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Organization Studies 2011 32: 473

DOI: 10.1177/0170840611400290

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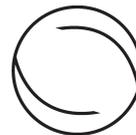
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Organization Studies
32(4) 473–488
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DOI: 10.1177/0170840611400290
www.egosnet.org/os


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Abstract

Globalization is a blind spot in stakeholder theory and this undermines its explanatory power and usefulness to managers in global corporations. In this paper we build on Edward Freeman and colleagues' attempts to construct divergent stories about how to create value for the corporation and its stakeholders when developing a stakeholder theory that is more sensitive to globalization. We achieve this by highlighting two particular challenges that globalization brings to stakeholder theory. The first challenge is to acknowledge new power relations (sub-political movements, new forms of bureaucracy and hierarchy) and the second is to acknowledge new dimensions of responsibility (a political responsibility). In the paper we relate our developments of stakeholder theory to two previously published case studies.

Keywords

globalization, narrative, power, responsibility, stakeholder theory

Introduction

Interest in stakeholder theory has increased steadily since Edward Freeman's (1984) landmark publication (Agle et al. 2008). Breaking with the dominant focus on stockholders, the term 'stakeholder' is now established in business studies and business practice. However, in recent decades theorizing on stakeholders has drifted towards a take on stakeholder theory that, following Freeman and colleagues, upholds traditional philosophical and scientific distinctions and dualisms (business and ethics, fact and value, instrumentalist, descriptive and normative theories, positivism and

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anti-positivism, etc.), which, according to Phillips, Freeman and Wicks (2003: 479), is a take that has become 'virtually unopposed' (see also the special issue of the *Academy of Management Review* 1999, 24[2]) and that is 'overtly hostile to ethics' (Wicks and Freeman 1998: 123).

In contrast to this approach, Freeman and colleagues (Freeman 1994, 1999, 2005, 2008; Freeman and McVae 2001; Freeman et al. 2004, 2007; Dunham et al. 2006; Wicks et al. 1994) have positioned themselves as working for a stakeholder theory that is 'divergent and full of narratives about how value is created in stakeholder relations' (Freeman 1999: 233). Stakeholder theory, Freeman argues, is 'a genre of stories about how we could live' (1994: 413), generating 'arguments or further narrative which include business and moral terms to fill in the blanks' (2005: 499–500) on how corporations ought to be governed and how managers ought to act.

We are largely in favour of a narrative development of stakeholder theory and in this paper we follow Freeman's plea for a stakeholder theory full of narratives 'that show us different but useful ways to understand organizations in stakeholder terms' (Freeman 1999: 233; Freeman and McVae 2001). But, although often cited (some of Freeman and colleagues' publications seem to be obligatory passage points in the stakeholder genre), narratives or stories that aim to show different but useful ways of understanding organizations in stakeholder terms have not proved a strong enough challenge to mainstream stakeholder theory. This can partly be explained by the strong dominance of traditional philosophical and scientific distinctions and dualisms in the field, although part of it also lies within Freeman and colleagues' previous attempts to provide useful narrations of stakeholder management.

In our view the main deficit in stakeholder theory is its limited treatment of the business context, particularly its neglect of globalization. This deficit leads to a theory that loses explanatory power and that risks failing in one of its central aims, namely that of being useful to managers. In other words, stakeholder theory has to develop new narratives and stories that are better equipped to grasp the phenomenon of globalization. Freeman and colleagues have paved the way for such a development, and we also ground our arguments and suggestions for improvements in the strengths and weaknesses of their work.

In the paper we highlight how globalization puts new demands on stakeholder theory by addressing two particular challenges. The first challenge is how globalization changes the *power* relations for corporations and how this influences a key stakeholder question: Who gets to define what a stake and a stakeholder are (or, who are silenced and at what cost)? The key argument is that even though traditionally powerful actors in society, such as large, global corporations, can mobilize significant resources in order to influence others, globalization brings with it new possibilities for non-traditional stakeholders in society to exercise influence. Metaphorically, globalization opens up new corridors of power. By acknowledging these in stakeholder theory, a more useful platform can be created from which stakeholder managers can identify, understand and work with stakeholders. Conceptually, we extend the limited take on power suggested by Mitchell et al. (1997) and Phillips (2003) by introducing *sub-politics*, *re-bureaucratization* and *re-hierarchization* to a stakeholder theory that is sensitive to globalization.

The second challenge concerns how globalization brings with it new dimensions of *responsibility*. The well-known expression 'with power comes responsibility' is highly relevant here. As the corporation finds itself connected to a multitude of actors and places in rather complex ways, and as it directly and indirectly affects remote actors and places that are not usually considered in stakeholder mappings, this complexity ought to reflect the responsibility of the corporation in its value creation processes. There is a need, in other words, to move beyond stakeholder relations based on legitimacy and trust, as this does not reveal whether a corporate action is responsible or not. Questions relating to where the corporation's responsibilities begin and end and who/what

the organization should include in its sphere of responsibility need to be re-addressed in the light of globalization. Conceptually, we extend the limited take on responsibility suggested by Phillips (2003) and Phillips et al. (2003) by introducing *political responsibility* to a stakeholder theory sensitive to globalization.

In this paper we rely on two previously published case studies (Wheeler et al. 2002; Berry 2003) in order to explore power and responsibility in more detail. We devote the final section of the paper to some of the implications of our extensions for research and practice. First, however, we introduce three previous attempts to incorporate the wider business context into stakeholder theory.

Stakeholder Theory and Globalization

Even though globalization is a blind spot in stakeholder theory, some attempts have been made to address the wider business context (see Freeman and McVae 2001; Freeman et al. 2007; Wicks et al. 1994). These attempts provide us with important openings to a stakeholder theory that is sensitive to globalization, particularly as they also indicate the challenge of including new power relations and new dimensions of responsibility in stakeholder analyses.

We learn from Freeman and McVae (2001: 189) that the origins of stakeholder theory stem from managers 'being buffeted by unprecedented levels of environmental turbulence and change'. Following this, the authors quote Freeman (1984) and the expressed need for (i) theories that are more consistent with the quantity and kinds of change occurring, and (ii) the need for a stakeholder theory that is flexible enough to handle environmental shifts:

We propose that as the business world becomes ever more turbulent, interconnected and as the boundaries between firms, industries and our public and private lives become blurred, a stakeholder approach has more and more to tell us about both values and value creation. (Freeman and McVae 2001: 195)

Wicks et al. (1994: 477) is another example that acknowledges that the emergent context contains new 'forms of collaboration' (in our view signs of new power relations) and that the need for increased responsibility is essential in a world that:

is becoming too complex and fragile for us to embrace a rampant competitive individualism. Companies and persons cannot ignore the responsibility they bear for all of their actions which affect others, even where there is no legal duty to refrain from such behavior. Replacing the identity of persons as isolated and autonomous with a model which fundamentally ties them together not only makes these sensibilities intelligible, but provides an impetus for acting on them. It also makes it easier for us to talk about our responsibilities to future generations, as well as our connection with the environment and the need to preserve and sustain it. (Wicks et al. 1994: 484)

In comprehending this new context, Wicks et al. (1994: 483) suggest that 'the corporation is constituted by the network of suppliers, communities, business and other groups who interact with and give meaning and definition to the corporation' (this resembles Eric Rhenman's 1968 stakeholder model, with the corporation depicted as an integrated part of society and its individual members). A more recent attempt at developing new narratives and stories about businesses creating value can be found in Freeman, Harrison and Wicks (2007: 172), which, to use their own word, is a 'controversial' attempt to break free from simplistic treatments of stakeholder relations that is drawn along three dimensions which, at least indirectly, open up for a stakeholder theory that is sensitive to globalization and the challenges of power and responsibility.

The first dimension concerns four macro changes ‘that make business more complex and uncertain’ (Freeman et al. 2007: 26): (1) the liberalization of markets, (2) the liberalization of political institutions, (3) the emergence of environmentalism and other social values, and (4) the explosion of information technology. The second dimension belongs to ‘the critical relationships that define a business – those with customers, suppliers, employees, communities, and owners – [which] have experienced substantial change as we begin the twenty-first century’ (Freeman et al. 2007: 26). The third dimension is found in ‘the ability of other groups and individuals to influence these primary relationships [which] has changed dramatically, making governments, environmentalists, interest groups, the media, and even illegal groups relevant to business’ (Freeman et al. 2007: 26).

Freeman et al.’s attempt to develop ‘new concepts, new conceptual filing systems, that reorient our way of looking at the world to encompass present and future changes’ (2007: 46), and the analyses of Freeman and McVae (2001) and of Wicks et al. (1994), are of critical importance to stakeholder theory. Yet, as Freeman also points out, stakeholder theory has kept its stakeholder analyses and hub-and-spokes models intact, despite the fact that they are ‘enormously oversimplified, for they depict the stakeholders of XYZ as static, whereas in reality, they change over time, and their stakes change depending on the strategic issue under consideration’ (2005: 498). This, however, is a critique that to some extent is also valid for Freeman and colleagues (as in Freeman and McVae 2001; Freeman et al. 2007; Wicks et al. 1994).

Freeman et al.’s (2007) attempt to detail the emergence of a complex world still takes place within a basic two-tier mindset. Developing a stakeholder theory that manages ‘for stakeholders view’ (2007: 46) has as its core the so-called primary stakeholders who add to the value creation of the corporation, but also acknowledges so-called secondary stakeholders who can influence primary stakeholders and thus the corporation itself. It is perhaps fair to say that this attempt is in danger of falling into the same trap as those it claims to criticize.

Globalization has still to be incorporated into stakeholder theory. In pursuing this task we take heed of Freeman’s call for narratives or stories that are useful to managers and make use of two previously published case studies that show some of the consequences that a complex world can have on concrete corporate operations. In particular we aim to show how new dimensions of power and responsibility, which globalization entails, impact corporate operations. From a corporate standpoint the cases are negative in that they point to irresponsible stakeholder management. We will return to this issue later on in the paper, but for now it is sufficient to say that stories about stakeholder management do tend to have a negative focus on some kind of mismanagement. However, this does not rule out that new power relations and new dimensions of responsibility are essential to explain why the mismanagement occurred, and that they, in another case, might give rise to mutually beneficial connections between corporations and a diverse range of stakeholders.

Power and Responsibility: Two Cases

Following Berry (2003), the first case is the attempt of Japanese-owned Shintech Inc. to establish a chemical plant in so-called Cancer Alley in the small community of Convent in St. James Parish, in southern Louisiana, USA. The American subsidiary of the Japanese corporation Shin-Etsu was prepared to invest \$700 million to construct three separate chemical facilities on approximately 2400 acres of land, an investment that would ‘create the largest facility of its type in North America and was the largest start-up chemical facility proposed in the United States in more than 20 years’ (Berry 2003: 12). Production capacity was planned for 1.1 billion pounds of PVC a year, ‘with the ability to double capacity as demand increased’ (Berry 2003: 12).

In this poor part of Louisiana, an 80-mile-long corridor along the Mississippi River and home to 130 petrochemical plants, 'Shintech proposed to use the same technology in Louisiana as currently in use at their facility in Texas, which was one of the leading emitters of vinyl chloride'. The new plant would add 623,000 pounds of pollutants to the millions of toxins that had already been dumped into land, air and water (Berry 2003: 12). Shintech had also done its homework and expected to receive \$130 million in tax breaks and subsidies from the state of Louisiana.

Shintech made all the proper submissions in terms of the traditional norms and practices of achieving the required state permits and licenses prior to construction start. A site was found and purchased, and permits and permissions were then applied for through state agencies. Approval was expected to be relatively automatic as all legal criteria were met. (Berry 2003: 13)

What Berry calls a heterogeneous and translocal 'activist community' was mobilized in Cancer Alley as a response to these plans. The community was made up of over 70 different actors (such as local people – of whom 95 percent were black – the Tulane University Environmental Law Clinic, Greenpeace, the Sierra Club Legal Defense Fund, the Natural Resource Defense Council and the Deep South Center for Environmental Justice), and they challenged Shintech's plans. They also accused the industry of being responsible for the high rates of cancer in the areas around the plants. Berry (2003: 12) quotes some of them: 'We have an emergency in our communities. People are dying. People are sick.' One person even states that: 'My dog is on pills.' It basically boiled down to the activist community raising different ethical views and demands and wanting 'control over development, pollution limits, and health risks in their own community' (Berry 2003: 6).

Shintech was not able to define, understand and relate to this complex activist community, however. The community was 'not a unilateral force speaking with a single voice' (Berry 2003: 14). Those affected by the pollution, namely the current and future inhabitants of Cancer Alley, were not considered as moral subjects by Shintech. They were not holders of a stake that qualified them as members of the corporation's sphere of responsibility. Shintech also 'felt "sandbagged" by the challenges to their permits' (Berry 2003: 13).

Shintech clearly underestimated the capability of the activist community to mobilize power. As Berry concludes, 'community protest alone ... would not have been sufficient to halt the plans' since the 'community alone lacked many necessary resources (including organizing ability, money, and legal and scientific knowledge)'. But, Berry points out: 'The combined resources of the coalition of stakeholders were sufficient to confront and block the corporation's plans' (2003: 5–6). Shintech thus found its plans, which were manufactured in its own network of local community groups and federal politicians, hindered by a de-territorialized yet highly connected community. This community raised both ethical demands and demands for more responsible corporate action and in the end managed to change the circuits of power (Berry 2003).

As a postscript to Berry's story, and even though Shintech was not successful in the story as told thus far, the corporation moved on to enroll new actors and locations. Less than a decade later, in 2005, the corporation also came back to Louisiana, to Iberville Parish. This time they set out to construct a plant manufacturing chlorine, caustic soda and vinyl chloride monomer in order to 'meet growing demand' (Shintech 2010). Shintech claimed that:

In addition to providing significant opportunities for local residents, the proposed facility is providing an economic boost to the state and Iberville and West Baton Rouge parishes by contributing tax revenue during both the construction phase of the project as well as once the facility begins to operate. (Shintech 2010)

Shintech had also ‘requested community input’ by hosting community meetings to which Iberville and West Baton Rouge parish residents, elected officials, regulatory agency representatives, Shintech employees, nearby industry employees, residents interested to learn about job opportunities, environmental group representatives and the local media (newspaper and television) were invited. This time around, Shintech’s motto, ‘Live Locally, Hire Locally, Buy Locally: It’s a philosophy that’s made us successful’, was indeed successful (Shintech 2010).

In the second case, focusing on Shell and the Ogonis in Nigeria, Wheeler et al. (2002: 302) ask: ‘what would it mean for a corporation like Shell to become a stakeholder-responsive corporation in Nigeria – for example with respect to minority ethnic groups such as the Ogoni?’ A key aspect in answering this question is framed by another question: ‘who decides which stakeholders are legitimized and brought into processes of dialogue?’ (Wheeler et al. 2002: 302). The question was about who was to represent the Ogoni people. Only after being pressured did Shell agree to an umbrella organization for the Ogonis, the MOSOP, representing the Ogoni people. But ‘MOSOP was not a single stakeholder – instead it represented a diverse set of interests which usually (but not always) overlapped and that presented Shell with a significant challenge in managing complexity’ (Wheeler et al. 2002: 303). Shell had great problems in identifying who they were supposed to communicate with and why. Complexity was also added to the case since Shell ‘too is not a homogeneous entity’ (Wheeler et al. 2002: 304). Shell and its operations in the Netherlands were vastly different from its operations in Nigeria.

The case was made even more complex by the fact that the Ogonis were part of a heterogeneous global community:

World wide campaigns of disinvestment and general vilification were launched against Shell by actors as diverse as church groups, Greenpeace, Amnesty International and The Body Shop International. The media were also happy to report on the anger of the communities and the acute discomfort of Shell. (Wheeler et al. 2002: 301)

The Body Shop’s founder, Anita Roddick (2000: 161), stated that: ‘They [Shell] simply couldn’t understand why a corporation like The Body Shop would get involved in their business. Their attitude was more or less: “What has this got to do with you?”’ The campaign set by Anita Roddick and The Body Shop escalated and resistance was organized in many different ways using many different channels:

We put posters in our shop windows and on our trucks. We staged demonstrations, organized cultural events, advised the Ogoni, talked to the press, lobbied politicians and waved banners outside Shell’s headquarters in London. The Body Shop staff world-wide telephoned the Nigerian government in Port Harcourt to protest against Ken’s [Ken Saro-Wiwa] continuing detention. (Roddick 2000: 163)

It was not enough for Shell to try to identify who the Ogonis were, who to communicate with, how and why. This heterogeneous community also proved to have strong and intimate links with several other actors in both the private and civil sector and on and beyond the African continent.

According to Wheeler et al., the problems of communicating with local stakeholders also made Shell recognize ‘the need for cultural change’ (2002: 314). This, by any mark, is a sign of a traditionally powerful actor (as in turnover, market shares, marketing resources, etc.) turning self-reflexive due to a failure in stakeholder management, waking up to a different context, to different power relations, to different demands on responsible action and to a need to evaluate its own value system.

As a postscript to Wheeler et al.'s article, the Shell case in Nigeria continued for a number of years and included many different actions on the part of Shell and the Ogoni network. In 2008, however:

the Nigerian government announced it would replace SPDC [The Shell Petroleum Development Company] with another operator (possibly the Nigerian National Petroleum Corporation) in Ogoni land as the best solution to end the 'stalemate' between SPDC and the community. SPDC is ready to accept the appointment of any of the partners in the Joint Venture (JV) as operator of the licence in accordance with the Joint Operating Agreement (JOA) and will cooperate with the government on the proposed plan to transfer operatorship. (Shell 2010)

Shell is, in other words, still doing business in Nigeria in terms of oil and natural gas, although new collaborative patterns have changed the way in which these operations are performed.

The mobilization of heterogeneous and translocal communities in the Shintech and Shell cases illustrate how new power relations can emerge in the context of globalization. The cases show how globalization provides new opportunities for stakeholders to influence a corporation's plans in novel ways. Neither Shintech (including those taking the Shintech side in the controversy) nor Shell seemed able to understand how such complex communities could succeed in influencing their plans. Further, stakeholder theory, as we detail in the next section of the paper, is not able to provide frameworks with which we can explain these mobilization processes or provide managers with useful narratives about how to handle such processes.

Stakeholder theory is also not fully able to handle the new dimensions of responsibility stemming from the global connectivity between corporations like Shintech and Shell and their, included and excluded, stakeholders. Wheeler et al. stress this point by arguing that 'it is different stakeholders' *perceptions and beliefs* – or "perceptual truths" that offer the key to understanding the causes of conflict and therefore, the possible solutions' (2002: 305). In other words, different perceptions and beliefs of corporate responsibility circulate, but neither Shintech nor Shell managed to identify these claims as valid and reasonable, and therefore they never managed to enter into genuine relations with the others, i.e. the excluded stakeholders.

Without explicitly acknowledging it, Berry also highlights the intimate relation between power and responsibility in his critique of stakeholder theory: 'a generic listing of primary and secondary stakeholders is not overly useful as a research framework because various stakeholders claim more or less power at different times' (2003: 25).

Through the stories of Shintech and Shell, we have now set the stage for a more conceptual discussion about the new dimensions of power and responsibility that globalization entails.

Power

Phillips (2003) states that multinational corporations are among the world's most powerful actors. There are, for instance, more than 60,000 corporations acting on a global scale, which is a dramatic increase since the 1960s when they amounted to about 7000 (Urry 2003; Kuper, 2007). About half of the world's 100 largest economies are global corporations, and 'the Top 200 corporations' combined sales are bigger than the combined economies of all countries minus the biggest 10' (Anderson and Cavanagh 2000: i). In comparison with many other organizations, large, global corporations can enrol and control large amounts of identifiable and measurable resources and make use of them in explicit, observable actions (marketing campaigns, lobbying processes, pressuring suppliers, handling lawsuits and more). They can thus use their economic muscles to influence other actors' interests.

That this type of power is important to recognize is also evident from the two cases. As Berry (2003: 25) states, the assemblage of stakeholders resisting Shintech often had to ‘translate their sentiments (and ethical expectations) into language that speaks to the economic concerns and legal structure constraining corporations and governments’. This circuit of power was not something that the stakeholders, or anybody else, were able to escape or change. It almost reached the status of an obligatory passage point that all actors in the case had to work through. With regard to Shell’s power, it might be sufficient to point out that Shell was the main player in the SPDC, which was a direct joint venture with the government of Nigeria.

In the most serious attempt to integrate power into a stakeholder framework, Mitchell et al. (1997) depart from a somewhat similar understanding. They represent an episodic take on power, holding it as something that can be possessed by a powerful actor (actor A), who in turn uses this power to influence another actor (actor B) into doing something that B would not otherwise do. Both Phillips (2003) and Mitchell et al. (1997), then, seem to approach power as based on ‘a “capacity” premised on resource control’ (Clegg 1989: 190) and something that the structures distribute, so that who possesses it depends on where they slot into the structures (Clegg et al. 2006: 254). Looking for power among those who have control over economic resources or certain hierarchal positions is only partially relevant and useful.

As Tsoukas points out in his analysis of another classic Shell case (Brent Spar): ‘the traditional competitive advantage afforded by superior size and resources does not have the same value as before’ (1999: 500). Using power to understand the two cases therefore means a take on power that incorporates the complexities of globalization and its impact on who gets to define what a stake and a stakeholder are. Such a view does not mean abandoning the importance of viewing power in terms of ‘who has power’, as this gives us clues as to who/what has the capacity to exert power. It rather means embracing a view of power as ‘more or less complex organized agents engaged in more or less complex organized games’ (Clegg 1989: 20). Consequently, even though we can and should regard corporations such as Shell and Shintech as having a significant capacity to influence the interests of others, this does not help us understand the Shintech and Shell cases.

The emergence of new power relations has to be understood against a view of globalization that consists of several dimensions, within which the flows of capital, technology, citizens, ecological substances, commodities, information, images, etc., across time and space have significantly changed the context in which corporations operate. Globalization and power, in Beck’s (2005, 2006) terms, is no ‘either/or’ process, but should rather be thought of as ‘both’. An essential part of such a take on globalization is that changes along one dimension are accompanied by counter-changes in another dimension. There is also an emergence of polycentric world politics, i.e. a world with many centers of authority and control (Bauman 1999; Beck 2005). A variety of transnational actors are gaining more power, ranging from individuals, via large, global corporations, to non-governmental organizations, or NGOs (Beck 2005; Djelic and Sahlin-Andersson 2006).

Working from this narration of globalization, the cases of Shintech and Shell could, in terms of power, rather be seen as examples of ‘shaping society from below’ (Beck 1992: 23) through processes of *sub-politics* and sub-politicization (Beck 1994, 1996). In these processes some traditional organizations and institutions in society lose power while others experience growing opportunities:

[T]o have a voice and a share in the arrangement of society for groups hitherto uninvolved in the substantive technification and industrialization process: citizens, the public sphere, social movements, expert groups, working people on site; there are even opportunities for courageous individuals to ‘move mountains’ in the nerve centres of development. (Beck 1994: 23)

Conducting stakeholder analyses based on resource control and hierarchical position thereby mean searching for power and nerve centres for development in old corridors of power. Such analyses risk failing to recognize who gets to define what a stake and a stakeholder are (or, who are silenced and at what cost). In the context of globalization, such theories lose explanatory power and become less useful for managers. They can only passively observe when mountains (as in Beck's metaphor) are moved.

On the other hand, Beck sometimes ascribes sub-political movements too much power. The old corridors of power are, as Phillips (2003) and Mitchell et al. (1997) point out, still there, but these corridors have also undergone changes. One effort that illustrates this is Wicks et al.'s (1994) outcry against hierarchy and bureaucracy. In a timely praise of the new movement of excellence and re-engineering, they argue that the age of hierarchy and bureaucracy is over and that '[p]art of the pragmatic advantage of this power-sharing and hierarchy flattening is an increase in total power' (Wicks et al. 1994: 492). This is also an argument that has been made popular via Thomas Friedman's book *The World Is Flat*: 'Individuals from every corner of the flat world are being empowered' (2007: 11).

While opening up stakeholder theory's take on power, and implicitly pointing at what might be called a positive and productive view of power, Wicks et al.'s (1994: 491) emphasis on the promises of decentralization and empowerment, and on the connection of workers to their jobs in the age of creative co-workers, is one-dimensional. Hierarchy and bureaucracy are still fundamental to organizational coordination, to the capacity to empower people, to creativity, and to make people commit to the ethos of the organization (Du Gay 2000). The promised effects of hierarchical flattening out and of de-bureaucratization are also at best mixed and at worst counterproductive (Sennett 1998, 2006). Most relevant to our argument, however, is the assumption that the age of hierarchy and bureaucracy is over and surpassed by an age of networks and flexibility (see Castells 2000).

A stakeholder theory that is sensitive to globalization acknowledges that corporate bureaucracy, with its authority, discipline and specialization, has become as mobile as the network itself (Sennett 1998). Declaring and celebrating the death of hierarchy and bureaucracy is only possible at a discursive level. Hierarchy as well as bureaucracy will always be there, for better or worse, in different shapes and forms, influencing power relations in wide-ranging ways. Again, this is a matter of 'both/and' and not 'either/or'. Consequently, new power relations include *re-bureaucratization* and *re-hierarchization* processes.

To illustrate that traditional resources and positions in social structures are still important, but in partly novel ways, we can refer to an opposite movement in which traditional hierarchies and bureaucracies ('mountains' that are supposed to be moved) strike back. Sennett writes that '[r]evulsion against bureaucratic routine and pursuit of flexibility has produced new structures of power and control, rather than created the conditions which set us free' (1998: 47). Bauman refers to post-panoptical power relations, in which the 'prime technique of power is ... escape, slippage, elision and avoidance' (2000: 11). Bureaucracy, in this context, does not primarily discipline through concrete, physical surveillance as much as through digitalized and highly mobile monitoring (Kallinikos 2004).

Moving mountains then becomes hard, given that 'the concentration of power without centralization of power' becomes the new rule and 'domination from the top is both strong and shapeless' (Sennett 1998: 55, 56–57). There is, so to speak, no control tower for the revolutionaries to charge (Bauman 2000). As illustrated by the aftermath of the Shintech and Shell cases, despite successful resistance from dynamic, complex and heterogeneous communities, Shintech eventually went back to Louisiana. In addition, even though Shell was officially thrown out of Nigeria, they are still there.

Sub-politics on the one hand and re-bureaucratization and re-hierarchization on the other are, however, not 'either/or' questions. In a wider view of power than the resource-based and structural view found in stakeholder writings, these three processes are simultaneously present. They provide us with directions in which to look in order to better understand the capacities of different agents to mobilize a variety of stakeholders, whose powers and power-bases also tend to shift through different stages of the process. As shown in the Shintech and Shell cases, those stakeholders that manage to place themselves in-between the 'powers that be' at the centre of networks, and become central nerves, are those that succeed in holding other stakeholders in a tight grip.

Responsibility

Acknowledging the dynamic and complex power relations that Shintech and Shell found themselves in is important in order to understand how these corporations influence others and, in turn, are influenced by others. From this reading of power in the context of globalization, new dimensions of responsibility appear. Where do Shintech and Shell's responsibilities begin and end in this highly complex business context? Who/what should these organizations include in their spheres of responsibility? In comparison with stakeholder theory's scanty treatment of power, these questions have been more thoroughly discussed in the literature (some later publications are Freeman et al. 2004; Orts and Strudler 2002; Sandberg 2008; Stieb 2009; Walsh 2005).

One influential attempt to make clear which stakeholders should be included and excluded from a corporation's sphere of responsibility is Phillips et al. (2003; our critique here is also relevant for stakeholder inclusions and exclusions made by, for example, Dunham et al. 2006 – cooperative and collaborative communities, and Freeman et al. 2007 – first-tier and two-tier stakeholders). Building on Phillips (1997), they write that:

Normative stakeholders are those to whom the organization has a direct moral obligation to attend to their well-being. They provide the answer to the seminal stakeholder query 'For whose benefit ought the firm be managed?' Typically, normative stakeholders are those most frequently cited in stakeholder discussions such as financiers, employers, customers, suppliers and local communities. Alternatively, derivative stakeholders are those groups or individuals who can either harm or benefit the organization, but to whom the organization has no direct moral obligations as stakeholders. This latter group might include such groups as competitors, activists, terrorists, and the media. (Phillips et al. 2003: 489)

The normative justification made in this quotation holds that stakeholder theory should make moral inclusions and exclusions, and that only those assumed to be important to the value creation process fall under the corporation's sphere of responsibility (cf. Orts and Strudler 2002; Wheeler et al. 2002; Walsh 2005; Stieb 2009). The others, who can 'only' harm or benefit the corporation outside the value creation process, are not considered to be part of the corporation's moral obligation. In other words, from the corporation's side, as witnessed in the cases of Shintech and Shell, relations to derivative stakeholders are drained of intrinsic ethical content.

In defending their standpoint, Phillips et al. claim that stakeholder theory is not a 'comprehensive moral doctrine', but only a theory of organizational ethics (2003: 493). They claim that:

Stakeholder theory is not intended to provide an answer to all moral questions. Stakeholder-based obligations do not even take procedure in all moral questions in the organizational context. Violations of human rights of a constituency group by commercial organizations and gratuitous destruction of the natural environment are morally wrong, but such judgments rely on concepts outside of stakeholder theory as herein delimited. (Phillips et al. 2003: 493)

Their defence rests on the highly influential writings of John Rawls, where 'only a theory of organizational ethics' is argued for in a Rawlsian sense. The Rawlsian method to investigate the nature of justice occurs through asking people which principles they would prefer in a society, given that they do not know in advance which position they would end up in. When Rawls (1973) develops this hypothetical situation of the 'original position', and thereby places people behind a 'veil of ignorance', he presupposes that those who make the choice belong to the same society and choose fair principles within that society. Thus, a Rawlsian justice is developed within a distinct and stable society in order to improve the conditions of vulnerable citizens within that society. Consequently, people outside the Rawlsian units of analysis, i.e. outside a distinct society, are excluded.

In later works, particularly in *The Law of Peoples* (1999), Rawls addresses injustice that occurs between nation-states, although as Singer (2002: 155–8) points out, Rawls' theory for justice is still too restricted. It may have turned into a theory for an international order, an order between distinct nation-states, but it is still not able to deal with global injustice (for a similar critique see Benhabib, 2002, and Sen, 2009). Phillips et al.'s argument is, however, exclusively based on the Rawlsian method as developed in *A Theory of Justice* (1973). Applying Rawls' framework necessarily implies that corporate responsibility only reaches as far as the corporation's 'distinct society' allows. In practice, this means taking responsibility for improving the conditions of vulnerable normative, first-tier stakeholders.

Phillips et al. (2003: 493) also claim that corporations are 'voluntary associations rather than a part of the basic structure of society' (see also Freeman and Phillips 2002; Phillips 2003). That business is not part of the basic structure of society is then taken for granted, since 'another level of analysis' is located within a distinct society within which economical, jurisdictional, ethical, technological, societal and cultural rules of the game are generated and enforced (Phillips et al. 2003: 493–4; see also Freeman 2008). This argument can only be made if the activities of the voluntary association are performed within a stable nation-state, subject to democratic procedures and with strong democratic institutions. It ignores the fact that corporate activities, in the context of globalization, reach out to parts of the world where the basic structures of society are ripped apart, for example, to places that can only be considered as nation-states in theory, not by their practical functioning (Bauman 1998; Held and McGrew 2007).

The question that lingers from reading Phillips et al. (2003) is to what extent experiencing the consequences of corporate activities, good and bad, can be considered as voluntary. Only by defining the corporation as a distinct unit that engages through free and voluntary economic transactions with other actors, belongs to the same society, is part of the market and is governed from above, is it possible to claim that corporations are voluntary associations. This view also matches the mainstream visualization of the stakeholder model, with the corporation depicted as a distinct and solid box in the centre, surrounded by the normative stakeholders.

This leads to a boundary condition of stakeholder theory which in turn runs into problems when confronted by globalization. This condition basically leads to ignorance about many global problems that corporations actively create or maintain. Working with such a boundary condition falls short of the demands on corporations from many societal actors, even from some of its tightly coupled stakeholders. It goes, for example, against the proclaimed views of many respectable global business leaders, who strongly emphasize the importance of integrating environmental and social responsibility into the core business. It also ignores the duties and opportunities for corporations to take responsibility in this complex context.

Wicks et al. (1994: 484), however, set the stage for an extended, and useful, corporate responsibility (as indicated in the quote at the beginning of this paper). Underpinning their stakeholder definition, and extension in terms of corporate responsibility, is the insight that 'the world is

becoming more interdependent and the actions of one person, corporation, or country, are increasingly seen to have profound implications for the prospects of others' (Wicks et al. 1994: 484). A suggestion for how to build on Wicks et al.'s (1994) plea for an extended responsibility is found in the framework of political responsibility, as developed by the political philosopher Iris Marion Young.

Young's (2004) analysis of globalization implies trespassing the stakeholder theory's narrow boundary condition by stressing the relatively privileged and empowered position that corporations have in comparison to many of those affected by their actions. However, in contrast to a so-called liability approach, a political responsibility approach 'does not seek to mark out and isolate those to be held responsible, thereby distinguishing them from others, who by implication then are not responsible' (Young 2004: 377). The reason why Young refrains from 'marking out' is that globalization has given rise to highly complex interdependencies. Situated in global value chains, corporations take part in organized action that may violate workers' rights or inflict ecological harm to distant geographical places, but that 'in many cases avoiding such participation is difficult or impossible' (Young 2004: 379).

Young's analysis demands that corporations 'recognize that their actions contribute along with those of others to this injustice, and take responsibility for altering the processes to avoid or reduce injustice' (2004: 379). Consequently, political responsibility depends on 'everyone who is in a position to contribute to the results' (Young 2004: 379) doing just that. In this sense, political responsibility can be demanded from every actor playing a part in global value chains, even from an illegal immigrant worker without any formal rights or a guarantee that there will be food on the table in the evening. However, some have to take more responsibility than others (with power comes responsibility). As indicated earlier, this demand is based on an analysis that seeks out those actors that benefit more from global processes and have an empowered position in comparison to many of those affected by its actions. It therefore 'makes sense to expect major decision-makers ... to take responsibility' (Young 2004: 386).

Shintech and Shell certainly fall into this category. They 'benefit relatively' from organized global injustice, are also 'able to adapt to changed circumstances without suffering serious deprivation' and, consequently, 'have special moral responsibilities to contribute to organized efforts to correct them' (Young 2004: 387). There are, however, boundary conditions for this political responsibility approach as well. The minimum threshold level for responsibility is to 'acquire more specific knowledge' (Young 2004: 372) and to get involved in coordinated activities with others in order to achieve change (Young 2004: 387). Furthermore:

The power and influence parameter for reasoning suggests that where individuals and organizations do not have sufficient energy and resources to respond to all structural injustices to which they are connected, they should focus on those where they have more capacity to influence structural processes. (Young 2004: 386)

A stakeholder theory that is sensitive to globalization must thus acknowledge that when a corporation acts, its actions have far-reaching effects on what at first may appear to be out of reach. A political responsibility approach goes beyond economic (and legal) dimensions (as also argued by Wicks et al. 1994) and recognizes that corporations, and their leaders, have a global social position that makes it necessary to demand 'greater obligations' from them (Young 2004: 371).

Implications for Research and Practice

Berry's (2003) Shintech case and Wheeler et al.'s (2002) Shell case illustrate just how complex stakeholder management is and how globalization problematizes some of the underpinnings of

stakeholder theory and stakeholder management. In particular, globalization reveals the simplicity in the theory's boundary conditions and how these boundaries make it difficult for both mainstream and narrative alternatives to stakeholder theory to provide credible and useful answers to two central stakeholder questions: Who gets to define what a stake and a stakeholder are and where do the corporation's responsibilities begin and end?

Our effort to open up for a stakeholder theory that is more sensitive to globalization, detailed in new power relations and new dimensions of responsibility is an attempt to acknowledge and incorporate this global complexity, and especially to make researchers and managers more sensitive to this complexity. It does this in particular by criticizing the system of belief within stakeholder theory concerning traditional philosophical and scientific distinctions and dualisms, a criticism that we believe the narrative approach to stakeholder theory shares but has not taken full account of.

It is an effort that, to follow a pragmatist such as Rorty (1989), is permeated by a striving to re-position stakeholder theory in a different language game (in a Wittgensteinian sense of the word). Problems can be acted upon differently by developing 'new' language (Rorty 1989). Incorporating *sub-politics* (moving mountains), *re-bureaucratization*, *re-hierarchization* (mountains striking back) and a *political responsibility* into stakeholder theory should therefore be conceived as a beginning rather than as a closure, and as an attempt to support Freeman's (1999) call for 'divergent' and 'useful' narratives.

Instead of finding and mapping out distinct borders and boundary conditions, we propose a take on stakeholder theory that essentially strives towards pushing the existing boundaries of stakeholder theory and management. If there is an outer limit for a stakeholder theory then that limit has to be judged against the demands that the conditions of globalization require from stakeholder theory in order to be *useful* in a Rortian meaning of the word. That is, a theory that is sensitive to a multitude of ways in which value can be defined and created, and a theory that urges 'us to *create* a more expansive sense of solidarity than we presently have' (Rorty 1989: 196).

As we believe that globalization challenges stakeholder theory's ability to provide useful stories, part of the task for researchers is to provide critical accounts that re-position large, global corporations in a different language game that not only re-articulates their responsibilities in relation to globalization but also the possibilities for their continuing existence and role in creating value. There is, however, a lack of studies that in a more explorative fashion follow how stakes and stakeholders are constructed in practice. Stories from the field are crucial here. It is, as Gioia put it, time for the theory to '[g]et off the veranda!' (1999: 230).

Providing useful accounts to the field is also important given that the predominant part of organizational learning takes place through the circulation of stories (Czarniawska 1999; Gabriel 2000; Boje 2001; Flyvbjerg 2001). But, following Freeman's call, what is a useful story? A useful story opens up for rich conversations in which many voices are allowed to be heard, or as Czarniawska (2001: 17) writes: 'Although the author speaks but one voice, the text can encompass a variety of dialects in the field: different voices, different accents, different stances.' A useful story can be a story about corporations doing bad things, but also good things. Above all, it is a story that tries to generate puzzlement so as to trigger further conversation (Freeman 1994, 1999, 2005; Freeman and McVae 2001). That is, if we provide what we regard as useful stakeholder stories to practitioners, they might always think otherwise. Thus, intersubjectivity cannot be taken for granted.

Note

An early version of this paper was presented at the European Business Ethics Network research conference, Lille, France, 19–21 June 2008. We are grateful for the financial support from the Swedish Council for Working Life and Social Research.

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