

## **Corporate Governing: Understanding Corporations as Agents of Socioeconomic Change**

Professor Matteo Gatti (Rutgers University New Jersey)

Large corporations in America influence and shape critical societal issues, including racial equity, women's rights, LGBTQ+ rights, and climate change efforts. On one hand, they are major players in politics, engaging in messaging that may either complement or counter governmental initiatives. For example, corporations have advocated for gun regulation in the wake of mass shootings, and clashed with politicians over legislation they oppose, as Disney did in its dispute with Florida over the "Don't Say Gay" bill. On the other hand, corporations often step in to fulfill quasi-governmental roles when the government is unable or unwilling to act, as they extend health benefits to same-sex couples or launch initiatives to uplift marginalized communities. I call corporate involvement in public affairs—whether through political speech or the provision of traditional government services—"corporate governing."

Opinions vary on this role of corporations as agents of socioeconomic change. A growing number of the politically engaged are actively encouraging corporations to partner with social activists and take a stand. Yet, academics, policymakers, and politicians are split on whether corporations should embrace this role. One contender for the 2024 Republican nomination has even based a presidential campaign on opposing corporate governing. Meanwhile, red states have passed a flurry of legislation to oppose "woke capitalism," mostly to protect carbon emitters.

After mapping various areas of reform by corporations in the socioeconomic sphere, I provide legal and policy frameworks for corporate governing by analyzing the underlying conduct under our current corporate laws and by evaluating its multifaceted normative merits: Is there a business case for corporate governing? Is corporate governing strategically wise for corporations? Does it help social advocacy and society at large? Does corporate governing undermine actual government and imperil democratic institutions? Further, I assess corporate governing by looking into its promises and risks from both a corporate and societal perspective and single out two risks. On the one hand, corporate governing cannot help society in fields in which corporations have a conflicting interest, like on themes such as antitrust, tax, labor, privacy, financial and corporate reform. On the other hand, with corporations having a greater role in policymaking, citizens may become less accustomed to expecting reform via traditional politics: addressing this risk requires efforts from citizens, civil society, and politicians to preserve democratic values and institutions—corporate governance can help but cannot be the driving force.