

STAKEHOLDER MANAGEMENT

BUSINESS AND SOCIETY 360

Series Editors: David M. Wasieleski and James Weber

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INVESTOR IN PEOPLE

Preface

Introducing the *Business and Society 360* Book Series — An Overview

Where Are We? How Did We Get Here? Which Way Should We Go Now?

Sounds familiar? Have you ever considered the answers to these questions related to the work you do? Existential moments are common in the maturation of any academic discipline. They are the product of a passionate, caring constituency that is careful about making meaningful contributions that can propel future research and provide illusory discoveries that are conceptually powerful, empirically sound, and practically useful.

It is in this spirit for academic progress that we proudly present the *Business and Society 360 (BAS 360)* annual book series. It is our view that there has never been a more opportune time to introduce a comprehensive book series on the most important theories, concepts, and constructs that drive our field. Taking advantage of this moment of reflection that seems to creep into many of our academic discussions at IABS, the Academy of Management (primarily in the Social Issues in Management Division), and our scholarship, as evidenced by a recent Special Issue in *Business and Society* on “Stakeholder Theory at the Crossroads,” as well as an editor reflection piece on how to define the scope of work that appears in the journal.

We also see debates about the field’s status through groups like The Aspen Institute, that hosts an annual forum on topical CSR issues with the purpose of determining the most promising future research.

We envision *BAS 360* as an annual book series targeting cutting-edge developments in the broad business and society field (stakeholder management, corporate social responsibility and citizenship, business ethics, corporate governance, sustainability, and others). Each volume features a comprehensive 360-degree discussion and review of the current state of the research and theoretical developments in the specific area of business and society scholarship. The goal of this series is to shape future work in the field around our many disciplines and topics of interest and to enlighten scholars in the area about the most productive roads forward. Essentially, at this crossroad, which way do we proceed?

The 360-degree view is intended to reflect on a theory's cross-discipline research, empirical explorations, cross-cultural studies, literature critiques, and meta-analysis projects. Given our multi-disciplinary identity, each volume draws from work in areas both inside and outside of business and management.

Introduction to Inaugural Volume on *Stakeholder Management*

The theme of the 2016 International Association for Business and Society (IABS) annual conference was, "Business and Society at the Crossroad." This somewhat daunting leitmotif was meant to motivate scholars in the Business and Society field to reflect on the current state of our discipline, review the dominant research questions that are being asked, and come to some consensus on the direction we should take. It is not so much an identity crisis, but rather, a responsible exercise to audit what the field means and how it can grow and continue to offer valuable insights. We feel it is healthy for an academic field to contemplate its origins and assemble the most significant research in order to determine what questions still need to be asked and what paths are the most worthwhile to pursue.

The business and society field is multi-disciplinary in nature. Inherently, we borrow from and build upon insights from many informing disciplines, such as sociology, psychology, strategic management, political science, international business, behavioral economics, moral philosophy, and the natural sciences, among others. We would argue that our field can more accurately be portrayed as "trans-disciplinary." It is through scholars' knowledge of these various base literatures that we understand the complexities of business, and its collaboration with society is revealed. Conceptual blending among disciplines allows the research in the field to accurately revise discipline-specific approaches and to broaden our knowledge of how this interaction between business and society actually transpires. The field's dominant approach to conducting research and applying the findings to management has led to many important implications for business and for deeper, more meaningful theory building. It is the field's strength that our scope and relevance is broadly based and spans nearly all sub-disciplines within the academy.

Edwin Epstein, one of the founders of the business and society field of scholarship, provided a useful synopsis of the business and society domain that is still pertinent today:

The field has "... provided venues to examine the complex, dynamic, two-way relation between economic institutions of

our society and the social systems in which they operate. They have blended the normative with the scientific, the speculative with the empirical, and the philosophical with the pragmatic Their enduring quest and *raison d'être* is to foster corporate capitalism that is accountable, ethical, and humane." (2000, p. 146)

This volume respects these viewpoints on the business and society field and attempts to make a contribution by analyzing how to build better theory and provide more useful applications to the real world. Scholars known in each highlighted discipline are brought together each year to contribute to a 360-degree evaluation of a dominant theory within business and society. A 360-degree view implies that a concept or theory is critically viewed by the experts of the particular subject holistically and completely, keeping in mind the context in which the theory was originally developed and its applicability to modern-day environments and understandings of global business. Thus, it is both backward-looking and forward-seeking.

This inaugural volume focuses on research drawn from work grounded in examining "stakeholder management." We felt there is no better place to kick off this book series than to focus on stakeholder theory and the stakeholder management literature that has manifested. Stakeholder management fits the profile and scope of our endeavor very nicely given its firm grounding in the background disciplines that guide and inform our greater area of study. As a dominant theory in business and society literature since its inception in 1984 with Edward Freeman's groundbreaking book, *Strategic Management: A Stakeholder Approach*, we see a great opportunity to conduct a 360-degree evaluation of much of the important works within this vast scholarly domain.

Stakeholder theory is used for many purposes in a wide array of disciplines. It was intended to serve as a strategic management tool for business and society relationships in a capitalist system. While it has broad scholarly appeal, it is still somewhat controversial and is considered to be empirically underdeveloped (Laplume, Sonpar, & Litz, 2008). Consensus has also not been reached on the underlying values driving decisions to balance stakeholder interests (Margolis & Walsh, 2003). It continues to challenge management assumptions related to the maximization of profit in organizations (Jensen, 2002). Firms are expected to elevate themselves from conventional economic objectives by considering the needs of multiple stakeholder groups (Verbeke & Tung, 2013). Debates over how to address legitimate interests are ongoing. This first volume seeks to address various components of stakeholder management to ultimately identify clear future directions for research in this area.

This volume offers a series of 10 chapters from well-known, established, and emerging business and society scholars working with stakeholder

theory in its many aspects. *BAS 360* book series is tailored to submissions that report on leading scholars' research explorations on a critical topic or field development through a forum or symposium, emerging theory-building ideas, research papers that critique the current extant literature, work that cuts across multiple disciplines, and scholarly studies that are complex and longer than typically accepted in major academic journals. Each chapter is centered on a different sub-topic related to stakeholder management, written by the actual published experts on that sub-topic. The chapters stand alone as comprehensive pieces of scholarship in themselves, but they are intimately related and interwoven so as to give readers an overall sense of cohesion around the area of stakeholder management. In other words, many major facets of research around stakeholder management are covered and as an ensemble, provide a thorough analysis of the developments and evolution of the field, while identifying the trans-disciplinary research that can direct work in the years to come. We hope this volume becomes a source for both emerging and established business and society scholars to create innovative advances in stakeholder management and design new pathways of knowing.

The chapters in this volume are presented as follows:

Chapter 1 presents an essay authored by R. Edward Freeman, the pre-eminent scholar and founder of stakeholder theory, which provides his reflections on the field since he formally introduced the concept to the academic community, as well as his formulation of the main challenges that face the stakeholder management field in the years to come. This sets the stage for the next chapter on stakeholder classification by Samantha Miles. This chapter seeks to make sense of conceptual irregularities in the literature to resolve these inconsistencies so stakeholder research can be more aligned and working toward a common purpose.

The volume then begins to cover specific areas of stakeholder research that splintered off from the initial theory formulation. The first of these chapters is on normative stakeholder theory (Chapter 3), co-authored by Abe Zakhem and Daniel E. Palmer. The authors review the normative core of stakeholder theory from a variety of perspectives in order to justify the pursuit of ethical standards in stakeholder management strategies. This serves as a perfect transition to Duane Windsor's piece on value creation (Chapter 4). How does this relate to stakeholder theory? The answer lies in understanding how value is generated through stakeholder relationships. Professor Windsor addresses this and also shows how social welfare is enhanced by different value creation approaches. Chapter 5 is written by Timothy J. Rowley on the future of stakeholder network research. He critically examines work on social network analysis and stakeholders to highlight opportunities for motivating a new wave of stakeholder network research. In this chapter, Dr. Rowley discusses stakeholder network power and legitimacy, which is a perfect segue to the next piece.

Co-authored by Ronald K. Mitchell, Jae Hwan Lee, and Bradley R. Agle, Chapter 6 evaluates the role of stakeholder salience on stakeholder research. With a focus on stakeholder prioritization work, the authors work to revise and refresh work on stakeholder salience and suggest several directions for future research in the area. On the same topic, Sofiane Baba and Emmanuel Raufflet challenge stakeholder salience in Chapter 7 and argue for a new conceptualization of stakeholder that incorporates stakeholder dynamics. This chapter addresses long-term stakeholder relations in its analysis. Focusing on a distinct type of stakeholder, Kevin Gibson contends, in Chapter 8, that firms should not always rely on stakeholder salience for determining strategic responses. Rather, Professor Gibson argues that even marginal stakeholders deserve attention by firms, if the definition of stakeholder is to be truly realized.

The last section of the volume focuses primarily on the two-way communication between stakeholders and the firm. In Chapter 9, Sefa Hayibor examines stakeholder responses to firm action, specifically revealing possible precursors of punitive and prosocial behaviors. Professor Hayibor offers several future avenues for research in this area of stakeholder action and reaction. Finally, the last chapter, written by Andrew Wicks and Jeffrey Harrison, closes the volume by looking at the history and interrelationship of stakeholder theory and strategic management in an effort to find convergence themes for future work in strategic stakeholder theory. This piece offers a vast potential research agenda that is integrative in scope and forward-looking in nature.

David M. Wasieleski
James Weber
Editors

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