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Ownership and managerial strategies in future Europe

The major argument of this paper is that in the future, European companies will be more "actively and competently owned" and more "owner-driven managed" than before. This is to say that until the 1980s, European companies were typically "passively owned" and "CEO-driven managed".

Traditional ownership strategies were reactive and centered around monitoring and control of firm performance. During the 1990s we have witnessed a wide-spread activation of owners and the rise of their proactive roles in European companies. New ownership strategies are oriented mainly to create shareholder value. They have also influenced managerial strategies. European firms have recently become managed more as investment targets than production or business units.

The changes in ownership and managerial strategies in Europe are explained by the growth of influence of large American institutional investors. That development has been related to the maturation of real-time, global capital markets, and the emergence of a new finance-driven economic order in the world economy.

The vision about the future ownership and managerial strategies in Europe is in a nutshell as follows: in a short run these strategies will be "Americanized". The application of shareholder view in European stakeholder societies will generate debate, controversies, and resistance. These outcomes will catalyze a search for new type of European specific strategies and governance systems. A short term convergence between American and European strategies will thus lead to their divergence in a long run. It is suggested here that the unique European approach could be build on the notion of "balanced countervailing powers", where both owners and managers have a strong relative power to question, debate, and challenge each other.