Business Ethics Journal Review
SCHOLARLY COMMENTS ON ACADEMIC BUSINESS ETHICS
businessethicsjournalreview.com

Cite as: **Bus Ethics J Rev** 8(4): 20–26, https://doi.org/10.247/bejr2020.08.04

Edited by **Chris MacDonald** & **Alexei Marcoux**

ISSN: 2326-7526

SHAREHOLDER OWNERSHIP IS IRRELEVANT FOR SHAREHOLDER PRIMACY

Hasko von Kriegstein[1]

A COMMENTARY ON Alan Strudler (2017), "What to Do with Corporate Wealth?", ***J Poli Philos*** 25(1): 108–126, https://doi.org/10.1111/jopp.12106

ABSTRACT

Strudler rejects shareholder primacy and argues that, once contractual obligations have been fulfilled and shareholders have received a reasonable return on investment, corporate executives may use corporate wealth for the general good. He seeks to establish this claim via an argument that, contrary to the received view, shareholders do not own corporations. After raising some questions about the latter argument, this commentary goes on to argue that the question of corporate ownership is a red herring. The argument for shareholder primacy that Strudler wants to reject does not rely on the premise that shareholders own the firm.

IN "WHAT TO Do with Corporate Wealth," Alan Strudler (2017) argues that, once contractual obligations have been fulfilled and shareholders have received a reasonable return on investment, corporate executives may use corporate wealth for the general good. For ease of exposition, I will refer to the opposite view (that corporate executives are morally obligated to maximize shareholder value, and hence are not allowed to use corporate wealth for the general good) as *shareholder primacy*. As Strudler sees it, the crucial premise in arguing against shareholder primacy is that shareholders do not own either corporations or corporate wealth. Strudler contends, instead, that

[1] Ryerson University. Email: haskovonkriegstein@ryerson.ca