

Shareholders do not *own* corporations

- What does it mean to own something?
- What do shareholders own?
- Accountability?
- So what?
 - Benefit Corps – A solution to a non-problem
 - Implicitly validates

Corporations are people and people are....

- ...Boundedly Self-interested (Bosse & Phillips, 2016)
 - Narrow SI – tautological or wrong
 - Reciprocity
 - Tipping and Revenge
- ...Psychologically Complex (Greene, 2013)
 - Intuition vs. Rationality
 - Me/you vs. us/them
- Federalist No. 10 (Publius, 1787)
- But organizations are artifice and it's people all the way down

Ethics, Values, Norms, etc.

- No more powerful source of human coordination in history
 - Thou Shalt Nots vs. Aligned Values
- Yet systematically and intentionally ignored by many of our most influential theories
- Three things you're not supposed to talk about in polite company

Business Roundtable Statement

- “In The Business Roundtable’s view, the paramount duty of management and of boards of directors is to the corporation’s stockholders; the interests of other stakeholders are relevant as a derivative of the duty to stockholders. The notion that the board must somehow balance the interests of stockholders against the interests of other stakeholders fundamentally misconstrues the role of directors.” ([1997: 3](#))
 - 31 manuscript pages; no sign of specifiable authorship

Business Roundtable Statement

- [305 words - 11/12 pages are signatures of 183 top executives \(11 women\)](#)
- Relevance to practice
 - Donaldson and Preston's remaining work ("managerial")
- How is this controversial?
 - "Business schools do not need to do a great deal more to help prevent future Enrons; they need only to stop doing a lot they currently do." (Ghoshal, 2005: 75)
- Fiduciary duties to shareholders
 - Did corporate counsel approve?
 - Supersede?

Business Roundtable Statement

From Press Release:

“Since 1978, Business Roundtable has periodically issued Principles of Corporate Governance. Each version of the document issued since 1997 has endorsed principles of shareholder primacy – that corporations exist principally to serve shareholders. With today’s announcement, the new Statement **supersedes previous statements** and outlines a modern standard for corporate responsibility.”
(emphasis added)

Business Roundtable Statement

Will it make any difference?

- Firms were already doing this
- Removes (nonsense) obstacles
 - Only thing worse than what we don't know is what we think we know that's wrong!
 - “If I have not seen as far as others, it is because giants were standing on my shoulders.”
H. Abelson (attributed to his Princeton roommate Jeff Goll)
- Fiduciary duties to shareholders
- Self-interest
- Essentially competitive
- Humans welcome?