

Report on the Evening Lecture „The changing role of contracts in the contemporary economic environment” from Prof. Lisa Bernstein

On June 8, the third and final Evening Lecture of the Summer Semester 2022 took place at the University of Innsbruck. The speaker **Prof. Lisa Bernstein**, Wilson-Dickinson Professor of Law from the University of Chicago Law School, spoke about "The role of contracts in the contemporary economic environment". The event was organized and moderated by **Univ.-Prof. Dr. Susanne Augenhofer, LL.M. (Yale)**.

Together with her Co-author Brad Peterson, a Partner at Mayer Brown LLP, Prof. Bernstein presented the findings of their study on “Managerial Contracting”. Their study examined over one hundred firms and observed an increasing trend regarding their contractual relationships for industrial supply chains. According to them, these newer forms of contracts tend to be “neither fully transactional nor fully relational” and include terms that lay out in precise and immense detail the actions that are to be expected from the supplier. Thereby, they aim to create more cooperative relationships and facilitate the emergence of greater process-based and over time even interpersonal trust between the parties of the agreement.

One remarkable finding concerns the fact that traditional legal enforcement has become less important in managerial contracts. In many instances the buyer will simply notify the supplier and urge him to conform more closely with the contract, regarding any deviation more as a “mistake that should not be repeated” rather than a breach of contract resulting in legal action. This allows the managerial provisions to be an interesting supplement to the more traditional and legally enforceable agreements.

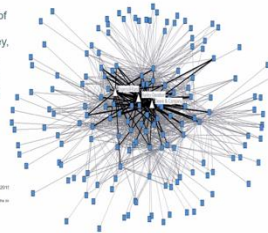


After their lecture, the two presenters engaged in a lively discussion with the audience that brought up further issues, e.g. the potential risks of managerial contracts, comparisons to more traditional supply chain relationships or questions regarding the measurability of the advantages of these new contracts.

We would like to thank Prof. Bernstein and Mr. Peterson very much for an interesting and informative evening!



Figure 1. Sociogram of the Connections Between Deere, Harley, Ingersoll and their Suppliers (dark lines) and the relationships between the suppliers (grey lines)



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