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Armchair versus Armchair: Let's Not Try to Guess the Social Value of Corporate Objectives

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A COMMENTARY ON Thomas M. Jones and Will Felps (2013a), "Shareholder Wealth Maximization and Social Welfare: A Utilitarian Critique," ***Bus Ethics Q*** 23(2): 207–238, http://doi.org/10.5840/beq201323215

ABSTRACT

Jones and Felps claim that social welfare would be enhanced, if corporate managers adopted the goal of directly improving the happiness of their stakeholders instead of profit maximization. I argue that their argument doesn't establish this. They show that a utilitarian case for profit orientation cannot be made from the armchair. But neither can the case for Jones and Felps' preferred alternative. And their defense of it relies on empirically unsubstantiated assumptions.

IN A PAIR of recent articles, Thomas Jones and Will Felps (2013a, 2013b) argue that (2013b: 354, emphasis in the original):

> for publicly-held corporations in developed economies, the direct pursuit of social welfare, through a corporate objective we call *stakeholder happiness enhancement* (SHE), should replace the profit motive as the driving force behind economic activity.

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