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Normative Stakeholder Capitalism: Getting from Here to There[1]

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> The capability of normative declarations to alter outcomes is well accepted. 'We hold these truths to be self-evident . . . ,' 'inalienable rights, . . . life, liberty, . . . pursuit of happiness, . . .' and similar statements contain within them social energy that inspires the mind, justifies new modes of thought, and enables change. . . . Normative discourse, we therefore believe, must continue to be endemic to stakeholder theory and research if scholars want this theory to flourish and fulfill its aims as a theory of the firm—not the least of which is attending to the long-run interests of both the business corporation and the society that gives it life. (Agle, Mitchell, & Sonnenfeld, 1999: 522)

Within the realm of business there has long been a struggle to decide which system of economics is best for society (Carroll, 1991; Lippmann & Best, 2005). For many years, arguments surrounding vastly different types of economic systems were prevalent (see, e.g., Friedman, 2007, 2002, 1957; Hayek, 1945). However, with the end of the cold war, capitalism was declared the clear winner (Harper, 2011; Schumpeter, 2012; Schumpeter & Backhaus, 2003). Nevertheless, for

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those who espouse capitalism, there is not just the external struggle with other kinds of economic systems, but there is also an internal struggle to decide which form of capitalism is best (Donaldson & Preston, 1995; Freeman, 2010; Mitchell, Agle, & Wood, 1997).

Therefore, in the late summer of 2013 (at the annual meeting for the Society for Business Ethics), a panel was convened to discuss how we get from “here” to “there” in relation to an effective capitalist system. This panel sought to: 1. define what those terms mean, 2. discuss the assumptions of their respective theoretical models, and 3. examine the historical record of these types of capitalism. For those who weren’t present on that hot summer day in a small conference room at the Disney World resort, a little background on stakeholder theory might be helpful.

Shareholder capitalism is the theoretical idea that financial capital (or money) makes contracts with all other resources (e.g., natural resources) in such a way as to minimize the costs of those other resources with a view to maximizing the return to financial capital. If shareholder capitalism is the theoretical perspective that a manager takes up, then it is that manager’s job to maximize the amount of money that goes back to the initial financial capital investment or investor(s). Another way of saying this is, within shareholder capitalism, a manager’s main duty is to maximize profits for his (or her) shareholders (Friedman, 2002; Jensen & Meckling, 1976; Jensen, 2002).

On the other hand, if stakeholder capitalism is the theoretical perspective that a manager takes up, then it is that manager’s job to bring together all the resources necessary to create greater value from (and for) those same resources. In other words, the manager’s job, within stakeholder capitalism, is to go and identify all relevant resources, bring those resources together, and then come up with an executable strategy to create more value from those resources than that manager started with (Griffith, 2009;). This can be thought of as maximizing the well-being of all stakeholders by creating and redistributing value at the greatest possible value point. These are two very different ways of thinking about what makes a good economy. Furthermore, these are not only two different ways to think about what makes a good economy, but there are two different assumptive frameworks in play here, i.e., sole self-interest (or psychological egoism) and combined self- and other-interest (or pro-social motivation).

With this background in hand, the panel on that day sought to present arguments, from various practical and theoretical perspectives, that stakeholder capitalism is superior to shareholder capitalism when it comes to making a good economy and making a good society.

Whether the panel was able to articulate a set of normative arguments that succeed in supporting the idea that stakeholder capitalism is superior and that there are practical approaches and effective, sustainable implementations beginning to show up in business and society today is left for the reader to decide. Having said that, we can attest that for those present, both on the panel and in the audience, there seemed to be a great deal of positive energy once the proceedings concluded. As such, we felt that those interested in stakeholder theory (and its limitations and possibilities) but who were unable to attend might like to read what was said and discussed.

In the hope of sharing this worthwhile experience with any who are interested below is a transcript of the panel followed by a chart showing how each panelist voted on eighteen important questions relating to stakeholder theory prior to the discussion:

Brad Agle: Now we are going to open the discussion up. We are not going to have each of the panelists jump in on each of these questions, but feel free. Our title is concerned about "getting from here to there." Where is here? Where is there? Where are we today in terms of normative stakeholder theory? In terms of this question, this was one where there was not all that much variance. Where is here? So where are we Paul?

Paul Godfrey: When we are talking about normative stakeholder theory—theory grounded in principles of human dignity, principles of autonomy, principles of rights, not just in simply utilitarian grounding—, then I think we are on the road. I think utilitarianism as opposed to rights views have been debated for centuries; and we are not at a resolution there. But I think there is more appreciation as we move forward in the century, that dignity matters, that humanity matters, that autonomy and rights matter, but it is not just about utility. Now, I can't remember how I voted on this.

Brad: Sounds pretty good. Jeff, where is there? Are we on a journey? Where are we trying to get with normative stakeholder theory?

Jeff Harrison: For me it has been the same answer for a long time. I just think the "there" is when we are able to talk about stakeholder theory and people genuinely know what it is, and understand it, even if they don't embrace it. I think one of the biggest problems we have, and I am getting ahead here, is ignorance. "Stakeholder" is kind of a buzz word now. People use it, but most people are clueless about it or its foundation. So "there" for me would just simply be an enlightenment of the world. And we are far away from getting there.

In my own discipline of Strategic Management, there has been a thirty-year battle, or at least twenty-five, because only in the last five years the theory is starting to be embraced in its true form. In the first twenty-five years of my career, I couldn't get anything published to save my life in one of my strategy journals because people were so ignorant. They thought stakeholder theory was this old-fashioned CSR, and it had no viable place in Strategic Management Society or in its literature. They told me to go talk to the SBE people; we do NOT want it. So, for me, it has been an uphill battle. People can choose their own behavior. If they just understand what they're accepting or rejecting, I would be extraordinarily happy. But it won't happen in my lifetime.

Jared Harris: Are we sure about that? One of the things that fascinates me in terms of "where are we" is the question of who understands what this is all about and who doesn't. For instance, with the questions as to 'are we there in practice' and 'are we there in theory,' Tom Donaldson and I were kind of at opposite ends. And so I was curious about that, and I wanted to better understand what Tom thought. My experience has been that it is in the classroom of students that the so-called debate between shareholder and stakeholder capitalism has the most currency. In contrast, I work with a lot of executives who tend to all understand that in practice stakeholder value creation is what business is all about, but it is the students in the classroom that often have this more stylized view. So, that is why I answered that it is the theory that is not settled, but when you turn to actual business practitioners it is. And these executives realize that it is not just about some stylized concept, but about increasing value to their shareholders along with all their other stakeholders. So, I was curious; Tom, what your view is on that?

Tom Donaldson: Well, some of it may have to do with the fact that I teach at Wharton where we have more ethical students. [Laughter.] I'm not going to get away with that? [Smile.] But part of my impression comes from repeatedly taking anonymous surveys and posing the Friedman question against the stakeholder one; and they actually map more in favor of stakeholder theory, given that raw choice, whether it is average executives in the US or elsewhere around the world. And in no place in the world, including the United States, will managers, if given the choice, pick the Friedman view. At Wharton my experience with informal surveys of MBA students is that 25 percent would opt for Friedman and 75 percent for the stakeholder view.

Jared: But when you pose that question to executives do you get the same response?

Tom: Well, I think you're right; as people get experience, they "get it" even more. But they don't know how to reconcile these two views. In other words, what they want to believe is "I can learn all this stuff in finance or whatever because in the end all of it is going to converge." That's what they *want* to believe. But if they're forced to hold their paddle up, then they'll go for stakeholder theory.

Brad: So, Jeff is . . . never mind, go ahead Rob.

Rob Phillips: Well, I would like to talk about the metaphor "from here to there" as a geographic metaphor. It seems to me that sometime in the 70s we were making our way down the road and there was a dragon in our way. And it seems to me that we had to wind our way around theoretically and practically and try to get around this dragon until we realized that dragons are mythical creatures, that don't actually exist, and we were already there. And so it seems that the whole thing, agency theory and Friedman's article and all this stuff, is just false. We were there all along, Wizard of Oz style, to mix metaphors.

Brad: And Jeff your perspective is, maybe coming back to Rob, we were sort of there, we lost our way, we're fighting our way back, and even the strategy folks are saying yeah . . .

Jared: Rob and I wrote a paper a few years ago, with Steve Brammer and Heather Elms, that lays out this very argument: that the 'roots' of strategic management as a field were established in a way entirely consistent with stakeholder theory—this emerges when you go back and re-read Barnard, Ansoff, Andrews, and even Porter to an extent—but then we got away from those ideas in strategy. Now, we seem to be returning [see Elms, Brammer, Harris, & Phillips, 2010].

Jeff: It's unbelievable, I can hardly believe it. . . . I have to pinch myself all the time. I kind of sort of believe in dragons. I was in a different field than you. I don't think that the business emphasis has ever had to face a dragon. You get rejection after rejection after rejection in a field that you have embraced, that is strategy, you feel like there is a dragon anyways, or you feel like all the reviewers and editors are dragons. [Laughter.]

Jared: So this was my point earlier: what are we talking about? Are we talking about being able to publish theoretical papers in academic journals or are we talking about what is going on out there in the world? And again, that is sort of why I answered the way I did, going back to the original questions I brought up. I agree completely that I think that it is not all worked out in academic circles. There are little battles that persist; whether they are needless or whether they are real is up for debate. But out there in the world it seems to me that no one is running a successful business by ignoring all of their stakeholders except their investors. That's just an error and I'm with Rob that it's just kind of a stupid idea. Executives know that. It's only in the somewhat artificially sealed world of academic arguments and battles that this conflict seems fierce and real. Maybe that's kind of what you were talking about, Rob.

Rob: I want to also layer something on top of what Tom said. I do think that the other thing they say is that every general fights the last battle. They're still trying to use the tactics they learned from the last battle and the new battlefield is changed. And I think what Tom said is something that I agree with; but, I'm going to readjust it. It used to be that we had to go into the classroom and beat down this dragon. But these days I find that they already believe the stakeholder side, they already believe the CSR side, they already believe the ethics side by and large to a greater degree, more than they did a decade ago. So, the new challenge for me is to get past that a lot quicker and dispatch with it in half a class and then figure out how to implement stakeholder theory, how to get it to practically work, instead of us fighting the last battle.

Jeff: Alright. So there are three stakeholder groups here and I think part of the problem is we are trying to mix them and say they're the same thing. We have us, the academics, and then we've got the students, and I've heard a lot about the students, and then we've got the practitioners. I think that there is a different level of acceptance of normative stakeholder theory, and most of them won't call it that but they all know what we're talking about in those three groups. And I've got to tell you that I had lunch, and I will not mention the name of the company, but everyone in this room will recognize this Fortune 100 company. And I had lunch with the chairman of the board and the chief financial officer, not too long ago. And all they wanted to talk about was the share price. Now, they were older, they were part of the older generation, but here is the chairman of the board of directors of a major company and the CFO from the same company and that's what they talk about over lunch. And it was actually a little bit difficult to get them to talk about anything else. They were worried about the share price and how it was turning that week. And so I do think that there still exists a generation of people who still really buy into this and some of them are leaders of corporate industry. And that really bothers me.

Rob: According to Max Planck, science proceeds one funeral at a time. [Laughter.]

Jeff: I also believe that there are an awful lot of people who got it long before they heard the word stakeholder. Which is why I personally don't find it difficult to talk about stakeholder-oriented companies in the classroom or in my papers that I write with colleagues, because there are so many of them and they're so successful. And many of them, if you go up and you say "Hey, tell me about normative stakeholder theory," they'd give you a blank look. And yet they're doing it, they're actually doing it. And it's wonderful to see. But I do know from personal experience that from consulting and lunches and meetings with leaders of corporate industry, that there is still a group out there that is literally all about maximizing shareholder returns. They still exist and that's been my experience.

Paul: You know I think, as I'm listening to these comments, we're talking on parallel lines because how important is it that this session is about normative stakeholder theory here? Because I think Tom all of your folks at Wharton would agree that if I don't pay attention to my stakeholders my life is going to be miserable and my corporation is going to perform more poorly than it would otherwise. I don't think there is much disagreement even among the chairman of the board of that company, but that to me smacks of instrumental stakeholder theory. And if we are talking about normative stakeholder theory, for me that is sort of a different animal. It isn't just that my corporation will be better if I pay attention to my customers and my suppliers and my communities; it's that these folks that I'm in a relationship with where I actually have to at some level acknowledge them, "It's oughts all the way down," as Rob would say. To me that's normative stakeholder theory and that's sort of a bit of different beast than just stakeholder theory without that.

Brad: So, Paul, what is normative stakeholder theory to you? If you had to define it, what is the core of normative and how does it differ from instrumental? What would that be for you?

Paul: Can you get to a vision of the good that doesn't involve some sort of utilitarian basis? I think the answer to that in instrumental terms is no. So, for me, normative stakeholder theory is a theory based more on my relationship with Rob Phillips; and that relationship is less based on whether Rob can help me get published or can help me get tenure or can help me advance my own interest, but based rather on the fact that Rob is actually a real person. And that Rob has in and of himself needs, wants, rights, things that I ought to—have to—pay attention to in my relationship with him. And if you sort of write that insight large, that, to me, is the difference between those two stakeholder theories.

Brad: So, essentially the idea is that you have to treat all your stakeholders as ends unto themselves as well as means to your ends. It sounds like that is, for you, the core of normative stakeholder theory.

Paul: If I put on my Immanuel Kant wig, then yes, you've said it very well.

Brad: Is that right? Is that everyone else's understanding?

Jeff: I want to hear what Ron has to say.

Ron Mitchell: Thanks. [Laughter.] The conversation has proceeded from frame to frame of normative stakeholder theory. And when people say normative, well I think 'shoulds,' I really 'should.' And it's 'shoulds' relative to what, as Paul rightly is saying, that we should look at. And one of the 'shoulds' that I've been paying attention to for quite a while, because I see a convergence in stakeholder theory with all of the value creation stuff, so Ed Freeman and I are looking at value creation stakeholder theory. [Pause.]

And, if you could imagine, that in reality out there in the world there are value creation stakeholder partnerships among stakeholders. We have entities, which are most commonly corporations. But imagine that among stakeholders [including corporations] there are these partnerships that are more inclusive than are entities alone. These partnerships don't have physical partnership agreements, but there are all kinds of agreements among stakeholders that you could write down to demonstrate that a partnership exists. So, we have an upcoming special issue of JMS where we look at stakeholder accounting that transcends entity accounting. Well, why would that be important? Because there is another, older, convention of accounting—the proprietary convention. The proprietary convention of accounting is partnership accounting. And so there are actually means whereby we can track who is engaged in the development of the value within a stakeholder partnership so the distribution of value can be more tightly linked to its creation. Well why, in turn, is that important? Because right now we're facing, I was talking with Rob right before we started, we're facing the limits of self-interest. [Pause.]

For example, former Federal Reserve Chairman Alan Greenspan said before Congress [in explanation for why the Fed missed the 2008 financial difficulties], "You know I relied on the self-interest of the investment community." So, what we have are two limits. One part where self-interest actually doesn't regulate. Right? And then we have the other part where self-interest is unrealized. Where if you actually could more directly reward those who helped create the value with the distribution of that value in the partnership mode, then you sort of have the opportunity to create all kinds of value creating relationships. Obviously, this assertion refers to the instrumental world. But when we then look at normative stakeholder theory and say what's normative? The framing that Paul has I'll fully accept; and on the one frame the 'shoulds' that are part of our system have now to be carefully examined. The limits on the one hand and the underealized value creation on the other. And that is a big job, and it hasn't even been started. And everyone in this room is ready to do part of it, but certainly those of us who are looking at stakeholder accounting on one hand and the limits of self-interest on the other have that as part of their research agenda.

Brad: So, you're one of the people who said that accounting conventions are going to need to change.

Ron: Absolutely—not the conventions themselves, but their use [putting the proprietary in place of the entity convention of accounting]. I have taken my time today but there is another issue that has to do with that. Do you want me to pursue that now?

Brad: Go ahead.

Ron: I was rifling through my library looking for something. And I find this little book, which is a transcript of James Coleman's Fels Lecture on public policy analysis at Wharton in 1974. In it, Coleman basically separates natural persons from juristic persons. Juristic persons are entities created by law but are not natural persons; and they developed over time out of the organizational forms of churches, towns, and kings. Churches said that the property on which they were built was now not the proprietor's [e.g., the Baron's upon whose land the church now sat]. But the property wasn't the priest's either. It was owned by an entity called "the church." Then in another instance, when towns sought to establish a relationship, two entities that weren't natural persons began to set precedents whereby they could interact with each other—neither of them being a natural person. And kingship—as an office—was now another separation of an entity from a natural person: the separation of the monarchy from the monarch. On that basis then, arose this idea of a corporate entity as a "juristic" person. While I won't go into the finer details of how corporations are controlled [as has Coleman]; the essential idea is that the juristic person is a minor under the law. The juristic person does not have the full rights that a natural person has, because it's a corporation—a non-natural person. Actually, then, there is an appointed guardian, which is the board of directors of the corporation, which then appoints officers, to manage it. With the creation of this non-natural-person entity, it became possible for chunks of juristic persons to be bought and sold to accumulate capital for projects that were much too large or risky to be undertaken by most natural persons. This form continued unregulated until in the 1920s when major difficulties arose with respect to the investment of capital into juristic persons; and the SEC was created to regulate the exchanging of the shares of corporations as juristic persons. However, in a rather large oversight by society, not much has been done to regulate the abuse of the corporate form of the juristic person by the guardian—that is, to protect the corporation from misuse. What would be needed to achieve such protection? Well, one idea would be to see what rights natural persons have; and to suggest that it may now be time to have the corporation [as a minor] be able to progress toward its majority. Thus, if the corporation were to achieve its majority it would have, for example, the right to an adversarial proceeding [to be able to go to court for relief from injustice], in the same sense that shareholders have that right with the SEC, or in state or federal court. In the case of natural persons, child protective services exist under governments to act in cases of child abuse; and in a similar vein, corporate protective services—as a new form of corporate supervision—could be legislated to act in cases of corporate abuse. This example illustrates why abuses of the corporate form are important things to talk about. If we really intend to have the corporation fulfill its possibilities and to respond to, say, normative stakeholder theory, we're going to need to look at the limits of self-interest of corporate guardians [i.e., officers and directors]; so that we are enabled to do the things that are necessary to protect the corporation from abuse by its guardians. And that is another set of laws. We might term this legislation a corporate bill of rights.

Brad: So for you getting "to there" is going to involve some heavy lifting in terms of accounting conventions, governance, and laws.

Ron: Yes.

M-C Ingerson: May I piggyback on Ron's comment?

Brad: Please, go ahead.

M-C: Ron you made an earlier comment, and I'm just a pollywog on this panel, but from a junior perspective what attracted me to stakeholder theory is what you talked about, i.e., the limits of self-interest. I think this allows for a different and very encouraging and very exciting narrative. It creates a space for this new and different narrative to come out of the ontology of business. And I think that is the biggest current strength of stakeholder theory is instead of looking at every relationship as being this ruthlessly instrumental relationship, there is a possibility, first of all, that we acknowledge that the Other exists. And at a philosophical level, when we start with the assumption that relationships matter and are fundamental, as opposed to us being these Cartesian silos that are just running around claiming value, then it creates a very different way that we can go about viewing and creating business. So, even though this is never spoken, and even though it has never fully been articulated, I think the greatest strength of stakeholder theory comes out of this idea that there are limits to self-interest. Now, of course self-interest is there, that is, we have dopamine reward circuitry in our brains; but still, the Other exists and is just as real as you or me. And it is possible, in spite of—and possibly even in the face of—that self-interest to still do something on behalf of the Other. And that Other is able to do something on behalf of me; without it just being, "Okay, let's just transact." That is what I love about stakeholder theory and Freeman's definition of business, i.e., we are about creating value and engaging in trade. Now one of the next steps "to there" is examining the why?

Brad: Adrian we haven't heard from you. What are your thoughts on all of this?

Adrian Keevil: I've just been trying to be quiet. [Laughter.] I think that one of the things I get tripped up with is the difference, the distinction, between the theory of the firm—so what is the purpose of a corporation and all the questions that go along with that—and then the question of how business should be practiced. And, to me, I think there is still unresolved debate amongst stakeholder theorists as to where energy should be expended—clearly. And Ed [Freeman] and some of his colleagues have come out more around how business should be practiced. And I think if it is about how business should be practiced, then a question that arises for me is "Is there a normative form of stakeholder theory or should that be adjusted as we learn more about how people actually interact with each other in business and reflect the observations of how things are actually going on around the world—for example, in changing business practices, etc., etc.

Brad: Yes, Tom.

Tom: I find myself trying to find a metaphor to express this seeming impasse between the more traditional, classical Friedmanite model and stakeholder theory. There are historically, in the evolution of ideas, at least a couple of instances where we see people at odds over two visions that clash, with strong intuitions about the new vision being right, but all of the existing theory defending the older one. The two instances that came to my mind are the transition from Ptolemaic to Copernican views of the solar system—the earth going around the sun or the sun going around the earth and that the earth is round and that sort of thing—and the other is the transition from monarchy to democracy. And if you think of the Ptolemaic issue, if you look out and see on a clear day, you can see things kind of curve and our intuitions can take over. But you still have to take the watch apart because the Ptolemaic system was really well designed. There were models that were well set up. So, we had to get down to the planets and how they moved and look at the explanations for those planets and how they fit in with the explanations. With monarchy it was pretty much the same thing. The intuition was very strong that the monarchical government was bad; but, at the time, it's hard to realize now how that view, with the authority of the monarch and its relation to God, was all integrated with the theology and theory of the day. I think we have the same thing with stakeholder theory and the classical view. And I am afraid we can talk until infinity about these two views. "I like this picture, you like that picture," but happily I think we're at that cusp, which history reaches sometimes, where we're about to make a breakthrough; but, we have to take the watch apart.

[All the panelists agree in the background.]

Tom: I think taking the watch apart here actually means going into the normative assumptions of agency theory, transaction cost economics, etc., and pulling out those values and paying attention to them as normative concepts—which the framers don't like to do. We have property, we have contracts, and all this other stuff and are now offering a different surrounding model of business. Value creation. The one that I happen to like is business is a cooperative activity for mutual benefit centered around distribution, production, and exchange. As we do that we can get new equilibrium models. We expand the frictionless plane of the old free market and we start bringing some of these values like mutual benefit in. There are equations that can be generated for figuring out how you take Ron's notion that, all things being equal, people contributing the most to the company, the stakeholder who did that should get some kind of reward. You can have optimizing functions around those kinds of things. In some ways I think this picks up on Ron's idea, not so much from the legal point of view, but from the theoretical point of view. We eventually have got to get there because we have got to bring everybody on board.

Ron: Jensen's point [see Jensen, 2002] was that you can't account for a multi-stakeholder entity; and therefore the distribution of value created was impractical. So, a bunch of us went "Oh! If that's the issue, then let's go figure out how the stakeholder books would look—how about partnership accounting?" So, that is what that stakeholder accounting is about, to do the very job that Tom's talking about.

Brad: So, Tom, you're the one who sort of suggested with your vote that we aren't as far along theoretically as the rest of the panel. So, we have got a lot of that work to do?

Tom: We've got a lot of it to do, but the intuitions are now in place. I mean you have Porter writing [e.g., see Porter & Kramer, 2011], along with other poorer recycled versions of Freeman.

Brad: Okay, Paul you have something to add?

Paul: Yeah, to play off of Tom's analogy about the Ptolemaic system, I once read a book—believe it or not—about Johannes Kepler. He was a key figure in the transition. And interestingly, the biographer made the point, and

I think it is relevant to what we are talking about, that Kepler lived with a foot in both systems. Kepler saw the sort of truth, the inherent, intuitive truth of the Copernican system and its simplicity and sort of came up with his laws that were foundational for his system. But Kepler made his money making star charts, doing astrology, doing all of the things to live in a society that was still grounded navigationally, economically, on this Ptolemaic system. The point that the author makes is that Kepler's brilliance was his ability to play in both worlds. Because he would have been a man too far ahead of his time to have both of feet simply in the new Copernican world. And so as we talk about unpacking things, what this means is for people to understand international accounting probes in-depth within the Ptolemaic world—the shareholder world in which we live—but yet can have a foot in that other world as well. Many of us are probably transitional figures in some broad, historical movement towards a different view of business than we know today.

Jared: I never would have believed that we were going to spend time today talking about the Ptolemaic versus Copernican visions of how the heavens work, but it is a profoundly applicable analogy to what we are discussing today. As an aside, if you're interested in diving into this analogy further, it just so happens that there is a scintillating new article in the current issue of the *Academy of Management Review* that makes this very argument. It talks about agency theory and how knowledge accumulates to our understanding of theories in management scholarship, and it heavily employs the Ptolemaic versus Copernican analogy. So, for more discussion of Renaissance astronomy and its application to our understanding of contemporary management theory, check out the current issue of *AMR* for this article by some author with the last name Harris and his co-authors David Souder and Scott Johnson [Harris, Johnson, & Souder, 2013]. Okay, in all seriousness, I think these are really good points. I asked the question twenty minutes ago because I thought Tom and I had different views about how far along we are in theory, but I think I had that wrong because I now realize we're saying the very same thing. And I think what the last several comments have illustrated is that there are many different understandings of what normative stakeholder theory is. I liked your question, Brad, earlier. You were asking the question "What is normative stakeholder theory?" And I think if you were actually to play that out, we would explicitly see eight different answers to that question from the eight panelists. Is it a theory of the firm? Is it a theory of compassion towards constituents who we interact with? Is it about how business *should* be conducted in order to create value? Maybe all of those answers are correct; but, if that's true, then we are like the blind men feeling the different parts of the elephant. I think that what we're talking about when we talk about normative stakeholder theory is theoretically quite diverse. Adrian made the point earlier that I liked: what is an effective way to manage a business seems to be more settled. What managers seem to have figured out, that you can't ignore, is your stakeholders. Don't get me wrong here, I don't think all managers always get it right. As Jeff pointed out, we can sit in a meeting with the executives of the companies who seem to still not fully understand some of this stuff. But nevertheless it seems like the theory, the theoretical discussion—*this* is where all the heterogeneity is, I think. What do we mean by normative stakeholder theory when we're all sitting in the room at SBE talking about it?

Brad: And I do want to play that out, what is normative stakeholder theory for Jared Harris?

Jared: That's it. I have some confusion about that.

Jeff: Oh man, I so disagree with you. [Laughter.] I cannot even begin to tell you how opposite I am.

Jared: That's a good segue back to Jeff. [Laughter.]

Jeff: I think what we have in common here, and I would suspect homogeneity across this entire panel, is a core set of principles associated with human rights and dignity. For me that is what normative stakeholder theory is. You've got these other questions that you were thinking of getting to and we probably won't have time now. But what is the key strength of stakeholder theory? It is the foundation, and the foundation I think we would all agree on. Treat people well, be honest, don't be entirely self-interested and self-serving. These are principles that I think are innate and I think we all agree on them.

Jared: Yes.

Jeff: That is the normative foundation because we're human beings, we will operationalize that foundation differently and on that we will have heterogeneity. But I don't have an issue with that. I think it would be really easy for us to agree that if there is a firm and we hear a description and we're doing these kinds of things, I think we would agree "wow, they're a stakeholder company." And it would be inherent, it would just be in our guts, and we wouldn't even have to discuss it that much. We look at some of these things and say "yeah, they're practicing that foundation." And that foundation is these core principles and values. I don't think any of us would disagree with that. And that is a commonality that we build from constantly. And as academics, of course, we are all going to have our own operationalizations. But the core is these principles, and I think they're widely held among people who play in this arena.

Jared: So, can I say that the idea is there is a set of principles about how to be a good human being, and do we all agree on those principles; is there a lot of agreement? I think Jeff is exactly right.

Jeff: Organizationally now.

Jared: The question then is what we mean by normative stakeholder theory. That's the part that is not obvious to me. You know I had an advisor who talked about doing right by others, but he called that Kantian business ethics. There's lots of ways to skin the cat here, but the fact that we all have common values does not mean that we have common labels for those values which is called stakeholder theory.

Jeff: You did say one thing, though, that I think we can clarify in this moderately interesting disagreement. [Laughter.]

Jared: I hope we're not stretching this into something that is uninteresting.

Jeff: No, I think you said people, a person. And what I see is stakeholder theory takes those core values and principles associated with human dignity and applies them at the organizational level. They may be built on the foundation of one person, but stakeholder theory deals with these same principles at the organizational level. And that is what is different. So, I do not agree that these ethical principles are the same thing. I think that once you apply them to the whole organization, you really get complicated and it really gets difficult. And that is why there is so much left to do be done. Because you try to take these core values and apply them at the whole for a multi-billion dollar corporation, and my goodness now you're dealing with a level of complexity that makes this whole discussion so fascinating. But still it is built on this foundation.

Jared: But, for instance, Tom [Donaldson] and the late Tom Dunfee tackled the same problem but they had a different name for it than normative stakeholder theory. That's all I'm saying. Lots of people have tackled the problem of how do you apply ethical principles to the management of complex organizations but I am not sure that I'm as convinced as you are, Jeff, that the common name for that enterprise is stakeholder theory. We're fond of calling it that, but I think that there's probably sessions next door which might be talking about virtue ethics or the work of . . .

Jeff: They can call it whatever they want. [Laughter.]

Rob: One thing that we can potentially all agree on is that adding normative to stakeholder theory is probably redundant. Anybody disagree with that?

Jeff: Good call.

Brad: So, this is Tom's fault, Tom's the one who did it. [Laughter.]

Rob: Definitely. So that was one of the dragon's feet, sort of the instrumental/normative distinction.

Jeff: Okay, I get it.

Rob: But if you believe there is a dragon there then you have to cut it off and talk about what the distinction looks like for people who believe in dragons. That was sort of a necessary step through this process.

Ron: Yes, but the term had to be there for us to understand that normative is not needed, because it was needed.

Rob: I think that's right; but again, one of the ways to defeat a dragon is just to ignore it and stop talking about it. And so if we stop using normative as a precursor to stakeholder theory and just start saying stakeholder theory, to me that is a moment of great strength. And that we do explicitly and critically analyze the normative/moral underpinnings of value creation. So if we stop saying normative then we ignore that particular part of the dragon.

Jeff: No, I disagree. I think you've got to talk about the moral foundation and talk about it independently. The instrumental next to Kant and others has a very distinct meaning, it is very closely associated with my discipline of strategy because, one of the reasons, alright, not one of the reasons the main reason that my field of strategic management is embracing stakeholder theory is because of its instrumental aspects. There is so much empirical evidence now supporting it. So, at least to me—as a very practical guy—when we talk I'm always practical and you're the philosopher, no insult intended. But from a practical perspective, if we had not made this distinction then I don't think my field would have ever embraced the theory. When we talk about the instrumentality of stakeholder theory versus the normative aspect of stakeholder theory, at least for a practical guy like me that has a whole lot of meaning. I will agree with you completely, and you and I have written together, we know each other and just believe that is simply the way to run a firm. But there is this moral foundation that I think is actually the key strength of stakeholder theory, and I think we need to talk about it that way. It is not all just about creating value. Even though that is the only reason my field will even look at it. And for them, they define value as dollars and cents, which is just horrendous, which is why Ron's special issue is so important. We need to change the way we record and think about value. And it starts with the accountants who are obsessed with the shareholder-oriented measures of what value is. It is an obsession. It is founded on finance theory. That is why they feel good when they go to work in the morning, because they think there is a moral foundation that's supporting what they do, in only recording the dollars and cents. And I think that's a shame. We have to get past that. And if we go back to normative versus instrumental, the only way we can have these discussions is just by talking about "Well, what is your moral foundation in accounting? And why do you believe that this is the right way to do this?" Then we come back to the word normative.

Brad: Paul.

Paul: So, the most intriguing question for me of the eighteen, and I will admit I did not read all eighteen questions before I came, I saw the Word document and figured I'd open it at some point and that was this morning. [Smile.] But the most fascinating question was question number eighteen about does Judeo-Christian morality underpin stakeholder theory. My esteemed colleague Tom I think he put five and I put one. And I think the challenges one can draw out of theology a set of moral principles, multiple interpretations. You can find people who can argue, as I might if I chose to, that the Judeo-Christian ethic and morality is all about/underpins shareholder values morally—in terms of individuality, in terms of property rights, in terms of all the sorts of things—and my good colleague Tom can point to other points, other portions of the New Testament that are clearly stakeholder oriented. So, I am not sure, Jeff, that if we go back to moral foundations that that doesn't allow for multiple interpretations.

Jeff: Multiple interpretations of the operationalizations; not the core values. That's all I was trying to say.

Ron: Tom, yesterday you said that corruption is turning away from the good. And so the issue is, you know, this whole narrative, like M-C alluded to, has been built on what the good is. You know, 'maximize profit'—that is just one example. But just to climb into it and disassemble it, as one would do if one were going from Ptolemeic to Copernican. And you look at employees, you look at their costs, they're an expense. To maximize profit, you minimize expense. You have a moral issue there.

M-C: Yes, I agree with that.

Ron: You have a moral issue there. And you can say we're all about stakeholder theory, and so forth . . . but talk to somebody at "name your corporation" that's making minimum wage and getting twenty-nine hours a week: that's them being "minimized." But they're natural persons and the juristic persons will grab their power, if juristic persons are misused by their guardians in service of certain stakeholders only.

Brad: It sounds like you're together with Warren Buffett. Warren Buffett said, "Yes, there is class warfare going on and we're winning."

M-C: Can I add to Ron's comment? I really like what you just said Ron. And that's why Jeff the philosopher in me is going to push back against the practitioner in you right now because I think so much of the focus in the narrative—the dominant narrative in business—and Tom I love your metaphor of the geocentric versus the heliocentric systems—with this geocentric metaphor we have to be able to go through and examine the ontology of business and do it in such a phenomenological way that we can make explicit the assumptions of why we do what we do when we create value and engage in trade. Because, like Ron said, at the practical level it's ethics all the way through. There is no separability. And I just love the possibility with stakeholder theory, that it just creates that space that we can do that alternative ontology of business now. We can actually put it out there and it will be heard and not dismissed right away. And then practitioners that want to do well, and firms that want to do right, they then have a basis to build on and go forward from. And, Jeff, I'm not in agreement with you on principles. I'm a descriptive behavioral business ethicist. I think it is going to be much more phenomenological, but I love the fact that we're all talking about the geocentric versus the heliocentric in an explicit way and how we can get to that heliocentric model, like Paul said. To do so we've got to be able to communicate to those ideas.

Brad: Okay, let's address one more question before we open it up to the audience.

Jeff: No, I want to say something more. I think the foundation is this notion of whether people who are born into this world have an inherent sense of what's right and wrong. I strongly believe that. And that's why I go back, and I see in all this I'm suddenly very micro and almost sounding philosophical, which is a little scary, but I honestly believe that people know right from wrong. At least at some level, and at some point maybe they've made so many bad choices that they lose that ability. But if you believe that, then there is a core set of principles that is kind of inherent in humankind. And I think that stakeholder theory is founded on those things. Now you can take over, Brad. [Laughter.]

Jared: How are we doing on this unified understanding of stakeholder theory Jeff?

Jeff: Thanks for that. [Laughter.]

Brad: Okay, so I want to address one more question before we open it up, and it has to do with the discussion we've had dealing with the need for change in accounting, governance, laws, etc. We've seen a significant change in the strategy field. Now there is an interest group in the Strategic Management Society dealing with stakeholder theory. So what other disciplines and organizations or institutions do we need to engage to move normative stakeholder or stakeholder theory forward?

Ron: May I get the discussion going?

Brad: Please.

Ron: I had the opportunity when I was a Division Chair [of the Entrepreneurship Division] in the Academy of Management to sit with the Board of Governors as we were doing some of their strategic work; and people were asking, "Why doesn't management theory have more impact in the world?" So I started nosing around and fortunately I ran across the person who at the time was in the consulting firm for the primary economics organization—I don't remember names—but these folks, the senior people, decided that economics would take over the common mind. And so this consulting firm set up weekend retreats and weeklong retreats where they would teach economics, the received ontology of their field and the rhetoric related to it—and all these opinion-making folks were going to these retreats. To reiterate, these retreats were put on by the economists to explain their point of view; and so whenever a newsworthy problem would come up they would make economists available to continue to explain this point of view to the opinion-makers in the media, to the point that there was this whole public dialogue and economics-based narrative that was constructed by a field. We are now—to some extent at least—living within that economics-centric construction in public discourse. So we offered a seminar a couple of Academies ago where we brought people in to talk about how we would change the narrative toward management thought, possibly in a similar manner to that done by economics. And my point is, that one of the things that—if you really, really, really want to move normative stakeholder theory forward within the larger society, instead of having it just be a great source of a next paper so that our careers go forward—if you really want to do it, we're going to start a narrative that has to do with corporate rights, because presently it's an agenda being moved by a feudal-type system. What I'm asserting in the feudal system sense, is that monarchy went away within many countries, but it didn't go away within the corporation. There is a paper some time ago, that I couldn't get published in the US—but in Britain it was published [Mitchell & O'Neil, 1998], and it compared the inside of a business to the inside of a feudal system. It delineated twelve or fourteen elements of the feudal system as it was practiced in Western Europe. And the difficulty that we have in modern business is that in the actual feudal system, the lord had obligations to the vassals, and in modern business the "lord" [i.e., the board as guardian of the corporation] does not really have that kind of responsibility to all stakeholders. So, in some sense there's still this major shift needed: from corporate "monarchy" to stakeholder democracy that has to do with the partnership among all the stakeholders; and then "all" working together to create value. And for *us* to do that, one of the professions that we have to get involved is the people who have access to the public discourse. Now of course it is may be easier because of social media like Twitter and Facebook, but that dialogue is a narrative that has to be offered by people who care enough about the good—or, as we would say, inherent good—to start a genuine narrative. Anyway, that's maybe a little rabble-rousing but frankly somebody else did it, the economists, and I have talked to the person who was in charge of that orchestration to confirm that this public narrative constructing actually happened.

Brad: So, opinion leaders, media . . .

Paul: So I think, in the analogy, and I am sort of an interloper into the business ethics arena, but in my home discipline of strategy one of the things that is interesting in the past twenty years is that we now train people in strategic management, as if that were a discipline in itself. And yet when we hire, we discover that we can't find good economists, we can't find good sociologists; all we can find are people who are strategic management people who lack any sort of disciplinary grounding. I don't know if it is the same in business ethics, but the list of disciplines would be philosophy, psychology, biology, sociology, anthropology, literature, history . . .

Brad: I'm getting tired, Paul; that's a lot of work to do. [Laughter.]

Paul: I am even thinking for businesses. But the idea is if people are going to pull apart the watch, you don't pull apart the watch without understanding the intricate workings of how the watch was designed, how the watch is working, and what it was set up originally to do—if you're going to effectively pull it apart. So I don't think we all need to go become biologists, but we need everybody, because I think all perspectives are of value.

[Panelists all agree.]

Brad: Adrian, last thoughts before we open it up?

Adrian: No.

Brad: Yes.

Jared: No pressure.

Adrian: Okay, one thing I will say is that the paradigm of emblematic theories in economics has been extremely effective in becoming popular because they were extremely focused. And their authors drove the main points home again and again and again and again. For example, if you think of transaction cost economics and on down the line. In stakeholder theory we obviously have a different approach. So, for whatever that's worth, it is probably not worth comparing ourselves to other paradigmatic theories. That's a horrible way to end but I'm interested in approaches to research that help us redefine the merits of business in a way that's consistent with what we know about people.

M-C: Amen.

Brad: That's true.

Rob: True.

Brad: Who wants to jump in? Please.

Question 1: I have a question for the strategy folks. Do you think that normative stakeholder theory as opposed to instrumental stakeholder theory is possible to somehow be embedded within the strategic management literature? How do you see it happening if you think it is possible? What are some of the hooks that are already there that might work for normative stakeholder theory?

Rob: The nose of the camel is already under the tent. There's this new Global Strategy Journal that has an introduction to sort of abbreviate a special issue on stakeholders, and the introduction talks about normative stakeholder theory. And it doesn't go into a lot of depth and detail about what people here have done or what people up there have done, but it's there. They know it is one of the elements of stakeholder theory. The new thing with Jon Bundy in AMR sort of makes allusion to it and apparently it just got past some reviewers at AMR. So, the nose of the camel is under the tent. Right? Just like Adrian was saying.

Jared: Pretty soon the whole camel's under. [Laughter.]

Brad: You're saying is well understood by the older generation.

Rob: Right, for those of us who grew up in the desert. [Laughter.] At any rate the opening is there. We just have to sort of move through the door and take advantage of it. They haven't thought this way, I mean Jeff's right, they haven't been trained to think this way, but that doesn't mean they we can't sort of pull them along. I mean we've done the work, the work is just sort of sitting on the shelves, we're all just waiting for it to be appropriated.

Paul: So, the camel's nose may be under the tent, but the stakes are pretty well in place. The challenge for me is the dependent variable in strategy. If it is about something like firm performance, which is sort of tied in with a particular accounting paradigm or a particular finance paradigm, as a practical way, what we have to do is sort of think about, hey, that strategic management may apply to questions that have larger meaning of than firm performance. And that's a way of sort of pulling up the stakes and getting the camel further inside.

Jeff: Or a broader understanding of firm performance.

Jared: I think making these distinctions between what is the normative aspect of stakeholder theory and what is the instrumental aspect, with all due respect to Tom, I'm not as interested in putting the boundaries up. I'm in strategy as well, and are we going to see strategy scholars engage in a robust discussion of what we've discussed here. Perhaps not necessarily about the inherent dignity of human beings, probably not that sort of thing explicitly, and that's ok. Because I think there's lots of angles on stakeholder theory and I think what we're seeing in strategy is that there's lots of interest in certain kinds of questions. We can't expect a deep philosophical treatise on the inherent goodness of people, that's probably going to be a tough sell. But I think there are some of us who have been thinking about a lot of other stuff, for instance Jeff and Rob and Doug Bosse have been making a lot of really good inroads there, in mainline strategy research [e.g., see Bosse, Phillips, & Harrison, 2009; Harrison, Bosse, & Phillips, 2010]. The thing I've been thinking about is: what's the right way to think about stakeholder value creation? The idea that it's going to converge on a firm centric performance measure . . . well, perhaps that is the wrong focus. I'm with Tom on the team production model that articulates a particular answer to the question of why firms exist. I think there's a cooperative purpose that is why a firm exists, and it tries to create value for all the participants in that cooperative process. It doesn't always do a good job, sometimes they shut people out, etc. But I think conceptually, if that's right, then maybe what we ought to do is think about value creation not so much from the perspective of the firm, rather we ought to think of it from the perspective of all the stakeholders. Anyhow, the point is, this seems to be the kind of question strategy scholars might be more and more interested in and I think that's a good thing. Now maybe there are certain normative questions that we can't expect the strategy journals to tackle, and maybe they're not best equipped to tackle those questions in any event.

Ron: I think that you made the case better than I had made it. Value creation stakeholder partnerships are out there operating, just without being explicitly named as such. Accounting is only about counting, recording, summarizing, and reporting; and each of those steps can be done, identifying all those people and putting a system together whereby strategy, or really anyone who wants to look at the value creation can enter into the set of books and the accounts can be run using a double entry bookkeeping approach. So just thinking about this: I think it is possible to do the very thing that Jared's talking about. As the years go by and your career goes forward, as you watch these pieces get put into place, you can take your question and the answers you received and have the possibility to actually channel that into something worthwhile.

Question 2: I wanted to ask the question generally and strategy about whether or not it is vital to see some difference between normative and instrumental stakeholder. Because we might all agree that normative here this afternoon may be redundant, but in business school I don't think that it is. Let me take an example off the top of my head. Let's say there's a certain theme park and their environmental strategy mostly deals with, and I hope I don't get in trouble with the Magic Kingdom for this theme park, they're trying to make it appear as if they care about environmental sustainability, and even have some PR about it, and they actually try to show some good faith towards the suppliers and all that, but it really is about instrumental stakeholder theory. Versus if they actually had a normative view like "We actually care about the environment, irrespective of what it does for stock price or profit" and things like that, then you actually apply strategy to effectively making that happen. It doesn't seem to be a difference from if you're taking an instrumental view of stakeholder theory and a normative view as far as how you strategically get those ends.

Rob: What is your evidence that it's exclusively instrumental?

Questioner 2: I'm sorry, this is a hypothetical.

Rob: What would count as evidence that it is an exclusively instrumental orientation?

Questioner 2: Exclusively? I didn't want to say exclusively.

Rob: I thought that was implied when you said that it was not normative.

Questioner 2: I did say that there were some good faith suppliers, but I wanted to say that you do need to make a distinction. I do think that there's some kind of, there's some kind of conflation that isn't necessarily bad when it comes to pursuing some kind of stakeholder strategy. But I do think it is important to understand there is a distinction between normative and instrumental and we focus on normative, because sometimes it gets lost and we don't see it.

Rob: And I'm just not convinced that it is an important distinction. I think that motives are consistently mixed on all of these kinds of things.

Questioner 2: I can agree with that.

Rob: And the more we focus on that, the more we are sort of fighting that dragon again rather than just ignoring him and assuming that all motives are mixed and moving on. I think one of the most interesting questions that's been brought up in this disagreement between me and Jeff, at some level, is how much to focus on the old paradigm and make sure we're fighting that battle, versus getting on with it. And I'm not sure what the right mix is. We can get on with the work of building the new model, if we go with the heliocentric metaphor, get on with that work. I'm glad that there are people who spend some time continuing to fight the old battles, the Keplers, and that is a strategic decision in any given scholar's work. For me, I would rather just get on with it and ignore the dragon and ignore the instrumental/normative distinction as important as it may have been as a bridge between the sort of dragon fighting and getting on with the next thing.

Paul: I think that you raise a really nice point. And I think that we all have mixed motives, but we all have deep motivations. Your question gets at sort of what is the deep motivation. And it is relevant because there are certain initiatives that organizations run that require long-term commitments and that require sort of deep motivations. And I think you raise the specter of, well, if Disney is only environmental because that's what, when they do exit surveys, people say "Oh I wish you had put up the sign about the towels because I really felt offended that you didn't." And I think what Rob is saying is "Look, if the behavior's there, that's fine." But I think you raise the specter that, well, over time, if their commitments to stakeholders that are not cross-sectional that require deep commitments over time, without the deep motivation, will there be that commitment or will we see, "now your hours are cut back to twenty-nine and a half because you're too expensive, even though we just told you two years ago that we're totally committed." I mean, look at what corporations do with retiring health care programs. Promise the world when you retire early at sixty-two and when you die at eighty you're on Medicaid. So, I think to that extent, motives are always mixed, but deep motivations matter.

Question 3: I have a question and there is a question in here, so bear with me for a second. I'm not a stakeholder theorist, I'm a longtime ethics practitioner and a new PhD student focused on organizational theory, but it's not lost on me the fact that we've got nine white American men sitting in the front talking to us about how the world should be, and so I guess my question, inherent in that criticism, is to what extent are you open to being wrong? So it's clear that we all believe that shareholder theory in its pure form is wrong it's not the way that we should be together. And stakeholder theory is a wonderful way to proceed, albeit in its various forms that we talked about today. And I guess my question is where are you open as researchers, as scholars, to being wrong and to hearing difference and hearing other ways of being together in the world, whether it is from marginalized people, scholars, wherever those voices and ideas may be.

Brad: I will mention, by the way, that there were others in other categories that were invited to be a part of this panel and couldn't make it.

M-C: Can I field that one? To start out with, I've just gotten to know my friends on the panel over the past couple of years. And while people speak with intensity and opinionatedness for stakeholder theory, there's a real openness. At least that's what I think. Pushing openness further, when Adrian's doing behavioral stakeholder theory, if he's doing research on it, finds his experiments on it don't bear out, and then doesn't report that these failed, then he's a fraud. Right? But Adrian's not a fraud. In fact, he's one of the most genuine people you'll meet at Academy and Society for Business Ethics. And so, at least speaking from my own personal experience, I really think there is openness of everyone on the panel, not just on a personal level—of dialoguing—but also on an intellectually humble theoretical level—of being wrong. I mean just look at the disagreement here today. I mean that in itself is evidence for this openness and if you were to come to a stakeholder conference that they do, you'd see even more intensity of disagreement there. So, at least I can say from my perspective, I would hope that there would always be the sort of Socratic intellectual humility and again I can say that with everybody here I've witnessed it.

Jeff: Let me just say if you're asking us to reconsider the notion that shareholder dominant logic is correct, then no—the world is not flat. Consequently, I don't think anybody here is going to be willing to accept the notion that the world is flat. I'm sitting here with philosophers learning from them. But secondly, what I think you're really calling for, which I think is healthy, is a middle ground. There are extremes to everything, and normally what we find in life is the middle ground is a little better at dealing with real world issues and solving real world problems. And so we're sitting up here on our ivory towers arguing that the world is not flat, it is something else, but I think that most of us up here, even the philosophers among us are realists, and understand that there's a real world there that needs to be managed, and I know I'm certainly willing to look at a middle ground. And you know it's funny, I was at this conference, and this guy came up to me and he was harassing me and saying: "how can you ignore the shareholders" And I said: "Have you ever read Freeman? I mean everybody cites him, but do you have a copy?" We do not ignore shareholders! In fact, we might even suggest that this kind of management is good for shareholders. And so, you know, I think all of us want this middle ground.

Questioner 3: Let me be clear though, I'm not suggesting that we go back to a world that's flat. All I'm suggesting is that often times we replace one religion with another. And constantly examining the assumptions underlying stakeholder theory and constantly having open ears for other ideas that may not fall under a shareholder model or a stakeholder model, but under other ways of framing and understanding the world.

Ron: So, if we can actually refocus your question to "Are you open to being wrong?," then you know the antidote for a bad "big idea" is a better big idea. If we're after diversity, then M-C's point is there is a wealth of diversity here—that to some extent demographically diverse elements play into the intellectual diversity that comes there—but in the end, the question is, who's open to another really big idea? I look around the room and I suspect that the reason we're in social science is because that's exactly why we're here and probably why you've stepped into that. So, that's really the question. I was about to give a curling analogy, but I lost it. [Smile/laughter.] . . .

Brad: Paul you get the final word.

Paul: Well, first, I would be shocked that there's any kind of historical precedent that white men have not tended to listen to other people I just don't know historically where that idea would come from. [Smile/laughter.] Shocker to me. So, very realistically, you're the second person who noted the incredible homogeneity of the panel and for that I think we apologize. There probably would have been many better people to put on the panel. As far as diversity, one of the things I do is I go spend time with the Navajos. And their view is a pretty interesting view, because theologically profit-making is evil. If you hoard, if you make profits, if you do all the kinds of things that white people like to do, you're a witch. So, that's a nice way to sort of bring that back, and say: 'how do we integrate that perspective,' because, if you want to look at some of the longest running societies, Navajo's would trump Americans by several centuries. As we talk about social sustainability, there are other paradigms out there and I think that the only thing you do is expose yourself to them and be open and say what does it really mean? How do you reconcile "profit is evil witchcraft," with "profit is the pinnacle of moral behavior." So, for me that's how I do it.

Brad: Great conclusion! Thank you Paul. Thank you all for coming. And thanks to our panel. [Long applause.]

Stakeholder Panel Preliminary Voting Questions. These questions were asked by Dr. Brad Agle at the beginning of the panel. Panel participants were asked to hold up a paddle with their votes for each question. The anchor points for the paddle voting scale were 1 = strongly disagree through 5 = strongly agree.

Question	Rob Phillips	Adrian Keevil	Jared Harris	Jeff Harrison	Ron Mitchell	Paul Godfrey	Tom Donaldson	M-C Ingerson	**Mean**	**Standard Deviation**
1. As a body of stakeholder theorists, we have a well-defined and commonly understood normative stakeholder theory.	3/4	2	4	3	4	2	4	2	3.11	0.93
2. Normative stakeholder th eory is the best theory available today for ethical firm management and governance.	5	5	3	5	2	5	5	5	4.38	1.19
3. Current legal th eory and practice in the United States is an impediment to the furtherance in normative stakeholder theory.	1	1	3	2	3	1	2	5	2.25	1.39
4. Capitalism is in danger of collapsing within the next fifty years without greater implemnentation of normative stakeholder theory.	1	4	3	3	2	1	1	4	2.38	1.30
5. The implementation of normative stakeholder capitalism in the United States could lead to a thiry percent increase in social welfare in thirty years.	2	3	2	3	2	3	3	3	2.63	0.52
6. The normative and ethical underpinnings for stakeholder theoery have been well estsablished.	3	3	3	4	4	4	2	2	3.13	0.83
7. Stakeholder theoery has been well received by management scholars.	4	5	4	2	5	1	2	2	3.13	1.55
8. Stakeholder theory has been embraced across business school curricula.	2	2	2	1	3	2	1	2	1.88	0.64
9. Business managers understand normative stakeholder theory.	4	4	4	2	1	4	4	3	3.25	1.16
10. Business managers have embraced normative stakeholder theory.	3	3	4	2	1	3	4	3	2.88	0.99

Question	Rob Phillips	Adrian Keevil	Jared Harris	Jeff Harrison	Ron Mitchell	Paul Godfrey	Tom Donaldson	M-C Ingerson	**Mean**	**Standard Deviation**
11. For normative stakeholder theory to thrive in organizations, laws and regulations governing business organization will need to be changed.	1	1	1	1	4	1	5	5	2.38	1.92
12. For normative theory to thrive in organizations, conventional accounting standards will need to be changed.	3	4	1	5	5	3	2	5	3.50	1.51
13. For normative stakeholder theory to thrive in organizations, corporate governance will need to be chagned.	4	1	4	2	5	2	5	5	3.50	1.60
14. The so-called "Friedman vs Freeman" debate is a non-starter and has been settled.	1/5	5	3	5	1	1	1	1	2.56	1.94
15. Current MBA students are inclined more toward shareholder theory than toward stakeholder theory.	3	3	4	5	4	2	1	4	3.25	1.28
16. Concerning the title of this panel—"Normative Stakeholder Theory: Getting from Here to There"—we are close to being "there" in terms of theory.	4	2	2	3	3	2	3	4	2.88	0.83
17. Concerning the title of this panel—"Normative Stakeholder Theory: Getting from Here to There"—we are close to being "there" in terms of practice.	4	4	4	5	2	4	2	2	3.38	1.19
18. Normative stakeholder theory is closer to Judeo-Christian values and principles than is shareholder maximization.	1	5	4	5	4	1	5	5	3.75	1.75

Notes

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