What Would the Field of Strategic Management Consider if We Took Stakeholders Seriously?

Sinziana Dorobantu, Claudine Gartenberg, Sergio Lazzarini, Anita M. McGahan*

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Thirty years ago, Rumelt, Schendel and Teece (1994) described a series of canonical questions for the field of Strategic Management that shaped the agenda for decades. Emerging from a conference held in Napa a few years prior, the book developed contemporaneously with a number of seminal papers, including Amit and Schoemaker (1993) and Barney (1991). These and other works collectively constituted the foundations of the resource-based view, which in turn was deployed over subsequent years in a large body of research by providing an intellectual scaffolding for understanding the complexities of competitive advantage within the emerging field of strategy.

We envision a parallel opportunity today. The world has changed substantially in the past thirty years and the academic field of strategy is evolving, although in ways that are not always aligned with the frontier challenges for practitioners of strategy. In this essay, we focus on one aspect of this change: the relationship between organizations (standard for-profit corporations and others) and the stakeholders that are both involved and affected by their actions. As strategic management scholars, we have not fully appreciated the implications of these stakeholder relationships. Too often, "stakeholder strategy" is considered its own subfield or a subset of sustainability, corporate ethics, or corporate social responsibility research. Rather than relegating this topic outside the core of our field, instead we consider the question: What if the field of strategic management took stakeholders seriously?

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In this paper, we describe a set of questions that we believe could constitute a basis for such an effort. Our aim is not to deepen the field of stakeholder strategy, which is an active and growing area of research, but instead to consider questions with the intention of integrating stakeholder considerations into core frameworks in the field of strategy. The panel that we have planned for the Strategy Summit in Park City, Utah, will reflect these ideas.

In 2021, one of us (McGahan, 2021) advanced the idea that a new stakeholder theory (NST) that is both descriptive and instrumental (Donaldson and Preston, 1995) is emerging and should be encouraged. Like any research, this approach also has an ethical and moral dimension, but the theory is descriptive in the sense that it seeks to describe how organizations act in regard to stakeholder interests, and in particular how organizations act when stakeholders are grounded in varying moral frameworks that cannot be reconciled (Lange & Bundy, 2018). Similarly, it is instrumental in the sense that it rests on the idea that individuals, firms, and other organizations pursue their own aims – although these may be non-financial, long-term, and/or only weakly tied to specific performance targets – and it seeks to generate measurable predictions (which are inherently instrumental) that can be the subject of empirical analysis. From Barney (2018), for instance, the prediction is that, to create economic rents, organizations need to share them with stakeholders providing valuable and cospecialized resources. McGahan (2021, 2023) argues that the NST primarily involves two main canonical questions: Which stakeholders are enfranchised in organizations? How is value distributed among stakeholders?

In identifying these questions, McGahan (2021, 2023) sought to evoke a range of other issues that would have to be addressed as prerequisites to satisfying answers. Since then, an extensive series of workshops, symposia and conferences have been held on these topics. Our suggestions for a broader set of integrative questions reflect the totality of these experiences, which we plan to amplify and extend at the Utah Summit in August, 2024. Our essay is structured around these questions, which are all motivated in pursuit of “taking stakeholders seriously” with the goal of advancing the field’s theoretical/academic development and its application in practice.

As we will continue to emphasize in different parts of our essay, answers to these questions are often co-determined, by which we mean that the answer to one question is likely to affect the anwer to one or more of the other questions. As a result, these questions should be considered together.

Question 1: Who or what are stakeholders, what is stakeholder enfranchisement, and how do stakeholders define value creation?

We start from two important questions raised in the new stakeholder theory (hereafter ‘NST,’ McGahan 2021, 2023, 2024; Bridoux and Stoelhorst, 2023, Strategic Org): (1) Who is in and who is out? and (2) Who gets what? We suggest in this essay that these two questions need to be considered together: *How are stakeholder enfranchisement and distributional arrangements co-determined as organizations develop purpose, which we define as a compelling aspiration for value creation?*

A critical idea that has emerged in recent work on stakeholders (including by this essay’s authors) is that the identification of an organization’s stakeholders and the distribution of value to them – the two canonical questions posed above – are *co-determined*. Stakeholders are attracted to organizations when they find the value-creating purpose of the organization to be a compelling aspiration (McGahan, 2024). One of the primary opportunities facing an organization’s strategist is to express an aspiration for value creation that is compelling to stakeholders for whom a tractable set of arrangements for the distribution of value is considered fair and equitable both before and after the distribution occurs (McGahan, 2024; Jourdan, Kivleniece, and McGahan, 2021). As noted above, the “value” that is created may be non-financial and deferred into the future (just as it may be financial and/or immediately available). Furthermore, it may be the subject of distributional arrangements, and may be immediately or eventually distributed. The challenge faced by the organizational strategist is to identify and express a compelling aspiration for value creation that will attract those stakeholders who can contribute to its achievement or who will benefit from its enactment while, at the same time, participating under enfranchisement arrangements that are sustainable in the sense that the are conceived of us fair.

The idea of the co-determination of stakeholder enfranchisement and the identification of distributional arrangements diverges from the common approach taken in strategy. Much of prior research generally begins with a narrow definition of value (e.g., Brandenburger & Stuart, 1996; Lieberman, Garcia-Castro & Balasubramanian, 2017) and uses it to identify enfranchised stakeholders (Garcia-Castro & Aguilera, 2015; Stoelhorst, 2023). The perspective that we seek to advance is that the assumptions implicit in prevailing definitions of value creation and capture critically rely on ideas about which stakeholders are relevant to the processes that give rise to value. Thus, two seemingly distinct aspects of strategic management, namely (1) which stakeholders are enfranchised (i.e., participate or have claims) and (2) how value is distributed among them -- are jointly determined by the organization and by various potential stakeholders.

To "take stakeholders seriously," therefore requires considering value creation and capture – the organizing construct of the field – in the context of stakeholders who either participate in or are affected by the processes through which value takes effect. In other words, rather than aggregating across all stakeholders to an abstract notion of overall "social surplus" or "value creation," our conception of the value creation and capture process should incorporate the reality that 1) the generalized categories of 'firms, customers, investors, suppliers and local communities' are insufficiently nuanced to identify specifically the engagement of particular stakeholders from each group and perhaps from other groups (such as, say, activists) that influence the conceptualization of what constitutes value and 2) stakeholder aspirations are not only different from each other but also may not be comparable or straightforwardly aggregatable into a common pool that can be both maximixed and partitioned. This idea is not new: in political economy, the idea that individuals have different and incommensurable values is well-established (Arrow, 1951; Sen 1970). There is a parallel between the challenge of social choice in a political context and stakeholder enfranchisement in a strategic context.

This approach incorporates the idea that some stakeholders may elect not to be enfranchised into the organization, while others may be explicitly rejected by it. This view stands in contrast to the claim in Freeman (1984: 25) that stakeholders may be widespread, uninvolved, and diverse, i.e., "any group or individual who can affect or is affected by the achievement of the firm's objectives." In contrast, NST argues that, while any group or individual may be a *potential* stakeholder, boundaries exist on stakeholder claims (McGahan, 2020; Odziemkowska and Dorobantu, 2021). Even though stakeholder theorists have long proposed ways to distinguish between types of stakeholders and identify stakeholders with distinctive organizational relations (Mitchell, Agle, and Wood, 1997; Phillips, 2003), NST is particularly interested in characterizing such claims and deriving implications for organizational strategy. Organizations place these boundaries on stakeholder claims in its expression of purpose (McGahan, 2022; Jourdan, Kiveleniece, and McGahan, 2021) when their leaders articulate what aims the organization values and what actions it will to take to achieve these aims (Gartenberg and Zenger, 2023; Gartenberg, 2022; McGahan, 2024).

Integrating stakeholder theory into strategic management research (and practice) in ways that "take stakeholders seriously" requires developing a deeper understanding of who and how stakeholders are engaged (e.g., who is in and who is out – and how); what stakeholders want, need, or may be vulnerable to (i.e., what is valued; what interests exist; what matters); and, thus, what types of value are conceptualized through stakeholder engagement with each other. This will involve moving beyond the conceptualization of value in strategic management research (and business practice, more broadly) as primarily economic and as potentially appropriable by a focal corporation. Below, we build on this idea by calling for scholarship that moves beyond the organization as focalized so that we no longer (a) define value creation and capture exclusively from the firm's perspective, and (b) take for granted that stakeholder enfranchisement occurs around a firm.

Question 2: What are the implications of treating organizations as tools for accomplishing stakeholder aims?

The initiating question in stakeholder theory is: How can a group of actors enfranchise themselves around a central compelling aspiration (McGahan, 1995, 2014, 2021, 2024)? This approach involves stipulating that, along the way towards their joint pursuit, the stakeholders may decide to govern their collective action through an organization, possibly a firm, or possibly one of many other alternatives. Their joint aspiration (which they may frame as a goal or pursuit) will define the type of governance and the organizational forms they employ (rather than the other way around). Analyzing these in context of the aspiration moves the organization appropriately into secondary status as a tool for accomplishing the aspiration rather than as the entity for which performance is optimized (McGahan 2014, 2021, 2023, 2024). In other words, strategy becomes less about how an organization achieves performance improvements and more about how an organization or a collection of diverse organizations supports stakeholders in fulfilling their joint aspirations to create value.

Interweaving conceptualizations of value with boundaries on stakeholder enfranchisement requires new theory that extends beyond what has been developed in the field. For example, one line of thinking in the NST brings insights from a team production model of stakeholder enfranchisement together with the core approach to value creation and capture from competitive strategy (e.g., Brandenburger and Stuart, 1996). Papers in this line include Bacq and Aguilera (2022), Barney (2018), Bridoux and Stoelhorst (2014, 2016), Cabral, Mahoney, McGahan & Potoski (2019), Garcia-Castro and Aguilera, 2015, Jourdan, Kivleniece, and McGahan (2021), Klein et. al. (2019), Mahoney (2012), Mahoney, McGahan & Pitelis (2010), McGahan (2021), Stoelhorst (2021), and Stoelhorst and

Vishwanathan (2024). These generally put the firm at the center of the model, and then consider in a reduced-form way how the firm attracts and interacts with one or only a few stakeholders, who typically are conceived of as providing access to a wanted resource (McGahan, 2022).

A second perspective emphasizes that we should view the degree of stakeholder enfranchisement as the result of existing political and social institutions: political regimes that enable or suppress stakeholder "voice" by allowing or stifling political competition and democratic participation; the degree of federalism that enables access to decision-making by different levels of government; corporatist institutions that facilitate bargaining and coordination among different stakeholders (Dorobantu, 2023; Gartenberg & McGahan, 2022; Hirschmann, 1970). These institutions, however, are also endogenous to the values of those who establish and maintain them, and refine their scope to adapt to broader changes in the societies they govern.

Yet a third perspective considers enfranchisement as a micro-level phenomenon that evolves serially. As each stakeholder engages, tradeoffs occur through time. Different conceptualizations of value emerge as uncertainty is resolved, opportunities are revealed, and problems arise (Bacq & Aguilera, 2022; Distelhorst & McGahan, 2023; Fu & Gil, 2023; Jourdan, Kivleniece, & McGahan, 2021; McGahan, 2014, 2024). One of the implications of an evolutionary process is the requirement for adaptation of an organization's governance arrangements (Klein et. al., 2019; Klein & McGahan, 2021). As adaptation or even organizational failure occur, a society's understandings and frameworks regarding appropriate governance arrangements are activated (Gartenberg & McGahan, 2019; Mahoney, McGahan & Pitelis, 2009; McGahan, Zelner, & Barney, 2013). Resources, practices, and even value itself may be conveyed through time between organizations in ways that are not yet understood fully and that warrant further research.

In a broad sense, the agenda for understanding the endogeneity of organizational form is only in its infancy, although foundations are emerging. A range of questions have been raised regarding whether and when an organization is needed at all to support joint value creation (Gartenberg & Zenger, 2022). Further inquiry along these lines may develop from transaction-cost approaches to the comparative governance of markets and hierarchies (Williamson, 1975), which build on a central tradition in economics on the efficiencies that can be obtained through arms-length mechanisms in contrast to those of hierarchies, towards a more encompassing comparative analysis of public, private, and nonprofit organizations, which can incorporate the interests of various stakeholders in distinct and complementary ways (Cabral, Mahoney, McGahan, & Potoski, 2019; Klein & McGahan, 2021; Lazzarini, 2020; Luo and Kaul, 1999; Mahoney, McGahan, & Pitelis, 2009; McGahan, Zelner & Barney, 2013) and of partnerships that enable long-term collaboration among them (Kivleniece and Quelin, 2012; Klein & McGahan, 2021; Odziemkowska & Dorobantu, 2021; Rangan, Samii, & Van Wassenhove, 2006). In this agenda, the essential question is what organizational form, or plural organizational forms, can create the necessary incentives and safeguards to enfranchise stakeholders and allow them to participate in processes and decisions affecting value creation and sharing. Profound questions arise regarding the need for and appropriate governance of bureaucratic forms on platforms, for example.

Question 3: How does the pursuit of aspirational goals through an organization give rise to and/or destroy the value that proximate stakeholders experience?

Once the need for an organization becomes clear, issues of stakeholder enfranchisement become deeply bound up with questions about the nature of the value that the organization will create or destroy, and the ways in which value will be distributed (McGahan, 2020). In this sense, answers to the two canonical questions that are described in McGahan (2021, 2023) are mutually determined: Who gets what depends on who is in, and similarly who is in depends on who gets what. Furthermore, stakeholder values and many other features of stakeholder positions regarding value creation and capture may shape, and be shaped by, the organization's purpose. Purpose shapes the set of problems an organization aims to solve (Gartenberg and Zenger, 2024; George et. al., 2021, 2023; McGahan, 2020, 2023, 2024). In so doing, it may give rise to unique stakeholder needs on which the organization will focus and how competing claims will be adjudicated.

This idea is related to recent research demonstrating that organizational purpose is tied directly to stakeholder enfranchisement (George et. al., 2021, 2022, 2023). Value also may be destroyed through stakeholder enfranchisement, such as when communities lose young people to jobs that are located remotely, or when products are dangerous (McGahan, 2020, 2022, 2024). Much more scholarship is needed to discern what access to an organization means for stakeholders who may be in various levels of contention over the very legitimacy of the organization's purpose (Bacq and Aguilera, 2022; Lazzarini, 2022; McGahan, 2020). Such an effort must account for change over time, as well, because both the processes that confer legitimacy and that lead to enfranchisement may evolve as social goals change, both in a broad sense and in the stakeholder community specifically.

a. *What does access to an organization for stakeholders mean? Under what circumstances does enfranchisement itself constitute a form of value? When can a dominant group of stakeholders force the exclusion of a stakeholder with interests in enfranchisement?*

b. *How are both value and enfranchisement embedded in culture and society? How do changes in enfranchisement, value, creation and distribution infiltrate a system created to pursue a particular purpose?*

c. *How does an organization's cultural and social environment affect the ways that stakeholders expect to be governed and engaged?*

d. *How is risk of organizational failure experienced by and distributed among stakeholders? How is this risk related to the value that stakeholders experience?*

The NST highlights that stakeholder values may differ, and may not be reducible to financial terms. In taking stakeholders seriously, strategy researchers grapple with non-comparability. For example, some stakeholders may value opportunities for their children for which they refuse to assign prices. Others may inherently value the work that the organization plans to create, and be willing to accept lower wages for the opportunity to participate in it. Yet others may envision diffuse and hard-to-price benefits for a local community by supporting the organization's entry, for example. Others may seek distributional arrangements that are secure, and that are beyond the capacity of the organization to deliver.

"Taking stakeholders seriously" thus requires a much deeper focus on values and goals both at the level of the individual stakeholder and the group. We must account for differences across locations (i.e. across countries) and over time. For example, individuals might care first and foremost about dignity and personal well-being while groups, communities, and countries might be formed to advance safety, equality and cohesion. In some parts of the world, societies may evolve to support sustainability in ways that are not valued in other areas. Because many of these values are increasingly in conflict with each other and with economic value creation, the organizations that pursue conflicting goals may fail. If societal norms are insufficiently coherent, then no legitimate basis for the reconstitution of more effective governance arrangements may arise. Strategy scholars face an important opportunity to conduct research using the NST to understand how heterogeneity in stakeholder priorities may lead to the failure of societies to support organizational formation for pursuing legitimized aims.

Questions arise within levels of analysis as well. Imagine the insights that could emerge if the field of Strategy systematically considered value in much broader terms to reflect the full range of individual interests in organized action? Expanding this lens is not dissimilar from the journey that economics has undergone in the past thirty years. Whereas a substantial portion of research in economics in the 20th century focused on financial and economic outcomes, the field now routinely considers happiness, mobility, health, educational, and other social consequences of organized action. Moreover, there has recently been tentative moves to incorporate moral factors into standard models of decision-making based on rational utility maximizing assumptions. What would a similar journey imply for Strategy?

Expanding strategic management to consider "value" and "value creation" broadly, deeply and with greater nuance will require a significant theoretical and empirical commitment. The approach put forth by Brandenburger and Stuart (1996), now widely taught in business schools, considers value creation as the difference between customers' willingness-to-pay and suppliers' willingness-to-sell. There are critical unresolved issues even in this simple starting point for the framework: What about value that customers and suppliers cannot express financially? What if customers and suppliers don't understand the product well enough to attach a value to it? How do we aggregate beyond the unitary customer and unitary supplier in the model? And how did the particular customer and supplier become engaged? What about aggregation across customers and suppliers? Why aren't others considered? And who is making decisions on behalf of the firm at the center?

The model continues by generating insights regarding boundaries on what the customer, the firm, and the supplier can extract from jointly created value. This utilitarian, firm-centric approach sets aside for simplicity an enormous slate of questions regarding intertemporality, timing, negotiation, outside stakeholders, non-pecuniary experiences of value, competition, and the like. Therefore, an expanded notion of *social value* has been proposed to incorporate those spillovers (Cabral et. al., 2019; Kivleniece and Quélin, 2012; Lazzarini, 2020; Luo & Kaul, 2018; Mahoney, McGahan and Pitelis, 2009). Some of these studies extend the Brandenburger & Stuart (1996) conceptualization, and thus retain the utilitarian approach in a basic sense (Garcia-Castro & Aguilera, 2015; Garcia-Castro & Francouer, 2016: Leiberman, Garcia-Castro & Balasubramanian, 2017). Much more could be done in this line, and the agenda does not stop there.

Consistent with this view, some scholars advocate an approach by which differing conceptions of value are translated into equivalent economic or even monetary terms, enabling comparability and tractability (Henisz, 2023, Strategy Science), and yet this approach is limiting in the sense that it omits categorically unpriceable value in the sense of Kant (1785). A more global or universal perspective (in the sense proposed by Sidgwick, 1874, and incorporated in the UN's Sustainable Development Goals) would constitute a breakout from the value-based analysis model to former conceptualizations that encompass a much broader range of considerations at a systems level (Bansal, Durand, Kreutzer, Kunisch, & McGahan, 2024).

Further understanding of the consequences of the field's historical emphasis on utilitarianism is also warranted because the encompassing utilitarian view has created complications of which consideration may benefit the field of strategic management. First, it potentially violates categorical imperatives or the general view that stakeholders are an "end in themselves" (Kant, 1785), thus imposing a commensurability to which many stakeholders would never agree. In Canada, for example, many Indigenous communities refuse the status as stakeholders on various projects on the grounds that they hold superseding Treaty rights that confer definitive go-no-go decision rights onto the community. There are some projects to which some nominal stakeholders cannot assent under any circumstances. We need to account for these situations and, more generally, values that cannot be valued in our models. For instance, instead of being an aggregation of stakeholders' utilities, value can be conceptualized as a series of criteria that need to be met in organizational decisions. Rawls (1971), for instance, proposed a lexicographic approach emphasizing basic rights first, followed by the pursuit of equal opportunity, and then an emphasis on the disadvantaged. Even though Rawls' theory was developed for societal deliberation processes instead of organizational-level decisions (Singer, 2015), it is consistent with more recent decision-making models focusing on criteria of choice rather than utility maximization (e.g., Hersztajn-Moldau, 1993; Manzini and Mariotti, 2007; March, 2018).

For those projects over which stakeholder agreements are possible, the field needs more clarity on how to conceptualize social aims and their implications for strategy and organizational design. Bansal et. al. (2024) have proposed a systems approach. Values are manifest in more than only goals, of course. Procedural justice is, for example, important to many people. Morals permeate every element of human life, and ethical assumptions must be clear; in fact, they can even serve as the normative basis to select between the various definitions of "value" described before (Lazzarini, 2022). Fairness, beauty, continuity, capability-building, mutual understanding, safety, and a wide range of other individual and collective experiences must be considered. The field needs a framework for understanding dimensions of value that can serve as a lens for assessing how potential stakeholders express their interests, and how they change over time.

a. How can we expand the new stakeholder theory to consider "value" and "value creation" much more broadly, deeply, and with greater nuance?

b. What are the dimensions of value that stakeholders bring to their consideration of organizations?

c. How do these change across individuals, groups/communities, countries, and over time?

Question 4: What are the trade-offs involved in different forms of organizing, and what is the role of organizational governance (including both the instantiation of authority and the allocation of decision rights within an organization) in shaping an organization's purpose?

As tools for accomplishing stakeholder aims (McGahan, 2014, 2021, 2023; Luo and Kaul, 2020), organizations establish governance processes through which authority is established, decision processes are formed, and rights are allocated. In turn, these processes may, through feedback loops and evolved understandings, influence and shape conceptualizations of an organization's purpose. Over time, the nature of organizations as secondary tools may develop, so that those involved come to experience the organization as having social identity, structure, and influence. This evolution in the nature of the organization must be understood much more fully in the NST.

The organizational design problem is relatively simple as a founding group of stakeholders begins its processes of discerning which form of organization (i.e., publicly traded firm, government, entrepreneurial organization, community group, open-source community) is best suited for accomplishing joint aims. If a compelling aspiration cannot be realized as effectively by, say, a firm as by another organization form (such as a government, non-governmental organization, or foundation), then the team that seeks to pursue it may organize under one of these alternative arrangements, all else equal. The challenge of organizational adaptation may become more complex over time, however. As the social content and meaning and structure of the organization develops in, for example, a long-standing firm that has brand capital or other characteristics that impede the effective implementation of a compelling aspiration, then the organizing may face significant tradeoffs in discerning whether the established organization or an alternative is best suited for value cration. The line of questions that is provoked by the challenge of discerning an appropriate organization design must be developed and addressed in the field of Strategy for progress to occur in the NST. The issues relate to recent work on ownership competence that highlights how owners differ in their abilities in managing organizations, which should itself be accounted for in the owner-organizational match (Foss et al, 2021).

Each organizational form carries advantages and disadvantages that accrue directly from its legal structure within its jurisdiction. In addition, each also carries legacy characteristics – which, for a new organization, may be conveyed through the experiences of founders, and which, for an established organization, may also reflect its own unique history. To take stakeholders seriously, therefore, the field faces considerable opportunity in considering how given organizational forms and specific governance choices are structured for pursuing the various aspirations that are not well accounted for using a standard value creation and capture framework or other workhorse models.

When employing this lens, what forms of organizing are most effective for supporting various approaches to the distribution of value? While substantial research exists in the fields of strategy, industrial-organization economics, public economics, and political science on comparative governance arrangements, relatively less attention has been devoted to the relative characteristics of various governance forms for implementing aspirations that are compelling to stakeholder groups per se. An organization's goals cannot be pursued in practice unless relevant stakeholders anticipate compelling arrangements for distributing the value that will be created (Garcia-Castro & Aguilera, 2014; Jourdan, Kivleniece, and McGahan, 2021; Lieberman et al, 2022). The arrangements into which an organization can enter with its stakeholders depend on its legal form and jurisdiction, and yet they also depend sensitively on other features of the organization, including its prior obligations and its history of performance in delivering on past promises. More research is needed to identify the dimensions and processes through which various forms of organization effectively achieve different types of aspirations (e.g., Battilana et al, 2022). How do stakeholder groups use multiple types of organizations, deployed in conjunction, to achieve desired aims (Gatignon and Capron, 2022)? McGahan (2014), for instance, provides an example of how a group of physicians and public-health advocates created an NGO to accelerate the effectiveness of the Massachusetts General Hospital in South Sudan and Kenya).

Distributional arrangements are canonical because stakeholders must perceive that they are fair both cross sectionally and intertemporally for strategy to be sustainable over time. Scholars of public finance have demonstrated that many large public projects such as the building of water systems and airports require extensive stakeholder consultation prior to breaking ground. The stakeholders – say, community members in the areas in which construction will occur – must perceive that they will be treated fairly throughout the building process as well as subsequently when the infrastructure becomes operational in order not to withdraw their consent ex post (Fu & Gil, 2023). Any attempts to foreclose the ability of such a group to withdraw consent subsequently may be perceived as unfair, and thus prevent a critical gatekeeper group from agreeing to the project in its planning stages. The challenges don't end there, however. Later in the process, a contractor must perceive fair treatment if, say, the project becomes more complicated to build than previously anticipated. Infrastructure project advocates often build financial slack into their budgets in an effort to address such problems when they come up ex post (Fu & Gil, 2023).

Reputation, managerial skill, and effective systems are all central to the effectiveness of distributional arrangements and thus, to stakeholder enfranchisement. Much more research is required on their nature and form, and on the relationships between them and the continuity of stakeholder enfranchisement over time. This problem is complicated for organizations in part because stakeholder experiences of value change over time in ways that depend both on organizational choices and other factors. Research has shown, for example, that employees with experience tend to anchor expectations about wage increases on those received by their peers within the organization. Communities prefer continuity in charitable giving by embedded organizations. Customers expect products to work the same way – or to improve – over time. The evolution of value may reflect organizational behavior in ways that are unanticipated or unintended, such as when children on Facebook became victimized by abuse in ways that the company did not foresee.

Research has also shown that stakeholder value may change in ways that have to do with changes in personal circumstances, such as when employed parents no longer seek childcare because their children have grown, or when investor preferences for risk change, or when customer tastes are updated to reflect differences in circumstances. Social movements and trends may shape widespread adjustments in conceptualizations of value at various levels, such as when dance crazes give way to enthusiasm for outdoor sports. Scientific advances may spark changes in collective experiences of value, such as when the risks of smoking became widely known or when climate change was revealed as imminent. One stakeholder's experience also may influence another's perceptions or awareness of value, such as when the purchase of a new car by a neighbor incites others on the block to buy nicer new vehicles, or when an investor's success with an analytical model stimulates others to use it. Stakeholder needs may also evolve spontaneously, such as when someone's needs are saturated or their preferences evolve in ways that defy rationality or become clarified through enhanced self-knowledge. More on these and other dimensions of value below.

A central opportunity is in looking within organizations at the role of authority and, more generally, at how decision rights within an organization shape aspirations, goals, and values. Scholarship has established that a responsibility of the leader is to define corporate purpose in light of the values of the leadership team and of enfranchised stakeholders (Gartenberg and Serafeim, 2023, George et. al., 2021). Studies on political statements and positioning by CEOs demonstrate ways in which this may be accomplished through political processes (McDonald, King and Soule, 2015, Werner, 2017). Research has also shown that advocacy through social movements can have a deep influence on both stakeholder value-based claims and understandings of how values may be expressed within the scope of an organization's activities (Gartenberg, 2023).

As a field, we face important opportunities to build on these advances to address a range of critical questions regarding the evolution of organizational values. These include, for example, the durability of core values over time, even in the face of threats to the organization's existence. For instance, Lazzarini, Pongeluppe, Boehe and Cook (2020) used Freeman's (1994) concept of the *normative core*—organizational values influencing "the way that corporations should be governed and the way that managers should act" (p. 143)—to explain the emergence and stability of strategies that generate benefits to multiple stakeholders beyond those directly involved in team production. When and how can understandings of organizational values be reinterpreted for relevance to emerging challenges and opportunities? How malleable are these expressions of value? Where within stakeholder communities does the organizational core reside? How is this core created and how it evolves over time?

These questions also reflect opportunities in the field to develop an analytical framework for understanding the implications of expressions of organizational values for stakeholder responses. How do investors, customers, employees react to assertions of purpose? What happens when dissonance arises between claims about purpose and stakeholder experiences in the organization's orbit, and how those conflicts might possibly be reconciled? For instance, in contrast with traditional arguments that pursuing stakeholder-oriented strategies might hurt shareholders, recent work has examined how shareholders themselves may pursue objectives other than economic value maximization (Hart and Zingales, 2017). These and other questions are critical for assessing an organization's social license to operate as well as its innovativeness in creating complementarities among stakeholders that are inimitable, for example. The development of new tools, approaches, and methods for assessing the dimensions of purpose is of central importance for progress in the field on these fronts.

a. What values are universal, comparable, enduring and immutable?

b. Which are local, incommensurable, context dependent and shapeable?

c. How do stakeholders evaluate opportunities to join organizations based on their commitment to various kinds of values?

d. How will the distribution of decision rights across stakeholders influence the distribution of value?

Question 5: What else do we miss by not taking stakeholders seriously?

There are a broad range of ways that stakeholders may become enfranchised with and experience value through attachments to organizations that our approaches in the field of strategy do not yet consider. As suggested above, value may be created in ways that are non-pecuniary, subtle, nuanced, and hard to anticipate. Enfranchisement may also occur through many means that have not yet been incorporated into research on strategy despite the substantial advances that have occurred (Bacq and Aguilera, 2022; Garcia-Castro and Aguilera, 2014; Garcia-Castro & Francoeur, 2016; Fu & Gil, 2023; McGahan, 2020, 2024). Many of the most prominent contributions to theory in the field consider stakeholder enfranchisement only in value creation through the organization (Bridoux and Stoelhorst, 2020; Klein et. al., 2019), and yet the NST points to the importance of stakeholder- rather than organizational-centricity in enfranchisement (McGahan, 2014, 2021, 2023, 2024). In California, after the PG&E and Enron utility failures, the general public became enfranchised in organizational decisions in ways that had not been anticipated by the companies involved. At the same time, boundaries on stakeholder enfranchisement are critical to the coherence of a stakeholder orientation (McGahan, 2021, 2023). Much more research is needed to discern the dimensions and processes of stakeholder enfranchisement and disenfranchisement, and their impact on organizations.

Research also shows that organizations such as firms may act instrumentally to influence stakeholder enfranchisement in organizations. For example, firms (including Apple, Google, and other social media companies) increasingly marshal the resources of state actors to mediate how members of the public cooperate with each other. In ways that Eisenhower's 1961 admonishment regarding the military-industrial complex barely foreshadowed, these companies are increasing influential in shaping how public sentiment drives governmental decisions to provide essential services of sovereignty (e.g., defense, prisons, healthcare, and scientific infrastructure). Much more nuance is needed in our conceptualizations of how ideas about what constitutes value and purpose at the level of individual stakeholders becomes agglomerated. Only then can the social, political, and institutional roles of corporations and other private organizations be understood as aspirational entities designed advance collective agendas that may challenge the legitimacy of public institutions such as state agencies, policies, and processes. Research of this type also offers opportunities for connection to cognate disciplines that focus on macro-social developments, e.g., political science, political economy, health policy, and development economics. Indeed, many economists that confront macro issues focus on stakeholders without considering the roles of organizations in shaping, changing, enabling and agglomerating stakeholder values and action. Scholars in the field of Strategy are uniquely positioned to advance knowledge on this front. Such an agenda would support analysis beyond for-profit enterprises of all sorts to consider how groups of organizations across the private, non-profit, and public sectoral domains may act in concert to fulfill common aims.

These approaches point to potential challenges to core theoretical constructs for their premature convergence, overgeneralizability, and lack of nuance. One simple example is in what is commonly referred to as “externalities,” such as when one stakeholder’s experience of value through the use of a social-media platform is amplified by the use of the platform by others. Yet externalities may be examples of a much broader class of phenomena that Klein et. al. (2013) referred to as either “public bads” and/or “public goods.” For example, pharmaceutically produced opioids have both relieved intense pain in medically justified ways for some trauma patients while, at the same time, driven a drug crisis that has killed addicts and affected their families and communities in untold ways. Similarly, social media companies have created value by shifting the locus and mechanisms of advertising, but also destroyed value by creating a mental health crisis among young adults and teens. And renewables and EVs may create economic and environmental value to their proponents, but only through the redistribution of emissions from one part of the world to another.

To address these questions, the unit of accrual of value must be reconsidered. Historically, the primary focus in the field of strategy was the for-profit firm. This has given way to a much wider range of units of accrual: the stakeholder, team, division, organization, platform, industry, community, ecosystem, country, region, and globe (among others). Yet serious consideration of stakeholder concerns suggests that even the unit of analysis of accrual is endogenous to the discernment of the compelling aspiration that a group of stakeholders pursue (Bansal et. al., 2024). Tallying the gains and losses that arise from joint efforts to fulfill an aspiration requires multi-level analysis on steroids: How do we travel across different units of analysis and even consider the second-order effects created by the gains and losses that arise in the pursuit, many of which may not have been anticipated by any of the involved stakeholders. (And why stop at second-order effects? What about tertiary effects and so on?)

Conclusion

The NST is in its infancy, and yet holds as a core objective the integration of key insights on stakeholder enfranchisement and value distribution into core theories of strategy. To accomplish this, a full reconsideration of core tenets of strategy, including value creation and value capture, must occur. In this paper, we have sought to outline the contours of an agenda for the field that we believe can propel it forward over the coming decades. Taking inspiration from the Napa Conference thirty years ago, the agenda that we offer in this article is intended as catalytic to that effort. While we know that likely 90% of what we have written is uninformed and underdeveloped, we offer it nonetheless in the hope that it will be helpful.

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