Corporate Governance
An International Review

Call for Papers
Corporate Governance: An International Review
Special Issue on
"Ownership and Corporate Governance across Institutional Contexts"

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BACKGROUND

Ownership is the foundation of corporate governance (Zattoni, 2011), as "no firm exists without owners and the property rights allocated to these owners" (Aguilera & Crespí-Cladera, 2016: 50). In the last several decades, the ownership fabric of corporations has undergone a profound transformation (e.g., Kahle & Stulz, 2017). Individual investors, entrepreneurs and their families, the once ubiquitous owners (Rydqvist, Spizman, & Strebulaev, 2014), along with corporate investors, governmental ownership, and foundations, have been joined by a cornucopia of organizational shareholders, such as public and private pension funds, union-, mutual-, and hedge-funds, exchange-traded funds (ETFs) and sovereign wealth funds (SWFs). Globally, investment assets under management exceeded $80 trillion in 2016 (Kelly, 2017), fueling corporate governance and performance pressures on investment companies.

The purpose of this special issue forum is thus to encourage integrative research on corporate ownership and how changes in corporate ownership composition affect corporate governance, as well as to facilitate cross-fertilization of ideas across research streams and communities traditionally focused on different institutional contexts. In particular, we are interested in how the now more heterogeneous corporate ownership structures affect corporate governance mechanisms and their effectiveness in different countries.

Empirical evidence underlines the wide diversity of individual and organizational ownership with respect to the type, such as founder, family, corporate, governmental and institutional (Aguilera et al., 2015; Tihanyi et al., 2019; Thomsen & Pedersen, 2000; Wood & Wright, 2015), portfolio characteristics of the investor (Bushee, 1998; Goranova, Dharwadkar, & Brandes, 2010), activism propensity (Goranova et al., 2017), or the country of institutional origin (Kavadis & Castañer, 2014; La Porta et al., 1998; Zattoni & Judge, 2012). Furthermore, prior research finds that different types of organizational owners differ in their monitoring effectiveness (Davis & Kim, 2007; Hoskisson et al., 2002) and in their pursuit of financial versus non-financial goals (e.g., Gómez-Mejía et al., 2007).

Therefore, it is important to study and understand the implications of heterogeneous shareholders with broadly speaking different interests, views, and priorities with respect to corporate governance mechanisms. For instance, what are the consequences for corporate governance structures and policies (board composition, CEO compensation, selection, and discretion, board dynamics, and shareholder activism) of the simultaneous presence of different organizational ownership types, such as institutional investors and families for instance (e.g., Kavadis & Castañer, 2015)? How do organizational blockholders cope with significant goal divergence? Furthermore, how could contemporary governance mechanisms effectively manage the potentially conflicting goals and expectations of a firm's different shareholders?

Moreover, differences in terms of the institutional context from which shareholders originate have been shown to affect governance issues, such as the focus on shareholder value maximization (Fiss & Zajac, 2004) and the use of independent auditors (Desender et al., 2016), as well as organizational structure (Zattoni, 1999), corporate refocusing (David et al., 2010; Kavadis & Castañer, 2014), restructuring (Ahmadjian & Robinson, 2001; Kavadis & Castañer, 2015), and internationalization (Filatotchev, Stephan, & Jindra, 2008).

The increasing presence of different types of global organizational owners has not only promoted convergence in corporate governance practices, but has also contributed to tensions between companies and owners with different countries of origin (Ahmadjian & Robins, 2005). Extant research shows that despite the process of governance convergence, differences remain (e.g., Aguilera & Jackson, 2003; 2010; Berry, Guillén, & Zhou, 2010; Fainshmidt et al., 2018; Ghemawat, 2005; Hall & Soskice, 2001; Kavadis & Castañer, 2019; Witt et al., 2018; Zattoni & Minichilli, 2009). Given this global persistence of institutional heterogeneity in terms of corporate governance, questions arise about the consequences of greater internationalization of corporate ownership for corporate governance mechanisms and their effectiveness. Will there be a global convergence in corporate governance to a unique worldwide model and which one? Will the relative importance of different origins of investment funds determine it?

Many corporate governance prescriptions emanate from the U.S. context, with the predominant focus on agency problems (e.g., Dalton et al., 2007; Jensen & Meckling, 1976). The benefits of ownership concentration, a remedy of the separation of ownership from control (e.g., Berle & Means, 1932) via enhanced monitoring of corporate executives (e.g., Amihud & Lev, 1981; Bebchuk, Brav, & Jiang, 2015), however, may not be uniformly beneficial. Instead, in other institutional contexts, principal-principal problems, or the pursuit of the interests of blockholders to the detriment of the interests of other (minority) owners (e.g., Chang, 2003; La Porta et al., 1998) take precedence. Global investment flows, as well as the rise of professionalization, raise the question whether such problems are orthogonal or complementary (Goranova & Ryan, 2014). Complexities such as pressure sensitivity (e.g., Brickley, Lease, & Smith, 1988), investments in competing firms (Azar, Schmalz, & Tecu, 2018; Connelly et al., 2019), and exposure to agency problems at the investor level (Bebchuk, Cohen, & Hirst, 2017), raise the question about the 'balance' of power among different owners. Would asymmetries among owners harm certain investors, raising policy questions in terms of investor protection (e.g., Cuomo, Zattoni, & Valentini, 2013)?

Against the background of ownership heterogeneity and change, new theory building and testing seems increasingly necessary to understand their implications for corporate governance.

TYPES OF SUBMISSIONS SOLICITED

To address the theoretical, managerial, and policy challenges that ensue from global trends of changing ownership structures (including the oftentimes observed growing heterogeneity) and their effects on governance, and so advance the field, we invite scholars to reflect, theorize and apply rigorous methodological approaches to answer a number of related questions. For example:

1. Ownership heterogeneity and corporate goals

- How does the relative presence of different owners' types and institutional origins shape corporate goals?
- How do boards of directors cope with and balance the interests of heterogeneous shareholders?
- How do top executives relate to heterogeneous shareholders, particularly, when these shareholders have conflicting objectives?

2. Ownership heterogeneity and corporate governance policies and practices

- How do shareholders originating from traditional principal-agent contexts affect corporate governance in countries with predominant focus on principal-principal problems, and vice versa?
- How do different types of owners and/or from different institutional environments get board representation? If so, how do they behave in the board?
- How does ownership heterogeneity affect board structure and board functioning?
- When and to what extent do the presence, objectives and values of different types of owners – family, corporate, public and pension fund, mutual fund, index funds, exchange traded funds, hedge funds, union funds, sovereign wealth funds, foundations and governmental ownership (whether at local, regional, state or supra-national level) – create governance challenges or benefits governance? Scholars may delve into questions related to a variety of governance issues, ranging from director ownership and compensation structure to overall corporate pay disparity, gender equality and corporate social responsibility. How do conflicting shareholder interests affect the ability of board of directors to monitor, remunerate, attract, retain or fire chief executive officers?
- Do different types of owners differ in their view of the board role, monitoring orientation and preferences for distinct control mechanisms?
- How do institutional investors' diversification and portfolio complexities affect corporate governance of portfolio firms? For example, recent research has highlighted the portfolio implications of shareholders investing in competing firms, but we have limited understanding of such investors' impact on corporate governance of investee firms.
- Which configurations of ownership types are conducive to beneficial shareholder activism?

- How do boards and CEOs cope with a mix of passively and actively trading investors, particularly if they differ in terms of their views on and interests in executive compensation, corporate strategy and operational performance, support for managerial proposals, and dividend and stock-buyback practices?
- How does institutional ownership diversity affect the influence of ownership concentration (i.e., the presence of block holders)? How does it impact the prevalence of agency problems vis-à-vis principal-principal expropriation?
- How does ownership re-concentration in the hands of institutional investment intermediaries affect agency chains and agency problems? Specifically, does ownership re-concentration impact the role of the board as a monitoring device (as opposed to other tasks) and the way executive compensation packages are structured?

3. Ownership heterogeneity across institutional environments, industries, and corporate forms and structures

- Do certain industries and countries attract particular types of owners or shareholders from specific institutional origins?
- What are the determinants of weaker (stronger) corporate ownership heterogeneity in different countries?
- How does the influence of ownership heterogeneity vary between privately-held and publicly traded corporations? To what extent are these differences a result of institutional differences across countries of incorporation?
- How do different types of owners interact to shape governance policies at the institutional level?
- Are there differences in behavior (corporate governance requests) between active institutional investors, passive investors such as index-funds, and more entrepreneurial investors, such as hedge funds across institutional environments?
- How do different types of corporate ownership structures (e.g., business groups, joint ventures, benefit corporations) impact the influence of ownership type heterogeneity on corporate governance? What are the mechanisms through which influence is exercised? Do investors' alliances with other shareholders or officers and directors facilitate or curtail corporate governance practices?
- How do ownership types and institutional diversity affect governance policy (hard and soft law) in different countries? For example, whereas an increase of (mostly Anglo-American) institutional ownership coincided with an improvement in capital market transparency and other changes in hard and soft law in several European countries to make the financial environment in those countries more conducive to "investor capitalism", do other types of owners, such as SWFs, promote similar or other types of changes, and if so, in what direction?

These questions are suggestive and not exhaustive.

Given that the tradition of CGIR is to welcome a wide variety of theoretical perspectives and methodological approaches, we will consider a large spectrum of theoretical and empirical work drawing from different disciplinary backgrounds and employing different methodologies.

TIMELINE AND SUBMISSION PROCESS

The deadline for submissions is November 30, 2020. Late submissions will not be accepted. In accordance with CGIR's values, we seek research that is both rigorous and relevant to practitioners and/or policy-makers. Since the overarching mission of the journal is to develop a global theory of corporate governance (Judge, 2010; Zattoni & Van Ees, 2012), multi-country examinations of the effects of heterogeneity and changes in ownership structures on the internal governance arrangements of firms in a variety of countries are particularly welcome. Both national and multi-national examinations will be considered.

All submissions must be uploaded to the Manuscript Central/Scholar One website (https://mc.manuscriptcentral.com/cgir) and indicate that the manuscript is intended for this special issue. The CGIR Author Guidelines must be followed. Submissions that do not adhere to the contributor guidelines will be returned to the authors. Papers will be subject to the CGIR standard double-blind reviewing process.

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