Lead Director Network

December 2019

LDN VIEWPOINTS

Redefining corporate purpose in the 21st century

For several decades, business leaders have debated how to balance their responsibility to provide economic returns to shareholders against the concerns of a wide range of individuals and communities—broadly termed "stakeholders"—that have an interest in the firm and its activities. In years past, some leaders viewed these concerns, including environmental, social, and governance (ESG) issues, as secondary or even peripheral, but recent years have seen a strong trend toward greater attention to a corporation's role in society, a role that often goes beyond economic interests.

In August 2019, the Business Roundtable (BRT), an association of corporate CEOs, sharply revised its Statement on the Purpose of a Corporation,[1] making headlines across the United States and Europe. Many interpreted it as confirmation that a broader stakeholder focus had become mainstream, but the question remains whether this shift represents a *"fundamental change in structure or is just semantics,"* as one Lead Director Network (LDN) member commented.

On November 20, 2019, LDN members met in New York to discuss the challenge of balancing shareholder and stakeholder goals and the trade-offs that are often involved, as well as how today's boards communicate their actions toward stakeholders though sustainability reporting and other disclosures. They were joined by Ken Bertsch, executive director of the Council of Institutional Investors (CII), and Val Smith, managing director and chief sustainability officer at Citi. LDN member Les Lyles, recent co-chair of a National Association of Corporate Directors (NACD) Blue Ribbon Commission, presented the commission's report on steps that boards can take to remain ahead of a fast-changing and disruptive external environment. *See box on page 7.* Over dinner, Ken Weinstein, CEO of the Hudson Institute, engaged LDN members in an off-record discussion on economic transformation in Asia, particularly in Japan and India. *For a list of LDN participants, please see Appendix 1.*

Addressing stakeholder concerns is a serious consideration for boards and management

Company leaders are facing increased pressure to consider the interests and concerns of stakeholders, such as employees, suppliers, and the communities in which they operate, in addition to an ongoing requirement to deliver economic value for shareholders.[2] The expectations of employees (particularly younger staff), customers, and investors are evolving, and a range of voices are calling for businesses to manage their broader global impact and address repercussions from "externalities" such as climate change and income inequality.[3]

Key drivers of the stakeholder focus

During the meeting, LDN members highlighted the following as the principal drivers of the heightened focus on stakeholder concerns:

- **Stakeholder activists.** Stakeholders are making more demands of large companies, as shown by an increasing number of ESG resolutions—the 2019 proxy season ended in June with investors having voted on 1,777 shareholder resolutions addressing ESG concerns[4]—and recent climate-change protests by employees at Amazon, Google, and other technology companies.[5] Stakeholder activists have realized that they have the ability to influence a company at various levels, and boards now look to engage actively with them to better understand their perspectives and integrate them into wider corporate strategy.[6]

- **Institutional investors.** There are growing calls from institutional shareholders for companies to define a clear corporate purpose and to demonstrate broad responsibility to stakeholders. These go far beyond the admonitions that index fund (passive) investment executives have issued for the last few years. Today, active institutional investors are demanding disclosures about corporate purpose and social impact, and incorporating these into trading decisions.

- **Regulators.** Regulators have become more vocal in their expectations that companies recognize a broader scope of responsibility to stakeholders and not just focus on profits. One LDN member said, *"I was before a regulator recently. He said in order to enhance shareholder well-being, you now need to take into account more factors like diversity, culture, and climate change, which you may not have done in the past.*"

- **Failures of government.** Some analysts assert that weaker government, both nationally and in supranational organizations, has led companies to sharpen their attention to stakeholder concerns and social issues.[7] One member said, *"Government is not as effective currently as it should be, and there is pressure for companies to set certain policies—for example, on climate change."*

Implications of the BRT statement

The BRT's recent statement is the latest development in the shareholder-stakeholder debate that has been unfolding over decades. *For more information on the historical context of this debate, please see Appendix 2.*

LDN members largely agreed that the BRT statement signifies that a broader stakeholder approach has gained wide acceptance and is no longer a radical idea. One member said, *"The BRT statement did not catch me by surprise, but I think it depends on the board and the CEO. Many boards and CEOs are already invested in ESG matters. To me, the BRT was a reaffirmation of our commitment to these issues."* While the BRT may have *"ignited the gasoline on a grenade,"* it is clear that stakeholder considerations have become important matters for boards. One director commented, *"It feels like we have evolved from the days where stakeholder considerations were a sideshow and not measurable goals."*

In light of the upcoming US presidential election, one member commented that *"the timing of the BRT statement seemed like an attempt to stave off Senator Warren and other politicians."* Mr. Bertsch said the CII was *"surprised"* by the timing of the BRT statement, noting that BRT had discussed with CII a general concern on existing BRT policy with regard to stakeholder obligations, but CII had not realized that BRT was intending to revoke old language about obligations to shareholders as owners and adopt new language.

Mr. Bertsch added that he believes the statement was released partly at the urging of outgoing BRT chair Jamie Dimon to satisfy his interest in the topic and desire to provide a better answer to some of the critics of corporate America. *"I think some individuals who are normally critical of corporate America read the statement and thought that it would mean big change,"* he said. Indeed, Senator Elizabeth Warren, one of the Democratic front-runners for president, was quick to respond to the BRT's statement by asking signatory CEOs not only to publicly support her Accountable Capitalism Act[8] but also to provide "concrete steps" on how their companies would achieve the commitments they promised in the statement.

Although directors see themselves as the shapers and guardians of their companies' purposes and overall strategy, few CEOs sought guidance from their boards before signing the statement. One LDN member commented, *"Most chairs did not know that their CEOs were going to sign the statement. I have not spoken to one chair who was told about this."*

CII's reaction to the BRT statement

Although the CII was supportive of a broader purpose for companies, it was concerned that the BRT statement failed to emphasize boards' continuing accountability to shareholders. The implication in the BRT statement that shareholders are to be treated on par with other stakeholders raised concerns about dilution of this accountability. Mr. Bertsch said, *"We saw 'long-term shareholder value' diminished in the BRT's new formulation. There also wasn't anything about accountability to others stakeholders. In the absence of outside accountability, the natural state of boards is accountability to the CEO—if you will, a 'CEO primacy' model—which we would oppose. We expect corporate boards to balance interests of various stakeholders, particularly employees, over the long term to accomplish the BRT's goals, but generating long-term value to shareholders is the umbrella goal."*

One director, however, commented that the stakeholder interests described in the BRT statement would resolve to shareholder value: *"When I think about these statements that describe corporate interests, I think about how they will lead to growth. At the end of the day, the direction has to be toward something real."*

Nevertheless, in response to criticisms from CII and others about the risk of weakened accountability, the BRT clarified, "The new Statement could not be clearer that companies need to generate 'long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. '"[9] The CII, for its part, issued a "markup" of the BRT statement, revising it with language that it would have supported. *For the text of this marked-up statement, reproduced with CII's permission, see Appendix 3.*

Balancing the needs and expectations of shareholders and stakeholders is easier said than done

LDN participants pointed out that meeting shareholders' and stakeholders' expectations can be highly challenging for boards and CEOs, particularly given the diverse set of stakeholders and issues confronting large companies. A member called attention to a recent interview with Microsoft's Satya Nadella; as a new CEO, Nadella did not fully appreciate how "multi-constituent" the world really is: "It's about the shareholders … team members and employees … customers … governments … And the idea that as a CEO you need to create a continuous balance between the multiple constituents is the real job."[10]

Evaluating stakeholder and shareholder interests

During the meeting, members and executives discussed approaches that companies can adopt to evaluate stakeholder and shareholder interests:

- **Evaluation through specific lenses.** Members suggested that boards and senior leaders should evaluate stakeholder concerns through their impact on drivers of economic value—such as top-line growth, employee productivity, and decreasing costs—or risk mitigation. One member said, *"I try to run it through one of these lenses and see how that will translate into my company. Companies need to ferret out certain stakeholder interests and determine which have the most increase in shareholder value."*

- **Focus on core principles.** Every company should have a "guiding light" against which it measures decisions and trade-offs. *"There has to be a North Star or core principle on which a company focuses. If you want to make a big change within the company, the company needs to ask itself whether the change will affect the core value or goal of the company,"* a member said.

- **The EPIC model.** The Embankment Project for Inclusive Capitalism (EPIC) was formed by the Coalition for Inclusive Capitalism and EY with the goal of developing nonfinancial metrics to measure company activities related to long-term value.[11] EY partner Steve Klemash described how companies can identify the most salient stakeholder issues and determine how to respond:

    - **Assess the broader environment.** Companies should understand how they interact with the broader environment in which they are doing business. *"A company needs to ask itself what is going on from a political, societal, environmental, and legal perspective.*

How are we addressing access to guns? Online bank branches? Are we undertaking environmentally conscious activities?"

- **Identify key stakeholders and their needs.** Stakeholders, who are sometimes hard to define, can have varying demands. *"Companies should be able to identify their stakeholders and their expectations. Identifying stakeholders will help companies assess how to measure deliverables to these stakeholders as well as to future, unknown customers."*
- **Assess strategic capabilities.** *"Each company needs to ask itself what capabilities it has to ensure that the company is meeting stakeholder expectations but is still meeting fundamental corporate expectations."*
- **Generate effective disclosures.** While companies may already provide a great deal of reporting, current disclosures may not clearly demonstrate how the board measures the company's actions against long-term value. *"Companies need to have some metrics put in place to communicate their intent more broadly. It can be a simple methodology to show that stakeholder considerations are in place but also that strategic milestones are being met."*

Making trade-offs

Balancing shareholder and stakeholder needs often involves trade-offs, some of which are profound and have significant repercussions for a company. One LDN member commented, *"There will always be trade-offs. Shareholders want you to be go, go, go, but some of these actions can be more harmful to the company than good for it."*

While certain trade-offs may be relatively straightforward, others raise more difficult challenges. For example, according to one LDN participant, *"CVS's decision to stop selling cigarettes was consistent with its strategy to build a brand around health and wellness, and the revenue forgone was less than 2% of volume. It seemed like a pretty easy trade-off."* On the other hand, a member thought that Target's decision to allow transgender customers and employees to use whichever bathroom they prefer[12] may have caused more controversy than necessary. *"Target took a divisive issue and adopted it for all of their customers. A safer way to have handled this issue would have been to have made these gender-neutral bathrooms just for employees. However, no matter what Target did, you risk upsetting half of your customers,"* the member said.

For some companies, attention to larger global issues, such as climate change, presents even more fundamental challenges. Mr. Bertsch noted, *"If we have to radically decarbonize the world economy, not every major oil company will successfully transition; they are not all going to be the largest solar companies or whatever. Some in all likelihood will have to shrink. If major oil companies need to shift into another business model, then they need to realize that it will be difficult to do so."*

The flexibility of companies to meet specific stakeholder expectations may be more severely tested during an economic downturn, especially if a company must cut benefits or make layoffs. *"How a company handles its employee base during the next downturn will be interesting,"* a member noted. When a company is at risk of collapse, one LDN member said, *"You have no choice but to radically go after work rules and go after pensions and health care. You will get crucified, but that cannot have equal value to survival of the enterprise."*

Assessing board leadership for the future

LDN member Les Lyles presented the 2019 report of the NACD Blue Ribbon Commission, *Fit for the Future: An Urgent Imperative for Board Leadership*. It addresses major economic, technological, and social trends and their long-term implications for board oversight, and it recommends actions that board leaders can take to address these issues.[13] According to Mr. Lyles, *"Over the last several years, there have been several studies on the futures of board directors and their dynamics. The NACD report seeks to show that the future is now, and that boards need to adapt quickly."* In the press release announcing the report, Mr. Lyles noted, "Companies can no longer rely on historical growth strategies. And boards, in close partnership with management, will require greater speed of decision making, proactive behaviors, adaptability, and innovation."[14]

The report outlines five governance shifts to ensure that a board is "fit for the future":[15]

- **Deeper, more proactive board engagement with management.** This is needed to address new and fast-changing drivers of strategy and risk. *"Boards need to have a more rigorous engagement with management to ensure a more robust strategic planning process,"* said Mr. Lyles.
- **A more strategic, forward-looking approach to board renewal.** Boards must approach their own renewal through the lens of shifting strategic needs to ensure long-term competitive advantage.
- **A more dynamic and flexible board operating model.** Boards need to drive an ongoing assessment of their operating models, so that they can create more dynamic, fluid board structures to oversee new changes. These may include more conversations outside formal meetings.
- **Increased internal and external board transparency.** Mr. Lyles explained, *"Boards need to be transparent with interested parties, such as employees, management, and stakeholders."*

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- **Rigorous board performance accountability.** *"Boards need to have more accountability for individual performance, and any shortcomings must be addressed to help directors improve."* The report advises boards to initiate discussions with underperforming directors and, in some cases, replace those who no longer add value.

While many boards already follow these recommendations, Mr. Lyles warned that others need to make these considerations a priority: *"Many take their positions for granted, and they need a reminder about the future: they cannot rest on their laurels."*

Growing demands for sustainability reporting and varying standards are creating challenges for companies

There is strong and growing demand for information about corporate sustainability, about how companies are addressing material ESG issues, and about outcomes on measures such as carbon emissions.[16] These requests are coming not only from ESG activists but also from investment managers. Today, 86% of companies in the S&P 500 publish annual sustainability or ESG reports.[17]

Beyond producing a sustainability or ESG report annually, many companies devote significant time and energy responding to questionnaires from external parties. A director in another meeting organized by Tapestry Networks noted that his company spent roughly 40 full-time employee-equivalent days to complete one questionnaire from a stakeholder group; this was one of 55 the company had been sent. Companies can experience the current demands for sustainability information as time consuming and burdensome. One member said, *"Reporting becomes troublesome because you can get so many different questionnaires from investors. Companies do not have the resources to answer each questionnaire. You have to set up reasonable expectations for investors with their questions."*

A further area of frustration concerns the rigid approach to metrics applied by some stakeholder organizations. A former CEO explained, *"After a hurricane, my company provided supplies, donated blood, and built playgrounds to help the region recover. These activities did not count in some of the metrics that these reports want because the equivalent dollar value of these activities was too hard to measure."* Companies and investors are likely to struggle to identify metrics that are consistent, reliable, and comparable across firms. According to the *Economist*, "Unlike credit ratings, ESG scores are poorly correlated with each other. ESG-rating firms disagree about which companies are good or bad." The *Economist* analyzed the scores of two big ESG-rating systems and found "at best a loose link between the two measurement systems. The same lack of correlation holds even when the E, S, and G scores are considered separately."[18]

A global company's approach to sustainability reporting

Citi's Val Smith discussed with members how the global financial group manages its sustainability reporting in the face of growing reporting requirements and standards: *"We started reporting using the Global Reporting Initiative Framework in the early 2000s, and this continues to serve as the foundation of our Global Citizenship Report today. Using that, we basically layer other relevant reporting frameworks on top, using frameworks that are important for specific constituencies. For climate risk, we use the framework and recommendations provided by the Task Force on Climate-Related Financial Disclosures (TCFD). Citi also uses the UN Guiding Principles Reporting Framework for reporting on human rights. Moreover, we tag our reporting to align with the UN Sustainable Development Goals (SDGs)."*

Ms. Smith noted that Citi may seek to adopt a preferred reporting method in the future so as to avoid diluting content: *"I think we need to understand what kind of reporting is preferred because at some point, there is a diminishing return as the number of reports and metrics increases."*

Despite voluminous requests for information, stakeholder demands for certain information can helpfully inform a company's approach to sustainability reporting. EY's Steve Klemash said companies need to *"take a step back and ask, who are our stakeholders and what are they looking for from us? As you think about reporting, it is essential to draw on this."* Klemash added, *"This is really about over the long term. How do you tell a compelling story for stakeholders over long term?"*

To bolster confidence in their reporting, some companies now have their sustainability reports reviewed by external auditors or legal counsel. Ms. Smith noted, *"Our Legal team reviews our external disclosures to check for clarity as well as consistency. Legal has become an important partner in determining what to report and where to report it. As the demand for information and disclosure continues to increase, the need to work closely with Legal has also increased."*

About this document

The Lead Director Network (LDN) is sponsored by EY and convened by Tapestry Networks. The LDN is a group of lead independent directors, presiding directors, and nonexecutive chairs drawn from America's leading corporations who are committed to improving the performance of their companies and to earning the trust of their shareholders through more effective board leadership. The views expressed in this document do not constitute the advice of network members, their companies, EY, or Tapestry Networks.

ViewPoints reflects the network's use of a modified version of the Chatham House Rule whereby names of members and their company affiliations are a matter of public record, but comments are not attributed to individuals or corporations. Italicized quotations reflect comments made in connection with the meeting by network members and other meeting participants.

Appendix 1: Meeting participants

Alan Bennett, Lead Director, TJX

Beth Brooke-Marciniak, Director, eHealth

Sandy Cloud, Lead Trustee, Eversource

Don Cornwell, Lead Director, Avon

Steve Klemash, Americas Leader, Center for Board Matters, EY

Lou Lavigne, Non-Executive Chair, Accuray; Lead Director, Zynga

Les Lyles, Non-Executive Chair, KBR

Jay Morse, Lead Director, AES

Bob Nardelli, Founder and CEO, XLR-8 LLC

Doug Steenland, Non-Executive Chair, AIG

Appendix 2: Historical context of the stakeholder-shareholder debate

The historical context of the stakeholder-shareholder debate

Some accounts of the stakeholder–shareholder debate read as though it stems from a few pronouncements—Milton Friedman's famous New York Times article[19], for example—or the recent BRT statement. In fact, this debate has been developing over decades, shaped not only by competing ideologies but also by regulatory and legal actions.

Corporate governance before shareholder primacy

From the end of World War II until the 1970s, companies engaged in a "retain-and-reinvest" approach to resource allocation, retaining earnings and reinvesting heavily in employees, who helped make the firms more competitive.[20] To ensure that workers remained at a company, management provided them with steadily higher wages and job security. One LDN member noted that this era of U.S. economic growth was focused more on community relations: *"Looking back to the 1950s and 1960s, there was a stronger sense of community, whereas today you have more of an isolationist environment."* Prompted largely by the antimonopoly provisions of the 1950 Celler-Kefauver Act,[21] companies also began diversifying into other industries, creating large conglomerates of unrelated businesses.[22] This strategy of growing by acquiring firms with unrelated business lines and structuring them as a collection of separate business units became known as the "firm-as-portfolio model."[23]

Throughout the period, most firms gave little priority to returning excess cash to shareholders, especially because, at the time, SEC rules made share buybacks complicated.

However, this system began to break down in the late 1970s, "giving way to a downsize-and distribute regime of reducing costs and then distributing the freed-up cash to financial interests, particularly shareholders"—an approach that has contributed to income inequality and employment instability.[24]

The emergence of shareholder primacy

The 1970s marked a structural shift in the US economy, as worsening economic conditions and an ideological shift to economic liberalism raised the idea of a corporation rooted in shareholder primacy.[25] Previously, shareholders earned corporate dividends but had limited control over the direction of a corporation.[26] As early as 1962, in his book *Capitalism and Freedom*, Milton Friedman advanced the theory of shareholder primacy, whereby corporations serve no higher purpose than to increase profits for shareholders.[27]

In 1976, Michael Jensen and William Meckling furthered Friedman's notion of shareholder primacy by elaborating on the corporate "principal-agent" relationship. They characterized shareholders as "principals" who own and manage the corporation's business, delegating substantial decision-making to managers, who are the "agents" of the shareholders.[28] As agents, managers must conduct the corporation's business in accordance with shareholder goals, which are assumed to be maximizing their own economic returns.[29] Under this theory, corporate stakeholders other than shareholders are protected by contracts, whereas shareholders, as “residual claimants” of corporate profits, are not and must therefore have exclusive control rights to induce them to invest capital and resources into the corporation.[30] Shareholders therefore need economic rationales to invest their capital into other areas of the corporation, such as employees.[31]

Shareholder primacy takes hold

Applying this argument, corporate raiders in the 1980s often bought stocks of companies they perceived as undervalued with a view toward dismantling the management and, often, the companies themselves.[32] In many cases, the raiders used debt to finance their acquisitions, leaving restructured companies with stretched balance sheets. They asserted that heavy debt would serve as a disciplinary mechanism for management, forcing them to focus resources solely on shareholder returns. In 1989, Jensen proclaimed that these “leveraged buyouts” represented a form of governance that was fundamentally superior to public ownership.[33]

There is little evidence that these takeovers actually led to long-term gains for the raiders.[34] They nonetheless made it difficult for executives to acknowledge stakeholder concerns other than those that put shareholder returns at risk—for example, calls to promote workplace safety in order to forestall adverse regulation or litigation from injured workers.[35] Takeovers seemed to imply that executives could behave in any way possible to achieve a higher return to shareholders, even at the expense of other stakeholders.[36]

This ideology later proved profitable for activist hedge funds in the 1990s and early 2000s, when they bought shares in public companies, pressured boards to disgorge cash (usually by adding debt and cutting expenses), and then sold their interest.[37] When criticized by boards for causing long-term strategic harm to the company, activists justified their actions on the grounds of shareholder primacy.[38]

Executive compensation shifted as well, so that top managers were largely paid in shares or rewarded for growing near-term equity prices.[39] Large equity grants were made to CEOs, widening the gap between CEOs and the vast majority of workers.[40]

Questioning shareholder primacy

While many consider the financial crisis of 2008 to be the single catalytic event that sparked a reconsideration of shareholder primacy, there were also accumulating concerns at that time about corporate performance and governance. Growing income inequality, the bursting of the dot-com bubble, and corporate scandals in the early 2000s all contributed to a renewed interest in governance. Excessive risk taking by large financial institutions that precipitated the crisis gave further support to a view that shareholder-centric models had created a system that was “divorced” from its economic and social contexts.[41]

In the wake of the crisis, voices began calling for a new relationship between governance, sustainable business, and corporate strategy.[42]

Appendix 3: CII's mark-up of the BRT statement

The following is reproduced with permission from CII.[43]

What language would CII have supported?

The text below marks up the Business Roundtable "Statement on the Purpose of a Corporation" in a manner that CII would have supported. [1]

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide health care; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. As part of generating long-term value to shareowners, ~~We~~ we commit to[2]:

- Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.
- Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.
- Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

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[1] From CII Policies on Corporate Governance:

Section 1.4: "Corporate governance structures and practices should protect and enhance a company's accountability to its shareowners, and ensure that they are treated equally. An action should not be taken if its purpose is to reduce accountability to shareowners."

Section 1.6: "Corporate governance structures and practices should protect and enhance a company's accountability to its shareowners, and ensure that they are treated equally. An action should not be taken if its purpose is to reduce accountability to shareowners."

[2] CII also believes that an important "stakeholder" element is fair treatment for holders of bonds and other corporate securities that have only limited or no voting rights, which BRT did not seek to address in this statement.

- Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.
- ~~Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.~~

Each of our stakeholders is essential. We commit to ~~deliver value to all of them~~ a sharper understanding of how they contribute to long-term shareowner value, and to sound business decisions enlightened by that understanding, for the future success of our companies, our communities and our country.

Endnotes

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[3] Andrew Winston, "Is the Business Roundtable Statement Just Empty Rhetoric?" *Harvard Business Review*, August 30, 2019.

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[9] Business Roundtable, "Redefined Purpose of a Corporation: Welcoming the Debate," *Medium,* August 25, 2019.

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[14] NACD, "In the Face of Seismic Change, NACD Issues Blueprint for Board Leaders to Effectively Lead Their Into the Future."

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[19] Milton Friedman, "The Social Responsibility of Business is to Increase its Profits," *New York Times Magazine*, September 13, 1970.

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[24] Lazonick, "Profits Without Prosperity."

[25] Davis, Diekmann, and Tinsley, "The Decline and Fall of the Conglomerate Firm in the 1980s: The Deinstitutionalization of an Organizational Form," 547.

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