

The CEOs of nearly 200 companies just said shareholder value is no longer their main objective

PUBLISHED MON, AUG 19 2019 7:38 AM EDT
UPDATED MON, AUG 19 2019 2:07 PM EDT

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<https://www.cnn.com/2019/08/19/the-ceos-of-nearly-two-hundred-companies-say-shareholder-value-is-no-longer-their-main-objective.html>

KEY POINTS

- The Business Roundtable, a group of chief executive officers of nearly 200 major U.S. corporations, issues a statement with a new definition of the “purpose of a corporation.”
 - The reimagined idea of a corporation drops the age-old notion that they function first and foremost to serve their shareholders and maximize profits.
 - Investing in employees, delivering value to customers, dealing ethically with suppliers and supporting outside communities are now at the forefront of American business goals.
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Shareholder value is no longer the main focus of some of America’s top business leaders.

The Business Roundtable, a group of chief executive officers from major U.S. corporations, issued a statement Monday with a new definition of the “purpose of a corporation.”

The reimagined idea of a corporation drops the age-old notion that corporations function first and foremost to serve their shareholders and maximize profits. Rather, investing in employees, delivering value to customers, dealing ethically with suppliers and supporting outside communities are now at the forefront of American business goals, according to the statement.

“While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders,” said the statement signed by 181 CEOs. “We commit to deliver value to all of them, for the future success of our companies, our communities and our country.”

The conscience of Wall Street has been at the forefront of American business and politics recently as issues about economic equality and fair business practices dominate the 2020 election stage and the overall news cycle.

The Business Roundtable, founded in 1972, has put out many statements on the principles of corporate governance since the late 1970s. It said this new definition “supersedes” past statements and outlines a “modern standard for corporate responsibility.”

“The American dream is alive, but fraying,” Jamie Dimon, chairman and CEO of J.P. Morgan Chase and chairman of Business Roundtable, said in a press release.

Along with Dimon, the statement received signatures from chiefs including Amazon’s Jeff Bezos, Apple’s Tim Cook, Bank of America’s Brian Moynihan, Dennis A. Muilenburg of Boeing and GM’s Mary Barra.

“Major employers are investing in their workers and communities because they know it is the only way to be successful over the long term. These modernized principles reflect the business community’s unwavering commitment to continue to push for an economy that serves all Americans,” said Dimon.

Another one of the signatures is from BlackRock chief Larry Fink, who has previously called on CEOs to reevaluate the purpose of a corporation, specifically the “inextricable link” between purpose and profit.

“Purpose is not the sole pursuit of profits but the animating force for achieving them,” Fink wrote in his 2019 [annual letter](#) to shareholders. “As divisions continue to deepen, companies must demonstrate their commitment to the countries, regions, and communities where they operate, particularly on issues central to the world’s future prosperity.”

Fink said that fundamental economic changes and the failure of the U.S. government to provide lasting solutions has forced society to look to companies for guidance on social and economic issues, such as environmental safety and gender and racial equality.

Here is the full Business Roundtable statement.

Statement on the Purpose of a Corporation

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free-market

system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide health care; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:

- Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.
- Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.
- Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.
- Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.
- Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.

Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.