

THE CORPORATION

"The corporation" is often promoted as an efficient and beneficial organizational method and its ubiquity may preclude critical analysis towards it. Let us examine this further.

Points/Facts/Assumptions

- Shareholders own their share of The Corporation, and can receive dividends (from profits) or eventually sell their shares. The Corporation's value can change depending on how much it owns/profits.
- The total value of a corporation is estimated by the present value (discounted for time) of all of its future net cashflows.
- The difference between income and expenses is net cashflow (profit). Income may include sales, changes in the value of its assets, or welfare. Expenses may include machines/buildings, wages, taxes, interest. "Externalized costs" reduce expenses by utilizing the environment, internet, public safety, "the commons", or other free stuff.
- Shareholders elect directors, which employ management, who employs workers.
- The U.S. 14th amendment ("nor shall any State deprive any person of life, liberty, or property") gives The Corporation the *same legal privileges as a living person* (Beets, 2011).
- Shareholders are not liable for debts of The Corporation, which can include debts from lawsuits, etc. They generally can only lose what they have invested in The Corporation.
- In some cases, Shareholders have been liable for "gross negligence" and take blame for what The Corporation did. The "corporate veil" of a sham operation can sometimes be pierced, and shareholders held accountable for corporate acts.
- The goal of The Corporation: Maximize shareholder wealth. Its purpose is mainly to enrich shareholders; any social good it does is secondary (I will have to critically frame this as a hypothesis).
- Some theorists propose that The Corporation acts "without conscience" in which individuals would more likely have operating behind their actions (Bakan, 2003). Do the previous points support this hypothesis?
- Possible test question: Explain how the legal status of the corporation can lead to social harm. (hint: think constitutional amendment and limited liability)

REFERENCES

- Bakan, J. (2003) *The Corporation: The Pathological Pursuit of Profit and Power*. New York: Constable & Robinson.
- Beets, S. D. (2011). Critical Events in the Ethics of U.S. Corporation History. *Journal of Business Ethics*, 102(2).