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Back to the Future

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TRACK 9: Structure of corporate ownership

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Abstract:

In 1985, Demsetz and Lehn have discussed the absence of significant relationship between ownership concentration and accounting profit rates, in opposition with the classical results produced by Berle and Means (1932). Twenty-five years later, the aim of this track is to propose new segmentations of ownership structure, in order to take into account of the various interests and roles played by multiple shareholders such as activist hedge funds, professional investors, universal owners or responsible investors. Among these various shareholders, some of them are involved as active shareholders in the management and others are engaged as stakeholders in social and environmental issues in the firm. This last category exerts their social capital (their relational investing) to influence the social, environmental and corporate governance issues of targeted corporations.

Recent researches have conceptualized and studied this phenomenon of stakeholders' engagement and/or loyalty. In particular, certain studies have analysed the militant engagement of union funds or the corporatist engagement of pension funds. But no obvious evidence exists to determine the potential cognitive role played by these shareholders, more or less engaged in social and environmental issues, and the potential cognitive conflicts between this type of shareholders and those who play an active and actual role in the corporation.

Because of the disciplinary and cognitive roles played by engaged shareholders, new tools of segmentation are needed to prevent potential conflicts of interest, to create a stable capital structure with loyal shareholders. Moreover, the attraction of engaged shareholders with a diversity of competencies becomes an actual strategic matter.

Six research questions are linked to this track:

- Does the presence of shareholders who are also stakeholders impact the sustainable value and the social corporate governance of invested firms?
- Is there a specific relationship between shareholders, who are more or less engaged as stakeholders, and the corporate governance characteristics?
- How can responsible ownership or unstable ownership be managed?
- Is investor relationship management efficient?
- Is it possible to manage shareholders loyalty?
- Do the shareholders activism can be reduce to financial issues? What about cognitive aspects of the relationship?

Key words: Corporate Governance, Ownership Structure Management, Shareholders Loyalty, Cognitive Aspects