Paper Series in Finance

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This paper is a substantial revision of an earlier paper, which circulated under the title "Shareholderism: Board Members' Values and the Shareholder-Stakeholder Dilemma". We are grateful to Jan Bertil Andersson, Rolf Dotevall, and Rolf Skog for invaluable advice on Swedish corporate law and to Anders Karlsson for able research assistance. Adams thanks SNS Centre for Business and Policy Studies and the Jan Wallander and Tom Hedelius Research Foundation for funding the data collection for this project. Licht gratefully acknowledges Israel Science Foundation Grant No. 342/08. Sagiv's research was supported by a grant from the Recanatti Fund of the School of Business Administration at the Hebrew University.

# Abstract

This study investigates how directors make decisions that involve shareholders and other stakeholders. Using vignettes derived from seminal court cases, we construct an index of directors' shareholderism as a general orientation on this issue. In a survey of the entire population of directors and CEOs in public corporations in one country, we find that directors' personal values and roles play an important part in their decisions. Directors and CEOs are more pro-shareholder the more they endorse entrepreneurial values – specifically, higher achievement, power, and self-direction values and lower universalism values. While employee representative directors exhibit a lower baseline level of shareholder orientation, they nonetheless often side with shareholders.



Keywords: corporate governance, shareholderism, stakeholders, values

JEL Classifications: K22, M14



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Few issues in the fields of strategy and corporate governance remain as contested as the topic of shareholders and stakeholders has been for so long. But while a great amount of research studied this issue from descriptive, instrumental, or normative perspectives (Donaldson & Preston, 1995), fewer studies investigated the decisions of actual managers and no study to our knowledge has addressed this question at the level of board members. There is no doubt that personal attributes of corporate elites may influence their behavior and motivate organizational approach (Fiss & Zajac, 2004; Hiller & Hambrick, 2005). Policy makers, however, all too often rely on directors' external attributes – e.g., affiliation – in an effort to guide their behavior. Strategic decision processes are also shaped by contextual factors, including aspects of both external and internal corporate environment (Papadakis, Lioukas, & Chambers, 1998; Jensen & Zajac, 2004). The factors underlying the decisions of corporate elite members (directors and top executives) at the *individual* level thus remain unclear. Understanding the relative importance of personal attributes, external attributes, and contextual factors is a crucial step toward better understanding how boards function and how institutions may affect the conduct of directors and firms.

In a recent dialogue titled "Toward Superior Stakeholder Theory" (Agle et al., 2008), Jensen opined: "[A]s I step back and see the debate about stakeholder theory versus stockholder theory I believe we are involved in a small scale example of the problems surrounding conflicts over values. And there is way too much noise, way too much sloppy thinking, and way too little empirical evidence present." (p. 171). This study takes up this challenge, at least in part. We advance a theory and investigate empirically how board members' personal values (as operationalized by Schwartz, 1992), as well as their specific role on the board, may predispose a shareholder-oriented or stakeholder-oriented stance and affect their decisions in stakeholder-shareholder dilemmas.

At first glance, there is little dilemma to deal with. In the standard formulation of U.S. law, the objective of the business corporation is to enhance corporate profit and shareholder gain (American Law Institute, 1994: Sec. 2.01).[1] Directors consequently owe their duties to the company as a whole and to shareholders. The law allows directors to consider other interests as long as they relate to the long-term interests of shareholders. The law in many other jurisdictions is substantially similar.

In practice, things are more complex. In a survey of board members in Canadian firms, one director said: "Nothing is more important than good corporate governance. It's shareholder value… Stakeholder value is also important… It's not shareholder value by itself, but includes stakeholder value such as society, communities, etc., who produce dividends for shareholders. *You have to weigh these things for good corporate governance*" (Leblanc and Gillies, 2005: 26-27; emphasis added). Lorsch and MacIver (1989), in a survey of directors in S&P400 firms, found that the majority consider themselves accountable to stakeholders more than to shareholders. In a typical statement, one interviewee said: "You have to consider, at all times, all of your stakeholders." (p. 43). Lorsch and MacIver argue that board discussions "often resemble a charade where directors, working toward the corporation's long-term interests, avoid revealing their standards and criteria or their deep belief in the need for a broad [stakeholder] perspective." (p. 49).

We examine the factors underlying board members' orientation toward shareholders and stakeholders – whether and why some directors systematically favor maximizing value for shareholders, whereas others balance it against the interests of other stakeholders, such as employees, consumers, or the community. In particular, we seek to identify the beacons they rely on for navigating in a theoretically clear but practically murky legal landscape and how these beacons work. These beacons are the weights implied by the Canadian director quoted

[1] This objective may be qualified by ethical considerations but courts have not used this qualification.

above, the “standards and criteria” that Lorsch and MacIver refer to, and the elements that comprise board members’ “normative belief structure” (Fiss & Zajac, 2004).

That firms must strategically manage their relations with all stakeholders is widely understood at least since Freeman’s (1984) *Stakeholder Theory*. But how individual board members approach this task is less well-known. Only a handful of studies tried to investigate the shareholder-stakeholder problem at the individual level of analysis. Agle, Mitchell, and Sonnenfeld (1999), for example, investigated whether personal values of American CEOs are linked to the salience of different stakeholders in their eyes. Their study, based on value items from Rokeach (1973), yielded mostly non-significant results in this respect.[2]

The present study advances a new theory on the factors that guide corporate elite members in strategic decisions involving shareholder-stakeholder conflicts. We propose that directors may harbor a general stance on the primacy of shareholders. We term this stance “shareholderism” to denote its ideology-like nature. Shareholderism is a motivated, principled approach that generally considers enhancing shareholder value a desirable strategy. Shareholderism’s logical opposite, stakeholderism, is equally principled, yet views shareholders as one among several stakeholders whose interests deserve consideration. Shareholderism and stakeholderism are ideal-type, polar strategies. Between them lies a continuum of intermediate stances that find merit in both views. There may be purists subscribing to strong versions of either view regardless of the circumstances. Most decision-makers, however, will follow their principles to find a middle ground in light of the context.

We investigate how personal factors (values) and contextual ones (professional role) may affect board members’ stances and decisions. Specifically, we hypothesize that board

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[2] Shafer, Fukukawa, and Lee (2007) found that values (based on Schwartz, 1992) are associated with personal ethical attitudes related to corporate social responsibility (CSR). CSR is not within the purview of this study, however. For recent analyses see Barnett & Salomon (2006); Margolis, Elfenbein, & Walsh (2007); Orlitzky, Schmidt, & Rynes (2003). More remotely, in a sample of mid-level U.S. managers, Tetlock (2000) found that political conservatism positively predicted a preference for a monist, shareholder-focused corporate philosophy and negatively for a pluralist, stakeholder-oriented philosophy.

members will endorse corporate actions that benefit shareholders the more they hold values that are compatible with the economic interests of equity investors – values that emphasize wealth attainment, competitiveness, and venturing, which we characterize as entrepreneurial. We further expect board members who represent a particular non-shareholder constituency (employee representatives) to exhibit a stakeholderist stance in general because their role calls on them to balance the interests of several constituencies.

To test our theory we develop a novel shareholderism index using vignettes that are based on seminal court cases, in which directors were sued for their decisions in shareholder-stakeholder dilemmas. Concerning the community, for instance, the vignette adapts the case of the Chicago Cubs, whose board decided to forego income and profits by refusing to install lights and hold night baseball games in order to avoid what Philip Wrigley called "a deteriorating effect upon the surrounding neighborhood". We presented these vignettes to directors in Sweden. Sweden is a useful laboratory for such a study. Unlike in many other countries, it is possible to survey the entire population of directors of all public corporations. A special feature of Swedish corporate governance – the presence of union-appointed directors on the board – allows one to investigate role effects and possible consequences of board composition. Because we utilize a universal model of personal values our results are not limited to Sweden, however.

We find support for the existence of shareholderism as a general orientation of siding with shareholders in different situations. Emphasizing power and achievement values and (to a lesser extent) self-direction values and de-emphasizing universalism values may lead to higher shareholderism. These values express the entrepreneurial motivations. Employee representatives exhibit lower shareholderism. Values explain directors' shareholderism above and beyond other personal characteristics, including their role on the board, gender, and age, and are robust to firm-level attributes such as size and performance.

Our study makes several contributions to the research on strategic management and corporate governance. First, we theorize and generate hypotheses about stakeholders in a new theoretical framework with universal applicability. Second, we cover for the first time the entire population of board members in public corporations in a country thus limiting concerns about sample selection. Third, we investigate the top echelon of decision-makers in firms, which has been under-researched notwithstanding its crucial role in strategy formation and corporate governance. Fourth, we assess likely responses to realistic shareholder-stakeholder dilemmas by using vignettes that are based on seminal court cases. Fifth, we provide evidence on likely consequences of employee representation on the board.

## THEORY AND HYPOTHESES

### Background: Values

Because values are pivotal in the present study but may not be familiar to some readers we begin with a brief background. Personal values are abstract desirable goals that serve as guiding principles in peoples' lives (Kluckhohn, 1951; Rokeach, 1973; Schwartz, 1992). Among the numerous psychological factors on which individuals may differ, values emerge as particularly central. Hitlin (2003) argues that values constitute the core of personal identity. Schwartz (2009) proposes that the structure of values may point the way toward a unifying theory of human motivation (see also Hitlin & Piliavin, 2004; Rohan, 2000).

Values differ from other personal attributes in several important ways. First, unlike specific goals or attitudes, that usually refer to specific objects or situations, values transcend specific situations. Thus, for example, striving to pay employees fairly is a specific attitude or goal, whereas concern for social justice is a value. Unlike traits and motives, that may be unconscious, values are represented cognitively in ways that enable people to think and communicate about them (Roccas et al., 2002). Moreover, traits and motives may be either positive or negative. Values, in contrast, are inherently desirable, as they represent what people consider important and worthy (Rokeach, 1973). Finally, values differ from other personal attributes because they are ordered by their subjective importance. They thus form a hierarchy of value priorities: The higher a value in the importance hierarchy, the more likely it is to affect the way people perceive and interpret situations and events, as well as their preferences, choices, and actions (Schwartz, 1992).

To conceptualize and measure values, we use the leading theory of personal values from Schwartz, which has been validated in cross-cultural research in more than 200 samples from over 65 countries (Schwartz, 1992; 2005; Smith, Bond, & Kagitcibasi, 2006). This theory holds that values differ in the motivational goals to which they are directed and distinguishes ten universal basic values. Table 1 provides concise definitions and examples of the ten basic values. While individuals recognize the same system of values, they differ in the *relative* importance they ascribe to different values. All values represent desired goals; however, it is impossible to attain all values at once. Some values are compatible with each other – they reflect compatible motivational goals that could be attained at the same time. Other values conflict with each other – actions that promote one of them are likely to impede the attainment of the other. The dynamic relationships among them can be summarized as two basic conflicts: The first conflict is between openness to change (self-direction and stimulation) and conservation (tradition, conformity, and security) values. The second conflict contrasts self-enhancement (power and achievement) versus self-transcendence (benevolence and universalism) values.

Values affect the way people perceive and interpret situations and events (e.g., Gandal et al, 2005; Sattler & Kerr, 1991; Van Lange & Liebrand, 1989). Consequently, values affect peoples' decisions, choices, and behavior (e.g., Meglino & Ravlin, 1998; Rockeach, 1973; Verplanken & Holland, 2002). Values were found related to creativity (Dollinger, Burke, & Gump, 2007; Kasof, Chen, Himsel, & Greenberger, 2007), reactions to organizational change

(Sverdlik & Oreg, 2009), cooperation versus competition in social dilemmas (Sagiv, Sverdlik, & Schwarz, in press), conflict resolution style (Morris et al., 1998), and more. Importantly, evidence shows that the relations are causal: important values lead to actions consistent with them (Sagiv, Sverdlik, & Schwarz, in press; Verplanken & Holland, 2002).

To see the working of this theory, consider a CEO who has to set a payment policy and mulls over how egalitarian this policy should be. Deciding to pay top executives considerably more than non-managers will express achievement values (that reflect a motivation to exhibit competence and success) and the compatible power values (that reflect a motivation to gain wealth and control). This decision cannot promote – indeed, it blocks – the attainment of equality, which universalism values express. Recall that all values are desirable and are hence of some importance to all people. Thus, the CEO in question most likely cherishes both achievement and universalism values. Yet, in designing a payment system, she has to choose which value to act on. Another CEO, with different value priorities, may reach a different decision, as he gives different weights to these same values.

**Self- and Other-Regarding Values**

Although values play a major role in strategic management (Freeman, Gilbert, & Hartman, 1988), values and related normative concepts feature mostly at the organizational level of analysis. Jones, Felps, and Bigley (2007), for instance, describe a range of organizational stakeholder cultures on a continuum between self-interested and other-regarding poles, which they use to refine stakeholder salience theory from Mitchell, Agle, and Wood (1997). Bosse, Phillips, and Harrison (2008) discuss the extension of fairness perceptions to all stakeholders of the firm. Mitchell, Agle, and Wood (1997) stand out in addressing the individual level. They argue that managerial values concerning self-interest or self-sacrifice may moderate the stakeholder-manager relationship by affecting stakeholder legitimacy. As noted above, empirical evidence on the role of personal values in this respect is scant and undecided.

Self-regarding versus other-regarding motivations map onto Schwartz's self-enhancement/self-transcendence dimension, both conceptually and empirically.[3] Because values are trans-situational criteria that guide people in assessing actions in terms of legitimacy and desirability, they apply not only to one's own actions but also to actions by others, including corporations. It stands to reason that values operate when board members discharge their legal and professional duties (to which we return in detail below). Recall Leblanc and Gillies's (2005) interviewee who said "It's not shareholder value by itself, but includes stakeholder value... You have to weigh these things…" Values, we argue, serve precisely for this weighing of alternative strategies as the standards and criteria mentioned by Lorsch and MacIver (1989) or the constitutive elements of corporate elites' normative belief structures (Fiss & Zajac, 2004). In this view, directors will tend to consider the best interests of the firm and endorse strategies consistently with their values.

A pluralist corporate governance is premised on a view of many societal members as constituencies whose welfare deserves consideration. A broad other-regarding concern for multiple stakeholders is especially reflected in universalism as the motivation to understand, accept, and care for other people (whether familiar or not), humanity, and the environment. It is also consistent (though to a lesser extent) with benevolence, which reflects the motivation to help others in one's in-group. In the corporation, these could be the employees. In the present theory, shareholder wealth maximization is consistent with emphasizing power and achievement values. These values reflect appreciation for wealth attainment and control (power) and for success in competitive settings through hard work, self-challenging, and persistence (achievement). These goals are promoted by a focus on maximization of profits and share price as ostensible indicators for wealth and success. Power, in the sense of control

[3] As the economic literature indicates, all of these motivations comprise one's self-interest; they do not represent deviations from rationality. See Sobel (2005); DellaVigna (2008).

over people and resources, is also reflected in the view of stakeholder value as subordinate to and instrumental for enhancing shareholder value. Crucially, both a stakeholderist and a shareholderist strategy could be in line with a director's self-interest, depending on the values that she holds dear and with which her firm's strategy is consistent. Hence:

*H1: Support for shareholder wealth maximization will correlate positively with power and achievement and negatively with universalism and benevolence value priorities.*

**Entrepreneurial Values**

To better understand the motivations underlying shareholder- and stakeholder-oriented strategies, we advance a new, more general theory linking corporate strategy to the full set of universal values through the notion of entrepreneurship. After identifying the conceptual relationship between entrepreneurship and shareholders' interests, we briefly review the unique qualities that economic thought has identified in entrepreneurs, link these qualities to values, and hypothesize about decisions involving shareholders and stakeholders.

Economic theory often considers firm owners as "entrepreneurs" (e.g., Jensen & Meckling, 1976; Bitler, Moskowitz, & Vissing-Jurgensen, 2005) even though many shareholders are passive portfolio investors and many entrepreneurs do not incorporate firms. Shareholders only have non-fixed claims on the corporation – only a hope to receive dividends or realize capital gains when selling their shares. Coupled with limited liability, this leads shareholders as a constituency to have a particularly strong interest – relative to other stakeholders – that firms take up new projects with uncertain outcomes, as the net rewards accrue to them (Kraakman et al., 2004). As a broad generalization, between venturing and stability, shareholders would prefer the former and other stakeholders – the latter. The key point is that entrepreneurial motivations are most closely aligned with the interests of shareholders.

Entrepreneurship is a rich concept, encompassing entry, innovation, and so forth, by individuals and organizations alike. From among its numerous facets we focus on entrepreneurship as a subjective quality distinguishing entrepreneurial individuals from others. The very contention that there are such distinctive qualities has a respected lineage, partly associated with the Austrian school of economics; it had been contested in the economic literature, but more recently is gaining broad acceptance (see Hébert & Link, 1982; 2009; Mahoney & Michael, 2005; see also Acs & Audretsch, 2003).

Schumpeter (1934: 93-94) put forward the iconic profile of the entrepreneurial spirit:

> First of all, there is the dream and the will to found a private kingdom, usually, though not necessarily, also a dynasty… The sensation of power and independence loses nothing by the fact that both are largely illusions… Then there is the will to conquer: the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself… Finally, there is the joy of creating, of getting things done, or simply of exercising one's energy and ingenuity... Our type [the entrepreneur] seeks out difficulties, changes in order to change, delights in ventures. This group of motives is the most distinctly anti-hedonist of the three.

The Schumpeterian profile, romantic as it may sound, nonetheless captures central aspects of entrepreneurship as a subjective individual quality. Schumpeter underscored the motivations to gain control over resources, to get recognition for success, and to seek the new. Contributions by other prominent economists extended this basic model. Knight (1921) distinguished the willingness to bear uncertainty (and gain rewards for it). Kirzner (1973) emphasized alertness to new opportunities as a special subjective quality. As Kirzner (1999) points out, the Schumpeterian and Kirznerian models may highlight different facets of entrepreneurship but are not inconsistent with one another. "Entrepreneurial alertness, in this essentially uncertain, open-ended, multi-period world must unavoidably express itself in the qualities of boldness, self-confidence, creativity and innovative ability (12)". Lazear (2005) similarly argues that entrepreneurs have a special preference for variety.

A considerable body of empirical work associates entrepreneurship with a range of personal attributes that are compatible with the type suggested by economic theory, including independence, self-efficacy (verging on over-optimism), achievement, conscientiousness (perseverance), openness to experience, and perception (for surveys see Licht, 2007; Santarelli & Vivarelli, 2007; see also Locke & Baum, 2006). Drawing on this literature, Licht (2007) recasts the entrepreneurial spirit in terms of motivational goals in the Schwartz model as one high on power and achievement values and on self-direction and stimulation values. Noseleit (2009), using a large dataset from several countries, finds consistent evidence among European entrepreneurs and non-entrepreneurs (see also Fagenson, 1993).

The conceptual compatibility between entrepreneurial motivations and shareholders' economic interests thus suggests that corporate elite members who hold more entrepreneurial motivations are more likely to adopt shareholder wealth maximization strategies. Shareholder-oriented strategies thus will be associated with openness-to-change values, i.e., self-direction and stimulation.

While the entrepreneurship literature tended to emphasize change, uncertainty, and novelty in entrepreneurial subjective motivations, Schumpeter also pointed to the importance of power and achievement motivations. Schumpeter in fact argued at length that the entrepreneurial type doesn't aspire to accumulate wealth for hedonistic consumption but rather as a symbolic demonstration of power and success. In this context, too, one can see the conceptual link to shareholder-oriented strategy. Maximizing profits and share price, as well as maximizing firm size, are all consistent with the entrepreneurial impulses to "found a kingdom", to "succeed for the sake of success", etc. By construction, sharing the fruits of success among shareholders, employees, consumers, and other stakeholders may promote equality and social justice – thus expressing universalism – but will hamper the firm's ability to "prove oneself superior to others" through higher profits and share price (and it does not matter that these "are largely illusions", as Schumpeter dryly noted).

Our entrepreneurial values theory implies that when board members come to make strategic decisions, they will assess possible lines of actions for the firm in light of conceptually relevant values. This includes the full set of values, on the self-enhancement/self-transcendence and the openness-to-change/conservation dimensions. Directors whose values are more entrepreneurial in the sense just described will more likely emphasize the entrepreneurial aspect of the firm and endorse strategies that benefit shareholders. The present theory thus subsumes hypothesis H1 as set forth above. H1 is therefore reproduced as H2a.[4] The theory also implies that emphasizing self-direction and stimulation on the openness-to-change pole will be associated with shareholders' interest. Hence:

*H2a: Support for shareholder wealth maximization will correlate positively with power and achievement and negatively with universalism and benevolence value priorities.*

*H2b: Support for shareholder wealth maximization will correlate positively with self-direction and stimulation value priorities.*

**Social Roles and the Institutional Setting**

Hypotheses 1 and 2 assert that personal values will predict directors' decisions when faced with shareholders/stakeholders dilemmas. One may wonder whether the very nature of their role – in particular, their legal duties – will not dominate, or trump, any effect their personal values may exert on strategic decisions. This question has theoretical and empirical aspects. Under corporate law in the U.S. (specifically, in Delaware), fiduciary duties are owed to the company as a whole and to shareholders. In conjunction with the business judgment rule this seemingly clear prescription nonetheless provides ample room for

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[4] Note, however, that although H1 and H2a are similar, they derive from different theoretical accounts. The impetus for H1 comes mostly from notions of fairness and equality – namely, universalism – whereas the entrepreneurship account that yields H2a emphasizes achievement and power.

managerial discretion as to how to promote the long-term interests of the firm, including through strategic stakeholder management. Lorsch and MacIver's (1989: 50) study of U.S. directors indeed finds that "their legal mandate often means little in the complex reality of governance." Similarly, in the seminal cases that we draw on, boards have decided in different ways, their decisions have been disputed, and the final dispositions have not been uniform – all indicating that the legal duties have been anything but deterministic.

Swedish corporate law is similar to the law in the U.S. and the U.K. in prescribing that the purpose of business corporations is to generate profits for shareholders. This widely-accepted doctrine is deduced from a provision requiring companies with a different objective to state this clearly in the articles of association (Swedish Companies Act 2005, Ch. 3., Sec. 3). The board of directors has the authority to propose an allocation of profits to the decision of the general meeting and thus controls distribution, including of dividends. Under the listing rules of the Stockholm Stock Exchange, firms with market value higher than SK 3 billion must adopt the Swedish Code of Corporate Governance (Swedish Corporate Governance Board, 2008). This Code focuses on meeting the owners' required return on capital; it does not deal with relations with customers, employees, or the general public. These matters have not been considered part of corporate governance.

We therefore expect Swedish directors to vary in their interpretations of their role and legal duties, similar to their U.S./U.K. counterparts. Because corporate law applies similarly to all firms and board members one can only look for variance in the way board members deal with case-based vignettes. Finding such variance will indicate that they understand their role as allowing for different interpretations within the law of firms' best interests. We expect such variance to correlate with values. It is important, however, to consider situations where conflict and harm to one constituency cannot be readily avoided.

The setting of this study enables us to investigate likely effects of board members' roles (see Jensen & Zajac, 2004) by exploiting externally-induced variability in board composition. Swedish law prescribes for board representation for employees. Employees, through their trade unions, have the right to appoint two directors in companies with more than 25 employees and three directors in companies with more than 1,000 employees. Employee representatives may not constitute a majority on the board. Trade union branches usually appoint representatives for regular workers and for white-collar workers. Employee representatives owe the same legal duties, as regular directors do, to the company as a whole (Victorin, 2000; Levinson, 2001; Carlsson, 2007). Appointed by the board of directors, the CEO is the only senior executive sitting on the board in most listed companies in Sweden, beyond employee representatives. All other board members are non-executive directors appointed by the general meeting; only a few are independent of the major shareholders.

How should the special status of employee representatives affect their decisions? This question actually raises three issues and three respective hypotheses. First, are employee representatives likely to promote employees' interests? The prediction that they will be may seem natural but is not obvious. Employee representatives hold two roles with potentially conflicting allegiances – to employees and to the company, and hence to shareholders. It is hard to generalize, but we conjecture that as a minority within the board employee representatives will feel justified in systematically caring for their constituents.

Second, how would employee representatives deal with non-employee stakeholders such as consumers or the community? When they are relieved from their special allegiance to employees, these directors could behave just like regular ones. We expect the opposite, however – namely, that employee representatives will be more likely than regular directors to support non-employee stakeholders. One reason is that due to selection processes, employee representatives would have subjective qualities that are more conducive to supporting stakeholders – in particular, a compatible value profile. Another reason is that the role of employee representative director more strongly demands the skill of finding merits in and balancing potentially conflicting positions. We therefore expect these directors to exhibit a weaker shareholderist orientation.

Third, does the professional role exhaust the effect of individual qualities or is there room left for values to influence employee representatives' decisions? We expect the latter to be the case. Consistent with our prediction, that the role of regular director will not preclude variability in shareholder/stakeholder dilemmas due to values, we expect that values will predict decisions of *all* board members above and beyond their role. Hence:

*H3a: Employee representative directors will support employee interests.*

*H3b: Employee representative directors will side with non-shareholder constituencies in general more than regular directors.*

*H3c: Values will predict decisions of all board members above and beyond their role.*

## METHODS

### Sample and Data Collection

We identified the entire population of directors, CEOs and vice-CEOs (the equivalent of presidents in U.S. firms) of all publicly-traded firms in Sweden in 2005 using MM Partner, a database containing data on all public and private firms in Sweden and their board members. There were 288 publicly-traded firms listed on the OMX Nordic Exchange and the Nordic Growth Market (NGM) in 2005. These firms had 424 CEOs (including Vice-CEOs) and 1372 resident board members.

We sent the survey questionnaire together with a cover letter from the authors describing the study. In total, we received 502 responses (36.6%) from board members – an unusually high response rate for this type of participants. Of those, 127 were employee representatives (71% male, mean age = 53) and 375 were regular board members (83% male, mean age = 57). We received 126 responses (29.7%) from CEOs and Vice CEOs (96% male, mean age = 51). We received at least one response for 252 of 288 firms (88%). The number of responses per firm varies from 1 to 8. From MM Partner we obtain information on firm size, as measured by the natural logarithm of the book value of assets, profitability, as measured by return on assets, total wage bill, and board size. For directors we obtain the total number of board seats, age, tenure, and position on the board. From Osiris we obtain SIC codes, which we use to determine industry, data on directors' shareholding in the firms on whose boards they sit, data on institutional shareholders, and an Independence Indicator by Bureau van Dijk – an ownership dispersion indicator. From Thomson SDC we obtain data on firms' cross-listing transactions.

**Measures**

*Shareholder and Stakeholder Orientations*

Empirical investigation of managers' support for shareholder versus stakeholder interests ideally would examine managers' actual behavior in real shareholder-stakeholder conflicts. Conducting such an inquiry is virtually infeasible, however. Board minutes rarely record individual votes. Moreover, each organization faces the shareholder/stakeholder dilemmas in different circumstances, making it impossible to compare across organizations should we look at actual behavior. Likewise, lab experiments are irrelevant in this context.

To measure CEOs' and board members' decisions we therefore employ a quasi-experimental approach using vignettes on shareholder-stakeholder conflicts. Vignettes are widely used in social science research (McFadden et al., 2005), and have also been used to gauge managers' ethical values (Barnett & Karson, 1987; 1989). Vignettes provide the researcher "a degree of uniformity and control over the stimulus situation approximating that achieved by researchers using experimental designs" (Alexander & Becker, 1978: 93). When properly used, vignettes can be useful for investigating participants' judgment-making processes and the factors that influence their decision-making (Alexander & Becker, 1978; Barter & Renold, 1999; Finch, 1987). Vignettes should appear plausible and real; they should strike a balance between providing sufficient context while leaving enough room for several reasonable solutions (Barter & Renold, 1999; Wason, Polonsky, & Hyman, 2002).

We take a novel approach by deriving our vignettes from seminal cases from the United States and the United Kingdom. Consultations with several Swedish corporate law professors indicated that these cases would likely be decided similarly in Sweden. Specifically, the first four vignettes are based on the following cases. The fifth one is borrowed from Tetlock (2000). Appendix A presents the vignettes.

1. *Consumers* – Dodge v. Ford (1919) – Thanks to its dominant position in the automobile industry the Ford Motor Company had a very large surplus fund. Henry Ford wanted the firm to use these funds in a way that would benefit consumers (and also employees). In court, he testified: "I only want to make a small profit from my corporation." The court had "no doubt that certain sentiments, philanthropic and altruistic, creditable to Mr. Ford, had large influence in determining the policy to be pursued." The court nonetheless held that "[a] business corporation is organized and carried on primarily for the profit of the stockholders. The powers of the directors are to be employed for that end."
2. *Employees* – Parke v. Daily News (1962) - A U.K. newspaper publishing company suffered substantial trading losses. To avoid further losses, the board decided to liquidate the company's assets and pay its employees and pensioners beyond their legal entitlements in order "to alleviate the suffering and hardship which may occur." The court held that the proceeds should be distributed only to shareholders.
3. *Creditors* – Credit Lyonnais v. Pathé (1991) – MGM was in financial distress following a leveraged buyout. In a famous footnote, the court averred that "at least where a corporation is operating in the vicinity of insolvency, a board of directors is not merely

the agent of the residue risk bearers, but owes its duty to the corporate enterprise." Thus, the board may decline to accept a "fire sale" price for a corporate asset to finance dividends for shareholders, and by avoiding greater leverage – help creditors.

4. *Community* – Shlensky v. Wrigley (1968) – The company that owned the Chicago Cubs baseball club and operated its Wrigley Field stadium refused to approve installation of lights and night baseball because Phillip Wrigley believed that baseball was a day-time sport and that night baseball might have a negative impact on the surrounding neighborhood. The court held for Wrigley notwithstanding lower attendance and financial losses.
5. *Corporate Philosophy* – This vignette asks respondents to indicate which of two corporate philosophies they would support for posting on the firm's website: a monist shareholder-oriented corporate philosophy or a pluralist stakeholder-oriented philosophy.

The vignettes included no reference to their origin nor actual information such as names or industry of the real companies. Consistent with the original cases, each vignette specified two propositions, one favoring shareholders and one favoring the non-shareholder constituency. It deserves emphasizing, that like the original cases, the vignettes represent true dilemmas in that there was no "third way" which would benefit all the parties involved, at least in the long run, or could avoid harm to one of the parties. Such cases might not come up on a daily basis. But it is precisely this quality which makes the original legal cases seminal - because board members, and the courts, were truly between a rock and a hard place. They had to endorse a strategic move that would benefit one party at the expense of the other, while being exposed to potential liability or scrutiny.

For each vignette, participants reported their agreement with each proposition on a 6-point scale ranging from "strongly agree" to "strongly disagree".[5] The corporate governance questionnaire was translated from English to Swedish and then back-translated using native speakers. Discrepancies were clarified by consulting with the authors.

*Personal Values*

To measure personal values we use a Swedish version of the standard 40-item Portrait Values Questionnaire (PVQ) instrument developed by Schwartz (Schwartz et al., 2001; available from the authors). We followed standard procedure to control for differences in scale use when correlating values with external variables we center each individual's scores around their mean (Schwartz, 1992; 2007). Internal reliabilities (alphas) of nine value indexes ranged from .59 to .83. Bearing in mind that values are particularly broad constructs, these reliabilities are well within the range of variation commonly observed for values (Schmitt et al., 1993). The index for tradition exhibited an unacceptable $\alpha = .34$. Tradition nonetheless correlated systematically well in further analyses (see below).

Personal values are best measured by self-reports (Schwartz, 1992). Similarly, behavioral intentions in the face of organizational strategic dilemmas can only be measured by self reports. This inevitably may raise concerns about common method bias. We therefore followed Podsakoff et al.'s (2003) recommendations for minimizing this bias. First, we used temporal and methodological separation of measurement. Participants reported their personal values; they then completed another instrument, which differs from the first in both content and format. Only then, participants were presented with the vignettes, which again differ in both content and format. Second, because all values are inherently desirable and because the 40 portraits in the PVQ scale are well-balanced content-wise, participants were not likely to identify a "consistent" choice in each vignette. Finally, we partialed out

[5] In analyzing the data we reversed the scale so it is more intuitive to the reader.

respondents' general tendency for scale-use, a procedure that further minimizes common method response bias. Taken together, even though values and shareholders-stakeholders choices were both self-reported, a common method bias is not likely.

**Control Variables**

In addition to entering a variable for employee representative position we control for holding a CEO position. We also control for several individual-level variables: age and gender, which related to values (Schwartz, 2007; Schwartz & Rubel, 2005; see also Glen, 1974), length of tenure on the board, and the number of other directorships held by the respondent in public firms. Corporate elites' governance positions may imply different agency contexts and together with demographic characteristics may affect corporate strategy (Jensen & Zajac, 2004). We also control for four firm-specific variables: log of firm size, log of total firm-level wages, profitability, and board size. Firm size could relate to managers' shareholderism stances indirectly, e.g., more consideration of other stakeholders may be required in smaller firms. We use the book value of assets to proxy for firm size. After controlling for firm size, firms' higher expenses on wages may reflect greater importance for labor in the firm. More remotely, it might reflect greater pressure on directors to consider non-shareholder stakeholders. Firm operating performance could affect shareholderism stances since more profitable firms may have more "slack resources" at their disposal for catering to stakeholders (e.g., Waddock & Graves, 1997). We use return on assets to proxy for firm performance. Board size, a much-studied factor in corporate governance research (see Adams, Hermalin, & Weisbach, 2010 for a survey), has been associated positively with the number of social objectives that a firm pursues (Aggarwal & Nanda, 2005; see also Brown, Helland, & Smith, 2006). Table 2 provides summary statistics and correlations, including for our shareholderism index, whose construction we describe below.

## ANALYSIS AND RESULTS

### Shareholderism and Different Stakeholders

We first examine whether the common broad distinction of "shareholders vs. stakeholders" is borne out in our data – whether there is such a thing as shareholderism. Specifically, we examine whether our vignettes represent the same content world, and whether a single dimension can represent a concept of shareholderism. An exploratory factor analysis with oblique rotation (promax) yielded three factors. All but the two creditor items loaded on the first factor, accounting for 32.7% of the variance. These two items loaded on a second factor and were dropped. The two community items loaded on both the first and third factor. Pairs of items measuring the pro-shareholder and pro-stakeholder propositions in each vignettes always loaded on the same factor in opposing directions. The results indicate that board members indeed consider different constituencies as comprising a general category of stakeholders whose interest may be opposed to shareholders' interest. After reversing the pro-stakeholder items so that higher values are more pro-shareholder, we averaged these eight items to construct a shareholderism index. This 8-item index showed satisfactory reliability ($\alpha$=.77). This index captures an ideological continuum about corporate strategy and corporate governance that scholars have assumed for decades and now receives empirical validation for the first time.

We now turn to a detailed investigation of responses to the vignettes. Since Swedish boards are heterogeneous by design, we compare three groups: regular board members, board members who are employee representatives, and CEOs. Figure 1 presents means and standard deviations of participants' responses to the vignettes. The findings reveal that participants form two camps: regular directors' and CEOs' average scores do not differ in order on any item, whereas employee representatives differ from the former two groups on all items. In all four vignettes, employee representative directors favored stakeholders' interests more and shareholders' interests less than did board members of the other two groups, in line with H2b. To confirm this, we conducted a multivariate analysis of variance (MANOVA) with the type of group as the independent variable and the shareholder/stakeholder preferences as the dependent variables. The three groups differed on all but the creditors items (F ranges from 5.74 to 155.48, all $p < .001$). A series of planned contrasts revealed significant differences between the employee representative directors and each of the two other groups for all but the creditors items (t ranges from 2.69 to 18.15, all $p<.01$).

A richer picture emerges from particular cases. When shareholders' interests were contrasted with the interests of employees (Panel A of Figure 1), regular board members and CEOs sided with shareholders whereas employee-representatives sided with the employees, in line with hypothesis H3a. When shareholders' interests were contrasted with the interests of the community (Panel B) and of consumers (Panel C), all three groups favored shareholders' interests, albeit by a significantly narrower margin for the employee representatives. These findings indicate that decisions in shareholders-stakeholders dilemmas are associated with contextual role factors: Board members who are employee representatives may favor all stakeholders more strongly than regular board members and CEOs, in line with hypothesis H3b. At the same time, when the special allegiance to employees is not triggered, *all* board members on average would side with shareholders. An elaborate analysis of these results is relegated to the discussion.

An interesting consensus emerged with regard to the item on a corporate philosophy (Panel D). Members of all three groups *rejected* the shareholder wealth maximization philosophy in favor of posting a multiple-stakeholder philosophy. Employee representatives again sided with the stakeholder view more than the other two groups. Thus, in the mock "actual" decisions, board members largely side with shareholders, but for declaratory purposes they prefer their firm to boast a pro-stakeholder approach.

On the one hand, this finding is consistent with a firm-level study on the objectives stated in the websites of Fortune 500 companies, reported in Agle et al. (2008). In a sample of 100 websites (looking at statements about mission, vision, philosophy, values, etc.), sixty-four endorsed approaches to “maximize the well-being of all stakeholders”; only 10 companies espoused a “pure stockholder” focus and 22 espoused a “legally and ethically bounded” shareholder focus. On the other hand, the dissonance between directors’ preferred public philosophy and their positions in concrete dilemmas extends Fiss & Zajac’s (2004) argument that firms may engage in decoupling by espousing but not implementing a shareholder value orientation. Here, individual directors would have their firm espouse but not implement the opposite stakeholder orientation (see the discussion).

**Shareholderism and Values**

We now turn to testing our hypotheses linking shareholderism to personal values. As a first approximation, Table 2 presents correlations between shareholderism stances and value priorities in our sample. A clear pattern emerges. Board members are more likely to exhibit a shareholderist stance the more they emphasize power and achievement and the less they emphasize universalism and benevolence, in line with Hypothesis H1/H2a. With somewhat lower yet significant correlations, shareholderism correlates positively with self-direction and stimulation and negatively with conformity and tradition, in line with Hypothesis H2b. When we separately looked at the three sub-samples, H1 receives support in all of them but H2b only among employee representative directors. At the same time, regular board members and CEOs score significantly higher on self-direction and stimulation than employee representatives do. We return to this point in the regression analysis.

These findings are generally consistent with the notion that shareholderism goes hand in hand with endorsing more entrepreneurial values. Interestingly, shareholderism exhibits no correlation with hedonism. Pleasure motivations appear to play virtually no role in shaping corporate fiduciaries' stances in shareholder-stakeholder dilemmas. This finding is particularly noteworthy in light of Schumpeter's assertion, that the entrepreneurial self-interest is based on seeking success, etc., and has little to do with hedonistic incentives.

**Testing the Full Model**

Values and roles obviously are not the sole determinants of directors' behavior. We therefore use a regression setting to disentangle their effects and control for other likely influences on shareholder-stakeholder strategy.

Schwartz's model predicts that value priories are linked conceptually and empirically. This feature could cause problems in a regression analysis due to multi-collinearity. We therefore first employed the Stepwise procedure to identify those values that contribute significantly to the regression model. When all values were entered to the stepwise analysis, power, achievement, self-direction, and universalism contributed significantly and were thus included in the regressions below as a baseline. Because many firms have more than one respondent we adjust standard errors for within-firm correlation across directors by clustering them at the firm level. We also use robust standard errors to adjust for heteroskedasticity.

Table 3 presents the regressions in two parts. Table 3A focuses on personal factors. Column 1 shows regression results of shareholderism on the four baseline values. All values exhibit (standardized) coefficients largely equal in size, with the signs predicted by Hypotheses H1/H2a and H2b, in line with the entrepreneurial values theory. This specification alone explains 21% of the variance.

In the next step, we investigate whether shareholderism is particularly pronounced among board members who are simultaneously high on all the motivations that constitute the Schumpeterian entrepreneurial spirit – namely, high power, achievement, and self-direction. To examine this, we constructed an interaction term, which is the product of the average of power and achievement scores times the self-direction score.[6] This entrepreneurship interaction term indeed associates positively with shareholderism (column 2). This term becomes non-significant in the more elaborate specifications, however.

We focus specifically on the role of employee representative and its contribution to explaining shareholderism with a view to testing Hypotheses H3b-c in column 3. Entering a dummy variable for employee representative position (1 = employee representative) yields a negative coefficient indicating that these board members are *in general* less shareholderist than regular board members, in line with Hypothesis H3b. These results indicate that including this board position in the regression addresses an important omitted variable bias. In tandem, power, universalism, achievement, and self-direction continue to predict shareholderism significantly, though less strongly for the latter two values, in line with H3c. We separately confirmed that the F-statistic and R-squared rise significantly with the inclusion of employee representative position. This position explained an additional 16% of the variance beyond values.

Next, we control for several personal attributes: CEO position (1 = CEO), gender (1 = male), age, tenure, and the number of directorships (column 4). Values and holding an employee representative position remain significant predictors for shareholderism. Holding a CEO position does not have a significant role in predicting shareholderism relative to regular directors. Male board members are significantly more shareholderist even while accounting for values, board position, etc. Older directors are less shareholderist than younger ones. Both tenure and the number of directorships associate positively with shareholderism. This is consistent with the idea that shareholders may prefer to nominate shareholderists to more

[6] We use these three values in light of the Stepwise regression results mentioned above. Power and achievement represent the self-enhancement/self-transcendence dimension and self-direction represents the openness-to-change/conservation dimension in the Schwartz model. Subtracting universalism from power and achievement in the interaction term yielded similar results.

boards and to keep them longer on the board. These personal attributes together explain an additional 4% of the variance beyond values and employee representative position.

Some directors may hold shares in the companies on whose boards they sit, which may lead them to develop a more pro-shareholder stance. This may confound the effect of personal values. Moreover, it is plausible that employee representatives hold less equity in the firms on whose boards they sit, such that an employee representative dummy may be picking up the effect of lower equity positions rather than a separate effect of role. Participants do not hold shares in the hypothetical companies they consider in the vignettes, yet when considering a vignette, a director may be influenced by her professional experience, which may include equity holdings. Detailed data on share holdings is available only for a very small number of directors. In most cases, they are only listed as shareholders. We created a dummy variable, which equals 1 if a director is listed as a shareholder in any of the firms on whose board he/she sits. This qualitative variable indicates that the director is exposed to these incentives. Consistent with intuition, this construct correlates negatively with holding an employee representative role ($r = -.19$; $p < .01$). However, it is not significant, and values and role remain significant when controlling for this factor (column 5).

Next, we take another look at the possible relations between values and roles – specifically, whether roles constrain the boundaries for people's values. We exploit the legally-mandated variance in board composition to examine whether holding an employee representative role moderates the effect of values on shareholderism for these directors. Columns 6-9 display results for interaction terms of the four baseline values and the employee representative variable. We enter them in sequence to minimize colinearity problems. All four terms are non-significant. We repeated the exercise with four interaction terms for values and CEO position but obtained non-significant coefficients (not shown). The results indicate that while there may be differences in values between role incumbents on the board, values appear to exert a similar influence on the way all board members approach shareholder-stakeholder issues, which is separate from any effect due to role.

In Table 3B, we test the robustness of the findings to including various industry- and firm-level factors. Columns 1 and 2 extend the investigation of the relations between values and role to the industry level. We first examine whether employee representatives may reflect the position of the union or some average effect of values that could prevail in the industry. We computed the average scores of employee representatives from each industry on the four baseline values and entered these industry-average value scores in a regression. The results, reported in column 1, are not significant. In column 2 we try an alternative approach by controlling for the number of employee representatives per industry in our sample. This construct indirectly controls for cross-industry variation in shareholderism, but the coefficient is not significant. Thus, the evidence shows that personal values of role incumbents matter and are not merely those of the union.

Next, in column 3, we enter firm-level attributes – return on assets, firm size, total wage bill, and board size.[7] All but wage bill exhibit significant coefficients (firm size and board size – at $p<.06$). Directors in larger and more profitable companies tend to be more shareholderist in their attitude. This is generally consistent with our theory and with the Schumpeterian account. Serving on the board of a larger and more profitable firm likely exerts pressure – through informal norms or selection processes (*cf.* Brickson, 2005; 2007) – to increase shareholder value even further. In tandem, sitting on larger boards is associated

[7] For directors who sit on the board of more than one firm in our sample we enter firm-level data of a random firm. As a robustness test we computed and entered the average firm-level characteristics for every director with multiple board seats in our sample. This specification is consistent with the notion that responses to vignettes may reflect the average experience from all the boards on which one sits. We also ran a regression of all director-firm observations in our sample (N=775). This specification might be interpreted as imputing the particular firm-level characteristics to the firms mentioned in the vignettes. The results in both tests were similar to those presented.

with a more stakeholderist approach, in line with the literature mentioned above.[8] Importantly, values and role are robust to the inclusion of these factors.

In the final set of regressions, we examine the robustness of our findings to effects from the business environment and capital markets. In a regression with industry fixed effects, all firm-level controls are non-significant (column 4). Board position and three of the four baseline values retain their significance, with self-direction being even more pronounced. In column 5, a dummy variable equals 1 if the firm is cross-listed on a U.S. or U.K. stock exchange (see Karolyi, 2006). In column 6, a dummy variable equals 1 if a U.S. or U.K. institutional investor is listed among the firm's three largest shareholders. These variables aim to capture a special emphasis on enhancing shareholder value that is often attributed to Anglo-American corporate governance, either when the firm enters those markets or when institutional investors from those markets enter the firm. Neither variable is significant, however. Finally, we enter the Independence Indicator. We converted this indicator from alphabetical to numeral scores such that lower values indicate a more dispersed ownership that should reflect greater independence of a company, and its board, with regard to its shareholders. This variable too is not significant (column 7), while values and role usually remain significant in this set of regressions.

**DISCUSSION**

Ever since the seminal exchange between Dodd (1932) and Berle (1932) over the question "For whom are corporate managers trustees?" much of the debate has assumed that the law can instruct managers whether they should maximize shareholder value or also promote to other stakeholders' interests.[9] In reality, managers are subject to legal duties that are

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[8] Separately, we entered an interaction term of board size and employee representative to see if the latter may be more stakeholderist in larger boards but obtained non-significant results (not shown).

[9] See Bradley, Schipani, Sundaram, & Walsh (1999); Licht (2004) for surveys. For treatments by economists see Adams & Ferreira (2007); Berglöf & von Thadden (2000); Bertrand & Mullainathan (2003); Faleye, Mehrotra, & Morck (2006); Pagano & Volpin (2005).

seemingly clear but nonetheless leave ample room for discretion. We argue that in making such decisions, managers resort to their values – their stable beliefs and goals – as guiding beacons to the right behavior. We show that personal values and roles contribute substantially to predicting shareholderism stances among corporate elite members. These findings lay an individual-level foundation for discussions about firm-level strategy or firm-, or national-level corporate governance policy. Better understanding "what makes a director tick" is essential for such discussions, be they descriptive, instrumental, or normative.

This research contributes to the development of stakeholder theory in several ways. First, we operationalize personal stances on stakeholder issues using a quasi-experimental approach that relies on real court cases. Instead of looking at aggregates of firm-level indicators we look at the individual level of board members. Second, we leverage a theory of values that has been validated to reflect a universal structure of individual values. Thanks to the universality of this analytical framework, the basic findings of this study are generalizable beyond Swedish directors and corporate governance. Third, the present theoretical framework highlights the role of values such as self-direction on the openness-to-change/conservation dimension, which has been overlooked in the literature thus far.

In the absence of better remedies, these days independent directors are regularly touted as panacea to current ills of corporate governance – in particular, the need to monitor corporate insiders. Independence here means lack of material pecuniary or personal linkage to the company and its insiders. The current findings suggest that directors might formally satisfy regulatory criteria for independence but may nonetheless approach strategic issues differently depending on their personal attributes and background (Jensen & Zajac, 2004; Hiller & Hambrick, 2005). Similarly, mandatory employee representation prevails in Europe in various forms. Other corporate governance reforms – e.g., in Norway and Spain –

mandate women's presence on the board. The current results may illuminate the effects of board diversity for strategic management (*cf.* Adams & Ferreira, 2009).

The results from specific vignettes may shed light on the relations between the law and the reality of strategic decision-making in board rooms. When faced with concrete cases, the majority of board members, including employee-appointed directors who are more stakeholderist in general, would act in line with the legal prescription and side with shareholders. In fact, Swedish directors would side with shareholders even in cases where the U.S. court in *Shlensky* allowed them to side with stakeholders (the community). Swedish directors also share the shareholderist stance exhibited by the U.K. court in *Parke* with regard to employees, unlike their counterparts on the board of the Daily News.

But would board members act in line with the law *because* the law says so, yet against their better judgment? As noted, the current setting does not lend itself directly to such inquiry with regard to directors in general because company law applies generally. The votes of employee representative directors may help disentangle some effects, however. Swedish law (like U.S. law) holds employee representatives to the same duties toward the corporation that regular directors owe. These directors, moreover, are not responsible for labor relations in the firm, as this issue is governed by a different law. Perhaps this is why employee representatives did not dismiss shareholders' interest out of hand in the employee vignette. But, in the end, they sided with employees, absent any legal duty to do so and, some would argue, against a duty to do the opposite. The stakeholderist approach that these directors exhibit likely stems from values and from informal, non-legal norms about their role obligations, but not from a legal mandate. The same may hold for board members in general.

The support among board members for adopting a multiple-stakeholder corporate philosophy is in line with findings from U.S. firms' websites (see Agle et al., 2008). Importantly, we find that the tendency to prefer either philosophy varies in conjunction with directors' general shareholderism stance. In tandem, Fiss and Zajac (2004) found that many German firms during the 1990s espoused a shareholder value orientation in their annual reports notwithstanding corporate practice and a legal prescription that the firm be managed for the benefit of multiple stakeholders (*cf.* Westphal & Zajac, 2001). Fiss and Zajac's (2004) and our results together may suggest a "triple decoupling" of legal duty, corporate espousal, and implementation. The present evidence points to the individual-level mechanism that may be driving such decoupling – namely, the values and roles of corporate elite members and to a lesser extent also their demographics. What to make of companies' public statements in this regard remains to be studied.

Whether corporate governance should be monist or pluralist is a well-known theme in debates over stakeholder theory. Jensen (2001: 300) captures the gist of the debate: "Telling a manager to maximise [several objectives] leaves the managers with no objective. The result will be confusion and lack of purpose…" (for a rejoinder see Phillips, Freeman, & Wicks, 2003). Invariably, the single-maximand strategy in this discourse focuses on shareholders. But upon reflection, why wouldn't a single-maximand strategy focus on another constituency – say, employees?[10] This study may not resolve the debate over pluralist corporate governance as a "confusing" paradigm because it presented participants with clear choices (*cf.* Tetlock, 2000). It does, however, suggest why the monist strategy is always shareholder-oriented. Entrepreneurial values engender shareholderism as a conceptually consistent strategy. In contrast, the results show that if one is for employees one is also likely to support other non-shareholder constituencies, consistent primarily with higher universalism.

One might wonder whether values *cause* board members to adopt certain shareholderism stances. If values are endogenous in the above regressions, in the sense that they are correlated with the error term, one cannot give these regressions a causal

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[10] We are grateful to an anonymous referee for raising this point.

interpretation. We nonetheless believe that such an interpretation is plausible. Endogeneity typically arises because of reverse causality or omitted variables. In our context it is difficult to imagine that shareholderism stances would affect values by way of reverse causality. Extant evidence indicates that people's values develop at an early age (Goodnow, 1997; Knafo & Schwartz, 2004), which makes it unlikely for shareholderism to feed back to values.

The variance in value profiles of individuals of different professions may stem from selection (Gandal et al., 2005). Individuals whose value profile is consistent with caring for shareholders or for employees may be more likely to apply to, be nominated for, and retained in the respective positions (see Schneider, Goldstein, & Smith, 1995). Our results support this view with respect to general meetings nominating regular directors and to unions appointing employee representatives. Because employee representative role may be endogenous in that shareholderists may be less likely to be employee representatives, it is necessary to control for the role on the board, as we do. While one might hesitate to infer causality from this particular result, the correlation is interesting as it illuminates possible implications of board composition and especially employee representation.

Even if values are largely predetermined or at least stable, our coefficient estimates could still be biased if there is an omitted variable that is correlated both with values and with shareholderism stances. We made efforts to alleviate this concern by entering a number of control variables. That the value variables retain a significant role in the regressions suggests that values explain shareholderism stances above and beyond observable personal attributes that may be related to values such as gender and age. In fact, the general scheme of these results is consistent with the notion that values are among the channels through which board position, gender, and age exert their influence on directors' shareholderism.

Standard accounts in comparative corporate governance classify the Anglo-American system as shareholder-oriented and Western European systems as more stakeholder-oriented especially with regard to employees (e.g., Bradley et al., 1999; Roe, 2003). Focal policy documents on corporate governance best principles generally endorse shareholder primacy, while acknowledging the interests of other stakeholders (e.g., OECD, 2004). Although the role of cultural orientations in international business is the subject of a large literature (see Leung et al., 2005), little was done to associate culture and shareholderism vs. stakeholderism in national corporate governance systems (see Licht, 2004). As cultural differences are reflected in differences in value priorities, one would expect to see systematic differences among countries also in directors' shareholderism stances. Such research is clearly warranted in light of the movement for corporate governance reform in many countries.

## CONCLUSION

Some ninety years have passed since the Michigan Supreme Court famously admonished Henry Ford and the entire business community for years to come:

> A business corporation is organized and carried on primarily for the profit of the stockholders. The powers of the directors are to be employed for that end. The discretion of directors is to be exercised in the choice of means to attain that end and does not extend to a change in the end itself, to the reduction of profits or to the nondistribution of profits among stockholders in order to devote them to other purposes. (Dodge v. Ford, 1919: 683).
>
> Ford, a quintessential capitalist, thought otherwise:
>
> I don't believe we should make such an awful profit on our cars. A reasonable profit is right, but not too much. I hold that it is better to sell a large number of cars at a reasonable small profit… I hold this because it enables a larger number of people to buy and enjoy the use of a car and because it gives a larger number of men employment at good wages. Those are the aims I have in life (Nevins & Hill, 1957: 97).

Ninety years and reams of paper later, and the likelihood of reconciling these views seems as remote as ever. *Plus ça change, plus c'est la même chose*. The findings of this study suggest that these controversies may never be resolved, as they are rooted in the most basic beliefs that people hold about their goals in life.

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**TABLES**

Table 1. The Schwartz Individual-Level Values and Representative Items

| | |
|---|---|
| Security | Safety, harmony and stability of society, of relationships and of self (family security, national security, social order, clean, reciprocation of favors) |
| Conformity | Restraint of actions, inclinations and impulses likely to upset or harm others and violate social expectations or norms (self-discipline, obedient, politeness, honoring parents and elders) |
| Tradition | Respect, commitment and acceptance of the customs and ideas that traditional culture or religion provide (accepting my portion in life, humble, devout, respect for tradition, moderate) |
| Benevolence | Preservation and enhancement of the welfare of people whom one is in frequent personal contact (helpful, honest, forgiving, loyal, responsible) |
| Universalism | Understanding, appreciation, tolerance and protection for the welfare of all people and for nature (broadminded, wisdom, social justice, equality, a world at peace, a world of beauty, unity with nature, protecting the environment) |
| Self-Direction | Independent thought and action-choosing, creating, exploring (creativity, freedom, independent, curious, choosing own goals) |
| Stimulation | Excitement, novelty and challenge in life (daring, a varied life, an exciting life) |
| Hedonism | Pleasure and sensuous gratification for oneself (pleasure, enjoying life) |
| Achievement | Personal success through demonstrating competence according to social standards (successful, capable, ambitious, influential) |
| Power | Social status and prestige, control or dominance over people and resources (social power, authority, wealth) |

Table 2. Summary Statistics and Correlation Matrix

A. Board Member Variables

| | Variable | Obs | Mean | Std. Dev. | Min | Max | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (1) | Shareholderism | 626 | 4.19 | .95 | 1.00 | 6.00 | | | | | | | | | | | | | | | | | |
| (2) | Conformity | 628 | -.28 | .73 | -2.35 | 1.83 | -.11** | | | | | | | | | | | | | | | | |
| (3) | Tradition | 628 | -1.25 | .60 | -3.1 | .48 | -.11** | .35** | | | | | | | | | | | | | | | |
| (4) | Benevolence | 628 | .56 | .59 | -1.55 | 2.25 | -.18** | -.11** | -.06 | | | | | | | | | | | | | | |
| (5) | Universalism | 628 | .38 | .63 | -1.5 | 2.55 | -.34** | -.16** | -.46 | .34** | | | | | | | | | | | | | |
| (6) | Self-Direction | 628 | .91 | .64 | -1.25 | 2.85 | .20** | -.53** | -.37** | -.04 | -.04 | | | | | | | | | | | | |
| (7) | Stimulation | 628 | -.13 | .86 | -2.65 | 2.55 | .13** | -.44** | -.33** | -.08 | -.10** | .37** | | | | | | | | | | | |
| (8) | Hedonism | 628 | -.03 | .88 | -2.65 | 2.38 | -.00 | -.17** | -.21** | -.15** | -.23** | -.05 | .21** | | | | | | | | | | |
| (9) | Achievement | 628 | .02 | .76 | -2.4 | 2.35 | .34** | -.21** | -.31** | -.33** | -.47** | .11** | .04 | -.06 | | | | | | | | | |
| (10) | Power | 628 | -.44 | .74 | -3.18 | 1.94 | .35** | -.16** | -.15** | -.43** | -.49** | .09 | .02 | .03 | .48** | | | | | | | | |
| (11) | Security | 628 | -.06 | .63 | -2.03 | 1.43 | -.10* | .33** | .18** | -.17** | -.16** | -.40** | -.51** | -.23** | -.13** | -.10** | | | | | | | |
| (12) | Employee Rep. | 628 | .20 | .40 | 0.00 | 1.00 | -.54** | .24** | .05 | .11** | .23** | -.22** | -.21** | .04 | -.28** | -.26** | .16** | | | | | | |
| (13) | Gender | 628 | .83 | .38 | 0.00 | 1.00 | .28** | .10* | .10* | -.21** | -.22** | -.01 | -.05 | -.02 | .10* | .18** | .09* | -.16** | | | | | |
| (14) | Age | 628 | 54.28 | 9.15 | 25.00 | 74.00 | .06 | .04 | .12** | -.03 | -.00 | .02 | -.02 | -.18** | -.04 | .05 | .06 | -.16** | .16** | | | | |
| (15) | CEO | 628 | .20 | .40 | 0.00 | 1.00 | .16** | -.10* | -.00 | -.11** | -.09* | .03 | .01 | -.02 | .15** | .16** | .01 | -.25** | .17** | -.02** | | | |
| (16) | Tenure | 627 | 2.62 | 2.21 | 0.00 | 9.00 | .10* | .03 | .01 | -.01 | .02 | -.00 | -.06 | -.09* | .02 | .06 | .02 | -.03 | .16** | .31** | -.06 | | |
| (17) | # Directorships | 628 | 1.35 | .85 | 1.00 | 7.00 | .22** | -.05 | -.03 | -.05 | -.12** | .07 | .05 | -.01 | .07 | .10* | .01 | -.20** | .05 | .14** | -.02 | .09* | |
| (18) | Equity Holding | 566 | .16 | .36 | 0.00 | 1.00 | .12** | .03 | .06 | -.06 | -.11** | -.01 | -.02 | -.04 | .03 | .08 | .06 | -.19** | .08 | .12** | .08 | .08 | .29** |

**, * significant at 1%, 5%. Value scores are centered around their mean rating across values.

B. Firm Variables

| Variable | Obs | Mean | Std. Dev. | Min | Max | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (1) Return on Assets | 595 | -0.01 | 0.15 | -.123 | 0.36 | | | | | | |
| (2) Total Wage Bill (ln) | 565 | 16.76 | 1.88 | 9.21 | 22.31 | .27** | | | | | |
| (3) Firm Assets (ln) | 595 | 20.46 | 2.03 | 14.62 | 26.09 | .35** | .57** | | | | |
| (4) Board Size | 628 | 8.69 | 2.49 | 3.00 | 15.00 | .13** | .51** | .65** | | | |
| (5) US/UK institutional | 507 | .12 | .33 | 0.00 | 1.00 | .09* | .13** | .11* | .02 | | |
| (6) US/UK cross-listing | 628 | .03 | .16 | 0.00 | 1.00 | .08 | .16** | .14** | .17** | -.04 | |
| (7) Independence indicator | 518 | 2.98 | 2.93 | 1.00 | 11.00 | .04 | .21** | .09 | .09* | -.18** | .04 |

**, * significant at 1%, 5%.

Table 3A. Shareholderism Regressions: Values, Roles, and Other Personal Factors

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| Power (PO) | 0.17** | 0.23** | 0.11* | 0.12* | 0.12* | 0.14** | 0.10* | 0.11* | 0.12* |
| | [0.05] | [0.07] | [0.05] | [0.06] | [0.07] | [0.07] | [0.06] | [0.06] | [0.06] |
| Self-direction (SD) | 0.16** | 0.13** | 0.07* | 0.07* | 0.08* | 0.07* | 0.05 | 0.07* | 0.07* |
| | [0.05] | [0.06] | [0.05] | [0.05] | [0.05] | [0.05] | [0.06] | [0.05] | [0.05] |
| Achievement (AC) | 0.15** | 0.21** | 0.08+ | 0.10* | 0.10* | 0.11* | 0.09+ | 0.09+ | 0.11* |
| | [0.06] | [0.07] | [0.05] | [0.06] | [0.06] | [0.06] | [0.06] | [0.06] | [0.06] |
| Universalism (UN) | -0.18** | -0.18** | -0.15** | -0.12** | -0.14** | -0.12** | -0.11** | -0.12** | -0.15** |
| | [0.08] | [0.08] | [0.07] | [0.07] | [0.07] | [0.06] | [0.06] | [0.07] | [0.06] |
| Entrepreneurship | | -0.12+ | | -0.04 | -0.05 | -0.05 | -0.01 | -0.04 | -0.06 |
| | | [0.08] | | [0.08] | [0.08] | [0.07] | [0.08] | [0.08] | [0.07] |
| Employee rep. (ER) | | | -0.44** | -0.42** | -0.39** | -0.45** | -0.47** | -0.42** | -0.47** |
| | | | [0.08] | [0.08] | [0.09] | [0.11] | [0.12] | [0.09] | [0.10] |
| Gender (male) | | | | 0.16** | 0.16** | 0.17** | 0.17** | 0.16** | 0.17** |
| | | | | [0.08] | [0.08] | [0.08] | [0.08] | [0.08] | [0.08] |
| Age | | | | -0.08* | -0.08* | -0.08* | -0.08* | -0.08* | -0.08* |
| | | | | [0.00] | [0.00] | [0.00] | [0.00] | [0.00] | [0.00] |
| CEO | | | | -0.03 | -0.01 | -0.03 | -0.03 | -0.03 | -0.03 |
| | | | | [0.07] | [0.08] | [0.07] | [0.07] | [0.07] | [0.07] |
| Tenure | | | | 0.07* | 0.07* | 0.07* | 0.07* | 0.07* | 0.07* |
| | | | | [0.01] | [0.02] | [0.01] | [0.01] | [0.01] | [0.01] |
| # Directorships | | | | 0.10** | 0.10** | 0.10** | 0.10** | 0.10** | 0.09** |
| | | | | [0.03] | [0.03] | [0.03] | [0.03] | [0.03] | [0.03] |
| Equity holding | | | | | -0.01 | | | | |
| | | | | | [0.09] | | | | |
| PO*ER | | | | | | -0.05 | | | |
| | | | | | | [0.09] | | | |
| SD*ER | | | | | | | 0.02 | | |
| | | | | | | | [0.13] | | |
| AC*ER | | | | | | | | 0.02 | |
| | | | | | | | | [0.12] | |
| UN*ER | | | | | | | | | 0.08 |
| | | | | | | | | | [0.12] |
| Observations | 626 | 626 | 626 | 626 | 564 | 626 | 626 | 626 | 626 |
| R-squared | 0.21 | 0.21 | 0.37 | 0.41 | 0.41 | 0.42 | 0.42 | 0.41 | 0.42 |

Dependent variable: shareholderism stances (higher scores reflect higher shareholderism). Standardized beta coefficients. Robust standard errors, clustered at firm level, are in brackets. **, *, + significant at 1%, 5%, 10%.

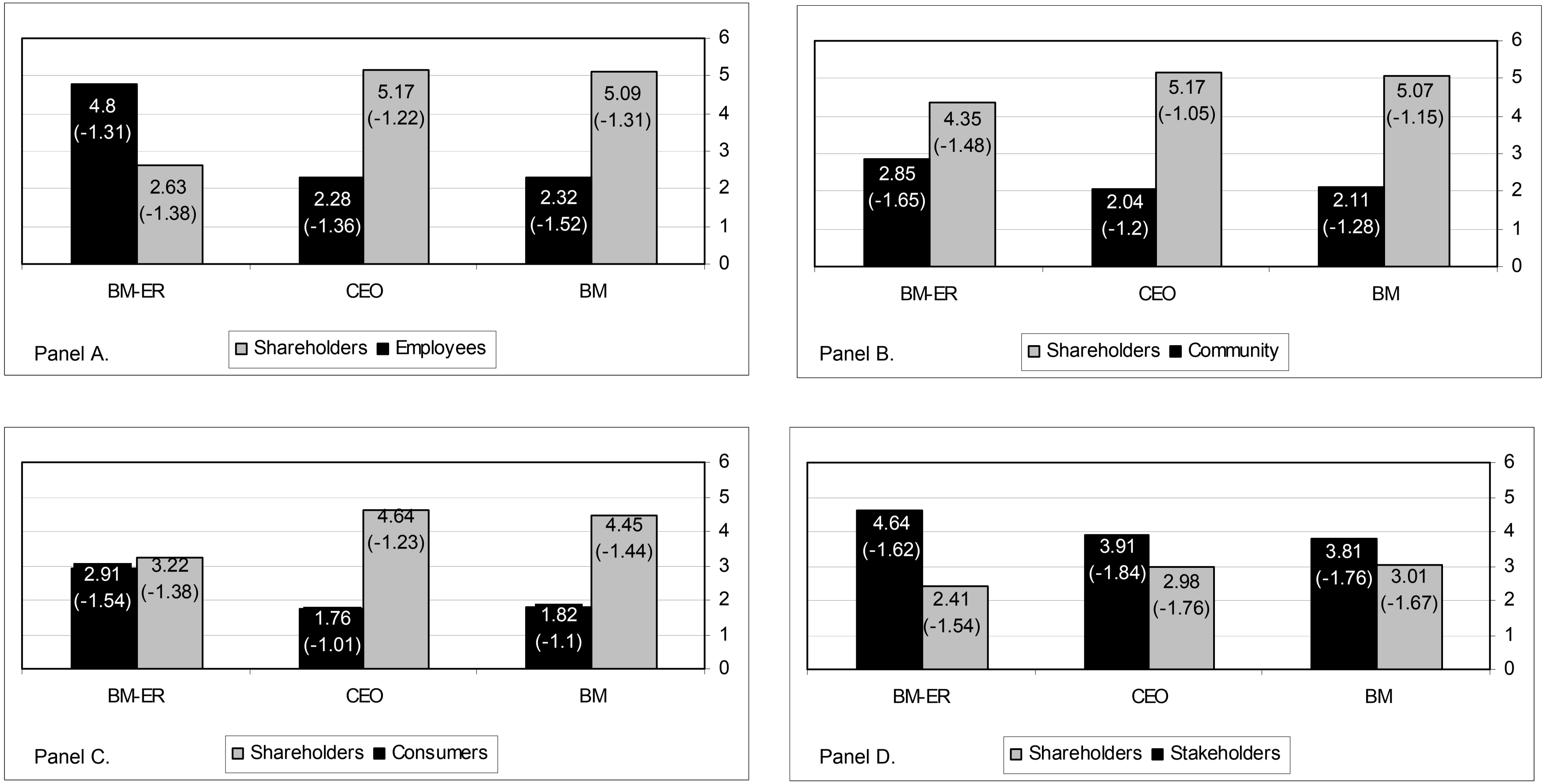
Table 3B. Shareholderism Regressions: Values and Roles, with Industry and Firm Factors

| | (1) | (2) | | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|---|
| Power (PO) | 0.16** | 0.12* | | 0.12* | 0.13* | 0.12* | 0.12* | 0.13* |
| | [0.07] | [0.06] | | [0.07] | [0.07] | [0.07] | [0.07] | [0.08] |
| Self-direction (SD) | 0.09* | 0.07* | | 0.08* | 0.12** | 0.08* | 0.08* | 0.07+ |
| | [0.05] | [0.05] | | [0.05] | [0.06] | [0.05] | [0.06] | [0.06] |
| Achievement (AC) | 0.09+ | 0.10* | | 0.10* | 0.08 | 0.11* | 0.09 | 0.11* |
| | [0.06] | [0.06] | | [0.06] | [0.07] | [0.06] | [0.07] | [0.07] |
| Universalism (UN) | -0.12* | -0.12** | | -0.11* | -0.11* | -0.11* | -0.12* | -0.13* |
| | [0.07] | [0.07] | | [0.07] | [0.08] | [0.07] | [0.09] | [0.08] |
| Entrepreneurship | -0.06 | -0.04 | | -0.04 | -0.05 | -0.04 | -0.02 | -0.06 |
| | [0.08] | [0.08] | | [0.08] | [0.09] | [0.08] | [0.09] | [0.09] |
| Employee rep. (ER) | -0.42** | -0.42** | | -0.41** | -0.41** | -0.41** | -0.41** | -0.38** |
| | [0.09] | [0.08] | | [0.10] | [0.11] | [0.10] | [0.10] | [0.11] |
| Gender (male) | 0.17** | 0.17** | | 0.18** | 0.16** | 0.18** | 0.16** | 0.17** |
| | [0.08] | [0.08] | | [0.09] | [0.09] | [0.09] | [0.09] | [0.10] |
| Age | -0.07* | -0.08* | | -0.07* | -0.07+ | -0.07* | -0.05 | -0.07+ |
| | [0.00] | [0.00] | | [0.00] | [0.00] | [0.00] | [0.00] | [0.00] |
| CEO | -0.03 | -0.03 | | -0.05 | -0.04 | -0.05 | -0.02 | -0.02 |
| | [0.08] | [0.07] | | [0.08] | [0.08] | [0.08] | [0.08] | [0.08] |
| Tenure | 0.06+ | 0.07* | | 0.02 | 0.03 | 0.02 | 0.00 | 0.03 |
| | [0.02] | [0.01] | | [0.01] | [0.02] | [0.01] | [0.02] | [0.02] |
| # Directorships | 0.06+ | 0.10** | | 0.08* | 0.06+ | 0.08* | 0.05 | 0.07+ |
| | [0.04] | [0.03] | | [0.03] | [0.03] | [0.03] | [0.04] | [0.04] |
| PO industry avg. | 0.03 | | Return on assets | 0.06* | 0.03 | 0.06* | 0.06* | 0.07* |
| | [0.11] | | | [0.16] | [0.19] | [0.16] | [0.17] | [0.17] |
| SD industry avg. | -0.03 | | Firm wage bill (ln) | -0.01 | -0.01 | -0.01 | 0.00 | 0.01 |
| | [0.09] | | | [0.02] | [0.02] | [0.02] | [0.02] | [0.02] |
| AC industry avg. | 0.02 | | Firm assets (ln) | 0.09* | 0.08 | 0.09* | 0.10* | 0.09+ |
| | [0.12] | | | [0.02] | [0.03] | [0.02] | [0.02] | [0.02] |
| UN industry avg. | 0.02 | | Board size | -0.10* | -0.08 | -0.10* | -0.13** | -0.13** |
| | [0.15] | | | [0.02] | [0.02] | [0.02] | [0.02] | [0.02] |
| # Reps. in industry | | -0.02 | Industry fixed effects | | yes | | | |
| | | [0.00] | | | | | | |
| | | | US/UK cross-listing | | | -0.01 | | |
| | | | | | | [0.15] | | |
| | | | US/UK institutional | | | | 0.01 | |
| | | | | | | | [0.10] | |
| | | | Independence indicator | | | | | -0.03 |
| | | | | | | | | [0.01] |
| Observations | 544 | 626 | | 564 | 552 | 564 | 457 | 465 |
| R-squared | 0.42 | 0.42 | | 0.43 | 0.48 | 0.43 | 0.44 | 0.44 |

Dependent variable: shareholderism stances (higher scores reflect higher shareholderism). Standardized beta coefficients. Robust standard errors, clustered at firm level, are in brackets. **, *, + significant at 1%, 5%, 10%.

# FIGURES

## Figure 1. Responses to the Vignettes



## Appendix A

### Corporate Governance Scenarios

Please consider the following stylized scenarios and respond to the questions.

Corporation F is a manufacturer of consumer goods. Despite considerable competition, Corporation F is a highly profitable company thanks to patented technology and manufacturing know-how. In recent years, the company has been paying out only small amounts as regular dividends. The company now contemplates ways for using its very high capital surplus.

Suppose you are a director in F. To what extent would you agree with the following propositions?

| The company should… | **Strongly Agree** | **Moder-ately Agree** | **Slightly Agree** | **Slightly Disgree** | **Moder-ately Disgree** | **Strongly Disagree** |
|---|---|---|---|---|---|---|
| reduce the price of its products to benefit consumers. | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| distribute virtually all of its undistributed profits to its shareholders. | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

Corporation D has a loss-making business in the mass media market. Although it has a well-known brand name, D's production technology is now obsolete and its workers are relatively old. The only way to avoid further losses is to cease operations and wind up the company, in which case a substantial amount of proceeds will remain after creditors were paid and workers received their legal severance payments.

Suppose you are a director in D. To what extent would you agree with the following propositions?

| After ceasing operations and satisfying legal financial obligations, the company should… | **Strongly Agree** | **Moder-ately Agree** | **Slightly Agree** | **Slightly Disgree** | **Moder-ately Disgree** | **Strongly Disagree** |
|---|---|---|---|---|---|---|
| distribute all the remaining proceeds as dividend to its shareholders. | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| devote half of the balance to its workers, in proportion to their service in D, to alleviate their hardship. | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

Corporation M conducts business in the entertainment industry through several wholly-owned profitable subsidiaries. The company manages to service its debt but its financial situation is tight. Corporation M learns that the vast majority of its shareholders, holding over 98% of its shares, are in need for cash.

Suppose you are a director in M. To what extent would you agree with the following propositions?

| The company should… | **Strongly Agree** | **Moder-ately Agree** | **Slightly Agree** | **Slightly Disgree** | **Moder-ately Disgree** | **Strongly Disagree** |
|---|---|---|---|---|---|---|
| sell one of its subsidiaries for a "firesale" (very low) price to finance a dividend distribution to its shareholders notwithstanding the risk of financial default. | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| avoid any kind of distribution to shareholders as long as the company is in the vicinity of insolvency. | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

Corporation C operates a large recreation center in an urban area, which is open until 7 pm. Even though longer opening hours are now industry standard and would be profitable, the company has opted against it in order to preserve the character of surrounding neighborhoods. One of C's shareholders calls for changing this policy to increase profits.

Suppose you are a director in C. To what extent would you agree with the following propositions?

| The company should… | **Strongly Agree** | **Moder-ately Agree** | **Slightly Agree** | **Slightly Disgree** | **Moder-ately Disgree** | **Strongly Disagree** |
|---|---|---|---|---|---|---|
| open its center for as many days and hours as is financially profitable. | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| adhere to its current policy on hours of operation. | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

Corporation X is considering updating its website. A consultant proposes to post one of the following statements under "Corporate Philosophy" as a statement from the board of directors. Suppose you are a director in X. To what extent would you agree with the following propositions?

| The company should adopt the following statement as its corporate philosophy and post it on its website. | **Strongly Agree** | **Moder-ately Agree** | **Slightly Agree** | **Slightly Disgree** | **Moder-ately Disgree** | **Strongly Disagree** |
|---|---|---|---|---|---|---|
| "We believe that our corporation should have one overriding purpose – to create value for shareholders. If every corporation were faithful to this mission, as we are, the net long-term result would be a vibrant economy that produces the greatest prosperity for the greatest number." | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| "We believe that our corporation should strive to achieve a variety of sometimes conflicting goals. These include providing competitive returns to shareholders, ensuring fair treatment of employees, behaving responsibly towards customers, maintaining good relationships with suppliers and local communities, and pursuing reliable social and environmental policies. If every corporation were faithful to these multiple missions, as we are, the net long-term result would be a fundamentally more decent and just society." | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

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