Routledge Studies in Corporate Governance

CORPORATE GOVERNANCE IN ACTION

REGULATORS, MARKET ACTORS AND SCRUTINIZERS

Edited by
Lars Engwall

ROUTLEDGE

Corporate Governance in Action

Over time we have seen large corporations, in many cases with multinational operations, begin to play an increasingly significant role in modern society. This in turn has put the governance of these corporations into focus.

Against the this background, *Corporate Governance in Action* helps provide a framework for examining corporate governance through a focus provided by external pressures on large corporations. It also brings together the approach of economics and finance with theories in organization studies, such as aspects of resource dependency theory. This framework takes into consideration not only the market relations of modern corporations but also their dependence on regulators and different kind of scrutinizers.

This thoughtful book is a complete research guide that provides a new understanding and applicable framework for advanced students, academics and researchers in the area of corporate governance and the related disciplines.

Lars Engwall is Professor Emeritus at Department of Business Studies, Uppsala University, Sweden.

Corporate Governance in Action

Regulators, Market Actors and Scrutinizers

Edited by Lars Engwall

Routledge
Taylor & Francis Group
NEW YORK AND LONDON

Contents

Preface

This monograph is an illustration of the long-term character of scientific work. Basically, it is the result of the research program "Global Enterprises and Mediators in Society" (GEMS) funded by the Bank of Sweden Tercentenary Foundation. However, this project in turn is clearly based on the earlier research programs "European Management and Organization in Transition" (EMOT; 1991–1997) with support from the European Science Foundation, the Creation of European Management Practice (CEMP; 1997–2001) funded by the European Union and "Transnational Governance and the Transformation of States" (TREO; 1995–1999) funded by the Swedish Research Council. The final analysis and writing up of the project had support from yet another project funded by the Swedish Research Council on Roles of Corporations in Global Society. All these projects have aimed at a better understanding of the role of various management principles in modern society.

GEMS itself was a five-year research program, involving a dozen researchers, that has produced four Ph.D. dissertations and a large number of other publications. This volume is an effort to bring the research results together. We have worked with what we describe as a networked approach to research. Individual projects have pursued specific agendas and research questions, yet we have coordinated the projects through frequent meetings throughout the project. In these sessions, our common questions have been continually reiterated and developed, and following revisions, the individual projects have developed. For example, after our initial studies the role of the media became increasingly important for the project, and new subprojects were launched that revolved around the creation of business news.

We acknowledge the financial support for the research with gratitude and wish to express our deep appreciation to colleagues in the Department of Business Studies at Uppsala University as well as in our international network for continuous stimulating exchanges. We are also very grateful to Donald MacQueen for assisting us in the language editing of the text.

1 Resituating Corporate Governance

Lars Engwall, Jaan Grünberg, Josef Pallas, Kerstin Sahlin, Linda Wedlin, Stefan Arora-Jonsson, Helena Buhr, Katarina Buhr, Magnus Frostenson, Ingemund Hägg, Laurence Romani, Lars Strannegård and Karolina Windell

Introduction

Corporate governance has become a widely discussed and researched area in the recent decades (cf., e.g., Shleifer and Vishny 1997; Fligstein and Choo 2005; Wright et al. 2013; McGahan 2014). Often these discussions and research have been, and still are, concentrated on a few well-established mechanisms (e.g., incentive systems), on regulation (e.g., financial markets frameworks) and on particular actors (e.g., investors)—i.e., a strong focus on the financial aspects. In an effort to add to the earlier discourse, the present volume aims to provide an understanding of the governance of business corporations that includes institutions and processes beyond those that are generally denoted as corporate governance. In this way we are responding to the call from Tihanyi, Graffin and George (2014: 1539)

> to consider emergent, contextual trends that are reshaping . . . governance in organizations [by broadening] conceptions of governance [thereby raising] new research avenues on the effectiveness and efficiency of nongovernmental organizations, governmental bodies, proprietorships, and other forms in the creation of value through the deployment of organizational resources.

Our effort draws inspiration from the insights of the early management and organizational scholars who showed that understanding organizations entailed looking beyond the formal organization and pointed to how organizations functioned in action (Gouldner 1954; Dalton 1959; Thompson 1967). In this way, we offer an analysis of governance that includes considerable institutional complexity and ambiguity, as well as the actions and efforts to handle and contain such complexity and ambiguity.

In the following, we will first provide a brief overview of extant approaches. We will then discuss three significant changes that we consider to be important reasons for developing a broader framework for the analysis of corporate governance landscape. In a subsequent section, we will illustrate, by means of three empirical cases, how these changes have put new demands on the analysis of corporate governance. Against this backdrop, we then briefly summarize our proposed approach, which will be more extensively presented in Chapter 2. Finally, in this chapter, we will recapitulate the contents of the book.

Extant Approaches

Theoretical considerations concerning corporate governance were long the domain of legal theorists. Such models sprung from the formulations of corporate law in the nineteenth century. The twentieth century saw the arrival of economic theories of corporate governance. Although some of the early work was in the area of institutional economics (e.g., Veblen 1899 and 1904), in the latter part of the last century, the financial conception of corporate governance had become dominant. In such models and theories, the issue of corporate governance is often seen as a matter of the interplay between owners and managers (see, e.g., Alchian and Demsetz 1972; Fligstein 1990; Keasey, Thompson and Wright 1997; Barca and Becht 2001; Carlsson 2001). Some others have instead chosen to focus on the relations between corporations and their various stakeholders (see, e.g., Freeman 1984; Aoki, Gustafsson and Williamson 1990; Freeman et al. 2010). However, a problem with this approach is the definition of stakeholders. Freeman et al. 2010: 208) thus point out that the common definition of stakeholders is too inclusive:

> Indeed, on this definition, one could imagine virtually anyone, or any organization . . . Given such a wide view of what the term might mean, the notion of stakeholder risks becoming a meaningless designation. If all are stakeholders, then there is no point in using the term.

More recently alternative approaches have started to appear, as demonstrated by the contributions in the handbook by Wright et al. (2013) and a textbook (Goergen 2012) that includes a chapter on gatekeepers—i.e., financial analysts, credit rating agencies, corporate governance rating agencies, etc. However, the focus is still on the financial aspects of corporate governance.

A stream of writings by organizational scholars interested in the diffusion, variation and adoption of governance practices across areas and settings has also opened avenues for more institutionally inspired models of corporate governance (cf., e.g., Fiss 2008; Tihanyi, Graffin and George 2014). Such studies have covered issues such as governance processes of boards of directors (McNulty and Pettigrew 1998; Cowen and Marcel 2011), the political dynamics surrounding CEOs (Ocasio 1999; Zhang and Wiersema 2009; Gomulya and Boeker 2014) and the decoupling associated with the spread of governance mechanisms (Zajac and Westphal 1995). Studies focusing on the diffusion of corporate governance practices have shown how these are significantly embedded in normative and cultural values and framings. For instance, Davis and Greve (1997), in a study of practices to counter hostile takeovers by firms, found that poison pills spread rapidly through shared directorships, while golden parachutes were slower to spread through local and regional élite groups and networks. Furthermore, studies by Fiss and Zajac (2004) demonstrate the international spread of the shareholder value principles. Westphal and Zajac (1994), for their part, show that incentive plans for management are adopted by corporations in different settings, sometimes decoupled from actual governance practices (see also Belogolovsky and Bamberger 2014). However, although decoupling may occur, corporate governance processes are also adapted to fit local circumstances and contexts, leading to variation in corporate governance practices (Fiss and Zajac 2004). Other studies have also noted processes of translation and adaptation of corporate governance principles and practices in the rapid worldwide diffusion of corporate governance codes (Aguilera and Cuervo-Cazurra 2004; Enrione, Mazza and Zerboni 2006). In addition, corporate governance research has also come to look at the legitimacy of governance processes and the impact of governance on corporate reputations (Bates and Hennessy 2010; Delgado-García, De Quevedo-Puente and De La Fuente-Sabaté 2010; McDonnell and King 2013) and the way that media plays a role in corporate governance (Bednar 2012; Jansson 2013). Finally, changes in the corporate governance landscape are starting to enter research through studies of the role of activism from shareholders as well as various interest organizations (King 2008; Crespi and Renneboog 2010; Judge, Gaur and Muller-Kahle 2010).

Despite the fact that the aforementioned research, and other work in these traditions, largely focuses on relatively traditional actors involved in corporate governance—such as boards of directors, CEOs and managers and investors—and the relations between them, they nevertheless point to an increasing awareness of the need to include new mechanisms and processes for understanding corporate governance. Such studies include political, social and cultural processes linked to corporate governance practices. These studies show how corporate governance mechanisms and principles are neither stable nor uniform systems that can be understood without reference to their social and institutional contexts and settings, and without recognition of the multitude of interorganizational and interpersonal relationships that make up the structure of such governance systems.

Together these later studies point to the need for a broader approach to the governance of corporations, recognizing both a broader set of actors, interests and forces that shape corporate behavior and the processes that construct both meaning and practices of corporate governance. In so doing, it is very important to recognize that the corporate governance landscape has undergone considerable changes in the past few decades. In the following section, we will discuss three such changes that we consider particularly significant.

Three Significant Changes in the Corporate Governance Landscape

In developing extant approaches to analyze the governance of modern corporations, we need to acknowledge that the corporate governance landscape has changed. Our analysis has pointed to three such broad developments in modern society that have been particularly significant:

First, transnationalization, i.e., increasing relationships and interactions between various national actors across country borders as well as the development of transnational regulation (cf., e.g., Bruszt and Holzhacker 2009; Iriye 2014).

Second, regulatory changes, i.e., waves of deregulation—since the 1980s facilitating movements of capital and goods and increasing marketization, but also occurrences of re-regulation (cf., e.g., Morgan and Knights 1997; Balleisen and Moss 2010; MacAvoy and Schmalensee 2014).

Third, the rise of scrutinization, the increasing tendency of examining and inspecting modern organizations, corporations as well as public organizations, through formal arrangements (auditors), critical reporting (media) or various kinds of protests (voluntary organizations) (cf., e.g., Power 1997; Doh and Teegen 2003; Hjarvard 2013).

Transnationalization

Although transnational corporations were important in the world economy even before World War II, the period after 1945 has been a boom time for transnational corporations (Casson 1990; Tolentino 2000). They have increased both in number and in size. Following the deregulation of financial markets in the 1980s, with a subsequent increase in rapid capital flows around the world, the global corporations could grow not only organically but also, largely, through mergers and acquisitions. As a consequence, corporations, as well as the settings in which they operate, have grown and developed transnationally (cf., e.g., Hubbard 2013).

The observation that corporations as well as their environments are increasingly transnationalized is supported by the development of less nationally bounded corporate boards. In a data set of almost 150 of the world's largest companies for the period 1995–2005, Staples (2008) thus found that boards of directors in these companies grew more heterogeneous in terms of nationality during the period. The main driver for the increase in heterogeneity pointed out by Staples is transnational acquisitions, with already heterogeneous boards having a greater propensity for such deals, thus creating a mutually reinforcing process. Staples also points out that these globalized boards are much more common in corporations based within the European Union in comparison to the United States and Japan.

Similar evidence is provided by Carroll (2002), who focused on Canadian boards of directors in which the tight nationally oriented networks of directors became more international and the traditional relations to banks became more "episodically enacted" (p. 339). Carroll points to changes in governance and regulation, changing norms in the business community and the transnationalization of capital as driving forces.

The aforementioned development of transnationalization has been reinforced by the evolution of modern information and communication technology. It has facilitated global financial markets with a concentration in a few significant stock exchanges such as those on Wall Street in New York and the City of London, but also the transnational NASDAQ. The business world has also experienced an altered mix of ownership, where both private equity and institutional ownership are becoming increasingly important. In addition, there has been the rise of a number of new, sophisticated financial instruments, which, like the other changes, have been of great importance to both companies and governments. Their significance, complexity and, in particular, their risks became dramatically evident during the financial crisis in the wake of the bankruptcy of Lehman Brothers in 2008, which made markets shudder all over the world (Williams 2010).

However, modern information technology has been important not only for the development of financial markets. It has also contributed significantly to the emergence of a highly concentrated transnational media industry with some very powerful actors controlling different kinds of media channels (see Engwall, Kipping and Üsdiken 2016, particularly Chapter 15). These in turn have become significant for corporations both as scrutinizers and as partners.

Because of the aforementioned factors, the analysis of corporate governance must reach beyond national borders and acknowledge how modern corporations are subject to transnational demands. Corporate governance is no longer simply a national phenomenon.

Regulatory Changes

As corporations have grown larger and increasingly global, the limits of national regulation of such entities have become evident. National legislations are thus sometimes played out against each other in the competition for international investors. In addition, an increasing share of regulation takes place between and among nations. Such transnational regulations do not rely on the coercive power of the nation-state, but rather evolve in processes of negotiation (Djelic and Sahlin-Andersson 2006) and take the form of standards (Brunsson, Jacobsson and Associates 2000) and other legally non-binding soft rules (Mörth 2004). Therefore, there have been attempts to move beyond a state-centered perspective on regulation. As an alternative to focusing on the state alone (Baldwin and Cave 1999), efforts have been made to open up for the multitude of interest groups involved in regulation (Marks, Hooghe and Blank 1996). Such groups may include non-governmental organizations (NGOs) (Boli and Thomas 1999; Hedmo 2004), international organizations (Braithwaite and Drahos 2000), business interest groups (Pulver 2004), civil society groups, think tanks (Stone 1996; McGann 2016) and professional associations and standardizing bodies (Djelic and Sahlin-Andersson 2006; Hedmo, Sahlin-Andersson and Wedlin 2006).

The aforementioned does not mean that regulation is stateless, however. Rather than a state in retreat (Strange 1996) or "the end of the nation-state" in favor of globalization (Ohmae 1995), what we are seeing is that a great deal of regulation still has important origins from governments and nation states. Despite significant societal changes such as European integration, the nation-state remains a dominant and sometimes even strengthened actor (Moravcisk 1993; Milward 1999). However, while the state is, and most likely will continue to be, an important regulator (Hirst and Thompson 1996), it is likely to take on new roles in the increasingly transnational regulatory processes. Among activities in society that appears to attract increasing attention from the state are those of the welfare sector, such as health care and education.

Another important actor in regulatory processes appears to be corporations themselves. New means and modes of regulation, relying in part on voluntary principles and mechanisms for compliance, have entailed that corporations engage in self-regulation, voluntary agreements, self-evaluations and certifications, etc., actively participating in the regulatory process (Ayres and Braithwaite 1992; Hedmo, Sahlin-Andersson and Wedlin 2006). Research has also noted how corporations are actively taking part in rule-setting activities, through interest representation, lobbying, official stakeholder consultations and other activities (Coen 1998; Jutterström 2004; Buhr, K. 2008). This means that corporations are taking an active part in policy-making and regulatory activities and interacting with regulators to develop and refine regulatory mechanisms and processes.

The aforementioned implies a challenge to the perception of corporations as "recipients" of rules and regulations, or as rule-followers, and paves the way for a view of them as proactive in the shaping of regulatory mechanisms and principles. In other words, regulatory changes provide another strong argument to further develop extant theories of corporate governance.

The Rise of Scrutinization

The past few decades have also seen the rise of a number of mechanisms and techniques for evaluating and scrutinizing the performance of companies and other kinds of organizations. They have been reflected in the work that has followed Michael Power's introduction of the notion of the audit society (Power 1997), work on rankings (Wedlin 2006) and research on standardization (Brunsson, Rasche and Seidl 2012).

The range of scrutinizing also extends into moral and ethical social dimensions (Boli 2006). Thus, in the past few decades, corporate social responsibility has emerged as a global trend incorporating business corporations, states, international organizations and, in particular, NGOs (Sahlin-Andersson 2006; Carroll 2008). With this trend, sets of NGOS put pressure on corporations to act and to present themselves in certain ways. Hence, it is important for modern corporations to deal with those norms. As a result, the pressure on corporate actors to answer questions about the consequences and legitimate scope of their actions becomes part of, and is mixed with, other aspects of corporate governance. Various kinds of organizations push corporations to be accountable, not only for abiding with laws and providing consumers with decent products but also for external effects of corporate activity as well as the role of the corporations with regard to human well-being and social and environmental responsibility in general. The ability to handle such confrontations seems to become increasingly important for corporations, not least to obtain and maintain legitimacy (Dowling and Pfeffer 1975; Pfeffer 1978; Pfeffer and Salancik 1978; Suchman 1995).

A significant feature of the rise of scrutinization is the mediatization of society. Corporations, and other organizations for that matter, are being more and more closely scrutinized by the media and are thus quite sensitive about their reputation. As a result, the role of the media in corporate governance has changed dramatically in the last few decades through a strong expansion of business coverage in the media (cf., e.g., Grafström 2006; Pallas, Strannegård and Jonsson 2014). A particularly significant change in the present century has been the explosion of various social media channels and platforms, as they are not only adding to the number of scrutinizers but also changing the way scrutiny is undertaken (cf., e.g., Meikle 2016).

The media is sometimes described as being everywhere, shaping and reflecting our lives, tastes and aspirations. In contrast, the media remains surprisingly absent in theories and studies of corporate governance, which have tended to leave the media outside the core business of governance, control and management. However, in present times the various media have become significant scrutinizers of corporations. All too often, what is missing from the conceptualizations of the role of the media is the fact that the objects of media attention, the corporations, are far from passive. Communication departments, media strategists, communication consultants and public relations specialists are omnipresent in society. They shape agendas, channel attention and craft arguments. They need to be taken into account if contemporary corporate governance is to be understood, and in order to achieve this, we need a concept of the business corporation that allows for such an analysis (Grünberg and Pallas 2013).

The rise of scrutinization as well as the aforementioned transnationalization and regulatory changes constitute further strong reasons, in addition to what we said by means of introduction, to further develop extant approaches to corporate governance. In order to further emphasize this, before introducing our approach, we will provide some examples illustrating their significance.

Three Cases of Corporate Governance in Action

Since we in the present volume are emphasizing corporate governance in action, it is appropriate to present cases that illustrate the reasoning of the previous section but also add evidence to the argument for a broader approach to corporate governance. First, we present the TeliaSonera case, that is, the corporate governance problems of the Swedish-Finnish telecommunications company in relation to its expansion into Eurasia. Our second case is that of Volkswagen and the disclosure that the company had cheated in some of its emission tests, while the third case is constituted by the International Consortium of Investigative Journalists (ICIJ) and its revelations of tax evasions. At the end of the section, we will provide some conclusions that will pave the way for the following brief summary of our approach, which will be presented more extensively in Chapter 2.

TeliaSonera

In the wave of regulatory changes of the telecommunications industry, the earlier state monopolies in Finland (Post-och televerket) and Sweden (Televerket) were partly privatized in 1997 and 2000, turning into Sonera and Telia, respectively. In 2002, the Swedish company acquired Sonera, thereby creating the TeliaSonera Corporation, still with a degree of considerable state ownership from the two nations (History of Telia Company 2016). In this way, a transnational company emerged. It was transnational not only through its owners and its operations in Finland and Sweden, however. The company was also quite active on other international markets. At the end of 2005, it thus had 80 million customers (23 million in the Nordic countries and 57 million in the international market) (Annual Report of Telia Sonera 2005)—a figure that had increased to 157 million in 2010 (Annual Report of TeliaSonera 2010).

A particular expansion had occurred in Euroasia in countries like Afghanistan, Tadzhikistan, Turkey and Uzbekistan. These markets in general, and Uzbekistan in particular, turned out to be associated with a number of problems, however (Hedelius 2015: esp. 161–205, see also Milne 2013). In April 2012, a Swedish television team broke the news that the company had collaborated with the secret service of Uzbekistan, and in a second program in September 2012, they told viewers that considerable amounts of money had been paid out to the eldest daughter of the Uzbekistan dictator Islam Karimov. This led to extensive coverage in other media, but also actions from the Swedish Police (investigating bribery) as well as the Swedish Ministry of Finance in its capacity as part owner of the company. The company responded by taking advice from a communication consultancy and by commissioning an investigation by a law firm. The latter, in a report in late January 2013, concluded that it had not been able to detect any illegal activities but could not exclude that this had been the case. As a result, the CEO resigned and the Swedish Ministry of Finance, again as part owner, reshuffled the board, allowing only two members of the old board to stay on. The new board came to rely on formal policies on ethics as well as membership in the UN Global Compact to assure that TeliaSonera had changed its behavior. In 2015, the company even decided to leave Eurasia, which is expected to take some time (Annual Report of TeliaSonera 2015). However, the earlier actions still haunt the company: In September 2016, the *Financial Times* reported that Dutch and US authorities intended to fine the company about USD 1.4 billion for its alleged briberies in Uzbekistan (Milne 2016).

The TeliaSonera case clearly illustrates the three changes in the corporate landscape discussed in the previous section. The TeliaSonera Company was obviously part of a transnational development and experienced regulatory changes. It also became subject to increasing scrutinization, in this case by the media, and responded by seeking external expertise. Although it has yet not been determined whether the company was involved in illegal actions, it is evident from the development that it had broken norms and thereby had to act in the field of governance. Obviously, the case shows how corporate governance goes beyond the principal-agent relationship and financial matters. In this particular case, it is also evident that roles are blurred: the government, which is supposed to be the regulator, was also a part owner.

Volkswagen

The history of the German Volkswagen goes back to the late 1930s. Since then it has become a very significant employer in Germany and one of the world's largest vehicle manufacturers (Bowler 2015). In the latter capacity, it has sold vehicles all over the world, including the United States, where stricter emission standards for motor engines took effect in 2009. The year before, Volkswagen had introduced its new Clean Diesel, which the company claimed would meet the standards. The cars were also passing laboratory tests with flying colors. In this way, the company in the following years won several environmental rewards and even received tax breaks (Ayapana 2015).

However, in 2013, a research center pointed out, "Sensors and electronic components in modern light-duty vehicles are capable of 'detecting' the start of an emissions test in the laboratory" (Weiss et al. 2013: 31). In other words, vehicles passing the laboratory tests may very well produce much higher emissions on the road. Later reports from researchers at the University of West Virgina (Franco et al. 2014 and Thompson et al. 2014) showed this to be the case.

These findings and other evidence prompted the Environment Protection Agency (EPA) to issue a Notice of Violation to Volkswagen on

September 18, 2015, followed by a second EPA Notice of Violation on November 2, 2015 (for this and the following, see US Environmental Protection Agency 2016). Seventeen days later, on November 19, 2015, these notices forced Volkswagen to acknowledge, "The defeat device has existed in all of its U.S. 3.0 liter diesel models since 2009." This was followed by a complaint by the Department of Justice on behalf of EPA against Volkswagen for alleged violations of the Clean Air Act. Consequently, on June 28, 2016, Volkswagen entered into a multi-billion-dollar settlement, which was approved on October 25, 2016, by the US District Court for the Northern District of California. In addition, the company had to recall many millions of cars for adjustment.

Thus, in a period of about twelve months Volkswagen had been accused of cheating on its emission tests, had admitted that the company had done so, had to recall millions of cars and had to pay out large sums of money. Obviously, this had considerable consequences for corporate governance. The Volkswagen CEO, Martin Winterkorn, tried to stay on, but had to resign on September 23, 2015, declaring, "I am doing this in the interests of the company even though I am not aware of any wrongdoing on my part" (Winterkorn 2015). Later on, other top executives in Volkswagen also had to go. In the process, the negative media coverage all over the globe was vast (cf. *New York Times*, September 23, 2015). Needless to say, Volkswagen stock prices experienced a dramatic decline.

It should be obvious that the Volkswagen case also points to the transnationality of corporate governance. However, it also emphasizes the significant role of regulation, in this case a regulation that the company tried to evade. Another very strong feature of the case is the role of scrutinizers, in this case researchers and inspection agencies. Once again, the complexity of modern corporate governance is evident.

The International Consortium of Investigative Journalists

In 1997, the American journalist, Charles Lewis, started an organization called the ICIJ. It grew out of the Washington based Center for Public Integrity, founded in 1989, describing itself as "one of the country's oldest and largest nonpartisan, non-profit investigative news organizations" with the mission to "serve democracy by revealing abuses of power, corruption and betrayal of public trust by powerful public and private institutions, using the tools of investigative journalism" (Center for Public Integrity 2016). The creation of ICIJ meant an internationalization of these activities and a focus "on issues that do not stop at national frontiers: cross-border crime, corruption, and the accountability of power." This organization is built on a collaboration of roughly two hundred journalists in 65 countries (ICIJ 2016a). Among its many projects, we will here focus on leaks regarding tax evasion.

On November 5, 2014, ICIJ attracted considerable news attention for what has been labeled the Luxembourg Leaks. Based on an examination of almost 28,000 pages of documents, ICIJ in this project revealed that

340 multinationals—among them companies such as Pepsi, IKEA, AIG, Coach, Deutsche Bank, Abbott Laboratories—had evaded taxes through secret deals with the Luxembourg government. They also demonstrated how the global accounting firm PricewaterhouseCoopers had been a significant consultant to the multinationals to obtain more than 500 tax rulings. As a result, some companies had paid less than 1 percent in taxes by exploiting tax mismatches and using hybrid loans. At the same time, many of them had limited presence in Luxembourg, which is demonstrated by the fact that more than 1,600 companies can be found at one address: 5, rue Guillaume Kroll (ICIJ 2016b; see also Houlder 2014).

About a month after the first report, on December 9, 2014, ICIJ came out with a second report that added another 30 companies to the list of tax evaders, among them the Walt Disney Company and the US multinational conglomerate Koch Industries. The reports also revealed that PricewaterhouseCoopers had not been the only advisor to the tax-evading companies. The three other accounting firms in the Big Four group—Ernst & Young, Deloitte and KPMG—had also been assisting these companies (ICIJ 2016b).

The Luxembourg Leaks led to considerable media attention but also actions from the European Parliament and the European Commission. For the latter, it was particularly sensitive that the then newly elected European Commission President Jean-Claude Juncker had been the Luxembourg Prime Minister at the time of the deals (Houlder 2014).

So far, the legality of the revealed tax arrangements has not been questioned. On the other hand, legal actions have been taken against the employees of the accounting firms that had acted as whistle-blowers. Two of them were given suspended sentences and small fines in June 2016, while a third was acquitted (Bowers 2016). However, even if the companies have not been brought to court, the Luxembourg Leaks have had quite negative consequences for the companies in question, both the tax-evading companies and the Big Four advising them, sparking considerable criticism regarding unethical behavior.

Problems similar to those of the multinationals in the Luxembourg Leaks affected the Swiss bank HSBC in February 2015 as ICIJ, in what has been called the Swiss Leaks, made public information about 100,000 of the bank's clients. It was revealed that the bank had offered services to "clients who had been unfavorably named by the United Nations, in court documents and in the media as connected to arms trafficking, blood diamonds and bribery" (ICIJ 2016c). Needless to say, this was not favorable for the image of the Swiss bank. It had not only taken money that had been earned illegally, but it had also helped these clients evade taxes.

The ICIJ case further emphasizes the three changes mentioned earlier, but particularly how a scrutinizing organization can play a very significant role in corporate governance. Again, it should be evident that corporations are not only subject to market forces but also the object of scrutiny by the media and interact with regulators.

Some Further Evidence

The three cases presented have demonstrated the significance of transnationalization, regulatory changes and the rise of scrutinization. However, they have also pointed out how corporations relate to advisors and other external actors in order to manage their reputation. This can be further illustrated by adding the case of the German corporation Siemens. After facing media reports in 2006 that it had systematically used consultancy fees for briberies of almost EUR 500 million, it turned to external bodies for help. Siemens approached Michael Hershman, co-founder of Transparency International, and engaged him as an advisor. In addition, a law firm was commissioned to perform an investigation, and substantial funds were allocated to a long-term program with the aim of supporting non-profit organizations that are fighting corruption (Dietz and Gillespie 2012).

The earlier actions are not limited to corporations that have been scandalized, however. Adding just two examples, we can first mention the Anglo-Dutch multinational consumer goods company Unilever's work with UNICEF to improve sanitation worldwide and to stop the spread of disease-causing germs (UNICEF 2016). In a similar effort to demonstrate social responsibility, the Swedish retail-clothing multinational H&M communicates that the production processes of the clothes in their stores do not involve child labor (H&M 2016):

> We take a clear stand against all use of child labour and it is a minimum requirement for all factories producing for H&M. Today it is rare that we discover any workers below the statutory minimum age in our supplier factories. We continuously monitor compliance with this essential requirement in all factories. If we discover any person below the statutory minimum age we have a clear policy in place that guides us to act in the best interests of the child.

A multitude of other examples could be added, thereby further underlining that international organizations, NGOs, business associations, institutional investors, different kinds of advisors and the media all play an increasingly important role in shaping business activities both nationally and internationally. Our conclusion is, therefore, that the governing of modern corporations constitutes a globalized and organized landscape with actors, interests and expectations that are new or have become more salient in putting pressures on corporations. In order to make sense of the governing of corporations in the modern world, we therefore need to develop a systematic understanding of the interplay among all these actors, interests and expectations.

Our Approach

Against the aforementioned background, the central argument of this book, which we will develop further in Chapter 2, is that business corporations are embedded in a field of governance that basically includes three types of actors, namely (1) regulators, (2) market actors and (3) scrutinizers (media, NGOs, auditors, etc.). The structure and organizing of this field has significant consequences for how corporate governance plays out in practice. This means that we shift the focus from the narrow view of corporate governance, which according to Shleifer and Vishny (1997: 737) is simply "the way in which suppliers of finance to corporations assure themselves of getting return on their investment." We also go beyond the approach of business corporations as bundles of resources (Wernerfelt 1984) or nexuses of contracts (Aoki, Gustafsson and Williamson 1990). Instead, we stress the role of embeddedness and reciprocity in the field of governance. Hence, embeddedness means that our suggested approach focuses on the various demands on corporations in the field of governance. In addition, reciprocity means that our approach takes into consideration the two-way interaction between the governors and corporations. In other words, it is not simply that corporations are impacted by regulators, market actors and scrutinizers; companies, in turn, are at pains to shape and control the multiple interests that confront them.

Our approach means that new actors, beyond principals and agents in the traditional corporate governance literature, are in focus for the analysis. Their activities bring new values, norms and ideals to the standards and practices of corporate activities. Therefore, it is becoming more and more important and necessary for corporations to relate to them. Particularly, corporations are paying more and more attention to social and environmental concerns, in addition to more traditional ideals such as shareholder value and their financial evaluation. This is also changing the relationships and processes of governance in contemporary corporations. Similar processes are also in evidence in government agencies, professional organizations, academic institutions and other organizations. Through the analysis of governance surrounding business corporations as well as corporate responses to various kinds of governors, the present volume will therefore bring attention to governance processes that are of broad significance throughout society.

The approach we present in this volume should be seen as complementary, rather than contradictory, to the established traditions. Our effort to study corporate governance does not exclude conflicts of motivation as a fundamental governance problem; such conflicts have always existed and will exist in the future. However, we argue that it is important to take into consideration the fact that investors are not monoliths with one clear view of adequate corporate actions. Instead, investors constitute a conglomerate of different groups with varying interests and time horizons. Therefore, even the simple relationship between investors and corporate leadership is a matter for continuous negotiation and interaction. Such continuous interaction also occurs between corporations and other actors in society. Among the latter, too, there are multitudes of actors that have different interests in relation to corporations.

As we tried to sketch out earlier, contemporary corporations are largely governed in new constellations of organizations, interests and forces.

Models that depict corporate governance as a fairly stable set of relations and processes that are uniform across contexts and settings are therefore less adequate for understanding contemporary governance. From what many observers have noted about the changes in the organizing of global financial systems and markets, we can no longer assume that corporate governance processes are concerned only with single, isolated and stable relations and dependencies, or that they are only concerned with the workings of the capital market, whether national or transnational.

The title of the book, *Governance in Action*, alludes to James Thompson's (1967) seminal work *Organizations in Action*, where he emphasized that organizations are exposed to contradictory goals, environmental pressures, technological shifts and coordination problems. We find his insights into how organizations relate to and interact with others to be the key to understanding not only how organizations operate but also to how corporate governance is enacted in contemporary society.

Our purpose with this volume is to further elaborate the understanding of modern corporate governance by asking the following question:

What are the significant characteristics of modern corporate governance?

Dealing with this question, we have made use of the extant literature but also to a large extent empirical research, using a wide range of data-collection methods. Most prominent among these are interviews, which have been employed to understand both highly contemporary and historical processes of governance. The empirical material rests on hundreds of interviews, altogether twelve weeks of participant observation (of financial analysts, business journalists and communications executives). In addition, the analysis of documents has been a significant feature of the research. The results from these earlier studies have been presented separately in a number of dissertations by members in the research team (see Buhr, H. 2006; Buhr, K. 2008; Frostenson 2006; Grafström 2006; Göthberg 2007; Pallas 2007; Petrelius Karlberg 2007; Wedlin 2004; Windell 2006) as well as in other publications (e.g., Buhr and Grafström 2007; Grafström, Göthberg and Windell 2008; Grafström et al. 2006; Grafström and Pallas 2007; Grünberg and Pallas 2009, 2013; Hedmo, Sahlin-Andersson and Wedlin 2006; Jonsson, Greve and Fujiwara-Greve 2009; Kjaer, Erkama and Grafström 2007).

This empirical research and the extant literature have made it possible to develop the framework that we will present in more detail in the following chapter. Before turning to this presentation, in the final section of this first chapter we will summarize the contents of the chapters to come.

Outline of the Book

In the next chapter, as mentioned, we will develop the theoretical arguments for resituating corporate governance as a process embedded in an organizational field containing regulators, market actors and scrutinizers. We will spell out a set of ideal types that characterize each governing relation. However, we will also emphasize that, in practice, governing relations do not work in isolation from each other but rather in interaction and interplay.

After Chapter 2, follows four chapters (Chapters 3–6) where we deal with corporate governance in relation to the three aforementioned types of governors (regulators, market actors and scrutinizers). Again, it is important to keep in mind that we recognize that they are interrelated and embedded not only in each other but also in the institutions of global society. Nonetheless, it is essential to see their distinctive features first. Our approach can thus to a certain extent be seen as similar to that of the British author Lawrence Durrell, who in his famous Alexandria Quartet, including the novels *Justine* (1957), *Mountolive* (1958a), *Balthazar* (1958b) and *Clea* (1960), portrayed the same social interactions from different perspectives. Thus our approach focuses on a set of interrelated governing relations. We expect to find that the governing relations often overlap, interplay, intertwine and even conflate with each other. The chapters of this volume all depict corporate governance as embedded, but they do so from different standpoints.

Chapter 3 analyzes the relationships between corporations and *regulators*. Recent research has pointed to dramatic changes in these relations. While many corporate regulations are nationally based, as mentioned earlier, we see an expansion of transnational regulations. Such regulations are often soft in nature, building on both voluntariness and the active participation of the regulated. There is also a prevalence of overlapping regulations, often with elements of reciprocity and self-regulation. Corporations are thus not only subject to regulations but also increasingly take part in developing and sustaining regulation and regulatory mechanisms. The chapter analyzes the main features of contemporary, particularly transnational, regulation and its implications for the governance of businesses and corporations. Two empirical cases are studied in detail. First, the UN Global Compact, which illustrates how the interpretation of the agreement's principles evolved in reciprocal dialogues and how the roles between those regulating and those being regulated became blurred in the process. The second case is that of aviation in the European Union Emissions Trading Scheme, which points to the same kind of process being present in an instance of formal regulation.

In Chapter 4, we deal with *market actors* by focusing on the classic governance relation between investors and corporations. It is true that we have pointed out earlier that traditional corporate governance models are inadequate, in that they focus almost entirely on such relations. However, a study of corporate governance should not, and cannot, exclude these relations as unimportant for the governance of corporations. Nevertheless, these relations need to be understood as being embedded in a whole set of other governing relations, and to wider processes of societal change and development. In the chapter, we give a detailed account of the interaction between the top management of large Swedish corporations and their investors. In so doing, we identify three groups of owners: cross-border investors, national block-holders and national retail owners, and point to the significant roles of informal discussions, road shows and annual general meetings for the interaction with these investors. Furthermore, we show how corporate governance ideas are articulated through corporate governance codes, global organizations and networks as well as intermediaries in the form of rating institutes and proxy advisory services.

In Chapter 5, we turn to *scrutinizers*, with a primary focus on NGOs. Their emergence has entailed that corporations have to deal with demands for what has become labeled as corporate social responsibility (CSR). This has appeared as a global trend encompassing business corporations, states, international organizations and various organizations of civil society. Our analysis specifies the roles assumed in these evolving governing relations, and the resulting necessity for businesses and corporations to participate in such governing relations in order to organize and to meet challenges that follow from them. Through case studies, it is shown how the interaction modes can span from criticism through activism, over collaboration toward common goals, to dependence relations. It is demonstrated how normative ideas about the role of business in global society shape governing relations.

In Chapter 6, we further develop our analysis of scrutinizers through an analysis of the role of the media. We start out with a discussion of the role of media as embedded in institutional processes and then provide an historical overview of the growth of both business media and the coverage of businesses in traditional media. Next, using empirical studies, we present four roles of business media in relation to corporations: (1) scrutinizing, (2) informing, (3) agenda-setting and (4) legitimizing. In relation to these roles, we have identified three types of corporate responses: (1) news providing, (2) organizing of media interactions and (3) co-creating of field-level practice that guides the long-term corporate media interactions. The processual dynamics are found to be reminiscent of those in typical governance relations: mutual dependence and negotiation of solutions. The interaction between the media and corporations is characterized by "embedded agency."

In Chapter 7, against the background of the four preceding chapters, we turn to the relations between regulators, market actors and scrutinizers, on the one hand, and corporations, on the other, in the field of governance. We start out with direct relations between corporations and governors and then turn to indirect relations by means of commercial and non-commercial intermediaries, such as consultants, corporate interest organizations, etc. In addition to these, we show in the chapter that corporations handle their relations to governors by means of boundary-spanning units such as offices for public relations, investor relations and media relations. In this context, we identify three main corporate strategies: persuasion in relation to regulators, promotion in relation to market actors and protection in relation to scrutinizers. Finally, we introduce the concept of the editing corporation.

In Chapter 8, we summarize and discuss our results. We especially point to the significance of embeddedness and reciprocity in the field of governance, whereby corporations interact with regulators, market actors and scrutinizers. Finally, we present implications of our research beyond the corporation, for organization theory, for further studies, for management education and for management.

References

Aguilera, R. and Cuervo-Cazurra, R., 2004, "Codes of Good Governance Worldwide: What Is the Trigger?" *Organization Studies*, 25(3): 415–443.

Alchian, A. A. and Demsetz, H., 1972, "Production, Information Costs and Economic Organization," *American Economic Review*, 62(5): 777–795.

Annual Report of TeliaSonera 2005, Stockholm: TeliaSonera.

Annual Report of TeliaSonera 2010, Stockholm: TeliaSonera.

Annual Report of TeliaSonera 2015,Stockholm: TeliaSonera.

Aoki, M., Gustafsson, B. and Williamson, O. E., 1990, *The Firm as a Nexus of Treaties*, London: Sage.

Ayapana, E., 2015, "Taxpayers Paid $51M in Green Car Subsidies Linked to VW Diesels," *Motortrend*, 23 September <www.motortrend.com/news/taxpayers-paid-51m-in-green-car-subsidies-linked-to-vw-diesels/> accessed on December 7, 2016.

Ayres, I. and Braithwaite, J., 1992, *Responsive Regulation*, Oxford: Oxford University Press.

Baldwin, R. and Cave, M., 1999, *Understanding Regulation: Theory, Strategy and Practice*, Oxford: Oxford University Press.

Balleisen, E. J. and Moss, D. A. (eds.), 2010, *Government and Markets: Toward a New Theory of Regulation*, New York: Cambridge University Press.

Barca, F. and Becht, M., 2001, *The Control of Corporate Europe*, Oxford: Oxford University Press.

Bates, K. and Hennessy, D., 2010, "Tilting at Windmills or Contested Norms?: Dissident Proxy Initiatives in Canada," *Corporate Governance: An International Review*, 18(4): 360–375.

Bednar, M. K., 2012, "Watchdog or Lapdog?: A Behavioral View of the Media as a Corporate Governance Mechanism," *Academy of Management Journal*, 55(1): 131–150.

Belogolovsky, E. and Bamberger, P., 2014, "Signaling in Secret: Pay for Performance and the Incentive and Sorting Effects of Pay Secrecy," *Academy of Management Journal*, 57(6): 1706–1733.

Boli, J., 2006, "The Rationalization of Virtue and Virtuosity in World Society," in: Djelic, M.-L. and Sahlin-Andersson, K. (eds.), *Transnational Governance: Institutional Dynamics of Regulation*, Cambridge: Cambridge University Press, pp. 95–118.

Boli, J. and Thomas, G., 1999, *Constructing World Culture*, Stanford, CA: Stanford University Press.

Bowers, S., 2016, "LuxLeaks Whistleblower Avoids Jail after Guilty Verdict," *The Guardian*, June 29, 2016 <www.theguardian.com/world/2016/jun/29/luxleaks-pwc-antoine-deltour-avoids-jail-but-is-convicted-of-theft> accessed on December 11, 2016.

Bowler, T., 2015, "Volkswagen: From the Third Reich to Emissions Scandal," *BBC News*, October 2, 2015 <www.bbc.com/news/business-34358783> accessed on August 9, 2017.

Braithwaite, J. and Drahos, P., 2000, *Global Business Regulation*, Cambridge: Cambridge University Press.

Brunsson, N., Jacobsson, B. and Associates, 2000, *A World of Standards*, Oxford: Oxford University Press.

Brunsson, N., Rasche, A. and Seidl, D., 2012, "The Dynamics of Standardization: Three Perspectives on Standards in Organization Studies," *Organization Studies*, 33(5–6): 613–632.

Bruszt, L. and Holzhacker, R. (eds.), 2009, *The Transnationalization of Economies, States, and Civil Societies: New Challenges for Governance in Europe*, New York, NY: Springer.

Buhr, H., 2006, *Multi-stakeholder Partnerships and the Dynamics of Fields: GAVI's Attempts to Create a Healthy Vaccine Market*, Licentiate Thesis 44 from the Department of Business Studies, Uppsala: Uppsala University.

Buhr, H. and Grafström, M., 2007, "The Making of Meaning in the Media: Corporate Social Responsibility in the Financial Times, 1988–2003," in: den Hond, F., de Bakker, F. G. A. and Neergaard, P. (eds.), *Managing Corporate Social Responsibility in Action: Talking, Doing and Measuring*, Aldershot: Ashgate, pp. 15–31.

Buhr, K., 2008, *Bringing Aviation into the EU Emissions Trading Scheme: Institutional Entrepreneurship at Windows of Opportunity*, Doctoral Dissertation No. 140 from the Department of Business Studies, Uppsala: Uppsala University.

Carlsson, R. H., 2001, *Ownership and Value Creation: Strategic Corporate Governance in the New Economy*, Chichester: Wiley.

Carroll, A. B., 2008, "A History of Corporate Social Responsibility: Concepts and Practices," in: Crane, D., McWilliams, A., Matten, D., Moon, J. and Siegel, D. S. (eds.), *The Oxford Handbook of Corporate Social Responsibility*, Oxford: Oxford University Press, pp. 19–46.

Carroll, W. K., 2002, "Does Disorganized Capitalism Disorganize Corporate Networks?" *Canadian Journal of Sociology*, 27(3): 339–371.

Casson, M. (ed.), 1990, *Multinational Corporations*, Aldershot: Elgar.

Center for Public Integrity, 2016, "About the Center for Public Integrity" <www.publicintegrity.org/> accessed on December 7, 2016.

Coen, D., 1998, "The European Business Interest and the Nation State: Large-firm Lobbying in the European Union and Member States," *Journal of Public Policy*, 18(1): 75–100.

Cowen, A. P. and Marcel, J. J., 2011, "Damaged Goods: Board Decisions to Dismiss Reputationally Compromised Directors," *Academy of Management Journal*, 54(6): 509–527.

Crespi, R. and Renneboog, L., 2010, "Is (Institutional) Shareholder Activism New?: Evidence From UK Shareholder Coalitions in the Pre-Cadbury Era," *Corporate Governance: An International Review*, 18(4): 274–295.

Dalton, M., 1959, *Men Who Manage: Fusions of Feeling and Theory in Administration*, New York: John Wiley.

Davis, G. F. and Greve, H. R., 1997, "Corporate Elite Networks and Governance Changes in the 1980s," *American Journal of Sociology*, 103(1): 1–37.

Delgado-García, J. B., De Quevedo-Puente, E. and De La Fuente-Sabaté, J. M., 2010, "The Impact of Ownership Structure on Corporate Reputation: Evidence From Spain," *Corporate Governance: An International Review*, 18(6): 540–556.

Dietz, G. and Gillespie, N., 2012, "Rebuilding Trust: How Siemens Atoned for Its Sins," *theguardian.com*, March 26, 2012 <www.theguardian.com/sustainable-business/recovering-business-trust-siemens> accessed on August 9, 2017.

Djelic, M.-L. and Sahlin-Andersson, K. (eds.), 2006, *Transnational Governance: Institutional Dynamics of Regulation*, Cambridge: Cambridge University Press.

Doh, J. P. and Teegen, H. (eds.), 2003, *Globalization and NGOs: Transforming Business, Government, and Society*, Westport, CT: Praeger.

Dowling, J. B. and Pfeffer, J., 1975, "Organizational Legitimacy: Social Values and Organizational Behavior," *Pacific Sociological Review*, 18(1): 122–136.

Durrell, L., 1957, *Justine*, London: Faber & Faber.

Durrell, L., 1958a, *Mountolive*, London: Faber & Faber.

Durrell, L., 1958b, *Balthazar*, London: Faber & Faber.

Durrell, L., 1960, *Clea*, London: Faber & Faber.

Engwall, L., Kipping, M. and Üsdiken, B., 2016, *Defining Management: Business Schools, Consultants, Media*, New York: Routledge.

Enrione, A., Mazza, C. and Zerboni, F., 2006, "Institutionalizing Codes of Governance," *American Behavioral Scientist*, 49(7): 961–973.

Fiss, P., 2008, "Institutions and Corporate Governance," in: Greenwood, R., Oliver, C., Sahlin, K. and Suddaby, R. (eds.), *The Sage Handbook of Organizational Institutionalism*, London: Sage, pp. 389–410.

Fiss, P. and Zajac, E. J., 2004, "The Diffusion of Ideas Over Contested Terrain: The (Non)Adoption of a Shareholder Value Orientation Among German Firms," *Administrative Science Quarterly*, 49(4): 501–534.

Fligstein, N., 1990, *The Transformation of Corporate Control*, Cambridge, MA: Harvard University Press.

Fligstein, N. and Choo, J., 2005, "Law and Corporate Governance," *Annual Review of Law and Social Science*, 1(1): 61–84.

Franco, V., Sánchez, F. P., German, J. and Mock, P., 2014, *Real-World Exhaust Emissions From Modern Diesel Cars: A Meta-Analysis of PEMS Emission Data From EU (EURO6) and US (Tier 2 BIN 5/ULEV II) Diesel Passenger Cars. Part 1: Aggregated Results*, Berlin: International Council on Clean Transportation <www.theicct.org/sites/default/files/publications/ICCT_PEMS-study_diesel-cars_20141010.pdf> accessed August 10, 2017.

Freeman, R. E., 1984, *Strategic Management: A Stakeholder Approach*, Boston: Pitman.

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L. and de Colle, S., 2010, *Stakeholder Theory: The State of the Art*, Cambridge: Cambridge University Press.

Frostenson, M., 2006, *Legitimationskontrollen: en studie av etiska värderingars roll i gränsöverskridande förvärv och fusioner* (The Control for Legitimacy: A Study of the Role of Ethical Values in Cross-Border Acquisitions and Mergers), Dissertation from the Stockholm School of Economics, Stockholm: EFI.

Goergen, M., 2012, *International Corporate Governance*, Harlow: Pearson Education.

Gomulya, D. and Boeker, W., 2014, "How Firms Respond to Financial Restatement: CEO Successors and External Reactions," *Academy of Management Journal*, 57(6): 1759–1785.

Göthberg, P., 2007, *Varför projekt överlever: En studie av Skandias Idéer för livet* (Why Projects Survive: A Study of Skandia's Ideas for Life), Licentiate Dissertation, Department of Business Studies, Uppsala: Uppsala University.

Gouldner, A. W., 1954, *Patterns of Industrial Bureaucracy*, Glencoe, IL: Free Press.

Grafström, M., 2006, *The Development of Swedish Business Journalism: Historical Roots of an Organisational Field*, Doctoral Dissertation No. 121 from the Department of Business Studies, Uppsala: Uppsala University.

Grafström, M., Göthberg, P. and Windell, K., 2008, *CSR: Företagsansvar i förändring* (CSR: Corporate Responsibility in Flux), Malmö: Liber.

Grafström, M., Grünberg, J., Pallas, J. and Windell, K., 2006, *Ekonominyhetens väg: Från kvartalsrapporter till ekonominyheter* (The Route of the Business News: From Quarterly Reports to Business News), Stockholm: SNS Förlag.

Grafström, M. and Pallas, J., 2007, "The Negotiation of Business News," in: Kjaer, P. and Slaatta, T. (eds.), *Mediating Business: The Expansion of Business Journalism*, Copenhagen: Copenhagen Business School Press, pp. 217–233.

Grünberg, J. and Pallas, J., 2009, "Barbarians at the Gates?: Organizations Protecting and Promoting their (non)Technical Cores Through Institutional Boundary Spanning," in: Wedlin, L., Sahlin, K. and Grafström, M. (eds.), *Exploring the Worlds of Mercury and Minerva: Essays for Lars Engwall*, Acta Universitatis Upsaliensis. Studia Oeconomiae Negotiorum 51, Uppsala: Uppsala University, 243–256.

Grünberg, J. and Pallas, J., 2013, "Beyond the News Desk: The Embeddedness of Business News," *Media, Culture & Society*, 35(2): 216–233.

Hedelius, P., 2015, *Telia: alliansregeringen och korruptionen* (Telia: The Alliance Government and the Corruption), Stockholm: Massolit.

Hedmo, T., 2004, *Rule-making in Transnational Space*, Doctoral Thesis No. 109 from the Department of Business Studies, Uppsala: Uppsala University.

Hedmo, T., Sahlin-Andersson, K. and Wedlin, L., 2006, "The Emergence of a European Regulatory Field of Management Education," in: Djelic, M.-L. and Sahlin-Andersson, K. (eds.), *Transnational Governance*, Cambridge: Cambridge University Press, pp. 308–328.

Hirst, P. and Thompson, G., 1996, *Globalization in Question: The International Economies and the Possibilities of Governance*, Cambridge: Cambridge University Press.

History of Telia Company <www.teliacompanyhistory.com/> accessed on December 7, 2016.

Hjarvard, S., 2013, *The Mediatization of Culture and Society*, London: Routledge.

H&M, 2016, "A Clear Stand Against Child Labour" <http://sustainability.hm.com/en/sustainability/commitments/choose-and-reward-responsible-partners/code-of-conduct/clear-stand-against-child-labour.html> accessed on December 6, 2016.

Houlder, V., 2014, "Leak Reveals Scale of Corporate Tax Deals With Luxembourg," *FT.com*, November 6, 2014 <www.ft.com/content/93e75c1a-6545-11e4-91b1-00144feabdc0> accessed on December 8, 2016.

Hubbard, N., 2013, *Conquering Global Markets: Secrets From the World's Most Successful Multinationals*, London: Palgrave Macmillan.

ICIJ, 2016a, "About ICIJ" <www.icij.org/about> accessed on December 8, 2016.

ICIJ, 2016b, "Luxembourg Leaks: Global Companies' Secrets Exposed" <www.icij.org/project/luxembourg-leaks> accessed on December 8, 2016.

ICIJ, 2016c, "Swiss Leaks: Murky Cash Sheltered By Bank Secrecy" <www.icij.org/project/swiss-leaks> accessed on December 11, 2016.

Iriye, A. (ed.), 2014, *Global Interdependence: The World After 1945*, Cambridge, MA: The Belknap Press of Harvard University Press.

Jansson, A., 2013, "'Real Owners' and 'Common Investors': Institutional Logics and the Media as a Governance Mechanism," *Corporate Governance: An International Review*, 21(1): 7–25.

Jonsson, S., Greve, H. R. and Fujiwara-Greve, T., 2009, "Lost Without Deserving: The Spread of Legitimacy Loss in Response to Reported Corporate Deviance," *Administrative Science Quarterly*, 54(2): 195–228.

Judge, W. Q., Gaur, A. and Muller-Kahle, M. I., 2010, "Antecedents of Shareholder Activism in Target Firms: Evidence From a Multi-Country Study," *Corporate Governance: An International Review*, 18(4): 258–273.

Jutterström, M., 2004, *Att påverka beslut—företag i EUs regelsättande* (Influencing Decisions: Companies in the Rule-Making of the European Union), Doctoral Dissertation from the Stockholm School of Economics, Stockholm: EFI.

Keasey, K., Thompson, S. and Wright, M., 1997, "Introduction. The Corporate Governance Problem: Competing Diagnoses and Solutions," in: Keasey, K., Thompson, S. and Wright, M. (eds.), *Corporate Governance: Economic, Management, and Financial Issues*, Oxford: Oxford University Press, pp. 1–17.

King, B. G., 2008, "A Political Mediation Model of Corporate Response to Social Movement Activism," *Administrative Science Quarterly*, 53(3): 395–421.

Kjaer, P., Erkama, N. and Grafström, M., 2007, "Transforming Business News Content: A Comparative Analysis," in: Kjaer, P. and Slatta, T. (eds.), *Mediating Business: The Expansion of Business Journalism*, Copenhagen: Copenhagen Business School Press, 131–158.

MacAvoy, P. W. and Schmalensee, R. (eds.), 2014, *The Causes and Effects of Deregulation*, Cheltenham: Edward Elgar.

Marks, G., Hooghe, L. and Blank, K., 1996, "European Integration From the 1980s: State-centric v. Multilevel Governance," *Journal of Common Market Studies*, 34(3): 341–378.

McDonnell, M.-H. and King, B. G., 2013, "Keeping Up Appearances: Reputational Threat and Impression Management After Social Movement Boycotts," *Administrative Science Quarterly*, 58(3): 387–419.

McGahan, A. M., 2014, "AOM 2015 Theme: Opening Governance. Theme for the 75th Annual Meeting of the Academy of Management, Vancouver, BC, Canada" <http://aom.org/uploadedFiles/Meetings/annualmeeting/2015/AOM2015Theme-OpeningGovernance.pdf> accessed on December 12, 2016.

McGann, J., 2016, *The Fifth Estate: Think Tanks, Public Policy, and Governance*, Washington, DC: Brookings Institution Press.

McNulty, T. and Pettigrew, A., 1998, "Strategists on the Board," *Organization Studies*, 20(1): 47–74.

Meikle, G., 2016, *Social Media: Communication, Sharing and Visibility*, New York: Routledge.

Milne, R., 2013, "TeliaSonera Eyes Shake-up as Chief Quits," *FT.com*, February 1, 2013 <www.ft.com/content/a21c6812-6c53-11e2-b73a-00144feab49a?mhq5j=e1> accessed August 11, 2017.

Milne, R., 2016, "Telia to Cop $1.4bn Fine Over Corruption in Uzbekistan," *Financial Times*, September 15, 2016 <www.ft.com/content/1b02bb34-9350-3751-a6e1-153b3b06b424?mhq5j=e1> accessed on August 9, 2017.

Milward, A. S., 1999, *The European Rescue of the Nation-State*, London: Taylor & Francis.

Moravcsik, A., 1993, "Preferences and Power in the European Community: A Liberal Intergovernmental Approach," *Journal of Common Market Studies*, 31(4): 473–524.

Morgan, G. and Knights, D. (eds.), 1997, *Regulation and Deregulation in European Financial Services*, Basingstoke: Macmillan.

Mörth, U. (ed.), 2004, *Soft Law in Governance and Regulation*, Cheltenham: Edgar Elgar.

New York Times, "What Was Volkswagen Thinking?" September 23, 2015 <www.nytimes.com/2015/09/23/opinion/what-was-volkswagen-thinking.html?_r=0> accessed on December 7, 2016.

Ocasio, W., 1999, "Institutionalized Action and Corporate Governance: The Reliance on Rules of CEO Succession," *Administrative Science Quarterly*, 44(2): 348–416.

Ohmae, K., 1995, *End of the Nation State: The Rise of Regional Economies*, London: HarperCollins.

Pallas, J., 2007, *Talking Organizations: Corporate Media Work and Negotiations of Local Practice*, Doctoral Dissertation No. 133 from the Department of Business Studies, Uppsala: Uppsala University.

Pallas, J., Strannegård, L. and Jonsson, S. (eds.), 2014, *Organizations and the Media: Organizing in a Mediatized World*, London: Routledge.

Petrelius Karlberg, P., 2007, *Den medialiserade direktören* (The Medialized Manager), Doctoral Dissertation from the Stockholm School of Economics, Stockholm: EFI.

Pfeffer, J., 1978, *Organizational Design*, Arlington Heights, IL: AHM Publishing Corporation.

Pfeffer, J. and Salancik, G. R., 1978, *The External Control of Organizations*, New York: Harper and Row.

Power, M., 1997, *The Audit Society: Rituals of Verification*, Oxford: Oxford University Press.

Pulver, S., 2004, *Power in the Public Sphere: The Battle Between Oil Companies and Environmental Groups in UN Climate Change Negotiations 1991–2003*, Dissertation Submitted in Partly Satisfaction of a Doctor of Philosophy in Sociology in the Graduate Division of University of California, Berkeley, Fall 2004.

Sahlin-Andersson, K., 2006, "Corporate Social Responsibility: A Trend and a Movement, But of What and for What?" *Corporate Governance*, 6(5): 595–608.

Shleifer, A. and Vishny, R. W., 1997, "A Survey of Corporate Governance," *Journal of Finance*, 52(2): 737–783.

Staples, C. L., 2008, "Cross-border Acquisitions and Board Globalization in the World's Largest TNC, 1995–2005," *Sociological Quarterly*, 49(1): 31–51.

Stone, D., 1996, *Capturing the Political Imagination: Think Tanks and the Policy Process*, London: Frank Cass.

Strange, S., 1996, *The Retreat of the State: The Diffusion of Power in the World Economy*, Cambridge: Cambridge University Press.

Suchman, M. C., 1995, "Managing Legitimacy: Strategic and Institutional Approaches," *Academy of Management Review*, 20(3): 571–610.

Thompson, G. J., Carder, D. K., Besch, M. C., Thiruvengadam, A. and Kappanna, H. K., 2014, *In-Use Emissions Testing of Light-Duty Diesel Vehicles in the United*

States, Center for Alternative Fuels, Engines & Emissions, Morgantown: University of West Virginia.

Thompson, J. D., 1967, *Organizations in Action*, New York: McGraw-Hill.

Tihanyi, L., Graffin, S. and George, G., 2014, "Rethinking Governance in Management Research," *Academy of Management Journal*, 57(6): 1535–1543.

Tolentino, P. E. E., 2000, *Multinational Corporations: Emergence and Evolution*, London: Routledge.

UNICEF, 2016, "UNICEF's Corporate Partnerships" <www.unicef.org/corporate_partners/index_82186.html> accessed on December 6, 2016.

US Environmental Protection Agency, 2016, "Volkswagen Light Duty Diesel Vehicle Violations for Model Years 2009–2016" <www.epa.gov/vw> accessed on December 7, 2016.

Veblen, T., 1899, *The Theory of the Leisure Class: An Economic Study of Institutions*, New York: B. W. Huebsch.

Veblen, T., 1904, *The Theory of Business Enterprise*, New York: C. Scribner's Sons.

Wedlin, L., 2004, *Playing the Ranking Game: Field Formation and Boundary-work in European Management Education*, Doctoral Dissertation 108 from the Department of Business Studies, Uppsala: Uppsala University.

Wedlin, L., 2006, *Ranking Business Schools: Forming Fields, Identities and Boundaries in International Management Education*, Cheltenham: Edgar Elgar.

Weiss, M., Bonnet, P., Hummel, R. and Steiniger, N., 2013, *A Complementary Emissions Test for Light-Duty Vehicles: Assessing the Technical Feasibility of Candidate Procedures*, European Commission JRC Scientific and Policy Reports, Report EUR 25572 EN, Brussels: European Commission.

Wernerfelt, B., 1984, "A Resource-based View of the Firm," *Strategic Management Journal*, 5(2): 171–180.

Westphal, J. D. and Zajac, E. J., 1994, "Substance and Symbolism in CEO's Long-term Incentive Plans," *Administrative Science Quarterly*, 39(3): 367–390.

Williams, M. T., 2010, *Uncontrolled Risk: The Lessons of Lehman Brothers and How Systemic Risk Can Still Bring Down the World Financial System*, New York: McGraw-Hill.

Windell, K., 2006, *Corporate Social Responsibility under Construction: Ideas, Translations, and Institutional Change*, Doctoral Dissertation No. 123 from the Department of Business Studies, Uppsala: Uppsala University.

Winterkorn, M., 2015, "Statement by Prof. Dr. Winterkorn" <www.volkswagenag.com/en/news/2015/9/Statement.html> accessed on December 7, 2016.

Wright, M., Siegel, D. S., Keasey, K. and Filatotchev, I. (eds.), 2013, *The Oxford Handbook of Corporate Governance*, Oxford: Oxford University Press.

Zajac, E. J. and Westphal, J. D., 1995, "Who Shall Govern?: CEO/Board Power, Demographic Similarity, and New Director Selection," *Administrative Science Quarterly*, 40(1): 60–83.

Zhang, Y. and Wiersema, M. F., 2009, "Stock Market Reaction to CEO Certification: The Signalling Role of CEO Background," *Strategic Management Journal*, 30(7): 693–710.