



Harvard Law School
Center for Corporate Governance



Lucerne, 17 July 2023

Call for Papers

11th Law and Economics Conference, University of Lucerne, 15-16 March 2024

Law and Economics of Corporate Governance: Shareholders, Stakeholders, and Beyond

The traditional law and economics view of corporate governance emphasizes the profit-maximizing, shareholder-oriented nature of corporations. This view was famously illustrated by Milton Friedman's statement that the only social responsibility of a business is to maximize profits "so long as it stays within the rules of the game." Mainstream corporate governance scholarship has therefore focused on the ways in which business organizations are legally structured and regulated to achieve efficient operation and minimize agency costs that result from diverging interests and asymmetric information among managers, shareholders, and creditors.

Over the last few decades, however, scholarship and public discourse alike began devoting increased attention to the role and interests of other corporate stakeholders, such as employees, consumers, or the communities within which businesses operate. Some of this research advances arguments about Corporate Social Responsibility (CSR), a multi-faceted concept that covers a wide array of issues considered by private businesses looking to advance ethics-based interests, including working conditions, human rights, fair competition, the environment, and more.

While CSR largely has been considered a form of corporate self-regulation, national and international laws have promulgated regulatory schemes to support and incentivize this growing phenomenon. CSR advances "stakeholderism" – the idea of promoting the interests of the stakeholders of a firm to enhance a company's reputation and profitability on the one hand while, on the other, offering an ethical model to assist corporations in becoming socially accountable to themselves, their stakeholders, and the public.

Most recently, related concerns and values, with a particular focus on the sustainability of business organizations, have garnered much attention under the banner of ESG, an acronym that stands for the environmental, social, and governance aspects of corporate conduct and performance. ESG considerations now play an increasingly central role in the corporate world. Various organizations offer ESG ratings of corporations. Institutional and private investors take such ratings into account, corporate boards and managers seek to improve the ESG performance of their corporations, and researchers devote much effort to study various aspects of corporate ESG.

While some scholars and many institutions support CSR or ESG as desirable responses to issues such as environmental threats, social inequality, or general mistrust in business, others believe that these approaches ultimately fail to benefit stakeholders and could impose high costs on businesses and the economy at large. An additional issue is whether board members and managers are sufficiently incentivized to protect stakeholder interests. CSR or ESG can become strategic devices for businesses to avoid state regulation or for managers to advance their private interests.

This conference therefore aims to analyse the foundational principles and merits of CSR or ESG approaches by employing a law and economics perspective. The contributions may consist of theoretical analyses from a rational choice or a behavioural economics approach regarding the incentives or effects these movements generate for different corporate actors. A possible focus may be the multi-faceted principal-agent problems that can arise. Public choice theory may be applied to analyse the relation between stakeholderism and state regulation. Of further interest are the effects of CSR or ESG on social equality, the environment, and social welfare in general. In addition to theoretical analyses, empirical findings regarding the effects of CSR or ESG are of special interest.

Schedule

15 September 2023	Submission of the proposals
30 September 2023	Selection of the proposals
28 February 2024	Submission of the draft papers
15-16 March 2024	Conference
31 March 2024	Submission of the final papers
Fall 2024	Publication of the volume

Submission of Proposals

If you would like to submit a paper for this conference, you are kindly requested to send a brief description of your topic (1-2 pages) and a short CV no later than 15 September 2023 to Prof. Dr. iur. Klaus Mathis (klaus.mathis@unilu.ch).

Speakers' Expenses

The speakers' accommodation expenses will be covered by the organizers. You are kindly requested to apply to your home institution for your travel expenses.

Organization

The conference is organized by **Prof. Dr. Klaus Mathis**, University of Lucerne, in collaboration with **Prof. Dr. Avishalom Tor**, Notre Dame Law School, and the Center for Corporate Governance of the Harvard Law School.