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Outline of the lecture “Governance of Western Corporations “

The lecture will start by pointing the growth of Western corporations in terms of number and size. Their increase in size has implied that owners have difficulties to manage these entities. As a result corporations are increasingly headed by employed executives to whom owners have delegated the managerial tasks. This transformation is analysed by agency theory focusing on the relationship between owners and executives.

With the described points of departure the lecture will focus on three forces of governance for corporations: legislators, market actors and scrutinizers (auditors, media and non-government organizations (NGOs)). A second section of the lecture will discuss how these actors govern corporations through rules, role models and norms: It will be pointed out that this is happening directly in an interaction between the governing bodies and corporations, respectively as well as, in times of deregulation, indirectly from legislators through market actors and scrutinizers.

A third section of the lecture will point to the effects of governance pressures on executive behaviour. Earlier studies have thus shown how executives face a continuous stream of events that leads to very fragmented working days. More recent studies show that this state of affairs has changed in a way that gives executives longer periods of undisturbed times. An important explanation for this change appears to be the creation of boundary spanning units that protect executives from short term disturbances.

A fourth part of the lecture will then discuss the role of boundary spanning units in corporations. Such units are designed to handle the corporate relations to legislators, markets actors and scrutinizers. They are dealt with by means of persuasion, promotion and protection, respectively. In this way corporations are speaking back to governing bodies.

A fifth part will point to the fact that corporations not only use internal units but also take advantage of intermediaries, i.e. organizations that provide various kinds of advisory services to corporations. These include different types of consultants both internally oriented (organization consultants, productivity consultants, organization development consultants, etc.) as well as externally oriented consultants (strategy consultants, investment bankers, accounting firms, etc.). The intermediaries also include various types of Corporate Interest Organizations (industry organizations, standardising organizations, executive organizations, etc.). It is also pointed out that experts in boundary spanning units, and intermediaries often share a common background and in this way become communities of practice.

A final part of the lecture will pull the arguments together and summarize the main arguments of the lecture.