Foreword

Berle VII: The Modern Corporation and *A Theory of Fields*

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On May 26-27, 2015, scholars disparately trained in law, anthropology, economics, political science, history and sociology gathered in Seattle for the seventh annual Berle Symposium. As with prior symposia, a principal aim of Berle VII was to shed light on the nature of the modern corporation. As with prior symposia, the voices participating represented numerous disciplines. What sets Berle VII apart from its forerunners, however, was the decision to make social scientists the dominant voices, and to select a theory propounded by sociologists—field theory—as the focal point and backdrop for the symposium. This choice reflected a second principal aim of Berle VII—to introduce field theory not only to participants at the live event, but through the published version, to the large community of legally trained scholars to whom the theory has not yet spoken. Our goal with this is to assist these scholars as they continue the never ending task of better understanding the nature of both the modern corporation and the society in which we live and work.

The decision to focus on field theory as a potential tool for legally-trained scholars would not have been plausible but for *A Theory of Fields*, a remarkable book combining the insights of two sociologists: Neil Fligstein and Doug McAdam. Field theory is rooted primarily in the work of Pierre Bourdieu and Anthony Giddens, but draws on and shares insights from institutional theory, network analysis, and social movement theory. This body of work is immense and, for nonspecialists, often dense and nearly impenetrable. Moreover, the barri-

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2. Id. at 23–31.
ers to common understanding between scholars in these related fields is substantial.\(^3\) *A Theory of Fields* does the hard work of synthesizing this prior work while adding to it McAdams and Fligstein’s unique contributions.\(^4\) The result is a powerful account of field theory which, without sacrificing scientific rigor, is easily accessible not only to scholars in these related fields but to determined readers in other disciplines or the well-educated citizen.\(^5\)

The standard law and economic account views the corporation as simply a legal nexus for a complex array of *ex ante* contractual bargains made by persons who assume various legally defined roles within a firm—CEO, director, shareholder, employee. Whether viewing the corporation or the broader economy, this account takes the human actor as the only real entity, and the only unit worthy of analysis.\(^6\) Further, each human actor is assumed to be a wealth maximizer, who pursues her own

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3. The authors observe:

[For most academics, the more meaningful competition occurs *within* rather than between disciplines. So sociologists compete with other sociologists, economists compete with other economists, and so on. . . . This internal focus means that most academics attend closely to intellectual trends within their chosen discipline but are only dimly aware, if not entirely ignorant, of new lines of work in other disciplines. Needless to say, this disciplinary myopia represents another significant impediment to the accumulation of knowledge in the social sciences.

. . . . As the number of social scientists has exploded over the past fifty years and the number of discrete subfields within each discipline has mushroomed as well, the work done by the modal scholar has grown ever narrower and more specialized. Scholars have an interest in trying to grow their career by shutting what they are doing off from what others are doing in order to claim novelty.

Id. at 209.

4. Id. at 200–08.

5. In other words, like Adolf Berle with his seminal work, *The Modern Corporation and Private Property*, McAdam and Fligstein are also doing the important work of public intellectuals, by making their scholarly work accessible not only to influential actors in other academic disciplines, but also accessible by nonacademic actors who operate in the world of government and politics.


Most law and economics scholars embrace a model of business organizations known as the “nexus-of-contracts theory of the firm.” These so-called “contractarians” model the firm not as a single entity, but as an aggregate of various inputs acting together with the common goal of producing goods or services. Employees provide labor. Creditors provide debt capital. Shareholders provide equity capital, bear the risk of losses, and monitor the performance of management. Management monitors the performance of employees and coordinates the activities of all the firm’s inputs. The firm is simply a legal fiction representing the complex set of contractual relationships between these inputs. In other words, the firm is not an individual thing, but rather a nexus or web of explicit and implicit contracts establishing rights and obligations among the various inputs making up the firm.

self-interest at all times, with such self-interest in almost all cases capable of measurement in pecuniary terms.\textsuperscript{7}

McAdam and Fligstein paint a very different account in their version of field theory. To begin with, human actors should not be viewed as near solely interested in economic gain. Equally important is the existential function of the social. Human actors’ lives are equally about meaning making—the effort to live a life that justifies, combats, and somehow holds at bay the existential dread that life on this earth will end for all of us.\textsuperscript{8} This does not involve a rejection of material ends, but a merging of those ends with equally important nonmaterial goals.

Even as strategic actors are working to advance their interests, they are simultaneously exercising the distinctive human capacity for meaning making and the construction of collective identities. People do what they do both to achieve instrumental advantage and to fashion meaningful worlds for themselves and others.\textsuperscript{9}

Field theory thus accepts the importance of economic considerations as a motivating factor in human action, but give equal importance to the complex array of moral, sentimental, aesthetic, religious, communal and other motivating factors that accompany our constant effort to construct a meaningful life. In other words, individuals act not solely or primarily for economic gain, but for “a complicated blend of material and ‘existential’ considerations.”\textsuperscript{10}

Importantly, and again unlike the standard law and economic account, this existential project necessarily involves not only competition, but also collaboration and cooperation with others.

Our daily lives are typically grounded in the unshakable conviction that no one’s life is more important than our own and that the world is an inherently meaningful place. But one does not will this inner view into existence of his or her own accord. It is instead a collaborative product, born of the everyday reciprocal meaning making, identity conferring efforts we engage in with those around us. In this we engage as existential “coconspirators,” relentlessly—if generally unconsciously—exchanging affirmations that sustain our sense of our own significance and the world’s inherent meaningfulness.\textsuperscript{11}

\textsuperscript{8} FLIGSTEIN & McADAM, supra note 1, at 34–50.
\textsuperscript{9} Id. at 43.
\textsuperscript{10} Id. at 3.
\textsuperscript{11} Id. at 42.
Field theory fundamentally and sharply departs from the standard law and economics view of economic and social life in the underlying assumption as to the stage upon which human actors act. For Chicago style theorists, individuals act autonomously as owners of human and money capital via exchange either mediated through free markets or within firms. Cooperation is contractual and actions are played out per a script agreed on *ex ante*. The playing field is the market, with firms viewed as mini-markets in which a subset of contractual exchanges take place. Government’s role is simply to support and ensure a fair playing field.

In contrast to this austere view, field theory sees social and economic life taking place in both unorganized social spaces and well-organized strategic action fields. Strategic action fields may be legally or informally bounded. Thus, a large corporation is a strategic action field, but within it may be embedded numerous smaller strategic action fields. In turn, each corporation is “embedded in a broader environment consisting of proximate or distal fields as well as states, which are themselves organized as intricate systems of strategic action fields.”

The boundaries and rules governing each strategic action field are constantly shifting and contested, with incumbents defending the status quo and challengers seeking changes to their own advantage. New fields emerge as human actors see opportunities not present in existing fields. Thus, unlike the standard law and economic account, field theory allows us to model and understand how change occurs in socially constructed action spaces, including how change occurs within firms and industries, and how new firms arise.

Finally, field theory acknowledges the power differential between human actors flowing from the unequal distribution of human and money capital, but sees a dimension that the standard law and economic account misses. Human actors pursue advantage by utilizing not just property advantages, but through exercising social skills. The most effective human actors “possess a highly developed cognitive capacity for reading people and environments, framing lines of action, and mobilizing people in the service of broader conceptions of the world and themselves.” It is this social skill that enables successful entrepreneurs to construct new enterprises, drawing to them other human actors and resources that could be deployed in safer ventures. It is this social skill that enables the suc-

12. *Id.* at 5.
13. *Id.* at 58.
14. *Id.* at 3.
15. *Id.* at 83–113.
16. *Id.* at 17.
successful politician or CEO of a multinational corporation to shift the boundaries and rules governing existing strategic action fields in which they labor. Crucially, as Fligstein and McAdam emphasize, the successful actor never uses social skill in a narrow, self-interested manner, for success is not about narrow self-interest.

[W]e see strategic action as inextricably linked to the distinctive human capacity and need to fashion shared meanings and identities to ensure a viable existential ground for existence. This is not to say that power and preferences do not matter but that our attempts to exercise the former and achieve the latter are always bound up with larger issues of meaning and identity. What is more, our preferences themselves are generally rooted in the central sources of meaning and ident[i]ty in our lives.

A Theory of Fields nourished all of us who participated in Berle VII, and it is my fervent wish that Berle VII will serve as beachhead for field theory’s invasion of the turf now held by law and economic analysis. To that end, since the investment in buying and reading a book is not inconsiderable, readers of this Symposium volume should pay special attention to the generous and important contributions made by Fligstein and McAdam. While readers of A Theory of Fields will find a fulsome account of the existential function of the social, particularly in Chapter 2, a revised and updated version of that account is now available in this issue; see Doug McAdam, On the Existential Function of the Social and the Limits of Rationalist Accounts of Human Behavior. Additionally, readers of A Theory of Fields will notice a paucity of examples illustrating how field theory actually relates to the fields of corporate law and corporate governance. For a detailed “roadmap” richly illustrating those connections, see Neil Fligstein, The Theory of Fields and its Application to Corporate Governance.

Berle VII contains a number of other truly remarkable contributions giving special voice to corporate governance thought leaders in the social sciences. We hope readers of this volume will savor these fresh and insightful perspective as, following in Berle’s footsteps, we continue to encourage and nourish the very best interdisciplinary scholarship focusing on the nature of the modern corporation.

17. Id. at 18.