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Stakeholders

Theory and Practice

Andrew L. Friedman and Samantha Miles

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Andrew L. Friedman

and

Samantha Miles

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For Carla and Jon

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PREFACE

The stakeholder field of theory, practice, and policy has reached a crossroads. Leading up to where we are now, there has been enormous growth in the popularity of the concept among academics and policymakers and this has encouraged managers, stakeholders, and their representatives to develop practices informed by the stakeholder concept. One clear path ahead is that the development of theory, practice, and policy continue to reinforce each other, leading to greater and wider influence of the concept on practice and policy. However, as the concept has become more popular, the path has become tangled with the many different ways the concept has been used. For example, different practices have come to be called stakeholder activities, particularly by those seeking to use the label to legitimize their actions. Also, a range of different definitions as to what a stakeholder is has emerged. Concentrating on these issues encourages a view of a second future path of the stakeholder field: as a fad that is rapidly passing its time of influence, which peters out as a future marker for progress. Already we notice a reluctance to use the word stakeholder among managers because of their concern that its meaning is unclear.

Aims and Approach

The primary aim of *Stakeholders: Theory and Practice* is to encourage the field along the first path. This book analyses, classifies, and critiques the diffused strands of the stakeholder literature. The authors believe that such a 'sorting' is necessary because of the widely recognized 'muddle' that has accompanied the popularity of the stakeholder concept. Major theoretical contributions are placed in the context of their philosophical underpinnings and are discussed along with literature aimed at recommending, describing, and analysing practical strategies and specific policies. Though the stakeholder concept is fairly new it has developed substantially, particularly since Freeman's landmark book of 1984. One important aspect of this development has been a decentring of the concept away from exclusive focus on corporate strategy and/or corporate morality. Although the overwhelming majority of the stakeholder literature is concerned with publicly owned corporations, some have sought to open space for other kinds of organizations to be considered (Smillie and Helmich 1999). More radically, rather than being limited to stakeholder management, representing how organizations ought to behave (for their own strategic good or for a wider social good), the concept has been widened by some to embrace stakeholders' own perspectives as complementing, and sometimes opposing, the organization perspective (Calton and Lad 1995; Frooman 1999). In this book we allow for a broad perspective by considering theories in relation the *organization–stakeholder relationship*. The design of this book supports this perspective. It reflects distinctions, which we believe have been key to the historical development of the stakeholder concept, and will be important for the future influence of the concept, and the agenda of those who see the concept as encouraging a change in how organizations and stakeholders interact. These distinctions are:

1. Among theory, practice, and policy. These are the subjects of distinct literatures that often show a surprising lack of appreciation of each other. A major purpose of this book is to bring these literatures together while emphasizing common themes. For each of these subjects a framework or model is presented to allow different contributions to be compared (Sections 3.2.4, 6.5, and 9.2).
2. Between normative and analytical approaches. This distinction is commonly expressed as a three-way classification: normative, instrumental, and descriptive. The term normative is generally used in the stakeholder literature in what would be thought of as the philosophic sense: as a prescriptive and categorical provision of guidance for actions and policies in all circumstances because it is the 'right' thing to do. Elsewhere in management literature it is used in a hypothetical sense in the form of 'If you want to achieve X, then do Y'. Donaldson and Preston (1995) refer to this as 'instrumental'. Here we use the term analytic to cover both instrumental theory and descriptive theory (Section 2.6).
3. Between organization-centred and stakeholder perspectives. This is one aspect of a general sensitivity to the social construction of the concept, i.e., sensitivity to differing perspectives on the concept by different people, affected by their social position. The stakeholder relation is dynamic and potentially highly contested and this can be reflected in the very concept of stakeholders being contested as well (Chapter 5).

Limitations

We concentrate on organization–stakeholder relations more than on macropolitical issues of governance and the broader use of the concept of stakeholders such as the idea of stakeholder pensions. Both are important, but this book is mainly aimed at readers interested in stakeholder management within organizations and the ways that stakeholders influence organizations. Macro issues are approached in terms of their relevance for these more micro-level (or meso-level) theories and practice. We also do not concentrate on detailed review of evidence for specific hypotheses in the literature, although we do briefly review the evidence for the fundamental instrumental stakeholder proposition in Chapter 5.

How to use *Stakeholders: Theory and Practice*

This book is distinctive in that it deals with theory, practice, policy, and education. There are four types of books that specialize in the stakeholder field:

1. Theoretical monographs that comprehensively deal with a single theory or a narrow collection of theories. Other theories are dealt with primarily as background leading up to the theory being proposed, or are only summarized in order to point out their failings and how the proposed theory is an improvement (Clarkson 1994; Post, Preston, and Sachs 2002; Phillips 2003*b*). These books may present recommendations for practice and policy but do not attempt a comprehensive review of either.
2. Practical guides and presentation of examples of good and bad practice. These are intended more for managers in practice (Svendsen 1998; Andriof et al. 2002, 2003), rather than managers in education where more reflective approaches are called for.
3. Collections of articles focused around a specific theme within the stakeholder field (Clarkson 1998; Sharma and Starik 2004) or a collection of papers given at a themed conference (Näsi 1995; Kelly, Kelly, and Gamble 1997). These are limited to the aspect of the stakeholder field that the editors or conference organizers believed to be new or important.
4. Applications of the stakeholder concept to specific fields: financial reporting (Stittle 2003), corporate governance (Alkhafaji 1989), business ethics (Weiss 1998, 2003), and marketing (Duncan and Moriarty 1997).

Beyond these relatively few types of books, the vast majority of stakeholder literature is to be found in articles in a wide range of academic journals, as can be seen in the References to this book. *Stakeholders: Theory and Practice* is unlike all the above types of books in that it presents many theories, each in its own terms and not as part of building up to a single theory or as foils to the preferred theory. It is not primarily aimed at management practitioners and is intended to guide students of management and management strategy, as well as students studying business ethics, organization behaviour, and related fields such as corporate governance, environmental management, sociology, and politics.

Stakeholders: Theory and Practice deals with the stakeholder field in a comprehensive manner. In this the only comparable book is Freeman (1984). Freeman surveyed use of the stakeholder concept up to the writing of his book. He expressed the concept clearly, emphasized the way the concept could be implemented by management in practice, discussed consequences of taking the concept seriously for business success and indeed survival, and issued warnings of the consequences of ignoring stakeholders for corporate survival. What emerged from Freeman (1984) was a clear statement of the stakeholder concept, but what we would regard as a narrow statement in that it was written from the perspective of management and, more narrowly, of management strategy. It was also strongly slanted towards a descriptive and instrumental approach, rather than a normative approach (which Freeman himself took up with vigour subsequent to his 1984 book).

We regard *Stakeholders: Theory and Practice* as 'updating' Freeman (1984) in that we provide a summary of the development of the stakeholder concept up to 2005. This involves much more attention being devoted to developments of the concept, particularly since 1984, and to an assessment of the extent to which the concept has been put into practice and has influenced policymaking and management education. The latter issues were not addressed by Freeman (1984) largely because they postdate his book. What emerges from *Stakeholders: Theory and Practice* is a complex statement of a multifarious stakeholder concept, replete with different philosophical underpinnings, many definitions of the term stakeholder, diverse implications for management practice, as well as implications for stakeholder strategies and actions and for policymakers. The contribution of *Stakeholders: Theory and Practice* is not, as for Freeman (1984), to provide a clear statement of the concept with clear implications for management strategy, but rather to provide a clear statement of this fundamental variety, via various methods and models, which allow the field to be ordered and more easily understood, and allow more considered judgements to be made on the diverse components of the field.

An underlying reason for *Strategic Management: A Stakeholder Approach* was the turbulence Freeman detected in the situation of US business in the early 1980s: accelerated mergers and acquisitions; recognition of new and powerful competitors from abroad, particularly Japan; and increased pressures at home on US corporations from employees, environmentalists, the media, consumer groups, and other special interest groups. The stakeholder concept was presented as an important potential remedy for these ills. An underlying reason for *Stakeholders: Theory and Practice* is turbulence in the stakeholder field, due to the variety of competing and complementary formulations and of derived implications from different contributors (due to the popularity of the stakeholder concept). This popularity has been driven not only by further development of many of the issues 'on the ground' that Freeman was responding to (continued globalization and sensitization of stakeholders, and particularly the media, to organization–stakeholder relations), but also by new issues in practice, arising from the manner in which organizations have responded to the call for stakeholder management. In consequence, the stakeholder concept is presented here as a relatively mature field of thought, practice, and policy where clarity in ordering the field is what we believe is required and what we have attempted to provide.

The plethora of stakeholder theories and practices are classified along specific dimensions using models in the form of figures. Concepts underlying the many stakeholder theories, as well as brief examples of stakeholder practice, are clearly set out in the form of vignettes. We have emphasized exposition at the expense of critique of existing stakeholder theory and practice. However, occasionally we have provided a critical perspective, such as on the convergence debate (Section 5.3). Finally, at the end of each chapter we have provided a set of questions/exercises. By and large, these are broad and rather difficult questions to answer. We offer them as possible essay and dissertation topics for students as well as pointers towards future directions of stakeholder research.

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LIST OF ABBREVIATIONS

ABI	Association of British Insurers
ACCA	Association of Chartered Certified Accountants
AGM	Annual general meeting
AI	Amnesty International
AICPA	American Institute of Certified Public Accountants
AIDS	Acquired immunodeficiency syndrome
ALPA	Airline Pilots Association
ASAP	As soon as possible
ASSC	Accounting Standards Steering Committee
AT&T	American Telephone and Telegraph Company
BBC	British Broadcasting Corporation
BiC	Business in the Community
BiE	Business in the Environment
BITF	Business Impact Task Force
BP	British Petroleum
BSC	Balanced scorecard
BSE	Bovine spongiform encephalopathy
BT	British Telecom
CAFÉ	Coffee And Farmer Equity
CalPERS	California Public Employees' Retirement System
CBS	Columbia Broadcasting System
CEFIC	European Chemical Industry Council Reporting
CEO	Chief executive officer
CERES	Coalition for Environmentally Responsible Economies
CESER	Corporate Environmental, Social, and Ethical Reporting
CFC	Chlorofluorocarbons
CFO	Chief financial officer
CFS	Co-operative Financial Services (UK)
CICA	Canadian Institute of Chartered Accountants

CII	Council of Institutional Investors
CRPB	Caux Roundtable Principles for Business
CSP	Corporate social performance
CSR	Corporate social responsibility
CSX	Chessie Seaboard Multiplier (railroad transportation company)
CTC	Centre for Tomorrow's Company
DEFRA	Department for the Environment and Rural Affairs
DTI	Department for Trade and Industry
EDF	Environmental Defense Fund
EFQM	Excellence For Quality Management
EII	Earth Island Institute
EIRIS	Ethical Investment Research Information Services
EMAS	Eco-Management Audit Scheme
EPA	Environmental Protection Agency
EPE	European Partners for the Environment
ERA	Environmental Reporting Awards
ESS	Enron Energy Services
ETI	Ethical Trading Initiative
EU	European Union
GEC	General Electric Company
GEMI	Global Environmental Management Initiative
GM	Genetically modified
GMB	General Municipal Boilermakers, a British trade union
GRI	Global Reporting Initiative
GSK	GlaxoSmithKline
GSP	Global Sullivan Principles
FTSE	Financial Times Stock Exchange
HRM	Human resource management
IAM	International Association of Machinists (US trade union)
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IBM	International Business Machines
ICC	International Chamber of Commerce
IFA	Independent Financial Advisers
IiP	Investors in People

ILO	International Labour Organization
ISCT	Integrative Social Contracts Theory
ISEA	Institute for Social and Ethical AccountAbility
ISO	International Organisation for Standarisation
JEDI	Joint Energy Development Initiative
KLD	Kinder, Lydenberg, Domini, and Company
KPI	Key performance indicator
LBG	London Benchmarking Group
LJM	A Special Purpose Entity created at Enron
M&S	Marks & Spencer
MBA	Masters in Business Administration
MEB	Management Institute for Environment and Business
MIT	Massachusetts Institute of Technology
MNE	Multinational enterprise
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
OFR	Operating and Financial Review
ORR	Office of the Rail Regulator
OXERA	Oxford Economic Research Associates
PCAOB	Public Company Accounting Oversight Board
P/E	Market Price to Earnings Ratio
PERI	Public Environmental Reporting Initiative
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PIRC	Pensions & Investment Research Consultants
PP	Pollution Probe
PR	Public Relations
RADP	Reactive–accommodative–defensive–proactive
RSA	Royal Society for Arts
SA8000	Social Accountability 8000
SEC	Securities and Exchange Commission
SIGMA	Sustainability Integrated Guidelines for Management
SME	Small and medium-sized enterprises
SPE	Special Purpose Entities
SRI	Socially responsible investment
SWOT	Strengths, weaknesses, opportunities, and threats

TNS	The Natural Step
UK	United Kingdom
UKSIF	United Kingdom Social Investment Forum
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environmental Programme
UNGC	United Nations Global Compact
WBCSD	World Business Council for Sustainable Development
WWF	World Wide Fund for Nature (formerly World Wildlife Fund)

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1 Introduction

1.1 The stakeholder concept

The classic definition of a stakeholder is 'any group or individual who can affect or is affected by the achievement of the organization's objectives' (Freeman 1984: 46).[1] At its broadest and most ambitious the stakeholder concept represents a redefinition of all organizations: how they should be conceptualized and what they should be. The organization itself should be thought of as a grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints. In so doing, a particular group of stakeholders—(top-level) managers—are thought of as the focal group, charged with fulfilling the role of stakeholder management. The concept was elaborated by Evan and Freeman (1993: 82) as the following two principles:

1. *Principle of corporate legitimacy.* The corporation should be managed for the benefit of its stakeholders: its customers, suppliers, owners, employees, and local communities. The rights of these groups must be ensured, and, further, the groups must participate, in some sense, in decisions that substantially affect their welfare.
2. *The stakeholder fiduciary principle.* Management bears a fiduciary relationship (Vignette 1.1) to stakeholders and to the corporation as an abstract entity. It must act in the interests of the stakeholders as their agent, and it must act in the interests of the corporation to ensure the survival of the firm, safeguarding the long-term stakes of each group.

Vignette 1.1 WHAT ARE FIDUCIARY DUTIES?

Fiduciary duties are duties of one who holds something in trust, according to the *Oxford English Dictionary*. The duties required are honesty, adequate care for that which is entrusted, and transparency and trust that the fiduciary will avoid personal gain or harm to the beneficiary (Marens and Wicks 1999). This is most commonly associated with the relationship between management and shareholders. Unlike other agents who provide the corporation with various types of capital, contracts or other forms of safeguards do not protect shareholders (due to their claim being residual and not relating to specific assets) rendering their investment open to greater risk. Consequently, fiduciary duties are imposed on managers to protect the shareholders as legal owners who are not in a position to manage their own affairs. Legally, the relationship is not with the shareholder but with the shareholder's investment.

The definition of a stakeholder, the characterization of the organization and its purpose, characterizations of the role that managers do take on or should take on are all contested, even within the 'camp' of those who would consider themselves to be proponents of the stakeholder concept. Freeman uses a different definition of stakeholders as 'those groups who are vital to the survival and success of the corporation' (2004: 58) in later work in which the two principles are altered and renamed (2004: 64):

1. *The stakeholder-enabling principle.* Corporations shall be managed in the interests of stakeholders.
2. *The principle of director responsibility.* Directors of the corporation shall have a duty of care to use reasonable judgement to define and direct the affairs of the corporation in accordance with the stakeholder-enabling principle.

He adds a further principle, which reflects a relatively new tendency in stakeholder theory, i.e. to consider the stakeholder concept from the perspective of the stakeholders themselves and their activities (2004: 64):

The principle of stakeholder recourse. Stakeholders may bring an action against the directors for failure to perform the required duty of care.

These elaborations of the stakeholder concept are versions of *normative* stakeholder theory, meaning theories of how managers (and sometimes stakeholders) should act and should view the purpose of the organization, based on some ethical principle. There are other approaches to the stakeholder concept. Some are concerned with how managers and stakeholders actually behave and how they view their actions and roles. These have been labelled as *descriptive* stakeholder theory. Some are concerned with how managers should act if they are to further their own interests or what theorists conceive as the interests of the organization, usually viewed as (long-run) profit maximization or maximization of stockholder value. This strategic approach is generally based on what has been called *instrumental* stakeholder theory, which is the proposition that if managers treat stakeholders in line with the stakeholder concept, then the organization will be more successful or more likely to be sustainable. This three-way categorization of approaches to the stakeholder concept was popularized by Donaldson and Preston (1995). Relations among these ways of elaborating the stakeholder concept have been subject to considerable debate in the academic literature. This is discussed in Chapters 2 and 5. A discussion of the range of stakeholder definitions and the range of groups included in the definition follows in Section 1.3.

1.2 Context of the stakeholder concept and its popularity

Interest in the concept of stakeholders among academics has burgeoned in recent years. Donaldson and Preston (1995: 65) noted that a dozen books and more than 100 articles primarily concerned with the stakeholder concept had appeared. Since then interest in the stakeholder concept has quickened even further. Simply type out the word stakeholders in a search engine such as Google Scholar and you will find more than 100,000 references.[2] Several issues of notable journals have been devoted to elaborating and debating the stakeholder concept (*Business Ethics Quarterly*, 1994: 4/4; 2002: 12/2; *Critical Perspectives in Accounting*, 1998: 9/2; *Academy of Management Review*, 1999: 24/2; *Academy of Management Journal*, 1999: 42/5). The stakeholder concept has also grown in popularity among policymakers, regulators, non-governmental organizations (NGOs), business, and the media (Section 2.5).

Many contributors to the stakeholder concept have made their contributions (particularly normative contributions) in debate with those who promote the chief rival vision of the corporation and the role of its top managers: the stockholder (shareholder)[3] model, based on ownership. The objective of the corporation is to maximize stockholder value expressed either as maximizing long-run profits, growth, or dividends (though how long this long run should be is debatable). Friedman (1962: 74) argued that this is the 'one and only social responsibility of business' as long as companies keep to the rules of the capitalist game, i.e. 'engage in open and free competition without deception or fraud'. However, this view appears to be giving way to the view that business has wider responsibilities and that those responsibilities are best expressed in terms of the stakeholder concept. A further measure of the popularity of the stakeholder concept has been the recent proliferation of literature broadly contesting the concept and reiterating the view that stakeholder concept promoters have been specifically trying to replace (Argenti 1993, 1997; Sternberg 1997, 2000; Marcoux 2000, 2003) (Section 5.2).

1.3 Stakeholder definitions: profusion and some confusion

Partly in consequence of its popularity, the stakeholder concept has come to be used in a variety of contexts, often with somewhat different definitions of stakeholders. This has led to the concept being criticized as:

- A 'muddling of theoretical bases and objectives' (Donaldson and Preston 1995: 73).
- 'A rather vague and cryptic concept that is open to a wide variety of rather divergent political interpretations' (referring to a vision of a stakeholder society, Hay 1996: 47).
- A 'slippery creature . . . used by different people to mean widely different things which happen to suit their arguments' (Weyer 1996: 35).
- The term stakeholding becoming 'content free' meaning 'almost anything the author desires' and the stakeholder debate becoming 'confused' and 'often shallow' in nature (Stoney and Winstanley 2001: 650).

Different literatures adopting different definitions have hampered cross-discipline research and debate. This may be thought of as an example of negative consequences of the elaboration of discourse. Groups of writers come to coalesce around particular social constructions of reality, leading to writers referring to stakeholders without being aware of relevant theoretical issues that have been raised in other literatures. For example, Roberts and Mahoney (2004: 400) criticized accounting researchers who either 'fail to incorporate stakeholder research published in business ethics literature' or 'rely on different versions of stakeholder theory'. They examined 125 accounting studies that use stakeholder language and found that nearly two-thirds 'use the term stakeholder without reference to any version of stakeholder theory'. Writers use the same label to refer to substantially different concepts, for example some use the term 'stakeholders', but are clearly referring only to legitimate stakeholders, without defining legitimacy (Section 5.4.3). Others use a much broader definition. This distinction can have substantial consequences on ethical, strategic, and policy conclusions.

1.3.1 WHAT IS A STAKEHOLDER?

Table 1.1 presents a summary of fifty-five definitions covering seventy-five texts arranged in chronological order.[4] The earliest definition is often credited to an internal memo produced in 1963 by the Stanford Research Institute: 'those groups without whose support the organization would cease to exist'[5] (Freeman, 1984: 31). Similar definitions have been advocated by Bowie (1988), Freeman and Reed (1983), and Näsi (1995). Freeman (2004: 58) has continued to use this definition in a modified form: 'those groups who are vital to the survival and success of the organization'. Clearly, this definition is entirely organization-centric. It is also a stringent definition; it excludes categories of agents that other definitions include.

In what is commonly regarded, at least in academic circles, as seminal stakeholder text, stakeholders are defined as 'any group or individual who can affect or is affected by the achievement of the organization objectives' (Freeman 1984: 46). Table 1.1 gives an indication of the popularity of this definition. This definition is more balanced and

Table 1.1 Stakeholder definitions: chronological

Date	Author	Stakeholder definition
1963	1. Stanford Research Institute	Those groups without whose support the organization would cease to exist
1964	2. Rhenman adopted by: 3. Steadman and Green (1997)	Are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence
1965	4. Ansoff (1965*a*: 34)	The objectives of the firm should be derived balancing the conflicting claims of the various 'stakeholders' in the firm. . . . The firm has a responsibility to all of these and must configure its objectives so as to give each a measure of satisfaction
1971	5. Ahlstedt and Jahnukainen	Driven by their own interests and goals are participants in a firm, and thus depending on it and for whose sake the firm is depending
1983	6. Freeman and Reed (1983: 91)	Wide: can affect the achievements of an organization's objectives to who is affected by the achievement of an organization's objectives Narrow: on which the organization is dependent for its continual survival
1984	7. Freeman (1984: 46) adopted by: 8. Berman et al. (1999) 9. Burton and Dunn (1996) 10. Calton and Kurland (1995) 11. Frooman (1999) 12. Goodpaster (1991) 13. Greenley and Foxall (1997) 14. Heugens, Van den Bosch, and Van Riel (2002) 15. Jawahar and McLaughlin (2001) 16. Jones and Wicks (1999*a*) 17. Kujala (2001) 18. Metcalfe (1998) 19. Page (2002) 20. Roberts (1992) 21. Rowley and Moldoveanu (2003) 22. Rowley (1997) 23. Sternberg (1997) 24. Wood and Jones (1995)	Can affect or is affected by the achievements of the organization's objectives
1987	25. Cornell and Shapiro (1987: 5) 26. Freeman and Gilbert	'Claimants' who have 'contracts' Can affect or is affected by business
1988	27. Bowie (1988: 112) 28. Evan and Freeman	Without whose support the organization would cease to exist Have a stake or claim in the firm Benefit from or are harmed by, and whose rights are violated or respected by, corporate actions

(*contd.*)

Table 1.1 (*contd.*)

Date	Author	Stakeholder definition
1989	29. Alkhafaji (1989: 36)	Groups to whom the corporation is responsible
	30. Carroll	Asserts to have one or more of these kinds of stakes, which range from an interest to a right (legal or moral) to ownership or legal title to the company's assets or property
1990	31. Freeman and Evan	Contract holders
1991	32. Low (1991: 336)	All those who have an interest in the firm's survival
	33. Miller and Lewis (1991: 55)	Stakeholders are people who can help or hurt the corporation
	34. Savage et al. (1991: 61)	Have an interest in the actions of an organization and have the ability to influence it
	35. Thompson, Wartick, and Smith (1991: 209)	In 'relationship with an organization'
1992	36. Hill and Jones (1992: 133)	Constituents who have a legitimate claim on the firm . . . established through the existence of an *exchange relationship*. They supply 'the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements)'
	37. Palgrave et al. (1992)	Those whose welfare is tied with a company
1993	38. Brenner (1993: 205)	Having some legitimate, non-trivial relationship with an organization (such as) exchange transactions, action impacts, and moral responsibilities
	39. Carroll (1993: 22)	Individuals or groups with which business interacts who have a stake or vested interest in the firm. Asserts to have or may have more of the kinds of stakes in business . . . may be affected or affect. Power and legitimacy
	40. Starik (1993: 22)	Any naturally occurring entity that affects or is affected by organizational performance
1994	41. Clarkson (1994: 5)	Bear some form of risk as a result of having invested some sort of capital, human or financial, something of value, in a firm . . . [or] . . . are placed at risk as a result of a firm's activities
	42. Freeman (1994*a*: 415)	Participants in 'the human process of joint value creation'
	43. Langtry (1994: 433)	The firm is significantly responsible for their well-being or they hold a moral or legal claim on the firm
	44. Mahoney	Passive stakeholders who have a moral claim on the company not to infringe liberties or inflict harm and active stakeholders those whose claims are more in the nature of welfare rights
	45. Schlossberger	Investors who provide specific capital or opportunity capital to a business
	46. Starik (1994: 90)	Can and are making their actual stakes known . . . or might be influenced by, or are potentially influencers of, some organization whether or not this influence is perceived or known
	47. Wicks, Gilbert, and Freeman (1994: 483)	Interact with and give meaning and definition to the corporation