Corporate Financialization – A Wider View

Tobias J. Klinge*[1], Rodrigo Fernandez[2], and Manuel B. Aalbers[2]

[1]KU Leuven, Division of Geography Tourism – Belgium
[2]KU Leuven, Division of Geography Tourism – Belgium

Abstract

A growing body of political economy literature on financialization has emerged during the past decade following the global financial crisis of 2007 with the corporate dimension being one among many. Especially for non-financial corporations (NFCs), however, existing research often falls short of offering a comprehensive and systematic overview on what 'financialization' might actually encompass for corporations. New governance approaches invoking 'shareholder value', the financial activities of NFCs (in particular regarding the acquisition of 'financial assets' and the transfers of money from corporations to financial markets) and the consequences of these developments for corporate behaviour have been the primary targets of analyses so far. Yet it appears insufficient to limit the scope of analysis to a small set of channels, companies or countries if we are to grasp financialization as a more wide-ranging, albeit distinctively uneven, phenomenon. Our paper aims to tackle this gap, asking what empirical dimensions we actually refer to when talking about corporate financialization.
Comparative, quantitative research which goes beyond the widespread bias on particular countries, corporations or sectors remains underrepresented in the literature. This paper takes advantage of the firm-level Worldscope database to interrogate the temporality and spatiality of NFCs' financialization across a large number of countries for the past 25 years. Unlike previous studies, it aims to incorporate both the asset and liability side of corporations' activities, in addition to its income structures. In so doing, we attempt to identify trajectories for specific clusters of firms as rooted in national institutional circumstances, sectoral specificities or temporal distinctions. One decade after the global financial crisis, we are furthermore now in the position to assess whether the financialization tendencies of NFCs have (not) gathered steam, remained stagnant or lost their drive and how institutional environments affected the outcome.

Keywords: financialisation, economic geography, corporate research

*Speaker