ABSTRACT

The Financial Crisis which began in 2007/2008 remains the most severe since the Great Depression of the 1930s. It exposes the inherent dangers of unregulated markets and highlights the weaknesses of the corporate governance system that has been constructed and determined by the shareholder primacy theory.

The Crisis sparked an intense debated on the causes and the reforms needed to correct the largely dysfunctional governance, legal and regulatory regime that has characterised the pre-crisis corporate governance landscape. In response, governments in the United States of America (USA) and United Kingdom (UK) embarked on different governance and regulatory reforms ostensibly to contain the damage and possibly prevent future occurrence.

This Thesis argues that corporate governance failures merely triggered the crisis and that the underlying cause of the crisis is the idea that the sole purpose of the corporation is shareholder value maximisation. The reforms merely provide immediate and temporary solutions but leave intact the problem of how to deal with the issue of shareholder primacy in the long-term. Thus, the Thesis contends that the reforms in the US and UK are at best ad-hoc and cosmetic measures that only treat the symptoms and not the causes of the financial crisis.

An original contribution of this Thesis is that it may lead to a reconceptualization of the nature and purpose of the corporation and the emergence of a more long-term governance model. It has wider implications as it will be useful not only for students and researchers but also provides insights for policy makers and business managers to enable them make informed decision.