2017

Towards a More Productive Dialogue Between Stakeholder Theory and Strategic Management

Andrew Wicks

Jeffrey S. Harrison
University of Richmond, harrison@richmond.edu

Recommended Citation
Wicks, Andrew C. and Jeffrey S. Harrison. "Towards a More Productive Dialogue Between Stakeholder Theory and Strategic Management." In Stakeholder Management, edited by David M. Wasieleski and James Weber, 249-274. United Kingdom: Emerald Publishing, 2017.

TOWARDS A MORE PRODUCTIVE DIALOGUE BETWEEN STAKEHOLDER THEORY AND STRATEGIC MANAGEMENT

ANDREW C. WICKS
Ruffin Professor of Business Administration
The Darden School of Business
University of Virginia
P.O. Box 6550
Charlottesville, VA 22906-6550
Tel: (434) 343-8739
Email: wicksa@darden.virginia.edu

JEFFREY S. HARRISON
W. David Robbins Chair in Strategic Management
The Robins School of Management
University of Richmond
1 Gateway Road
University of Richmond, VA 23173
Tel: (804) 380-9000
Email: harrison@richmond.edu

TOWARDS A MORE PRODUCTIVE DIALOGUE BETWEEN STAKEHOLDER THEORY AND STRATEGIC MANAGEMENT

ABSTRACT

This chapter highlights some of the tensions and most promising points of convergence between the strategic management and stakeholder theory literatures. We briefly examine the early development of both areas, identifying some of the background assumptions and choices that informed how the fields evolved, and how these factors led the two fields to engage in scholarly pursuits that seldom intersected for a period of years, followed by a renewal of interest among strategists in themes that are central to stakeholder theory. From this discussion, we develop a larger agenda with specific topics as examples of areas that offer promise for integrative research that can advance knowledge in both fields. Our vision of the future is one in which the larger aspirations of scholars in strategy and stakeholder theory are more fully realized with human purposes, broadly defined, as the focal point.

Our focus in this chapter is two-fold: to identify some of the most promising points of convergence in both strategy and stakeholder theory and to provide our own vision of how these two fields might develop to create a richer platform for a study of organizations that puts human purposes at the center. Such inquiry would aim to be both academically rigorous and have practical relevance – to provide a set of ideas and practices that better connect what firms do to the aspirations and goals of the stakeholders who interact with those firms. While we will identify a range of works from both stakeholder theory and strategy in this chapter, our goal is not to do a comprehensive review of the literature. We want to provide ideas for how strategy and stakeholder theory might evolve together – both to build on the latent potential that has already been revealed in the extant literature and to envision where the conversation might go.

We begin with a clear bias. As scholars who see themselves as both "stakeholder theorists" and "strategists" (even though our fields tend to put us each in one of these two camps), we believe that the purpose of business is to serve human goals and advance a human-centered agenda. Despite the concerted efforts of many of our colleagues, those aspirations have not been realized – and are often subverted either directly or indirectly. Direct subversion has resulted from embracing bottom-line finanancial objectives (and dependent variables in research) as superordinate goals with inadequate consideration of nonfinancial human costs. Indirect subversion has come from grossly oversimplified narratives about business, theories that create stumbling blocks, or assumptions that no longer make sense. We think we can do better, both as individual scholars and collectively as a field, to create richer academic inquiry and provide practical guidance to managers and firms. We do not pretend to have the answers to the big questions raised across strategy and stakeholder theory, yet we do think that how we frame the agenda of the field can have a major impact on our ability to deliver on this promise.

One of the factors that leads us to frame this article in a non-traditional way is what we see going on in the world and how that is challenging us to think differently about business – as well as what role it plays in the world. We have a convergence of forces putting immense pressure on business to evolve and operate differently – even if people don't want to get rid of all forms of capitalism. From the financial crisis and the growth of the "occupy Wall Street" movement, to the increasing focus on the growing inequality of wealth in the US, to the data showing decreased mobility and opportunity in the US – there is a growing sense that our system is "rigged" to benefit the rich and powerful at the expense of the poor and middle class (e.g. Pew Research data; http://www.pewresearch.org/fact-tank/2013/12/05/u-s-income-inequality-on-rise-for-decades-is-now-highest-since-1928/). Even prominent proponents (and beneficiaries) of free market capitalism are vocal in noting how big a threat these trends are to the background support for business and how they have the potential to undermine the core of markets (Freeland, 2013).

We also see a new set of challenges that confront not only society, but business and business leaders – from growing health care costs and access to care, to education and worker training, to climate change and access to resources, to sustainability, to infrastructure deterioration, to terrorism. While each of these issues have been on the horizon and had some impact on business, the convergence of these issues, the intensity of conversations they are generating, and the direct connections to business make them inescapably tied into how we think about business moving forward.

Our approach, in part, represents the evolution of an old debate. People have talked about the notion of "corporate social responsibility" for centuries (Husted, 2015). A variety of stakeholders have articulated the idea that firms are part of society, that they owe something back to the communities in which they operate, and that they ought to conduct themselves with some larger sense of responsibility and values than simply doing what pays – and what doesn't break the law (Bowen, 1953; Carroll, 1999; Korula and Delaliex, 2016). Stakeholder theory shares with CSR a common view that business is a human institution that serves larger human ends and benefits people; however, it brings these impulses into the conversation about business in a way that starts closer to the core of how we understand business (rather than as an "add-on", which is one of the criticisms of this large and complex literature – see Freeman (1994) and Wicks (1996)). Simply, stakeholder theory puts value co-creation with stakeholders at the heart of business; CSR puts a focus on the larger social footprint of a business and what a firm owes back to communities and affected stakeholders, including those outside the "value-chain" of the firm.

Finally, we also see the continued interest in evolving how we think about and evaluate business. From the growth of socially responsible investing,,to the creation of "B" corps, to the growth of "impact investing" in the developing world, to ratings agencies and a plethora of online tools that help stakeholders understand the footprint of a company and evaluate its practices – there is a clear desire from many stakeholders to bring a complex lens to sort out which businesses they want to collaborate with and on what terms. Financial performance and success in traditional terms matter, but so do a wide array of other factors that weren't prominent in the minds of most managers as recently as two decades ago. Sustained success, keeping ahead of regulations and stakeholder expectations, has gotten more complicated – and has blurred many of the lines that used to exist between sectors (e.g. business and society, business and government). To think about the future of strategy as a field, and how it needs to evolve along with stakeholder theory, requires that we consider these background factors as critical input for any coherent account of that future.

In terms of framing, we will provide an overview of both stakeholder theory and strategy, selectively focusing on some of the key themes and background we see as relevant to our discussion. We will look at some of the beginnings of strategic management and stakeholder theory, note some of the background assumptions and choices that informed how the fields evolved, note points of convergence, and briefly identify ongoing challenges. From this discussion, we will develop a larger agenda to inform our reading of the literature and our sense of positive direction for both fields. Our vision of the future is one where we see the larger aspirations of scholars in these two fields (more fully) realized, and working toward common purposes using a variety of theories, tools, and approaches.

TENSIONS, COMMON GROUND AND CONVERGENCE

Srategic management has been heavily influenced by economics (Porter, 1985; Rumelt, Schendel and Teece, 1991). Much, if not most, of the literature in strategy has attempted to explain firm profitability, and economic theories and empirical tools have appeared to strategy researchers to hold the most promise for doing so. The economic assumption of rational decision making tends to obfuscate the reality of human factors associated with morality, emotion and cognitive limitations. Strategy attempted to address this problem, in part, by embracing agency theory (Jensen and Meckling, 1976) and transaction costs economics (Williamson, 1985); however, both of these research areas view humans as inherently self-serving and opportunistic. More importantly, the field of economics tends to simplify the economic world into a small set of measurable variables. So while an economics perspective brought with it a rigorous methodology that had a track record and institutional legitimacy, it also brought with it a set of blinders that have limited the potential of the field and skewed inquiry towards an impersonal calculative rationality and away from a more humanistic inquiry that is grounded in human identity and complexity.

This view of strategy has downplayed the significance of individual humans and personal identity (e.g. McVea and Freeman's (2005) "names and faces"; Nelson's (2006) "economics for humans"), the role of ethics and values, and the importance of narrative and mindset to how we theorize and talk about business. Instead, the discourse has emphasized the "harder" side of business – like profits and efficiency – that many in the business world identify with. While there is value in this approach, there are also considerable limitations, especially if we start with a view that business exists to serve human purposes. Nonetheless, we see much in strategy that is critical to generating the kind of theory and wisdom required to create great firms and successful economies.

In contrast to strategy, the stakeholder literature has been deeply influenced by philosophers and scholars with training in ethics. Indeed, while the man credited with inventing stakeholder theory saw himself as a strategist (Freeman, 1984), his graduate work in philosophical ethics has shown through in his writings (e.g. Freeman and Gilbert, 1988; Wicks, Freeman and Gilbert, 1994) and thus influenced many of the prominent works in the field. One of the main things that is distinctive about stakeholder theory is that it is "normative" in that it makes ethical questions central, and that it embraces many of the questions that strategists have sought to systematically avoid – (e.g. What is a good business? What obligations do firms have to stakeholders – and vice versa?). While this kind of inquiry has long been championed by scholars in SIM (Social Issues and Management), and while it gives voice to many of the concerns raised by the larger public discourse about business, it has been criticized as too idealistic, too imprecise, and too soft. Some of our colleagues in business schools as well as practitioners have found stakeholder theory too focused on taking care of people and not concerned enough with financial returns, efficiency, and sustainable economic returns (Jensen, 2002; Sundaram and Inkpen, 2004).

In addition, given the differences in modes of inquiry, epistemology, and theory there have been challenges in linking the normative discourse of philoosphers to the social scientific approach of management scholars in strategy. In effect, while strategy scholars may resonate at a personal level with the discourse of ethicists writing stakeholder theory, many have struggled to connect their work to this literature. An influential paper by Donaldson and Preston helped lay bare this division within the literature, noting that stakeholder theory has multiple strands of inquiry (Donaldson and Preston, 1995). They note that the discourse could be divided into normative, instrumental and descriptive modes. While this work did much to clarify the divisions within the literature (and the differences between philosophers and social scientists), it also had the effect of reinforcing a conceptual divide. That is, if researchers take their argument at face value, then stakeholder theory becomes a domain where the philosophers write about the normative elements and the strategists (and other social scientists) explore the instrumental and descriptive elements. There is some hope that the two perspectives may overlap (e.g. that treating stakeholders in a normatively sound way may lead to higher financial returns), but they will largely be developed independently.

Our goal in this paper is not to argue that we can't acknowledge dimensions, but to challenge the idea that they represent fundamentally different categories that have inherent differences (e.g. Wicks and Freeman, 1998; Freeman et al., 2010). If we reject an exclusively positivist epistemology and acknowledge the deep entanglement of normative, instrumental and descriptive dimensions of discourse within language, then it becomes untenable to continue with a view of strategy which aims to remain "neutral" on the normative dimensions of stakeholder theory and solely focused on the descriptive and instrumental aspects (e.g. Freeman, 1994; Jones and Wicks, 1999). As we will show later, and as others have noted (e.g. Granovetter, 1984; Wicks and Freeman, 1998), there are significant normative and behavioral implications that derive from the way we approach and develop theory (even "instrumental" and "descriptive" theory).

Indeed, a core part of our argument is that stakeholder theory (writ large) can provide a vehicle through which we can more intentionally foster linkages between these different strands – and create a way of thinking about business that connects larger human goals to practical and efficient means of running organizations. In the rest of this paper we will lay out in more detail how we envision that inquiry moving forward, suggesting how strategists can more comprehensively embrace stakeholder theory as a critical resource that advances their larger aspirations (i.e., efficiency, growth, competitiveness, wealth creation) – while also contributing in important ways to the complex agenda stakeholder theory was designed to advance.

Stakeholder Themes In Strategic Management Research

Given the divide in perspectives between researchers studying strategy and those writing about stakeholder theory, we might expect very little common ground between the two fields. Nonetheless, there is evidence that strategists were aware of the more normative and human aspects of strategic planning from the beginning (Elms, Brammer, Harris and Phillips, 2010). Andrews (1980), during a time when strategic management was still a fairly young discipline, explained that corporate strategy "is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities (p 18)." This is a fairly broad definition that still resonates well today, and it is worth noting that several aspects of it are very friendly to what we now call stakeholder theory. In particular, it speaks of corporate purpose, the human in addition to the economic aspects of an organization, and the noneconomic as well as economic contributions a firm makes to four different stakeholder groups.

More evidence of stakeholder thinking in the early strategic management literature is found in work presented at a foundational strategic management conference held at the University of Pittsburg in 1977. There Newman (1979) presented a figure that looks very much like a stakeholder map, with the organization in the center, stakeholders surrounding it, and arrowheads pointing both in and out between the firm and each stakeholder. Newman referred to these stakeholders as "contributors".

In spite of evidence of early interest in stakeholder themes by strategists, Freeman's (1984) stakeholder approach to strategic management, which gained significant traction in the business ethics and business and society fields, was largely ignored by most "mainstream" strategic management scholars. They did not seem to grasp the practical simplicity of the notion that managing stakeholders is precisely what managers do. Also, there was a perception among strategists that stakeholder theory was largely a re-packaging of corporate social responsibility (Harrison, 2011). Other misconceptions abounded – so much so that Phillips, Freeman and Wicks (2003) were prompted to write a paper that debunked popular but erroneous ideas about the theory. However, their paper was published in a business ethics journal that few strategists would read. In addition, an obsession with bottom-line financial performance and especially shareholder returns as the summum bonum of business organizations led to the perception that resources allocated to serving stakeholder interests beyond those absolutely necessary to ensure their continued engagement were irresponsible (Friedman, 1970).

From a historical perspective, it is interesting to note that prior to Freeman's (1984) book there was actually more interest in stakeholder themes among strategy scholars, albeit with a different descriptive vocabulary. His book more-or-less coincided with the economic turn in strategy. Then in the wake of several highly visible corporate scandals, and especially the financial crisis of 2007-08, there seems to have been a rejoining of concerns between the two fields (Klein, Mahoney, McGahan and Pitelis, 2012). In spite of the almost complete neglect of stakeholder theory in strategic management until the latter part of the first decade of our new Century, there were a few meaningful works published on the topic that fall within the boundaries of strategic management. Freeman, et al. (2010) examined these contributions in a chapter of their comprehensive review of the stakeholder literature, and it is not our intent to duplicate what they did. Instead, we mention in the next section a few widely cited works that demonstrate a convergence or tension between strategic management and stakeholder theory, as a foundation for recommendations about how to advance research in both fields such that we can increase our understanding of effective organizations.

Common Ground Between Strategy and Stakeholder Theory

According to a list recently published on the website of the Stakeholder Strategy Interest Group (IG) of the Strategic Management Society (SSIG, 2016), the stakeholder themed research article that has received the most scholarly attention, measured as number of citations per year since publication, is "Toward a Theory of Stakeholder Identification and Salience: Defining the Principles of Who and What Really Counts" (Mitchell, Agle and Wood, 1997). The theory contained in this article was immediately put to an empirical test using CEOs as subjects (Agle, Mitchell and Sonnenfeld, 1999), a demonstration of its applicability in the strategic management domain, which often assumes a view from the top of an organization. Another interesting application of the salience construct is found in work by Crilly and Sloan (2012), who examine the role of managerial cognition in determining corporate attention to stakeholders within a sample of global corporations. Salience theory has been widely utilized in both the strategy and stakeholder literatures (i.e., Magness, 2008; Madsen and Rodgers, 2015; Sonenshein, 2016; Ioannou and Serafeim, 2015; Jones, Felps and Bigley, 2007; Hillman and Keim, 2001)

Stakeholder theory has also provided an important foundation for a lot of research on corporate social responsibility, and some of this research has been published in strategy journals, especially in recent years (i.e., Crilly, Ni and Jiang, 2016; Ioannou, 2015; Godfrey, Merrill & Hansen, 2009). Stakeholder theory provides a foundation for explaining why a firm should be interested in pursuing more than just financial gains for shareholders. It's strong normative foundation provides a pathway to connect ethics to the strategy discussion. However, the empirical evidence linking corporate social responsibility and corporate financial performance is not as compelling as the empirical evidence linking stakeholder management to financial performance, perhaps because the CSR literature includes variables associated with the environment or participation in socially undesirable activities (Harrison, et al., 2014; Orlitzky, Schmidt and Rynes, 2003; Preston and Sapienza, 1990; Berman, et al. 1999; Sisodia, Wolfe and Sheth, 2007; Choi and Wang, 2009; Henisz, Dorobantu and Nartey, 2014). Hillman and Keim (2001) support this notion with their finding that strong relations with primary stakeholders (employees, customers, suppliers, communities) are associated with high financial performance whereas participation in activities associated with social issues is associated with low financial performance. The less-than-compelling CSR->CFP evidence may be one of the reasons that some in strategy have been reluctant to fully embrace stakeholder theory as mainstream in the field.

In the introduction to this chapter, we mentioned that we might expect some common ground between stakeholder theory and strategy to the extent that stakeholder management models could be linked to financial performance. As expected, the instrumental perspective of stakeholder theory gained traction, based on the general idea that firms that adopt management principles associated with stakeholder theory achieve competitive benefits that make them more profitable, especially over the long run (Jones, 1995). Trust has emerged as an important variable in stakeholder theory, particularly in work tied to the instrumental perspective (e.g. Jones and Wicks, 1999; Wicks, Berman and Jones, 1998). The massive trust literature spans both strategy and stakeholder theory, and represents an important point of convergence, made even stronger because trustworthy behavior provides an important link between normative and instrumental conceptualizations of stakeholder theory This literature identifies not only what trust is, but how it is created, how it enables key firm capabilities, and leads to a wide array of benefits for firms and markets (Barney and Hansen, 1994).

Similar claims can be made about fairness and how people behave in markets. Harrison, Bosse and Phillips (2010) explain that organizational justice (fairness) and trust can unlock reciprocity among stakeholders, resulting in high levels of positive behavior towards the firm, which can then enhance performance (see also Bosse, Phillips and Harrison, 2009). This sort of stakeholder management can also encourage stakeholders to reveal their utility functions, thus leading to both innovation and increased efficiency. Widen, Olander and Atkin (2014) provide additional support for the notion that the way a firm engages its stakeholders influences innovation. As mentioned previously, empirical work in both the strategy and stakeholder literatures generally supports the idea that managing for stakeholders is good for the bottom line (Preston and Sapienza, 1990; Berman, et al. 1999; Harrison and Freeman, 1999; Hillman and Keim, 2001; Sisodia, Wolfe and Sheth, 2007; Choi and Wang, 2009; Henisz, Dorobantu and Nartey, 2014).

Another point of convergence between strategic management and stakeholder theory is the notion that the success of an organization is influenced by (and thus firm executives must manage) multiple constituencies (Buyesse and Verbeke, 2003; Freeman, 1984; Freeman, Harrison and Wicks, 2007; Frooman, 1999). For example, Rowley (1997) used social network analysis to develop a theory of stakeholder influences that acknowledges the existence of multiple, interdependent stakeholder demands and helps to predict the way a firm may respond to those demands. Henriques and Sadorsky (1999) and Sharma and Henriques (2005) empirically demonstrate the efficacy of this perspective with regard to a firm's sustainability practice and environmental policy.

We should also mention that the strategy field has historically been very interested in the establishment of goals, reflected in missions, visions and objectives, as a way to move the firm forward (Elms, et al, 2010). Indeed, any mainstream strategy textbook has a section on what is sometimes called "strategic direction." Given that stakeholder theorists are also very interested in this topic, we might expect significant intellectual crosspollination, if not full convergence. Nonetheless, there is disagreement between the two areas with regard to what might be called the superordinate goal of an organization, and this has limited the amount of exchange between the two fields. We will discuss this area, then, as a tension rather than a point of convergence. However, we should acknowledge that the sustainability movement (i.e., Sharma and Henriques, 2005; Stead and Stead, 2014) has provided some commonality of interests, although we suspect based on our own observations that many corporations have joined the movement to gain social acceptance rather than from an organically-motivated desire to create a more sustainable environment. In this sense, this trend is still viewed from an instrumental perspective in strategy.

Tensions Between Strategy and Stakeholder Theory

Intellectual tension often creates opportunities for new ideas and research. We believe this is the case with regard to the tensions that exist between strategic management and stakeholder theory. We will discuss some of the biggest tensions in this section, and explore ways that resolving them can lead to productive theory building and research.

Stakeholders and Value Creation: As alluded to in the previous section, strategists and stakeholder theorists have a history of disagreement with regard to the superordinate goal of the organization. The emphasis on financial performance, one of the reasons many strategists have shunned stakeholder theory, has led to an unending debate regarding the purpose of the corporation (Adams, Licht and Sagiv, 2011; Marens and Wicks, 2003; Marcoux, 2003; Jensen, 2001; Smith, 2003). In fact, it was a major topic of discussion in a three-day stakeholder research workshop connected to the annual Strategic Management Society meeting in 2015. Basically, it is a question of how we “keep score” or evaluate firms and their performance (Chakravarthy, 1986; Atkinson, Waterhouse and Wells, 1997; Freeman, Wicks and Parmar, 2004). We explored this theme in a paper we published in 2013, and we would highlight a few key ideas that are relevant for conversations on strategy and stakeholder theory.

First, despite the efforts of stakeholder theorists to change the conversation about business and expand our consideration of what counts, most of the existing work in the strategy field continues to use financial performance as the primary dependent variable – or notion of value that all stakeholders seek. We believe this is a mistake and that a more careful appreciation of what drives stakeholders, what leads them to want to cooperate with other stakeholders and to continue to be part of their activities, extends beyond money and goods. Researchers (and managers) need to develop metrics that capture the complex array of value that stakeholders seek and co-create through their cooperative activities – both because understanding this allows firms to better appreciate why stakeholders choose to be part of their activities and enables them to create more such value. If firms don't understand the complexity of value they will struggle to create it (except incidentally or accidentally).

Second, assuming that stakeholder value – rather than just shareholder value – is the critical variable, then considerable work needs to be done to develop new theory and measures to enable us to better understand firm performance. While we see this conceptual shift as an important step forward, it is far from clear what specific categories to add and how we go about measuring and compiling the data into a larger coherent "score-card". Such complexity and ambiguity may be off-putting to many of our colleagues in strategy and economics who like the clarity and simplicity of shareholder value, yet it is becoming harder to ignore the limitations and myopia of such an approach. Mahoney (2012) makes a compelling case that viewing shareholders as the sole residual claimants is not an accurate portrayal of actual relationships between a firm and its stakeholders, and is therefore unsatisfactory as a lens for answering two critical questions regarding the theory of the firm: how economic value is created and how it is distributed (see also Garcia-Castro and Aguilera, 2014).

Especially in a world where stakeholders care about a wide array of factors in how a firm performs (e.g. the triple bottom line, sustainability, corporate social responsibility and philanthropy, socially responsible investing), continuing to limit our focus solely on shareholder returns is untenable. We need new theory and specific approaches that are measurable (and combinable/comparable) that help us capture the array of value firms create and destroy through their activities, including value associated with a firm's ethical content and behaviors (Harrison, Freeman and Sa de Abreu, 2015; Elms, et al, 2010). Jones and Felps (2013) suggest that stakeholder happiness may be a relevant proxy for the value stakeholders receive from the firm. Harrison and Wicks (2013), in addition to advocating for this perspective, provide a variety of other measures that can be used to proxy value received by stakeholders (see also Harrison and Van der laan Smith (2015)).

Third, the focus on value creation for stakeholders not only highlights the need for new categories and measurement methods, it also underscores a framing for theorizing about strategy. Great firms, and competitive advantage, are about how to create outstanding value for and from stakeholders through their voluntary cooperation with firms. From this view, one can readily adopt a relational view of firms and how they operate (Dyer and Singh, 1998), although this clearly has limitations as a heuristic for certain kinds of firms and stakeholder networks. If stakeholder theory were to be more intentionally connected to the strategy conversation, researchers would do more work on the relational view of strategy *and see it as part of the same conversation*: how can we get stakeholders to come together to voluntarily cooperate to create value for all? This theme might be called "joint value creation" or "value co-creation."

We also see rich potential to tie in the resource-based view (Barney, 1991, 1995) and dynamic capabilities perspective (Teece, Pisano and Shuen, 1997; Teece, 2014) in strategy as powerful frameworks for getting at the dynamics of stakeholder interactions and how they can be leveraged to generate more value. What may be missing in existing work is an appreciation for the human dimensions of such levers and resources – that they are embedded within human networks, among people with names and faces, and subject to the dynamics around fairness and affiliation that can significantly influence how these tools are used. That is, it is only through deliberate recognition of the importance of micro-foundations that drive individual behavior that researchers will come to a thorough understanding of how it is that some firms are better at producing superior resources than other firms (Bridoux and Stoelhorst, 2016). Consider, for example, all of the many relational, social, and justice factors that influence organizational factors (structures, systems) and resources (knowledge, physical resources) in a team of researchers that is able to produce a groundbreaking new product.

Stakeholders and Human Nature: Another important topic raised by stakeholder theory is how we think about human activity in markets, including human motivation, goals and identity. As Elms, et al (2010) state "ethics and strategy are perhaps most closely and visibly intertwined when the discussion emphasizes the individual actors involved in strategic decision-making (409)." Stakeholder theory provides a way to not only talk about "values" or ethics, it encourages scholars to frame their inquiry around a three dimensional portrait of people – rather than a reductive and simplified version that is characteristic of much economic theory, management theory, and strategy work.

The so-called "names and faces" approach (Freeman and McVea, 2005) highlights the need for researchers to hold onto what makes human beings distinctive and unique, framing inquiry in a way that emerges from and remains in service to specific human ends – rather than solely as simplified and aggregated terms. There are a number of implications from this starting point. First, it introduces a different account for human motivation and behavior within markets. Much of the existing literature, particularly within strategy, has focused on a narrow conception of self-interest – specifically focused on a desire for economic returns – and including the presence of "guile" (e.g. Williamson, 1985). Such simplification does provide certain benefits – namely, allowing for rigorous modeling and avoiding strong assumptions (e.g. that humans act with benevolence or altruism). In contrast, using stakeholder theory as a starting point – particularly when tied to a focus on seeing stakeholders as particular people with complex identities and motivations – invites scholars to begin inquiry from a very different perspective.

If we begin with traditional assumptions about human behavior, as found in transaction cost economics or agency theory, then we encounter major problems in fitting our theory to how stakeholders actually behave. If most humans act with self-interest and guile, then any true effort to put faith in their goodwill and self-restraint (which are core to any robust account of trust) would be foolish and destined to fail. In the ultimatum game, participants are willing to walk away from a pay-day if they perceive the allocation to be unfair. Similarly, stakeholders tend to look for ways to punish firms that they believe treated them unfairly, even if doing so is costly to themselves (see Harrison, Bosse and Phillips, 2010; Frank, Gilovich and Regan, 1993). At the same time, firms can build off of fairness, and specifically the sense among stakeholders that the firm will treat them fairly in the future, to create loyalty, commitment, and a willingness to participate in generalized exchange (Ekeh, 1974; Cording, Harrison, Hoskisson and Jonsen, 2014).

If we make the more realistic (and complex) assumption that stakeholders have different motivations (Bridoux and Stoelhorst, 2014) and that many do not behave with guile even when they focus on their self-interest, then trust becomes a powerful tool that I can use to create value (e.g. Jones and Wicks, 1999; Wicks, Berman and Jones, 1998). Indeed, our ability to sort out who is trustworthy (under what conditions and for what purposes) and then to create and sustain such relationships, becomes a critical part of managing a firm and creating competitive advantage. Rather than seeing stakeholders as either self-interested or altruistic, scholars can see stakeholders as both at the same time – as well as caring about a variety of other values and goals (e.g. Freeman et al., 2010; Nelson, 2006). Some stakeholders do, indeed, tend to seek "profit", and the more the better. However, they also care about being treated fairly and treating others fairly – even when doing so may diminish their economic returns. They may also care about protecting the environment, upholding diversity, building relationships, and a variety of other ends and goals – simultaneously. When not forced to pick a single motivation (e.g. self-interested or altruistic; profits or values), we can create accounts of stakeholder behavior that are both more realistic and provide a richer context for theorizing (Bridoux and Stoelhorst, 2014, 2016). For example, Bosse and Phillips (2016) advocate for a perspective in which self-interest is bounded by norms of fairnesss and reciprocity.

We agree that there are times when making simplifying assumptions may make sense and help managers reduce complexity to make wise decisions. However, our view is that the gist of stakeholder theory pushes us in the opposite direction – that it invites us to bring in the messy-ness, the uniqueness, and the complexity of human beings. It is about seeing how people come together to co-create value, and to want to continue to be part of organizations, that makes this theory distinctive, different, and rich with possibilities that other theories lack. A recent example of work that attempts to push away from oversimplification is Bridoux and Stoelhorst (2016). In their paper they move beyond the commonly understood but unrealistic dichotomy between an instrumental transactional approach to managing stakeholders versus a relational approach that emphasizes honesty, kindness, integrity and compassion. They also argue that what stakeholder theorists typically refer to as a relational approach is actually a variety of approaches with different motivations and types of decision making. Their research is important to both the strategy and stakeholder literatures because it describes particular ways that a stakeholder theory management approach can be used to enable specific kinds of cooperation among stakeholders. It draws attention to the variety of ways stakeholders can signal different kinds of value to each other, enable certain joint capabilities, and foster the kind of organizational design and architecture required for organizational aspirations to be realized. It also creates deliberate links with social welfare, thus addressing many of the prevailing societal trends we outlined in the introduction to this article.

Evil Stakeholder Strategies: Previously we discussed the tension that exists over the purpose of the firm, especially as it relates to measuring who and what counts. At the core of the tension is whether the most desirable goal of a corporation is to maximize shareholder returns even if it means that some other stakeholders are not treated well in the process. Stakeholder theory says “no”, and strategists tends to say “yes”, as long as no laws are broken or essential human rights violated. Stakeholder theorists then argue that more value is actually created if all its primary (value contributing) stakeholders are treated well, and they then explain what it means to treat them well. They also argue that the shareholders will benefit from the additional value. This is oversimplified logic, and it has been flushed out elsewhere (i.e., Freeman, et al., 2007; Jones, 1995; Harrison, et al. 2010), so we do not feel the need to do so.

Our purpose here is simply to point out that almost the entirety of the stakeholder literature is based on positive strategies – that is, strategies for taking good care of stakeholders, and the associated benefits. We believe that while this assumption has been appropriate given the primary focus of stakeholder theory (and the close link of ethics and stakeholder theory), the literature would benefit from a closer investigation of what happens when we either relax or reverse that assumption – to examine negative (or evil) strategies. We also believe strategists would find the discussion both interesting and helpful in explaining strategy and its effects.

Because strategic management grew out of a largely economics base, there is already a precedent in strategy for looking at evil strategies. For example, monopoly is considered evil, and is therefore prevented to some degree by government regulators, informed by economic theory. Because stakeholder theory is grounded on a moral/ethical foundation, and many of its scholars are trained in ethics, they can easily draw on the broader ethics literature to explore strategies that hurt stakeholders. Essential to this discussion will be drawing in the strategic management perspective, and to do that, at least in the short term, one of the key dependent variables will probably need to be profits, both short and long term.

Some of the important questions that both fields might find interesting include: 1) What is an evil strategy, as this term pertains to how a firm manages its stakeholders? How does a firm know if it is pursuing one? 2) When (if ever) are evil stakeholder strategies profitable, and to what degree or extent, at least from the perspective of a cost benefit analysis? How likely are they to persist over time and why? 3) What means do stakeholders have available to them to combat evil strategies and when are such means ethically legitimate for stakeholders to use? Which actions are most effective in combatting these strategies? 4) How can institutional theory explain the existence of and eventual abolition of evil stakeholder strategies? 5) What can a firm do to safeguard itself against negative ramifications from pursuing an evil stakeholder strategy? This last question may seem to promote evil by providing strategists with protection against the harm they are doing. However, we believe that transparency is important in this quest. In other words, it is better to fight an enemy whose tactics are understood.

The first question asks what an evil stakeholder strategy is. We believe there are numerous ways to answer this question (e.g. drawing on resources in the philosophy and religious studies literatures to lay out what we might mean by “evil”) and that the process of addressing this question will have its own benefits. As a brief start in that direction, we offer our own perspective, based on stakeholder theory to provide a sense of what such inquiry might look like. If the most positive stakeholder strategies provide additional utility to at least some stakeholders without harming other stakeholders (Jones, et al, 2016; Harrison and Wicks, 2013; Tantalo and Priem, 2014; Retolaza, Ruiz-Roqueni and San-Jose, 2015), then an evil strategy destroys stakeholder utility for some stakeholders. Intentionality and motive may also be important factors in distinguishing types of evil strategies. We would argue that the most evil strategies are associated with a full understanding on the part of those managers that develop and execute the strategies that they are indeed hurting some stakeholders, and that they do so for either personal gain or gain for one stakeholder group at the expense of others..

It is fairly easy to identify the most evil stakeholder strategies, such as strategies in which managers know that death (or other types of physical harm) are probable outcomes that result directly from their actions. More interesting to the conversation will be those strategies that might fall in a grey area, either because of more complex causal connections or because of more banal motivations (e.g. see Arendt, 2006). For example, a common strategy among the larger fitness clubs (i.e., American Family Fitness) is to provide a very low cost trial period that appeals to the overweight or out of shape. They understand that people are able to stay committed for a short time period, so the trial periods is short, and then they are expected to sign a long-term contract of two or three years, with supposed savings as an incentive. However, the clubs fully understand that a large percentage of the people who sign the contract will not follow through. It is part of their business model, and a large part of the way they generate revenues and profits. The same sort of strategy is found in the time share industry, where impulse buying is key. These types of strategies are based on a thorough understanding of human behavior. Firms know precisely what they are doing. Yet a large portion of their stakeholders are unhappy. Are these evil strategies? What can unhappy stakeholders do about them? How long will they be effective? We see this as rich territory in which to extend stakeholder theory and explore some of the darker sides of this theory – something that has heretofore been largely neglected.

Theoretical Boundary Conditions: One of the criticisms of stakeholder theory by strategists is that it does not seem to have any limits. That is, there is nothing in the theory to explain how much additional value should be allocated to stakeholders. The argument is that a firm that follows stakeholder theory to its extreme could end up "giving away the store" in the sense of not being able to sustain profitable operations. To address this criticism, the establishment of theoretical boundary conditions may be important to the development of the theory and to its wider acceptance among strategists.

We should emphasize that we are talking about boundary conditions for the theory and not boundaries on the firm. Indeed, one of the most fruitful grounds for additional integrative research across the two fields comes from the perspective that organizations are open systems, in that they both interact with and depend on stakeholders in their external environments for survival (Rousseau, 1979). From a stakeholder perspective, firms may actually be more effective if they work to break down barriers between internal and external stakeholders rather than erecting new ones (Freeman, Harrison and Wicks, 2007).

Some recent work has begun in this area. For example, Harrison and Bosse (2013) establish boundary conditions for stakeholder treatment by explaining how a firm can know whether too many or too few resources are being allocated to particular stakeholders. They also argue that, from an economic perspective, the optimal allocation to stakeholders occurs at a level just noticeably above the allocation a stakeholder might receive if they chose to engage instead with a different firm (e.g., just above that stakeholder's opportunity cost). In addition, they provide a table that can help managers predict whether they are likely to be over- or under-allocating resources to particular stakeholders, based on strategic importance and stakeholder power. Garcia-Castro and Francoeur (2014) also consider the costs as well as the benefits from investments in stakeholders, and conclude that outcomes from these investments are subject to complex internal complementarities as well as a variety of external factors.

Nonetheless, much more work needs to be done to establish boundaries for stakeholder theory, especially given its complexity and the lack of consensus on what determines an effective stakeholder management strategy. This is especially true if we consider stakeholder theory as a genre rather than a single theory.

STAKEHOLDER THEORY AS "GENRE" RATHER THAN SINGLE THEORY

Much of the literature in stakeholder theory has evolved under the (sometimes implicit) presumption that it was developed as a specific theory to be contrasted with "shareholder theory" (e.g. Milton Friedman's famous account, from the 1970's, is often taken as a paradigmatic version of this). While there are some important differences across the two theories, and seeing them as contrasting theories has value (e.g. for helping managers see the impacts of their choices), several strands in the literature frame stakeholder theory more as an "umbrella" theory for a variety of approaches – or even as a "genre" of theory. This shift has important implications for how we see stakeholder theory and how strategists can contribute to its development.

First, many stakeholder theorists have articulated "normative cores" or underlying sets of principles that help define the mission and values of an organization, including how it engages with its stakeholders. From a feminist view (Wicks et al., 1994) to a Kantian view, to a Catholic (Carrascoso, 2014), to a larger religious view (Ray et al., 2014), stakeholder theorists have drawn on different religious and philosophical ideas to express the ethical "guts" of an organization. What is notable is the array of different norms and building blocks for such normative cores, each of which captures a particular vision of what it means to run a great organization and treat your stakeholders responsibly. What this work suggests is that there is room to extend these normative contributions and explore some of the managerial implications contained within each, including how they might enable (or preclude) certain key organizational capabilities and behaviors. While there may be a family resemblance that holds together these various accounts, there is enough diversity of views here that such work would likely need to be customized and developed in terms of that specific "normative core" rather than some more general "stakeholder theory".

Second, Freeman has urged his colleagues to see stakeholder theory as a genre of theories, rather than any one theory (Freeman, 1994). Foremost in his mind in making this move is to underscore the idea that ethics and business are inherently intertwined – and to reject a prevailing view called the "separation thesis (or fallacy)" which posits that ethics and business are largely separate things. Instead, rather than seeing stakeholder theory as providing the "ethics" for business, and hoping that living that out leads to positive economic returns (the "business"), he argues that stakeholder theory simply highlights two core questions that every firm answers: why do we exist? And for whom do we create value (and to whom we are responsible)? Both of these questions raise how centrally ethics is to any account of the firm; and that, whatever the answer of management, they are responsible for that answer and delivering upon it. On this reading, the diversity of accounts discussed under "normative cores" is not only amplified (i.e. far more accounts than originally envisioned), the term itself almost becomes redundant. This approach draws scholars to ask the more particular questions, such as what is the specific mission of individual companies and to which stakeholders do they see themseslves as responsible (not only the scholarly accounts provided by philosophers via "normative cores", but the answers developed by managers and "lived" by firms).

With this approach, Freeman and colleagues appear to be asking their peers to think more about the role that mission and purpose play as a center-piece of a company (and the way it can draw in stakeholders, provide focus, align expectations), and the role that responsibility plays in the function of a company. As with the normative core approach, the "genre" view requires a customized take on the managerial implications of any one firm's (or set of firms with similar answers to Freeman's two questions) answers. While this may seem like a great deal of work it provides another way to differentiate firms, to see what makes them tick, to see how they enable stakeholders to cooperate, and the processes by which firms create value for stakeholders. The shift of language and focus may make a big different in terms of how strategists will want to think about their craft. Differentiation is a widely used term that has a particular meaning in strategy; connecting it with stakeholder theory provides a different understanding and new way to think about how firms make themselves distinctive. Value is another term that has been accepted to mean something very specific (e.g. financial returns or production of goods and services), when taking a stakeholder view invites a substantially different (and more complex) understanding (Harrison and Wicks, 2013; Tantalo and Priem, 2014).

CONCLUSION

Stakeholder theory and strategy share common roots, have overlapping aspirations, and provide complementary resources to address the pressing issues of how business should operate. There are already an array of works in strategy that incorporate stakeholder theory and underscore its' relevance to the field. In addition, there is growing awareness that strategy needs to evolve and enrich its' underlying theoretical base – both to provide new ideas and to enable strategy to address the issues of the day in terms that make sense. Finally, many of the factors that have limited the influence of stakeholder theory within strategy are readily identifiable, and with some conscious effort, can be refashioned to create robust linkages between stakeholder theory and strategy.

Part of what is at stake in this shift is about a theoretical framing for academic inquiry, from a reductive approach popular in economics and strategy to a more complex view that is influential within the humanities. That said, there is more at stake in the conversation, particularly when we examine the link between theory and practice on a variety of topics like trust, fairness, and entrepreneurial behavior. Beyond the focus on motivation, there is also the question of identity and how we think about stakeholders. At one level talk of stakeholders provides managers (and strategy scholars) with a simplified way of identifying the groups of people they need to worry about – and a convenient way of simplifying the world (e.g. rather than think about every single unique individual who buys our products, I can instead think about "customers"). However, there is also a danger in this capacity to label and simplify the world: namely, that I may use the label to abstract away the details of stakeholders; that by putting them in a category I may be able to assume I know what everyone in that group wants and expects from me; or by factoring in weighted measures of other important variables (e.g. power, urgency, legitimacy) I may end up with a simple and formulaic way of deciding what to do (e.g. Mitchell, Agle and Wood, 1997).

Rather than simply being one small strand within strategy, stakeholder theory can provide a much richer platform for research within strategy and framing a wide array of work within the field. If we see human beings as complex and malleable, the conditions within firms as shaped by managerial choice, aspiration and stakeholder capabilities, and the performance of firms as related to the dynamic interaction of stakeholders to create unique value – then stakeholder theory and strategy may seem to be tightly linked and deeply interdependent. Understood in these terms, stakeholder theory can become one of the primary lenses within strategy and offer an array of resources that enable a complex research agenda linking strategy with ethics, business in society, sustainability, diversity, and a host of other issues at the forefront of today. Such integrative work may well be exactly what is needed to meet modern challenges and enable us to develop new theories and ideas that bridge the divide between theory and managerial practice.

ACKNOWLEDGMENTS

The authors would like to acknowledge the generous and very useful feedback we received from the editors of this volume and JW Stoehlhurst. The paper is much closer to what we aspired to create because of their critical observations and insightful suggestions for enhancing what we wrote. We are most grateful for this feedback and the spirit in which it was given.

REFERENCES

Adams, R.B., Licht, A.N. & Sagiv, L. (2011). Shareholders and stakeholders: How do directors decide? *Strategic Management Journal*, 32:1331-1355.

Agle, B.R., Mitchell, R.K. & Sonnenfeld, J.A. (1999). Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values. *Academy of Management Journal*, 42: 507-525.

Andrews, K.R. (1980). *The concept of corporate strategy*. Homewood, I1: Richard D. Irwin.

Arendt, H. (2006). Eichmann in Jerusalem: A report on the banality of evil. Penguin.

Atkinson, A.A., Waterhouse, J.H. & Wells, R.B. (1997). A stakeholder approach to strategic performance measurement. *Sloan Management Review*, 38(3): 25-37.

Barney J.B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17: 99-120.

Barney J.B. (1995). Looking inside for competitive advantage. *Academy of Management Executive*, 9(4): 49-61.

Barney, J.B. & Hansen, M.H. (1994). Trustworthiness as a source of competitive advantage. *Strategic Management Journal*, 15: 175-190.

Berman, S.L., Wicks, A.C., Kotha, S. & Jones, T.M. (1999). Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. *Academy of Management Journal*, 42: 488-506.

Bosse, D.A., Phillips, R.A., & Harrison, J.S. (2009). Stakeholders, reciprocity and firm performance. *Strategic Management Journal*, 30: 447-456.

Bosse, D.A. & Phillips, R A. (2016). Agency theory and bounded self interest. *Academy of Management Review*, 41: 276-297.

Bowen, H.R. (1953). *Social responsibilities of the businessman.* New York: Harper & Brothers.

Bridoux, F. & Stoelhorst, J.W. (2014). Microfoundations for stakeholder theory: Managing stakeholders with heterogenous motives. *Strategic Management Journal*, 35: 107-125.

Bridoux, F. & Stoelhorst, J.W. (2016). Stakeholder relationships and social welfare: A behavioral theory of contributions to joint value creation. *Academy of Management Review*, 41: 229-251.

Buyesse, K. & Verbeke, A. (2003). Proactive environmental strategies: A stakeholder management perspective. *Strategic Management Journal*, 24: 453-470.

Carrascoso, A. (2014). A framework for a Catholic stakeholder core. *Journal of Management, Spirituality & Religion*, 11: 307-330.

Carroll, A. (1999). Corporate social responsibility: Evolution of a definitional construct. *Business & Society*, 38: 268-295.

Chakravarthy, B.S. (1986). Measuring strategic performance. *Strategic Management Journal*, 7: 437-458.

Choi, J. and Wang, H. (2009). Stakeholder relations and the persistence of corporate financial performance. *Strategic Management Journal*, 30: 895-907.

Coff, R.W. (1999). When competitive advantage doesn't lead to performance: The resource-based view and stakeholder bargaining power. *Organization Science*, 10: 119-133.

Coff, R. (2010). The coevolution of rent appropriation and capability development. *Strategic Management Journal*, 31:711-733.

Cording, M., Harrison, J.S., Hoskisson, R.E. & Jonsen, K. (2014). Walking the talk: A multi-stakeholder exploration of organizational authenticity, employee productivity and post-merger performance. *Academy of Management Perspectives*, 28 (1): 38-56.

Crilly, D. & Sloan, P. (2012). Enterprise logic: explaining corporate attention to stakeholders from the 'inside-out.' *Strategic Management Journal*, 33: 1174-1193.

Crilly, D., Ni, N. & Jiang, Y. (2016). Do-no-harm versus do-good social responsibility: Attributional thinking and the liability of foreignness. *Strategic Management Journal*, 37: 1316-1329.

Donaldson, T. & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, (20: 65-91.

Dyer, J.H. & Singh, H. (1998). The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review*, 23: 660-679.

Ekeh, P.P. (1974). *Social exchange theory*. Cambridge, MA: Harvard University Press.

Elms, H., Brammer, S., Harris, J.D. & Phillips, R.A. (2010). New directions for strategic management and business ethics. *Business Ethics Quarterly*, 20: 401-425.

Flammer, C. (2014). Does product market competition foster corporate social responsibility? Evidence from trade liberalization. *Strategic Management Journal*, 36: 1469-1485.

Frank, R.F. (1988). *Passions within reason*. New York: W.W. Norton.

Freeland, C. (2013). *Plutocrats: The rise of the new global super-rich and the fall of everyone else*. New York: Penguin Group.

Freeman, R.E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.

Freeman, R.E. (1994). The politics of stakeholder theory: Some future directions. *Business Ethics Quarterly*, 4: 409-421.

Freeman, R.E., Harrison, J.S. & Wicks, A.C. (2007). *Managing for stakeholders: Survival, reputation and success*. New Haven: Yale University Press.

Freeman, R.E. & McVea, J.F. (2005). A names-and-faces approach to stakeholder management: How focusing on stakeholders as individuals can bring ethics and entrepreneurial strategy together. *Journal of Management Inquiry*, 14(1): 57-69.

Freeman, R.E., Harrison, J.S., Wicks, A.C., Parmar, B. & de Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge: Cambridge University Press.

Freeman, R.E., Wicks, A.C. & Parmar, B. (2004). Stakeholder theory and "the corporate objective revisited." *Organization Science*, 15: 364-369.

Friedman, M. (1970). The social responsibility of business is to increase its profits. *NewYork Times Magazine*, September 13: 32-33, 122-124.

Frooman, J. (1999). Stakeholder influence strategies. *Academy of Management Review*, 24: 191-205.

Garcia-Castro, R. & Francoeur, C. (2014). When more is not better: complementarities, costs and contingencies in stakeholder management. *Strategic Management Journal*, 37: 406-424.

Garcia-Castro, R. & Aguilera, R.V. (2014). Incremental value creation and appropriation in a world with multiple stakeholders. *Strategic Management Journal*, 36: 137-147.

Granovetter, M. (1984). Small is beautiful: Labor markets and establishment size. *American Sociological Review*, 49: 323-334.

Godfrey, P.C., Merrill, C.B. and Hansen, J.M. (2009). The relationship between corporate social responsibility and shareholder value: An empirical test of the risk management hypothesis. *Strategic Management Journal*, 30: 425-445.

Harrison, J.S., Bosse, D.A. & Phillips, R.A. (2010). Managing for stakeholders, stakeholder utility functions and competitive advantage. *Strategic Management Journal*, 31: 58-74.

Harrison, J.S. & Bosse, D.A. (2013). How much is too much? The limits to generous treatment of stakeholders. *Business Horizons*, 56(3): 313-322.

Harrison, J.S., Banks, G.C., Pollack, J.M., O'Boyle, E.H. & Short, J. (2014). Publication bias in strategic management research. *Journal of Management*, published online first on May 28, 2014; doi:10.1177/0149206314535438

Harrison, J.S. & Freeman, R.E. (1999). Stakeholders, social responsibility and performance: Empirical evidence and theoretical perspectives. *Academy of Management Journal*, 42, 479-487.

Harrison, J.S., Freeman, R.E. & Sa de Abreu, M.C. (2015). Stakeholder theory as an ethical approach to effective management: Applying the theory to multiple contexts. *RBGN Review of Business Management*, 17(55): 858-869.

Harrison, J.S. (2011). Stakeholder theory in strategic management: A retrospective. In Phillips, R.A. (Ed.), *Stakeholder theory: Impact and prospects*, Cheltenham, UK: Edward Elgar : 99-110

Harrison, J.S. & Wicks, A.C. (2013). Stakeholder theory, value and firm performance. *Business Ethics Quarterly*, 23: 97-125.

Harrison, J.S. & Van der Laan Smith, J. (2015). Responsible accounting for stakeholders. *Journal of Management Studies*, 52: 935-960.

Henisz, W.J., Dorobantu, S. & Nartey, L.J. (2014). Spinning gold: The financial returns to stakeholder management. *Strategic Management Journal*, 35: 1727-1748.

Henriques, I. & Sadorsky, P. (1999). The relationship between environmental commitment and managerial perceptions of stakeholder importance. *Academy of Management Journal*, 42: 87-99.

Hillman, A.J. & Keim, G.D. (2001). Shareholder value, stakeholder management, and social issues: What's the bottom line? *Strategic Management Journal*, 22: 125-139.

Husted, B.W. (2005). Corporate social responsibility practice from 1800-1914: Past initiatives and current debates. *Business Ethics Quarterly*, 25: 125-141.

Iannou, I. & Serafeim, G. (2015). The impact of corporate social responsibility on investment recommendations: Analyst's perceptions and shifting institutional logics. *Strategic Management Journal*, 36: 1053-1081.

Jensen, M.C. & Meckling, W.F. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3: 305-360.

Jensen, M.C. (2001). Value maximization, stakeholder theory and the corporate objective function. *European Financial Management*, 7: 297-317.

Jones, T.M. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review*, (20: 404-437.

Jones, T.M. & Wicks, A.C. (1999). Convergent stakeholder theory. *Academy of Management Review*, 24: 206-221.

Jones, T.M. & Felps, W. (2013). Stakeholder happiness enhancement. *Business Ethics Quarterly*, 23: 349-379.

Jones, T.M., Felps, W. & Bigley, G.A. (2007). Ethical theory and stakeholder-related decisions: The role of stakeholder culture. *Academy of Management Review*, 32: 137-155.

Jones, T.M., Donaldson, T., Freeman, R.E., Harrison, J.S., Leana, C.R., Mahoney, J.T. & Pearce, J.L. (2016). Management theory and social welfare: Contributions and challenges. *Academy of Management Review*, 41: 216-228.

Klein, P.G., Mahoney, J.T., McGahan, A.M. & Pitelis, C.N. 2012. Who is in charge? A property rights perspective on stakeholder governance. *Strategic Organization*, 10: 304-315.

Korula, A. & Delalieux, A. (2016). The micro-level foundations and dynamics of political corporate social responsibility: Hegemony and passive revolution through civil society. *Journal of Business Ethics*, 135: 769-785.

Madsen, P.M. & Rodgers, Z.J. (2015). Looking good by doing good: The antecedents and consequences of stakeholder attention to corporate disaster relief. *Strategic Management Journal*, 36: 776-794.

Magness, V. (2008). Who are the stakeholders now? An empirical examination of the Mitchell, Agle and Wood theory of stakeholder salience. *Journal of Business Ethics*, 83: 177-192.

Mahoney, J.T. (2012). Towards a stakeholder theory of strategic management. In Costa, J.E.R. & Marti, J.M.R. (Eds.), *Toward a new theory of the firm: Humanizing the firm and the management profession*. Bilbao, Spain: Fundacion BBVA: 153-182.

Marens, R. and Wicks, A.C. (1999). Getting real: Stakeholder theory, managerial practice, and the general irrelevance of fiduciary duties owed to shareholders. *Business Ethics Quarterly*, 9: 272-293.

Marcoux, A.M. (2003). A fiduciary argument against stakeholder theory. *Business Ethics Quarterly*, 13: 1-24.

McVea, J. F. & Freeman, R. E. (2005). A names-and-faces approach to stakeholder management: How focusing on individuals can bring ethics and entrepreneurial strategy together. *Journal of Management Inquiry*, 14: 57-69.

Mitchell, R., Agle, B.R. & Wood, D.J. (1997). Toward a theory of stakeholder identification and salience: Defining the principles of who and what really counts. *Academy of Management Review*, 22: 853-886.

Nelson, J.A. (2006). *Economics for humans*. Chicago: University of Chicago Press.

Newman, W.H. (1979). Commentary. In Schendel, D.E. & Hofer, C.W. (Eds.), *Strategic management: A new view of business policy and planning*. Boston: Little, Brown and Company: 44-47.

Orlitzky, M., Schmidt, F.L. & Rynes, S.L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, 24: 403-441.

Phillips, R.A., Freeman, R.E. & Wicks, A.C. (2003). What stakeholder theory is not. *Business Ethics Quarterly*, 13: 479-502.

Porter, M. E. (1985). *Competitive advantage: Creating and sustaining superior performance.* New York: The Free Press.

Preston, L.E. & Sapienza, H.J. (1990). Stakeholder management and corporate performance. *Journal of Behavioral Economics*, 19: 361-375.

Ray, D., Berman, S.L., Johnson-Cramer, M.E. & Van Buren III, H.J. (2014). The search for a religiously grounded normative core for stakeholder theory. *Journal of Management, Spirituality, and Religion*, 11: 331-356.

Retolaza, J.L., Ruiz-Roqueni, M. & San-Jose, L. (2015). An innovative approach to stakeholder theory: Application to Spanish transnational corporations. *Review of Business Management*, 17: 1007-1020.

Rowley, T.J. (1997). Moving beyond dyadic ties: A network theory of stakeholder influences. *Academy of Management Review*, 22: 897-910.

Rousseau, D.M. (1979). Assessment of technology in organizations: A closed versus open systems approaches. *Academy of Management Review*, 4: 531-542.

Rumelt, R.B., Schendel, D. & Teece, D.J. (1991). Strategic management and economics. *Strategic Management Journal*, 12: 5-29.

Sharma, S. & Henriques, I. (2005). Stakeholder influences on sustainability practices in the Canadian forest products industry. *Strategic Management Journal*, 26: 159-180.

Sisodia, R., Wolfe, D.B. & Sheth, J. (2007). *Firms of endearment: How world-class companies profit from passion and purpose*. Upper Saddle River, NJ, Wharton School Publishing.

Sonenshein, S. (2016). How corporations overcome issue illegitimacy and issue equivocality to address social welfare: The role of the social change agent. *Academy of Management Review*, 41: 349-366.

Stead, J.G. & Stead, W.E. (2014). *Sustainable strategic management*. Armonk, NY: M.E. Sharpe.

Stout, L. (2012). *The shareholder value myth: How putting shareholders first harms investors, corporations and the public*. San Francisco, CA: Berrett-Kohler Publishers.

Sundaram, A.K. & Inkpen, A.C. (2004). The corporate objective revisited. *Organization Science*: 15(3): 350-63..

SSIG (2016). *Classic works in stakeholder theory.* Stakeholder Strategy Interest Group, Strategic Management Society. Retrieved from: http://strategicmanagement.net/downloads/overview/overview.

Tantalo, C. & Priem, R.L. (2014). Value creation through stakeholder synergy. *Strategic Management Journal*, DOI: 10.1002/smj.2337.

Teece, D.J. (2014). The foundations of enterprise performance: Dynamic and ordinary capabilities in an (economic) theory of firms. *Academy of Management Perspectives*, 28(4): 328-352.

Teece, D., Pisano, G. & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18: 509-533.

Wicks, A.C. & Freeman, R.E. (1998). Organization studies and the new pragmatism: Positivism, anti-positivism and the search for ethics. *Organization Science*, 9: 123-140.

Wicks, A.C. (1996). Overcoming the separation thesis: The need for a reconsideration of business and society research. *Business and Society*, 35: 89-118.

Wicks, A.C., Gilbert, D.J., Jr. & Freeman, R.E. (1994). A feminist re-interpretation of the stakeholder concept. *Business Ethics Quarterly*, 4: 475-498.

Wicks, A.C., Berman, S.L., & Jones, T.M. (1999). The structure of optimal trust: Moral and strategic implications. *Academy of Management Review*, 24: 99-116.

Widen, K., Olander, S. & Atkin, B. (2014). Links between successful innovation diffusion and stakeholder engagement. *Journal of Management in Engineering*, 30(5):1-7.

Williamson, O.E. (1985). *Economic institutions of capitalism*. New York: Free Press.