Do Rules Really Rule?
Longitudinal Case Study on the Behavior of Board Members at BMW Corporation

Multidisciplinary Comparative Analysis of the Legal and Effective Development of Corporate Governance Structures

Monia Manâa
Max Planck Institute for Research on Collective Goods
Kurt-Schumacher-Strasse 10
D-53113 Bonn
mana@coll.mpg.de

Abstract

The law is meant to intervene where markets are failing. Hence, during a financial crisis, the legislator often develops new regulations – or reforms the already established legal system – to induce the desired behavior of the actors involved. But does the law really rule the behavior of individuals to the intended degree? Evaluating the internal organization of corporations and the actual behavior of the norm addressees, this paper shows that the impact of law on corporate governance might be less pronounced than presumed so far. These conclusions are derived from a longitudinal empirical case study on the behavior of the major actors at BMW AG (1945-1977). In doing so, the paper introduces a new approach, Legal Business History, which enables the comparison of the development and intentions of a legal framework with the analysis of the internal data found in the company archives, such as minutes of management and supervisory board meetings, annual records, correspondence, and memoranda.

Keywords: Corporate Governance, Regulation, Law Enforcement, Compliance, Behavior, Qualitative Methods, Longitudinal Case Study.

JEL Classification: D23, G34, K22, K42, L51, N84.