Who Counts and Who Decides? Firms, Problems, and Stakeholder Theory

Introduction

The survival of an organization largely depends on identifying key stakeholders and fulfilling their interests (Alvarez & Sachs, 2023; Barney, 2018; Bosse, Phillips, & Harrison, 2009; Bridoux & Vishwanathan, 2018; Tantalo & Priem, 2016). Stakeholder theorists have emphasized that stakeholder identification depends on several factors, including stakeholder salience (Mitchell, Agle, & Wood, 1997), issue salience (Bundy, Shropshire, & Buchholtz, 2013), control of critical resources (Barney, 2018), and the organization's stage in the life cycle (Jawahar & McLaughlin, 2001; Alvarez & Sachs, 2023). Underlying this body of work is a shared assumption that the firm is the central actor and that managers exercise discretion in deciding which stakeholders matter, typically prioritizing those who possess power or influence over the organization.

While this firm-centric view has advanced our understanding of stakeholder identification, it remains incomplete. Presuming that firms and managers decide which stakeholders matter overemphasizes firm and managerial discretion and overlooks stakeholders who lack formal power yet are significantly affected by organizational actions. It also assumes that broad stakeholder categories such as customers, employees, and shareholders-are internally homogeneous, granting managers discretion to treat these groups as unified entities. This reductionism ignores the heterogeneous nature of stakeholders, where multiple stakeholders within a single category may hold distinct and sometimes competing interests. As a result, current theorizing oversimplifies stakeholder identification by treating stakeholders within categories as homogeneous, leaving unexplained how organizations distinguish among heterogeneous, and often competing, actors within the same category (e.g., customers, media, and community).

By framing stakeholder identification as a choice made by the firm and its managers, this perspective has important theoretical consequences: It reduces stakeholder relevance to managerial discretion and power-based prioritization, obscuring how relevance can instead emerge from interdependence and shared exposure to organizational problems. In practice, this can misdirect managerial attention. For example,

during operational failures, a firm-centered, power-based logic would direct managerial attention toward customers with higher economic or symbolic power, even though such problems would affect many other customer subgroups and resolving them would be in the firm's interest. Such misalignment can intensify stakeholder dissatisfaction and worsen the underlying problem.

In this paper, we place the problem at the center of stakeholder identification, positioning it as the central organizing basis around which stakeholders are identified and prioritized. A problem exists when stakeholders perceive a situation that hinders their respective goals and whose resolution requires action. We use the term *mutuality* because such problems are inherently shared: They affect at least two stakeholders whose outcomes are interdependent. Building on this insight, we develop a typology of mutuality problems, distinguishing among simple, complex, and wicked mutuality problems. We further argue that each type of problem gives rise to distinct response mechanisms: dyadic, concerted, and reciprocal engagement aligned with how stakeholders become identifiable through the problem.

We contribute to stakeholder theory by reorienting who counts and why. Prior research suggests that firms and their managers are the central actors who exercise discretion in identifying and prioritizing stakeholders (Mitchell et al., 1997; Barney, 2018; Jawahar & McLaughlin, 2001; Bundy et al., 2013). However, we conceptualize stakeholder identification as a function of the problems that firms and stakeholders jointly face. In doing so, our framework shifts the foundational logic of stakeholder identification by positioning the problem—rather than power or categorical membership—as the primary basis for stakeholder relevance. In sum, our work moves the field forward from asking "Who has power?" to asking "What problem is the manager trying to solve?," a shift that reshapes how scholars theorize stakeholder relevance and managerial action.

STAKEHOLDER IDENTIFICATION

Identifying a Stakeholder

Stakeholder theory was originally conceptualized by Freeman (1984) in *Strategic Management: A Stakeholder Approach*, where he broadened managerial responsibility beyond shareholders to other stakeholders. He defined a stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (p. 46). Extending this, Mitchell and colleagues (1997) use the term *stakeholder salience*, defined as "the degree to which managers give priority to competing stakeholders' claims" (p. 854). Their normative approach presents a typology of stakeholders based on three attributes: (a) stakeholders' power to influence the firm, (b) the legitimacy of stakeholders' relationship with the firm, and (c) the urgency of the stakeholders' claim on the firm. Extending this line of work, some scholars shift attention from stakeholder attributes to issue salience, defined "as the degree to which a stakeholder issue resonates with and is prioritized by management" (Bundy et al., 2013, p. 353). In particular, they highlight that managers don't only respond to stakeholders' characteristics, but focus on issues relevant to the firm's identity. For example, Walmart's increased responsiveness to sustainability concerns was not driven by changes in the issue itself, nor by shifts in stakeholder power, legitimacy, or urgency. Rather, responsiveness emerged when Walmart's executives came to interpret the issue as consistent with the firm's identity as a low-cost leader and its strategic frame of leveraging economies of scale (Bundy et al., 2013).

In contrast, advocates of the life-cycle perspective suggest that stakeholders' relationships with the firm vary based on the stage of the firm's life cycle (Jawahar & McLaughlin, 2001). This study is built on the assumption that an organization encounters different threats and pressures from stakeholders at different stages in the organizational life cycle. As a result, a firm's critical stakeholder changes over time depending on its life-cycle stage. Therefore, a firm uses different strategies for engaging a single stakeholder over time (Jawahar & McLaughlin, 2001).

This work is further extended in a study that goes beyond the traditional four-phase model and focuses on the phase before the birth of the firm—when a firm does not yet exist (Alvarez & Sachs, 2023). Their study explains the positive role of new language in shaping stakeholder relations and establishing entrepreneurial endeavors. The establishment of new language and meaning occurs concurrently through interaction between founders and stakeholders; thus, new endeavors are a by-product of socially constructed language and meaning.

Taken together, these studies have contributed greatly to identifying stakeholders by highlighting the attributes of legitimacy, urgency, and power (Mitchell et al., 1997) and the stage of the organizational life cycle (Jawahar & McLaughlin, 2001; Alvarez & Sachs, 2023). However, implicit in this literature is a firm-centered logic in which the organization is treated as the focal stakeholder that identifies broader categories of stakeholders. As a result, this research has paid relatively less attention to how a firm identifies specific stakeholders within a wide range of actors in the same group. For example, in the shareholder category, there are subcategories; for example, Mastercard shareholders include institutional investors, hedge funds, the Mastercard Foundation, board members, individual investors, and so forth (Simply Wall St., 2021). Merck has categorized several types of customers: patients, physicians, research scientists, and universities. One might assume that customers are critical, but there are categories here as well; for instance, Merck has chosen research scientists as its core customers over patients (Simons, 2014). The situation gets complicated when one stakeholder is the customer, shareholder, and employee. For example, Mastercard employees are also shareholders and customers.

These realities reveal that broad categories hide significant internal heterogeneity. Attribute-based theories, such as salience, help managers prioritize stakeholders but do not explain how relevance emerges within heterogeneous categories. Power, legitimacy, and urgency describe attributes, not processes of emergence. Moreover, organizations cannot routinely monitor all stakeholders; instead, they typically respond to particular situations rather than static categories. These challenges suggest that stakeholder salience may be shaped not only by the attributes of actors but by the specific problems that affect them.

Dyadic and Triadic Perspectives on Stakeholder Identification

Research taking the bipartite view suggests a binary relationship between two stakeholders -a firm, any other human stakeholder or nonhuman stakeholders such as online communities—and the instrumental benefits (Berman et al., 1999; Fisher, 2019; Qian et al., 2021). A key insight of this research is the positive impact of managing reciprocal relationships with one or two stakeholders on different dimensions of a firm's financial performance (Berman et al., 1999; Wang, 2012; Qian et al., 2021). An exception to purely performance-oriented stakeholder research is work that emphasizes stakeholder utility and fairness. For example, Bosse and colleagues (2009) show that stakeholder utility and firm performance depend on firms' responses to stakeholders' expectations of distributional, procedural, and interactional justice. Building on this perspective, Bridoux and Vishwanathan (2018) examine how stakeholder power, motivation, and fairness concerns shape managerial discretion and value creation once stakeholders are already identified.

An emerging set of studies has broadened the relationship by focusing on three actors: the firm, the focal stakeholder, and other stakeholders. Exchanges have been categorized into two types: firm-to-stakeholder and stakeholder-to-stakeholder. The defining feature of this school of thought is that the utility received by the focal stakeholder through interaction with the firm does not happen in a vacuum but is influenced by other stakeholders, including society and social issues, that affect the utility of the focal stakeholder. The importance of this triangular relationship has been stressed in finance (Qin et al., 2025; Qian et al., 2021), strategy (Tantalo & Priem, 2016; Harrison et al., 2010), and organizational behavior (Lange et al., 2022; Ganson et al., 2022). This utility of the focal stakeholder can be affected positively or negatively depending on firms' treatment of other stakeholders. For instance, if employees observe that their CEO receives significantly higher pay, it negatively affects their loyalty. When firms treat communities or customers better than employees, employees may whistleblow (Qian et al., 2021). Researchers have also found that firms remaining silent on social issues affecting marginalized communities can reduce customer support; firms silent on Blackout Tuesday saw a 33% reduction in follower growth and 12% fewer likes on Instagram (Qin et al., 2025). Conversely, firms' actions can foster cooperation among stakeholders and reduce conflict

(Ganson et al., 2022). Another study suggests that stakeholders have diverse utility functions; a single managerial action can create multiple types of value for several stakeholders simultaneously without trade-offs (Tantalo & Priem, 2016). Additionally Lange et al. (2022) argue that a focal stakeholder's utility depends on interpretations of how a firm treats other stakeholders via ideological symbolism, equity comparison, and resource competition.

This stream demonstrates increasing recognition of stakeholder interdependence. Yet, crucially, these approaches share a common assumption: The firm or the manager remains the primary actor who identifies and prioritizes other stakeholders. Although Alvarez and Sachs (2023) shift attention away from firms and managers and locate stakeholder emergence in social processes of meaning-making, their work focuses on the stage prior to firm formation. Table 1 summarizes key approaches to stakeholder identification and highlights the identification logic. While some approaches center the firm or managers and others emphasize social processes, none position the problem itself as the organizing unit for stakeholder identification and relevance.

Insert Table 1 here

Another shortcoming is that stakeholder identities are largely treated as given rather than constructed through problems. If stakeholder outcomes are intertwined, then stakeholder relevance may likewise emerge through shared problems rather than predefined categories or attributes. For example, if a firm treats employees well but harms the community in which they live, this mismatch can deteriorate employees' relationship with the firm. This situation becomes even more troubling when firms and stakeholders face problems such as environmental degradation, labor disputes, and balancing profitability with social-equity demands.

Although this research has enhanced our understanding of stakeholder relationships and their influence on performance, we still lack a framework that explains how specific problems lead to stakeholder

identification and connect stakeholders to one another. The field needs a view that treats the problem as the organizing unit for stakeholder identification and management. Scholarly research has acknowledged that addressing the interests of one stakeholder can harm the interests of another (Bundy et al., 2013; Lange et al., 2022), and that stakeholders may self-identify by introducing new ideas and codeveloping the firm to solve common problems (Alvarez & Sachs, 2023). Taken together, these insights suggest that moving toward a problem-based logic is a natural next step. Recognizing the heterogeneity and incompatibility of stakeholders' interests is of central importance in designing appropriate strategies. However, this recognition poses another challenge: How does an organization identify which stakeholders within broader groups are most relevant and whose interests are aligned or misaligned? Identifying the right stakeholders within a group is a precondition for addressing their interests or problems. It would be unrealistic to assume that managers can routinely monitor and prioritize the interests of a wide range of stakeholders. Nor is there a single way to identify all stakeholders or a one-size-fits-all approach to stakeholder problems. Together, these issues indicate that stakeholder relevance may not be inherent in actors or categories but may instead emerge from the specific problems that connect them.

These limitations motivate a problem-based view of stakeholder theory that positions the problem as the unit. This view positions the problem as the unit of analysis and emphasizes mutuality. We argue that stakeholder identification is a function of the problem rather than of managerial discretion. Firms and managers do not choose which stakeholders matter; the nature of the problem reveals who is affected and who must be engaged. Figure 1a illustrates the classic firm-centered map, and Figure 1b illustrates our proposed problem-centered map, in which stakeholder (Xi, $i = 1, \ldots, n$) relevance emerges from a problem.

Insert Figure 1 here

A problem can affect at least two stakeholders (the firm and one or more stakeholders). This is why we use the term *mutuality problem*. The mutuality-problem perspective reframes the firm as one stakeholder among many implicated in the problem, rather than as the central actor around whom others orbit. We build on the literature on the nature of problems (Borasi, 1986; Barseghyan et al., 2024) and suggest that stakeholders' problems can be categorized into three types: simple, complex, and wicked mutuality problems. As Table 2 illustrates, the structure of a problem fundamentally shapes how stakeholder relevance emerges. Simple mutuality problems allow managers to deduce who the relevant stakeholders are, whereas complex problems require adaptive updates as unintended consequences unfold. Wicked mutuality problems, in contrast, demand emergent and negotiated identification processes in which stakeholders coconstruct the definition of the problem. In the next sections, we elaborate on how each type of problem leads to identification and calls for a distinct engagement strategy—dyadic, concerted, or reciprocal—that enables organizations to act effectively in response to the specific configuration of stakeholders revealed by the problem.

Insert Table 2 here

As we know, stakeholder satisfactions are interdependent (Lange et al., 2022); hence, solving the problems of one stakeholder can create benefits or problems for another. A problem-based perspective is important to capture these effects. This categorization helps in making sense of stakeholders' problems and their intended and unintended consequences, which in turn results in identifying direct and indirect stakeholders.

Toward the Theoretical Framework of Stakeholder Identification

In order to facilitate theory development and reduce ambiguity, we propose some clarifications and underlying assumptions described in Table 3.

Insert Table 3 here

Understanding Problems and the Typology of Stakeholders' Mutuality Problems

We believe problems are exogenous and arise in many domains, such as communication, innovation, productivity, turnover, and ethics, and stakeholders often face and interpret them differently. The organization's fundamental purpose (raison d'être) is to solve problems. For example, firms such as Bank of America, Grameen Bank, Uber, and Airbnb were founded explicitly to solve societal and stakeholder problems. Problems exist independently of organizations, and entrepreneurs (or intrapreneurs) identify these problems as opportunities for value creation. Many firms originate from precisely such problem recognition. For instance, Bank of America was founded to solve the problem of working-class individuals and immigrants in San Francisco being excluded from traditional banking, while Grameen Bank was created to address the lack of financial access for impoverished borrowers in rural Bangladesh. Bank of America was formed to solve a social problem that traditional banks had ignored; similarly, Grameen Bank was formed to address the social problem of individuals trapped in poverty due to a lack of collateral and access to credit. In both cases, the firm emerged as a response to a real-world social problem that was not being addressed by existing institutions. Therefore, it is reasonable to say that firms exist to solve stakeholders' problems. For Bank of America, those key stakeholders were immigrants and working-class individuals without bank accounts, whereas for Grameen Bank, the relevant stakeholders were borrowers without collateral. If Grameen Bank were unable to solve that problem, another organization or a different firm would eventually emerge to address the unmet need, because unresolved stakeholder problems create opportunities for new entrants.

This problem-based logic does not apply only to entrepreneurial settings; even mature corporations periodically realign their strategies around the stakeholder problems they were originally created to solve. It is possible for firms to drift away from their problem-solving purpose, but such divergence can threaten growth and sustainability and ultimately push them back toward their original purpose. For example, Nippon Electric Company (NEC), a Japanese firm, returned to its founding purpose in 2013 and reaffirmed it in 2020 by stating that the company was transforming into a social-value innovator and existed to "solve…global social issues" (NEC Integrated Report, 2020, p. 9). The company further noted in its 2013

annual report that social problems provided opportunities for growth through new business models. Similarly, Paul Polman, former CEO of Unilever, traced the purpose of Unilever back to its founder's intent to solve a hygiene problem and reintroduced this purpose to the organization, emphasizing that "the origins of business is to solve a problem that others can't solve" (The New Human Movement, 2022).

Even in classic principal–agent arrangements, organizational managers must solve day-to-day problems to generate profits or protect principals' interests. Thus, the organization's core function is problem-solving, which involves multiple managers, some taking responsibility for providing information, coordinating activities, and managing relationships with suppliers, customers, and other stakeholders. Together, these and similar examples (Table 4) illustrate the central premise of our framework: Firms emerge and persist because they solve problems that stakeholders cannot easily address on their own. Accordingly, stakeholder relevance originates in the problem the organization seeks to resolve, not in predefined stakeholder categories. It is important to note that each problem typically affects at least two stakeholders: the stakeholder experiencing the problem and the stakeholder attempting to resolve it. Moreover, other stakeholders such as existing organizations, regulatory bodies, or community groups may also become involved depending on the problem's broader social context.

Insert Table 4 here

Simple Mutuality Problems and Stakeholder Identification

Simple mutuality problems have clear solutions and well-defined outcomes. Moreover, stakeholders, whether they are directly or indirectly influenced, are relatively easy to identify. Therefore, in the case of simple mutuality problems, an organization can clarify the intended consequences of solving the problem and anticipate any unintended consequences that may arise.

Identifying affected stakeholders. This understanding of direct and indirect consequences is helpful in recognizing stakeholders within a generic category who are directly impacted and those who are indirectly affected. Intended consequences refer to the direct effects of the problem—effects that are central to the

problem or its resolution—whereas unintended consequences encompass secondary effects that may arise inadvertently. Analyzing both types of consequences enables firms to classify stakeholders as direct or indirect with greater precision.

For example, a fashion company sells products online and in physical stores, and it receives complaints from online customers regarding delayed deliveries. This scenario constitutes a simple mutuality problem: The issue is identifiable (delivery delays), and the solution is apparent (improving delivery speed). As a result, the directly affected stakeholders include employees working in the online delivery unit, suppliers, and online customers. Indirect stakeholders, such as employees working in physical stores, are not involved in day-to-day operations but can be affected by reputational damage stemming from poor service performance.

Thus, identifying both intended and unintended consequences plays a crucial role in recognizing the core direct and indirect stakeholders within broader stakeholder categories. Because simple mutuality problems have predictable consequences, stakeholder identification in these situations is largely deductive: Managers can readily anticipate which stakeholders matter. For example, delayed deliveries immediately reveal the involvement of online customers, delivery staff, and suppliers, whereas store employees remain only indirectly affected.

Complex Mutuality Problems and Stakeholder Identification

A complex mutuality problem is context dependent, and its solution is only partially defined. While the intended consequences are often clear, the identification of indirect stakeholders tends to be uncertain or ambiguous.

Identifying affected stakeholders. For this type of problem, a manager can identify directly affected stakeholders because the intended consequences are relatively clear; however, identifying indirect stakeholders is often ambiguous due to the lack of clarity surrounding unintended consequences.

A prominent example of a complex mutuality problem is the case of Nestlé India's Maggi noodles. The problem began when Indian food-safety regulators reported that the product contained lead levels above acceptable limits, contradicting Nestlé's own lab tests, which indicated safe levels. The intended

consequence of responding to the allegation—ensuring compliance and product safety—was clear, as were the direct stakeholders: employees working in local production and quality assurance departments, the local government, and local customers. However, the unintended consequences, such as national and international media attention, public distrust, and global concern, were less predictable. Consequently, indirect stakeholders like the corporate communications team, global media outlets, and international consumers became relevant as the situation evolved.

To manage this problem effectively, the company needed to engage with both direct and emerging indirect stakeholders. This illustrates that identifying direct stakeholders in complex mutuality problems is generally straightforward, whereas indirect stakeholder groups may only become visible over time. Thus, stakeholder identification in complex mutuality problems becomes adaptive: Managers begin with an initial stakeholder set but must revise and expand it as unintended consequences unfold. Organizations must remain adaptive and responsive to emerging unintended consequences and the new stakeholders they reveal.

Wicked Mutuality Problems and Stakeholder Identification

Wicked mutuality problems are characterized by deep ambiguity across three dimensions: the nature of the solution, the intended consequences, and the unintended consequences. The clarity of these dimensions depends entirely on the context, which is often unique and implicit. Unlike simple and complex mutuality problems, wicked mutuality problems involve ill-defined and often conflicting solutions. Intended consequences may be partially understood, but unintended consequences are difficult to predict, often emerging over time and across contexts. This threefold uncertainty complicates efforts to determine what is right or wrong, or ethical versus unethical. As Rittel and Webber (1973) argue, in wicked mutuality problems, "the formulation of the problem is the problem" itself.

Identifying affected stakeholders. In such cases, it becomes particularly difficult to determine who the direct and indirect stakeholders are, since the boundaries and effects of the problem are fluid and continuously evolving in response to sociopolitical, economic, and environmental conditions. Stakeholders not only experience the problem differently but may also disagree on its very definition or the appropriateness of proposed solutions. A prominent example of a wicked mutuality problem is climate change. Context is

crucial for understanding this problem: Communities economically reliant on coal consider climate change a socioeconomic challenge, whereas coastal communities perceive it as an existential threat. Similarly, corporate perspectives vary; some view climate-change mitigation as a business opportunity, while others see it as a threat to profitability. Both direct and indirect consequences are difficult to specify. Certain stakeholders or communities may be directly affected at one point in time but not at another. Hence, identifying direct and indirect stakeholders remains a moving target.

This diversity of perspectives extends to potential solutions. For example, while some scholars advocate carbon pricing as a necessary policy tool (Boyce, 2018), others argue that it oversimplifies the issue and may exacerbate social inequalities (Rosenbloom et al., 2020). Both the consequences of actions and stakeholder relevance shift over time and across contexts, making the identification of core stakeholders exceptionally challenging. Accordingly, stakeholder identification in wicked mutuality problems is fully emergent and negotiated: stakeholders codefine the problem, coproduce its boundaries, and thereby cocreate their solutions. Taken together, the three types of mutuality problems reveal that stakeholder identification is not a uniform process but varies systematically with the nature of the problem: deductive for simple problems, adaptive for complex problems, and fully emergent and negotiated for wicked problems. This mechanism explains how stakeholder relevance arises through shared problems rather than through predefined categories or actor attributes.

Deconstructing Wicked and Complex Mutuality Problems to Identify Indirect Stakeholders

In the previous section, we described how simple, complex, and wicked mutuality problems can be useful in identifying direct stakeholders. Here, we build on that discussion by examining how these problem types interrelate in a process model of stakeholder identification. As illustrated in Figure 2, we argue that decomposing a wicked mutuality problem into a set of complex problems and further disaggregating those into simple problems can be useful in identifying indirect stakeholders.

Insert Figure 2 here

Decomposition is a systematic breaking down of a wicked or complex problem into smaller subproblems, which clarifies causal pathways and reveals more specific consequences. Problem decomposition is an iterative and dynamic interplay among simple, complex, and wicked problems, in which insights gained at one level reshape understanding at another. This movement reflects the evolving nature of real-world problems that stakeholders face, where complexity emerges from interrelated sets of simple mutuality problems (Simon, 1962; Gerald, 1989).

Just as tasks in a project can be decomposed into smaller tasks (Project Management Institute, 2017), wicked and complex mutuality problems can likewise be broken down into subsets of simpler problems, which implies that addressing simpler problems incrementally contributes to resolving wicked ones. Wicked problems can thus be viewed as aggregations of complex and simple mutuality problems. The empirical work of Savaget and colleagues (2024) supports this reasoning, showing that activist stakeholders addressing wicked problems often decompose them into smaller, actionable issues and are motivated by achieving "small wins." In this way, decomposition shifts stakeholder identification from holistic guessing to evidence-based discovery: Each subproblem reveals a subset of stakeholders, and aggregating these subsets reconstructs the broader network of directly and indirectly affected actors.

Thus, decomposition is useful in tracing who is directly affected, who contributes to the persistence of the problem, and who is required for coordinated action. Through this systematic mechanism, indirect stakeholders become visible and may even be reclassified as direct stakeholders. Such reclassification is triggered when a stakeholder who had appeared peripheral becomes directly connected to a specific subproblem, either because they experience its primary consequences or because their participation becomes necessary for solving it. Thus, decomposition enables moving from an amorphous, high-level understanding of stakeholder involvement to a more concrete and actionable identification of relevant actors.

Emphasizing the nature of the problem and a subsequent decomposition approach captures the complexity inherent in theorizing about multiple stakeholders without being constrained by conventional labels such as primary versus secondary or powerful versus weak stakeholders, whose interests may not be equally

affected by a specific problem. Thus, by theorizing stakeholder identification at the problem level, we account for the nuanced and dynamic characterization of multiple affected stakeholders.

Some stakeholders within a particular category may possess power but are not directly affected by the problem and are therefore less relevant. For example, online and in-person customers may both have power and interest in a product, but their relevance varies by problem type. Issues such as delivery delays primarily affect online customers, whereas customer-service failures impact in-store customers. Similarly, store employees are most affected by problems in physical retail operations, while issues with the online platform are more relevant to digital support teams. This illustrates that stakeholder relevance emerges from a problem, not from stakeholder attributes alone.

Firms face a wide range of problems, from technical (simple) to optimization (complex) to societal (wicked). Recognizing the nature of a problem is therefore central to identifying relevant stakeholders. Simple problems allow managers to deduce stakeholders from relatively clear boundaries; complex problems require adaptive identification as unintended consequences reveal additional actors; and wicked problems demand emergent identification, as stakeholders co-construct both the problem and their own salience. Rather than beginning with stakeholder attributes such as power or legitimacy, a problem-focused approach enables firms to identify the most critical stakeholders within each category. Viewing stakeholder identification as a function of the problem allows organizations to pinpoint the stakeholders most crucial for their long-term sustainability. Consequently, an organization's response strategy depends on both the nature of the problem and the stakeholders, direct and indirect, who are affected.

Response Mechanisms to Address the Problems of Identified Stakeholders

Building on our process model, we propose that each type of mutuality problem—simple, complex, and wicked—requires a corresponding engagement mechanism. Because the nature of the problem, through its identification logic (deductive, adaptive, or emergent), determines who the relevant stakeholders are, organizations must align their response mechanisms with that identification logic. Simple problems call for dyadic engagement, complex problems require concerted engagement, and wicked problems demand

reciprocal resource engagement. Prior work offers stakeholder response strategies; we extend this work by theorizing the mechanisms through which firms engage with the stakeholders revealed by the problem.

Researchers have proposed multiple categories of response strategies (Tsui et al., 1995; Becker, 2001; Jawahar & McLaughlin, 2001), typically based on the perceived importance of stakeholders determined by their impact on financial performance (Berman et al., 1999; Gupta et al., 2020) and their degree of salience, which depends on power, legitimacy, and urgency (Mitchell et al., 1997). Active responses involve allocating resources and taking direct action, whereas reactive responses involve denial or silence (Huang et al., 2025).

For example, Buysse and Verbeke's (2003) empirical study considered a firm's response strategy "active" when it managed changing stakeholder norms and expectations proactively (p. 467). Other scholars employ similar categorizations under different labels, such as decoupling strategies, which vary depending on stakeholder preferences (Fiss & Zajac, 2006). Likewise, Jawahar and McLaughlin (2001) argue that firms adopt proactive strategies to address the interests of critical stakeholders and reactive strategies for those less central to organizational survival.

Although informative, these frameworks implicitly assume that stakeholder concerns can be addressed in isolation and that firms cannot fulfill the interests of multiple stakeholders simultaneously. By presuming that firms respond primarily to environmental or performance conditions rather than to interdependent stakeholders, this literature oversimplifies the complexity of stakeholder management. This logic implies that the stakeholder becomes secondary and that contextual conditions, not stakeholder relationships, drive organizational responses. While valuable, these approaches do not explain *why* particular responses are appropriate for particular problems, nor do they incorporate the mutuality and interdependence revealed through problem-based stakeholder identification.

Recognizing these limitations, scholars have begun to emphasize the synergies among stakeholder interests by highlighting interconnections among different forms of value that do not diminish value for one group but instead create shared value for all stakeholders (Tantalo & Priem, 2016). Lange and colleagues (2022) extend this view by arguing that stakeholder value and utility depend not only on how much value a firm

creates for a specific stakeholder but also on how it treats other stakeholders within the system. This emerging perspective captures the interdependence of stakeholder interests and underscores the role of top managers in integrating multiple forms of value. However, the argument often assumes that all stakeholders within a given category share similar interests, which can limit its explanatory precision. While these insights are valuable and have significantly advanced our understanding of stakeholder management, they are built on the assumption that the firm or its managers are the primary decision-makers in determining which stakeholders matter and how to respond.

While this may be true, we believe an important opportunity remains to consider how the problem itself shapes stakeholder relevance and constrains managerial response. We argue that the firm remains a coordinating actor, but its actions are shaped by the mutuality and interdependence embedded in the problem rather than by unilateral managerial discretion.

Extending existing research, we move beyond firm-centered, condition-based response strategies to focus instead on engagement mechanisms that correspond directly to the problem-based identification process developed earlier. We propose three mechanisms: dyadic engagement, concerted engagement, and reciprocal resource engagement, which correspond to simple, complex, and wicked mutuality problems, respectively. These mechanisms are employed selectively depending on the nature of the problem. In the following sections, we theorize how each form of engagement enables organizations to design response strategies capable of addressing simple, complex, and wicked mutuality problems.

How a Dyadic Stakeholder Engagement Strategy Addresses Simple Mutuality Problems

Stakeholder engagement is defined as "an organization's purposeful interaction with stakeholders to address their concerns and commit to value co-creation" (Freeman & Menghwar, 2024, p. 45). In the contemporary business world, it is difficult to imagine organizations that do not purposefully engage with their stakeholders. Modern communication systems such as social media, television, and print media provide numerous channels for engagement. Thus, stakeholder engagement has become the modus operandi of business, particularly because simple problems allow managers to deduce quickly which stakeholders are involved and to engage them directly.

Empirical research shows that effective stakeholder engagement is positively related to organizational performance. For example, pioneering work in behavioral stakeholder theory by Keevil (2014) and Parmar, Keevil, and Wicks (2019) demonstrated that clear communication about organizational objectives enhances employee engagement and performance. Despite this, many organizations still lag in engaging with their core stakeholders particularly their employees. A 2020 Gallup survey found that 54% of workers were "not engaged," meaning they were psychologically detached from their work and organization, while only 36% were actively engaged (Harter, 2020).

Additional empirical evidence supports the importance of engagement and communication. For instance, a study found that "the communication gap between simulation and stakeholder groups is the primary factor contributing to poor stakeholder engagement in healthcare simulation projects" (Jahangirian, Taylor, Eatock, Stergioulas, & Taylor, 2015, p. 369). Another study of five leading German companies involved in new product development reported that managers' failure to capture and share information resulted in lost learning opportunities. As several managers emphasized, "Only the interaction between people can really transfer the knowledge gained during the meeting" (Goffin & Koners, 2011, p. 314). Similarly, a Microsoft survey found that communication breakdowns were the leading cause of project failure (Microsoft 365 Team, 2019).

Although modern communication systems offer many opportunities for interaction, the overwhelming flow of information can create distraction and ambiguity. Moreover, survey data consistently show that unclear communication continues to strain employee engagement (Harter, 2020).

We theorize that dyadic engagement—characterized by two-way, continuous communication—has a high likelihood of resolving simple mutuality problems because their deductive stakeholder-identification logic reveals a small, clearly defined set of stakeholders. A simple mutuality problem typically involves two stakeholders: the actor whose behavior creates the issue and the stakeholder affected by it. Since the problem's boundaries and consequences are relatively clear, managers can readily determine which stakeholders must engage and initiate direct communication. Ongoing communication enables these parties

to achieve clarity about the problem and jointly reach a resolution. Reaching such clarity helps each stakeholder understand their specific role in addressing the issue.

In general, stakeholders often assume that transmitting facts and figures is sufficient for communication. For example, an organization needing a supplier might provide detailed specifications about the required materials. However, a dyadic engagement approach encourages reciprocal communication to ensure mutual understanding and agreement between the supplier and vendor. Thus, two-way dialogue aligns with the deductive nature of simple mutuality problems, in which focused and direct engagement is useful in resolving those problems.

How a Concerted Engagement Response Addresses Complex Mutuality Problems

A concerted engagement strategy involves multiple stakeholders engaging to reach a shared understanding and develop common solutions to address complex mutuality problems. In the management literature, the term *multistakeholder engagement* commonly refers to broad collaboration across organizations or sectors; we use *concerted engagement* to describe the mechanism through which interdependent stakeholders, often within and across organizational units, jointly make sense of the problem and integrate their perspectives. We conceptualize concerted engagement as a process driven by the structure of the problem itself: Because complex problems generate adaptive stakeholder identification where indirect stakeholders become relevant as unintended consequences unfold, engagement must expand beyond dyads and involve coordinated interaction among multiple actors.

In other words, concerted engagement is defined not by the number or diversity of stakeholders involved but by the coordinated effort required when unintended consequences reveal new stakeholders over time.

Concerted engagement is therefore the appropriate mechanism for complex mutuality problems because it enables managers to integrate the perspectives of stakeholders who become relevant as the problem evolves, rather than relying on static or predefined stakeholder groups selected at managerial discretion. Even when engagement appears to take place at the organizational level, it is ultimately enacted through interactions among individual leaders and groups. If one were to map formal engagement within organizations, the

densest and most frequent interactions would occur within the organization rather than between organizations.

A clear example of concerted engagement is Cleveland Clinic's response in 2009 to a complex challenge—low patient satisfaction compared to that of peer hospitals despite Cleveland Clinic's strong clinical expertise. Rather than developing a solution with only a few senior executives, the CEO adopted a three-step engagement approach: collectively identifying the problem, establishing supportive processes, and actively engaging and motivating employees. The first step was to share the issue of low patient satisfaction with all employees, including physicians—many of whom believed their primary responsibility was limited to performing medical procedures and treatments. Customer-experience survey data were shared organization-wide, helping staff understand the significance of the problem.

Initially, the hospital implemented tactical changes, such as greeting patients at the entrance, redesigning gowns, and improving food services—but these adjustments alone failed to resolve the issue. Consequently, the organization adopted a more comprehensive approach known as "managing the 360," which emphasized that "the patient experience was everyone and everything people encountered from the time they decided to go to the clinic until they were discharged" (Merlino & Raman, 2013, p. 113). This shift reframed every employee as a caregiver, replacing the traditional doctor-centric model with a patient-centric one, where all staff members contribute to delivering quality care.

Complex mutuality problems require concerted engagement because their outcomes cannot be understood or resolved through isolated interactions. As unintended consequences emerge, new stakeholders become relevant, and managers must adaptively expand the stakeholder set. By sharing information about the overall problem, Cleveland Clinic enabled stakeholders to view the issue as collectively owned rather than confined to their functional roles. Prior to this initiative, stakeholders were narrowly focused on their immediate responsibilities—for example, physicians emphasized medical functions, while financial managers assessed issues primarily through a financial lens. Concerted engagement forces stakeholders to integrate their diverse perspectives, making visible the interdependencies that were previously fragmented or unrecognized.

Collective understanding and the engagement of stakeholders has proved to be important for discussing, defining, and analyzing complex mutuality problems. Solving complex mutuality problems requires tacit knowledge from different stakeholders that can only be communicated by direct interaction with each other (Hernández-Serrano Spiro, Lamartine, and Zoumas, 2002). Research has shown that a tightly organized group can be useful for the information processing required to solve a complex mutuality problem (Becker & Baloff, 1969).

Thus, concerted engagement reduces fragmentation, prevents disengagement and exclusion, and fosters shared ownership of both the problem and its resolution. Through this process, stakeholders gain clarity about each other's capacities and develop a collective responsibility for addressing complex mutuality problems.

How a Reciprocal Resource Engagement Mechanism Addresses Wicked Mutuality Problems

Reciprocal resource engagement mechanisms draw the attention of multiple stakeholders from different sectors toward a shared understanding of a wicked problem and its possible remedies. Unlike a response strategy, which refers to the observable choices a firm undertakes, a reciprocal resource engagement mechanism captures the underlying coordination process through which stakeholders interact when problem boundaries and stakeholder relevance emerge.

Reciprocal engagement often enables the pooling and mobilization of resources, but the mechanism itself refers to the interactional structure that makes resource sharing possible, rather than the act of sharing resources.

According to Barney (2018), stakeholders that possess valuable resources are willing to share them with firms only when they can expect a portion of the resulting economic profits. This condition, however, does not hold in the case of wicked mutuality problems, because stakeholders often lack clarity on how their resources might generate direct profits. At the same time, wicked problems pose significant risks to individual stakeholders' profitability and long-term interests. Consequently, stakeholders motivated to address such problems often establish consortia to demonstrate their intent and collective commitment to problem-solving.

Unlike dyadic or concerted engagement, reciprocal resource engagement mechanisms require a willingness to contribute without immediate or guaranteed returns. This mechanism aligns directly with emergent stakeholder identification: As wicked problems evolve and as managers reinterpret the situation, new stakeholders become relevant, and reciprocal engagement provides a flexible structure through which they can coconstruct both the problem and their roles in addressing it. The core process underlying this mechanism is reciprocity-stakeholders contribute tangible or intangible resources (such as knowledge, expertise, data, funding, or legitimacy) with the expectation that others will reciprocate. Resource sharing is therefore a consequence of reciprocal resource engagement, not its defining feature.

Through reciprocal engagement, wicked mutuality problems are reframed as shared risks and opportunities that transcend individual interests. By pooling resources and coordinating across sectors, stakeholders increase the likelihood of discovering innovative solutions that no single organization could achieve independently.

For example, in 2009, Walmart established a sustainability consortium that involved stakeholders from diverse sectors, including nonprofit organizations, higher-education institutions, and other corporations (Plambeck, 2012). Another example is the German Partnership for Sustainable Textiles, a cross-sector consortium initiated by the German government to improve worker safety in Bangladesh's garment factories after the 2013 Rana Plaza disaster (Worker Rights Consortium, 2023). An empirical study on the German partnership found that, after reaching the brink of failure, the consortium succeeded when members pushed one another toward deeper collaboration (Grimm & Reinecke, 2023). Reciprocal resource engagement mechanisms enabled stakeholders to negotiate resource-sharing arrangements, deepen mutual commitment, and align interpretive frames conditions essential for addressing wicked problems.

Similarly, to address the dengue fever epidemic in Indonesia, a consortium brought together diverse stakeholders from the government, health care, nonprofit, and business sectors. Because wicked mutuality problems like dengue fever inevitably generate multiple simple and complex subproblems, stakeholders must repeatedly renegotiate their contributions, expectations, and interpretations as the problem evolves (Freeman & Sell, 2024). For instance, when local communities resisted the consortium's intervention

because they did not understand its scientific rationale, partners pooled resources to establish a hotline through which community members could ask questions. Another challenge involved the need for scientific data: Hospitals had to bring dengue patients in for testing and share patient data across organizations, something they would not ordinarily do. By engaging in reciprocal resource sharing, stakeholders were able to overcome emerging challenges and sustain collaboration. Here again, reciprocal resource engagement mechanisms created the trust and interdependence necessary for such resource sharing to occur.

This reciprocal engagement was also vital in developing COVID-19 vaccines; research indicates that one-third of all vaccines were developed through collaborations involving materials-transfer and knowledge-sharing partnerships (Druedahl, Minssen, & Price, 2021). Resolving wicked mutuality problems requires substantial resources, emergent coordination, and sustained interdependence among diverse actors. Accordingly, reciprocal resource engagement mechanisms, anchored in mutual dependence and the problem-driven emergence of stakeholders, have the highest likelihood of addressing wicked mutuality problems effectively.

DISCUSSION

In this study, we offered a problem-based perspective and developed a typology that identifies three different types of mutuality problems and three corresponding mechanisms to address those problems. At the core of our argument is the idea that the problem determines the relevant stakeholders. We therefore provide a more nuanced approach to stakeholder identification by advancing a problem-centered model in which stakeholder relevance emerges from the nature of the problem itself. In doing so, we offer three primary contributions to research.

First, we propose a shift in the ontological foundation of stakeholder theory by positioning the problem, rather than the firm, as the central organizing unit for stakeholder identification. This changes the fundamental unit of analysis in stakeholder theory from a firm-centered model, in which the firm or its managers decide which stakeholders matter, to a problem-centered model. Focusing on mutuality problems enables theorizing that accommodates heterogeneity within and across stakeholder categories without relying on traditional archetypes such as employees, suppliers, or customers.

Second, because problems are exogenous and organizations exist to solve them, the problem itself constrains managerial discretion in identifying stakeholders and shifts stakeholder identification from a firm-driven to a problem-driven process. This shift moves stakeholder theory away from assuming that managers choose which stakeholders are relevant based on power (Mitchell et al., 1997), issue salience and identity (Bundy et al., 2013), or resources (Barney, 2018), and toward recognizing that stakeholder relevance emerges from the nature of the problem. By reframing identification in this way, our theory explains why powerful and less powerful stakeholders, as well as direct and indirect stakeholders, become interconnected through the mutuality of organizational problems. Third, we contribute to research on stakeholder management by theorizing a typology of engagement mechanisms—dyadic, concerted, and reciprocal—that explains how distinct mechanisms operate to harmonize the interests of multiple stakeholders revealed through the problem-driven identification process. Below, we discuss the theoretical and practical implications of our theory, as well as its limitations and avenues for future research.

Implications for Research

Our theory has several implications for the literature on stakeholder identification and management. First, by shifting the focus of stakeholder identification from the firm to the problem, we open new ways of theorizing how stakeholders become relevant. In a problem-centered perspective, stakeholder relevance is not a managerial choice but an outcome of the mutuality and interdependence embedded in the problem itself. This shift challenges the long-standing assumption that firms autonomously decide which stakeholders matter, and it reframes identification as a process dependent on the nature of the problem. Some leaders perceive their mandate as solving only shareholders' problems, maximizing profits even at the expense of other stakeholders (Palazzo & Hoffrage, 2025). Even in such cases, organizations and their managers must still concentrate on the problems they face, as those problems determine which stakeholders are implicated. Because a problem often affects multiple stakeholders simultaneously, no stakeholder's interest, whether that of a shareholder or another party, can be addressed in isolation.

Our theory also has implications for the emerging literature on stakeholder interdependence and satisfaction, which emphasizes how stakeholders' concerns extend beyond their own interests through

processes such as social comparison and evaluation (Lange et al., 2022). We extend this work by showing that interdependence also arises because stakeholders are jointly implicated in shared problems. From a problem-centered perspective, stakeholders' interests become interconnected not only through perception or evaluation, but because problems create mutual exposure to consequences among actors. An additional implication concerns research on stakeholder emergence in entrepreneurial contexts. While existing work explains stakeholder emergence through social processes of meaning-making that unfold prior to firm formation (Alvarez & Sachs, 2023), our framework highlights the role of shared problems as a contextual condition that may shape which actors come to self-identify as stakeholders. Future research could explore how mutuality problems lead to common ground and language creation in shaping stakeholder emergence, both before and after firm formation. Such work would help integrate problem-centered and purpose-centered explanations of stakeholder emergence.

By developing a theory centered on stakeholder problems, we integrate both within- and between-group stakeholder heterogeneity and call for empirical work that examines how interrelated stakeholder problems influence managerial responses. Our identification logic (deductive, adaptive, and emergent) invites research into the cognitive and interpretive processes through which managers classify problems. Future research could further unpack how different problem types and subproblems shape managerial decision-making. Conceptually, dynamic theorizing that varies problem characteristics could deepen understanding of how managers perceive, categorize, and respond to stakeholder problems.

Second, our typology of problems provides a more precise way to pinpoint which specific stakeholders within a category are affected by a given problem. For instance, organizations often treat stakeholder groups as homogeneous "one-trick ponies," assuming uniform interests within a category. Yet stakeholders within the same group may be differently affected by the same issue. A customer who shops online is affected by delivery delays, while an in-store customer is not. Moreover, shareholders who are considered powerful stakeholders are not homogeneous or monolithic, but differ widely in terms of share ownership, influence, interests, and involvement. More research on stakeholder diversity within a particular category can provide useful insights.

Related to this, elaborating on how wicked problems can be decomposed into complex problems and further into simple ones provides a decomposition process that increases the likelihood of identifying the stakeholders most relevant to each subproblem. Empirical work supports this perspective. Research on wicked problems shows that actors often pursue "small wins"—breaking down complex issues to iteratively address symptoms rather than root causes (Savaget, Roulet, & Ventresca, 2024). While decomposition enhances the clarity and precision of stakeholder identification, we have not fully theorized the coordination and interdependence issues that may arise when decomposing wicked and complex problems into simpler ones. Future research should explore coordination challenges may emerge, necessitating engagement mechanisms to integrate stakeholder inputs.

Implications for Practice

Our typology of problems provides managers with a framework for identifying specific stakeholders both across and within traditional stakeholder archetypes, based on the nature of the problem they face. We further clarify that organizations exist to solve problems, and managers do not join organizations merely to maximize shareholders' returns; rather, they are expected to understand and address stakeholder problems in ways that harmonize the interests of multiple stakeholders.

We do not suggest that managers become saints, nor do we assume that all managers are self-interested actors; instead, our theory provides a road map for managers to understand their role as problem-solvers for organizational stakeholders. Like most individuals, managers can deconstruct a problem, understand its scope, identify the stakeholders it affects, and design an appropriate, context-sensitive response mechanism. Our theory suggests that there is no one-size-fits-all approach to addressing stakeholder problems. Each response mechanism entails distinct positive and negative consequences. Thus, our approach shifts managerial thinking away from the question "What is the best strategy for all situations?" and toward the more diagnostic question "Which problem is the manager trying to solve?" Finally, we do not advocate that organizations engage in unethical behavior to deny culpability or deflect responsibility. Rather, our typology delineates a legitimate range of engagement mechanisms available to managers at the onset of a crisis and

clarifies how these mechanisms can be used to mitigate losses while maintaining alignment with organizational and stakeholder priorities.

CONCLUSION

We have argued that stakeholder identification is a function of the nature of a problem and have brought the problem rather than the firm into the center of stakeholder theory. Organizations are formed and exist to solve problems, and managers solve problems as well. We caution against focusing exclusively on powerful stakeholders and against viewing the manager's role as serving only their interests or the interests of shareholders. We have also introduced mechanisms for engaging with stakeholders at different levels to facilitate this process. Regardless of outcomes, we hope this work encourages organizations and managers to view themselves as problem-solvers. Problem-solving is a deeply fulfilling human endeavor, central to both organizational life and human flourishing. We must understand how our problems are connected and how our lives hang together so that we can engage with each other to find solutions. We are certain that our lives would be better if we turned our attention toward understanding problems, identifying affected stakeholders, and collectively approaching the resolution of grand societal problems.

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Table.1: Approaches to stakeholder identification and underlying logic

Authors and Year	Core Contribution	Basis of Stakeholder Identification
Freeman (1984)	Broadens firm responsibility beyond shareholders	Firm
Mitchell et al. (1997)	Stakeholder identification depends on salience (power, legitimacy, urgency)	Managerial prioritization
Jawahar & McLaughlin (2001)	Stakeholder identification and importance vary across the firm's life cycle	Firm life cycle and Managers
Bundy et al. (2013)	Firm response to stakeholder concerns depends on issue salience via organizational identity relevance	Managerial interpretation/firm's identity
Alvarez & Sachs (2023)	Stakeholders emerge through language and meaning	Social process/meaning-making process

Figure 1. Contrasting Firm-Centered and Problem-Centered Approaches with Stakeholder Identification

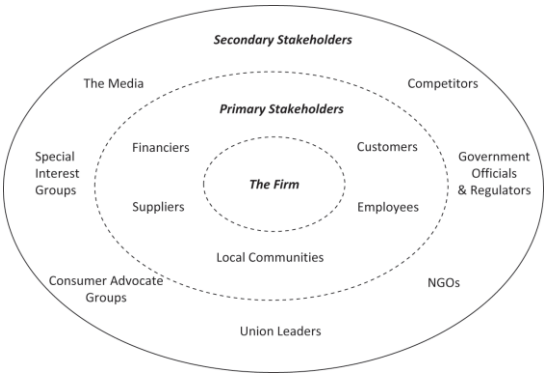

Figure 1a. Classic stakeholder map

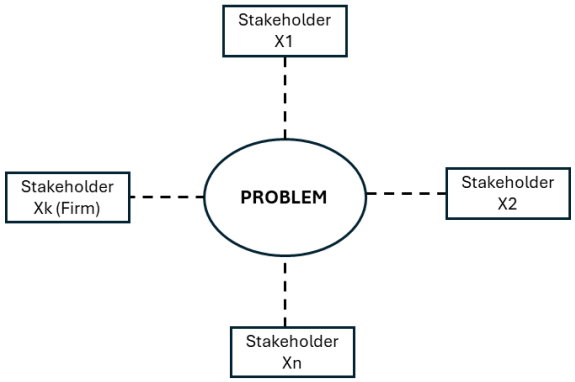

Figure 1b. Problem-centered map

Table 3: Clarifications and Assumptions Underlying the Problem-Based Framework of Stakeholder Identification

Category	Clarification/Assumption	Implication for Stakeholder Identification
Ontology of Problems	**Unit of analysis.** The problem is the focal unit around which stakeholder relevance and organizational actions are organized.	Identification begins with the problem, not stakeholder categories.
	Problem definition. A problem exists when stakeholders perceive that their respective goals are hindered and whose resolution requires action.	Stakeholders are identified by tracing whose goals are hindered and who must coordinate to solve the problem.
	Mutuality. Stakeholders' interests and problems are interdependent; any such problem affects at least two stakeholders (i.e. firm and customers).	Relevance emerges from interdependence, not from category membership or attributes (power or salience).
Origins and reasons to solve	Problems arise independently and offer opportunities to create value by addressing problems	Problem classification is sometimes subjective. Some managers see an opportunity that others might not.
	Why firms solve problems. Firms bear the consequences of unresolved problems (operational, reputational, technical, regulatory, and competitors' actions) and must resolve them for survival. Otherwise, a competitor or new firm will resolve the problem.	Managers act because problems directly threaten the firm, giving it a central role in identification.
Purpose of the Firm	The firm exists to solve problems and coordinate stakeholders in the pursuit of value creation.	Managers are problem-solvers whose actions orient stakeholder identification
Theoretical Base	**Integrative stakeholder theory view.** Descriptive, normative, and instrumental dimensions of stakeholder theory are interconnected and hard to disentangle (Freeman, 1999).	Stakeholder relationships must be analyzed holistically rather than through isolated logics.
Mechanism of Stakeholder Emergence	**Decomposition of problems.** Wicked mutuality problems can be decomposed into numerous complex mutuality problems, which in turn can be broken down into multiple interactive simple problems.	Decomposition clarifies causal pathways and makes otherwise hidden stakeholders visible.

Table 2: Typology of Problems, Consequences, and Response Mechanisms

Type of Problem	Context	Solutions	Direct Stakeholders via Intended Consequences	Indirect Stakeholders via Unintended Consequences	Stakeholder Identification Logic	Example	Response Mechanisms
Simple mutuality problems	Inexistent or explicit	Well defined	Clear	Clear	Deductive identification: Problems help managers/organizations to choose relevant stakeholders by tracing predictable consequences.	Technical issues/closing or selling a company's unit	Dyadic engagement
Complex mutuality problems	Partially explicit	Partially defined (optimal solution)	Clear	Partially clear	Adaptive identification: Problem gives an idea to managers of an initial stakeholder set, but they must revise and expand it as unintended consequences reveal additional stakeholders.	Optimization issues/crises / adopting new technology	Concerted engagement
Wicked mutuality problems	Unique and implicit	Ill-defined and conflicting	Partially clear	Vague (not clear)	Emergent identification: Problems influence a wide range of firms, thus Stakeholders codefine the problem and co-create their relevance; the stakeholder set evolves through negotiation and resource sharing.	Addressing negative externalities or social problems; providing access to basic health care or managing health crises or global warming	Reciprocal resource engagement

Table 4. Organizations and Problems They Were Formed to Solve. A problem not solved by one firm led to the creation of another firm.

Stakeholder Problem	Organization Formed to Solve It	Explanation of Problem–Firm Fit
Individuals cannot diagnose or treat complex illnesses on their own	Private Hospitals (including nonprofit hospitals)	Hospitals provide medical expertise, diagnostics, and treatment that individuals cannot deliver themselves.
People who can not diagnose illness, nor can they pay the huge cost of treatment	Semi/Private or Non-Profit Hospitals	Nonprofit or semi-private hospitals specifically address the needs of people who cannot afford to pay for health care.
Consumers face challenges in accessing food	Grocery stores	Grocery stores solve the coordination problem between producers and consumers by providing consistent access to food.
Some consumers want fresh or locally sourced food	Farmers' markets	Farmers' markets came into being to meet the needs of consumers seeking fresh, direct-from-producer food options.
Travelers need reliable accommodations	Hotels	Hotels solve the problem of providing temporary shelter and services to travelers.
Housing is underutilized, and travelers need flexible lodging options	Airbnb and similar platforms	Airbnb solves underutilized-housing problems by matching unused residential space with traveler demand.
Travelers need vehicles for longer-distance mobility	Rental car companies	Rental car firms solve the problem of access to transportation for long-distance or multiday travel.
Travelers face unreliable or inaccessible short-distance transportation	Ride-hailing platforms (Uber, Lyft)	Ride-hailing platforms solve urban transportation gaps by matching riders with available drivers in real time.

Figure 2. The Process Model of Deconstructing Wicked and Complex Mutuality Problems to Identify Stakeholders and Value Creation