Level 8 Diploma in Strategic Management and Leadership (L8DSML-QU)

Unit 806 - Culture and its Impact on Strategy

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Introduction

In this present globalised world, organisations are adopting the strategies and policies implemented for navigating the complexities of international markets. The businesses are intended to expand beyond borders with the ability to understand effectively the management of economic, political and cultural landscapes associated with various regions becoming critical for their success (Li *et al.,* 2023). International organisational policies and strategies serve as the foundation of decision-making and allow companies the pursue competitive advantages, ensuring consistency in the diverse market. This paper explores the key factors mainly influencing international policy and strategy for the formulation, focusing on ethnographic insights, political structures and cultural dynamics utilised for shaping global operations (Wilson and Beard, 2014). Moreover, this can examine the theoretical frameworks like resource-based view, quotas, diamond and transactional cost economics refining the strategies for international challenges. This study eventually analyses the organisation's adjustment with the strategies on local conditions, signifying the tailored approaches for maximising the organisational effectiveness and sustainable growth driven in the international market.

Task 1:

1.1 Conceptual Grounds of International Organisational Policy and Strategy

Definition of International Organisational Policy and Strategy

The international organisational policy mainly focuses on the framework of principles, rules and guidelines associated with the company Marks and Spencer's operating across borders. These policies are designed for the organisation to focus on the functions and the navigation challenges like market dynamics, ethical considerations and regulatory requirements. These can establish a consistent approach to decision-making (Francis *et al.,* 2024). On the contrary, the international organisational strategy focuses on the overarching plan, adopting growth, competency and expansion in the global marketplace. This can shape factors like international alliances, localisation, standardisation decisions, market entry modes and competitive advantages. This study can aim for international strategies to align with the company's resources, objectives and capabilities associated with risks and opportunities, representing the international markets (Kelk, 2024). The International Strategy and policies ensure the

organisation adapts to the international environment, maintaining coherence in ensuring the global competitive advantage operations and enhanced value creation in the diverse markets.

Globalisation and its Influence on Policy/Strategy

Globalisation has been considered a profound influence on the formulation of international organisational strategies and policies. This interconnectivity of markets and reduction of trade barriers can be focused on the new opportunities associated with businesses to expand internationally (Hageman *et al.,* 2024). Marks and Spencer has driven the need for adopting the offerings of products operational procedures and marketing strategies to suit diverse international markets. This can focus continuously on the accession of global trends and the regional economic conditions associated with the drastic shift in customer behaviours. For example, M&S has been considering the local purchase in power and cultural preferences for affecting customer choices in different countries (Goworek *et al.,* 2012). Globalisation has been focusing on flexibility in decision-making and responding rapidly to external changes, political unrest, economic shifts and supply chain disruptions.

Influence of Institutional Theory, Transaction Cost Economics, and Resource-Based View

(RBV)

Institutional theory mainly focuses on the business environment that is shaped by local institutions and norms like cultural practises and regulations. In terms of Marks and Spencer's, the organisation mainly complies with the regulatory and legal standards in each market, adjusting to the adhered international frameworks and strategies.

Transactional Cost Economics (TCE) of the firm mainly aims at minimising the cost associated with the transaction significantly focusing on the international markets (Jones, 2025). The consideration of factors like the cost of entry, external transaction risks and governance structures can assess the most cost-effective ways of the new international markets.

The ***Resource-Based View*** (RBV) mainly hazards the competitive advantage of the organisation focusing on the unique capabilities and resources. Marks and Spencer mainly leverages strong brand equity with the ability to create high-quality and differentiated products and supply chain expertise to be maintained for succeeding in the international market (Bharat, 2023).

These frameworks provide a systematic approach for the organisation to evaluate the international markets and strategic decisions. This can focus on the identification of critical success factors associated with the operations with legal expectations (Grayson, 2011). Market and assessing of the risks. Therefore, the theories are mainly evolving with the better equipment of the organisation handling the complexities associated with international expansion and strategies responding to local and global demands.

1.2 Critical Analysis of Political, Cultural, and Ethnographic Factors

Impact of Political Structures

The political systems, like the authoritarian regimes, have been influencing the international business operations. The democratic systems often offer a stable and transparent environment, reducing operational risks (Adhikari *et al.,* 2025). On the contrary, the authoritarian regions represent the challenges associated with political instability from unpredictable regulatory changes. For example. Marks and Spencer is focusing on operations in countries like the Middle East and India, involving the navigation of political landscapes. In India. Marks and Spencer has been engaging both the regional and central governments with the policy changes significantly impacting the business model (Jones, 2025). Simultaneously Marks and Spencer is required to assess the risks of potential changes in trade agreements such as Brexit.

Impact of Culture

The cultural differences are mainly shaping the operations internationally. Hofstede's cultural dimensional theory mainly focuses on cultural factors like individualism vs collectivism power distance, long-term vs, short-term orientation and uncertainty avoidance. For Marks and Spencer the dimensions are essential while operating in the markets like United States and Japan (Adhikari *et al.,* 2025). This company has been adopting the approaches leading to the cultural preferences for customer services. The Trompenaars' cultural factors like achievement vs ascription and universalism vs particularism can play a pivotal role in shaping the relationship of organisations associated with business partners and local customers.

Impact of Language and Religion

Language has been a vital element of the organisation's global strategy. Misinterpretations can lead to customer dissatisfaction and brand damage. For Marks and Spencer's, management of multilingual strategies in countries like France and Spain, the key ensured marketing materials have been the customer services and product levels that can align with the local expectations

(Li *et al.,* 2023). The challenge has been focusing on the balance of localisation and standardisation, maintaining a consistent global brand. Marks and Spencer's are adapting to the language with the cultural nuances associated with the resonation of local customers. Moreover, religion and beliefs influence the ethical business practices and preferences of customers. The significant population in the Middle East have been focusing on religious practices by Marks and Spencer ensuring the food products meet the halal certification standards (Li *et al.,* 2023). Simultaneously, the predominant countries like India and the UK are considered as the sensitive dietary restrictions the product launches and marketing campaigns.

Impact of Social Customs and Ethnicity, Ethos and Geographical Location

Social Customs and ethnicity are affecting the brand's perception in the international markets. Marks and Spencer consider the societal expectations significant for sustainability in Western markets like the United Kingdom for adapting to the operations and products accordingly (Nguyen, 2025). Moreover, diversity management is becoming essential for the multicultural societies associated with the diverse workforce and customer base. The organisation is focusing on inclusive market campaigns and the various ethnic groups that can be catered to with the product offerings in the UK. Each region focuses on distinct core values and regional characteristics based on the influences of business strategies (Grayson, 2011). The strategies of Marks and Spencer emphasise sustainability and ethical sourcing, resonating the British values. It can adapt those strategies more traditionally, focusing on the values with greater emphasis and family-oriented products and services. This can play a role in shaping the supply chain management, logistics and operational decisions.

1.3 Maximising Organisational Effectiveness and Strategy

How Understanding Political Risks and Cultural Insights Improves Strategy

A deeper knowledge of cultural insights and political risks is essential for formulating effective international strategies. For Marks and Spencer the assessing of political risks is associated with identification of potential threats like changes in trade policies, economic instability and political unrest in international markets (Nguyen, 2025). On the other hand, cultural insights focus on product development customer services and marketing strategies. It can focus on attributes of the ability to adapt the product offerings and the local relevant food items that can maintain the British heritage with the marketing strategies as well.

Role of Country Risk Analysis, Ethnographic Market Research

The United Kingdom has been focusing on the evaluation of potential risks by Marks and Spencer associated with the expansion of it in the new markets. This analysis may lead induces the social political and economic factors, as well as the environmental factors (Li *et al.,* 2023). The ethnographic market research involves direct interactions with local populations, providing cultural insights considered valuable for tailoring the products and services of Marks and Spencer to meet the specific needs of each market (Hageman *et al.,* 2024).

Exploiting Outcomes for Strategic Benefit

The strategies of market entry are considered essential for global expansion. Marks and Spencer's has been utilised as a joint venture with the subsidiaries for entering new markets, depending on the control and investment with the level of risks required (Nguyen, 2025). The customization of products and services is also considered as a key strategy The tailoring of local tastes to product range and the preferences of the customers can enable the organisation to achieve higher levels of customer satisfaction and loyalty (Wilson and Beard, 2014). This can focus on the building of culturally sensitive leadership teams, ensuring the management of cross-cultural teams and building relationships with local stakeholders.

Tools and Models: Porter's, PESTLE, and CAGE Analysis for Strategic Refinement

Framework	Factors	Analysis of M&S in the UK
Porter's Five Forces	**Competitive Rivalry**	High — Strong competition from Next, John Lewis, Zara, Primark, and supermarkets (e.g., Tesco, Sainsbury's).
	Threat of New Entrants	Moderate — Brand loyalty and high operational costs protect M&S, but online retailers and niche brands (like Boohoo) create pressure (Wilson and Beard, 2014).
	Threat of Substitutes	High — Alternative clothing, food, and homeware retailers are easily accessible both online and offline.
	Bargaining Power of Buyers	High — Customers have many choices and expect quality, sustainability, and value for money.

	Bargaining Power of Suppliers	Moderate to Low — M&S has a strong influence over suppliers but must maintain ethical sourcing, increasing supplier expectations.
PESTLE Analysis	**Political**	Brexit impacts supply chain costs, new import/export regulations, and workforce availability.
	Economic	Inflation, and cost-of-living crisis affecting consumer spending; M&S must balance pricing and quality (Zhang, 2024).
	Social	Shift towards ethical consumption; customers demand sustainability, diversity, and inclusivity.
	Technological	Growth in e-commerce; need for digital transformation and investment in omnichannel retail experiences (Li *et al.,* 2023).
	Legal	Compliance with UK employment law, sustainability reporting, and food safety standards are critical.
	Environmental	Pressure to reduce carbon footprint; M&S's "Plan A" sustainability initiative must evolve to meet new climate goals.
CAGE Framework	**Cultural Distance**	Low — M&S is culturally aligned with UK consumers but must adapt to emerging diversity and changing lifestyle preferences.
	Administrative Distance	None within the UK — Strong alignment with local regulations, but Brexit complicates external EU dealings (Li, 2025).
	Geographic Distance	Minimal — M&S operates extensively within the UK, with a strong physical presence (stores) and digital footprint.
	Economic Distance	Moderate — Although primarily targeting middleincome groups, economic pressures are forcing M&S to appeal to value-conscious consumers too.

1.4 Reflection on Leadership Styles and Policy/Strategy Formulation

Leadership Style Adopted

Marks and Spencer has been adopting the transformational leadership style to drive adaptability and innovation across international operations. Transformational leadership can focus on inspiring employees to embrace the changes associated with the organisational goals and actively participate in decision-making (Kelk, 2024). The leadership style has been evident in the efforts of Marks and Spencer for modernising the product offerings and streamlining the operations for improving the sustainability practises and the drastic shift is focused on the practise and mindset across the different regions.

Policy Development and Strategy Deployment

Marks and Spencer has been focusing on the centralised policy development approach, adapting to the policies. The overall strategic direction has been indicating the regional managers and the corporate level for the autonomy to be tailored with operation strategies and local conditions (Rose, 2025). This allows the organisation to maintain a cohesive brand image to remain responsive needs of the individual markets. On the other hand, Marks and Spencer has been focusing on the region-specific strategy deployment approach, allowing the balance between global integration and local responsiveness. This approach mainly ensures the company adapts to the diverse preferences of customers with market dynamics and regulatory requirements, maintaining the brand identity and values (Kelk, 2024). Marks and Spencer's governance in leadership can play an essential role in international expansion, adjusting to the leadership styles and decision-making structures, and ensuring smooth operations across diverse regions. The strengthened leadership team has been maintaining the focus on the long-term vision and navigation of short-term challenges.

1.5 Application of Management Models and Concepts

Marks and Spencer has been employing video management frameworks and models for guiding international strategies inclusive of Porter's 5 forces, PESTLE and CAGE analysis. These models mainly structure the evaluation of external and internal environments of the different markets associated with the company, indicating the strategic opportunities and risks (Mellahi *et al.,* 2002). These models can focus on the universally applicable adaptation toolspecific market conditions. The adaptability of these models in the organisation is considered essential for its diversity and dynamic nature. Marks and Spencer's have been updating the strategic

frameworks with a reflection and changes in local market conditions, focusing on political climates and customer preferences. This can ensure the strategies remain relevant in the effective ever-changing global marketplace.

Task 2:

2.1 Critically assess the roles of religion, political structures, cultural norms, ethnicity, ethos, the concept of 'the State', business and economic models and globalisation in the development of international organisational policy and strategy

In the current globalised environment, global organisational policy and strategy are determined by a vast array of interdependent variables like religion, political institutions, values, ethnicity, ethos, model of the state, economic paradigms, and globalisation. Global giants like Marks and Spencer need to navigate very carefully through these variables to be globally competitive and yet locally relevant (Grayson, 2011). Religion is a universal part of organisational strategy formulation by virtue of its influence on consumer culture, workforce expectations, and regulatory environments. Religious festivals, dietary regulations, and modesty expectations tend to guide product design, advertising policy, and HR practice. Fashion lines and food ranges in shops in Muslim countries, for instance, must be adapted in line with halal requirements. Ignoring these practices can lead to reputational damage, consumer boycotts, and even regulatory penalties (Adhikari *et al.,* 2025). Over-accommodation of religious requirements, on the other hand, can alienate secular customers or conflict with company values on diversity, potentially creating a strategic dilemma that must be navigated sensitively.

Political institutions like the mode of rule (democratic, authoritarian, hybrid), regulatory regimes, and political stability are also crucial. Transparency and accountability to stakeholders are most likely to be the top strategic issues in democracies, requiring compliance to complex legislation and good business ethics (Jones, 2025). Authoritarian regimes can instead focus on state domination and ideological homogeneity, compelling companies to adopt practices like in China or the Middle East. All these demand adaptive strategies adjusting to each setting, but frequent policy shifts and regulatory ambiguity in politically unstable regions can constrain long-term strategy formulation. Cultural norms significantly influence strategic development, particularly marketing, leadership, and people management. Hofstede's theory of cultural dimensions describes how organisational relationships and consumer behaviour are determined by individualism vs. collectivism or uncertainty avoidance (Mellahi *et al.,* 2002). Customer service initiatives and business negotiations, for example, are influenced by the wa (harmony) principle in Japan, where the culture values agreement-seeking and conflict avoidance. Any

one-size corporate strategy is likely to clash with local values and undermine trust and brand equity.

Intertwined with culture is ethnicity, which sometimes defines linguistic loyalties, historical grievances, and socio-economic segments in markets. Companies that do business in ethnically diverse areas need to make their products acceptable to all segments in total. For example, in South Africa, which has several ethnic groups, product conceptualization and promotions need to take the diversity into account in order to gain community acceptance (Zhang, 2024). Disregard of ethnic realities may result in exclusion from markets or charges of cultural insensitivity. A company's internal value system, or ethos, also influences global strategy. For a company such as Marks and Spencer, with strong ethical commitments to sustainability, diversity, and fair trade, these values have to be communicated by the company and resonate with the stakeholders of different markets. Even as differentiation through brand is reinforced in this way, tensions at times arise because national cultural or political norms clash with corporate values. Managing these tensions—without sacrificing the integrity of the company's ethos—requires sophisticated formulation of strategy. The concept of 'the State' is the institutional and policy environment within which firms operate. States define access to markets, establish the legal setting, and influence infrastructure and education systems (Francis *et al.,* 2024). A well-governed state supplies predictability and investment security, whereas weak states create risks. For instance, the EU's regulatory rigidity brings high levels of environmental and consumer protection requirements, which forces firms to raise compliance and sustainability levels in European strategy.

Business and economic models influence the way organizations operate and compete in the world. Companies are compelled to adapt to competitive forces and consumer demand driven by consumers in market economies to facilitate agility and innovation. Otherwise, in state-controlled economies, adapting strategies to government objectives is crucial (Zhang, 2024). The experience of Marks and Spencer in adapting to such economic conditions illustrates how the ability to price, manufacture, and distribute to be economically viable becomes crucial. Furthermore, economic conditions such as inflation, currency fluctuations, or the business cycle related to recession can determine consumer purchasing power, thereby influencing strategy directly related to product mix and positioning. Lastly, globalisation is both facilitator and disruptor of strategy. It provides companies with access to new markets, talent, and supply bases, but also to more competition, greater regulation, and sociopolitical tensions (Meng,

2022). Multinationals need to strike a balance between standardisation in the quest for efficiency and localisation to remain relevant. Marks and Spencer's attempts at globalising the brand while realigning product ranges to address local demand capture this balance. Globalisation does, however, present ethical concerns around labour policy, environmental degradation, and homogenisation, and challenge business to embrace globally responsible strategies.

2.2 Critically evaluate how the roles of religion, political structures, cultural norms, ethnicity, ethos, the concept of 'the State', business and economic models and globalisation affect the process of and participation in decision-making and enable a consensus view of international organisational policy and strategy.

Religion is at the centre of stakeholder expectations and engagement as well, especially in religiously committed cultures. Product offerings (e.g., halal or kosher products), marketing activities, working practices (e.g., during Ramadan), and CSR activities that reflect faith-based values are religion-driven. For example, involving religious authorities or local leaders in strategic decision making in Islamic countries can add legitimacy and community alignment (Komal and Saad, 2024). However, in more secular or multicultural markets, explicit religious alignment may alienate other stakeholder groups. So, having religious sensitivities in check and yet being inclusive is a key challenge in stakeholder consensus-building.

Political models and governance models have a major influence on the nature of organisational stakeholder engagement processes. In democratic cultures, freedom of association, regulatory openness, and public consultation create environments where the voices of stakeholders—civil society, consumer, and unions—are highly influential on organisational policy-making processes. In such environments, participatory decision-making styles with varied stakeholders' inputs would be expected at Marks and Spencer (Rashid *et al.,* 2024). In authoritarian rule systems or centrally dominated regimes, government agendas tend to quell stakeholder involvement, and decision-making is typically top-down in nature. Stakeholder engagement methodologies in such contexts would have to be adapted in response to fitting in with state agendas as well as avoiding politically sensitive issues, although that would lower levels of openness.

Cultural values impact communication styles, hierarchy, and teamwork, which are all needed for effective decision-making. Relationship-oriented and consultative decision-making

processes are what high-context cultures like Japan or India emphasise (indirect communication and group consensus). Low-context cultures like the UK or Germany, on the other hand, emphasise directness and individual responsibility (Meng, 2022). M&S must align its leadership and decision-making models with these cultural values in its global branches. Without doing so, there can be miscommunication, low morale, and ineffective strategies. *Ethnicity cuts* across culture and identity and impacts the manner in which groups of stakeholders construct the legitimacy of organisational policy and stakeholder inclusion in decision-making. Multinational companies operating in ethnically diverse markets—e.g., South Africa or Malaysia—require ethnic representation within leadership and decision-making roles in order to realise equity and trust (Rashid *et al.,* 2024). M&S, for example, has been required to make its customer service, recruitment, and community outreach practices ethnic sensitive. Ethnic inclusivity failure within stakeholder relations can result in backlash, protest, or alienation of the brand.

Globalisation presents both forces of standardisation and demands for localisation, and tensions around stakeholder engagement. Internationalisation adds extra stakeholders—governments, NGOs, transnational consumers, and global regulators—each having interests and expectations. Marks and Spencer need to navigate through these multiple constituencies, using global standards such as the UN Sustainable Development Goals or ESG standards to look for commonalities (Rashid *et al.,* 2024). Globalisation also speeds up and complicates decision-making, necessitating flexible stakeholder engagement mechanisms such as digital feedback streams or local advisory boards to stay current and inclusive in strategies.

Task 3:

3.1 Critically Evaluate and Explore Contrasting Stakeholders' Structures, Their Power and Status

Stakeholder structures in multinationals such as Marks & Spencer (M&S) are dynamic and multifaceted, subject to changing market conditions, regulatory environments, and social mores (Komal and Saad, 2024). These roles change depending on internal strategy and external environments.

Primary stakeholders enjoy direct power. Shareholders, especially institutional investors, for instance, exert significant power based on voting and capital. Their status is considerable,

especially with respect to determining executive decisions, mergers, and dividend policy. Employees, even though previously less powerful, increasingly enjoy greater status in M&S due to the growing relevance of ethical standards in labour, organisational culture, and diversity (Bharat, 2023). As employee involvement is heavily associated with productivity and customer satisfaction, M&S increasingly values employee voice, especially in post-pandemic workplace arrangements.

Customers, the second most critical primary stakeholder, possess varying degrees of power depending on market competition and public perception. Review culture and review sites such as Trustpilot or social media pages have empowered customers to influence brand reputation directly with significant indirect power. Customer views in M&S now directly influence product innovation, service standards, and CSR agendas, thus making them strategic influencers. *Suppliers* also provide contrasting functions (Goworek et al., 2012). Developing economy suppliers of differentiated or ethical goods (e.g., organic cotton or Fairtrade) have become strategically significant, as M&S is at the forefront of sustainability. These suppliers, previously peripheral in character, now have bargaining power because of their value congruence with the brand and unavailability of alternative sources.

Secondary stakeholders, being generally external and less engaged in operational activity, exert considerable influence on long-term strategy. Government departments, for instance, can impose trade tariffs, environmental policy, and labour legislation that will change the way M&S organizes its supply chain and HR practice. Their influence is regulatory but can fundamentally change operating procedures. Media and NGOs can wield power of soft power through opinion. Negative media campaigns or NGO boycotts can ruin M&S's reputation and compel strategic change (Mandal, 2025). Contrasts are heightened in consideration of power and status. Shareholders may have institutional power but little social legitimacy, whereas NGOs have no easy authority but vast status in moral discourse. Similarly, workers may have little ownership power but increasingly frame the public narrative of working conditions and corporate culture.

3.2 Produce Researched, Logical, Powerful and Coherent Arguments for Discussion with Stakeholders and Influencers That Challenge the Status Quo on Thinking and Structures

The contemporary marketplace—marked by activism, openness, and globalisation—requires organisations to reengineer power relations and involve stakeholders as strategic partners instead of as passive recipients or controllers.

Firstly, M&S has to break free from the long-standing myth of the shareholder-focused firm. Although they bring votes and capital, excessive focus on shareholder interest can suffocate innovation and repel wider societal stakeholders. The rising literature of stakeholder theory (Freeman, 1984; Rashid *et al.,* 2024) believes that co-creation of value is better, where profitability is combined with environmental sustainability, employee well-being, and social responsibility (Cadden et al., 2013). By converting its governance regime into stakeholder councils with employee, customer, and NGO representation, M&S can democratize power and encourage more participative decision-making. *Secondly*, the roles of employees must be redefined. Employees are no longer only implementers of top-down strategy but agents of innovative thinking and cultural change. Open conversation, employee-led innovation contests, and moral reporting systems can help M&S leverage frontline intelligence that fuels agility and operational excellence (Mandal, 2025). This also meets evolving demands for workplace inclusion, pay equity, and mental health. Engaging employees drives retention, satisfaction, and brand reputation—especially in the post-pandemic hybrid work environment.

Thirdly, customers need to be invited to co-creation activities. Instead of viewing customers as consumers, M&S needs to implement customer innovation labs or online platforms where customers can vote for new products, packaging ideas, or sustainability initiatives. Such cocreation not only builds loyalty but also aligns with shifting tastes and ethical concerns, which is extremely important for Gen Z and millennial generations. *Fourthly*, M&S has to enhance its duty to external stakeholders such as NGOs and environmental pressure groups, long regarded as opponents (Komal and Saad, 2024). These stakeholders bring critical knowledge in sustainability, human rights, and supply chain ethics. Engaging them through formal agreements or third-party audits improves transparency and the regulatory intervention. Their involvement changes M&S from risk management to strategic resilience.

Lastly, globalisation necessitates decentralised decision-making. Overseas, M&S needs to give local stakeholders and regional managers the authority to modify policies in response to the

local socio-political context. This involves removing top-down corporate hierarchies in favour of responsive, culture-sensitive governance mechanisms.

Conclusion

The formulation of organisational policy and strategy can intricately focus on the processes with deeper insights into diverse cultural, political and economic environments. The application of frameworks like Porter's 5 forces, PESTLE analysis and CAGE model can evaluate the challenges and opportunities associated with their market. The consideration of cultural factors is mainly based on the local norms and values, aiming to succeed globally. The continuous evaluation of the factors associated with the organisation can initiate sustainable growth and enhance organisational effectiveness. This can navigate the complexities of international market tailoring with the strategies and policies to the local context, building a strengthened competitive advantage in the global marketplace.

To deepen the challenge to conventional stakeholder structures at M&S, it is essential to **reevaluate stakeholder value** through the lens of **long-term sustainability rather than short-term profit**. Traditional corporate structures often operate under a linear model of shareholder primacy, where financial return is prioritised above all else. This model is increasingly seen as outdated in the face of environmental crises, labour movements, and ethical consumption trends. Instead, M&S should adopt a **circular stakeholder model**— where value is co-created and redistributed among all stakeholders to ensure social, economic, and environmental sustainability.

Another powerful area of rethinking involves **shifting from reactive to proactive stakeholder engagement**. Many organisations, including M&S, historically respond to stakeholder concerns only after issues escalate—such as when negative media or NGO campaigns surface. However, proactive engagement involves regularly soliciting stakeholder input through structured dialogue sessions, impact assessments, and collaborative governance. For example, introducing stakeholder roundtables on topics like ethical sourcing, diversity, or environmental impact can lead to more trusted relationships and early identification of reputational risks.

Moreover, M&S should **embed stakeholder thinking into performance metrics and accountability structures**. Traditional metrics focus on quarterly earnings, market share, or cost reductions, with minimal inclusion of non-financial factors. Integrating stakeholder-related KPIs (Key Performance Indicators)—such as employee well-being, carbon footprint, customer satisfaction, and supply chain ethics—into leadership appraisals and reporting processes can reinforce the seriousness of stakeholder inclusion. Transparent, audited reports

on such indicators will also enhance M&S's standing with ESG (Environmental, Social, Governance)-driven investors and regulators.

Digital innovation is another strategic opportunity for stakeholder inclusion. M&S can use AI, customer feedback analytics, and employee apps to gather real-time insights and sentiment across stakeholder groups. These technologies can facilitate quicker response times, foster innovation through participatory design, and personalise engagement strategies. For example, using predictive analytics to understand emerging customer preferences allows for early product innovation and enhances the customer-stakeholder relationship.

Lastly, **rethinking board composition and leadership diversity** is critical in challenging the status quo. Including representatives with backgrounds in sustainability, community development, and labour rights ensures that diverse voices inform strategy at the highest level. A more diverse board not only improves decision-making quality but signals a clear commitment to inclusive stakeholder governance.

In conclusion, the future of M&S's competitiveness lies not in maintaining rigid, outdated stakeholder hierarchies, but in embracing a **dynamic, inclusive, and transparent approach**. By actively involving all key stakeholder groups in value creation, decision-making, and innovation, M&S can lead by example in transforming corporate governance for the 21st century.

Primary stakeholders wield direct influence. For instance, **shareholders**, especially institutional investors, maintain significant power through voting rights and capital investments. Their status is high, particularly in shaping executive decisions, mergers, and dividend policies. **Employees**, although historically considered less powerful, now command a growing status within M&S due to the rising emphasis on ethical labour practices, organisational culture, and diversity. With staff engagement tied closely to productivity and customer satisfaction, M&S increasingly values employee voice, especially in post-pandemic work structures.

Customers, another crucial primary stakeholder, hold fluctuating power based on market competition and social sentiment. The digital revolution and review platforms like Trustpilot or social media channels have empowered customers to directly impact brand reputation, giving them significant indirect power. At M&S, customer feedback now actively shapes product development, service standards, and CSR focus areas, elevating their status to strategic influencers.

Suppliers also illustrate contrasting roles. Suppliers in developing economies who provide unique or ethical products (e.g., Fairtrade or organic cotton) have gained strategic importance, particularly as M&S pushes sustainability. These suppliers, though traditionally peripheral, now possess negotiation power due to their alignment with brand values and scarcity of alternative sources.

Secondary stakeholders, while often external and less involved in daily operations, significantly impact long-term strategies. For example, **government agencies** impose trade tariffs, environmental regulations, and labour laws that alter how M&S structures its supply chain and HR policies. Their power is regulatory but can drastically shift operational practices. **Media outlets** and **NGOs** also exert soft power through public opinion. A negative press campaign or NGO boycott can damage M&S's reputation and force strategic pivots.

Contrasts become sharper when considering **status vs. power**. Shareholders may have formal power but limited social legitimacy, whereas NGOs may lack direct authority yet hold significant status in ethical discussions. Similarly, employees may lack ownership power but increasingly shape public narratives around working conditions and corporate culture.

Thus, the stakeholder structure at M&S is not a fixed hierarchy but a fluid ecosystem. Understanding the balance between **power (ability to influence outcomes)** and **status (perceived legitimacy or relevance)** is essential. M&S must continuously reassess stakeholder influence in response to global trends, regulatory shifts, and consumer expectations to maintain strategic alignment and social legitimacy.

Firstly, M&S must move beyond the outdated notion that **shareholders are the primary decision-makers**. Although they provide capital and voting rights, over-prioritising shareholder interests can stifle innovation and alienate broader social actors. A growing body of research in stakeholder theory (Freeman, 1984; Rashid et al., 2024) argues for **shared value creation**, where profitability is balanced with environmental sustainability, employee well-being, and community engagement. By shifting its governance model to include stakeholder councils—with employee, customer, and NGO representation—M&S can democratise influence and foster more inclusive decision-making.

Secondly, the **role of employees must be reconceptualised**. Employees are no longer mere executors of top-down strategies but sources of innovation and cultural change. Through open forums, employee-led innovation challenges, and ethical reporting channels, M&S can unlock frontline insights that drive agility and operational excellence. This also addresses growing calls for workplace inclusion, fair wages, and mental health support. Empowering employees supports retention, satisfaction, and brand reputation—especially in the post-pandemic era of hybrid work.

Thirdly, **customers should be integrated into co-creation processes**. Instead of treating customers as passive consumers, M&S should embrace customer innovation labs or digital platforms where customers vote on new products, packaging ideas, or sustainability initiatives. This co-creation not only strengthens loyalty but ensures offerings align with evolving preferences and ethical concerns, which is vital for Gen Z and millennial segments.

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