Financialization in organizations and consequences for labour

Macroeconomic financialization can be connected to the workplace through exploring the link between investors' needs, subsequent management interventions and labour outcomes. Owners of capital invest in organizations in the hope that organizational activities will expand the value of their capital. Within managerial capitalism the logic of capital accumulation is ‘productive’ meaning the value of invested capital expands through managerially disciplined selling of goods and services in the product market. LPT scholars who sought to understand macro-micro connections within managerial capitalism explored the link between organizational product market strategies, management control techniques and labour outcomes (Freidman, 1977). Within this era of financialization the logic of accumulation is ‘financial’ meaning the value of invested capital expands through investor disciplined financial engineering of organizational structures and assets; product markets being but one such asset. Studies of financialization demonstrate that financialized forces weave through organisations and affect employees in different ways moderated by the investment strategies of financial actors and labour regulation (Gospel and Pendleton, 2014). An empirical turn that assumes distant macro-economic structures produce predictable employment outcomes fails not only to take into account emerging scholarship on the variability of financialization but also the established literatures demonstrating labour's role in impacting value creation. Of course, stock markets and investors have existed since the 17th century and the domination of the capital class over labour has long been of concern to critical academics, however the argument that financialization is a distinct form of capitalism has achieved widespread acceptance. Indeed prominent business publications, such as the Financial Times, (Maxzzucato, 2014) and Forbes (Denning, 2014) often lament the corporate trends associated with financialization, and a recent ‘spotlight’ issue of the Harvard Business Review asked the question ‘Are Investors Bad for Business’, and the answer it seems is ‘Yes’ (Mukunda, 2014; Christensen and Van Bever, 2014). Nonetheless there is a dearth of qualitative works from critical scholars exploring how financialization is passed down and experienced in specific organisations. This section sets out the unique characteristics of financialized markets and actors, the consequences for firm level activities and how labour effects and is affected by financialized modes of value accumulation. In doing so we follow the empirical trajectory of other studies which connect financialization to labour and demonstrate that in-depth qualitative research on financialized organisations is sorely needed.

Financialized Markets and Actors

Financialization is associated with a rise in institutional investors who trade on behalf of shareowners.

FULL Paper on request