

“Put Yourself in Their Shoes”: The Stakeholder Theory Taught Through Role-Play

Roberto Fernández-Gago, Laura Cabeza-García, José Luis de Godos-Díez, and Beatriz Jiménez-Parra¹

Departamento de Dirección y Economía de la Empresa, Facultad de Ciencias Económicas y Empresariales, Universidad de León, Campus de Vegazana, León, Spain

Abstract. The stakeholder theory has become influential in the field of business management, especially concerning environmental and social issues. Nevertheless, there is room for improvement in the way this theory is taught in higher education. In this work, an experiential teaching method is proposed where the firm is no longer the center of analysis, and business situations are approached from the perspective of participating stakeholders. An original role-playing activity with detailed instructions to be adapted and used by interested educators was put into practice with the participation of Spanish undergraduate students. Results showed that this teaching method helped promote stakeholder thinking in management courses and led students to evaluate the power of different stakeholders.

Keywords: stakeholder theory, stakeholder power, experiential exercise, role-play.

1. Introduction

Although the concept and use of the term “stakeholder” can be traced back several decades before Freeman (1984) published his landmark book, *Strategic Management: A Stakeholder Approach*, from that moment, management scholarship has frequently turned to the stakeholder theory to support numerous research works and explain the reality of business. Specifically, the stakeholder theory is widely accepted in business education and research and is especially recurrent when dealing with topics such as ethics (e.g., Mahajan *et al.* 2023; Potthast 2014), corporate social responsibility (e.g., Dmytriyev *et al.* 2021;

-
1. Authors gratefully acknowledge funding received from the Ministry of Science and Innovation (MCIN/AEI /10.13039/501100011033/) and by the European Regional Development Fund (ERDF) A way of doing Europe under grant PID2022-137379NB-I00. The teaching activity described in this study was carried out by the Teaching Innovation Group in Business Strategy from the University of León (GIDEEULE).

This shortened version of the article is for promotional purposes on publicly accessible databases.

Readers who wish to obtain the full text version of the article can order it via the url

<https://www.neilsonjournals.com/JBEE/abstractjbee21j-petal.html>

Any enquiries, please contact the Publishing Editor, Peter Neilson pneilson@neilsonjournals.com

© NeilsonJournals Publishing 2024.

Gorski and Dumitracu 2023; Orlitzky and Moon 2011), and sustainability (e.g., Figueiró *et al.* 2022; Gorski and Dumitracu 2023).

Given the importance of the stakeholder theory, it is significant to know how best to teach stakeholder thinking in management courses (Bonnafous-Boucher and Rendtorff 2015). Prospective global leaders should be trained to manage stakeholder relationships and engage in stakeholder dialogue (Reade *et al.* 2008) to find intersections among the interests of stakeholders such as investors, employees, customers, partners, and society (Potthast 2014). This relevant theory has seen rapid development with promising avenues for future research, and this should be accompanied by further discussion about how it is taught (Henriques 2019; Mahajan *et al.* 2023).

In this paper, two important challenges to teaching the stakeholder theory are addressed: overcoming the difficulty of the constant calls for real-life relevance and application (Frostenson 2015) and the assessment of meaningful impact (Painter *et al.* 2021). Thus, an approach that de-centers the firm and focuses on a realistic issue to be analyzed from the perspectives of different stakeholders has been chosen, causing the relationships and dependencies among them to surface (Collins and Kearins 2007; Frostenson 2015). In addition, role-playing exercises like the one used here affect students in different ways, including their ability to communicate and listen actively, focus on common goals, scrutinize their own assumptions, and accept influence from others (Reade *et al.* 2008).

This work joins other efforts to advance the development of experiential methods of teaching the stakeholder theory (e.g., Collins and Kearins 2007; Egri 1999; Green and Cassani 2020; Moretz and Giapponi 2019; Ramus 2003; Reade *et al.* 2008). Specifically, we provide a novel role-playing activity with detailed instructions to be adapted and used by interested educators. Additionally, we examine the potential of this kind of activity to prompt students to internalize the stakeholder theory and distinguish between the instrumental and normative aspects of the theory (Donaldson and Preston 1995). The evaluation of the most influential stakeholder attribute, that of power (Mitchell *et al.* 1997; Parent and Deephouse 2007), is also considered. Finally, three teaching objectives (TOs), consisting of changing students' perceptions of stakeholders' roles and one learning objective (LO) regarding the evaluation of stakeholders' power are proposed. The achievement of these goals is examined using the data collected after the completion of the proposed teaching activity.

2. The Essence of the Stakeholder Theory and Objectives to Accomplish

Freeman (1984) presented the stakeholder theory as a new conceptual framework necessary to deal with the numerous and diverse changes occurring in the business environment in the 1980s. The focus of business management had traditionally been on the interests of stockholders, as managers were considered

agents of the individuals who owned the corporation, and their primary responsibility was to these individuals (Friedman 1970). The stakeholder approach went beyond this position by stating that business organizations should also manage and integrate the relationships and interests of employees, customers, suppliers, communities, governments, and other groups, such as NGOs and the media. Among the multiple and varied definitions of stakeholders (Mitchell *et al.* 1997), possibly the most widely cited in the literature is that given by Freeman (1984, p. 53), who considers them to be “*any group or individual who can affect or is affected by the achievement of an organization’s purpose.*”

The conceptualization of the firm as a nexus of complete explicit contracts provided by the agency theory has been widely assumed in the strategic management literature, and the stakeholder theory has helped shift this perspective toward a position involving incomplete and implicit contracting among various groups (Mahoney 2012). Only when this occurs is it possible to recognize the role that each stakeholder plays in creating and distributing economic value. Furthermore, this more realistic view of the business world promotes the transcendence of the corporate objective, from shareholder maximization or economic returns to new approaches, such as stakeholder happiness and value enhancement (Harrison and Wicks 2013; Jones and Felps 2013) or multi-objective positions that favor social welfare (Mitchell *et al.* 2016).

Thus, when teaching the stakeholder view of the firm, the first TO is:

TO1. To create an active awareness of the multiple, interconnected individuals and groups that are implicated in business decisions.

According to the seminal definition by Freeman (1984), the approach to the stakeholder theory will differ depending on where emphasis is placed: on those who affect the company or those who are affected by it. These two positions may be matched with the instrumental and normative aspects of the stakeholder theory, as explained below.

According to the instrumental perspective (Donaldson and Preston 1995), what matters most when deciding how to treat and interact with others is whether they may influence the company to reach its objectives. This approach focuses on how stakeholder management helps achieve business success in conventional performance terms, such as profitability or growth, by prompting constructive contributions from stakeholders. Furthermore, shareholders are stakeholders, and the way to create shareholder value is by building solid relationships with the rest of the stakeholders and satisfying their demands and expectations (by providing quality goods and services, adequate jobs, convenient supply contracts, and social services to the community) (Freeman *et al.* 2004). Nevertheless, stakeholder management is distinct from stakeholder engagement, and the latter has been found to be crucial in value creation (Freudenreich *et al.* 2020; Harrison *et al.* 2010; Harrison and Wicks 2013). Stakeholder engagement is reciprocal in nature and can be related to other constructs, such as stakeholder collaboration, stakeholder inclusion, and stakeholder democracy (Kujala *et al.* 2022), which

implies executing joint activities, considering stakeholders’ perspectives in decision-making, and encouraging their direct participation, respectively.

Following the instrumental perspective of the stakeholder theory, the second TO is:

TO2. To encourage students to recognize the need to consider stakeholders’ interests in order to achieve business success.

The normative basis of the stakeholder theory entails assuming that the interests of all stakeholders are of intrinsic value (Donaldson and Preston 1995). Concern for other stakeholders is not just in the enlightened self-interest of shareholders, and any person or group who may be affected by the company’s actions merits consideration. This position can be justified from a Kantian point of view, as it recognizes the right of any stakeholder group to be treated as an end in itself and not just as a means to some other end (Evan and Freeman 1988). The need to build stakeholder relationships because it is the morally right thing to do, and not only because it is strategically rational for achieving long-term profit maximization, distinguishes the stakeholder theory from other theories of strategic management (Phillips *et al.* 2003), meaning it is more than just an analytical tool (Crane *et al.* 2014). This ethical justification of the normative stakeholder approach highlights the interest of the theory in the corporate social responsibility context, although this could lead to its consideration as more of an ethical than a strategic management theory (Elms *et al.* 2011). Despite the tension between the normative and instrumental elements of the stakeholder theory, they are inextricably intertwined. In fact, as stated by Freeman (1994), the whole point of the theory is to deny the “Separation Thesis”, which states that the discourse of business and the discourse of ethics can be separated. Nevertheless, attempts have been made to accommodate the normative and instrumental varieties of the stakeholder theory (e.g., Freeman and McVea 2006; Lange and Bundy 2018; Valentinov and Hajdu 2021).

Focusing on the normative component of the stakeholder theory, the following TO is proposed:

TO3. To encourage students’ recognition that considering stakeholders’ interests is a moral obligation, regardless of the consequences for business success.

Finally, a comprehensive stakeholder identification model should not only detect stakeholders with interrelated interests and their consideration for self-interest or moral purposes but also assess their salience (Mitchell *et al.* 1997). Stakeholders’ salience is determined by the power or capacity to impose their will, the legitimacy or desirability and appropriateness of their actions, and the urgency with which they demand their claims be handled. Among these attributes, power is the focus of this work. Power has the most important effect on salience and is usually necessary for managers to identify stakeholders (Parent and Deephouse 2007). Managers must deal with the growing power of individual stakeholder groups and the increasingly complex links among them (Scholes and Clutterbuck 1998). Stakeholder power has frequently been studied in terms of