
Are financialisation approaches consistent with the post-1980 corporate organisation?

Georges Liagouras*¹

¹University of the Aegean, Dept. of Financial and Management Engineering – Grèce

Résumé

The breakthrough of financialisation approaches (Lazonick and O’Sullivan 2000; Stockhammer 2004, Crotty 2005) put forward a totally new view of modern corporation. According to this view, financialisation overhauls NFC’s organisation through two channels: the shareholder revolution imposing the ‘downsize and distribute’ imperative, and the rise of financial investments from which NFC’s are drawing an ever-increasing income. Both channels lead to the phenomenon of ‘short-termism’ characterising the behaviour of modern NFCs. The first point of this paper is that financialisation is only one of the three major structural changes characterising firm organisation in contemporary capitalism. The other two are the *intangibles* and the *offshoring* revolutions.

In *neoliberal*, and thus *globalised*, capitalism, competitive advantage is gained from the governance of Global Value Chains (Milberg and Winkler 2013; Auvray and Rabinovich 2017). This structural change is reflected in the importance given by the strategic management literature to the notions of core competencies, relational contracting and strategic alliances. Even this literature has a life of three decades, heterodox accounts of financialisation failed – not to say avoided - to come to grips with it.

The second structural change goes even further because it challenges the notion of investment we inherited from industrial capitalism and classical political economy. In today’s *post-industrial* capitalism, intangible investment (mainly R&D, training, advertising and other organisational capital, as well as purchase of patents, software, data, and so on) is the main source of competitive advantage. Here also, in terms of efforts spent to study and measure intangible investment, heterodox economists have been lagging behind their neoclassical colleagues.

The second point of the paper is that studying financialisation apart from the other two structural changes led to a series of important anomalies within the financialisation paradigm:

1. The second channel of financialisation (the upward of NFCs financial assets and income) was based on macroeconomic data showing a spectacular rise of ‘Unidentified Miscellaneous (Financial) Assets’ (UMFA) over the last decades. Yet, as Fiebiger (2016) and Rabinovich (2018) pointed, UMFA include mainly intangible (and not pure financial) assets. It remains however to study the special status of intangibles assets (between financial and physical assets).

*Intervenant

2. The first channel of financialisation (the shareholder revolution) insisted on the scandalous rise of share buy-backs by NFCs. Still, if we take in account the offshoring of profits through the use of ‘Global Wealth Chains’ (Bryan, Rafferty and Wigan 2017), NFCs repurchase programmes seem rather as a remedy for NFCs ‘capability’ to relocate their profits in tax heavens.

3. The first channel of financialisation also insisted on the ‘drain effect’ implied by the increasing payments to financial markets. However, the literature on the ‘corporate saving glut’ challenges the idea that NFCs have not enough money to invest in real economy. Most importantly, the empirical evidence showing that there are the *R&D-intensive* and *multi-national* NFCs which hold more cash (Falato and Sim 2014; Gu 2017) points to the need to understand the three aforementioned structural changes in corporate organisation *as a system*.

Mots-Clés: Financialisation, Intangible Capital, Global Value and Wealth Chains, Post, Industrial Capitalism