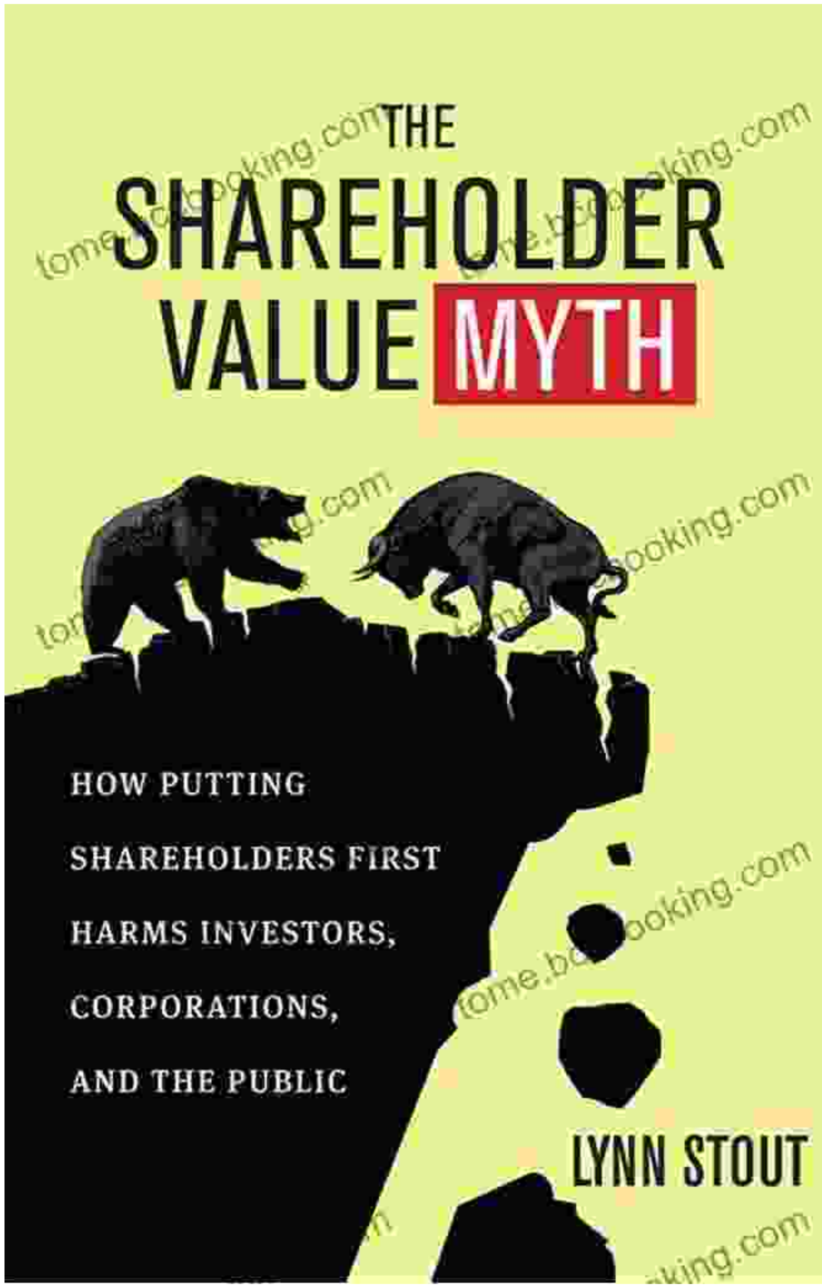
How Putting Shareholders First Harms Investors, Corporations, and the Public: An Exposé of Corporate Greed



In the competitive world of business, it is often said that the customer is always right. However, what happens when the interests of shareholders are placed above the interests of customers, employees, and the public? In his groundbreaking book, "How Putting Shareholders First Harms Investors, Corporations, and the Public," Dr. Lynn Stout argues that the shareholder primacy model of corporate governance is a recipe for disaster.

The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public

by Edward Segal

4.4 out of 5

Language	: English
File size	: 1936 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 145 pages
Lending	: Enabled

Shareholder primacy is the idea that the primary goal of a corporation should be to maximize shareholder value. This model of corporate governance has been dominant in the United States since the 1980s, and it has led to a number of弊端, including:

* Increased executive compensation * Short-term thinking * Financial instability * Environmental degradation * Social inequality

Increased Executive Compensation

One of the most visible consequences of shareholder primacy is the increase in executive compensation. In the 1980s, CEOs made an average of 42 times more than the average worker. Today, CEOs make an average of 354 times more than the average worker. This gap is due in part to the fact that executive compensation is often tied to stock prices. When stock prices rise, CEOs get richer. This creates a perverse incentive for CEOs to focus on short-term profits, even if it means sacrificing the long-term health of the company.

Short-Term Thinking

Shareholder primacy also encourages short-term thinking. In Free Download to maximize shareholder value, companies are often pressured to focus on quarterly earnings rather than long-term growth. This can lead to a number of problems, including:

* Underinvestment in research and development * Cutting costs at the expense of quality * Layoffs * Environmental degradation

Financial Instability

Shareholder primacy can also lead to financial instability. When companies are focused on short-term profits, they are more likely to take on excessive risk. This can lead to financial crises, such as the one that occurred in 2008.

Environmental Degradation

Shareholder primacy can also lead to environmental degradation. When companies are focused on maximizing profits, they are more likely to cut corners on environmental protections. This can lead to pollution, climate change, and other environmental problems.

Social Inequality

Shareholder primacy can also lead to social inequality. When companies are focused on maximizing profits, they are more likely to exploit workers and communities. This can lead to poverty, inequality, and social unrest.

The shareholder primacy model of corporate governance is a recipe for disaster. It leads to increased executive compensation, short-term thinking, financial instability, environmental degradation, and social inequality. It is time for a new model of corporate governance that puts the interests of all stakeholders first.

About the Author

Dr. Lynn Stout is a professor of corporate law at the University of California, Los Angeles. She is the author of several books on corporate governance, including "The Myth of Shareholder Value."

Free Download Your Copy Today!

"How Putting Shareholders First Harms Investors, Corporations, and the Public" is a must-read for anyone who wants to understand the problems with the shareholder primacy model of corporate governance. Free Download your copy today!

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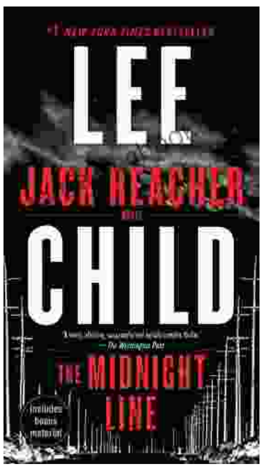

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