

# The (Geo)Politics of Controlling Shareholders

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# Controlling Shareholders in Corporate Governance Scholarship

- Tunneling
- Idiosyncratic vision
- Dual-class shares debate

# Impact of Corporate Control Beyond the Firm

- Domestic political influence



**SAMSUNG**



- Geopolitical impact



# The Power of Corporate Control

- Corporate control represents a fusion of economic and political power
- Precise channels of influence depend on type of controller
  - SOEs
  - POEs with close ties to government
  - Individual controllers with enormous wealth, media savvy and Weberian charisma
    - Contrast CEOs of dispersed ownership firms
- Often symbiotic relationship between controlled firm and state; influence often runs in both directions

# Controlling Shareholders in Old and New Varieties of Corporate Capitalism

- Chinese party-state capitalism (SOEs, POEs linked to party-state)
  - Mutant variety: Russian klepto-oligarchic capitalism (e.g. Gazprom)
- Developmental state capitalism (e.g., Korean chaebol)
- Surveillance capitalism (e.g., Facebook, Alibaba)

# Controlling Shareholders: Policy Domains

- National Security – implications of the corporate control
- Economic sanctions
- Stock exchange competition
- Dual-class shares – overlap with neo-Brandeisian concern about corporate political power
- ESG – controlled firms and “responsible capitalism”

# Corporate Governance in an Era of Geoeconomics\*

- From globalization to weaponized interdependence
- Private corporations are on the front lines of geopolitical rivalries and national security concerns
- The policy environment: ESG+G
- How will companies adapt?
  - Board expertise
  - Geopolitical risk assessment and mitigation
  - Compliance
  - Supply chain management
  - Securities law disclosures
  - Government/Public relations

\*European Corporate Governance Institute - Law Working Paper No. 790/2024, Available at SSRN: <https://ssrn.com/abstract=4888623>

# Thank you for listening

- I welcome your thoughts!
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