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A Note From...

Richard Priem and Sybille Sachs

SSIG Program Chair and Associate Program Chair for the SMS Annual Conference in Atlanta



We are pleased to provide you with the Spring/Summer 2013 newsletter of the Stakeholder Strategy IG!

In the next section, Richard provides updates on our upcoming activities. One is the SMS Conference to be held in Glasgow, Scotland, June 20-22, 2013, on *Strategy in Complex Settings*. We have one of the three IG tracks at Glasgow, plus we are participating in two special, cross-IG paper sessions. He also will offer some specifics on the SSIG’s role in the main SMS Conference, to be held in Atlanta, USA, September 28-October 1, on *Strategy and Sustainability*. Then, Sybille will provide details of the Sunday pre-conference sessions sponsored by our IG in Atlanta.

Once again, different members of the IG provided us with valuable newsletter input. Jeff Harrison, as the outgoing IG chairperson, presents a short report on the current self study of the SSIG, and looks back to the beginnings when he, Ed Freeman and Maurizio Zollo engaged in a discussion that ended up in the initial proposal for the SSIG.

In the section “The Practitioner’s View”, Mark DesJardine was kind enough to conduct an intriguing interview with Tima Bansal (Canada Research Chair in Business Sustainability, Ivey Business School) on topics like responsibility and sustainability.

In the next section “Young Academics”, several young scholars from LUISS Guido Carli University in Rome, Italy – including Marco Fasan, assistant professor at the Ca’ Foscari University of Venice, Caterina Tantalo, assistant professor at San Francisco State University, Francesca Melillo, post-doc at Copenhagen Business School, plus post-doc Riccardo Maiolini and PhD candidate Roberto Ferrari – present their stakeholder and sustainability-related research.

Many thanks to everyone who contributed to the Spring /Summer 2013 newsletter of the SSIG. We hope you enjoy it!

Richard and Sybille



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SSIG Participation in the

SMS Conferences Glasgow and Atlanta

Richard Priem

The Stakeholder Strategy IG continues to grow in membership and in scholarly contribution. One of our goals is to expand opportunities for IG members to meet and share our work. We therefore sponsored a track (one of only 3 IG tracks) on *Stakeholder Involvement in Complex Settings* at the SMS Special Conference on Strategy in Complex Settings in **Glasgow**, Scotland on June 20th -22nd, 2013. This conference will allow SSIG members to get together in a relaxed-yet-exceptional setting, to share provocative ideas and new stakeholder-related research directions.

We received many fine submissions for Glasgow – great thanks to all the submitting authors and to the many excellent reviewers who gave of their time and expertise! The SSIG will have sessions on: *Stakeholder Cooperation, Conflict and Competition; Stakeholders: Timing, Complexity and Materiality*, and *Stakeholder Management, Power and Legitimacy*. Plus our papers also are featured in two special “cross-roads” sessions on: *Growth and Other Performance Objectives*, and *Ecosystems and Business Models*. We hope to see you there!

Also looking forward, the 33rd SMS International Conference will be held in **Atlanta**, USA from September 28th – October 1st, 2013. The theme is sustainability – the capacity to endure – which should be a great topic for those of us working in stakeholder strategy. The conference link is <http://atlanta.strategicmanagement.net/>. We received many fine submissions and the choices for including papers in the program were exceptionally difficult. Many thanks to all the reviewers who helped in this process and, especially, to the authors who sent their important work to the SSIG. One plus for us in Atlanta is that, because of the sustainability theme, many stakeholder and sustainability papers also can be found in the specialized tracks

just for this conference, so be sure to look there as well when planning your schedule.

It is an honor to serve as SSIG program chair for the Atlanta meeting. My deep thanks to everyone who has helped (and will help) to make the SSIG track special!

Richard Priem

SMS Conference in Atlanta

SSIG Pre-conference Program

Sybille Sachs

The Stakeholder Strategy IG is sponsoring two sessions for the Sunday pre-conference on September 20th in Atlanta. We have one session scheduled within our IG, and another in cooperation with the new Teaching community. Our sessions are:

Session 1: National Competitive Advantage: Strategy, Stakeholders and Sustainability

Panelists

Suzanne Berger (MIT)

Graham Kenny (Strategic Factors)

Christian Ketels (Harvard Business School)

Richard Vieto (Harvard Business School)

The world has changed in significant and structural ways with China’s national strategic plans having led to that country’s great success. At the same time we’ve seen the increasing globalization of corporations which has led many companies to take residence in a nation while being able to outsource production and offshore profits. Unlike China, Western nations avoid developing overall national strategic plans preferring instead to design plans for singular functions such as health, social security and education. Is the practice wise and sustainable? It would appear that without a national strategic plan that maps the trade-offs that occur between a nation’s stakeholders and the privileges accorded

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to corporations, in being able to access a nation's resources and markets, nations risk being exploited leading to possible long-term decline. This is currently manifested in the gradual disappearance of manufacturing in Western countries. In spite of these changes and trends, developing an overall national strategic plan remains off the agendas of Western nations as this is seen as synonymous to becoming a command or centrally planned economy. Is this mindset due for change? Would a stakeholder framework provide the path to a truly national strategic plan? Are current economic indicators sufficient to track real national performance? These questions are at the centre of the panel's deliberations. This session is designed for debate and discussion.

Session 2: Bringing Sustainability to Life in the Classroom

Co-sponsorship with the Teaching Community (TC)

Session Chair

Jeff Harrison (SSIG: University of Richmond)

Panelists

Doug Bosse (SSIG: University of Richmond)

Irene Henriques (SSIG: York University)

Robert Wright (TC: Hong Kong Polytechnic University)

TBD (TC)

There is a need for an approach to bring sustainability issues to life in the classroom. Students being actual or future leaders should be motivated and challenged to explore how business can create sustainable value for their key stakeholders and, thus, securing a sustainable advantage relative to other businesses. In this session, we explore existing frameworks, tools and good practices that provide students a possibility to approach issues of sustainability in the classroom.

This interdisciplinary session draws on the knowledge of scholars from the fields of stakeholder strategy and from the teaching community. The two panellists from the SSIG and the TC provide their insights regarding the relationships between stakeholder management and sustainability and, respectively, the didactical frameworks, tools and good practices available to establish awareness and involvement among students taking classes related to issues of sustainability. In a non-traditional setting, the panellists interact with the participants organized in four different groups. Participants in each of these groups elaborate on how issues of sustainability could be brought to life in classrooms. After the session, these ideas will become available on the SMS web-based platform "XY" for an ongoing discussion.

We are looking forward to seeing you at these Sunday sessions in Atlanta!

Sybille Sachs

Reflections of the outgoing chairperson

SSIG Self Study

Jeff Harrison



Time passes so quickly. Just a little over three years ago Ed Freeman, Maurizio Zollo and I engaged in a discussion that ended up in a proposal for a Stakeholder Strategy Interest Group. The proposal included a large group of interested scholars (including many current members) who were willing to serve as founders, friends or members of the launch committee. In a meeting at the Prague conference with Niko Pelka, Executive Director of SMS, our leadership team was asked to conduct a self-study detailing our accomplishments and future direction. The IG has accomplished a great deal in a short amount

Stakeholder Strategy Interest Group Newsletter



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of time, far too much for a newsletter story, but here are some of the highlights.

As you know, the Stakeholder Strategy Interest Group (IG) was formed to encourage scholarship that embraces a multi-stakeholder perspective of firm strategy, its boundaries and roles, and its diverse forms of impacts and performance. Thus far, the IG has organized programs at two of the annual meetings of the Strategic Management Society and a special conference in Barcelona jointly sponsored by SMS and the European Institute for Advanced Studies in Management (EIASM). Through these programs, we have successfully challenged the existing shareholder-based perspective on the purpose of the firm, which was one of our initial objectives. For example, the Barcelona conference included a keynote session in which Tom Jones and Ed Freeman explored the underpinnings of a new theory of the firm, as well as a session on Conscious Capitalism. The Prague conference incorporated a panel Session on The Problem of Performance in the Theory of the Firm. The panel directly addressed the shareholder primacy assumption. The room was full, in spite of the session being held at 17:30 on the last day of the conference. In addition to these sessions, many papers have been presented that challenge the predominant perspective in strategy regarding the purpose of the firm.

We have also engaged a diverse group of scholars. Of the 170 academics on our member roster as of December 2012, 78 (46%) are from North America, 74 (44%) are from Europe, and 14 (8%) are from Asia, the Middle East or Australia, and 4 (2%) are from South America. The disciplinary backgrounds of our members indicates an even higher level of diversity, with scholars from strategic management, business ethics and corporate social responsibility, entrepreneurship, law, political science, international business, economics, marketing, finance, operations, organizational development, logistics, engineering and other areas. In addition, we have attracted 30 practitioners to the group, representing 15% of our membership.

We have been fortunate in our ability to find common ground in our efforts to collaborate with other IGs. For example, in Prague we had a joint session with the Entrepreneurship & Strategy IG called called Entrepreneurship & Stakeholders – The Future Research Agenda. We also held two sessions with the Strategic Leadership & Governance IG. One was called Why Do Firms Do Bad Things and What Do We Know About It? The other was Large Shareholders are Doing it For Themselves. In addition, we held a joint session with the Strategic Human Capital IG called Value Creation & Appropriation: Take the Money and Run. This enthusiasm for collaboration is also demonstrated by the Glasgow Conference, which is being jointly supported by our IG along with two others.

Moving forward, we anticipate active participation in this year's annual meeting, which has a sustainability theme. Sustainability is an important research area for some IG members, and we have had several sessions at prior meetings on this topic. We are also working on making the Stakeholder Strategy IG webpage more useful to our members by turning it into a forum for exchange of research and ideas. We have made significant progress, and we hope to be able to make Stakeholder Strategy an even stronger part of the Strategic Management Society in the future. I want to thank each of you for engaging in and supporting this important journey.

Jeff Harrison



The Practitioner's View

Tima Bansal

Canada Research Chair in Business
Sustainability, Ivey Business School



Responsibility and sustainability are often used interchangeably, not only by organizations but even by scholars. Are they the same?

I believe the theoretical grounding of the terms is quite different. "Responsibility" reflects a company's obligation to society. This obligation can align with a firm's profits or strategy or not. Some scholars would argue that a firm is only responsible if it goes over and above what it would do in normal business operations, as in the case of philanthropic contributions.

"Sustainability", on the other hand, does not take a relativist ethical position. Instead, it assumes a systems view. Sustainability is often defined as meeting "the needs of the present without compromising the ability of future generations to meet their own needs." For that condition to hold, organizations need to operate in balance with the system, across different space and time scales. This notion of intergenerational equity is more of a universal ethic: people want to be able to live in the same lifestyle as their parents did, and they want to offer the same for their children.

But aren't sustainability and responsibility operationalized in the same way?

In practice, socially responsible and sustainable practices are very similar. If firms operate responsibly, they will consider their impacts on society. And, if firms are sustainable, they cannot over-exploit resources and need to provide good health to the community. The practices are similar, even though the theoretical foundations are not.

Well, based on the three principles of envi-

ronmental integrity, social equity and economic development, sustainability is often conceptualized as the Triple Bottom Line of environmental, social, and financial performance. How does this model fit with what you've just said?

The Triple Bottom Line serves as a tidy framework to manage sustainability within firms. But, this operationalization also constrains our understanding of sustainability. Ask yourself: is sustainability just about helping the environment and providing for society while making profits (i.e., the three elements of the TBL)? Personally, I'd say this lens fits more with responsibility.

Ideally, sustainability would be operationalized with more of a systems perspective, recognizing the dynamic relationship between the social, natural, and economic environments. And, the balance among these elements must apply across levels of analysis and across time.

However, given the tidiness that we expect in business practice and research, how does one introduce a systems perspective into the field?

I agree with what you're suggesting, that introducing a systems perspective is not easy. In business, we tend to isolate, reduce, and therefore, incrementalize decisions. In doing so, we remove complexity. However, by taking these steps, we sometimes compromise the predictive accuracy of our theories.

What's more is that we tend to ignore cross-level effects. Take the example of the 2007-08 financial crisis. Although individual banks profited from sub-prime mortgages, the system collapsed, which meant that ultimately individual banks also collapsed. This is a perfect situation of business strategy failing to consider the interconnection of space and time scales.

But, this cross-scale complexity is pretty difficult to understand and conceptualize. How do we move beyond a simple conceptualization of business?

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The root of the problem is what we teach in business schools. We teach our strategy students that they should grow as fast and far as they can, we teach our marketing students to sell as much as they can, and we teach our operations students to build as many efficiencies as they can. Each one of these goals, individually, is laudable, but collectively, they erode the sustainability of the system.

In my own view, we need to more explicitly consider issues of time, space, and scale (levels of analysis) in business practice and research. For example, transaction cost economics treats the transaction as the level of analysis, and is agnostic about time. As a result, TCE does not analyze relationships, which can actually be more efficient than transactions.

This type of theorizing is quite demanding. The purpose of management theory is to simplify – aim for parsimony. How do we move from our present strategic management theories to produce more sustainable outcomes, while not producing theories that are impossible to understand, much less apply?

I think much of the new theorizing will come from working across boundaries. Business people need to work across departments, and researchers need to collaborate across disciplines. As well, researchers and managers need to work more closely together. It's when we work across boundaries that we can see problems in new ways and innovate new solutions that have much wider reach across various systems.

It is for these reasons that I have been advocating for research-based practice and practice-based research. And, for the same reasons, I founded the Network for Business Sustainability (www.nbs.net). NBS provides a forum in which researchers and managers interact that allows us to move knowledge between communities. Since it was founded in 2007, NBS has involved over 3,500 people, of which roughly 60% are managers. I believe this is an important step towards finding sustainability solutions.

The answer, then, is not a formula, but rather a

process. The process involves collaboration across boundaries.

So, are you optimistic or pessimistic about the future?

Great question. Some days I'm pessimistic as the challenges we face are so significant. But, that pessimism puts a fire under me to work hard to solve what seem to be wicked problems. Fortunately, on most days, I can see the progress that is being made, which produces feelings of optimism. Five years ago, sustainability was not part of the vocabulary of the Strategic Management Society, and yet this year it is the theme of the annual conference. There are many more researchers and managers in this space, and I do believe that we can collectively make a difference.



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Young Academics

An Italian Perspective...

...in Stakeholder-Related Research

Materiality in the non-financial reporting context

Investors, standard setters and scholars are all increasingly aware of the fact that financial information are not enough in order to assess the real value of a company and its future performance. In order to take their investment decisions, investors need a wider set of information (commonly defined "non-financial information") describing the performance of the company towards its stakeholders. Sustainability reporting aimed at covering this information gap, but it probably failed to entirely reach its goal. More recently, integrated reporting was proposed as the solution to the shortcomings of both financial and sustainability reporting (particularly

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relevant is the framework proposed by the IIRC).

Given this evolution of financial and non-financial accounting, and the central role reports' conciseness will play, a relevant research theme that ought to be studied deals with the role of materiality in the non-financial information context. To whom should the information be relevant, in order to be considered "material"? How do companies implement their materiality assessment process? Which are the parties involved? How can audit firms assess materiality in this context, since they cannot rely on quantitative thresholds? These are some research questions Prof. Chiara Mio (Ca' Foscari University of Venice) and me are currently working on.



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Stakeholders as social groups

Which interests are at stake in museums? How do these interests exert influences over conduct? In order to disentangle this issue, I propose to rely on the *institutional logics* perspective, which allows to interpret stakeholders as social groups, subjected to societal pressures and at the same time agents of change. Albeit it is acknowledged that stakeholders are by definition carriers of a wide array of interests and motivations, the divergence among different logics within organizations and their effect on organizational behavior is less-investigated. Nevertheless, the recently-growing debate about how society addresses organizations seems to offer new opportunities for a better understanding of what is at stake. Based on this premise, my research focuses on how museums react to external pressures (namely the accreditation process) depending on the interplay between different institutional logics, arguing that these logics

affect not only priorities and pattern of behaviors but also the timing of reaction. I ground this analysis in institutional perspective, deriving a slow-motion framework of institutional logics influence, to capture *when* and *how* long-term processes (i.e. institutionalization) unevenly influence short-term dynamics acting in a population of organizations. The work is based on an empirical investigation of a proprietary dataset about the accreditation process of museums over the 2003-2009 time span, and is complemented by a case study analysis addressing the emergence of minority logics. Preliminary insights confirm that social groups working as agents in organizations recombine societal pressures with contingencies, and thereby derive approaches for conduct.



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Understanding the role of stakeholders in the elaboration of effectual Stakeholder commitment: Opening the black box.

Recently, research on entrepreneurship started to focus on the mechanisms behind the entrepreneurial process, to understand in particular the role of stakeholders in the creation of new business opportunities. In this respect, effectuation represents a good theoretical background to frame the important role that stakeholders achieve in the entrepreneurial process. However, there is still a great deal of work to do in this direction: it represents an interesting opportunity to open a black box. The effectual model represents a dynamic model where stakeholders are involved in the new business through the creation of distributed commitment.

Using semi-structured interviews to an entrepreneur and his network of stakeholders involved in the new business activity my coauthors (Pietro Versari and Francesco Rullani,

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from LUISS as well) and I present a qualitative study where we show how stakeholders' involvement serves to enlarge the entrepreneur's network and build new business opportunities. Entrepreneurs need to involve a sufficient number of stakeholders to reach a successful business because it is necessary to get legitimation in a variety of different levels, as, for example, the organizational level, on the markets, along inter-organizational and inter-industry networks, in communities and with respect to suppliers. The involvement of stakeholders serves to create the symbolic material and the activities that determine the legitimation of a new venture.



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Firm Initial Size and the Process of Entry

Initial size is a fundamental notion in entrepreneurship since it is expected to imprint the organization and bear upon its future success. Prior work treats initial size as independent of the entry decision. We relax this assumption, for two reasons. First, more capable individuals may require larger venture opportunities to coerce them away from a current job. Second, the decision about how to enter is related to initial size. Three types of entry processes are considered: (a) decisions around legal form; (b) decisions around origin of entry (*spinoffs* - where new firms are partially-owned by a parent company, *spinouts* - where new firms are started by ex-employees of established firms in the same industry, and *de novo* where new firms have founders with no ties to established firms in the entered industry); and (c) decisions around type of entry (*hybrid entrepreneurship* - where individuals enter entrepreneurship while retaining their wage position, and *self-employed* - where individuals enter entrepreneurship after abandoning their wage position).

We test our hypothesis on a longitudinal sample of nearly 30,000 Swedish men who became at risk of entering entrepreneurship having just begun a new wage job in 1994 in a knowledge-intensive industry. We find evidence that entry processes determine initial size, and concerns around selection bias are quite important when testing for initial size. The results have strong implications for how we interpret prior research and assist in building a more nuanced theoretical understanding of how entry and initial size decisions are interrelated.



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Bringing Bounded Rationality Back In: A Behavioral Approach to Incentive Systems, Organizational Design, and Social Interactions in Organizations

Given bounded rationality, people perceive and make sense of the world in terms of cognitive frames that they impose on the information environment so as to give it form and meaning. The development of these frames is linked to specific socio-cultural and environmental contingencies. For this reason, different employees may well make sense of similar scenarios in widely different ways. Yet, almost sixty years after Simon's initial contribution on bounded rationality, management research does not fully capture the extent to which employees' limited rational capabilities determine how they perceive and react to fundamental dimensions of the organizational life. In a set of six interrelated papers, I look at these implications in the context of reward systems, structural features of the workplace, and social interactions among employees. One important generic finding is the immense importance of sensemaking processes in driving employee behavior in directions that can be extremely diverse (e.g., prosocial versus

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antisocial behaviors). A second, general finding is that sensemaking processes are contingent not only on individual-level factors (e.g., autonomous versus controlled motivation, or limited attentional capabilities), but also on contextual and environmental factors (e.g., organizational identity and vision). Finally and most importantly, my research highlights that the effect of several fundamental instruments that are normally used to direct employee behavior is not so straightforward as previous research may have suggested. The reason for this is interpretive in nature: The result of, say, a reward does not reside in the reward entirely, but rather on how the employee interprets that reward. This in turn depends on several different contingencies that, given the limitations in that employee's rational capabilities, decide which cognitive frames he or she will apply in decoding the reward. Similar mechanisms apply to the context of the structural (design) features of the organization, and of the relational (network) configurations that develop in the workplace.



Diego Stea, Ph.D. candidate at LUISS Guido Carli, Rome and research fellow at the Copenhagen Business School.

What do Stakeholders Want? : A Synergistic Approach to Value Creation

The recent financial crises highlight the limitations linked to traditional business models too focused on the maximization of financial returns to shareholders - while generally ignoring value creation for other primary stakeholders. This single-minded attention to financial returns has produced negative externalities due to the fact that private benefits have been created at the expense of public costs. For many years, the managerial dilemma of "how to allocate limited resources within the five primary stakeholder groups" has been addressed using prioritization/rotation stakeholder models that are able to satisfy only a few stakeholder groups at a time: the more important the stakeholder group in the

eyes of the manager, the more resources will be allocated to satisfy the needs of that specific stakeholder group. This approach creates what I called "myopic business models" that create value for a few stakeholders at the expense of the others.

This dissertation project intends to help managers in developing business models for realizing broader value creation and for attending to employees, suppliers, communities and shareholders with the same value-creating mindset usually reserved for customers. The conceptual model leverages two key concepts: i) the multi-attribute utility functions of these five stakeholder groups; and ii) the stakeholder synergies that arise from satisfying multiple stakeholders simultaneously with the same amount of resources. Primary stakeholder groups' goals, in fact, are represented by their multi-attribute utility functions (composed of multiple utility sources). Managers can entrepreneurially create new value for two or more primary stakeholder groups, simultaneously, and thereby increase the shared value created for system members. This can concurrently build stronger commitment among multiple primary stakeholder groups and increase long-term competitive advantage relative to competing firms. The conceptual model is being tested through a first exploratory study that will help us better understand "what creates value for each stakeholder group?" Primary data have been collected for all five primary stakeholder groups and taxonomy about the stakeholder utility functions has been developed.



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Publications by Members

Bridoux, F. M., & Stoelhorst, J. W. (forthcoming). Microfoundations for Stakeholder Theory: Managing Stakeholders with Heterogeneous Motives. *Strategic Management Journal*.

Abstract

This paper proposes realistic microfoundations for stakeholder theory based on empirical evidence from behavioral economics and social psychology. These microfoundations are used to develop theory about the effects of different ways of managing stakeholders on value creation.

De Brucker, K., & Macharis, C., & Verbeke, A. (2013). Multi-Criteria Analysis and the Resolution of Sustainable Development Dilemmas: A Stakeholder Management Approach. *European Journal of Operational Research*, 224(1), 122-131.

Abstract

We demonstrate that stakeholder-oriented multi-criteria analysis (MCA) can adequately address a variety of sustainable development dilemmas in decision-making, especially when applied to complex project evaluations involving multiple objectives and multiple stakeholder groups. Such evaluations are typically geared towards satisfying simultaneously private economic goals, broader social objectives and environmental targets. We show that, under specific conditions, a variety of stakeholder-oriented MCA approaches may be able to contribute substantively to the resolution or improved governance of societal conflicts and the pursuit of the public good in the form of sustainable development. We contrast the potential usefulness of these stakeholder-oriented approaches – in terms of their ability to contribute to sustainable development – with more conventional MCA approaches and social cost–benefit analysis.

Deephouse, D. L., & Jaskiewicz, P. (2013). Do Family Firms Have Better Reputations Than Non-Family Firms? An Integration of Socioemotional Wealth and Social Identity Theories. *Journal of Management Studies*, 50, 337-360.

Abstract

We draw from socioemotional wealth and social identity research to develop a theory on reputational differences among family and non-family firms. We propose that family members identify more strongly with their family firm than non-family members do with either a family or non-family firm. Heightened identification motivates family members to pursue a favourable reputation because it allows them to feel good about themselves, thus contributing to their socioemotional wealth. We hypothesize that when the family's name is part of the firm's name, the firm's reputation is higher because family members are particularly motivated for their firm to have a better reputation. Family members also need organizational power to pursue a favourable reputation; thus, we hypothesize that the level of family ownership and family board presence should be associated with more favourable reputations. We find support for our theory in a sample of large firms from eight countries with disparate governance systems and cultures.



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De Graaf, F. J., & Stoelhorst, J. W. (forthcoming). The Role of Corporate Governance in Corporate Social Responsibility: Lessons from Dutch Finance. *Business & Society*.

Abstract

This paper proposes a re-orientation of the CSR model by drawing lessons from the way in which four Dutch banks variously dealt with the increasing tensions between shareholder and stakeholder oriented views of their role in society.

Dooms, M, Verbeke, A., & Haezendonck, E. (2013). Stakeholder Management and Path Dependence in Large-Scale Transport Infrastructure Development: The Port of Antwerp Case (1960-2010). *Journal of Transport Geography*, 27, 14-25.

Abstract

The present paper argues that the effective implementation of new, large-scale seaport infrastructure projects provides a stimulus to policy makers to engage on a path of continuous reflection on who and what matters in decision-making: the continuous updating of one's understanding of spatial differentiation of stakeholder views is critical in this respect, and involves the real inclusion of spatially proximate and spatially distant stakeholders. We analyze the role of path dependency in the socio-political process of long-term strategic port planning and the related requisite governance changes needed for effective implementation of large scale port projects. We mainly base ourselves on the most recent insights from stakeholder theory and the strategic planning literature, applied to the transport sector. Further, we take as a starting point one of the criticisms on path dependence that its proper application warrants more attention to temporal dynamics. We attempt to define these temporal dynamics and argue that (1) these are best identified by means of stakeholder-based analysis, and (2) long-term, strategic port planning based on real stakeholder inclusion can act as a driver for governance change in the broader port region or port system.

Durand, R., & Vergne, J. P. (2013). *The Pirate Organization: Lessons from the Fringes of Capitalism*. Cambridge, MA: Harvard Business Review Press.

Abstract

Piracy is an organized form of action that constantly questions and reshapes the boundaries of state sovereignty. When states conquer new territories, such as the high seas in the 17th century or cyberspace today, pirate organizations are always around to contest the state-imposed rules of exchange and to propose alternative norms. Looking back at capitalism's history, we observe a recurrent pattern: sovereign states rely on monopolistic organizations -- from the East India companies on the high seas, to AT&T in the early age of cyberspace -- to conquer new territories and regulate them. Pirate organizations, through their defense of alternative rules of exchange, contribute to altering the functioning of capitalist societies. By producing new norms, pirates guide the renewal of capitalism and shape the emergence of new industries. For instance, in cyberspace, pirates have been key in defining new forms of shared ownership such as free & open source software. Pirate organizations strategize at the intersection of what's illegal and what's legitimate, and pave the way for industry emergence and renewal in many sectors of the economy.

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Elfenbein, D. W., Fisman, R., & McManus, B. (2012). Charity as a Substitute for Reputation: Evidence from an Online Marketplace. *Review of Economic Studies*, 79(4), 1441- 1468.

Abstract

Consumers respond positively to products tied to charity, particularly from sellers that are relatively new and hence have limited alternative means of assuring quality. We establish this result using data from a diverse group of eBay sellers who “experiment” with charity by varying the presence of a donation in a set of otherwise matched product listings. Most of charity’s benefits accrue to sellers without extensive eBay histories. Consistent with charity-links serving as a quality signal, we find fewer customer complaints among charity-intensive sellers.

Fabrizio, K. R., & Hawn, O. (2013). Enabling diffusion: How complementary inputs moderate the response to environmental policy. *Research Policy*, 43(5), 1099-1111.

Abstract

While policies encouraging diffusion of new technologies provide incentives for adopting the focal good, they typically ignore the ecosystem of complementary goods and services. Based on existing literature on indirect network effects, we argue that when there is less availability of complementary goods, policies have a smaller impact on diffusion. Using a natural experiment based on the establishment of state-level solar carve-out policies, we demonstrate that solar power installations increased substantially more after the policy in cities where a critical complementary good – qualified installers – was more available.

Feng, W., Crawley, E. F., de Weck, O. L., et al. (2012). BP Stakeholder Value Network. In S. D. Eppinger, & T. R. Browning (Eds.), *Design Structure Matrix Methods and Applications* (pp. 122-127). Cambridge, MA: MIT Press.

Abstract

BP has secured the rights to a significant oil reservoir in a foreign country by creating a multi-billion dollar joint venture with a local corporation. While this multinational energy project will be technically challenging, there are early indications that the complexity of stakeholder relationships will pose a significant risk. In an effort to support the project in understanding these complex stakeholder relationships, we utilized a specialized type of organization architecture Dependency Structure Matrix (or Design Structure Matrix, DSM) to answer the following questions: What are the primary paths for a project to engage stakeholders? Who are the most important stakeholders for the project?

Jones, T. M., & Felps, W. (2013). Shareholder Wealth Maximization and Social Welfare: A Utilitarian Critique. *Business Ethics Quarterly*, 23(2), 207-238.

Abstract

The widely-accepted objective of the corporation -- shareholder wealth maximization -- is morally justified on the grounds that it is part of a set of institutions intended to maximize social welfare. Employing a utilitarian moral standard, we examine the apparent logical sequence supporting the link between shareholder wealth maximization and maximal social welfare. Upon close conceptu-



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al and empirical scrutiny, we find that the utilitarian/social welfare logic does not support the shareholder primacy model. In view of the dubious validity of this model, we propose some features of a superior means of providing social welfare and suggest that some variant of normative stakeholder theory could meet these criteria.

Kenny, G. (2012). From the Stakeholder Viewpoint: Designing Measurable Objectives. *Journal of Business Strategy* 33(6), 40-46.

Abstract

This article reviews how objectives are conventionally designed for organizations before detailing a new and proven approach based on the author's many years of research and consulting experience. The practical situation on which the article focuses is strategic planning, a process in which CEOs, middle managers and directors on boards find themselves frequently involved. Organizations in all sectors can benefit greatly by re-thinking their current practices and changing the way they go about designing their objectives. The approach outlined has solved many conceptual and practical problems managers face.

Kenny, G. (2013). *Crack Strategy's Code*. Sydney: President Press.

Abstract

In spite of all the books, courses and articles about strategy, management teams and boards are in a strategy mess, confused by what strategy really is, as well as how to design and implement it. The result is corporate underperformance. Built on a stakeholder framework this book understands this pain and addresses it. What's more, it does so in an engaging way involving, in part, firsthand accounts and stories. It brings together insights that the author has gathered over an academic career of 13 years and a management and consulting career of more than 25. The book provides a methodical approach to the subject of strategy.

Meier, C. (2013). Effectiveness of Standard Initiatives: Rules and Effective Implementation of Transnational Standard Initiatives in the Apparel Industry: An Empirical Examination. In M. Gardetti, & A. L. Torres (Eds.), *Sustainability in Fashion and Textiles* (pp. 239-260). Sheffield: Greenleaf.

Abstract

When does the implementation of transnational standard initiatives (TSI) in transnational companies (TNC) lead to effectiveness? Guided by an analytical framework the contribution empirically examines which elements of the institutional designs of the *Fair Wear Foundation* (FWF) and the *Business Social Compliance Initiative* (BSCI) lead to effective implementations of ILO core-conventions in the apparel industry in risk countries. TNCs across Europe are committed by membership in BSCI or FWF to implement ILO core-conventions in manufacturing places. Theoretically it is argued that those institutional designs of TSIs lead to effectiveness, (1) which lower information asymmetries, (2) which require involvement of relevant stakeholders, (3) which are stricter. Methodologically, the investigation relies on a comparative case study design. Data is

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collected in interviews and from documents provided by TSIs, TNCs and stakeholders. Preliminary evidence supports the theoretical expectations about which institutional designs of TSIs lead to effectiveness.

Sciarelli, M. (Ed.). (2012). *Corporate Social Performance*. Cedam

Abstract

This book analyzes enterprises corporate social performance under the lens of stakeholder management theory. The perspective used in the book looks at the enterprise as a systemic organization that has relationships with several stakeholders with different requests. The book focuses on reviewing the literature on Stakeholder Value Creation processes and their relationship with Corporate Performance, both Social and Financial. Later it focuses on the various frameworks for analyzing corporate social performance and on social accountability.

Tani, M., & Sciarelli, M. (2013). Network Approach and Stakeholder Management. *Business Systems Review*, 2, 175-190.

Abstract

Stakeholder Management Theory demands managers to reckon the reciprocal influences linking other social actors to the enterprise activities and to understand the relative effects. In this paper after a review of the main topics in stakeholder management theory, we classify the various approaches to Stakeholder Management Theory to identify relevant theoretical contributions and to highlight how the theoretical gap can be crossed using the tools of Social Network Analysis and embracing the network approach to stakeholder management.

Verbeke, A., & Tung, V. (2013). The Future of Stakeholder Management Theory: A Temporal Perspective. *Journal of Business Ethics*, 112(3), 529-543.

Abstract

We propose adding a temporal dimension to stakeholder management theory, and assess the implications thereof for firm-level competitive advantage. We argue that a firm's competitive advantage fundamentally depends on its capacity for stakeholder management related, *transformational* adaptation over time. Our new temporal stakeholder management approach builds upon insights from both the resource-based view (RBV) in strategic management and institutional theory. Stakeholder agendas and their relative salience to the firm evolve over time, a phenomenon well understood in the literature, and requiring what we call *level 1* adaptation. However, the dominant direction of stakeholder pressures can also change, namely, from supporting resource heterogeneity at the firm level to fostering industry homogeneity, and vice versa. When dominant stakeholder pressures shift from supporting heterogeneity towards stimulating homogeneity in industry, the firm must engage in *level 2* or *transformational* adaptation. Stakeholders typically provide valuable resources to the firm in an *early stage*. Without these resources, which foster *heterogeneity* (in line with RBV thinking), the firm would not exist. At a *later stage*, stakeholders also contribute to inter-firm *homogeneity* via isomorphism pressures (in line with institutional the-



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ory thinking). Adding a temporal dimension to stakeholder management theory has far reaching implications for this theory's practical relevance to senior level management in business.

Zollo, M., Cennamo, C., & Neumann, K. (forthcoming). Beyond What and Why: Understanding Organizational Evolution Towards Sustainable Enterprise Models. *Organization & Environment*.

Abstract

In this article, we strive to contribute to the ongoing shift of the sustainability debate from its historical focus on definitional (“what”) and motivational (“why”) questions to the understanding of change and learning process questions (“how”) connected to the efforts some firms are making to evolve towards “sustainable enterprise” models. A conceptual framework to study these evolutionary processes is thus developed, and the complexities and research design trade-offs facing the related empirical inquiry highlighted. The main message advanced herein is that shifting focus of analysis to the level of the initiatives undertaken to change the various elements of the enterprise model could be the best way to frame the conceptual and empirical challenge before us. In a way, to make progress on “what” questions research should focus on “how” questions.

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Editorial

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Please provide us with feedback about this current issue!