The Ambiguity of Trust in a Corporate Governance

A Philosophical Inquiry of Danske Bank's Corporate Governance Initiatives to Regain Trust

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Abstract

This thesis undertakes a philosophical inquiry of Danske Bank's endeavour to regain trust through its corporate governance initiatives. Due to a sequence of events in the past 10 years, culminating in the Estonian Money Laundering Case, Danske Bank is experiencing the lowest trust ratings since the financial crisis of 2007-2008. The bank has therefore committed itself to three distinct initiatives: compliance, leadership values and stakeholder collaboration. The initiatives, while being practical in nature, have deep historical roots in three major theoretical corporate governance positions: agency theory, stewardship theory and stakeholder theory. Inspired by the French Philosopher, Michel Foucault, this thesis conducts a *genealogical analysis* of the three theories in order to excavate their historical becoming. On the basis of the genealogical analysis, we established that though each theory presented different propositions on how to govern the corporation in the best way, the theories encompassed the same principles of relation, human nature, and moral. Inspired by French Philosopher Gilles Deleuze, our thesis investigated the commonalities of the principles in relation to the concept of the *image of thought*. In the image, the three principles were limited and constrained inside understandings of relations as consensual contracts; the model of man as homo economicus; and a morality of utility – an image which the thesis term the *economic-governance image of thought*. Positioning Danske Bank's corporate governance initiatives in relation to this image, the thesis concluded that the three commitments had the common denominator of trust based on in the leader's ability to adequately live up to the moral values of the bank – a task that seems unrealisable. In order to overturn this image, to once again allow the possibility of novelty, we staged three *encounters* with different notions of trust from Løgstrup, Svendsen & Svendsen, and Aristotle in order to show the limitations of the common corporate governance principles and the economic-governance image of thought. By staging the three encounters and challenging the economic-governance's frame, three concepts have emerged in which the principles' core can be perceived anew: from contracts of associations to trusting relations; from a human-being of accumulation to a human-becoming of redistribution; and from a utilitarian transcendent moral to a practical exercise of virtue ethics. In extent the concepts' plane has been broadened, making it possible to approach the question of how the corporation ought to be governed. The thesis thereby provides a specific way to philosophically deal with the problem of corporate governance, while also providing Danske Bank with a methodological toolset for assessing the underlying assumptions and values of its corporate governance initiatives.

Contents

1. Danske Bank, a History of Trust

1.1 Introduction

May 3 2018, the Danish Financial Supervisory Agency (FSA) issued a press release in relation to the Danske Bank money laundering case at the bank's Estonian branch (Finanstilsynet, 2018b). With the press release, The Danish FSA published its report, *Decision concerning Danske Bank's management and control in the Estonian money laundering case* (2018). This consisted of an assessment of the bank's management and leading employees' role in it and included eight directions [påbud] and eight complaints [påtaler] targeted towards the bank (Finanstilsynet, 2018a, p. 16). In a schematic overview of Danske Bank's involvement in the money laundering case the Danish FSA implicated the missing and faulty organisation of preventive measures and the lack of proper governance (Finanstilsynet, 2018a, pp. 2, 16, 17). The report can thus be seen as the culmination of the sequence of events that ultimately became the largest banking scandal since the financial crisis of 2007-2008. Prior to the publication of the report – in the period from 2007 to 2015 – billions of funds flowed through Danske Bank's Estonian branch from suspicious Russian accounts. During this period, Danske Bank received several warnings from the Danish FSA, the Estonian FSA, and a high-positioned whistle blower (Bendtsen, Jung, & Lund, 2018).[1] In late 2017, Danske Bank acknowledged the case to be "worse than expected" (Bendtsen, Lund, & Jung, 2017), and in April 2018, the first member of Danske Bank's board of directors, Lars Mørch, resigned. With the publishing of its report a month later, the Danish FSA directly linked the mismanagement and faulty governance by the bank with the occurrence of illegal transactions, but also with risks in relation to the reputation and trustworthiness of the bank itself and of the Danish financial sector as a whole (Finanstilsynet, 2018a, p. 16). The report made it clear that there had been extensive deficiencies in the way Danske Bank had handled the issue, and several criminal investigations from both Danish, Estonian and American authorities were subsequently initiated (Danske Bank, 2018b; Finanstilsynet, 2019).

The publication of the report can be seen as the beginning of what would later be termed the "trust crisis" of Danske Bank (C. N. Jensen, 2018). Though the money laundering case has had and still have

[1] In this period, a lot of different problems emerged for Danske Bank in the sequence of events from 2008 to 2018. These are problems that could have been interesting to engage. However, as this is beyond the scope of the present thesis, we will not comment on them any further. For a thorough time-line of the event that led to the publication of the Danish FSA's report, see Bendtsen, Jung & Lund (2018) or Lund, Niemec, & Birch (2018). Further, see Danske Bank's own investigation (Bruun & Hjejle, 2018) or the report by the Danish FSA (2018) for more details.

economic implications for the bank, the subsequent crisis was defined more by how the public, the government, and the shareholders of Danske Bank lost trust in the ability of its management to adequately govern itself. Late 2018, Danske Bank's major shareholder, A.P. Møller Holding Group, publicly announced that the way Danske Bank was conducting and governing its business had to be changed (Norup, 2018). A month later, the bank called for an extraordinary general assembly and replaced the old Chairman of the Board, Ole Andersen with Karsten Dybvad (Danske Bank, 2018a). At the general assembly, Ane Mærsk Mc-Kinney Uggla, Chairman of the Board of Directors in A.P. Møller Holding Group, once again connected the faulty governance of Danske Bank to its trust problems (Norup, 2018). This was in alignment with Danske Bank's other largest shareholder, the Danish pension fund ATP, who agreed regaining a 'trustworthy' image would require leadership with the right values. Thus, the way Danske Bank was conducting its business had to change: instead of only trying to create as large profits as possible, it now also had to be trustworthy, regaining the trust they once had from the Danish society (CXO, 2019).

1.1.1 Danske Bank's Self-Perception as a Trusted Bank

Danske Bank understands itself as a bank which used to have the trust of the public; a trust that has now been lost in several circles. In the beginning of the 1990s, it was […] indisputably the biggest, best and most honest bank in the country. […] its CEO frequently reprimanded other banks, big and small. It had been the guardian of public morality for years, and gradually, most people accepted its right to be just that (P. H. Hansen & Mørch, 1997, p. 565). This self-perception is still prevalent in the way the bank commits itself toward society. As explicated on its website:

> trust has been the foundation of our business for the past 140 years. We can only run a sound, competitive bank and create value for our customers, shareholders and the communities we serve if they trust us to do so. (Danske Bank, n.d.-b).

However, the money laundering scandal has illuminated the bank's inability to abide by this commitment. Though trust has been a foundational component upon which Danske Bank has wanted to govern its business practices, it has failed in its ambition to regain it. The bank's reputation had been gradually declining since the Great Financial Crisis of 2008, and though a spike in trustworthiness from 2012, Danske Bank's customers in Denmark are once again losing trust in the bank (Iversen, Brahm, & Aagaard, 2018). The public opinion poll firm Voxmeter rated Danske Bank lowest of the twenty largest banks in Denmark in 2019. The poll asked over 51,000 bank customers about their opinion on areas such as service, products image and communication (Ritzau, 2020). In addition, Danske Bank lost around 11,000 customers (Nemkonto-kunder) in 2018 and around 23,600 in 2019. Financially, the bank projects a drop in profits from 2019 by DKK 5-7 billion in 2020 (Olsen, 2020). The money laundering scandal can be seen as the culmination of the low levels of trust in the bank solidifying its trust crisis.

1.2 Problem and Motivation

Danske Bank's commitment to trust as a means to solving its trust crisis has been the main inspiration of this thesis. If trust has been the foundation of the bank's business model for 140 years, then why is it incapable of regaining trust? Our inspiration started as a philosophical interest in trust and its nature. However, Danske Bank's commitment to solve its trust crisis through three corporate governance (CG) initiatives – *compliance*, *leadership values* and a focus on societal impact through its *stakeholder collaborations* – sparked a curiosity and allowed us to place the concept of trust in the realm of CG.

Our ambition is thereby to conduct a philosophical investigation in relation to CG problematics. However, common definitions of CG define the field as "the system of controls, regulations, and incentives designed to minimize agency costs between managers and investors and prevent corporate fraud" (Berk & DeMarzo, 2017, p. 1114), which we find rather limiting for philosophical inquiry. Instead, we define CG as 'the way the corporation is governed' which widens the scope and gives rise to several opportunities of investigation, one of these being the question of 'how ought the corporation to be governed?'. It entails inquiries of the normative frame or moral notion upon which the theories are built; the understanding of what the corporation is; and how one understands governance.

As such, the inquiry will build upon the three CG initiatives by Danske Bank while at the same time connect the practical engagements with theoretical positions. The initiatives of the bank have strong reflective connections with the three primary streams of CG literature: *agency theory*, *stewardship theory* and *stakeholder theory*. Therefore, we will explore the 'historical becoming' of each theory through a genealogical analysis. This intends to show two things: first, the link between theory and practice. Second, it allows to draw out the major commonalities – specifically, the way they conceive the principles of *relations, human nature* and *moral.*

We will show how these principles are constrained in what we term *the economic-governance image of thought,* which is a specific concept for a frame that limits understandings, sensations, imaginations, possibilities and sensations in its enclosure. This image will be contested by staging three encounters between the analysed principles and *fundamental trust, practical virtue ethics* and *redistributive trust* in an effort to overturn it, rendering one capable of conceiving trust in CG in new ways.

Summed up, these analytical engagements will serve as tools to break down the common-sensical way of perceiving CG and thereby freeing it from its dogmatic frame. As such, this thesis does not attempt to solve Danske Bank's trust crisis. Rather, it intends to bridge the gap between the theoretical and practical by allowing the invisible to become visible, specifically, in the context of trust and its role in CG, reflected in Danske Bank's commitment to trust.

1.3 Purpose and Problem Statement

This thesis thus intends to shed light on the long lineage of solutions to solving the reappearing problem of how the corporation ought to be governed but in the very specific context of Danske Bank's trust crisis. This has led to the following problem statement:

> *Insofar as Danske Bank's corporate governance initiatives are constrained by the economic-governance image of thought, how does the bank's endeavour of regaining the trust of its shareholders, stakeholders and society become problematic? And how is it possible to overturn this image, in order for Danske Bank to conceive its endeavour to regain trust in new ways.*

By engaging with and answering the present problem statement, we see the contribution of this thesis as double. 1) It is a specific way to philosophically deal with the problem of CG, which we believe to be novel. 2) It provides Danske Bank with a methodological toolbox for assessing the underlying assumptions and values of its CG initiatives. Thereby, the bank will be able to take a step back and reflect upon how its current practices affect its ambition to regain trust. This does not provide a solution to the bank's trust crisis. Rather, it provides an opportunity to think its problem anew.

1.4 Structure

To answer the problem statement this thesis will be divided into X sections and two major parts: Part 1 and Part 2.

Part 1 consists of 2 sections and will be presented after our review of the methodological considerations. Section 3 will establish Danske Bank's commitment to trust and CG which will point to three initiatives: compliance, leadership values and stakeholder collaboration. Section 4 sets the stage by introducing what we argue to be the main event shaping CG: British Philosopher and Economic Thinker, Adam Smith's economisation of the individual as homo economicus. Section 5 is a genealogical analysis of agency, stewardship and stakeholder theory. The literature for these theories will be comprised of seminal texts. In agency theory, the focus will primarily be on Economists Michael C. Jensen & William H. Meckling (1976) and Economist Eugene Fama & Jensen (1983); in stewardship theory, Economists James H. Davis, F. David Schoorman, & Lex Donaldson (1997) and Lex Donaldson & James H. Davis (1991); and in stakeholder theory, Economists Adolf A Berns Jr. & Gardiner C. Means (1932, 1967), Economists R. Edward Freeman & David L. Reed (1983), Freeman (1984), and Economists Micheal A. Hitt, Freeman, & Jeffrey S. Harrison (2006). The method used to analyse the three theories is inspired by the French Philosopher Michel Foucault. Overall, Part 1 outlines that CG theories and practices are limited by three common principles.

This builds the foundation for the analysis in Part 2 of this thesis which is comprised of section 6, and 7. Section 6 establishes the economic-governance image of thought's three principles: 1) Relations are perceived as contractual; 2) Homo economicus is the prevalent human nature; and 3) It is legitimised by a utilitarian moral. Identifying the image of thought that maintains the impossibility of new thinking has been made possible due to our inspirations from the French Philosopher Gilles Deleuze. Section 7 stages the encounter between contracts and associations by introducing the Danish Theologist and Philosopher Knud Ejler Løgstrup's fundamental notion of trust; the encounter between homo economicus and Political Thinkers Gunnar L. H. Svendsen & Gert T. Svendsen's concept of trust as redistribution; the encounter between the transcendent moral of utilitarianism and the Greek Philosopher Aristoteles' practical ethics. The last two sections, 8 and 9, will discuss and conclude the findings of this thesis. Part 2's purpose is thus to break down the dogmatic image of thought, which CG cannot seem to escape, and evaluate the contributions of this thesis.

2. Methodological Considerations of the Thesis

2.1 Philosophy at the Business School

Our investigation of CG distances itself from classical economic approaches of CG studies. We are not interested in the best ways of governing the corporation in order to maximise wealth (Bebchuk, Cohen, & Ferrell, 2008; Bhagat & Bolton, 2008; Denis & McConnell, 2003; Gompers, Ishii, & Metrick, 2003; Hart, 1995; Macey & O'Hara, 2013). Neither in evaluating the governance practices of Danske Bank to arrive at a conclusion which seeks to reveal or position the bank in a specific light. Instead, we intend to conduct our analysis as a certain form of 'philosophy of CG'. On this account, we believe it is useful to place the practice of doing philosophy in the context of business-related problematics.

By engaging with CG through philosophical inquiry, we emphasise that our analysis should be based on the academic standards of philosophy rather than the scientific standards of the social sciences – especially standards regarding representativeness (Sköldberg & Alvesson, 2009, p. 270) and objectivity (Robbins, 1984). Philosophy thereby needs to be treated as an activity on its own terms, regardless of its object of inquiry – in this case CG. Investigations of social science aim to answer questions of how to 'truthfully' or 'trustworthily' represent the empirical object regardless of the researcher (cf. Seale, 1999, p. 19); or how the knowledge that is produced through the researcher's engagement with the empirical data ought to be interpreted (cf. Yanow, 2014).[2] Holding philosophical inquiry accountable to such obligations would limit its possibilities and 'value'. As an example, we do not value the significance of *The Republic* (Plato, 1991) by how well Plato is representing a 'truthful' image of the republic as a possible way to organise society, but instead by its ability to make us question normative notions of how society ought to function. Philosophy is its own discipline that can help us question "who we are, what our present is, what that is, today" (Foucault, 1996, p. 407) – to be able to diagnose the problems of the present that assert themselves and demand attention (Raffnsøe, Gudmand-Høyer, & Sørensen-Thanning, 2016, p. 460). As such, "when philosophy takes up a problem […] and subjects it to philosophical inquiry, it is not committed to the methodological framework of the respective science" it inquiries into (R. Johnsen, Thaning, & Pedersen, 2016, p. 378). In our case, we investigate the notion of CG but are not committing ourselves toward already established frameworks for analysing specific kinds of CG; analysing whether existing CG practices are good or bad; or analysing how representative our inquiry is of *the* problem of CG. Instead, we engage with *a* problem of CG that has been necessitated through the

[2] Seale (1999) and Yanow (2009) serve as exemplifications of positions of social scientific research.

commitment of Danske Bank toward 'solving' its trust crisis. Thus, this philosophical project distinguishes itself from that of the social sciences. It is not claiming representativeness; to adequately answer if Danske Bank is in fact changing its CG activities for the better; nor assessing whether these changes will solve its trust crisis. Instead, the main interest is an inquiry into CG in such a way that it becomes possible for practitioners of CG – Danske Bank in particular – to step back from their practices and think differently about them.

The following methodological considerations will establish a method for a philosophical inquiry into the business-related problematics of CG. It entails a specific method of questioning and include our reflections on its limits. In this regard, we intend to show how knowledge of business problematics can be created through philosophical inquiry while engaging with philosophy on its own terms. Thereby, we will not be "slavishly following a standardized model of analysis" (Munk, Bengtsen, & Møller, 2015, p. 16). Instead, we will "write our own methodological approach" that has arisen in our "meeting with the context […] the concrete investigation is centred round" (Munk et al., 2015, p. 16). This subscribes to a Foucauldian understanding of method-production in relation to our inquiry in which "the method comes about in relation to the given subject and the context in which it is being treated" (Raffnsøe et al., 2016, p. 80); and a Deleuzian horizon of knowledge, in which "nothing can be said in advance" and therefore, one cannot "prejudge the outcome of research" (Deleuze, 1994, p. 143). From this perspective, our method should be understood as exploratory and experimental.

2.2 Interrogating Our Present

To recapitulate our problem area: In the context of Danske Bank and its commitment to solving its current trust crisis, the ambition of this thesis is to examine and investigate the implications of an economic-governance image of thought by challenging the three analysed tensions comprising it: human nature, relations and moral. In extent, the definition of trust will be de-stabilised, making it possible to overturn the image and establish novel ways of approaching CG. It is thus the ambition of the thesis to show how current conceptualisations of CG cannot adequately incorporate trust.

The ambition of this thesis is therefore to investigate the notions of CG and trust to show how a commitment to trust transforms understandings of CG. It necessitates new transformations of the theoretical assumptions that form the basis of CG theories. However, the proposed ambition of the thesis makes it essential to address the scope and limitations of such an inquiry. Even with a built-in qualification of the specific concepts of trust and CG based on the commitment of Danske Bank as the objects of focus for our investigation, the immensity of fully investigating both concepts and their interconnectedness would result in a shallow examination of both concepts. The following section will therefore propose specific methodological attitudes, questions and considerations through which the problem statement – in accordance with the ambition – can be unfolded, while proposing some tools through which it can be handled.

This attitude consists largely of components from Foucault and Deleuze.[3] In particular, we are inspired by the analytical understandings proposed by Foucault in his lectures from the Collège de France from 1979-84 and several shorter texts and interviews from the same period in order to understand what philosophy can tell us about our present condition; and the radical critique of common and dogmatic understandings of thought and philosophy by Deleuze, particularly, his books *Difference & Repetition* (1968) and *What is Philosophy* (1991) with French Psychoanalyst Félix Guattari. Furthermore, we will utilise and consult a selection of contemporary analyses of business phenomena that has utilised a Foucauldian or Deleuzian philosophical way of inquiry (M. T. Gudmand-Høyer, 2013; K. B. Hansen, 2017; C. G. Johnsen, 2015). Thus, we are specifically using the connotation, 'methodological attitude', to signify that we are not intending to produce and to follow a specific theoretical programme in which the empirical analysis acts as 'real' exemplifications of theory. Instead, we acknowledge the analytical heritage of both Foucault and Deleuze, though not following specific theories for our analysis (cf. Foucault, 1984, pp. 39, 50).

Even though philosophical inquiry 'acts' on its own terms, it is important to note that the inquiry should always be guided towards something. A common problem for philosophy is its tendency to work only in the realm of thinking or "discourse", and never being able to inspire action (Foucault, 2010, p. 218). Plato was the first who proposed this problem of philosophy to "appear to be merely *logos*, to be only discourse" (Foucault, 2010, p. 218), limiting the possibilities of philosophy (cf. Plato, *Letters*, 328b-c). In Foucault's reading (2010), Plato's question, placed philosophical inquiry in relation to the reality of philosophy itself but also in relation to how philosophy as a truth-telling activity can "intervene in, and affect reality" and not just become a "futile discourse that tells the truth or says something untrue" (Foucault, 2010, pp. 229, 228). It is our understanding that philosophy should intervene, create and transform. It is a truth-

[3] The two philosophers haves continuously engaged in dialogue about each other's work, including writings and conversations (Deleuze, 1986; Deleuze & Guattari, 2000, Preface; Foucault, 1970; Foucault & Deleuze, 1977). Thus, we see their works as complimentary and are therefore both used as our methodical starting point. For further discussions regarding their complimentary methods and thinking, see (Luna, 2019).

telling activity, but it is not concerned with *the* truth. Thus, philosophy should not concern itself with being true or untrue but instead aspire to guide, to create, and to transform truths.

Thereby, this thesis does not attempt to answer a contemplative and reflective question of what it *means* that Danske Bank is committing itself to trust. Rather than investigating Danske Bank's intentions, when it is committing to trust, we will continuously pose the analytically and methodologically guided question: what does Danske Bank's commitment *do*? Instead of believing that philosophy should interpret the world, we argue that thinking should create[4] – thinking is not translation or interpretation, it is transformation (Deleuze, 1989, p. 280; Deleuze & Guattari, 1994, pp. 5–6). We are not looking at the specific commitments by Danske Bank as something to be interpreted but instead as "creations that need to be selected and assessed according to their power to act and intervene in life" (Colebrooke, 2002, p. 40). However, instead of trying to invent new, ground-breaking concepts, we aspire to conduct a philosophical inquiry, as a creative act that combines and reshapes their components. It is a practice which aspires to "[group] under one concept things you would have thought were very different, or it separates things you would have thought belonged together" (Spoelstra, 2007, p. 26).

The next part of the methodological considerations will describe how we plan to operationalise and legitimise this productive task to investigate the notion of CG in a productive way. This intends to prevent us from what Swedish Organisational Philosopher, Sverre Spoelstra, describes as pure "chaos", rendering our endeavour "un-productive [and] devote from any 'meaning' at all" (Spoelstra, 2007, p. 27).

2.3 The Methodology of Part 1: A Diagnosis of the Present

2.3.1 Danske Bank's Commitment to Trust and Corporate Governance

The first component of the analysis of Part 1, investigates how Danske Bank commits itself to regaining trust. The section, Danske Bank's Commitment to Trust and Corporate Governance (pp. 28-35), engages

[4] Even though Deleuze and Guattari assign a major responsibility to philosophy for its ability to create concepts and "being able to invent events that facilitate alternative modes of existence" (C. G. Johnsen, 2015, p. 73), the aim of this thesis is not to produce ground-breaking concepts that revolutionise our way of thinking. Instead, we are positioning current conceptions in such a way, to show how they might limit the emergence of novelty (cf. C. G. Johnsen, 2015, p. 73). Further, though Deleuze stresses the philosophical task of creating *new* concepts, his own "conception of multiplicity, for instance, stems from Riemann's differential mathematics while his concept of simulacrum emerges from of his reading of Plato" (C. G. Johnsen, 2015, p. 73).

with the specific commitment of Danske Bank and the practices it has implemented in order to do so. We focus on three distinct ways in which the bank has committed itself to this endeavour. The first is through a focus on compliance with the current principles of CG from the Danish Committee on Corporate Governance (CCG), an association of the Danish Government Agency the Danish Business Authority; the second is through leadership changes in its governing body (Top Management and Board of Directors), ensuring alignment between the values of it and the corporation; and the third is through collaboration with a broad range of possible stakeholders. As such, the three practical commitments of compliance, leadership values, and stakeholder collaboration will form the basis of what we understand by Danske Bank's commitment to regain trust through its CG. This will be placed in the larger context of how Danske Bank is re-opening the problem of CG – how the corporation ought to be governed.

2.3.2 The Genealogy of Corporate Governance

The subsequent analysis investigates how the problem of CG historically has been posed and answered. It will be divided into two parts: the first part will be a genealogical account of the issue how the corporation ought to be governed, i.e. CG has become problematic in new ways throughout history, thereby necessitating new theoretical and practical 'responses' or commitments. In this thesis, the genealogical method will serve two purposes: first, in illuminating how the notion of CG has developed; and second, it provides the basis for the creation of a common 'image of thought' (cf. Deleuze & Guattari, 1994, Chapter 2) which we will call 'economic-governance', which will be critically examined in Part 2 of the analysis. The notion of the image of thought will be explicated further after our inquiry into the genealogical method.

The science of genealogy is a historical form of analysis but it is not 'history' in the classical understanding of the sciences. Instead, when inquiring into the genealogy of a given phenomenon, one is inquiring into the ancestry of that phenomenon (Raffnsøe et al., 2016, p. 60). It accepts that history – or the history of phenomena – is not just a de-route from a former golden age of discovery. Neither is it the linear development towards an enlightened present time (D. B. Pedersen, Collin, & Stjernfelt, 2018, p. 25). Instead, the genealogical approach "seeks to illuminate the phenomenon through a thorough examination of its history without assuming any authentic origin" (Raffnsøe et al., 2016, p. 60) or end-goal (D. B. Pedersen et al., 2018, p. 25). As such, the starting point of the genealogical analysis is the "appearance of something commonly taken for granted while indicating, at the same time, how something new and unpredicted constantly comes about in its historical account" (Raffnsøe et al., 2016, p. 60) – in our case, how it is taken for granted in common CG theory that the corporation ought to be governed through the optimisation of arranging and administrating contracts to maximise utility (Berk & DeMarzo, 2017, Chapter 29).

Instead of assuming that the theories of CG have developed 'deterministically', that is, according to the 'true' way in which corporations should be governed, the genealogical approach makes it possible to show its "contingency – the fact that it could have developed into something completely different from what it currently is" (Raffnsøe et al., 2016, p. 60). The developments of the phenomenon and its conceptions and understandings are thereby not linear and driven, but dynamic and random (D. B. Pedersen et al., 2018, p. 25). The inquiry will not determine the necessity of the current and previous formations of the phenomenon, but will instead illuminate how certain problematics set-in-motion different responses and commitments came to appear (cf. Foucault, 1981, p. 238).

Thus, we want to challenge the position claiming that CG is conceived in our present as a problem that is fully understood in accordance with the proposition that "any discussion of CG […] is a story of conflicts of interest and attempts to minimize them" (Berk & DeMarzo, 2017, p. 1026). Therefore, the genealogical approach explores how different theories and practices of CG can be seen as specific responses, all in relation to the same problem of CG. It is a way of exploring the different "ways in which we try and have tried to conceive, address and relate to problems presented to us" (Raffnsøe et al., 2016, p. 79), enabling us to relate to the present in novel ways.

Even though the analysis is historical in its presentation of the CG problem, it takes the present's unescapable condition as point of departure. According to Foucault, the important question to pose is "who are we in the present, what is this ever so fragile moment from which we cannot detach our identity and which will carry this identity away with itself?" (Foucault, 1979 in Raffnsøe et al., 2016, p. 427, n. 7). It is a way of questioning that which relates the present to the past without degrading it to the product nor the sum of each other. The past and the present should be seen as interconnected, and we can understand how "the present or 'today' makes in history in relation to the past" (Raffnsøe et al., 2016, p. 431). Danske Bank's current trust crisis, and the way the bank is committing itself to CG as a solution, should thereby be seen in the light of different theoretical positions' past commitments to 'solve' the problem of CG.

2.3.3 Operationalisation of the Genealogical Analysis

It is important to understand that in our function as researchers we do not pose the problem of CG in relation to trust. Instead, we are analysing the specific commitment by Danske Bank to its perceived problem of trust and its proposed solution of governance. It is a certain problem-response problematic on the account of Danske Bank's engagement that we believe to be increasingly relevant, as this engagement is posing new questions related to the problem of CG. The previous 'solutions', i.e. theories of CG, have not been able to adequately answer this new problematic way in which issues of CG present themselves. Before its trust crisis, Danske Bank considered its CG practices to be 'correct', following all principles for good CG, proposed by the CCG. However, the crisis the bank is facing has reopened the question of optimal CG. This has opened "a horizon for thought and action that takes the form of a perpetual challenge that cannot be ignored" (Raffnsøe et al., 2016, p. 432).

According to Foucault, this moment produces an event in which the problem appears:

> "what is obvious becomes muddied, the lights go out, evening comes, and people begin to perceive that they are acting blindly and that, as a result, a new light is necessary. A new light is necessary, a new lighting, and new rules of behaviour. And here a new object appears: an object that appears as a problem" (Foucault, 1981, p. 245).

According to Organisational Philosopher, Kristian B. Hansen (2017), this description opens a possibility of analysis: 1) we see a practical tension – a becoming muddied of what was previously obvious; 2) a reflection upon or discussion of this tension – the posing of questions on how we ought to deal with this tension; and 3) responses that provide insights into this particular tension by how it ought to be solved (K. B. Hansen, 2017, pp. 18–19). In this analytical process, what becomes important are thereby three distinct 'phenomena' or categories: the moment or *event* that produces the condition of muddiedness and a possibility of new ways of thinking or articulation; the *commitments* to solve this new condition; and lastly, the *problem* the responses commit themselves towards. In the following section, we will therefore propose definitions and understandings of these three categories.

2.3.3.1 Event

The event is "the appearance of circumstances that did not exist before," that impose themselves "upon what is already existent and changes it in specific, but not always immediately determinate, ways" (Raffnsøe et al., 2016, pp. 85–86). However, the event should not be understood in the commonsensical way of the word. It is not an object one can hold on to, nor should it be seen as a specific empirical 'happening', identified in time and space, that one can point to. Instead, the event should be seen as a "singularity" – a "thisness" that is "able to transcend its given conditions and boundaries" (Raffnsøe et al., 2016, p. 88). As the event comes forth, it creates a world that distinguishes itself from the common and the ordinary. It changes the very possibility of thought and "provokes us to rethink the contemporary" condition (Raffnsøe et al., 2016, p. 17). However, the event never appears fully, but can instead be seen as a problem that needs further articulation; commiting oneself to its possibilities (Raffnsøe et al., 2016, p. 90). An example from the work of Foucault (1995) is his analysis of the penal system, in which the prison system is a distinct event that transcends its empirical status as a specific object. With the emergence of the prison, a new "mode of visibility" (Raffnsøe et al., 2016, p. 91) was introduced into society as the spectacle of the public execution was, in the course of 80 years, replaced with the invisibility of rehabilitation (Foucault, 1995, p. 7). This change from spectacle to correction can be seen in a larger context of several institutions' changes, such as the school, the factory and the army. It became an event that made it possible to conceive a very specific "disciplining of social relations" (Foucault, 1995, p. 143; Raffnsøe et al., 2016, p. 173). According to Foucault, if one considers the prison sentencing as an event and not merely as a change in punishment, the introduction of discipline in the institutions are mutually connected – how the event appears "depends upon which circumstances it is considered in" (Raffnsøe et al., 2016, p. 91).

As we will show in the genealogical analysis, the very specific way in which the governance of corporations was conceived inside and together with an economic understanding of man by Smith in *The Wealth of Nations* (1776), can be seen as a decisive event that made it possible for the theorisation of CG to be heavily shaped by economic thinking. The problem of CG could be analysed in a variety of ways, but the purpose of the analysis is not to arrive at a final 'verdict' of how it ought to be conducted. Instead, we will focus on articulating a certain reality in which we are all entangled (Raffnsøe et al., 2016, p. 93). The way this event is connected to CG is through the process of commitments to problems. As such, the next part will inquire into the notion of how problems should be understood.

2.3.3.2 Problem

In this thesis, a problem will be defined as a tension believed to necessitate a response. According to Foucault, the problem arises as "people begin to take care of something, of the way they become anxious about this or that" (Foucault, 2001, p. 74). When something asserts itself as a problem, it reveals previously hidden facets. Public torture and executions used to be normal, whereas about 80 years later it would be seen as barbaric (Foucault, 1995, p. 7). Thus, various practices are at different times believed to be the best way of conducting punishment for crimes. However, this does not make the practice more correct (true) or incorrect (false) in a universal sense. Instead, when certain practices enter into the space between being true or false they become objects of reflection, debate or contestation. This induces a multiplicity of responses that suggest different ways to handle issues (K. B. Hansen, 2017, p. 24). In our case, the problem is how Danske Bank ought to govern its corporation to regain trust. The notion of economic man, and its connection to the governance of people, could be and has been analysed very differently.[5] However, we are limiting our scope of analysis to the very specific part of governance concerning the corporation. This makes it decisive to establish whether such a connection is conceived to exist – that Danske Bank is committing itself towards a problem of CG. The next section will explicate this concern.

2.3.3.3 Commitment

Commitments are what drive the analysis of this thesis. The basis of our analysis isDanske Bank's comittments to change its CG initiatives due to its trust crisis. This crisis has re-illuminated the contested problem of CG. Since the event of Smith's writings, the main problem of CG has been responded to by several thinkers, institutions, and corporations in order to answerthat same problem Danske Bank is facing: how ought we govern the corporation? As such, commitments will in this thesis be understood as the specific obligations of actors that seek to answer or solve a certain problem (cf. Bondo Hansen, 2017, p. 24; cf. Foucault, 1981, p. 245).

2.3.4 Danske Bank's Commitment and the Genealogy of Corporate Governance

In the previous section, we have presented our methodological considerations regarding Part 1 of the analysis. It is divided into two sections: 1) Danske Banks Commitment to Trust and CG, and 2) The Genealogy of CG. The first section intends to qualify Danske Bank's commitment to the problem of CG, while the second section investigates previous theoretical answers and commitments to this problem. The two sections form a cohesive analysis of a diagnosis of the present in which the problem of CG is once again becoming urgent. The next part of our methodological considerations asserts how we are planning to conduct this critical analysis.

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[5] A great example is *The Birth of Biopolitics* (Foucault, 2008), in which Foucault analyses the forms of knowledge that has helped shape modern forms of liberal and neo-liberal forms of governance (Lemke, 2001).

2.4 The Methodology of Part 2: Encountering Corporate Governance

2.4.1 Trust and Corporate Governance: An Economic-Governance Image of Thought

The genealogy of CG, though an important endeavour in itself, is conducted for the specific purpose of illuminating the possibilities and limitations of understandings, in the economic-governance image of thought. As such, in the following section we want to establish the way we intend to operationalise this notion.

2.4.2 Image of Thought

The image of thought is a specific way of inquiring into the conditions of thinking, described by Deleuze throughout his authorship (Deleuze, 1990, 1992, 1994, Chapter 3; Deleuze & Guattari, 1994, Chapter 2). The image of thought not only determines "that we think according to a given method, but also that there is a more or less implicit, tacit or presupposed [mode of thinking] which determines our goals when we try to think" (Deleuze, 1994, p. xvi). The image is thereby what determines how we *can* think. It operates as a "diagram that guides the activity of thinking" and "lays down coordinates" that guides thought in specific directions for passing judgements and reasoning (Deleuze & Guattari, 1994, p. 40; C. G. Johnsen, 2015, p. 26). It determines "what it means to think, to make use of thought, to find one's bearings in thought" (Deleuze & Guattari, 1994, p. 37). Its structure coordinates and organises our concepts, ideas, beliefs and convictions through its inscribed principles and doctrines – it is a map that plots the possibility and limits of thinking, reasoning and judging. It is the plane that thinking orients itself toward in order to organise how thought is produced and toward what end.

The image of thought is more than paradigms (cf. Kuhn, 1970), as different paradigms can exist in the same image of thought while never showing its limitations. A clear example of this is how critical studies of shareholder or neo-classical perspectives in finance propose the more inclusive Keynesian or stakeholder-oriented perspective as an alternative mode of thinking (ex. Hamilton & Mickelthwaith, 2006; Hansen, 2007, 2012, 2014; Ho, 2009; Masters, 2011). However, while ex. Hansen (2014) argues that "the Keynesian and neo-classical narratives are opposites. One [therefore] cannot agree with both at the same time" (P. H. Hansen, 2014, p. 611), he does not consider how each 'narrative' might be formed inside the same image. As we will show, though neo-classical understandings (agency theory) and "Keynesian" understandings (cf. Hansen, 2014) of CG (stakeholder theory) might oppose each other, they are coded in accordance with the same limitations of thought – both theories are grounded in the same principles (C. G. Johnsen, 2015, p. 27). The image is thereby the very foundation upon which all philosophical concepts are created; in the moment philosophical concepts are created so is the image of thought as a necessary structure to sustain them (Deleuze & Guattari, 1994, p. 41). Different paradigms can therefore exist inside the same image, and are not 'pure opposites', as proposed by Hansen (2014).

In the image of thought, thinking is thereby already ascribed to a certain pattern that is guiding one to perceive the nature of the corporation and its governance initiatives in a specific way. It shapes the way these initiatives are judged and in extension, how we pose questions of how we ought to govern and toward what end. As such, the theories, and their commitment to solving the problem of how the corporation ought to be governed, are not detached from the actual practice of CG – they have "real-life consequences for how we think and act" (C. G. Johnsen, 2015, p. 29). A "theory [thereby] does not express, translate, or serve to apply practice: it is practice" (Foucault & Deleuze, 1977, p. 208). It is "practice to the degree that it arranges a specific way of thinking and acting" (C. G. Johnsen, 2015, p. 29). Thus, the theories of CG ought not be seen as "absolute necessity" (Deleuze, 1994, p. 139). Instead, they only "designate possibilities", which means that they should not be conceived as determined to be in a specific way according to how the world truly *is* (Deleuze, 1994, p. 139). Instead, they are produced by a specific way of thinking, judging and reasoning – the economic-governance image of thought.

The image is therefore a specific intensive pre-conceptual 'plane' that organises what is possible of thought. It reproduces itself by limiting thinking from posing questions that would enable one to conceive, imagine or judge *differently* than the image 'allows'. Every imagining, 'conceivation', understanding, and judgement are arranged in accordance with its own 'coding'. As such, exploring this economic-governance image of thought allows us to scrutinise the way in which contemporary CG embodies a specific mode of reasoning and thinking about the corporation, its relations, human nature and morality. Insofar as it "determines our goals when we try to think" (Deleuze, 1994, p. xvi), the economic-governance image of thought "preconfigures the objectives, tasks, responsibilities, challenges and opportunities" (C. G. Johnsen, 2015, p. 29) of the corporation's governance practices. As such, commitments to solving the problem of how the corporation ought to be governed cannot think thought differently than the established *doxa* of the image. The theories, insofar as they are commitments toward a common problem, reinforce a specific mode of thinking even though they seemingly try to critique or expand the notions of each other.

2.4.3 Operationalisation of the Image of Thought

The methodology of the PhD Thesis by Organisational Philosopher Christian Garmann Johnsen (2015) to some degree serve as an inspiration for this thesis' critique of the economic-governance image of thought. Johnsen establishes a post-bureaucratic image of thought, and analyses three different 'types' of leaders in modern organisations: the creative manager, the authentic leader and the entrepreneur. Each leader-type is commonly seen as a solution to the "crisis of Taylorism" (C. G. Johnsen, 2015, abstract) while simultaneously functioning as "cardinal psychosocial types within the post-bureaucratic image of thought" (C. G. Johnsen, 2015, p. 1). In order to re-work and re-configure the three leader-types, Johnsen suggests a philosophical investigation into each figure by "diagnosis" and "challenge" that enables the possibility of expanding the way we think about them and management studies in general (C. G. Johnsen, 2015, pp. 11; 26). As each leader-type belongs to the post-bureaucratic image of thought, they are all encapsulated in the same "conjectures of how one should think about oneself and the organization in the post-bureaucratic world" (C. G. Johnsen, 2015, p. 26). The impact an image of thought can have on the perception and thereby development of concepts can similarly be found when analysing CG from a genealogical perspective. Thus, Johnsen's dealings with the image of thought, that has limited management studies in post-bureaucratic organisations, can be used productively in our endeavour to define how the notion of CG has equally been limited.

In our analysis of the economic-governance image of thought, we utilise the findings of the genealogical analysis and show their commonalities. Insofar as each CG theory has tried to answer the question 'how ought the corporation to be governed?', they have each formulated their own propositions of how humans relate to each other, how they act, and how corporate conduct is legitimised. Thereby, they have each proposed principles of relation, human nature, and morality. In the analysis of the economic-governance image of thought, we will first illuminate how each theory has conceived each of these principles. We will then systematically combine the conceivations in order to show their commonalities. This establishes how each of the three theoretical positions of CG all adhere to these commonalities, in principle (cf. Deleuze, 1994, pp. 135; 147).

Further, it will show how the economic-governance image of thought has shaped the possibilities and limitations of agency, stewardship, and stakeholder theories' ability to pose, commit themselves to, and answer the problem of CG. As such, our analysis follows Johnsen's (2015) way of establishing the image of thought. The restrictions of the image are illuminated by how several positions have thought about the same problem. Though they each propose seemingly different solutions to the common problem –

the crisis of Taylorism for Johnsen (2015) and the problem of CG in this thesis – they all encapsulate the same 'coding' for conceiving the corporation and problems of relation, human nature, and morality in its governance.

Danske Bank's commitments to compliance, leadership values and stakeholder collaboration are aimed at regaining trust. The bank has lived up to the recommendations of the CCG since 2010, and have appointed leaders that more adequately live up to the values of the corporation and the expectations of the stakeholders. The three commitments can thereby be understood as a specific endeavour of selecting leaders that can comply with and live up to the overarching moral values of the bank – leaders who are "authentic" insofar as 'authenticity' refers to a leader's ability to remain "faithful to one's inner self" while being committed to "values beyond personal interest" (C. G. Johnsen, 2015, pp. 119–120). Still, as Danske Bank has continuously replaced one leader for another every time the bank has experienced a new crisis (J. C. Hansen, 2019) it might be possible to suggest this practice of the demarcation of authentic and in-authentic leaders as inadequate (cf. C. G. Johnsen, 2015, pp. 120–123). Therefore, as this thesis will propose, if trust does not escape its current imagining, inside economic-governance, it cannot produce or be produced in any other way than what has led to the crisis in the first place. The illumination of the image enables us to show the lack in Danske Bank's endeavour to regain trust. A lack which will be critically assessed in section 6: Transformational Encounters of Trust.

2.4.4 Transformational Productions of the Encounter

Even though theories of CG continuously have engaged with the problem of the governance of corporations, they have lacked "radical imagination" (C. G. Johnsen, 2015, pp. 9; 245), i.e. they have not been able to escape the economic-governance image of thought. Instead, they have continuously developed the same principles, just in separate connotations. Therefore, Deleuze suggests that the only way to overturn the current dominating frame in which thought operates, is by attacking or critiquing its representation of self-evidence; one must show alternative ways of conceiving the world (Deleuze, 1994, p. 132). As such, we are interested in challenging the image of thought that guides the model of economic-governance. According to Deleuze, "the Image of thought must be judged on the basis of what it claims in principle, not on the basis of empirical objections" as the claims in principle is what is "concerning and affecting the essence of what it means to think" (Deleuze, 1994, pp. 135; 147). We are therefore not critiquing the specifics of each CG theory but instead what they produce of principal – or essential – notions of truth regarding relation, human nature and moral. The method of this critique, is through the concept of *encounter* (Johnsen, 2015, p. 49).

According to Deleuze, thinking never happens voluntarily. It is not an exercise in which individuals sit down and produce thinking, on the basis of their good will. Instead, "something in the world forces us to think" (Deleuze, 1994, p. 139). We search for 'truth' when something compels us to do so. It is a violent force that "impels us to such a search and wrests us from our natural stupor" (D. W. Smith, 2012, p. 143). These forces can be seen in all instances of life – the school boy who "suddenly become 'good at Latin'" because of his love to one of his classmates (Deleuze, 2000, p. 22), is no less powerful than "Leibniz's relentless pursuit of the problem of sufficient reason" (D. W. Smith, 2012, p. 143). As such, the initiation of "transgressing common sense" is when thought is "confronted by a contradictory sense impression" – that of love, wonder, hatred or suffering – which it cannot adequately comprehend within the image of thought (Deleuze, 1994, p. 139; C. G. Johnsen, 2015, p. 63). This forceful experience is what Deleuze calls an *encounter*. The encounter asserts itself and calls into question the current principles of the image of thought (Deleuze, 1994, p. 139). It "moves the soul, 'perplexes' it" (Deleuze, 1994, p. 140) and illuminates the current restrictions and limitations of the image in order to open a possibility to reach beyond it. There are no "*a priori* restrictions to what might be encountered" (C. G. Johnsen, 2015, p. 68).

2.4.5 Operationalisation of the Critique of the Image: The Forceful Encounters

As we in Part 2 of the analysis establish a critique of thinking's limitations in common CG theories and practices due to the economic-governance image of thought, we believe it necessary to assert how we intend to overturn it to enable novel and productive thought.

We have staged encounters between the economic-governance image of thought and three conceptions of trust which have appeared in Danske Bank's commitments to solve its problem of CG.

1. The first encounter has been staged between the principle of 'relation as contracts' from economic-governance and the notion of fundamental trust from Løgstrup (2007, 2010). We show how the contract in economic-governance has inserted itself in the relations of corporate actors. It thereby acts as a "juridical expression" (Deleuze & Guattari, 2005, p. 460) of obligations that prevents trust from asserting itself. Thereby, trust can only exist as producer of mistrust in the contractual relation.
2. The second encounter is between the principle of 'human nature as homo economicus' of economic-governance and trust as redistribution from the analysis of Svendsen & Svendsen (2010). We show how the notion of homo economicus acts as an already-determining mechanism in human interaction. The subject can only exist as accumulating and base decisions on past

compliance of contractual terms. Trust can therefore not exist as anything but cost-reduction in incomplete contracts.

3. The last encounter is staged between the principle of 'moral as transcendent utility' from economic-governance and the practical ethics of Aristotle (1999). We show how the all-encompassing value of utility in economic-governance limits any possibility for trust to exist as anything else than the means toward utility-maximisation.

It is Danske Bank that commits itself to adhering to a virtue of trust and once again take its place as a pillar in society. This approach is not an attempt to guarantee a superior position of truthfulness. Instead, when staging different encounters, "we need to pay close attention to the ways that [they] confront paradox" (C. G. Johnsen, 2015, p. 72). One theoretical frame should not just be replaced by another, as that would entail swapping one instance of common sense with another (Deleuze, 1994, p. 147). Instead, the encounter should bring each principle of relation, human nature, and moral of economic-governance to "the extreme point of its dissolution" (Deleuze, 1994, p. 143) To do this, one must force each principle to be employed in a way that makes it grasp what it can comprehend but also what is incomprehensible and cannot be grasped – where the imaginings of the image break down (Deleuze, 1994, p. 143). To do so, we might ask questions such as: 'what forces relations to relate?', 'what forces trust to trust in relations?', 'what sort of relations produces the un-relatableness?' (Deleuze, 1994, p. 143). Such questions, brought forward by different notions of trust make it possible to highlight the boundaries of the image and push its logic towards para-sense – beyond sense (cf. Spoelstra, 2007, p. 26).

The three notions of trust, Løgstrup's fundamental perspective, Svendsen & Svendsen's redistributive trust, and Aristotle's practical virtue ethics might on the surface appear unusual for such a task, since they have been developed for very different modes of inquiry.[6] Against such a position, it is important to note that it is "the occurrence of the unexpected within the expected or the unusual within the ordinary" (C. G. Johnsen, 2015, p. 72) that can "engender 'thinking' in thought" (Deleuze, 1994, p. 147). It is by acknowledging the possibilities in the ordinary that the extraordinary can assert itself. This is the ambition of Part 2 of our analysis: to experiment with the possibilities and limitations of the economic-governance image of thought by staging encounters with its principles and notions of trust. We do not know if this

[6] Løgstrup wanted to locate trust as a fundamental category we could never escape; Svendsen & Svendsen wanted to show the positive economic effects of high degrees of trust in society; while Aristotle wanted to show how habits in accordance with human purpose could grant us happiness.

endeavour will be perceived as 'successful', as "nothing can be said in advance, one cannot prejudge the outcome of research" (Deleuze, 1994, p. 143). However, nothing of this endeavour will be regrettable, as the only regrettable endeavours are the ones already travelled (cf. Deleuze, 1994, pp. 143–144).

2.5 The Two Parts of the Thesis: (1) Diagnosis and (2) Encounter

We have now commenced a quite lengthy but – in our view – necessary methodological endeavour of practical commitment, genealogy, the notion of the image of thought, and encounter. Every analytical step is positioned in order to experiment with the common understandings of CG and our ambition to create novel imaginings. To recapitulate, the analysis will consist of two parts.

Part 1 will first analyse the practical commitments of Danske Bank and qualify how the bank assumes responsibility to regain trust through changing practices of CG; next we conduct a genealogical analysis of three common CG theories (agency, stewardship, and stakeholder theory) to locate the commonalities of their historical-becoming.

Part 2 builds on the these findings and shows how the theories' common principals of relation, human nature and moral form a common economic-governance image of thought – which none of them has been able to escape; we then show how the commitments of Danske Bank can be analysed in light of this image, demonstrating how trust might never be regained if the image is not overturned; next, we stage three encounters between the principles of economic-governance and three notions of trust derived from Løgstrup, Svendsen & Svendsen, and Aristotle. Each of these encounters will show the boundaries of the image by taking its principles to their limits. This highlights the possibility of understanding, conceptualising and conceiving CG outside the current frame.

As such, the analytical body of this thesis can be illustrated as below:

Analytical Body						
Part 1				**Part 2**		
Danske Bank's Commitment		**Genealogical Analysis**		**Economi-Governance Image of Thought**		**Encounters**
- Compliance - Leadership Values - Stakeholder Collaboration	➔	- Agency Theory - Stewardship Theory - Stakeholder Theory	➔	- Relation - Human Nature - Moral	➔	- Løgstrup, fundamental trust - Svendsen & Svendsen, redistributive trust - Aristotle, practical virtue ethics

Figure 1: Analytical Body

2.6 Selection of Materials: Texts and Statements

Both Part 1 and Part 2 of this analysis will be processed and qualified through statements and texts. They are exemplary of a fragile and partial relationship between theory and practice (Foucault & Deleuze, 1977, p. 205). Specifically, the commitments of Danske Bank are qualified through public statements and commitments of the bank's 'high ranking' leaders and in the bank's press releases as well as specific commitments of governance practices through internal and externally available policy papers; while the theoretical foundations for the three common theories of CG, the establishment of the economic-governance image of thought and the three encounters are analysed through a selection of seminal texts.

The texts have been chosen, and will be presented in a schematic manner, in accordance with their ability to illuminate assumptions and commonalities in each of the three CG theories. The texts for the genealogical analysis are not "attempts at reconstructing the past with the greatest possible objectivity and completeness", nor do we "pretend to give a universal overview of history" (Raffnsøe et al., 2016, p. 434). It is not a complete history of the notion economic man and his development; the way it has been conceived and reworked through several disciplines; how the notion and problem of governance have been engaged; or even a thorough interpretation of all elements relating to each theory of CG. Instead, it is a history and a schematic presentation of texts that "precludes and recognizes the validity of a number of other outlooks" that also could have been analysed (Raffnsøe et al., 2016, p. 434).

The encounters posed in Part 2 of this analysis are not full presentations of each theoretical position. We are not claiming a reading of ex. Løgstrup in which we consider the full ontological consequences of his inquiry. Instead, we focus on a very specific aspect of Løgstrup's notion of the differences between trust and mistrust, and propose a reading in which mistrust is produced at the moment trust is denied a possibility of asserting itself in the relation between individuals. As such, while taking seriously the original connections of the concepts, we try to separate and regroup them in novel ways in order to make something new and interesting appear and possible to sense (cf. Deleuze & Guattari, 2005, p. x; C. G. Johnsen, 2015, p. 64; Spoelstra, 2007, p. 26). Thereby, we are more interested in what the concepts *do* in their effect of answering different problems instead of how they can be seen as specific solutions that are already fully formed.

2.7 Reflections on Knowledge Production

On this account, one can wonder what sort of knowledge can be produced in a thesis when neither specific theories nor empirical works of practice have been 'collected' or utilised. The methodical approach is not aiming at scientific research, in the sense that science works with propositions which validity can be tested (cf. Deleuze & Guattari, 1994, p. 24). This, however, does not exclude us from any demands in regards to this production of knowledge. We are aware of the pitfalls of philosophical research – as explained in the beginning of our methodological considerations – and as such, we still aspire toward rigour and transparency in our knowledge production. We want to ensure that our analysis is carefully designed and systematically carried out while being rich in detail and rigorous in its argumentation (Dvora Yanow, 2014, p. 100). The analysis will be precise insofar as precision refers to reflecting on what is being analysed and how it is done. We will allow the texts to speak in their own singularity and specificity while rigorously testing them by questioning their own conceptual assumptions. Furthermore, transparency is referring to the care with which each analytical move is articulated. The aim is to ensure that the knowledge produced is qualified within the realm of business philosophy and linked to its theoretical empirical context.

Part 1: A Diagnosis of the Present

3 Danske Bank's Commitment to Trust and Corporate Governance

3.1 A Practical Approach

Before considering CG from an *agency theory, stewardship theory, and stakeholder theory* perspective, we would like to approach it from the perspective of Danske Bank's CG practices. In other words, we would like to investigate the bank's specific commitment insofar as it can be understood as equal in its obligation to the problem of CG as the three theoretical positions. This part of the thesis will seek to elaborate on two areas: first, the principle-based CG approach that Danske Bank follows; and second, how the bank is linking its trust crisis with problems of CG, entailing how it commits itself to handling its crisis.

3.2 Principle-Based Corporate Governance

As this section will argue, Danske Bank is committing itself to regaining trust through its CG activities. However, insofar it does that, what can then be understood about the problem of CG? Given that Danske Bank's CG activities "[comply] with all the recommendations" from the CCG (Danske Bank, 2019a), we want to explore *principle-based CG* and how these principles might illuminate certain assumptions underlying the practice of corporations. This is due to the fact that even though Danske Bank allegedly complies with all principles and guidelines from the CCG (Danske Bank, 2019a), a trust crisis is still occurring which the bank has diagnosed as problem caused by sub-optimal CG. It therefore becomes relevant to investigate how the bank can comply with all principles of the CCG and still find itself in a trust crisis. This investigation will thereby be a practical and "current" approach to understanding CG.

3.3 The Principles and Recommendations of the CCG

According to the Danish Financial Statements Act §107b, all public companies must elaborate on how they comply with the recommendations from the CCG or explain why they do not comply (Finanstilsynet, 2008). As such, Danske Bank has based its governance strategy on the recommendations from the CCG, and has complied with every recommendation since 2010, when it officially started to report on its CG initiatives. Danske Bank's CG reports thus primarily consist of elaborations of how it complies with the prescribed guidelines (Danske Bank, 2019a). In addition, the bank makes its compliant position, in regards to control and risk management; the functions of management bodies; and further recommendations of good CG from the association of the Danish financial industry Finance Denmark, explicit (Danske Bank, 2019a).

As CCG is promoting a strict 'comply or explain'-policy for CG practices, compliance can be seen as the most important aspect of how Danske Bank conceives CG. In the inquiry of the commitment of Danske Bank toward the problem of CG, we will investigate how the recommendations of the CCG are affecting how Danske Bank commits itself towards the problem of CG. The recommended principles, proposed by the CCG, are intended to "help ensure confidence in companies" – to ensure that the companies can be trusted. In its view, the purpose of CG is to "support value creation and accountable management, thus strengthening the long-term competitiveness of the companies" (Committee on Corporate Governance, 2017, p. 3).

We hereby see how the CCG is connecting the notions of "long-term competitiveness", "value creation", and the ability to "ensure confidence". The CCG promotes a shareholder-oriented view. Instead of widening the scope of the purpose of the corporation, it need only act to stay competitive in order to "contribute to maximising long-term return for investors" (Committee on CG, 2016, p. 3). Hence, governance structures ought to secure the highest possible value-maximisation of the shareholders to attract new investors which increases the share price. These governance structures suggest an understanding of the corporation in which the contract between the corporation and its owners is fundamental to secure the long-term survival of the corporation.

Though the CCG is promoting transparency, responsibility and accountability it is defining the purpose of the principles directly in relation to the profit-maximisation of the shareholders and not towards the interests of other stakeholders or society in general. Of course, the principles are still focusing on "accountable management", but it is not specified if this 'accountability' should be guided towards society, the stakeholders, or the shareholders of the company. This might create tensions in the interpretation and the implementation of the principles in specific corporate governance policies in order to ensure confidence and trust.

3.4 Solving the Trust Crisis Through Corporate Governance

This section will build on the principal-based approach proposed by the CCG by elaborating on Danske Bank's governing initiatives to outline what we will call a practical approach to CG. It will become clear how CG is applied as a means to regain trust. This is made explicit through three main lines of conduct: First, compliance as an instrument to ensure certain behaviour; second, the role of management values to facilitate a moral necessary to govern Danske Bank in a way that can re-establish trust; and third CG as a relation between Danske Bank and its stakeholders.

3.4.1 Corporate Governance as Compliance

Danske Bank has implemented a three-lines-of-defence model of CG which "segregate duties between risk ownership, risk oversight and risk assurance" (Danske Bank, 2019a, p. 24). The first line of defence consists of the frontline and direct support functions such as business units, COO and CFO area, Legal, HR and Brand and Marketing which identify and manage risks across borders. The second line of defence consists of Group Risk Management and Group Compliance that facilitates the risk management framework, which main function is oversight and support of the first line of defence. The third line of defence is an auditing unit, Group Internal Audit, which evaluates and improves the effectiveness of risk management, control and governance processes related to the first and second line of defences. This unit reports directly to the Board of Directors (Danske Bank, 2019a, p. 24). All these initiatives are in accordance with the recommendations of CCG. The distribution of rights and responsibilities as well as rules and procedures for making decisions on corporate affairs can be seen as control mechanisms to ensure that the specific parties can be held accountable for unwanted behaviour. It is a mechanism which both reduces the complexity of evaluating potential negative situations as well as preventing them from happening.

As stated in the *CG* section of Danske Bank's website,

> [The bank] fosters a strong compliance culture in order to ensure its integrity and to maintain the trust of our customers and society at large. We do this through the effective management of compliance risks, which entails compliance responsibilities for all employees (Danske Bank, n.d.-a).

Governance through compliance becomes an activity of CG which main goal is to establish rules and enforce sanctions when they are broken. This entails a strong emphasis on installing control measures solid enough to detect deviating behaviour which can prevent unfavourable actions, which is reflected in the bank's implementation of its three-lines-of-defence model. There is a simplicity in establishing such mechanisms because they reduce certain complexities – especially in judging who did something wrong as well as accounting for the actions causing the wrongdoing. Controlling behaviour, and punishing individuals who fails to comply, thereby becomes a focal point in Danske Bank's strategy to CG. As such, we need not trust in the propensity of specific individuals to know how to behave but instead only in their ability to comply with the given rules in accordance with the control mechanisms.

3.4.2 Corporate Governance as Leadership Values

There is also an emphasis on the leadership structure of Danske Bank. The bank continuously refers to the link between trust and stakeholder expectations and perceptions (Danske Bank, 2019b, pp. 3–4). Thus, to align stakeholder expectations and perceptions with Danske Bank's business model, values, and strategies, the bank needs a strong top management: "The Board of Directors, however, has considered it a necessity for Danske Bank to have a robust and very experienced senior management team to regain past financial strength and trust from the society into Danske Bank's actions" (Danske Bank, 2019b, pp. 3–4). The statement not only recognises the stakeholders' lack of trust in the bank but also that CG is vital to regain trust. This is also reflected in the bank's emphasis on the role of its executive management team , a measure the newly appointed Danske Bank CEO, Chris Vogelzang, has emphasised: "We have a new and committed Executive Leadership Team in place, and we are increasing our investments in 2020 across a number of areas to promote and develop our accountability and leadership" (Danske Bank, 2019c, p. 5).

As such, to regain trust, the bank intends to facilitate and realise its strategical changes by replacing big parts of its top management – its governing body. Since the Estonian money laundering scandal in 2018, nine members of the top management have announced their resignation. The most prominent changes of leadership were Vogelzang, who replaced the former CEO, Thomas Fredrick Borgen, and Dybvad, who replaced the former chairman, Ole Andersen. Shortly after Vogelzang had been employed, he replaced three members of the top management with Stephan Engels, former CFO of Germany's second largest bank, Commerzbank, and Berit Behring, who has worked for Danske Bank since 2007 (Olsen, Jung, & Bendtsen, 2019).

3.4.2.1 The Future of Danske Bank

At the yearly People's Democratic Festival in 2018, Vogelzang commented on Danske Bank's future. He stated that the bank should be a "centre of society. We will get there, if we are aware of this in everything we do. I am confident, this will work. However, it entails hard work. There are no magic formulas, no silver bullet" (Olsen, 2019a). During the debate, he guaranteed proper reactions to any future inquiries about money laundering: "It is my job to ensure that we aware of these problems. We need to have the right systems in place. Further, we need to create a culture built on integrity and moral. Trust is the most essentiel asset of a bank, and therefore we have set everything in to regain it." (Olsen, 2019b). Trust, is thus to be regained through hard work and correct adherence to morals. Dybvad supported this argument and estimated a four to six-year period for Danske Bank to regain trust. He pointed to "transparency as a determining factor to regain trust" (Olsen, 2019b). In addition, he argued for a longer-term perspective in the pursuit of profit. This is why Danske Bank's yearly goal of a 12% yield has been abolished because "in a company you must always find the balance. And now, we can confirm that we have a backlog. We have to put in an extra effort to get on top of the challenges we have" (Olsen & Erhardtsen, 2019a).

Both Vogelzang and Dybvad are promoting a broader focus than only focusing on shareholder profits. The traditional "Letter to our shareholders" title has been changed to "foreword" in the yearly report which Dybvad has proposed as a "signal that we are now doing things differently. We know very well that we are a part of society. We are a commercial business, so we are not saying that we should not make money. However, we believe that the revenue will follow if we are a reliable bank" (Olsen & Erhardtsen, 2019b). Included in this broader approach to CG is the focus on values: particularly the values of the governing body. As mentioned in the introduction of this thesis, Danske Bank's major shareholder, A.P. Møller Holding, states that "we beleive that Karten and Jan has the right combination of competencies and values. They and the rest of the board should therefore be able to set the framework of the massive task the bank is facing" (M. Lund & Olsen, 2018).

As such, this points to a general notion of trust as a required aim for Danske Bank's governing body in the coming years. It sets a frame of not only the bank's goal but also the crucial conditions required for succeeding, namely, a proper set of values with the individuals who are governing the bank. Both Dybvad and Vogelzang claim to comply with their values of integrity, honesty/openness and a moral which make it possible for them to implement a broader societal focus. This commitment of the governing body also makes it possible to judge their leadership in accordance with their ability to live up to their presumed moral frame. It becomes easy to control whether Dybvad or Vogelsang 'practices what they preach', or if they deviate from the moral compass that is set in place to ensure future trust.

3.4.3 Corporate Governance as Stakeholder Collaboration

A third way Danske Bank is committing itself to regain trust is through its societal impact approach which consists of a collaboration between the bank and its stakeholders. In its *societal impact* section on its webpage, Danske Bank states:

> Societal Impact & Sustainability is about the way we conduct our core business by addressing societal, environmental and economic considerations for all stakeholders. As the largest financial services provider in Denmark and one of the largest financial institutions in the Nordic region, we recognise that Danske Bank has a special responsibility and obligation (Danske Bank, n.d.-c).

A self-proclaimed responsibility and obligation to society indicates that Danske Bank wants to be perceived as a corporation which society can rely on. The bank seeks to strengthen this reliability by incorporating initiatives such as educating people to become financial confident and safe in a digital age; contributing to economic growth by supporting entrepreneurs and start-ups; and contributing to climate actions by primarily dealing with green bonds and impact investment funds – initiatives that are all part of the UN's Sustainable Development Goals (Danske Bank, 2019c, p. 5). In addition, the bank is endorsing the UN Responsible Banking Principles (Danske Bank, 2019c, p. 5). These initiatives were launched on 22 and 23 September 2019 during the annual United Nations Assembly which in short is an initiative to re-establish trust in the banking sector by committing it to responsible banking (United Nations Environment Finance Initiative, n.d.). This point is made explicit by Behring, Member of the Executive Leadership Team and Head of Wealth Management, who explicitly makes a connection between responsible banking, societal change, and business facilitation:

> During the past few years, we have increased our focus on how to use our financing capabilities to drive societal change. We expect the Principles for Responsible Banking to become a benchmark for the conduct of banks, and we see them as an important framework for stepping up our efforts (Danske Bank, 2019c, p. 11).

In the forewords, to the same report as Berit Behring makes her comments about the role of responsible banking in society, Vogelzang also states: "I firmly believe that a company is a community within a wider society" (Danske Bank, 2019c, p. 5). It is a strong indication that the bank is committed to having a trusting relationship with the Danish society. Further, Vogelsang states that

> it is clear to me that we have the potential to become a much better bank and that we need to change in order to realise this potential. And it is also clear to me that becoming a better bank requires having a focus that extends beyond pure financial results (Danske Bank, 2019c, p. 5).

Not only does Danske Bank strive to become "better" but in order to do so, there must be other focal points than the result – the focal point of trust being the main object of investigation of this thesis.

Overall, Danske Bank's communicated direction is clear: it wants to be a reliable bank and trusted in its community through an honest collaboration with stakeholders. This direction is not only realised through the bank's values but also by developing and following several strategic endeavours on its path to becoming a trusted bank. According to the report, *Principles for Responsible Banking,* Danske Bank has "integrated sustainability into [its] governance and policies, and [it has] trained key parts of the organisation in sustainability. [It] will focus on further training activities, and [it] will integrate sustainability measures into [its] performance assessments and remuneration" (Danske Bank, 2019c, p. 11). This is further reinforced by Danske Bank's *Remuneration Report* (2019) in states that

> Danske Bank wishes to be recognised as the most trusted financial partner within our geographical footprint. […] On annual basis, the remuneration policy and practices are reviewed and adjusted, as required, to reflect changes in regulatory requirements, expectations from external stakeholders and Danske Bank's strategic priorities (Danske Bank, 2019b, p. 3).

These ambitions exemplify how Danske Bank is incorporating a broader stakeholder perspective to guide its initiatives. Together with the strengthening of its governance setup, the views and the expectations of the stakeholders are what shapes Danske Bank's goals.

Thus, it appears Danske Bank's perception of trust – and the processes in which it is strategized and implemented – is treated as an overarching concept which permeates most aspects of its management, public disclosures as well as internal control. The bank's new governing body has put in place several structures of practices, processes and rules to manage and drive the bank in a specific strategic direction. These strategic directions are, to a great extent, based on complying with the commitment of trust posed by the bank's stakeholders, and the CCG. For this endeavour to succeed, Danske Bank turns to CG as a key component because it is the tool by which Danske Bank attempts to regain trust.

We have now approached CG from a practical approach by analysing Danske Bank's CG initiatives. The next section will analyse CG genealogically from an *agency theory, stewardship theory, and stakeholder theory* perspective.

4 Corporate Governance: A Genealogical Perspective

The following section. will consist of a genealogical analysis of three major CG theoretical perspectives: agency theory, stewardship theory, and stakeholder theory. We base the analysis of a specific event, in which human nature was inserted in an economic frame; an event argued to be determining for how the theoretical positions have understood the problem of CG.

The first part of the analysis is an inquiry into the different understandings of corporate governance. The section qualifies our notion of several positions of CG to exist at the same time; the second part consists of the event that shaped the assumptions of economic research; the subsequent three sections will be an analysis of the three CG theories. Lastly, the conclusion of the analysis will combine the most important aspects from each theory.

4.1 Corporate Governance: A multitude of understandings

CG concerns the exercise of governing corporate entities (Clarke, 2004, p. 1). The problems related to this practice are as old as corporations themselves. However, Adam Smith's *The Wealth of Nations* (1776) is pointed to as the foundational line of thought shaping subsequent economic theory – and thereby notions influencing CG. Smith's inquiries into problems concerning the division of invested capital and the daily control of it sparked a theoretical development of the expected behavioural nature of man:

> The directors of such companies, however, being the managers rather of other people's money than of their own, it cannot well be expected, that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own. Like the stewards of a rich man, they are apt to consider attention to small matters as not for their master's honour, and very easily give themselves a dispensation from having it. Negligence and profusion, therefore, must always prevail, more or less, in the management of the affairs of such a company (Smith, 2007, pp. 574–575).

The problems that arise as A manages the money of B, is still defining modern contemporary governance theories. A clear example is from the textbook *Corporate Finance* by Economists Jonathan Berk & Peter DeMarzo, in which they propose that "any discussion of corporate governance […] is a story of conflicts of interest and attempts to minimize them." (Berk & DeMarzo, 2017, p. 1026).

As a concept and scientific subject, CG has increasingly gained attention from the 1930s as a result of the changing corporate structures in the United States (Chandler Jr., 2004). According to business professor, Alfred D. Chandler Jr. (2004), the urgency of governance problematics in business presented themselves as managers increasingly gained control in large corporations. This was due to the necessity of full-time professional managers who could oversee large-scale projects such as railroad constructions. No single investor had the knowledge or capital to undertake the large projects. Instead, managers were hired to administer the tasks (Chandler Jr., 2004, p. 38). This meant that several investors could combine their capital under the supervision of one specialised manager and thereby diversify risk while being able to invest in several projects to promote economic growth (Clarke, 2004, p. 3). Due to this new organisation of the corporation, ownership and control were separated, resulting in the need for new understandings of the "economic organisation of society"(Berle & Means, 1932, p. xli). Berle & Means (1967) saw this separation as problematic insofar as old understandings of property and the corporation were used to analyse these new societal organisations(Berle & Means, 1967, p. 312). As a result, new perceptions of the corporation itself were needed to understand how it should be governed.

The below section will elaborate on this re-opening of the question on how to govern a corporation by a reconstructive mapping of the three different mainstream CG approaches, each gaining enough momentum to justify an additional perspective to CG. They are each connected to their own circumstances, driving alternative vantage points to understand the perpetual challenges of CG. We will investigate the notion that came to define the field of CG research, in which governance is perceived as a tool to minimise agency costs by aligning the interests of the principal and agent (Fama & Jensen, 1983; M. C. Jensen & Meckling, 1976). Second, it will explore stewardship theory which deals with the nature of managers and their propensity to act in ways that benefit the organisation rather than themselves (Davis et al., 1997; Donaldson & Davis, 1991). Thirdly, it will elaborate on the broadest approach to CG: stakeholder theory which seeks to incorporate all stakeholders in forming strategies and initiatives (Berle & Means, 1932, 1967; Freeman, 1984; Hitt, Freeman, & Harrison, 2006).

However, it will become apparent that these three major directions simultaneously strengthen a certain perception of market actors since their foundation to some extent is built on similar underlying economic assumptions; economic assumptions heavily influenced by the liberal ideas of Smith (1776). These notions will be considered as the event influencing the trajectory of CG. It consists of a duality since it is, on the one hand, what has shaped the conditions for the image of thought that permits several responses and approaches, while, on the other hand, it limits the possibility of thinking and formation of radically different theories of how the corporation ought to be governed. We do not argue that these ideas act as *the* authentic origin of the ideas of economic inquiry (cf. Raffnsøe, Gudmand-Høyer, &

Sørensen-Thanning, 2016, p. 60). Instead, we see the ideas of Smith as an important transformation that, for the first time in history, inserts the notion of human nature in an economic frame (cf. Pedersen, Collin, & Stjernfelt, 2018, p. 39). Thus, as a part of the genealogical analysis of *agency theory, stewardship theory* and *stakeholder theory*, the event shaping these theories will be outlined first.

4.2 An Economic Model of Man: The Event Shaping Corporate Governance

> It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities, but of their advantages
>
> – Adam Smith, 1776, p. 16

As mentioned in the introduction of this section, Smith's (1776) inquiries haves provided a great contribution to the creation of the economic science, describing the nature of man in an economic frame. In the passage above, Smith attributes the prosperity of society to not rely on human sympathy (a notion developed in the earlier work *The Theory of Moral Sentiments* (1759)) but instead on the self-interest of the actors in the economic system (Smith, 2007, p. 16). Even though Smith was concerned with economic exchange on a generic and abstract level, his analysis transformed economic theory to be based upon human egoism (D. B. Pedersen et al., 2018, p. 39).[7] Subsequent economic theorising would evolve into the paradoxical study of how human egoism should be seen as beneficial for society, despite the apparent 'immoral' nature of the claim. As explicated by English economist Thomas Malthus,

> the substitution of benevolence as the master-spring and moving principle of society, instead of self-love, is a consummation devoutly to be wished […] But, alas! that moment can never arrive.

[7] We do not argue that Smith understands human beings as essentially egoistic. Instead, Smith analyses how actions in the marketplace, that might be termed as egoistic and self-serving, paradoxically are the actions that leads to the greatest amount of welfare for society. In this sense, Smith creates a connection between individually self-serving actions and the good of society. In contemporary analysis, this notion is closely connected to Smith's conception of sympathy from *The Theory of Moral Sentiments* (Smith, 2002) (cf. ex. Herzog, 2013). However, it is important to note that such a synthetic reading of Smith requires one to have read *The Theory of Moral Sentiments* before one can truly comprehend *The Wealth of Nations*. Further, it is also important to note, that the word 'sympathy' is not mentioned once in *The Wealth of Nations*.

> The whole is little better than a dream, a beautiful phantom of the imagination (Malthus, 1798, p. 55).

Economic theorising had thereby been positioned between the reflections of ethics and politics. This notion of the ethics of economic actions was further developed to encapsulate the possibility of ranking interests according the term *utility*, proposed by Jeremy Bentham in his *An Introduction to the Principles of Morals and Legislation* (1789) and further developed by John Stuart Mill in his *Principles of Political Economy* (1848). With Bentham and Mill, 'utilitarianism' arose as a moral code of economics – in grave contrast to the prevailing moral code of the Christian thinking guiding the English society (D. B. Pedersen et al., 2018, p. 41). Utilitarianism, though contested at the time, presented a possibility to morally judge an action by the amount of utility, or pleasure, an action would cause compared to the amount of pain it would inflict (Bentham, 1789, p. 1). Society thereby had a clear empirical guiding principal that could be utilised for all types of actions, be that political, economic or in everyday situations (D. B. Pedersen et al., 2018, p. 41). Instead of the ambiguous moral commandments of the Bible, relying on principles instead of actual situations, general motivations and incentives of people were tied towards the increase in individual and societal utility and welfare. As such, Mill could use ethical terms to position human actions in the market, and was able to describe man as an 'economic being' (Mill, 1874, paras. 38; 48). From this point of view, people make decisions based on a rational and calculative mindset which should maximise their utility and create the best possible situation for them and society. By seeking to optimise one's own utility, everybody becomes better off (Foucault, 2008, p. 277; D. B. Pedersen et al., 2018, p. 39). The rational and economic being, homo economicus, was born and from this spawned an ideology which has shaped economic theory ever since.

4.2.1 The Quantification of Economics

Though the trajectory of the development of economic theorising can be seen as multiple, we want to focus on how the notion of utility was able to become quantifiable as "marginal utility" (ex. Jevons, 1874, p. 480). The quantifiability of utility made it possible for several other economists at the time (ex. Edgeworth, 1879; Marshall, 1890; Menger, 1871; Pareto, 1906; Walras, 1874-1877) to develop a mathematical economic understanding, that relied on the principle of the equilibrium of supply and demand (Groot, 2016, p. 33). Further, the simultaneous development of the quantification, and thus mathematical formulation of economics, made it possible to describe all economic phenomena through the language of mathematical formulations since mathematics is capable of translating the relations of quantities. Thus, a pure economic discipline was established onto which every phenomenon could be analysed in its 'economicality' without the need of other sciences. The actions – and thereby the search of increased marginal utility – of economic man could thereby be described in quantitative and relational terms. It became possible to compare increases or decreases in utility based on the individual interest of the economic subject as he acted in economic contexts.

4.2.2 Homo Economicus

This economic subject, in its classical sense and the understandings proposed by Smith (1776) and Mill (1848), was a subject guided by interest: interest which should not be interfered with. As Smith writes, "the law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than their legislator can do" (Smith, 2007, p. 410). Or in other words, the government should not obscure or interfere with the pursuing of interests. This doctrine was what we understand as the *laissez faire* nature of liberal governance (Foucault, 2008, p. 281). However, according to Foucault, this doctrine involves a further step, as it is also "impossible for the sovereign to have a point of view on the economic mechanism," which renders him as non-important in the economic organization of society (Foucault, 2008, p. 288). As such, homo economicus should not be governed as no sovereign could know the totality of the interests of all individuals. The individuals would therefore be better off by governing themselves (Foucault, 2008, pp. 270; 282).

However, Foucault locates a shift from the way in which the classical and neo-classical economists conceive the economic subject (Foucault, 2008, p. 226).[8] American economist, Gary Becker, proposed that the economic analysis could be expanded to not only analyse economic phenomena but instead to include every aspect of society (Becker, 1976; Foucault, 2008, pp. 245–246). Becker asserts, that the critique of the impossibility of economic man as always responding rationally to his environment misunderstands the problem. Instead, homo economicus should not always be conceived as a rational being but instead as a "person who 'must accept reality' or who responds systematically to modifications in the variables of the environment" (Becker, 1976, p. 167; Foucault, 2008, p. 270). As such, homo economicus is exactly the individual who responds systematically to changes in his environment, and thus, he becomes "governable" (Foucault, 2008, p. 270). The notion governing homo economicus changes with Becker from *laissez faire* to *do-not-laisser-faire* (Foucault, 2008, p. 247), as the actions of

[8] In this thesis, we will only focus on the conception of economic man by Gary Becker (1962, 1976) and only insofar as this conception is related to how homo economicus becomes governable by quantitative assessments. For further inquiries into the neo-classical or neo-liberal 'turn' in relation to the investigations of Foucault, see ex. (Read, 2009).

economic man can be assessed and changed in order to produce a desired result. His actions became quantifiable – all governmental initiatives could now be met with a critical assessment "according to principles of supply and demand, cost and benefit, [and] efficiency" (Raffnsøe et al., 2016, p. 305).

It is important to note that the economic model of man should not be conceived as a linear and driven concept, a one size fits all. It is a notion which has dynamically developed and is primarily seen as the ideal picture of man in contemporary economic and political economic thought.[9] It can be a useful way of perceiving the world since it allows for a simplification of procedures, actions and thoughts, making it possible to create everything from comprehensible and well-fitting theories to the structuring of society as a whole (D. B. Pedersen et al., 2018, p. 14). However, the strength this line of thinking provides also comprises its major weaknesses: over-simplification and rationalisation. Whether or not homo economicus is a limited way of perceiving the model of man, the extent to which the model has shaped literature of moral, politics, society and a variety of other subjects for the past 200 years, is undeniable. What becomes important is not its particular limitations or strengths but its appearance and way of being in the world as a common-sense concept in our present time; a social order that we have come to take for granted and that now seems self-evident (cf. Raffnsøe et al., 2016, p. 280).

The notion of homo economicus has received numerous analyses of its 'coming into being' (Melé & Cantón, 2014; D. B. Pedersen et al., 2018, Chapter 1), its influence on neoliberal thinking (Read, 2009) and of how it was established and developed as a subject in a very specific type of governmental rationality of liberalism (Foucault, 2008), as well as in several other lines of study. However, in this thesis, the birth and Beckert's development of the economic model of man and simultaneous development of the mathematical economic science are seen as foundational for a specific image of thought that limits the possibility of thinking in accordance with its plane of concepts (cf. Deleuze & Guattari, 1994, p. 37). It was a specific event that created a new possibility of inquiring into economic phenomena by pure economic research, and a way of conceiving man, in the reformulation by Becker (1962, 1976) as 'governable' (cf. Foucault, 2008, p. 270). As such, a new mode of moral judgement and societal

[9] Several other models of man exist. At every given moment in every society, there is a set of competing models of how human beings and their actions ought to be understood (D. B. Pedersen et al., 2018, p. 11). Furthermore, considering the subject as homo economicus "does not imply [any] anthropological identification" of man *as* homo economicus (Foucault, 2008, p. 252). Instead, it simply means that economic behaviour is the way of understanding and conceiving the behaviour of man. For further inquiry into the notion of different models of man and a genealogical account of each of them, see (D. B. Pedersen et al., 2018).

understanding were introduced to society. It is this mode of understanding specific phenomena that we will show CG research is confined. It will be argued how a certain dogmatic image of thought is limiting the possibility of novelty (cf. Johnsen, 2015, p. 57). Additionally, it limits every other concept that exists on the same plane. As such, it is a restricted understanding that cannot escape the constraints of the image.

Thus, an important reason for outlining the three theories are to point out the problem they intend to solve. This will make the commonalities between them apparent as well as showing how their assumptions can accommodate and limit a certain perception of trust, and thereby, be used as a foundation on which a commons-sensical image of thought of trust can be re-constructed. However, to be able to establish such a claim, the three major streams of CG need to be elaborated on. In addition, the following genealogical account will focus on how trust appears in the theories. These appearances will, at the end of our account, help us establish an economic-governance image of thought that will be illuminated and critically assessed in Part 2 of the analysis.

4.3 Three Approaches to Corporate Governance

4.3.1 Agency Theory and the Economic Model of Man

Berle & Means (1932) were among the first to show how the changing structure of American firms would have great impact on all understandings in relation to the corporation. Their work has to a great extent come to define CG theories. The economic landscape in 1932, when Berle & Means wrote their seminal work *the Modern Corporation and Private Property*, was rapidly changing. They were especially worried about how single-ownership firms changed towards becoming corporate "empires" comprised of thousands of shareholders as legal owners with the majority of them having no greater interest in the day-to-day managing of the corporations (Berle & Means, 1932, p. 4). From a legal and economic perspective, Berle & Means investigated these changes and claimed that due to the division of control and ownership, new examinations of corporate structure and purpose were necessary (Berle & Means, 1932, p. 5).

This development raised questions within several fields such as corporate law and institutional economics, and of course, CG. If the ownership of corporations no longer entailed a deeper understanding of the daily mechanisms of the corporation – both due to the increased size that necessitated a specialised person to manage it, and to the possibilities of diversifying risk by spreading out investments – whole new shareholder and management roles developed. Shareholders, or principals as Berle & Means coined them, were increasingly distancing themselves of the affairs of the corporation (Berle & Means, 1932, p. 64). Furthermore, management, known as agents, now had to navigate huge and multifaceted corporations. Thus, it became important for the principals to find a breed of managers they could rely on to optimally take care of their investments (Berle & Means, 1932, p. 76). As corporations and their governance structure were changing, new theories of the understanding of the firm itself as well as these governance structures were proposed. Berle & Means suggested a stakeholder-oriented view of the firm, in which the firm ought to serve a "wide range of stakeholders"[10] – a view that was advocated by most influential business owners at the time, including American Industrialist and Founder of Ford Motor Company, Henry Ford (Andrew Smith, Tennent, & Russell, 2019, p. 559). We, however, will park the stakeholder-view for now, and instead venture into what came to be the most influential theory of both the firm and of CG in contemporary business studies: agency theory and the corporation as a nexus of contracts.

Though Berle & Means (1932; 1967), as well as several prevailing business leaders, proposed a stakeholder-oriented view to account for the responsibilities of corporate actions and governance from the 1930s up until the 1960s, this view was eventually deemed inadequate. Given that the economic model of man portrayed individuals as atomistic and self-serving, assumptions about the motivation and behaviour of agents were advocating the understanding that a corporation serving other groups but itself would limit its potential economic growth (Friedman, 1970). Since it is rational behaviour for individuals to maximise personal utility, and this utility-maximisation is understood to be beneficial for society (Smith, 2007, p. 349), the corporation is actually benefitting society by maximising its own utility. Thus, defining how the corporation achieves this end, becomes an important task. American Economist, Milton Friedman, contended the proposition that corporations could have 'social responsibilities' by arguing that the spending of corporate funds entail "spending the stockholders' or customers' or employees' money" (Friedman, 1970, p. 2). The manager is thus seen not as the owner of funds, but as the agent that takes care of the funds of the 'true' owners – the shareholders. As Friedman proclaims, "the manager is the agent of the individuals who own the corporation or establish the eleemosynary institution, and his

[10] At the end of their book, Berle & Means proposes three different predictions of how we ought to understand corporation in the future: the first two predictions revolve around the traditional view, in which shareholders are the true owners of the company. This will either result in the manager acting as a trustee that takes care of the company in the interests of the shareholders (stewardship theory); or it will lead to the manager acting in his own interests by exploiting the profits made by the company for his own benefits (agency theory) (Berle & Means, 1932, pp. 310–311). The third understanding, which corresponds closely with the stakeholder perspective, is what is analysed further in this section.

primary responsibility is to them" (Friedman, 1970, p. 1). Accordingly, the corporations ought not have any responsibilities other than maximising profits.

4.3.1.1 The Theory of the Firm: The Birth of Agency Theory

Following this notion, it becomes important to make sure the manager adhere to the interests of the corporation's legal owners. Though Friedman establishes a normative notion of what managers ought to do and not to do, it is important to remember that managers are also utility-maximisers. Managers would thereby not follow the normative notions proposed by Friedman (1970) if the utility gained by other actions would surpass the action of profit-maximisation. To prevent managers from pursuing interests that negatively affect the utility of the principals, the shareholders had to introduce certain preventive measures to avoid the potential mismanaging of the invested capital. This is referred to as the costs derived from the "separation of ownership and control" or "agency cost" (Fama & Jensen, 1983; M. C. Jensen & Meckling, 1976). Even though the principals have ways to control and supervise the agent, it is often a costly affair; a cost bestowed entirely upon the principal.

The 'agency problem' had been an issue for economics since the time of Smith and the 'joint stock' companies (Smith, 2007, pp. 574–575) but was further illuminated as especially prevailing in the division of ownership and control of corporations that was becoming larger and larger in the post-World War II era (Daily, Dalton, & Cannella Jr., 2003, p. 372).[11] Several theories of liberal economics were proposed to define the boundaries of corporations but none had adequately proposed a theory of the corporation that encompassed them all. This changed with the publishing of the paper *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure* by Jensen & Meckling (1976). In the paper, they proposed the integration of elements from "the theory of agency, the theory of property rights and the theory of finance to develop a theory of the ownership structure of the firm" (M. C. Jensen & Meckling, 1976, p. 305). Furthermore, they sought to provide clarity towards notions such as

> the definition of the firm, the 'separation of ownership and control', the 'social responsibility' of business, the definition of a 'corporate objective function', the determination of an optimal capital

[11] It would be an understatement to say that only 'a lot' happened at this time. Economic theorising and the economics of politics (political economy) developed immensely and diverse in Western countries. In Germany, we saw the rise of the Ordo liberalist-movement; in America, with a form of anarcho-liberalism; and in France, with a social market-economy. For a thorough inquiry into these developments, see ex. (Foucault, 2008). However, as these developments are not in the scope of this thesis, we will not inquire further into them.

> structure, the specification of the content of credit agreements, the theory of organizations, and the supply side of the completeness of markets problem (M. C. Jensen & Meckling, 1976, p. 306).

As such, the "Theory of the Firm" was an all-encompassing theory that could clear up the problematics of previous theories in defining corporations as entities in and of themselves, and not just as being "important actors" in "theories of markets" (M. C. Jensen & Meckling, 1976, p. 306). Instead, Jensen & Meckling proposed that theories of property rights, agency, and financing could all be described according to one principle, that of the contract (M. C. Jensen & Meckling, 1976; Zingales, 2000, pp. 1630–1631).

Though a subtle change of definition, the contract-view of the firm would have immense consequences for subsequent understandings of corporations and their governance. The corporation could now be analysed in economic terms in its own right; not just as actors in markets, through sociological studies of how businesses affect society or psychological studies of individual participants' actions in the firm. Instead, Jensen & Meckling proposed that "it is important to recognize that most organizations are simply legal fictions which serve as a nexus for a set of contracting relationships among individuals" (M. C. Jensen & Meckling, 1976, p. 310). Thus, the attempt to attach motivations, intentions, feelings or responsibility to a corporation is to misunderstand the nature of it. They make this clear by emphasising the futility of trying to

> distinguish those things which are "inside" the firm (or any other organization) from those things that are "outside" of it. There is in a very real sense only a multitude of complex relationships (i.e., contracts) between the legal fiction (the firm) and the owners of labor, material and capital inputs and the consumers of output (M. C. Jensen & Meckling, 1976, p. 311).

4.3.1.2 The Corporation as a Nexus of Contracts

Seeing the corporation as a nexus of contracts reinforces an economic based thinking absent from emotions and irrational behaviour and sets the stage for settling corporate disputes as a breach of a contract. On the one hand, the relations amongst shareholders, employees and management become objective, foreseeable, and convenient but, on the other hand, it forces a utilitarian moral domain measured by the amount of utility generated. This has great implications for how we should understand the functions and objectives of the corporation. As it is seen as a place in which a number of individuals are engaging in contractual relationships to maximise each of their individual utility-functions, the corporation cannot have any other object or function than to maximise utility for the ones who bear the highest risk, i.e. the shareholders (M. C. Jensen & Meckling, 1976, p. 311). Or in other words, because the firm has no "identity" and thus cannot have responsibilities outside of its utility-maximising functions (M. C. Jensen & Meckling, 1976, p. 311) toward the ones "who bear the cost of decisions, the firm should be governed to maximise shareholders' value" (Zingales, 2000, p. 1632). The actual problem of the corporation is thereby not whether it has 'social responsibility' but instead to minimise the cost of conflicts of interest that can arise as managers and shareholders might have different ways to maximise their utility as well as risk positions (M. C. Jensen & Meckling, 1976, p. 308). Thereby, the focal point of corporate economic research should not be a possible 'social responsibility' of the corporation but instead how the shareholders can minimise "agency cost" (M. C. Jensen & Meckling, 1976).

The definition of agency, and thus the costs that arise due to this definition, are also defined as a contractual relationship between two parties of economic motivation. According to Jensen & Meckling, an agency relationship is

> a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent. If both parties to the relationship are utility maximisers there is good reason to believe that the agent will not always act in the best interests of the principal (M. C. Jensen & Meckling, 1976, p. 308).

Since it is assumed that agents will act rationally and pursue self-interested goals at the expense of the principal, it becomes essential to take measures to cost-effectively reduce these actions as much as possible. The principals are thus faced with these problems due to the utility optimising behaviour of the agent which primarily becomes a problem because the principals bear the residual financial risk (Fama & Jensen, 1983, p. 304). American Economist, Eugene Fama & Jensen (1983) further elaborates on the nature of agency problems, namely, the impracticality arising from corporations being too large to be owned or controlled by a family or single person and because management contracts cannot cover all eventualities. This makes it problematic for big corporations that owns a great number of assets since risk needs to be shared between more residual claimants. As a result, agency problems are increased due to the in-effectivity when all shareholders supervise the decision making, ultimately resulting in a separation of decision management and decision control (Fama & Jensen, 1983, pp. 321–322).

Agency problematics are thus comprising the entire corporation and are not just constricted to the relationship between the owner and the manager. Instead,

> the problem of inducing an "agent" to behave as if he were maximizing the "principal's" welfare is quite general. It exists in all organizations and in all cooperative efforts – at every level of

> management in firms," in universities, in mutual companies, in cooperatives, in governmental authorities and bureaus, in unions, and in relationships normally classified as agency relation-ships such as are common in the performing arts and the market for real estate (M. C. Jensen & Meckling, 1976, p. 309).

In other words, agency problematics exist in every relationship where someone acts on behalf of someone else. The contractual, utilitarian, economic view thus comprises all relationships, since they can be perceived as a contractual obligation (cf. Becker, 1976). Hence, the governance of corporations should entail nothing more than to align the interests of agent and principal, thus reducing agency costs and to bring their utility towards equilibrium; towards the satisfaction and increase in welfare for both principals and agents (M. C. Jensen & Meckling, 1976, p. 311). This structural mechanism is relevant since it is assumed that the agent's utility is gained on the expenses of the shareholder which points to the problem agency theory intends to solve, namely, aligning the natural different interests between agent and principal through various incentive mechanisms.

4.3.1.3 An Economic Definition of the Corporation

Jensen & Meckling (1976) thereby responded to the problem of corporations not being adequately defined in the realm of economics. Before their theoretical work, corporations could not be analysed outside of its functions as actors in a market situation. Furthermore, no all-encompassing theory existed that could combine notions of private property, financing possibilities and agency problematics – all notions believed to affect the corporation but which had been researched and developed separately (M. C. Jensen & Meckling, 1976, p. 306). This had been a problem for economic science since the times of Smith (cf. Smith, 2007, pp. 574–575). As such, agency theory has had great implications for economic theorising regarding the corporation. The theory combines insights from several fields of study by conceiving the corporation as a nexus of contracts in which the human nature of homo economicus becomes problematic due to the separation of ownership and control. Though a rather simple definition of the corporation – compared to the apparent complexity of real empiric corporations – we should not dismiss its implications and continuous relevance. Instead, we need to acknowledge, in accordance with Foucault and Deleuze (1977), that theory is practice (Foucault & Deleuze, 1977, p. 208), and practice has seen itself through the lens of agency problematics. The theory has acted as a box of tools (cf. Foucault & Deleuze, 1977, p. 208) and has shaped policy development and law making – especially in the time of Former British Prime minister Margaret Thatcher and Former American President Ronald Reagan (Clarke, 2017, p. 47; Poovey, 2011, p. 206).

As such, the corporation was conceived, understood and regulated as a nexus of contracts between self-serving and utility-optimising individuals (M. C. Jensen & Meckling, 1976, p. 311). To no surprise, this had implications on how governance structures of such an 'entity' were implemented. Jensen & Meckling proposed several control and alignment mechanisms, set in place to monitor and correct the actions of the manager (Brink, 2011, p. xii). In such a 'form of organisation,' trust is not important if the correct incentive structures are introduced. Furthermore, this way of conceiving the human beings and their actions were morally qualified through utilitarianism, which asserted that such a conduct would result in the greatest amount of good for society. Thus, it is only important to introduce practices and incentives toward aligning interests that create an equilibrium state of utility-maximisation of all individuals in the corporation. In effect, CG need not concern itself with anything else than the structuring of these practices and incentives.

Even though agency theory has affected contemporary CG research and practice immensely, other theories have been proposed to solve the inherent issues of the theory – mainly its limited focus on motivation (stewardship theory) and of the multiplicity of actors essential to profit-maximisation (stakeholder theory).

4.3.2 Stewardship Theory: A New Model of Motivation

In this part of the analysis, we will inquire into the notion of Stewardship Theory, first proposed by Donaldson & Davis (1991). It is a supplementary method of understanding manager motivation other than the purely economic utility-maximising interest proposed in agency theory. Though agency theory continued to develop and become included in several other scholarly fields (cf. Eisenhardt, 1989), other theoretical movements diverged from a pure economic understanding of CG in order to broaden its current context to stabilise the reopened problem.

As such, several other traditions began to analyse economic phenomena. What arose was multi-dimensional fields of research that sought to combine insights from several disciplines for the purpose of more adequately interpreting these phenomena in real life situations. The traditions were primarily of sociological and psychological nature and emphasised a different perspective of group dynamics including both the needs of individuals and the social context entrenching personal as well as professional life. One of the most prominent fields arising from these new combinations was behavioural economics (Bruni & Sugden, 2007, p. 146). It developed as an alternative and inductive method for analysing human behaviour in economic contexts (Bruni & Sugden, 2007). Instead of the deductive method of pure economics, that relied on priori laws about humans behaving as homo economicus, behavioural economists argued that choices and actions of humans had to be understood within the realm of 'actual' human psychology or sociological studies incorporating a societal context (Bruni & Sugden, 2007). Thus, the method was heavily based on observing the behaviour of individuals which subsequently resulted in new theories capable of explaining the outcomes contrasting traditional economic theory.

4.3.2.1 Psychological Notions of Economics

The utilisation of psychological and sociological methods and insights into economic research are regularly contributed to the British economist John Maynard Keynes and his seminal work *The General Theory of Employment, Interest and Money* (1936) (Ackert & Deaves, 2009; Bruni & Sugden, 2007). Here, Keynes made clear that no one could understand market actions without understanding the psychological aspects of decision-making (Keynes, 1936, pp. 158–159).[12] He proposed that even though individuals and groups acted in economic contexts, their actions did not adhere to the strict rational proposition of the homo economicus model of man (Claar & Forster, 2019). Instead, empirical investigations showed that individuals acted more in accordance with what Keynes termed "animal spirits – of a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities" (Keynes, 1936, p. 141). Thereby, any policies or predictions that relied on "good Benthamite calculation of a series of prospective advantages and disadvantages, each multiplied by its appropriate probability, waiting to be summed" i.e. acting as "rational, economic men," should be seen as based on such a "flimsy a foundation, it [would be] subject to sudden and violent changes" (Keynes, 1937, pp. 214–215). Markets and the behaviour of individuals in economic situations could therefore not be predicted, as "new fears and hopes will, without warning, take charge of human conduct" (Keynes, 1937, p. 215).

The key point in Keynesian thought is not whether humans are acting rational on markets. Rather, it is how Keynes changes the perception of the driver of human behaviour from the rational calculations of reason toward the spontaneous polemics of emotions. Keynes re-legitimised emotions in economic

[12] It is important to note, that Keynes was not the first to propose a link between psychological insights and economic behaviour. In 1745, Henry Fielding had already noted how 'fashion' was "the great governor of the world," and how it guided what forms of knowledge in different fields and sciences were at some times accepted while at other times, these same ideas were rejected (Fielding, 1903, p. 69). Furthermore, several neo-classical economic thinkers, including William Stanley Jevons (1874) and Francis Ysidro Edgeworth (1881) used current psychological research in their inquiries (Bruni & Sugden, 2007, p. 149). For further discussions into this notion, see (Bruni & Sugden, 2007).

contexts and proposed that it is necessary to account for the changing emotions of humans as they conduct themselves in economic contexts. Emotions of 'fear,' 'hope,' or 'desire' were termed as "passions" in classical economics and were contrasted to the more favourable "interests" of the rational homo economicus (Hirshman, 2013, pp. 32; 34). Though the concept 'interest' in its early meanings "comprised the totality of human aspirations" (Hirshman, 2013, p. 32), Smith (1776) reformulated the understanding towards the single motivation of man, namely the "desire to bettering our condition" (Smith, 2007, p. 267). Keynes (1935; 1937) re-formulates the notion of interest towards not just containing the desire of 'bettering one's condition,' but instead to also contain other motivations that were previously seen as "violent passions" (Henri, Duke of Rohan (1641) in Hirshman, 2013, p. 34). Human behaviour can thereby be explained according to "a deeper level of our motivation" (Keynes, 1937, p. 216) than what the classical economists thought of as interests (Keynes, 1936, pp. 86; 95–97).

The neoclassical turn of economics has since Keynes, replaced 'validity' of "psychologically and empirically-based assumptions" (Bruni & Sugden, 2007, p. 146) with the pure rational motivations of homo economicus. Agency theory was developed as the way to explain human interest and governance inside organisations. However, shortly after Jensen & Meckling (1976) published their paper, a separate division of research sought to explain the empirical, observable behaviour of individuals in economic contexts. One of the seminal works in this line of research, were Psychologist and Economist Daniel Kahneman and Cognitive Psychologist Amos Tversky's (1979) work on prospect theory that had a major influence on how decisions under risk contrasted the general idea of how homo economicus' actions excluded emotions and irrationality. They observed that the axioms of the normative model of rational choice seemed to be contradicted in several of their studies, which led to some of their main findings, such as people's propensity to avoid losses and sacrifice utility maximising decision in order to obtain certainty (Kahneman & Tversky, 1979). These conclusions sparked an interest in opening the black box of human behaviour, especially within business literature, and its assumptions about the economic model of man.[13]

[13] Further seminal work that formed the field, now known as Behavioural Economics are ex. (Simon, 1947), (Stigler, 1961), (Shiller, Fischer, & Friedman, 1984) and (Thaler, 1999). For further inquiry into the development of the field, see (University of Liverpool, 2009)

4.3.2.2 From Managers to Stewards

Aligning with this critique, a new mode of understanding human behaviour in the complex situation of CG was developed by Donaldson & Davis (1991, 1997), where "organisational role-holders," such as managers, "are conceived as being motivated by a need to achieve, to gain intrinsic satisfaction through successfully performing inherently challenging work, to exercise responsibility and authority, and thereby to gain recognition from peers and bosses" (Donaldson & Davis, 1991, p. 51). It is a different mode of utility-maximisation than the one conceived in Jensen & Meckling (1976) where motivation reflects a focus on intrinsic versus extrinsic rewards. Agency theory's reward system focuses on extrinsic incentives which are exchangeable, tangible and in general of quantifiable value; value which can be defined by the market. In contrast, stewardship theory introduces intrinsic values as the primary motivational focal point.

Stewardship theory thus proposes that managers are stewards, rather than agents, and they are defined by their propensity to serve the greater good of the company. In a later paper, Davis et al (1997) further define this notion:

> the model of man is based on a steward whose behavior is ordered such that pro-organizational, collectivistic behaviors have higher utility than individualistic, self-serving behaviors. Given a choice between self-serving behavior and pro-organizational behavior, a steward's behavior will not depart from the interests of his or her organization. A steward will not substitute or trade self-serving behaviors for cooperative behaviors (Davis et al., 1997, p. 24).

In other words, a steward can be expected to act in favour of the company even though an alignment between the steward and the principal is lacking. However, since the steward's utility increases with the performance of the company, benefitting both the shareholders, the employees and the manager. This creates a frame which facilitates an alignment between the steward and the principal's interests since the success of the corporation maximises both parties' utility:

> the steward's opportunity set is constrained by the perception that the utility gained from pro-organizational behavior is higher than the utility that can be gained through individualistic, self-serving behavior. Stewards believe their interests are aligned with that of the corporation and its owners. Thus, the steward's interests and utility motivations are directed to organizational rather than personal objectives (Davis et al., 1997, p. 25).

By changing the premise of what increases an individual's utility – adhering to and improving the condition of the group (the corporation), instead of individual wealth-gain – Donaldson & Davis (1991;

1997) changes the conditions in which such a person can optimally thrive. As such, the agent is not conceived as a utility-maximiser, with different interests from that of the shareholders, but instead as "a good steward of the corporate assets" that wants to do "a good job" (Donaldson & Davis, 1991, p. 51). There is thereby "no inherent, general problem of executive motivation" (Donaldson & Davis, 1991, p. 51). Instead, stewardship theory's CG concern is "whether or not the organisation structure helps the executive to formulate and implement plans for high corporate performance" and to achieve a goal of good CG; a goal they inherently aspire to (Donaldson & Davis, 1991, p. 51). Other mechanisms become relevant when the perception of what constitutes natural behaviour is changed. Donaldson & Davis thus shift the problematics and focus of CG from incentive alignment between principal and agent (cf Jensen & Meckling, 1976) to mapping the optimal organisational structure, allowing the manager to seek and nurture his natural propensity to being a good steward of the corporate assets (Donaldson & Davis, 1991, p. 52).

Davis et al. thereby propose a normative model of how both shareholders and managers ought to conceive the organisation of the corporation and each other's motivations. They argue that "the assumption about the model of man drives the development of management philosophies and management systems, which then serve to produce behaviour in the organization that is consistent with the assumptions" (Davis et al., 1997, p. 32). In other words, the model becomes performative and the 'choice' to either subscribe to an agency theory-based view or a stewardship theory-based view acts as a self-fulfilling prophecy. Thus, the expectations both parties have towards each other and their cultural and situational background are crucial in whether a specific model will succeed. A mutually and beneficial relationship is formed if both the agent and the principal abide by agency theory since each party will fulfil the others' expectations. This notion can be seen in contrast to agency theory's conflict-of-interest-balancing understanding of CG, as stewardship theory proposes that governance structures should nurture and improve a "stewardship culture" consisting of people motivated by intrinsic rewards (Davis et al., 1997, pp. 27–28) derived from improving the wellbeing of the group (Davis et al., 1997, pp. 34–35).

4.3.2.3 The Motivation of Stewards

Though stewardship theory proposes a different model of the motivations of managers, Davis et al. (1997) specify that the theory should not be perceived in opposition to agency theory but rather in relation to it. It is an attempt to explain the shortcomings of agency theory by highlighting the complexity of organisational life and its actors, especially of the top managers (Davis et al., 1997, p. 20) . Thus, it reconciles the differences between the two theories and illustrates under which conditions each theory has its merit. It is an attempt to change the perception of the agent's self-interested, utility-maximising behaviour as something that goes against the principal's interests, because stewards are agents "whose motives are aligned with the objectives of their principal" (Davis et al., 1997, pp. 21).

By focusing on the structures surrounding the manager – especially the ones empowering and facilitating rather than restricting and controlling – the monitor and control measures of the CG initiative-suggestions of agency theory becomes counterproductive. They limit the steward's capability to make choices that increase the long-term success of the company. Control mechanisms reflect a power structure and is a means to exert influence over other parties within the organisation. Agency theory is largely proponent of coercive power to control managers through the threat of termination. However, stewardship theory proposes the utilisation of personal power as a constructive way of influencing the corporation. It is context specific, built over time, and cannot be determined by one's position within an organisation, nor through bestowed authority. Thus, people tend to accept that type of power due to respect and likeable characteristics such as competence and kindness (Davis et al., 1997, p. 31). From this perspective, trust becomes an important part of the steward-shareholder relationship. Rather than minimising uncertainty, shareholders need instead trust that the steward will do what is optimal for the company, and thus the shareholder. As their incentives are already aligned, stewardship theory proposes a dichotomic relationship of trust and control-structures (Davis et al., 1997, pp. 26; 33).

Summed up, stewardship theory's primary focus is to point out the problematic motivations of homo economicus. The perception that actors' natural propensity to maximise their own utility on the expense of the utility of others, shapes the nature of management, their motivations and capabilities to flourish. The different perception of the model of motivation entails a different approach to aligning the interest between shareholder and management. Optimising shareholder value is, instead perceived to be more effective when management is liberated rather than controlled. An entirely different breed of management can thus be produced by portraying management as self-actualising individuals which in their self-actualisation process maximises the utility of others. However, even though stewardship theory's approach to CG expands the perception of top management by addressing its motivational nature, it still has a narrow focus primarily concerning only the steward and principal. The next theory of our genealogical analysis will therefore be an inquiry into the notion of stakeholder theory, in which the governance of the corporation should entail all stakeholders that contribute to the profit-making of the corporation.

4.3.3 Stakeholder Theory: Governing the Corporation Through Its Stakeholders

The third part of the analysis will inquire into the notion of the Stakeholder Theory from a CG perspective. Concerns regarding 'stakeholders' can be found in all discussions about any individual or group that has a 'stake' in something with roots going back as far as Plato's dialogues, involving the optimal way of organising society to best provide for and educate all the citizens having a stake in it (Plato, 1991). However, this section will only inquire into the notion of stakeholder theory insofar as it is directly interrelated to concerns regarding stakeholders in a corporate context.

Stakeholder theory addresses how the conduct of business affects the surrounding environment and any individual or entity in it (Murdock, 2010, p. 1478). Though it has had a historical lineage "considerably longer and more substantial" than either agency theory and stewardship theory, it has had "much less impact on thinking and policy concerning corporate governance in recent times" (Clarke, 2004, p. 10). Its lineage might be traced back to the British East Indian Company in 1600 that was "granted limited liability with a special royal decree for the purpose of facilitating the raising of capital for *socially beneficial endeavors* that involved too much capital and too much risk to be undertaken by a few wealthy individuals" (Zingales, 2000, p. 1626 [emphasis added]). What was important at the time of the first corporations was how the risks undertaken by them could benefit society in general, not just their investors. Against this position, Smith established the notion of the "invisible hand" (Smith, 2007, p. 349), explaining how any profit-seeking endeavour would inevitably lead to benefits of society, regardless of its intentions. Instead of purposely forcing corporations to conduct 'societal beneficial endeavours,' Smith noted that "every individual […] endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value," which would cause to "render the annual revenue of the society as great" as possible, even though he might "neither [intend] to promote the public interest, nor [know] how much he is promoting it" (Smith, 2007, p. 349). According to Smith, every profit-seeking endeavour will marginally increase the total sum of society's productivity, supporting the utilitarian focus on results rather than intensions.

From the time of Smith's writings up until 1840, the primary business model of firm was the "single-unit business enterprise" in which "an individual or a small number of owners operated a shop, factory, bank, or transportation line out of a single office" (Chandler Jr., 1977, p. 3). However, according to Business Professor Alred D. Chandler Jr. (1977), not until the beginning of World War I, "the large enterprise administered by salaried managers replaced the small traditional family firm as the primary instrument for managing production and distribution" (Chandler Jr., 1977, p. 1). Before 1930, economists would look at these new corporations as "evil aberrations" and analysed them with "deep suspicion" (Chandler Jr., 1977, p. 4). Instead of trying to explain their origin, the economists would instead ascribe their success and distribution to the monopolistic ambitions of managers or shareholders (Chandler Jr., 1977, p. 4). *They* were leading the market, and not the other way around, as Smith suggested (1776). Thus, Chandler proclaimed, "the visible hand of management replaced the invisible hand of market mechanisms" (Chandler Jr., 1977, p. 6).

This transformation of most firms' business models was also the inspiration for the work by Berle & Means (1932). However, before their writings, in 1916, something decisive happened which reintroduced the questions of who the corporation should benefit; the trial between Henry Ford and his shareholders (Andrew Smith et al., 2019, p. 540). The purpose and organisation of the corporation were perceived as problematic in the light of the action brought against Henry Ford by two of his investors, John F. Dodge and Horace E. Dodge (Mich., 1919). Before the trial, Ford had raised the wages of his factory employees from 2.5 dollars to 5 dollars a day while lowering the price of each car from 900 dollars to 360 dollars. As such, dividend pay-outs fell and the investors feared that the initiatives would negatively affect profits (Mich., 1919). Ford himself defended his decisions by proclaiming that his ambition was to "spread the benefits of the industrialized society with as many people as possible" (Mich., 1919), in order to do "as much good as we can, everywhere, for everybody concerned . . . [a]nd incidentally to make money." (Henry Ford in Henderson, 2007, p. 1). Still the court ruling was clear: "The purpose of the corporation is to make money for the shareholders, and Defendant is arbitrarily withholding money that could go to the shareholders" and as such, the "plaintiffs are entitled to a more equitable-sized dividend" (Mich., 1919). Though the decision of the court was clear, it also shows how a specific problematisation of the corporation's purpose was raised. Ford insisted that the employees and the wider society too should benefit from the industrialisation of America even if the common perception at the time was that the corporation ought only to concern itself with creating profits for the shareholders. Insofar as the court case can be seen as part of this problematisation, it "raised the fundamental issue of whose interests' corporations ought to be governed for: either only for the shareholders or the shareholders along with the participating stakeholder, including workers" (Andrew Smith et al., 2019, p. 540).

4.3.3.1 The Changing Corporate Form

As the corporate form changed and corporations expanded, the company had changed from being privately owned to becoming "quasi-public, […] in which a large measure of separation of ownership and control has taken place through the multiplication of owners" (Berle & Means, 1932, p. 5). This separation has created mega-companies, resembling "corporate empires," which has changed the way one ought to understand business – it was a new way of organising economic life (Berle & Means, 1932, pp. 1; 4–6). According to Berle & Means, the new organising power in society entailed

> new responsibilities toward the owners, the workers, the consumers, and the State […] rest upon the shoulders of those in control. In creating these new relationships, the quasi-public corporation may fairly be said to work a revolution. It has destroyed the unity we commonly call property – has divided ownership into nominal ownership and the power formerly joined to it. Thereby the corporation has changed the nature of profit-seeking enterprise (Berle & Means, 1932, p. 7).

The revolution of the corporation illuminated a new proclaimed necessity to change the way one inquires into the analysis of corporations. As a replacement to the common economic analysis, Berle & Means proposed an analysis of "social organization" which involves the "interrelation of a wide diversity of economic interests" (Berle & Means, 1932, pp. 309–310). By surrendering control over the active property, owners have "surrendered the right that the corporation should be operated in their sole interest […]" (Berle & Means, 1932, p. 311). The passive owners "have placed the community in a position to demand that the modern corporation serve not alone the owners [shareholders] or the control [managers] but all society [all stakeholders] (Berle & Means, 1932, p. 312).

As such, Berle & Means positions a possible understanding of the corporation and its purpose – and thereby which goal it should be governed towards reaching – that does not solely rely on the interests of single individuals, be that the shareholders (in accordance with agency theory) or the managers (in accordance with the motivational view of stewardship theory). Instead, the corporation is a specific way in which the economic life of society is organised, and thus, the corporation should act in ways that benefit society as a whole. The relevance of the early thoughts that eventually gave way to a stakeholder theory of CG perceive the corporation as more than the internal mechanics of 'the firm.' It paved the way for a new ontological notion of the firm in which it acts as an organism dependent on its environment for survival.

4.3.3.2 The Stakeholder Perspective

The long historical lineage of 'stakeholder', and the subsequent delineation of a stakeholder theory, has resulted in a multitude of definitions and interpretations of the concept. The term was first used by the Stanford Research Institute in 1963 which based their research on the foundations of Economist Edith Penrose in *The Theory of the Growth of the Firm* (1959). In her work, Penrose presented a perception of the company as a bundle of human assets and relationships which, due to their productive nature, needed to be considered when considering growth (Penrose, 1959, in Clarke, 1998, p. 186). The theory was further developed in 1977 by Wharton Business School that launched a stakeholder theory project to explore the term in a management theory context leading to a strategic and analytical framework (Clarke, 1998, p. 187). As such, from the middle of the 1960s to the beginning of the 1980s, there seemed a continuous commitment of researchers to formalising a theory of the management and strategic decisions of the corporation that would rely on a stakeholder perception of corporate existence.

However, the first coherent theoretical framework of a stakeholder perspective on the governance of corporations was not proposed until 1984, when Freeman published his seminal work *Strategic Management - A stakeholder Approach* which laid the foundation of stakeholder theory as a strategic management tool. Freeman, together with Reed, had earlier proposed a way in which the stakeholder perspective could be used by board of directors to understand their own roles and tasks (Freeman & Reed, 1983). The article aimed at including a stakeholder perspective in accordance with current CG debates of 'corporate democracy'. However, the article was limited in ambition and scope. Only a year later, Freeman proposed a new, unifying framework as a critique of how "current theories are inconsistent with both the quantity and kinds of change that are occurring in the business environment of the 1980's" and thereby, Freeman argued that "a new conceptual framework is needed" (Freeman, 1984, p. 5). The theory was thus a response to "the concerns of managers who were being buffeted by unprecedented levels of environmental turbulence and change" (Hitt et al., 2006, p. 183).

Though Freeman proposed the stakeholder perspective in a 'Strategic Management' context, the book deals with how the corporation ought to look at itself and its environment when managing its affairs (Freeman, 1984, p. v). It is the management of all stakeholders, which Freeman defines as "any group or individual who is affected by or can affect the achievement of an organization's objectives" (Freeman, 1984, p. vi). From his point of view, stakeholder theory's main contribution is to broaden the view of what business entails and who it affects to ensure sustainable growth. In extension, CG practices ought not only concern itself with "whether management is managing the affairs of the firm [satisfactory], but indeed, what are to count as [these] affair of the company. This involves assessing the stake and power of each stakeholder group" (Freeman & Reed, 1983, p. 96). It is no longer enough for governance practices to only concern themselves with a possible internal-to-the-corporation conflict of interest between shareholders and managers, but instead the corporation ought to be governed in such a way that the governance practices consider all implications of those who are affected or can affect the corporation. Corporations are thereby understood to be a small cog in a much larger machinery; a cog which is worthless if the rest of the machinery is not attended to, maintained and developed (Freeman, 2010, p. v).

4.3.3.3 The Legitimate Stakeholders

Stakeholder theory thus asserts a new notion of what legitimises the concerns of the corporation. According to Freeman,

> 'Stakeholder' connotes 'legitimacy,' and while managers may not think that certain groups are 'legitimate' in the sense that their demands on the firm are inappropriate, they had better give 'legitimacy' to these groups in terms of their ability to affect the direction of the firm. Hence, 'legitimacy' can be understood in a managerial sense implying that it is 'legitimate to spend time and resources' on stakeholders, regardless of the appropriateness of their demands (Freeman, 1984, p. 45).

The purpose of stakeholder theory is thus to develop the tools necessary to deal with the myriad of relationships that exists between the corporation and its stakeholders. The corporation cannot govern itself without also accounting for these stakeholders, as they will inevitably affect the future of the firm in various ways. Instead of interest alignment between managers and owners, or propagating and growing the motivational self-realisation of managers, the task becomes to "manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities and other groups in a way that ensures the long-term success of the firm" (Hitt et al., 2006, p. 186).

This way of re-establishing the problem of CG has consequences for how CG ought to be understood. First of all, the main concern of the corporation changes from profit-maximisation, in accordance with shareholder-interests, to securing the *survival* of the corporation. This requires setting a longer-term course rather than simply optimising existing output which in extend necessitates support from parties capable of affecting the firm. Such an exercise "is a never-ending task of balancing and integrating multiple relationships and multiple objectives" (Hitt et al., 2006, p. 188). As such, the stakeholder view advocates an interconnectivity between the corporation and the environment (Hitt et al., 2006, p. 187), in which the corporation once again is tasked with the undertaking of socially beneficial endeavours (cf. Zingales, 2000, p. 1626). The utility of the corporation does not arrive with profit-maximisation towards one specific stakeholder-group of the shareholders, but instead with how the corporation can further the overall welfare of society by its conduct (cf. Mill, 2006, p. 232).

As such, the primary concern for stakeholder theory is not the model of man – as discussed in relation to both agency theory and stewardship theory – but instead the model of the corporation. Stakeholder theory is critiquing the limited view of a corporation mainly focused around the relationship between management and shareholders. Thus, by widening the scope of what a corporation *is*, what it affects, and who affects it, it is possible to see the relationship between shareholder and management as only a small piece of a much larger and complex puzzle. Other elements of governance become important. In both agency theory and stewardship theories, governance was limited to the agency or motivational problematics in the contractual relationship between principal and agent/steward. Stakeholder theory, though still asserting some kind of contractual relationship between the corporation and its stakeholders, perceives these contracts as a lot more implicit in nature – the corporation might not even know who all its stakeholders are before they assert themselves as stakeholders. Insofar as implicit contracts exist, stakeholder theory actually proposes agency theory to be inefficient, since "it then becomes unclear whether control should reside in the hands of shareholders, because the pursuit of shareholders' value maximization may lead to inefficient actions, such as the breach of valuable implicit contracts" (Shleifer & Summers, 1988; Zingales, 2000, p. 1635).

With the extension of the limits of the corporation, we see a certain moral duty becoming relevant as the corporation is no longer limited to its own internal procedures, and the strict adhering to realising shareholder-profit-maximisation can actually limit corporate profit-maximisation. This paradox was outlined by Business Ethics Professor Kenneth E. Goodpaster (1991). He concluded that

> management may never have promised customers, employees, suppliers, etc. a 'return on investment', but management is nevertheless obliged to take seriously its extra-legal obligations not to injure, lie to or cheat these stakeholders quite apart from whether it is in the stockholders' interests (Goodpaster, 1991, pp. 69–70).

Stakeholder theory thereby proposes a transformation of how the corporation is-in-the-world; how it belongs in the economic life of society. It can no longer exist just as a profit-seeking entity due to its obligations towards society as a whole and can only continue its business by realising this obligation in its governance practices.

4.3.4 Conclusion to the Genealogical Analysis

In Part 1 of the thesis, we first analysed Danske Bank's commitment to CG. The bank committed itself to three main CG initiatives: compliance, leadership values, and stakeholder collaboration. We further established how every initiative was put in place in order to regain trust.

In the subsequent genealogical analysis, we showed the historical becoming of the three major CG theoretical perspective: agency, stewardship, and stakeholder theory. We established how each of the theories had been formed in accordance with the problem of CG, illuminated by Smith (1776) when he positioned the notion of human nature into an economic frame. Once this self-loving human nature had been established, subsequent understandings of relations in economic contexts were constrained (cf. Smith, 2007, p. 15). Smith inserted man in a relationship with his fellows in which he relied on and prevailed by attending to his self-loving nature. The relations of man, in economic contexts, were transformed into a contractual relation in which everyone seeks to gain something from each other in accordance with their own interest.

We first analysed agency theory, proposed by Jensen & Meckling (1976). They defined the corporation as a nexus of contracts in which CG initiatives ought to reduce the inherent agency costs between managers and shareholders. They thereby based their theory on the nature of actors as homo economicus; their relations as contractual; and judgements based on utilitarianism.

We then analysed stewardship theory, proposed by Donaldson & Davis (1991). Instead of focusing on the corporation, they perceived the manager as a steward, motivated by self-realisation and not pure financial gains. As such, no agency costs would occur because stewards' interests are already aligned with those of the owners. CG should instead focus on structural changes in order to provide stewards the freedom to grow. They thereby based their theory on the nature of actors as self-realisation, but still utility-maximising in their contractual relation to the shareholders.

Lastly, we analysed stakeholder theory, proposed by Freeman (1984). He re-established the corporation as a nexus of implicit contracts in which it had obligations to everyone with a stake in its conduct. As such, CG should attain to the interests of as many stakeholders as possible. Thus, his theory is based on the nature of actors as seeking interests; relations as implicit contracts; and moral obligations towards the stakeholder.

As such, each of the theoretical positions responded to an urgent condition in which the problem of CG emerged. This created a tension in which they each made their own reflections and posed questions regarding 'how ought one conceive the new corporate form?' (agency theory); 'how ought we conceive management motivation?' (stewardship theory); and 'how ought we include the concerns of all legitimate stakeholders?' (stakeholder theory). Their theoretical frameworks exemplifies answers to the question of how the corporation ought to be governed (cf. K. B. Hansen, 2017, pp. 18–19).

Part 2:
Encountering Corporate Governance

5 An Economic-Governance Image of Thought

In the previous part of this thesis, we have genealogically analysed the three main theories of CG: agency theory, stewardship theory, and stakeholder theory. This demonstrated that each theory had been shaped by the event in which Smith (1776) inserted the notion of human nature in an economic frame (cf. Pedersen, Collin, & Stjernfelt, 2018, p. 39; Smith, 1786, pp. 15-16). We have shown how each theory has formulated its own perceptions of how humans relate to each other, how they act, and how corporate conduct is legitimised. This section will present the idea of an economic-governance image of thought that has limited and shaped the possibilities of thinking and understanding the CG problem.

5.1 The Establishment of the Image of Thought

Insofar as CG theorising subsequently has been conceived inside the same image of thought, the following analysis will establish how each of the three theoretical positions of CG in principle all adhere to these commonalities (cf. Deleuze, 1994, pp. 135; 147). Each theory cannot escape their constraints of conceiving corporate relations as contractual when understanding economic actions and phenomena; further, they cannot perceive human nature as anything else than utility-maximising and fundamentally self-serving – whether this being by maximising profits (agency theory), by self-realisation (stewardship theory), or by serving the interests of others (stakeholder theory); neither can they escape the moral foundation of utilitarianism in which all actions are ranked and rated according to their perceived consequence of overall gain in welfare. As such, what is governed and how to govern is limited in accordance with the principles of *relation*, *human nature,* and *moral*. In the following section, we will therefore show how an economic-governance image of thought has shaped the possibilities and limitations of agency, stewardship, and stakeholder theories' ability to pose, commit themselves towards, and answer the problem of CG. Additionally, we want to inquire into how trust exists in this economic-governance image of thought.

In this image, conceptions, sensations, understandings and 'imaginings' are limited by the image's principles (cf. Deleuze, 1994, p. 194). Hence, the way trust is perceived in such understandings is limited in its ability to assert itself or become anything else than what the limitations of the image allows. We will position Danske Bank's commitments of compliance, leadership values and stakeholder collaboration against this re-construction of the image since the bank recognises trust as a possible solution to its current crisis. However, we argue that if trust does not escape its current imagining, inside economic-governance, it cannot produce or be produced in any other way than what has led to the crisis in the first place – a notion we will subsequently explore in Section 6 (pp. 76-96) of this thesis. As such, before moving forward, the establishment of the economic-governance image of thought, and Danske Bank's positions inside it, become imperative.

5.2 Agency Theory: The Rationale of Eliminating Trust

Agency theory was the first coherent theory of CG deriving from economic principles. The theory was positioned as a systematic ordering of the economic insights from theories of finance, property rights and agency. As such, it was a theory where governance was defined as management of the relation between economic subjects (M. C. Jensen & Meckling, 1976, pp. 305–306). Jensen & Meckling (1976) argued that a relation consisted of a contractual bond between the two utility-maximising individuals: the principal and the agent. These contractual relations were how the corporation ought to be conceived – it existed only insofar as it was seen as a nexus of contracts (M. C. Jensen & Meckling, 1976, p. 311). The primary role of CG became minimising agency costs through the alignment of contracts.

This idea was the key component in what came to be the 'theory of the firm'. As such, an interesting starting point for conceiving trust between the parties in the contract, is to ask the question: why is it rational to have trust? This question, and its answer, are therefore shaped by the several assumptions prevalent in the perception of man as a self-serving, utility maximising individual with an atomistic character (Melé & Cantón, 2014). Insofar as these assumptions are correct, situations will arise where agents make decisions benefiting themselves rather than the principal. It is thus a risky position for a principal to trust an agent to deviate from the natural self-interested instincts of homo economicus. A far safer approach is for the principal to trust that the agent will follow his contractual obligations, insofar as they maximise the agent's utility. The means by which the principal reduces agency problems – problems that arise as the agents follow their own interests and not the interests of the principal – is by installing several contractual measures for the purpose of aligning the interests of both principal and agent. As such, incentives are introduced as an attempt to control the agent's behaviour. An example could be by partly paying management in company stocks, as they would profit from increased stock prices, corresponding to the main interests of the shareholder (Berk & DeMarzo, 2017, pp. 1030–1031).

Agency theory is hierarchically and vertically positioning the relationship between the principal and the agent. The interests of the principal are positioned above the interests of the managers as the principal is perceived to be the true owner of the corporation. As such, the contracts are only in place to secure the interests of the principal. The corporation exists only in accordance with the division between ownership and control. Thus, agency theory determines the corporate organisation by this division. If the owners still had control, the corporation would not exist as it does. There would be no agency costs and thereby no reason for CG theories. It is a deterministic understanding in which the corporation exists only as a function of the contracts between two utility-optimising groups.

The governance of the corporation thereby becomes the efficient management of contracts that produce the highest possible return for the shareholders. This understanding is based on 1) the contractual relationship between the shareholders and the manager; in which 2) human nature is always conceived to be rational and therefore utility-optimising in accordance with the interests of the individuals; and 3) where this self-serving model-of-man is believed to result in the greatest possible good toward society when interests are aligned. Thus, optimal CG does not involve trusting individuals but instead relying on contracts' abilities to control behaviour. Trust is only necessary insofar as the contracts are incomplete, which is presumed to be an unwanted scenario since it increases uncertainty and puts shareholders at risk of facing higher costs. From this perspective, removing the need for trust altogether as a variable in CG would be an ideal scenario.

5.3 Stewardship Theory: The Structuring of Management's Motivation

The stewardship theory of CG was conceived as a complementary theory to agency theory. Donaldson & Davis (1991) and Davis et al. (1997) wanted to implement the understandings of behavioural and psychological theory in the economised perspective of CG to present a more adequate depiction of the relation between the shareholders and manager. Instead of both shareholders and managers pursuing the same interest of profit-maximisation, the managers' utility stem from other motivations. Instead, they gain utility through self-realisation, self-actualisation, and recognition (Davis et al., 1997, p. 25).

Even though Donaldson & Davis (1991) propose this model of man to be different than the model of homo economicus, some similarities can still be recognised in their apparent differences. Instead of primarily aiming at fulfilling external, financial goals, stewards pursue intrinsic goals for the purpose of developing skills to reach their full potential. These intrinsic goals are in extension creating alignment between the steward and the principal since monetary gains are not any longer the root motivation. As such, there is no agency problematic. This is the main element of stewardship theory; instead of guiding the governance towards eliminating agency costs, the governance ought instead create an environment in which the steward is able to actualise his potential and be recognised.

However, there is a subtle but important element that needs to be pointed out. Stewardship theory claims that the utility gained by pro-organisational behaviour is higher than the utility gained from individualistic, self-serving behaviour. Still, though the stewards are committed to what is perceived as 'selfless' values, they are nonetheless committed because the utility gained from these behaviours is higher. Thus, the motivation of the individual becomes more complex but has the same end as agency theory; utility-maximisation. The foundation of satisfaction is changed but the end goal is not, and even the steward can still be perceived as a self-serving individual. Stewards act in ways that benefit the organisation because their propensity to dislike a status quo of personal development is accommodated by the principal.

By shifting focus to the motivations of management, there appears to be a larger emphasis on the managers compared to agency theory – in which management was conceived as a necessary 'evil'. The stewards are instead perceived as value-creating individuals, as long as their motivations are satisfied. However, establishing a corporate culture where the managers can develop group-benefitting characteristics and thereby satisfy intrinsic needs, is still perceived as a means to explaining how the key party – the shareholders – can benefit (Davis et al., 1997, pp. 27–28). By creating a thriving environment for the steward, it is possible to align interests and in extension increase shareholder value. Rather than gaining value from inserting control mechanisms through contracts, shareholder value is derived from empowering and trusting managers to act in ways that benefit the organisation. As such, the corporation prospers if managers are able to conduct themselves in accordance with their own values, and insofar as they are good stewards, this conduct will also be according to the values of the corporation.

The way stewardship theory establishes its normative links to the utilitarian moral is therefore distinct yet equally prevalent as it was in agency theory. Utilitarian morals state that every action should be judged on account of how much good it produces in society. Every action should therefore be re-categorised and re-coded in order to be able to be conceived as utility. When Davis et al. (1997) propose that stewardship theory is a more adequate theory for CG, it is because the different understanding of manager motivation is more cost-effective. Instead of the strict contracts in agency theory, stewardship proposes that motivation is derived as the steward is following his own true self, and that the values of this self is already aligned with the values of the corporation if he is not controlled. The shareholders thereby trust that their emancipation of the steward is effective and will maximise utility. Trust is inserted as a pseudo-guarantee to reduce the costs inherent to the complex contracts of agency theory (Davis et al., 1997, p. 38). In other words, stewardship theory proposes the recognition of management motivations outside financial incentives to be more cost effective and thereby a better way to govern.

As such, these motivations cannot adequately be explained outside the logics of utility in the economic-governance image of thought. As Becker (1976) expanded the limits of utility in his reformulation of homo economicus as 'the one who acts rational and systematic towards reality' (Becker, 1976, p. 167), he created an axiomatic necessity that always seeks to categorise behaviour as derived from the rational and systematic conduct of economic man. Insofar as the stewards are actually stewards – managers who are motivated by self-realisation in the recognition they gain from conduct that is beneficial to the corporation – they are still guided by principals of interest. In the image, one cannot conceive any other underlying reason for behaviour. Motivation in itself can always be explained by the changing of coding – the changing of the axiom of motivation to the axiom of utility. Inside the economic-governance image, this re-coding is sought to its effect of making the individual governable (Foucault, 2008, p. 270). It is not possible to govern individuals who are motivated by motivation itself, but it is possible to govern stewards who can be understood as maximising their own utility by having aligned their values with the corporate values.

Thus, the CG of inserting control-free environments makes it possible for the stewards to identify with the organisation's mission, vision and objectives. They are able to act in accordance with their own values, and simultaneously, the values of the corporation. The governance of the corporation thereby rests on the ability of the governing body to ensure that the stewards are in fact stewards; acting in accordance with corporate values. However, in case they are not, they will damage the corporation, cause great costs and must be replaced by a manager who is acting as a steward. Stewardship theory thereby places great emphasis on the governing body of the corporation and its ability to assess whether or not stewards are in fact stewards. Governance thereby becomes the two-fold measures of ensuring and trusting that the managers are stewards, and insofar they are, ensuring a control-free environment where they can fulfil the corporation's values.

5.4 Stakeholder Theory: The Moral Ambiguity of Implicit Contracts

Stakeholder theory proposed that both agency and stewardship theories did not adequately account for the complex relations in which all corporations are entangled. Instead of limiting governance policies and understandings inside the firm – in the relation between the shareholders and the manager – the stakeholder perspective expands the notion of the firm to include everyone who has a stake in its conducts or is affected by it (Freeman, 1984, p. vi). As such, focus is shifted from the relation between the two parties of the ownership and control's division-problematic, diagnosed by Berle & Means (1932), to a focus on the corporation's structure and the organisation of it.

The theory proposed a new understanding of who legitimately could demand and expect something from the corporation (Freeman, 1984, p. 45). CG should not only limit itself to interest alignment between managers and owners, or organising an internal environment in which managers can realise themselves. Instead, it should integrate every relation and interests of all groups – internal or external to the corporation – in order to ensure long-term success (Hitt et al., 2006, p. 186). As such, the notion of the corporation expands. From this perspective, governance ought to concern itself with everyone who can claim legitimate stake in the corporation's conduct (Freeman, 1984, p. 45). It can no longer focus just on explicit contractual obligations. Instead, the notion of the corporation changes from a nexus of explicit contracts to a nexus of implicit contracts. As the contracts are based on legitimate claims, these claims can be asserted at all times whenever possible stakeholders perceive themselves to be legitimate. It can thereby be extremely difficult to strategically plan how to govern and align the interest of every single stakeholder.

Stakeholder theory is thus an interesting addition to the other two CG perspectives regarding trust. Since both agency and stewardship theories are primarily focusing on the explicit contractual relationship between management and shareholder, they result in a rather limited perception of the dynamic entity that is an organisation. When the corporation is conceived as a nexus of implicit contracts, alignment is not only needed between shareholder and management but between a vast array of other parties. What differs from this perspective is therefore the multitude of stakeholders which need to be considered. Furthermore, some of the stakeholder groups are clearly motivated and base decisions relating to the corporation on entirely different ground incentives than financial or self-serving purposes.[14]

The increased number of relations have expanded the moral domain of the corporation's conduct. The corporation is normatively situated in a paradoxical position where governance ought both concern itself

[14] Examples of this can include problematics regarding activist groups or NGO's with stakes in the conduct of the corporation. It is not easy to convince activist groups that shareholder value should be the sole purpose of a business decisions; while non-governmental or non-profit organisations base their core business on different moral endeavours in which the flourishing of a business comes second to how the corporation affects specific groups such as small communities, the poor, animals and so forth.

with management's contractual duty toward shareholders and the moral obligations towards securing the interests of other stakeholders (Goodpaster, 1991, pp. 69–70). Implicit moral obligations are thus introduced as a key element in CG. Corporate activity cannot only focus on increasing profits but must consider many other areas such as the society in which the corporation operates, the conditions of its employees, and the environment. Thus, to retain the trust of its stakeholder, an organisation must act morally. However, it is relevant to note that it is a rather difficult task to determine what constitutes moral or non-moral acts since those perceptions varies from stakeholder to stakeholder.

The moral concerns of the corporation can seem ambiguous. However, as the stakeholders concern themselves with how their stake is affected by the corporation, their interests do not diverge from the interests of the corporation. Hence, moral corporate conduct is still conduct that considers how the stakeholders are affected by corporate actions. As stakeholders and the corporation are interconnected in implicit contractual obligations, they are concerned about the same end. Therefore, good moral conduct, within stakeholder theory, is conduct that is beneficial both toward stakeholder concerns *and* the corporation. It is interest-alignment, although the alignment becomes increasingly complex with an increased number of stakeholders. Hence, the utility-maximisation of the stakeholders might not rest on financial terms but the moral dictum is still towards gains of welfare insofar as welfare is defined as the most possible 'good' (Mill, 2006b, p. 231). This line of argument is supported by the perception of stakeholder relationships as something that must be managed to ensure long-term success of the firm (Hitt et al., 2006, p. 188). Thus, a stakeholder perspective can be seen as a strategic business management tool that was invented to deal with the vast array of individuals affected by the corporation. Its progressive and all-encompassing nature advocates an interconnectedness between a corporation and its stakeholders; relationships which must be nurtured. Regardless, the purpose of nurturing stakeholders is to secure the future of the corporation.

Thereby, CG becomes the management of the implicit contracts and the strategic framing of each stakeholder interest. It becomes necessary to adequately consider each possible stakeholder that might claim legitimacy and calculate whether or not their concerns might hurt the corporation if their interests are not met. It is a more complex contractual governance than agency theory, but still, it is contractual governance. Instead of relying on explicit contracts to guide agent behaviour, or on managers ensuring ethical conduct in accordance with their own values, the corporation's governing body needs to understand how all the interests of its stakeholders might be aligned. However, as the contracts are implicit, the corporation needs a relation of trust with its stakeholders. This leads to a division of legitimate and illegitimate stakeholders and a safeguarding against the potential breach of implicit contracts that could damage the corporation. Simultaneously, the stakeholders need to trust that the corporation will fulfil their fiduciary duty and claim legitimacy if the contractual terms are not met. The corporation thereby needs to attend to possible stakeholders and govern itself in such a way that they will not voice concerns in regard to their interests. This position is very uncertain for the corporation to find itself in. As such, trust becomes a necessary 'evil' that corporations ought to rely on in order to survive due to the impossibility of constructing explicit contracts with all stakeholders at all times.

5.5 The Economic-Governance Image of Thought

In the previous sections, we have schematically presented each of the three CG theories and their constrained imaginings in relation to the principles of *relation*, *human nature,* and *moral*. In the following section, we will combine these insights in order to present what can be conceived as the economic-governance image of thought, insofar as every theory of CG presented is perceived to exist inside this image and has never been able to escape it.

5.5.1 Contractual Relations

In each of the three theories, the relation between individuals is perceived from a contractual perspective. The contract orders the relation between shareholder-manager and corporation-stakeholder into an economic frame in which all relations are presupposed to only exist insofar as one or both parties increase their utility; if their utility is not increased, they would instead seek another relation; or attempt to sanction the other party. This makes the contract a unifying, consensual concept that limits the way in which subjects can understand their interactions as only economic-association instead of interrelation. The contract institutionalises the relation of individuals in a universal economic context of the corporation (Deleuze & Guattari, 2005, pp. 233; 375). It constitutes the corporation while the corporation intensifies and authorises the contract. Thus, the contract-corporation-connection delimits an understanding of the corporation in which it cannot be conceived as anything other than those contractual relationships, be they explicit or implicit. The contract is the unification of an economically limited understanding of the relations of corporate individuals and how these combined relations form a specific understanding of the corporation as a nexus of consensual contracts.

5.5.2 Homo Economicus

Further, the contracts between shareholder-manager and corporation-stakeholder already presuppose the prior existence of already-constituted individuals as economic subjects (cf. D. W. Smith, 2012, p. 342).

Thus, economic subjects are already defined, conceived, and ordered in accordance with the model of man as homo economicus. He cannot be perceived as interested in anything other than what maximises his own utility. The actions and conduct of man are therefore already predetermined through this characterisation; a characterisation the image cannot escape. Becker (1976) expands the image's conception and conceivation of man to its outer limits making it possible to propose that homo economicus is rational insofar as he acts systematically to changes in his environment. It is a massive definition that creates an axiomatic problematic in which the actions of man can always be regarded as rational. Motivation becomes nothing more than maximising economic man's propensity to seek the rational conduct and end – no matter what he does, he can be understood as utility-maximising.

The subjectivation of humans as economic actors that utility-maximise has become a necessity. This has not drastically limited what man as homo economicus can do, but instead limited how he is *possible*. The economic configuration of human behaviour and nature becomes "an entire way of life, a common sense" (Read, 2009, p. 31) in which all action is determined by investment decisions regarding optimal ways to maximise utility. Homo economicus is therefore the investing and competing human insofar as he competes against other humans in order to maximise utility from scarce resources, available in his context. He is thereby atomistic and self-serving as "obligation without contract no longer represents a profitable investment and an efficient use of scarce resources" (Moore, 2011, p. 3); a figure "defined by lack", who makes decisions not in regard to his relations to other humans but instead rationally and systematically in regard to the "scarcity of resources within society" (Moore, 2011, p. 93).

As the actions of man are known in advance, he is able to be governed in accordance with the guiding principles of rationality and utility-maximisation. Thereby, the corporation ought to govern through interest alignment, be that by introducing financial incentives in the explicit contracts; by organising the corporation in order for the manager to realise himself; or by managing the obligations toward legitimate stakeholders. The notion of economic man thereby becomes decisive in determining how the corporation is understood and how internal and external relationships are conceived as rational insofar as individuals only engage in relations if it satisfy their interests.

5.5.3 Moral Obligations

This economic model of man is justified through the moral code of utilitarianism where the rational conduct of homo economicus and the consensual contracts are determined to raise the total level of welfare or utility of all economic actors, the corporation as a whole, and society. The values of the corporation and its governing body is already deemed beneficial insofar as the values are determined to seek the most welfare for the most people. In this way, CG ought to concern itself with interest-alignment as a specific moral obligation. If the corporation is a nexus of consensual contracts, in which rational economic actors engage with each other with the purpose of maximising utility, the corporation will raise the overall welfare of society, and thus, succeed in its moral goals and demands. It is a governance of effects rather than of demands or judgements. As the utilitarian moral model judge actions in accordance with how much pleasure compared to – or in the absence of – pain is produced, moral corporate conduct and governance are what secure the interests of most legitimate stakeholders. Thus, the effect of corporate conduct is what determines what can be seen as either moral or immoral. The values of the corporation are thereby the transcended guarantee of ethical and moral behaviour. As long as the governing body ensures that all corporate actors' values are in alignment with the goal of utility-maximisation, it is possible to ensure morally good conduct.

5.5.4 Economic-Governance

From this perspective, the economic-governance image of thought has delimited any understanding of CG – and the related concept of trust – in accordance with the understanding of relations as consensual contracts; the model of man as homo economicus; and a morality of utility. As such, in conceivation of CG the most important task becomes the allocation of contracts in the most profitable combination possible, which in extend yields the highest return on investment and ensures good moral corporate conduct. It distances the termination and initiation of contracts from possible ethical concerns outside the values of the corporation through legitimising the corporation's purpose of survival as moral guarantee. Moral ties to corporate decisions are thereby primarily created externally by stakeholder demands which are translated to a contractual term; a term a corporation must fulfil in order to gain or maintain trust. Trust thereby becomes a problematic that, if possible, should be eliminated, or utilised to reduce costs.

The Economic-Governance Image of Thought can thereby be presented schematically as such:

	Relation	**Human Nature**	**Moral**
Agency Theory	Explicit Contracts	Self-Serving	Utility Optimising
Stewardship Theory	Emancipating Explicit Contracts	Self-realising	Utility Alignment
Stakeholder Theory	Implicit Contracts	Interest-Optimising	Implicit Moral Obligations
Economic-Governance Image of Thought	Contracts	Homo Economicus	Utilitarian

Figure 2: Economic-Governance Image of Thought

5.6 Danske Bank's Commitments in Economic-Governance

It would be rather limiting to reduce Danske Bank's CG to only one of the three theories. The bank positions itself as a strong advocate for a stakeholder perspective by making societal impact a core business strategy. It sees itself as a major pillar in the Danish society and thus, bound by a moral duty that serves the greater good. All the strategic endeavours are made in collaboration with stakeholders and thereby, formed through interconnected stakeholder relationships. Furthermore, Danske Bank has a strong focus on its top managers' abilities to conduct themselves in accordance with the moral values of its 'Essence' and 'Vision'. The manager thereby functions as a guarantee of moral conduct that should ensure trusting relations with all stakeholders and shareholders.

There is a great emphasis on trust as a concept related to the relations between Danske Bank and its stakeholders. An emphasis pointing to an obligation to be trusted, developed from its role and position in society. From this perspective, trust is perceived as something inherent to the bank and it becomes important because of a certain perception of what a bank – with its given size and power – is, and how it should behave. The current trust crisis led to several changes in top management as an attempt to direct mistrust toward specific individuals. It is not uncommon that top management resign in the aftermath of organisational crises (Marcus & Goodman, 1991) which also held true in Danske Bank's case in. It reflects that Danske Bank believes that ridding the bank of the personified element of mistrust leads to the possibility of regaining trust. However, this proposition can be utilised in an interesting critique of the practices of the bank and of economic-governance. Firing previous managers who have acted immorally posits the question of whether one 'rotten apple' is to blame or if a more generic problem exists within the bank. However, such a question can act as an exemplification of the economic-governance's limits, instead of acting as possible analytical questioning.

The concern of rotten apples positions the leaders as the moral foundation of the bank in which they exist in a problematic relation between all stakeholders and themselves. They need to act in accordance with a specific moral in order to gain the trust of the corporation and its stakeholders. Trust is produced by the leaders' ability to act in accordance with the values of the corporation and thereby ensure stakeholder trust in their and the corporation's actions. However, the delimitation of the leader's conduct in accordance with pre-determined values that act as moral high ground might be impossible. Deleuze (1983) and Johnsen (2015) have demonstrated the incapacity of a leader to exist as a moral personage that "assumes that a commitment to values in favour of the collective good will assure ethical conduct" (C. G. Johnsen, 2015, p. 41) as leaders "often behave immorally precisely because they are blinded by their own values" (C. G. Johnsen, 2015, p. 141). Even if the leaders believe themselves to be transcending the moral ambiguity of self-love or self-interest (cf. stewardship theory), doing what is best for the stakeholders could cause a great amount of harm in the name of the collective good. As such, it is not productive to blame Thomas Borgen as immoral and filled with greed. Instead, his motivations could function on account of his terms of employment – to turn around the bank and double its profits (Petersen, 2019). Different motivational analysis will yield different results, and the assumptions of an authentic leader become shrouded in paradoxical notions if it is impossible to differentiate between the inauthentic leader and the authentic leader (C. G. Johnsen, 2015, p. 143). In other words, who can produce trust and who cannot.

By introducing trust as a part of the ability to choose the correct leaders capable of governing in accordance with values that align with the corporation and its stakeholders – whether the corporation is understood as nexus of explicit or implicit contracts – trust and relations of trust are reduced to questions regarding individual accountability (cf. Johnsen, 2015, p. 114). Danske Bank, when acting inside the economic-governance image of thought, has therefore entered a paradoxical problematic in which trust can only exist as a part of the leader. Furthermore, the leader is introduced in the corporation as a character that transcends the corporation while still being constricted inside the relation of the contracts. This creates a tension since these are two contrary terms.

If trust is conceived inside economic-governance as a function of the leaders' ability to always be able to conduct themselves morally correct it becomes impossible, as it is impossible to adequately determine the leaders' abilities before they are employed – if he is 'authentic' or 'inauthentic' (Section 2., p. 21).[15] Hence, instead of basing the ability of the corporation to produce trust on account of the 'true' moral leaders' governance, Deleuze proposes a "critique of the 'value of values'" (Deleuze, 1992, p. 1). What this entails is a critique of values' ability to act as moral foundations. Trust should not be a value from which one can validate whether or not governance practices are morally good or bad, as this judgement will always be insufficient. By that account, as Danske Bank wants to govern through trust while its governance practices are conceived inside the boundaries of the image, trust is actually reduced in its propensity to create trust. Instead, as has been the case for the past 10 years (J. C. Hansen, 2019), Danske Bank is continuously producing mistrust in its corporate conduct. As such, if CG has entered into a new phase that celebrates trust, we must engage the economic-governance image of thought with a fundamental encounter of trust "in order to experiment with [trust's] conceptual dynamics and conceive [it] in new and different ways" (cf. Johnsen, 2015, p. 66).

5.7 Conclusion to the Economic-Governance Image of Thought

In the previous part of the thesis, we established what we have termed, 'the economic-governance image of thought'. This image of thought is limiting the conditions of thinking regarding governance. When theories and practices are conceived and established, they have already embodied a specific mode of reasoning in relation to governance, the corporation, and the individuals forming the corporate body (cf. Deleuze, 1994, p. xvi). To the extent that the image of thought "determines the goal when we try to think" (Deleuze, 1994, p. xvi), the economic-governance image has preconfigured the morality, understandings of relations, human nature, and of the corporation and its governance. As such, corporate individuals are understood as utility-maximising and acting rationally in accordance with a moral understanding of this behaviour to be optimal for society.

The image's three principles – relation, human nature and moral – have been exposed and illuminated through a genealogical analysis. This analysis was conducted by outlining the formation of CG theories of agency, stewardship, and stakeholder. The constitution of agency theory was the specific struggles that occurred between owners and managers as the corporate structure changed in the 1930s; stewardship

[15] For further inquiries into the notion of differentiating between the authentic and inauthentic, see (Deleuze, 1983); and for inquiries of this notion in the context of leadership in corporations, see (C. G. Johnsen, 2015).

theory was formed from the propositions of behavioural economists that asserted that economic theories lacked psychological understandings in human conduct; while we proposed stakeholder theory to be formed from early 1900s debates and managerial practices, regarding the possible corporate responsibility towards society.

Each theory, though proposing different answers to the problem of CG, was traced back to the same event in which Adam Smith (1776) positioned human nature in an economic frame. As such, while proposing different conceptions of the corporation and recommendations for how it ought to be governed, each theory was limited by a mentality that could not be rejected nor conceived differently. The image has shaped the possibility of imagining any other possibility of CG, and initiatives or theories trying to resist the fundamental notions of the image – most explicitly presented in agency theory – have failed to become anything other than supplementary theoretical notions.

We have explored the problems of Danske Bank and its endeavour to regain trust within this problematic frame. For the past 10 years the bank has experienced several crises that has negatively affected its position in the Danish society. The bank is no longer the moral pillar of society it once was and its latest initiatives to regain this trusted position have allegedly failed. We have ascribed this failure to the problem of its inability to resist the economic-governance image of thought. Though not directly following a single theoretical notion of how to govern itself, Danske Bank's CG commitments are still formed by the economic-governance image of thought's principles. This limits its possibility to ensure and assert trust.

In the next part of the analysis, we propose three distinct ways through which the principles of the image can be overturned. In accordance with the ambition of Danske Bank to regain trust and once again position itself as a pillar of society, we have staged encounters with three different conceptions of trust and the principles of economic-governance. It is our ambition to show how each notion of trust from Løgstrup, Svendsen & Svendsen, and Aristotle can show the paradoxes and limitations of the image. This serves to render possible novel understandings of how CG can be perceived if the regaining of trust is its purpose.

6. Transformational Encounters of Trust

In this part of the thesis, we want to overturn this image of thought by illuminating its paradoxical characteristics. This will be done by showing the limitations of the image in the encounter between the economic-governance image of thought and three distinct notions of trust: fundamental trust (Løgstrup, 2010); redistributive trust (G L H Svendsen & Svendsen, 2016) and practical virtue ethics (Aristotle, 1999); These notions are made relevant through Danske Bank's commitment to corporate governance. Each notion will produce different paradoxes in its encounter with the economic-governance image of trust.

6.1 Encounter 1: Løgstrup: Association and Mistrust

In this section, we will show how this contractual principle is not only limiting the possibility of trust to exist between parties in corporate engagements but actually facilitates mistrust. In the previous inquiry of the economic-governance image of thought, relations were perceived to be contractual in nature. As the corporation is understood as a nexus of implicit or explicit contracts, all instances of co-dependency in the corporate context are always determined in accordance with the contractual obligations. This make contracts the governing technology of the relationships between the parties of the corporations – between the agent/steward and the shareholders and between the corporation and its stakeholders. In the economic-governance image of thought, the contracts order relations in accordance with a quantifiable logic of interest-alignment; relations that defy this logic will either be categorised as invalid or irrational.

6.1.1 Contracts and Association

In a corporate context, contracts are useful tools to establish rules and obligations to ensure a smooth operation. The contracts limit possibilities of outcomes and thus create a relation of obligations between the parties. They limit possibilities of fraud and unwanted behaviour and are thereby a way for the corporation to optimise the mitigation of risk. It is impossible for the owner to know the true motivations or future actions of managers or stakeholders (Berk & DeMarzo, 2017, p. 1026) which promotes a contractual view. Not knowing the true intention of a party encourages an interest in reducing unwanted behaviour and the contract ensures a potentiality for appointing blame and punish an unruly party. The contract establishes a relation in which one party designates possibilities for action while the other party's actions are designated. As such, contracts establish a hierarchy of power in corporate relations. It is a way for one party to exert control over other parties.

This facilitation of control and power are established by how the contracts in the economic-governance image of thought are conceived to designate utility in accordance with interest-alignment. The contract designates a certain amount of utility to each party and tries to establish a common foundation onto which the parties of the contract's interests will be aligned, insofar as they follow the obligations of the contract. Even though different kinds of motivation or interests can exist, the contracts delineate these in accordance with the notion of utility. Motivations become quantifiable and can thus be translated into the same 'code'. This establishes a foundation for comparison. When the interests or motivations translated into utility align with its comparison, the contracts guarantee efficiency. Relations between parties in corporate contracts are thereby good insofar as they are efficient. The contract is a unification of interests and relations in corporate contexts and it exists primarily insofar as it maximises the utility of both parties.

As such, contracts try to eliminate uncertainties that would else exist in relations. As Smith (1786) noted, it is irrelevant to be concerned with anything other than the self-love of the economic individual – the individual who exists in contractual relations (Adam Smith, 2007, p. 15). The individuals need not know each other. They need only know that the other individual is also utility-maximising, and thus, they can engage with each other without knowing anything other than their interests align. Hence, they engage with each other only by association and not interrelation. It is not necessary for the individuals in contractual engagements to know each other or be related in any other way than the contracts dictate. The terms of the contract will determine the terms of the relation. The contract enters into the space between the individuals bridging the gap between them but simultaneously renders a direct connection impossible. This limitation of the contract has consequences for the way individuals can engage with each other through trust. As Danske Bank wants to engage with its stakeholders, shareholders and society through trust, it will never succeed as long as the bank's CG initiatives are formed by the economic-governance image of thought. Trust can only exist where contracts are incomplete, i.e. when they are inefficient. And as inefficiency is resisted in economic-governance every single instance of trust is reduced.

6.1.2 The Ethical Demand

In the light of these limits, the Danish theologist and philosopher Karl Ejler Løgstrup (1956) offers a possibility to show how the limits of the economic-governance image of thought are paradoxically restricted when encountering the fundamentality of trust inherent to all relations. Instead of trust being a means to reduce costs Løgstrup perceives trust as an ethical demand bestowed upon human beings; a human condition to our social nature. Thus, "tilliden står ikke til os. Den er givet. Vort liv er nu engang hen over hovedet på os sådan skabt [trust is given. Our live is as it has been created]" (Løgstrup, 2010, p. 27). Trust is fundamental to our lives and exists pre-relational for every human being. As such, "vi kunne simpelthen ikke leve, vort liv ville visne, det ville blive forkrøblet, om vi på forhånd mødte hinanden med mistillid [we simply could not live, our live would wither away, it would be crippled, if we met each other with mistrust]" (Løgstrup, 2010, p. 17).

A natural trust exists in the interaction between people and it can be banal, such as relying on a stranger to provide correct directions, but it also has a far deeper existential dimension, comprised of an inescapable vulnerability between individuals and their interdependency; a vulnerability created in the silent act of surrendering and exposing oneself to others "at udlevere sig selv [to surrender oneself]" when showing trust and "derfor reagerer vi så voldsomt, når vor tillid misbruges [that is why we react so intensely, when our trust is abused]" (Løgstrup, 2010, p. 18). As an unavoidable consequence of this surrendering is a demand, "der stilles en forvetning til ham [an expectation]" because one "giver mere eller mindre af sit liv i den andens hånd, så vist hører fordringen om at tage vare på det liv med til vor tilværelse sådan som den nu engang er [gives more or less of one's live to the other part, certainly, the ethical demands requires one to look after that live, a condition shaped by our current circumstances]" (Løgstrup, 2010, p. 27). This entails an opportunity to exert either a positive caring or negative influence and

> Med vor blotte holdning til hinanden er vi med til at give hinandens verden dens skikkelse. Hvilken vidde og farve den andens verden får for ham selv er jeg med til at bestemme med min holdning til ham. Jeg er med til at gøre den vid eller snæver, lys eller mørk, mangfoldig eller kedelig – og ikke mindst er jeg med til at gøre den truende eller tryg. Ikke ved teorier eller anskuelser, men ved min blotte holdning [Merely, with our attitudes we can shape each other's worlds. What depth and colour his world gets when I decide on my attitude to him. I partially widen or narrow it, make it bright or dark, diverse or boring – and especially, I am partially making it dangerous or safe. Not by theories or conception, simply, by my attitude] (Løgstrup, 2010, p. 28).

From this perspective, trust is an inescapable human condition rather than a condition created in the lack of possibilities of efficient contracts. It is an ethical demand entailing responsibility and care; a demand which should be embraced rather than reduced.

Løgstrup's ontology thus presupposes trust as an *a priori* condition of human life. If this notion is taken for granted or accepted, the substitution of one fundamental value of the contract to a fundamental trust would create nothing new (C. G. Johnsen, 2015, p. 195). It would instead switch the value of authenticity with the value of trustworthiness which would not facilitate change and–would still break down in the economic-governance image of thought. Still we believe Løgstrup's inquiry of trust can produce something novel in its encounter with economic-governance. Instead of the classical reading of trust *as* a fundamental ontological object, we propose a reading of Løgstrup in which his determination of mistrust as the impossibility of trust is investigated. This reading provides a possibility to show how mistrust functions as a paradoxical necessity in the contractual relations of associations in the economic-governance image of thought.

6.1.3 Boundless and Facilitation of Mistrust

According to Løgstrup, "trust and mistrust are two ways in which human beings can understand their own lives and themselves" (Løgstrup, 2007, p. 5). Humans can either understand themselves as trusting or mistrusting. Yet, Løgstrup argues that it is important to note that trust is the fundamental while mistrust arise only in the lack of trust. As such, mistrust the "deficient modus" of trust – when trust breaks down, mistrust is produced (Løgstrup, 2010, p. 28, n. 1). Trust is thereby a positive, that always exists whereas mistrust is its produced negation. However, what is important in this sense is not the fundamentality of trust, the conceivation of trust as a 'Platonic Idea' (cf. Deleuze & Guattari, 1994, pp. 5–6) but instead the possibility of trust as the producer of mistrust. Trust becomes what asserts itself in the singularity of 'the meeting' between two parties and can produce mistrust. In its assertion it obligates us to make choices regarding our actions, practices, understandings, and our relation toward the Other. In other words, it demands. However, if the possibility of trust to assert itself is already limited in the way we conceive the relationship to the Other, trust will always produce mistrust (Løgstrup, 2010, p. 17). Under "normal circumstances", trust is always the fundamental value we grant each other (Løgstrup, 2010, p. 17), but if the 'normal' can never exist and is instead always distorted by the imaginings of a specific image of thought, then the productive quality of the ability of trust to assert mistrust is what becomes important. Instead of inquiring into how trust is possible, it must be understood how mistrust is continuously produced inside the economic-governance image of thought in order to escape the confinements of the consequence of never lasting trust.

In Løgstrup's understanding of relations, one should always consider the power that individuals hold over each other. Contracts deprive the individual the possibility of personal judgements as it attempts to generalise situations by restricting all possibilities for action that are not in accordance with its terms. As such, the contract act as a transcendental category upon which all judgements, actions and practices are pre-determined in accordance with interest alignment – what is best for all parties. By conceiving judgements based on transcendental categories that will serve as 'best for all,' Løgstrup proposes that such judgements would end in boundless responsibility, which would lead to the forcing of the other against their own will for the purpose of oneself (Løgstrup, 2010, p. 59).

Though the power of contracts is justified by promoting as much 'good' as possible in society (Adam Smith, 2007, p. 349), the contracts delimit the notion of 'good' as utility-maximisation. According to Løgstrup, this is a violent act, as a set definition of good can be perceived as a display and execution of power (Løgstrup, 2010, p. 59). Even though the nexus of contracts has been extended to include a vast range of stakeholders who, in some cases, are determining different definitions of "good", it is nonetheless an exertion of power. A contractual relation thereby has a built-in characteristic of authority to limit the reliance on human nature, serving to control, and avoid, unwanted behaviour. From this perspective, the contract becomes an inherent by-product of a party's effort to protect itself. The contract mechanism was originally conceived in agency theory as a way to protect the shareholders against the self-serving nature of the manager, that in a corporate context with a division of ownership and control became 'abusive'. The contract was inserted in this specific relation as an attempt to protect shareholders from potential abuse.

As such, the contract invented and produced a specific way of conceiving the 'good' of the corporation as utility-maximisation which solidifies through the economic-governance image of thought. This solidification is a move toward boundlessness. Thus, the initial intention to safeguard parties against abuse becomes a counterproductive and a perpetually detrimental measure. Løgstrup argues that the ethical demand of trust is only made obvious when people have acted 'wrong' either knowingly or unknowingly (Løgstrup, 2010, p. 74). In an ideal world, the ethical demand of trust would remain redundant. However, the contracts are constantly calling into question the notion of trust as it is conceived to be inefficient. When contracts are inserted into relations to avoid abuse and to produce efficiency of interest-alignment, the inefficiency which the uncertainty of trust generates, always becomes problematic. As such, every instance of trust in the contracts is 'wrong'. The contracts become a constant reminder of trust's inability to assert itself, which entails the production of mistrust, and thus, the production of more contracts in order to avoid abuse.

6.1.4 Trust, Contracts and its Paradox in Corporate Governance

In the contracts production of associations to avoid abuse, it is thereby creating a paradoxical impossibility of establishing trusting relations through CG practices. According to Danske Bank, CG is necessary for solving its trust crisis. However, the nature of contracts renders regaining trust impossible, as every effort to introduce trust will produce mistrust. Thus, it becomes paradoxical when Danske Bank's strategy is to regain its stakeholders' trust through contracts because this would mean that in order to gain trust it must be reduced. As such, there is a dimension going beyond the connections of the contract which economic-governance cannot fully explain. This is also why trust cannot be regained by simply replacing top management, regardless of how explicitly the terms of their contract states that they ultimately carry the responsibility of corporate actions.

While contracts can assign blame and regulate behaviour, it is evidently unable to fill out the void created when the ethical demand of trust tries to assert itself. Instead they produce mistrust as the ethical demand's assertion is denied by the contract. Mistrust, according to Løgstrup is learned through lessons of past behaviour (Løgstrup, 2010, p. 17) but the contract does not care about these past behaviours. The contract only deals with behaviour insofar as this behaviour is either in accordance with its terms or not. There is no place for uncertainty as uncertainty is sub-optimal. Thus, the knowledge gained from past breaches of contracts can harshen the repercussions from breaching future contracts but not ensure trust. The impossibility of having relations of trust in economic-governance is comparable to the impossibility of a contract to guarantee trust. As long as the contract is inserted as governing technology, trust can never be sustained but will always produce relations of mistrust.

As such, when Danske Bank commits itself to regain trust through its CG initiatives of ex. replacing its management, it requires a more complex perspective on the role of trust and the reason for its presence than what can be conceived through contractual understandings. Hence, replacing former CEO Borgen with Vogelzang and former Chairman of the Board Andersen with Dybvad cannot guarantee the regaining of trust as it is impossible to be sure that the new managers are in fact more 'authentic' and have values and interests that are in alignment with the values of the corporation. Instead, they will always be 'mis-trusted,' as it is not possible to predict whether their actual values will lead to bad decisions damaging the corporation (cf. Johnsen, 2015, p. 142).

In this attempt to ensure trust, the vulnerable position of every single individual with a stake in the corporation is singled out and shows that this position cannot be escaped. Managers will never know if they in fact can act in accordance with the moral high ground of the corporate values; neither can shareholders be sure of this problematic; and the stakeholders will never know if they can claim legitimacy or if their interests will be accounted for in the governance of the new management. As such, scepticism and mistrust are established at the core of the newfound relations. This reflects an inherent problematic with the alignment of interests in the nexus of contracts because the instrumentalization of trust facilitates mistrust. Mistrust – and not trust – is thereby always a function of the contract.

Løgstrup's notion of mistrust, as the production of the breakdown of trust, has made it possible to show how the introduction of trust in contractual 'relations' will always lead to mistrust. Insofar as the contract tries to eliminate uncertainty in relations, it creates 'associations' in which it interferes in the relation and does not allow for any vulnerability, even though that is exactly what is produced in the connection between parties (Løgstrup, 2010, p. 18). Mistreating that vulnerability creates disputes and mistrust between individuals. Individuals develop in their interplay with each other which advocates an interest in long term relationships. This contradicts with the general practice of Danske Bank replacing management when issues arise and is further problematised if the vast number of owners never interact or get to know the managers. However, while close relationships can be impossible in corporate contexts (Thygesen, Vallentin, & Raffnsøe, 2008, pp. 13–14), the complexity-reduction of the contract does not solve the challenges of CG. Rather, it provides a context in which problems seem to be solved at first but then re-emerge continuously.

The continuous theoretical formulations of the CG theories and the practices of Danske Bank have been translated with the same code as the previous theories and practices – a code determined by the economic-governance image of thought. In other words, the complexity has been reduced to a point where it limits its own capability to see the wider complexity facilitating the problem. The contract can therefore not incorporate trust, as trust resists the nature of the contract. The contract presupposes a relation of interest-alignment that takes the form of association rather than relationship. It does not allow for the assertion of trust as it does not respect the importance of the ethical demand of trust. Inherent to trust is a hoping of the yet-to-come – the uncertain – that is asserted and mediated in the present, in the here-and-now (Raffnsøe, 2013, p. 253). Uncertainty of the future exists inherently in trust and is what makes us vulnerable when we surrender ourselves to it. Though the contract is a specific technology, invented to reduce the complexities of relations in business contexts, it fails to produce the trusting relations that is currently wanted in the CG practices of Danske Bank. Trust cannot assert itself without this surrender, and as surrendering is impossible when the contracts act as mediator, mistrust is produced at the starting point of all relations.

The point is not to utilise Løgstrup's notion of mistrust as produced in the breakdown of the failed assertion of trust to discredit 'the contract.' The contract functions as a technological possibility that allows for reducing the complexities of relations that arise in large corporations. Instead, the notion of mistrust from Løgstrup illuminates the problematics that are produced as one contractual relation of management is replaced by another. Just because the new managers are believed to govern in accordance with specific values that are in alignment with the corporate values, this does not guarantee trust to 'happen'. While relations are imagined to be 'identical' in the economic-governance image of thought, and it is instead the individuals' agreeing to the terms of the contract or the contract itself that differentiates and determines the outcome to be a success or a failure, Løgstrup shows how such logic is destined to fail. There is no moral foundation of value that can be inscribed in the contract in order to guarantee successful relations that will produce trust. Instead, we need to embrace the high amount of uncertainty that exists at the beginning of every relation and surrender ourselves to the possibility of failure.

It has been demonstrated that contractual relations facilitate mistrust. To avoid abuse, the contract places itself between parties and renders impossible any interrelation possible. Thus, the economic governance image of thought breaks down trust, and in this process, produces mistrust.

6.3 Encounter 2: Svendsen & Svendsen: Redistributive Trust

In the following part, we will inquire into the notion of human nature as homo economicus in the economic-governance image of thought and how this notion of human nature is limiting the possibilities of trust. We want to show the limitations of a human nature that rest upon assumptions regarding an atomistic and self-serving rational behaviour by exerting the notion to its logical limits. In order to do so, we stage an encounter between homo economicus and the concept of trust as redistribution by Svendsen & Svendsen (G. T. Svendsen & Svendsen, 2010, p. 320). The encounter will show how trust between humans as homo economicus can never be sustained. Further, it will show the innate problematics of compliance when it is used as an initiative to regain trust.

6.3.1 Homo Economicus: The Accumulative Being

The idea of human beings *as* homo economicus in economic contexts has a long and decisive history that has shaped economic theorising and practice since the times of Adam Smith. The general idea of homo economicus stems from the anthropological 'myth' of Smith (1776) in which man exists as a specific subject, formed by his nature (Read, 2009, p. 28). This behaviour has since been studied in economics as the way humans act in situations that entail an end that can only be reached by utilising scarce means most effectively (Foucault, 2008, p. 235). This way of economic analysis was then expanded by Becker (1976) in which he conceived the possibility of proposing that for everything which human beings attempt to realise their ends – from marriage, to crimes, to raising children – can be understood "according to a particular calculation of cost for benefit" (Read, 2009, p. 28).

Human behaviour is thereby understood to always be maximising some form of utility in relation to scarce means. Humans have to act rationally and systematically or else they will not be able to adequately attend to their interests. However, it is not just another way of conceiving and understanding human behaviour. The myth of homo economicus is not an ideology referring to a particular political realm; it is not presenting "an ideal, but a reality" (Read, 2009, p. 26); humans *being* economic. It is a new "regime of truth, and a new way in which people are made subjects" (Read, 2009, pp. 28–29), that attempts to create a social reality though suggesting this reality to already exist – it claims economic behaviour is "the basis of social relations while fostering those same relations" (Lemke, 2002, p. 60). This understanding of human interactions is a mentality which has delimited any possibility of conceiving humans as anything else; in the words of Thatcher, "there is no alternative" (Neuhäuser, 2018).

The delineation of human existence and possibilities within the myth of homo economicus have thereby acted as a "narrative of foundation" (Deleuze, 1983, p. 46) in understanding human nature and how humans ought to interact. It has positioned understandings and conceivations of humans as investing and *accumulating* beings that always seek to serve their own interests; while indicating that this 'description' is actually grounded in reality: 'there is no alternative'. However, as Danske Bank wants to be considered a trusting pillar of society again, there need to be an alternative to how human nature and being can be perceived. If humans only act in accordance with a logic of accumulations, there are no room for collaboration, no possibility for obligations that are not 'contractually' designated. If Danske Bank is serious about its proclaimed responsibility to society, human nature cannot be conceived as homo economicus as homo economicus has no responsibilities. He exists for and in accordance with himself – as atomistic. He is independent and only engages in trades insofar as he deems it a worthy investment.

If trust is inserted into the trading relation, it is only because homo economicus cannot conceive every possible situation as the other part might withhold information that could affect the trade. As such, homo economicus must 'trust' in order to reduce the transaction costs that might occur, had he needed to gain all possible information (Furlong, 1996). As such, trust can only exist to reduce costs if human nature is conceived in accordance with the notion of homo economicus. Thus, something additional is needed to disregard the limitations of homo economicus in order to allow Danske Bank to fulfil its ambition of regaining trust: something that is not just inserted to reduce cost but instead to show the bank's committed societal responsibility.

In the wake of the limitations of economic-governance to conceive human nature as anything other than accumulating and only engaging in relations as investment opportunities. This conception is paradoxically limited when human nature as homo economicus encounters an understanding of trust that is based upon redistribution instead of cost reduction in accumulation. This cost reductive nature of the homo economicus interactions enters a paradoxical impossibility to function as foundation for Danske Bank's ambition to regain its position as a trusted bank in a society comprised of human beings. If the people of society were acting and *being* according to the axioms of the model of homo economicus, Danske Bank would simply have to lower the costs for the individuals who want to engage with the bank in order to regain its position. However, the situation has been shown to require something else than pure economic incentives (Olsen & Erhardtsen, 2019b). As such, a conception of trust that rests on "redistribution" from Political Thinkers Svendsen & Svendsen (2006, 2010, 2012, 2016) can offer a possibility in which trust can exist as something more than cost reduction.

6.3.2 Trust as a Social Capital

The motivation for Svendsen & Svendsen's notion of trust was based upon how some societies seem to prosper for no apparent reason (G L H Svendsen & Svendsen, 2016, p. vii). Svendsen & Svendsen proposes the term "social capital" as a "master creator of human wealth" that acts as a "driver " for the Scandinavian welfare states (G L H Svendsen & Svendsen, 2016, p. vii). In this driver, trust acts as a "lubricator" that secures "social interaction and cooperation" in everyday situations (G L H Svendsen & Svendsen, 2016, p. vii). They are thereby interested in the specific context of how trust appears in countries such as Denmark to produce and secure wealth and welfare.

According to Svendsen & Svendsen, the high levels of trust in Denmark are historically rooted and path dependent.[16] They trace the first roots of definitions of trust in society to the myth of Frode Fredegod in Saxo Grammaticus' *Danmarks Krønike* (2015) in which the Danish King, Frode, placed a large golden ring on a large highway in order to show how his laws was were going to secure the property and lives of the Danish people after long periods of war:

> Endelig lod han i Jylland […] ophænge en saare tung Armring paa alfar Vej, for ved at stille et saa kosteligt Bytte til Skue at sætte den Retskaffenhed, han havde paabudt, paa Prøve […]. Saa stor var Frodes kongelige Myndighed, at selv Guld, der var lagt frem, saa enhver kunde tage det, var saa sikkert, som om det lå gjemt bag de stærkeste Laase [Finally, in Jutland […] he hung a great and heavy bracelet next to the main road. By leaving such an expensive bounty for sight, he wanted the people to show their honesty. […] Such geat was the royal power of Frode. Even Guld, layed out for everyone to graps was as safe as if it was locked behind the strongest of locks] (Grammaticus, 2015, bk. 5).

In the legend of Frode, trust was established by society's fear of the repercussions were anyone to break the law – a very different notion than that of cooperation and collaboration we might understand the Danish society to build upon (G L H Svendsen & Svendsen, 2016, p. 6). Still, though the understanding of trust was not the same as it is today, Svendsen & Svendsen maintain that it shows how trust was problematised as something important for the cohesion of the Danish society, and how it has been a part of its cultural inheritance from as early as the beginning of the 12th century.

They thereby establish that the Danish cultural inheritance is a large part of the historical conclusion that is the "Danish trust society" (G. T. Svendsen & Svendsen, 2010, p. 317). They conclude that the historical development of Danish culture can help explain how trust is transmitted through time and keeps on affecting the Danish society's understanding of itself as a trust society. Trust is "learnt by heart at an early stage in the life of the child by their parents and in the institutions (kindergarten and school), and that this level of trust is stable throughout the rest of the child's life" (G. T. Svendsen, 2012, pp. 37–38; G. T. Svendsen & Svendsen, 2010, p. 317). According to Svendsen & Svendsen, trust thereby "does not run

[16] We are not arguing, that Svendsen & Svendsen (2010) are proponents of a thesis of historical necessity on the basis of how the Danish society and culture has developed. They are increasingly aware of human agency, and that trust is not a necessary causal effect of exactly the specific institutions and shared stories (G. T. Svendsen & Svendsen, 2010, p. 318). Instead, their approach is "institutional transformation[al]," and they believe that the Danish society as a trust society was brought forward by "socioeconomic entrepreneurs" that built the social capital of trust from scratch (G. T. Svendsen & Svendsen, 2010, pp. 318–319).

on formal institutions, neither on economic or physical capital – but on *invisible* capital transmitted through history in human beings, in the form of pervasive cultural norms" (Svendsen & Svendsen, 2010, p. 319 [italics in original]). Trust is therefore not a direct consequence of how the formal institutions in Denmark have been designed in order to secure against threats (as in the story of Frode Fredegod). Instead, trust is ingrained in both the formal and informal institutions and become a guiding principle for understanding how society and the humans populating it ought to function and act.

As such, trust in the conception of Svendsen & Svendsen is a foundation of our society that we have learned through our upbringing by adults who already 'trust'. Still, Svendsen & Svendsen de-codes and re-codes trust in order for it to function as capital in the economic system. Taking their conception for granted and establishing an encounter between their notion of trust and human nature as homo economicus would thus yield no possibilities of paradox, as both notions can effortlessly exist inside the economic-governance image of thought. Instead, we need to focus on a specific effect of the trust of Svendsen & Svendsen in order to show the paradoxes when encountering homo economicus. Rather than subscribing to the conclusion of trust as a social capital, we engage with the pre-solution of Svendsen & Svendsen's concept of trust. We intervene before trust is coded as capital and instead understand its functioning as that of *redistribution* (cf. G. T. Svendsen & Svendsen, 2010, p. 320).

6.3.3 The Redistributive Flows of Trust

In economic-governance, homo economicus accumulates. He consumes and competes with other humans in order to be able to satisfy his interests. He acts alone and seldom meets other individuals (Adam Smith, 2007, p. 105) and only engage with other humans in order to "obtain the greatest amount of necessaries, conveniences, and luxuries, with the smallest quantity of labour" (Mill, 1874, para. 48). The model of man as homo economicus asserts the nature of man as ahistorical. He is already determined by interest. He *is* economic; it is his being. Against this notion, Svendsen & Svendsen proposes the historical human who is formed by formal and informal institutions throughout its upbringing. They propose a human nature that is not fully formed from birth but instead is produced throughout life. Trust is therefore not innate but learned – it happens as humans are *becoming*-human in society. It flows from parents and institutions to the child and further as the child begins to trust. Trust is thereby distributed and re-distributed throughout society by how people relate to each other.

As such, trust acts as a redistributive flow between individuals and connects them to each other. Furthermore, as trust is grounded in past experiences, old myths, and our upbringing, it also creates a link that binds different times together. Trust flows between Frode, the people of the cooperative association movement, our parents, us, and the institutions of our society (Hegedahl & Svendsen, 2011, p. 10). It is therefore past, present and future 'becoming', and resists any limitation that interlocks it in human 'being'. The notion of homo economicus thereby breaks down if he encounters trust as a flow of distribution and redistribution because nothing flows from him. A society of homo economicus can only compete, trade and accumulate in accordance with their own self-interest. Furthermore, the notion of homo economicus does not allow for man to change throughout his upbringing. He is already rational and fully formed. He acts according to his nature – his mode of existence – which cannot be changed.

When Danske Bank wants to be positioned as a trusted bank in society again, it thereby needs to understand how trust flows between stakeholders. If the stakeholder-corporation relation is sustained by contractual obligations, in which the stakeholders only act as accumulating and investing individuals, trust would not matter. Under such a condition, the stakeholders need only concern themselves with how good an investment Danske Bank seems to pose. As long as the bank produces positive results in relation to the interests of the stakeholders, they need not trust if the bank acts in accordance with its implicit contractual obligation. Trust in any other way cannot function. Therefore, as long as Danske Bank's commitment to stakeholder collaboration exists inside the economic-governance image of thought, the flows of trust are not allowed to flow between the corporate humans.

In such a society, no one will be able to develop or change. In the nature of homo economicus, there is no possibility of becoming anything else than the atomistic, self-serving, competing, investing and accumulating being, man is seen to be. It is his nature, it is the conditions of his existence. Once he is, he is. Therefore, once Danske Bank is not trusted to comply with the terms of its implicit contracts, 'trust' will not be 'possible' until the combination of other contracts' value supersedes and undermines the negative aspects of the bank's lacking compliance. However, Danske Bank can never mend a contract once broken. In this sense, compliance is important because it ensures the upholding of the contractual obligations. Compliance is the way to ensure that trust does not diminish. However, when trust is lost it becomes extremely difficult to regain trust through complying. Pure compliance of contracts between humans as homo economicus does not allow for the introduction of the flows of trust to penetrate and redistribute itself between individuals, corporations and society.

Danske Bank therefore needs to embrace the flows of trust. Trust is flowing between individuals and through time, but it is important to remember that it is not the same now as it once was. Trust in the times of Frode was based on control and power. It was reliant on a central authority who could ensure the terms of the societal contract could be upheld. The trust of the cooperative association movement was different and acted more like social glue. It connected individuals in movements to survive the harsh times they lived in (Svendsen, 2011, pp. 26–29). The trust of today is once again different. Though it is usually analysed economically as capital, this is just one proposed solution to understanding its redistributive performance in flows. By detaching trust from this conclusion, we are able to illuminate how the flows of trust make different conceivations of it possible at different times. It is therefore important for Danske Bank to acknowledge that trust can flow and redistribute itself among the bank, its stakeholders and society if it is allowed to. As long as Danske Bank is constricted by its ambition to only comply with the terms of the implicit contracts between the bank and its stakeholders, the flow of trust will never be allowed to take any other form than that of a possible capital that ensures high return on investment.

Svendsen & Svendsen's notion of trust as a redistributive flow has thereby made it possible to show how the notion of homo economicus has limited the understandings of humans' ability to become, to grow, and to learn trust. Trust is flowing between people, institutions and time, and redistributed through relations. Homo economicus is already fully formed. He accumulates and invests. He only engages in relations if it is perceived as a positive investment, while trust is only utilised as a mechanism for cost reduction in incomplete contracts. As such, trust is limited through compliance with the contracts. As homo economicus makes decisions based on available information, any previous breaches of contracts will affect his propensity to trust. Thereby, past compliance ensures that homo economicus trusts that Danske Bank will also comply in the future.

By overturning economic-governance and encountering it with the notion of trust as redistributive flows, we instead engage with a human that is not fully formed. He is less human-being and more human-becoming. Throughout his life, he learns to trust from his close environment but also from his cultural inheritance. This is not to say that trust is path dependent and can never be re-established if it was not established in the past. That would be to once again enter the constraints of economic-governance. Instead, trust flows and is redistributed. It only takes a singular instance of trusting in order for it to permeate through society. Therefore, rather than trying to comply in order to show its trust*worthiness*, Danske Bank should recognise the positive and productive nature of the flows of trust and position itself in a way that exposes it to the flows, rendering itself capable of redistributing them.

This re-coding of trust as flows instead of capital make us able to critically assess the problems that arise in pure compliance. However, compliance can still be a necessary initiative. In large corporations such as Danske Bank, it is impossible to ensure that everyone in the corporation is aware of the possible dangers of specific conduct. Though people might have the best of intentions, their conduct can in the end damage the bank. Therefore, it can be positive to formulate a common set of rules and recommendations that can be followed in times of uncertainty. Still, the notion of trust from Svendsen & Svendsen can help us show how the pure reliance on compliance mechanisms will never produce the positive redistributive flows of trust that Danske Bank seeks. Instead, such mechanisms could produce mistrust as the bank instead of trusting flows would distribute flows of mistrust insofar as compliance mechanisms are a function of the mistrust in individuals' ability to conduct themselves in the right way.

6.4 Encounter 3: Aristoteles: Practical Virtue Ethics

The following section sheds light on the economic-governance image of thought's utilitarian moral. It argues that trust is being reduced to a means of utility, disallowing it to exist as a purpose in itself. Utility's transcendental moral forces an uncritically pursuing of a specific value which can be contested when staged against the critique of the value of values.

6.4.1 Utility as a Transcendental Value

The link that exists between trust relations and moral is hard to neglect. However, it is not always clear exactly how it is intertwined or why the bond between them at times are abundantly clear and at other times seem to not exist. The many crises Danske Bank has been involved in are evident of this. Its history points to a fragility or vulnerability when it abuses its power to conduct immoral or illegal business practices, culminating with the Estonian money laundering scandal. As more and more of these episodes occur, the clearer it becomes that a foundation for mistrust exists; a mistrust that continuously intensifies and eventually leads to a need or even a demand for a change. The normative element inherent to trust can be seen quite differently depending on the school of ethics.

In economic-governance, utilitarianism acts as a very elegant theory in the sense that it provides a framework for judging an action based on a single moral principle. It is impossible to truly know the intentions behind another party's behaviour (Mill, 2006a, p. 380), making it a useful way to solidify the unknown. This is desirable from a shareholder's point of view because decision making is simplified. Dealing with complex issues bring order to their chaotic nature, increasing the comprehensibility of them. An action's consequence is in most cases quantifiable or can at least be made quantifiable. However, forcing the quantification of an issue simultaneously reduces its complexity and its broader context might be neglected. When it comes to trust, it matters on a longer term what the reasons for having or showing trust are. Because an action has rendered a good result in a specific context it does not mean that the action in itself is good; that it will yield the same result at another point in time; nor that it will be good when evaluated from a different perspective. Thus, it discards the deeper reflections of behaviour by limiting the focus to the outcome of it based on a single overarching value.

The moral principle within the economic-governance image of thought breaks down once questions about the inescapable quantifiable nature of utilitarianism are challenged. Utility becomes a transcendental value which can be pointed to as both the motivation and justification for any action. In extension, individuals are given a moral carte blanche to discard right and wrong from the intentions behind an action; as long as the consequences of this action increases the overall utility (Mill, 2006a, p. 380, 2006b, pp. 232–233; Adam Smith, 2007, p. 349). As such, when Vogelzang and Dybvad have been hired to regain trust, they still need to base their governing actions in relation to the moral value of utility-maximisation. Danske Bank wants to be a 'better' bank, and by being 'better' they want to ensure that trust follows. However, this way of moral reasoning does not account for any problems that arise in uncritically pursuing a single value. Nevertheless, utilitarianism renders such reflections impossible. Instead, Vogelzang and Dybvad ought to increase trust because this has been determined to be the optimal way of becoming a 'better' bank; a goal increasing overall utility.

When Danske Bank's major shareholders demand the bank to regain trust it is not exempt from the purpose of increasing the bank's stock value and similarly, when Danske Bank asserts that it wants to be the most trustworthy bank, is it for the purpose of being virtuous or are there additional motives present? Utilitarian moral ponderings cannot account for such a question and does not allow for the critical assessment of the purpose of trust to exist other than in the light of utility. The only way this would be possible is if the definition of utility is vague enough to be able to effectuate all possible types of motivations like Becker (1976) proposed. Thus, economic-governance will always seek to quantify the reason for obtaining trust in the axiom of utility whether it is increasing shareholder value or creating financial stability.

6.4.2 The Utility of Trust and its Fragility in the Economic Governance Image of Thought

In this image, CG cannot work as a tool to regain trust for its own sake since it is impossible to exist as a standalone concept as long as it is justified by the utilitarian moral value. This is why CG literature attempts to explain why trust is important when it defines the ways in which it can be utilised; be it for incentivising managers, inspiring confidence in the stakeholders' perception of the corporation or minimising it to reduce agency costs. The economic-governance image of thought encapsulates trust as a good value because the utility of it transcends it. It becomes important because a certain moral value deems the consequences of it legitimate.

Trust thereby only exists as a function of a transcendent moral value which restricts its possibility to act and guide practice. However, we propose that Aristotle's practical virtue ethics allows for trust to be approached in a different way and highlights the fragility of morals in the economic-governance image of thought. It is impossible to conceive motivations or values that are not immediately re-coded into the logics of utility. Actions and judgements cannot be conceived in any other way than as retrospective reflections of what consequences previous actions produced. In other words, all actions are judged on the basis of consequences of previous actions in previous contexts, which cannot adequately function as guides for current and future actions, insofar as the consequences of actions always change depending on context. We therefore need a theory of practical ethics, that can overturn the paradoxes produced in economic-governance when every action is judged on the basis of utility.

As such, we turn towards Aristotle's Nicomachean Ethics which can be perceived as one of the first books on practical ethics. In the book, he argues for what makes up the good life and how one should live it. Aristotle suggests that one must first consider the purpose of the being,

> for just as the good, i.e., [doing] well, for a flautist, a sculptor, and every craftsman, and, in general, for whatever has a function and [characteristic] action, seems to depend on its function, the same seems to be true for a human being (Aristotle, 1999, I, 7, 1097b).

The good life is thereby the purpose of man. As such, cultivating the function of man brings him closer to it and therefore the ultimate end in life: happiness (eudaimonia); an end which every action is aimed at. Happiness has no further end which is the focal argument why happiness can be perceived as the supreme good. This is well illustrated when Aristotle says that "happiness, more than anything else, seems complete without qualification. For we always choose it because of itself, never because of something else" (Aristotle, 1999, I, 7, 1097a-1097b). Happiness is thus 'good' in itself.

In his work Aristotle presents an argument for how the highest good for human beings is achieved. The answer lies in the cultivation of character since this develops the best possible individuals; a process of improving the defining character or purpose of man. He argues that human reason, in its power to critically scrutinise, is the proper functioning of human beings. A conclusion he reaches by pointing to

> The special function of a human being; hence we should set aside the life of nutrition and growth. The life next in order is some sort of life of sense perception; but this too is apparently shared with horse, ox and every animal. The remaining possibility, then, is some sort of life of action of the [part of the soul] that has reason (Aristotle, 1999, I, 7, 1098a).

If rationality is what separates man from plants and animals, then the rational activity can be defined as the main purpose of human beings. According to Aristotle, people have a natural disposition toward developing their proper functioning given "Each kind of animal seems to have its own proper pleasure, just as it has its own proper function; for the proper pleasure will be the one that corresponds to its activity" (Aristotle, 1999, X, 5, 1176a). It brings them pleasure and thereby they "improve at their proper function when they enjoy it. Each pleasure increases the activity; what increases it is proper to it" (Aristotle, 1999, X, 5, 1175a). The rational activity is what Aristotle refers to as an activity of the soul and in order to live the good life, one needs to perform this function well. The rational part of the soul thereby becomes a vital part of achieving happiness because of its ability to govern thought (Aristotle, 1999, 1, 7, 1098a).

These claims are quite similar to the believes found within the realm of utilitarianism. The rational nature of humans is key to maximising utility which in extent increases the overall wellbeing of society. However, Aristotle emphasises that happiness is something active, not inert. Thus, happiness is not a pleasure, it cannot bring utility nor can it be utilised. It is derived from the exercise of virtue throughout an entire life. This means that a happy individual is constantly at work for "Then why not say that the happy person is the one whose activities accord with complete virtue, with an adequate supply of external goods, not for just any time but for a complete life? (Aristotle, 1999, 1, 10, 1101a). It allows changing the focus from the consequences of trust, as a means to gain utility, to focus on trust as arising through active and practical ethical exercise.

6.4.3 Becoming: The Value of Values

However, just as with the analysis of Løgstrup's concept of trust, we do not aspire to conduct a classical reading of the virtue ethics of Aristotle.[17] Instead, we want to investigate the specific notion of what the

[17] Such an endeavour in relation to the concept of trust has already been conducted by Yuichi Shionoya (2001) in which Shionova positions trust as a specific virtue in distinction to utilitarian and contractarian ethics.

Aristotelean virtue *does* – how it functions. Instead determining how Aristotle defines a virtue and how we might define trust similarly, we want to examine how the notion of the practice of virtues can help us examine the specific practice of Danske Bank as being a bank that wants to be trusted. Therefore, our reading of Aristotle is limited in scope, yet powerful in effect. We focus on the notion of how one 'becomes' through the establishing of habits – the continuous reflection upon one's actions in different contexts. Habit is an important subject in the Nicomachean Ethics since it facilitates the right dispositions to act correctly in difficult situations. However, habits can only be gained through experiences because

> For what we do in our dealings with other people makes some of us just, some unjust; what we do in terrifying situations, and the habits of fear or confidence that we acquire, make some of us brave and other cowardly […] To sum it up in a single account: a state [of character] results from [the repetition of] similar activities (Aristotle, 1999, II, 2, 1103b).

Thus, the activities individuals engage in and its context matter because they essentially build character and thereby the relevant dispositions for making the right choices.

The investigation revolves around the problem of how Danske Bank can *become* a 'better' bank and thereby regain trust. The utilitarian moral has been defining for how Danske Bank is forced and forcing itself towards the value of being trusted. According to this logic, the bank needs to be trusted or else it cannot maximise the utility of its shareholders, stakeholders and society. Against this position, the virtue ethics of Aristotle can provide a foundation upon which we can differentiate between abstract and general moral principles (Shionoya, 2001, p. 4) and practical ethics. Morality always involves basing normative judgements on "transcendent values" (Deleuze, 1988, p. 23) such as the idea of the Good, the Just, the Righteous or Utility (C. G. Johnsen, 2015, p. 203). Converse, ethics provides a practical and critical assessment of the value of moral values (Deleuze, 1988, p. 23). The utilitarian moral principle of utility makes any action permittable as long as it increases overall utility, but in everyday situations of banking practices it can be almost impossible to adequately know how the bank's conduct affect the general society. Therefore, we "cannot rely upon values and principles derived from a transcendent instance" but are instead required to "take on the burden of moral responsibility for our own actions" (C. G. Johnsen, 2015, p. 203).

As such the way Danske Bank is currently focusing on its own values to regain trust is determined by the transcendent utilitarian moral. In contrast, Aristotle proposes that we form our being and 'become' who we are by how we continuously make choices according to the specific situations we face. By staging an encounter between Aristotle and Danske Bank, it becomes possible to flip the notion of how Danske

Bank judges its actions. With the practical ethics of Aristotle, we can no longer ask 'do we comply with our values in the best possible way?' but instead are forced to ask a question regarding the "value of values", which asks: "what are we inclined to do given the values we have" (C. G. Johnsen, 2015, p. 139). By focusing on the values that affect the judgement of an activity rather than the consequence of the activity according to a transcendent principle, the constant scrutiny of one's own values and the consequences they have is what becomes important. Consequences thereby do not become obsolete or unimportant. Instead, one should understand that consequences cannot be conceived from a general principal as the consequences of the same action might differentiate infinitely in accordance with the specific context that action is taken in. The evaluation of one's values therefore becomes important as this critical exercise makes it possible to understand what effect one's values have on one's ability to normatively judge in different situations.

Danske Bank thereby needs to assess and examine how its values and ambitions of being a trustworthy bank shape and produce specific actions. The utilitarian moral values determine that trustworthiness and trust is important for banking practice, and as such, Danske Bank needs to regain trust in order to adhere to this moral value. Danske Bank therefore needs to assess what kind of bank it is becoming instead of what kind of bank it wants to be (cf. Deleuze, 1994, p. 41). Instead of an unconditional commitment toward the moral value of the bank that ensures most welfare, it should constantly assess if such a value can even exist and how this value affects its actions. As such, the practical ethics becomes a normative evaluation of the normative.

In the light of these perspectives, it becomes possible to reinterpret the aspirations of banking practice as ethical and not moral. Dybvad and Vogelzang have been hired in order to live up to certain transcendental values which will be judged by how closely they comply with the value of the 'best' bank, as it is believed that the pursuit of this value will guarantee the regaining of trust. This 'moralising' of trust entails that CG can never aspire to anything other than being the practical effectuations of the moral value of ensuring utility-maximisation. The effects of CG become the point of attention, as if trust is not regained, CG must have failed. Trust thereby becomes a tool for measuring the effectiveness of CG. It becomes a paradoxical means toward regaining trust, which practically does not make sense. Therefore, as long as Dybvad's and Vogelzang's conduct and governance are measured in accordance with trust-production and consequently utility-production, they will never be able to critically assess the value of this endeavour.

Instead, the process of regaining trust should be seen as a very uncertain process in which variables cannot be made explicit. Danske Bank's practical ethics of trust should therefore ask: 'who evaluates the bank's endeavour to become worthy of trust and from what perspective?' (cf. Johnsen, 2015, p. 204). And with this question, the critique of the value of values becomes the focal point of how to do CG, which has the result that both Dybvad and Vogelzang are set free to pursue trust on its own account. Regaining trust becomes an endeavour for Danske Bank in which it needs to explore and expose the contradictions that might be found in its own values, as these might seem either naive or cynical. In this sense, trust is thereby not a moral ideal but rather a 'mode of existence' – of becoming a better bank through practice rather than aspiring to an idea of the 'best' bank – that must be called into question on its own merits.

6.4 Sub-Conclusion of the Three Encounters

By staging the three encounters against the principles of economic-governance, we have challenged the dogmatic frame in which they are comprised. Løgstrup's fundamental notion of trust made contracts' associative nature apparent, pointing to an inescapable production of mistrust. Svendsen & Svendsen allowed for a redistributive perspective of trust in which the distribution and redistribution of flows become an essential element in regaining trust. Aristotle's practical virtue ethics made it possible to question the implications of utility as a transcendental value and its limitations of critiquing the values of value, and in extension shed light on the impossibility of trust to exist as an end.

Overturning the corporate governance image of thought made it apparent that Danske Bank's attempt to regain trust is reduced to the manager's ability to adhere to the value of utility. This was the commonality between relation, human nature and moral when the bank is perceived from this unstable image. The next section will shortly outline the insights gained from our analytical endeavour, discuss them and elaborate on its implications.

7 Implications and Discussion

In this thesis, we have established four analytical engagements, all building upon the findings of each other. In this section, we will recreate our analytical endeavour in order to show how the analyses complement each other, while securing a strict line of argument throughout the thesis.

7.1 Danske Bank's Commitments

The first analytical engagement was toward Danske Bank and its commitments to regain trust through changing initiatives of CG. We located three distinct commitments of compliance, management values, and stakeholder engagement. 1) According to Danish law, Danske Bank is compelled to either comply with the CCG's recommendation of CG or explain why the bank's practices were not abiding by them. As Danske Bank has complied with the recommendations since 2010, we concluded that this compliance is an essential part of its handling of the problem of CG. 2) The second commitment was that of leadership values. Since the financial crisis of 2008, Danske Bank has changed its management several times in response to different problematic issues. The bank has officially made claims regarding the previous leaders' abilities to live up to the value of the bank. Furthermore, the current top management of the bank, Dybvad and Vogelzang, have declared their own commitment toward these values. As such, we established that an important CG initiative is that of selecting managers who act according to the overarching values of the bank. 3) The last commitment was stakeholder collaboration which Danske Bank has committed itself to as a responsible engagement with society. It wants to be reliable and trusted by its stakeholders. Hence, an important part of its governance initiatives is introduced to meet this obligation.

Though Danske Bank has committed itself to regaining trust through its CG initiatives, we concluded that the current practices are insufficient. Danske Bank has complied with the recommendations of the CCG since 2010, it has changed the management in response to several crises over the years, and has continuously aimed at exerting a positive societal influence, as reflected in its responsibility and remuneration reports. Still, Danske Bank finds itself in what can be termed a perpetual trust crisis. We therefore wondered if something fundamental was wrong in how the problem of CG was approached.

7.2 Genealogical Analysis of Corporate Governance Theories

This led us to our second analytical engagement: a genealogical investigation of how to govern in the best possible way. On the basis of the event in which Adam Smith (1776) positioned human nature in an economic context, we analysed how the three major theories of CG subsequently had been shaped in accordance with this understanding. Though Smith had already proposed the problem of how the changing structures of corporations required new solutions disclosing how they ought to be governed, it was not until the writings of Berle & Means (1932) that the problem of CG was crystallised. They proposed the division between ownership and control of the corporation to necessitate new conceptions of how this division ought best to be governed.

1) The first coherent proposal was that of Jensen & Meckling (1976) who proposed agency theory. It had explicit roots in classical and neo-classical conceptions of human nature and combined theories of agency, property and finance. They proposed a theory of CG defining the corporation as a nexus of explicit contracts in which governance initiatives ought to reduce the costs that would arise as both agents (managers) and principals (owners) would try to maximise their own utility. 2) The second major theory of CG was proposed by Donaldson & Davis (1991) as an addition to agency theory in order to reconfigure the theory's faulty assumptions about human nature. Stewardship theory has its roots in behavioural economics which utilised psychological insights to explain economic conduct. The theory proposed that certain managers were stewards whose interests already aligned with those of the owners. As such, no agency costs would occur if CG would focus on structural changes providing the stewards with the possibility of self-realisation instead of controlling them. 3) The last major theory is stakeholder theory. It employs a criticism of agency theory's definition of the corporation as a nexus of explicit contracts. Stakeholder theory had a longer theoretical lineage than agency theory but first gained traction with Freeman (1984). The theory re-establishes the corporation as a nexus of implicit contracts in which the corporation has obligations to every group, person or institution that have a 'stake' in its behaviour. As such, the notion of the corporation was expanded to include a multitude of stakeholders and CG ought to attain to the interest of as many stakeholders as possible.

7.3 The Economic-Governance Image of Thought

On the basis of the genealogical analysis, we established that though each theory presented different propositions on how the corporation ought to be governed, the theories encompassed the same principles of relation, human nature, and moral. Though the limits of the corporation changed from agency theory to stakeholder theory, and the basis of the motivations of the managers as producing agency costs through their behaviour were contested by stewardship theory, neither of the theories could renounce the way in which they all were enveloped in an overarching and underlying mental frame – a common image of thought. It was on the basis of this conclusion that we engaged with the third analytical operation of demonstrating and illuminating the economic-governance image of thought that had shaped the options/ways of thinking about CG since Smith. In the image, the three principles have limited and constrained CG inside understandings of relations as consensual contracts; the model of man as homo economicus; and a morality of utility. Based on such limitations, we concluded that trust becomes a problem that should be eliminated. It therefore cannot adequately exist inside the current framing of the image.

We then positioned the commitments of Danske Bank inside this image in accordance with the three principles of relation, human nature, and moral. All three commitments had the common denominator of trust arising in the manager's ability to adequately live up to the moral values of the bank. As such, CG in Danske Bank could only produce trust if the right manager was chosen. Other conceptions of trust had then become limited. This supports our claim that Danske Bank has been incapable of regaining trust because the perception of trust is only allowed to exist in a very specific and rigid way. Therefore, we proposed to engage encounters with the three principles of the economic-governance image of thought and three conceptions of trust in order to overturn the logics and conceivations of the image.

7.4 Three Encounters of Trust

The fourth and last analytical engagement was thus an analysis of encounters. We staged three encounters, each capable of pushing the three principles within the economic-governance image of thought to their limits: 1) The first encounter was between Løgstrup's fundamental notion of trust and the principle of relation as contractual. The encounter made it possible to perceive the contractual attempt to control its uncertain nature as a counterproductive and unescapable production of mistrust in the nexus of contracts. As the contract resides between the two parties in the relation, it prevents any real interrelation and leads to a constant condition of association. 2) The second encounter was between Svendsen & Svendsen's notion of trust as redistribution and the principle of human nature as homo economicus. The encounter illuminated how the nature of homo economicus as an ahistorical being of accumulation would always resist trust outside understandings of cost-reduction in investments. As such, trust could only exist as a function of the previous compliance of contractual terms. By inserting a trust based on redistributive flows, we showed the limitations of compliance in regaining trust. Instead, the flows of trust have to be allowed to distribute and re-distribute itself in society and between the corporation and its stakeholders. 3) The third and last encounter was between Aristoteles's practical virtue ethics and the principle of utilitarianism's moral value. It sheds light on utilitarianism's transcending logic that has limited the possibility of critical assessing the value of values. The axiom of utility instead re-coded any value and motivation into that of utility and as such, limited any possibility of trust to exist as anything else than the means toward utility-maximisation. By replacing its transcendent moral with a practical exercise of ethics it was instead possible to perceive trust as a process of becoming.

In staging the three encounters and challenging economic-governance's frame, three concepts have emerged in which the principles' core can be perceived anew: from contracts of associations to trusting relations; from a human-being (homo economicus) of accumulation to a human-becoming of redistribution; from a utilitarian moral to a practical exercise of ethics. In extent the concepts' plane has been broadened, making it possible to approach the question of how to optimally govern the corporation in a different way.

7.5 Implications

To reach such conclusions, we have utilised a methodical toolbox consisting of different elements from different thinkers. Specifically, the genealogical analysis, the image of thought and the encounters have opened for an interesting way to perceive the CG problem from a slightly novel angle. It forces the common-sensical to show its limitations and restrictions on productive engagement with new thinking. The staged encounters have been employed in a way that has made it possible to grasp the incomprehensible. Thus, our thesis is an exercise in approaching CG philosophically and productively. However, to avoid the pitfall of replacing one image of thought with another, it is beneficial to scrutinise the toolbox. In other words, in what way is this thesis not an idealistic treatment of trust and its role in CG: i.e. what makes its contribution productive?

To answer this question, we will point to the interplay between theory and practice. As our thesis has shown, there exists a reflexivity between the literature produced and the way theory is utilised. The three CG theories show how the economic-governance image of thought not only shapes theory and practice in a specific direction but dictates which thoughts individuals and corporations are capable of thinking and thereby the means present for decoding the theories. Agency, stewardship and stakeholder theories represent a reopening of the CG problematic, reflecting that the current prevailing theory's translation seems incapable of grasping the complexity of the "real world". Each of these theories are a response from the dynamic domain of corporations. It becomes apparent that something is flawed when it is applied in practice. The corporation's role becomes the tester of theory and the theorists adapt to the results of these tests which is exemplified by the production of new theories. However, what seems to be neglected is the underlying assumptions the image of thought is maintaining. When Danske Bank points to its trust crisis, it points to an inherent flaw in all three theories. What is lacking is not brand-new theories that can patch the holes of previous theories when they are confronted in practice, but rather a realisation of the theories' immanence and the assumptions that glue these theories together on the same plane. Thus, we contribute to this realisation by breaking down the economic-governance image of thought by dissolving its glue.

7.6 Limitations

Our findings are thus only novel insofar as it is a different way to approach CG out of many. It is important to note that we do not claim it to be superior. However, we do claim that it is relevant and legitimate in its very specific attempt to highlight the problematic of Danske Bank regaining trust. We have tried to apply both Deleuze and Foucault in a way that respects their tradition and ways of conducting analysis. However, it has never been the intention to make a Foucauldian or Deleuzian analysis.

A strict Deleuzian approach could have been an analysis of the pre-individual differential creations of concepts in CG. We would then have illustrated and thoroughly critiqued the various aspects of the concepts: its components (the contract, the restless desire for accumulation, interests, the artificial person who results from the contract); its internal consistency (the way the components are linked together); its plane of immanence (the way concepts such as the agency contract links up with external concepts like obligation and legitimisation); its conceptual personae (the Agent, the Steward, the Principal and the Stakeholder) (D. W. Smith, 2012, p. 341). Additionally, this type of analysis would also have required an elaboration of his ontology of difference, including his concepts of deterritorialization, reterritorialization, the rhizome, the body without organs and machines (M. Pedersen, 2009; Sørensen, 2005).

Further, a strict Foucauldian approach would have required a bigger emphasis on practical aspects, utilising the problematisation analysis (M. Gudmand-Høyer & Presskorn-Tygesen, n.d.; M. T. Gudmand-Høyer, 2013; K. B. Hansen, 2017) to analyse how specific practical commitments have tried to answer the same problem. Such an analysis would focus on how the problem of CG have appeared and have been challenged throughout time. This would have expanded on concepts such as subjectification, truth-production and power-relations.

Thus, rather than a methodical replica, we have tried to answer our problem statement through our inspirations from both thinkers in a critical and coherent way. Our approach and the results of the thesis can thereby be perceived from two major perspectives: on the one hand, since we have not rigidly followed a certain tradition, the conclusions could be seen as primarily the product of supposition, i.e. they are interesting assumptions but it is problematic to utilise them for more than that. On the other hand, the symbiotic nature of the method could be seen as in itself adding an interesting dimension to this thesis. As mentioned before, the results are just one proposed way of many and just a few alterations would change the conclusions and analytical elements all together. However, this emphasises the value in attempting to do philosophical research which differs slightly from the norm. Sticking to Deleuze's notions of the image of thought and encounters, it is not restricted in its reach; it can permeate method as well as it permits theory production and the practical use of it. As our conclusion exerts, it is not always the results that are imperative but the road to get there. It is in the becoming that the true contribution lies and not the transcendental moral evaluation of the results.

As such, we do not create new theoretical positions in which we have critiqued 'missing links' or holes of one theory with a different theory. Neither have we engaged the empirical practice of Danske Bank's CG through interviews in order to determine whether or not they follow agency, stewardship or stakeholder theory. Hence, we are not able to point to clear lacks of the theoretical positions in regard to their insufficiency to represent or explain the 'reality' of CG in a large Danish bank. However, we did not deem the collection of such data necessary for the analysis we wanted to conduct. By producing an analysis that continuously asked 'what does Danske Bank's commitment *do*?' instead of 'how is Danske Bank understanding X?' or 'why does Danske Bank want X?', we instead focused on the values of its values and possible ways to critically assess them. Further, we have not conducted an analysis of Danske Bank in order to further the research in either Foucauldian or Deleuzian studies by examining a new phenomenon. Instead, we have engaged with the very present problem of Danske Bank in its endeavour to regain trust. We wanted to explore this endeavour by showing the restrictions of already established doxa, which we were allowed to do by combining the way Foucault and Deleuze 'worked' with philosophical problems.

8 Conclusion

To recapitulate our problem statement:
Insofar as Danske Bank's corporate governance initiatives are constrained by the economic-governance image of thought, how does the bank's endeavour of regaining the trust of its shareholders, stakeholders and society become problematic? And how is it possible to overturn this image, in order for Danske Bank to conceive its endeavour to regain trust in new ways.

Thus, having established the economic-governance image of thought – in which relations are viewed as consensual contracts; homo economicus is the prevailing model of man; and morality is conceived as transcendental utility – it is problematic for Danske Bank to regain trust because the image limits the way it is allowed to exist. The constraints of the image permeate Danske Bank's endeavour to regain trust by 1) producing mistrust through association; 2) preventing the free flow of trust by blocking its distribution and re-distribution; and 3) depriving the bank of its possibility of critically assessing the value of its values.

It has been possible to overturn this image by staging three different encounters that each served to show the prevalent paradoxes within each principle. These findings do not provide a solution to Danske Bank's trust crisis. However, this has not been the intention of our thesis. Instead, the results allow Danske Bank to perceive the foundation of its CG mindset from a less rigid vantagepoint. Thus, the biggest contribution to Danske Bank is a proposed toolset the bank can utilise to continuously evaluate and approach its CG initiatives; to question its own commitments and its values as we have. Rather than inserting the thesis' findings directly into its endeavour to regain trust, the bank should instead adopt a new approach to evaluating mindsets and values, and not simply implement new theories. Hence, before Danske Bank can constructively alter its practice to regain trust, it has to understand its current constraints.

Our thesis bridges the gap between the theoretical and practical by allowing the invisible to become visible. It demystifies the problematic of CG but does not solve it. Instead, our work is productive in its ability to experiment with and illuminate the limits of the doxas of CG. However, this should not be seen as a finished product because the breakdown of one image of thought renders the next one possible. It is an endless scrutiny and battle against the assertion of the rigid, which is linked to the aspiration of understanding the complexity of the world; in this case, specifically, trust and its role in Danske Bank's CG initiatives.

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