

QUASI Seminar Series, 2020-21

The [Rutgers Institute for Corporate Social Innovation](#) (RICSI) is proud to host the Questions & Unanswers About Social Innovation (QUASI) [Seminar Series](#). To participate, please [REGISTER HERE](#).

September 18th, 2020, 11am – 12:30pm EST

Can shareholder-owned corporations maximize profits without harming their stakeholders?

Yes: Jill Brown, Professor of Management, Bentley University

1) Issues of reputation, legitimacy, moral salience, and social judgments condition firms to avoid harming stakeholders.

[Barnett, M.L. & Hoffman, A.J. \(2008\) "Beyond Corporate Reputation: Managing Reputational Interdependence." *Corporate Reputation Review*, 11: 1-9](#)

[Bitektine, A. \(2011\). Toward a theory of social judgments of organizations: The case of legitimacy, reputation, and status. *Academy of Management Review*, 36\(1\), 151-179.](#)

[Brown, J., Buchholtz, A. & Dunn, P. \(2016\) "Moral Salience and the Role of Goodwill in Firm-Stakeholder Relations," *Business Ethics Quarterly*](#)

[Rehbein, K., Waddock, S., & Graves, S. B. \(2004\). Understanding shareholder activism: Which corporations are targeted? *Business & Society*, 43\(3\), 239-267.](#)

2) Shareholder primacy is in the rear-view mirror...corporations have come to realize that shared utility with stakeholders provides a win-win for business...in addition to providing a certain measure of risk management.

["Business Roundtable Redefines the Purpose of the Corporation to Promote 'An Economy that Serves All Americans, Principles of Corporate Governance'"](#)

[Brown, J. "Will a Global Pandemic and Recession Hit the Reset Button for Corporate Governance and Business/Stakeholder Relationships?"](#)

[Godfrey, P., Merrill, C.B. and Hansen, J. M. \(2009\) "The Relationship between Corporate Social Responsibility and Shareholder Value: An Empirical Test," *Strategic Management Journal*, 30: 425-445](#)

[Harrison, J. S., Bosse, D. A., & Phillips, R. A. \(2010\). Managing for stakeholders, stakeholder utility functions, and competitive advantage. *Strategic Management Journal*, 31\(1\), 58-74.](#)

[Stout, L. A. \(2001\). Bad and not-so-bad arguments for shareholder primacy. *S. Cal. L. Rev.*, 75, 1189.](#)

3) Firms with the best stakeholder relations offer higher overall value.

[Barney, J. B. \(2018\). Why resource-based theory's model of profit appropriation must incorporate a stakeholder perspective. *Strategic Management Journal*, 39\(13\), 3305-3325.](#)

[Bosse, D. A., Phillips, R. A., & Harrison, J. S. \(2009\). Stakeholders, reciprocity, and firm performance. *Strategic Management Journal*, 30\(4\), 447-456.](#)

[Carroll, A. B., & Shabana, K. M. \(2010\). The business case for corporate social responsibility: A review of concepts, research, and practice. *International Journal of Management Reviews*, 12\(1\), 85-105.](#)

[Wang, Q., Dou, J., & Jia, S. \(2016\). A meta-analytic review of corporate social responsibility and corporate financial performance: The moderating effect of contextual factors. *Business & Society*, 55\(8\), 1083-1121.](#)

No: Jerry Davis, Gilbert & Ruth Whitaker Professor of Business Administration, University of Michigan

1) Profit-oriented corporations are responsible for creating or exacerbating nearly every major societal pathology in the West today, including the climate catastrophe

[Davis, G. F. \(2020\). "Corporate purpose needs democracy." Forthcoming, *Journal of Management Studies*.](#)

[Van Zee, A. \(2009\). "The promotion and marketing of OxyContin: Commercial triumph, public health tragedy." *American Journal of Public Health* 99: 221-227.](#)

[‘The \\$900 billion cost of ‘stranded energy assets.’](#)

2) Listed corporations inevitably put share price first because of the many, many mechanisms of corporate governance.

[Davis, G. F. \(2005\). “New directions in corporate governance.” *Annual Review of Sociology* 31: 143-162.](#)

[DesJardine, M., Marti, E., Durand, R. \(2020\). “Why activist hedge Funds target socially responsible firms: The reaction costs of signaling Corporate Social Responsibility.” *Academy of Management Journal* \(forthcoming\).](#)

[Bebchuk, L.A., & Tallarita, R. \(2020\). “The illusory promise of stakeholder governance.” *Cornell Law Review*.](#)

3) Corporations are mostly doomed anyway, so let’s start over with better vehicles.

[Davis G. F. \(2019\). “How to communicate large-scale social challenges: The problem of the disappearing American corporation.” *Proceedings of the National Academy of Sciences* 116\(16\): 7698-7702.](#)

[Davis G. F. \(2013\). “After the corporation.” *Politics & Society* 41\(2\): 280-305.](#)

[Davis, G. F. \(2016\). “Can an economy survive without corporations? Technology and robust organizational alternatives.” *Academy of Management Perspectives* 30\(2\): 129-140. <https://journals.aom.org/doi/abs/10.5465/amp.2015.0067>](#)

It depends: **Rob Phillips, George R. Gardiner Professor in Business Ethics, York University**

1) There is no such thing as a shareholder-owned corporation.

[Heminway, J. M. \(2017\). Shareholder Wealth Maximization as a Function of Statutes, Decisional Law, and Organic Documents. *Washington and Lee Law Review*, 74\(2\): 939-972.](#)

[Stout, L. A. \(2012\). *The shareholder value myth: How putting shareholders first harms investors, corporations, and the public*. Berrett-Koehler Publishers.](#)

2) Corporations are created and populated by people and people are....

[Greene, J. D. \(2013\). *Moral tribes: Emotion, reason, and the gap between us and them*. Penguin.](#)

[Bosse, D. A., & Phillips, R. A. \(2016\). Agency theory and bounded self-interest. *Academy of Management Review*, 41\(2\): 276-97.](#)

3) It depends on how much we tolerate falsehoods in our discussions with (incipient) businesspeople and how much longer ethics and values are uncritically assumed, ignored, or actively renounced in these discussions

[Khurana, R. \(2010\). *From higher aims to hired hands: The social transformation of American business schools and the unfulfilled promise of management as a profession*. Princeton University Press.](#)

[Harrison, J., Phillips, R. & Freeman, R.E. “On the 2019 Business Roundtable “Statement on the Purpose of a Corporation”,” *Journal of Management*](#)

[Freeman, R. E., Phillips, R., & Sisodia, R. \(2020\). Tensions in stakeholder theory. *Business & Society*, 59\(2\): 213-231.](#)

[Phillips, R. A., Barney, J. B., Freeman, R. E., Harrison, J. S. \(2019\) “Chapter 1: Stakeholder Theory,” in Harrison, J. S., Barney, J. B., Freeman, R. E., & Phillips, R. A. \(Eds.\). *The Cambridge Handbook of Stakeholder Theory*. Cambridge University Press.](#)

Moderator: **Sandra Waddock, Galligan Chair of Strategy, Boston College**

[Waddock, S. & Graves, S. \(1997\) The Corporate Social Performance–Financial Performance Link, *Strategic Management Journal*, 18\(4\): 303-319.](#)

[Friede, G., Busch, T. & Bassen, A. \(2015\). ESG and Financial Performance: Aggregated Evidence from More than 2000 Empirical Studies, *Journal of Sustainable Finance & Investment*, 5\(4\): 210-233.](#)

[Busch T. & Friede, G. \(2018\). The Robustness of the Corporate Social and Financial Performance Relation: A Second-Order Meta-Analysis, *Corporate Social Responsibility and Environmental Management*, 25\(4\): 583-608](#)

These articles, provided by the speakers, underpin the arguments that each scholar will make during the seminar. You are encouraged to explore these articles in advance of the seminar, and we hope that you can use them as a resource in your future studies. Please note that hyperlinks may be inaccessible to some. One day, academic articles may be freely available, but for now, many are held hostage behind [paywalls](#). Please contact the authors directly for any articles you cannot access; typically, authors are more than happy to share their work and appreciate the interest. Or you may pay the ransom to the publishers.