Università Bocconi
MILANO

University of St.Gallen

OWNERS AS STRATEGISTS: THE ROLE OF OWNERS FOR FIRM GROWTH AND SUSTAINABILITY

8 – 9 JUNE 2021 ONLINE CONFERENCE

CALL FOR PAPERS

The **1st international conference on Owners as Strategists**, held online on June 8 and 9, 2021, aims to facilitate the development of new theory and stimulate novel discussions about how ownership shapes firm strategy. A strategic ownership perspective acknowledges that ownership implies control over the firm and its resources, and gives owners the right to decide how value is created. It overcomes prevailing assumptions about the separation of ownership and control and owner homogeneity that dominate our understanding of strategic management and corporate governance today. The theoretical and practical need of studying ownership in relation to firm strategy is pressing as ownership around the world is (again) becoming progressively concentrated in the hands of owners such as entrepreneurs, families, cooperatives, financial asset managers, foundations and states. The goal of the conference is to bring together a diverse set of scholars with an interest in ownership, governance, and strategy to address the overarching question what the role of ownership is for firm strategy. The wide empirical relevance of the phenomenon and the lack of pertinent theorizing on the strategic role of ownership suggest there is substantial promise for the development of an ownership perspective in strategic management.

We welcome papers on the relationships between ownership and strategy. This year's conference particularly focuses on the role of ownership for firm sustainability and growth.

For more details and updates on the key topics of the conference, please visit the following **links**:
http://www.aidaf.unibocconi.it/owners
https://cfb.unisg.ch/en/forschung/owners-as-strategist--academic-day

KEYNOTE

OLIVER HART Harvard University, Nobel Memorial Prize in Economic Sciences in 2016

CONFIRMED SPEAKERS

RUTH AGUILERA Northeastern University, Boston
MORTEN BENNEDSEN INSEAD
EMILIE FELDMAN University of Pennsylvania
CAROLINE FLAMMER Boston University
DAVID REEB National University of Singapore
TODD ZENGER University of Utah

SUBMISSION DEADLINE

The deadline for the submission of original papers to be considered for presentation at the Conference 2021 is **16 April 2021**.
Please email your paper to **OwnersAsStrategists@unibocconi.it**.
Authors will be notified about the acceptance of their paper latest by **7 May 2021**.

REGISTRATION AND FEES

The registration deadline for presenters of accepted papers is **17 May 2021**.
The conference is free of charge for academics presenting at the conference.

CONFERENCE DETAILS

The conference is a joint effort by **Bocconi University, Italy**, and **University of St. Gallen, Switzerland**. The two-day online only conference combines an academic day (June 8) with a practitioner day (June 9). Academics are invited to join the practitioner day and vice versa to build bridges and foster exchange between research and practice. Academics will present their papers on June 8.

Submission deadline:	16 April 2021
Notification about acceptance:	7 May 2021
Conference registration:	17 May 2021
Conference:	8 June 2021, academic day
	9 June 2021, practitioner day

ORGANIZING COMMITTEE

MARIO DANIELE AMORE Bocconi University
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CHRISTINE SCHEEF University of St.Gallen

TOPIC

RETHINKING FIRM OWNERSHIP

Firms with dominant owners play a pivotal role across the world. However, our knowledge about how these firms operate is still underdeveloped. In fact, our understanding of firm ownership is largely driven by ideas rooted in agency theory, which assumes the separation of ownership and control and dispersed ownership. However, when ownership is more concentrated implying significant control, ownership is fundamental not only to firm governance, but also to firm strategy and ultimately value creation. Ownership gives owners the right to decide how to deploy resources and consequently, grants owners the authority to pursue idiosyncratic pathways to value creation. The theoretical and practical need of studying ownership in relation to firm strategy is pressing as ownership around the world is (again) becoming progressively concentrated in the hands of owners such as entrepreneurs, families, cooperatives, financial asset managers, foundations and states. For instance, in half of the world's listed companies, the three largest shareholders hold more than 50% of the capital. Moreover, the progressive concentration of firm ownership and in consequence the rise of owners as strategists goes hand in hand with a decrease in the number of listed firms.

These trends have not gone unnoticed in recent strategy scholarship; in fact, a rapidly growing stream of research documents the need to think more systematically about the strategic role of ownership. For instance, ownership grants the owner the authority to pursue unique theories and pathways to value creation, making ownership a critical enabler of contrarian entrepreneurial strategies. Empowered by residual control rights, owners should thus profoundly shape a firm's strategy, governance, goals, and achievements. While owner control certainly helps overcome agency problems, it raises new questions on the firm's capacity to motivate stakeholder commitment, leading to intriguing questions about tradeoffs between control and value creation. An important theme behind these debates is the acknowledgement of owner heterogeneity, such as in terms ownership concentration, wealth concentration, competence, time-horizon, risk aversion, social identities and goals, leading corporate governance scholars and policymakers alike to doubt whether a one-size-fits-all approach to firm governance is warranted. Some owners, such as private equity firms, also typically do not operate in isolation, but are often sharing owner control with other types of owners, such as founders or families, raising questions about the collective bargaining and power struggles among the owners in defining firm strategy. Moreover, when owners take an active role in their firms, new questions arise around the owner's skills and competences to effectively create value from ownership over resources—a debate that has thus far focused on managers and directors of firms. These considerations motivate a host of important questions that reflect an overall unease about our current understanding on the role of ownership for the strategic management and success of firms. Far from being exhaustive, we see the following questions as being particularly relevant to advance the field of strategic ownership:

- In which management theories should we integrate an ownership perspective?
- Where do we need to build new theories linking ownership to firm strategy?
- Which aspect of ownership has been overlooked in extant economic theories of the firm?
- What does owner heterogeneity imply for firm strategy and governance?
- What competences, skills, and characteristics of owners are important for firm strategy?

For the 2021 edition of our conference, we put a special emphasis on submissions related to the topics of sustainability and firm growth, but welcome any paper that addresses the more fundamental questions raised above.

SPECIAL TRACK: FIRM OWNERSHIP, STAKEHOLDER CONTRIBUTIONS, AND SUSTAINABILITY

The purpose of the firm and by implication the goals associated with owning are hotly debated today, a debate that reaches from Milton Friedman's (1970) proposition of shareholder value primacy all the way to Paul Adler's recent suggestions on new forms of democratic socialism. Since owners retain control rights over the firm, owners explicitly or implicitly define the purpose of the firm, which raises questions on the measurement of firm success. When firms seek to create value for a wide array of stakeholders, the maximization of shareholder welfare may then not be the same as maximization of firm value. Likewise, various team production theories struggle with the question how ownership should be exercised and to whose benefit. One may question whether it is still appropriate that only shareholders have access to the residual income from team production when commitments from further stakeholders are crucial for the success of the joint endeavour. How should residual income be distributed to compensate critical stakeholders or when should critical stakeholders become owners of the firm? This raises a more fundamental question what a stakeholder governance theory of the firm will look like.

An important implication of these debates is to explore the role of ownership in solving the societal challenges of the 21st century, such as climate change and further sustainability problems. While theories of the firm have thus far concentrated on economic reasons for why firms exist, it may be timely to broaden this perspective to include non-economic incentives such as social value and sustainability, meaningfulness of ownership, or socioemotional motivations that have been established in the family business literature. This debate may even raise more fundamental questions about the social function of ownership. Thus, we see great potential integrating an ownership perspective into debates on the purpose and eventual social missions of firms. Among others, this special track aims to address questions such as:

- How do owners affect the objective of the firm?
- What is the role of ownership in solving societal challenges? What is the owner's responsibility towards stakeholders?
- How to exercise ownership in value-creating ways?
  How to measure firm success to reflect owner objectives?
- What motivates economic actors to become owners?

SPECIAL TRACK: FIRM OWNERSHIP, FIRM GROWTH AND VALUE CREATION

At least since Penrose's (1959) seminal work on *The Theory of the Growth of the Firm*, firm growth constitutes a central topic in management research. But what is the role of ownership for firm growth? We find it interesting to observe that while the popular press lionizes the success of entrepreneurial superstars, we need to acknowledge that stagnant owner-managed firms are omnipresе. In this realm, Wasserman (2006) finds that firms in which founders retain control are significantly less valuable than those in which founders gave up control, while Durand and Vargas (2003) document that private owner-managed firms are significantly less valuable than private professionally managed firms. These observations lead to intriguing questions about tradeoffs between control and growth. There seems to be an inherent dilemma in the exercise of ownership in generating firm growth: on one hand, ownership is important to steer resources to novel and value creating uses. At the same, tight control by owners may limit the growth potential of firms. One reason for this conundrum may be that owners do not want to grow their firms simply because they think that the required reduction in personal authority is not worth the price.

Thus, owners can be sources of efficiency and also inefficiency for firm growth and value creation. While we know a lot about the role of owners in curbing agency problems tied to opportunism by managers, concerns over principal-principal conflicts, investor short-termism, interlocks among powerful owners, and owner nepotism are just examples of inefficiencies linked to concentrated ownership, raising the question whether we should not study in more detail the role of owners as sources of inefficiency and ways to overcome these.

In addition, it may be important to acknowledge not only differences in firm objectives of owners, but also that owners differ in their pathways to value creation. For instance, some dominant owners, such as families or lone founders, may focus on efficient operations to increase firm value. In contrast, we speculate about the extent to which corporations or venture capitalists are more motivated to emphasize firm growth to achieve higher firm value. Far from being exhaustive, this special track aims to address questions such as:

- How to solve the control versus growth dilemma?
- Are their trade-offs between owner control and firm growth, and if so, how big are these trade-offs?
- What motivates owners not to grow their business?
- How do different types of owners differ in their pathways to value creation?