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STAKEHOLDER THEORY: CONCEPTS AND CULTURAL ASPECTS

Abstract. The article summarizes different approaches to the stakeholder theory. The differences in the perception of the main stakeholders in different countries are analyzed.

Keywords: stakeholder theory, stakeholders.

Introduction

Because of the mess that people create in the world, there are various definitions of the stakeholder, stakeholder management, and stakeholders' theory. In this paper, I would like to present my point of view on what the stakeholder theory is, based on the existing research and analyze the differences in the perception of the main stakeholders in different countries.

Different Approaches to the Stakeholder Theory

The idea of the stakeholder theory appeared as a response to disadvantages of the shareholder theory. The shareholder approach claims that interests of the stake owners are primary to the company. For this reason, the price of the stock is what matters for managers in the company; they work in order to satisfy companies' shareholders. The more shareholders that are happy about the company's performance, the more they want to invest in the company.

However, proponents of the shareholder approach argue that focus on the share price leads to company's myopia and inability to build sustainable growth model (Rapport, 2006). In the modern world this is one of the company's major concerns. That's why companies try to employ different theories that are systematic and look at the company as a whole. In order to perform successfully on the long-term basis, companies should "seek maximizing their value to society as a whole, not just to their shareholders" (Sisodia et al., 2007, p. 4). This approach makes it important to understand the different aspects of the stakeholder theory.

According to Donaldson and Preston, the stakeholder theory should be analyzed through the lenses of three aspects: descriptive, instrumental, and normative (Donaldson and Preston, 1995). Descriptive aspect gives managers the understanding of the essence of the stakeholder theory, which emphasizes that the corporation is a plexus of interests with the different value. Instrumental aspect provides managers with the tools that should be used for identifying lack of connection among stakeholders and working on creating these connections. Based on the normative aspect, stakeholders in corporations have legitimate interests which are of intrinsic value.

Lessons Learned from the Stakeholder Theory

Understanding of the three aspects is not enough to build proper connections among all stakeholders. How can we know which stakeholder is more important to the company? Based on the research of Clement, we can identify two major groups of the stakeholders: primary and secondary. The participation of the primary stakeholders as shareholders, customers, employees, and suppliers is very important from survival perspective of the company. The secondary stakeholders such as lenders, government, NGO's, communities are not involved in essential company's activity.

While classification of the stakeholders as primary and secondary is clear, one more aspect of the stakeholder theory doesn't seem to be solved – managers' respond to powerful stakeholders? Clement suggests that managers can respond to the stakeholders based on three main features – power, legitimacy, and urgency. Timing and urgency of the response to the stakeholders depends on the number of features presented. If only one feature is presented, the stakeholder can be considered as “latent” (low in salience) and its demand can be satisfied later on. If all three features are presented, the stakeholder should be regarded as “definitive” (high in salience) and its demand should be quickly satisfied.

Perception of the Main Stakeholders in Different Countries

It is a fact that every country has its own economic, political, social and environmental situation. Based on what the situation is, we can see which stakeholders are more important for the companies which work in Russia versus the ones that operate in the USA or Europe. The basic stakeholder model shows us the following stakeholders (figure 1).

Russia. The most powerful stakeholders are customers, government and suppliers. Customers are a source of sustainable cash flow for any company. Government is a strong regulator which can affect the cash flow of the company.

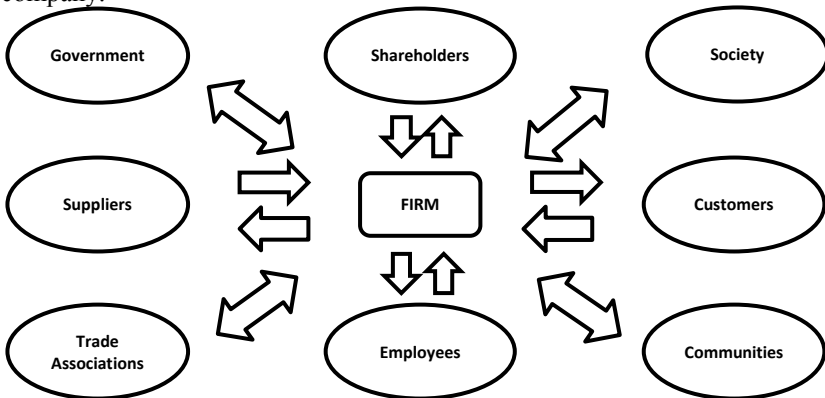


Figure 1. General Stakeholder Model

Suppliers have power of influencing the cost of the product by limiting or increasing the supply chain volume. The stakeholder model can look the following in Russia (figure 2).

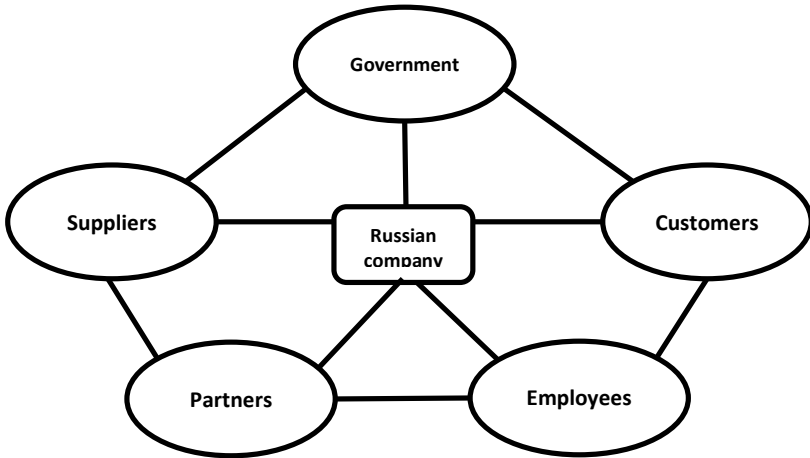


Figure 2. The Stakeholder Model in Russia

The USA. American companies are usually very concerned about the shareholders, customers and society as whole. They pay attention to the sustainability reports, social responsibility rankings, which certainly influences the way American companies do business.

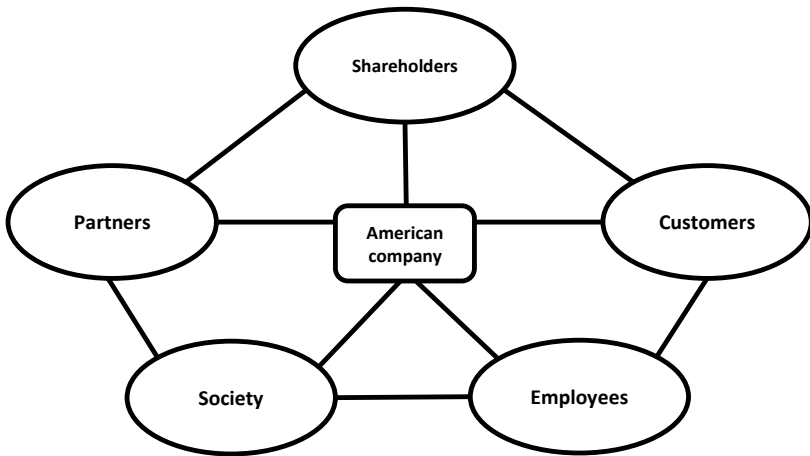


Figure 3. The Stakeholder Model in the USA

Conclusion

The importance of the stakeholder theory for the managers comes from the fact that this model embedded shareholder theory and supply chain theory. By using the stakeholder theory managers can build healthy relationships with the company's stakeholders by strengthening connections with the primary stakeholders and improving the ones with the secondary stakeholders. This can lead to diminishing the amount of noise and mess that is created by people in the modern world and direct companies to the path of creating, co-creating, getting value for the company's stakeholders.

In addition, the power of the stakeholder differs from country to country. Thus, government, customers, and suppliers play an important role in creating the business environment for the company in Russia. On the other hand, society and customers are drivers for the business in the USA. Considering the cultural, economic, political peculiarities of the company will help in identifying the right stakeholders and create and co-create value together.

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