



Book Reviews

Organization Studies
33(10) 1407–1413
© The Author(s) 2012
Reprints and permission:
sagepub.co.uk/journalsPermissions.nav
DOI: 10.1177/0170840612454490
www.egosnet.org/os


Phillips, R.A. (Ed).

Stakeholder Theory: Impact and Prospects

Cheltenham, UK: Edward Elgar, 2011. 247 pp. ISBN: 978-1-84844-533-8. \$99.95 (hbk); \$29.95 (pbk)

Reviewed by: Ronald K. Mitchell, *Texas Tech University, USA*

The stakeholder concept—a significant response to the seemingly impossible task of conciliating the distinctiveness-focused demands of wealth creation with the inclusiveness-focused requirements of wealth distribution—provides the subject matter for the book *Stakeholder Theory: Impact and Prospects*, edited by Robert A. Phillips. The book offers reflections by several colleagues of R. Edward Freeman on the 25th anniversary of the publication of his “*locus classicus*” (p. vii): *Strategic Management: A Stakeholder Approach*. This is timely, because stakeholder theory is at a crossroads. Will it remain—fueled in part by the *essential contestability* of the stakeholder concept (see Gallie, 1956)—the under-appreciated foil for its alter-ego: the *stock*-holder approach; or will it emerge from tacit dismissal to take on a more influential role in organization thought?

Essential Contestability and the Stakeholder Concept

Within the context of social and political philosophy, Gallie (1956, p. 169) suggests that there exists a class of concepts that “involve endless disputes about their proper uses on the part of their users.” Stakeholder theory has suffered—more or less—from each element of essential contestability. Stakeholder theory is: (1) *appraisive*: “who or what really counts” is open to interpretation, e.g., the stakeholder identification problem (see Agle et al., 1999; Freeman, 1994); (2) *internally complex*: stakeholder maps vary widely;¹ (3) *variously describable*: the importance of each stakeholder’s contribution to value creation, and hence to value distribution, is at issue—the stakeholder salience problem (see Mitchell et al., 1997); (4) *modifiable*: the stakeholder concept can morph depending upon circumstance because it is open in character, e.g., descriptive, instrumental, normative stakeholder types (Donaldson & Preston, 1995), or core v. peripheral stakeholders (Clarkson, 1995), etc.; and (5) *used competitively*: various users vie for the precedence of their interpretations of the meaning and purpose of the stakeholder concept (see Agle et al., 2008; Laplume et al., 2008). In short, stakeholder theory has had, and continues to have, essential contestability problems.

How do the papers in Phillips’ book fare in terms of essential contestability criteria? Helpfully, some papers seem to address difficulties posed by essential contestability—but in unlikely-to-be-anticipated ways; while others seem to illustrate various aspects of the problem.

Appraisive interpretation. Gallie (1956, p. 171) references some kind of achievement as the subject for appraisiveness; and this has been applied in the analysis of a wide variety of phenomena, such as art, conservatism, culture, and even Christianity. Concerning the stakeholder concept, appraisal has centered on “who or what really counts” (see Freeman, 1994; Mitchell et al., 1997). Two papers in Phillips’ book seem to speak to appraisiveness. In Chapter 7, Scherer and Patzer approach the appraisive task with a meta-analytic continuum (subjectivist to objectivist) (p. 147), and, using this framework, provide a clear explication of what might be viewed to be contestability based upon paradigmatic differences (pp. 152–153). In Chapter 10, Freeman himself proposes alternative metaphors: contrasting a stakeholder metaphor with the market metaphor. He argues for the stakeholder metaphor as the most useful way to think about (hence “appraise”) business (p. 214). Interestingly, both papers accept an “eye of the beholder” approach; and neither refutes the essential contestability of the stakeholder concept on appraisiveness grounds.

Complexity. Gallie (1956, pp. 171–172) asserts that internal complexity of the character of a phenomenon, which combines parts to constitute a whole (e.g., “all it’s worth”), effects essential contestability. Both Jones and Werhane (Chapters 2 and 5) speak to facets of the stakeholder concept that are internally complex. Jones (Chapter 2) explores the importance of fine-grained attention to multiple relationships with respect to the “being good → doing well” question of linkage (p. 54). Werhane (Chapter 5) argues that reframing mental model graphics enables us to think more globally and systemically about corporate responsibility and corporate governance; and suggests ten example stakeholder maps that vary from centric (pp. 114–117) to non-centric (pp. 117–126). Neither author refutes the essential contestability of the stakeholder concept on complexity grounds—although both do a creditable job of describing how this complexity can be better embraced.

Variably describable contribution. Gallie (1956, p. 172) reasons, flowing from the preceding complexity argument, that explanations of the worth of some concept must necessarily “include reference to the respective contributions of its various parts or features. In fine, [it is] *initially* variously describable” (emphasis in original).

One omnibus construct that has come to incorporate variously describable stakeholder contributions was agreed upon in 1994 by the (Second) Toronto Conference on Stakeholder Theory. It is the idea of stakeholder salience (see Mitchell et al., 1997). In Phillips’ book this idea is expanded. For example, Hartman (Chapter 3), in asserting a major contribution of the stakeholder concept, contemplates the Aristotelian idea of stakeholders as “citizens” coming to agreement about values (p. 86). Harrison (Chapter 4) suggests that the competitive-performance aspects of the stakeholder concept address key problems in the strategy field (pp. 99, 101), especially concerning resource allocation to important stakeholders (p. 105). Phillips et al. (Chapter 8) offer a model which proposes that “aggregate stakeholder performance” and “future managerial discretion” depend upon “present managerial discretion” and “stakeholder orientation” (p. 178). Together these three papers seem to confirm the notion that the contributions of different parts of the stakeholder concept are variously describable; and thereby they also lend further credibility to the assertion that the stakeholder concept is essentially contestable.

Modifiability—open in character. Essential contestability also arises because a concept is susceptible to modification in light of changing circumstances (Gallie, 1956, p. 172). In contrast to the other papers in this book, however, both Donaldson (Chapter 6) and Bosse and Harrison (Chapter 9) argue for bounding the “open character” of the stakeholder concept. Donaldson argues (in essence)

that “open in character” is inconsistent and damaging to the stakeholder concept (p. 130): that normative stakeholder theory is inescapable as it pertains to the range of obligations of the corporation and its agents (p. 137). Bosse and Harrison assert that bounding one element of concept character – self interest – can depict human behavior more accurately, and also can create more entrepreneurial rent (pp. 201–205). Thus, both authors—on modifiability grounds—offer arguments that tend to address difficulties for stakeholder theory posed by essential contestability.

Competing interpretations. Additionally, for a concept to be essentially contestable, “each party [must recognize] that its ... use [as a concept] ... is contested by ... other parties; [and that using] an essentially contested concept means to use it both aggressively and defensively” Gallie (1956, p. 172). The authors of Chapters 1, 3, 4 and 7 each address competition among interpretations of the stakeholder concept. In Chapter 1, Elms et al. distinguish the stakeholder concept from corporate social responsibility (CSR) by acknowledging three mischaracterizations of the concept (pp. 10–17), and by suggesting boundaries (pp. 18–27) that chart relationships between CSR and the stakeholder concept (pp. 27–30). In Chapters 3 and 4, the stakeholder concept for the common good (Hartman, Chapter 3, p. 86) may be seen to compete with the stakeholder concept for the good of important stakeholders (Harrison, Chapter 4, p. 105). And in Chapter 7, Sharer and Patzer portray the stakeholder concept as intertwined discourses constrained by methodological bracketing (p. 157). Here again, each of these papers seem to confirm—on competing interpretations grounds—the essential contestability of the stakeholder concept.

What, therefore, does it mean for the stakeholder-theory field when most adherents of the stakeholder concept continue to confirm in their thinking and writing that their concept of interest remains essentially contestable?

Some Possible Consequences

Notwithstanding the progress made possible by this book in articulating the *impact* of the stakeholder concept, major questions about the relevance of stakeholder theory to the social and philosophical conversation surrounding *prospects* for organizing for the future remain. One cannot help but wonder about the extent to which stakeholder scholars might have inadvertently argued themselves into the corner that bedevils all who are charged with the responsibility for planning for and theorizing about the future: Each proposed improvement introduces a corresponding weakness according to the vital balance inherent to each phenomenon or system in question—and when this balance is altered, the consequences cannot always be foreseen (cf. Michener, 1978, p. 420). So let us suppose that a stakeholder model of organization emerges from the shadows of essential contestability—with the help of this book and the past and future work of its contributors (and others who may also qualify for recognition as the “best stakeholder scholars in the world” (p. vii)). What might be the consequences?

One consequence is that the stage is set for new discovery. Kuhn (1970, p. 97) argues that by “... their stubborn refusal to be assimilated to existing paradigms” a certain set of anomalies (some conceivably exposed by analyzing essential contestability) pinpoint phenomena about which new theory might be developed. What might be an example of stakeholder-concept phenomena that requires new theory? Recent dialogue among stakeholder scholars (see Agle et al., 2008) suggests that theory is needed to guide the recording, summarizing, and utilizing of variations in the relative stakeholder importance in wealth creation, while nevertheless capturing fairness in wealth distribution a more appropriate measure of stakeholder contribution (Agle et al., 2008, pp. 170, 178–181). New theory for accounting for stakeholders is a foreseeable prospect.

Also, because there will always be competing interests, the articulation of the “impact and prospects” of stakeholder theory offered in this book might suggest that the contest will intensify. Another consequence of systematically working to transform essential contestability obstacles into a new paradigm that incorporates stakeholder theory’s relevance, then, might be that the debates will swell before they subside.

Conclusion

In living up to its intention to honor Ed Freeman for his contributions to stakeholder theory, Phillips’ book succeeds. In meeting the standards implied by the subtitle “Impact and Prospects,” however, the book meets with only partial success. Impact? Yes. Prospects? Not so much. Why might this be so?

From a critical thinking perspective (e.g., Bloom’s taxonomy, see Bloom et al., 1956), this book—assuming the foundational knowledge and comprehension of the scholarly reader—achieves application and analysis objectives with ease. Hence, its presentation of the impact of stakeholder theory, and of the contributions of Ed Freeman, is credible and helpful. However, as the kind of synthesis that can effectively foresee prospects and foster evaluation, this book is missing a structure, possibly the articulation of an analytical motivation that might link these papers to a future. With an imposed theoretical thesis, such as the use of essential contestability as a springboard toward paradigm development (as demonstrated herein), this book could better be seen to be the high-order intellectual accomplishment that it is.

So, in conclusion, we ought to return to the questions that people are asking—those who are concerned with big questions (such as the role of stakeholder theory in shaping the future of the market system): How can the distinctiveness-focused demands of wealth creation and the inclusiveness-focused requirements of wealth distribution be conciliated? Will the stakeholder approach as a possible theoretical pathway remain in the organizational shadows; or will it emerge from essential-contestability-fueled tacit dismissal, to take on a more influential and possibly imaginative role in organization thought? Phillips’ book is an invitation to read the papers therein, and to further engage in the conversation surrounding these questions.

Note

A search on Google.com using the search term “complex stakeholder map” produced 47 pages of Internet web content, each containing from 5 to 22 unique images of complex stakeholder maps.

References

- Agle, B. R., Donaldson, T., Freeman, E., Jensen M., Mitchell, R. K., & Wood, D. J. (2008). Dialogue: Toward superior stakeholder theory. *Business Ethics Quarterly*, 18, 153–190.
- Agle, B. R., Mitchell, R. K. & Sonnenfeld, J.A. (1999). Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values. *Academy of Management Journal*, 42, 507–525.
- Bloom, B. S., Engelhart, M. D., Furst, E. J., Hill, W. H., & Krathwohl, D. R. (1956). Taxonomy of educational objectives: The classification of educational goals. *Handbook I: Cognitive domain*. New York: Longmans, Green.
- Clarkson, M. B. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review* 20, 92–117.
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: concepts, evidence and implications. *Academy of Management Review*, 20, 65–91.
- Freeman, R. E. (1994). The politics of stakeholder theory: Some future directions. *Business Ethics Quarterly*, 4, 409–421.

- Gallie, W. B. (1956). Essentially contested concepts. *Meeting of the Aristotelian Society at 21, Bedford Square, London, W.C.1*, on March 12, 1956 at 7:30 p.m.
- Kuhn, T. S. (1970). *The structure of scientific revolutions*. Chicago: University of Chicago Press.
- Laplume, A. O., Sonpar, K., & Litz, R. A. (2008). Stakeholder theory: Reviewing a theory that moves us. *Journal of Management*, 34, 1152–1189.
- Michener, J. A. (1978). *Chesapeake*. New York: Random House.
- Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Towards a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22, 853–886.

Sierk Ybema, Dvora Yanow, Harry Wels & Frans Kamsteeg (editors)
Organizational Ethnography: Studying the Complexities of Everyday Life
 London: Sage, 2009, 288pp, \$39.95, ISBN 9781847870469.

Reviewed by: John Van Maanen, *Massachusetts Institute of Technology, USA*

We live, it seems, in what might be called a Cambrian period for ethnographic studies. A growing stream of lively (and dull) research monographs appear each year, a wave of old and new journals carry an increasing number of ethnographically informed papers and commentary, methods primers are cranked out with regularity full of help-and-advice for wannabe fieldworkers, door-stopping theory and practice handbooks appear frequently – years in the making – to convey the rough and ready state of the ethnographic arts, and the blogosphere has its share of ethnographic voices, critical and otherwise, putting forth their peculiar pros and cons of doing things this way or that and what it all might mean. Ethnography is now spectacularly splintered and diverse. It is commonly talked of in an adjectival fashion – educational, medical, legal, market, science, occupational, virtual, urban – and originates in (and is filtered by) virtually all social science disciplines as well as an increasing number of programs in the humanities, notably cultural studies. As a form of creative non-fiction, ethnography has certainly carved out a recognizable if diffuse and contested space for itself.

Of course, how one keeps up with it all is another matter. A sort of tunnel vision is required since even with the cloud we can't keep up with it all. What captures our attention and attains a degree of common readership across or even within scholarly fields remains something of a mystery despite the efforts of many – myself included – to put forth a plausible theory of what constitutes the informative, persuasive and indeed admirable ethnography. Surely some of it is in the writing, some in the reader response, some in the topical and theoretical choices made by an author, some in field tactics employed, some in the particulars of the time, place and context in which a work appears, and on and on. None of this is reducible to formula.

That said, however, it is worthwhile still to try to provide some guidance to the neophyte ethnographer as well as (and perhaps more importantly) to publicly reflect on what seemingly works for us in the field and at the writing desk and what does not. These may not be general lessons to be taken to heart by all, but the stories told by those more or less seasoned veterans who have been in the field, managed to craft an ethnographic account based presumably on such experience, and are able to go meta with what is an account of an account represent in my view a modestly useful way to guide the practice of ethnography, organizational or otherwise.

And this is precisely what the four editors of the volume under review here have done. *Organizational Ethnography* is a collection of original essays all marked by personalized, first-hand accounts of doing and conceptualizing field research from the first days in the field to the last and beyond. There are 14 tidy chapters, each about 15 to 20 pages long. Points are brought home in a reader-friendly way by condensed anecdote rather than point-counterpoint analysis and the