THE CENTRE FOR
CORPORATE
SOCIAL PERFORMANCE
&
ETHICS

# A RISK BASED MODEL OF STAKEHOLDER THEORY

MAX B. E. CLARKSON, BA, MA, DCL



University of Toronto
Faculty of Management

105 St. George Street Toronto, Ontario M5S 2E8

# A Risk Based Model of Stakeholder Theory

*Abstract:*
As the level of interest in stakeholder theory has increased in the ten years since the publication of Freeman's landmark book, there has been a proliferation of different and sometimes conflicting definitions of 'stake' and 'stakeholder' and interpretations of the theory. Revised definitions of 'stake' and 'stakeholder' are needed in order to provide the basis for a normative framework for stakeholder theory. This paper approaches the problem of defining 'stake' and 'stakeholder' by proposing that a stake represents some form of risk and that without risk there is no stake. This leads to the conclusion that there are two classes of stakeholders: (1) voluntary stakeholders: those persons or groups that have knowingly made or taken stakes in a firm and have thereby assumed some form of risk; and (2) involuntary stakeholders: those persons or groups that are, or have been, unknowingly placed at risk as a result of the firm's activities, goods, or services. A Risk Based Model is proposed that provides a normative framework for stakeholder theory and is then applied briefly to several well known cases. This approach results in definitions that enable clear distinctions to be made between those that are and are not stakeholders, between those that have a stake and those that put forward a claim. It is suggested that stakeholder theory should not be used to weave a basket big enough to hold the world's misery, and that justification for stakeholder theory should not be sought on the grounds of solving pressing problems of poverty and disease.

I am greatly indebted to Michael Deck, M.Div., M.B.A., Associate Director of the Centre for Corporate Social Performance and Ethics, for his many contributions towards the development of the stakeholder framework and the Risk Based Model of Stakeholder Theory. I am also grateful to the colleagues who have joined us in Toronto providing creativity and invaluable ideas during and after our two conferences on stakeholder theory.

# DEFINING STAKES AND STAKEHOLDERS

In recent years there has been a proliferation of interest in, and articles about, stakeholder theory.

> The stakeholder theory has been advanced and justified in the management literature on the basis of its descriptive accuracy, instrumental power, and normative validity.....We conclude that the three aspects of stakeholder theory are mutually supportive, and that the normative base of the theory - which includes the modern theory of property rights - is fundamental....
>
> Unfortunately, anyone looking into this large and evolving literature with a critical eye will observe that the concepts "stakeholder", "stakeholder model", "stakeholder management" and "stakeholder theory" are explained and used by various authors in very different ways, and supported (or critiqued) with diverse and often contradictory evidence and arguments. (Donaldson and Preston, 1995)
>
> .... there is a critical need for the development of formal normative justifications directly applicable to stakeholder theory. Without a normative anchor, stakeholder theory has nothing to stop aimless drifting when confronted with difficult unresolved problems such as who should be considered a legitimate stakeholder, defining 'stakes', prioritizing competing claims among different stakeholders, and assessing the moral status of various stakeholders and claims. (Dunfee 1994)

Recent definitions of 'stake' and 'stakeholder' represent efforts to find a way to stop this "aimless drifting", but have not resulted in "the development of formal normative justifications directly applicable to stakeholder theory."

Freeman's original definition of 'stakeholder' was:

> "any group or individual who can affect or is affected by the achievement of the firm's objectives. (Freeman 1984)

A fundamental problem with this definition is that it confuses two different classes of stakeholders: those that *can affect* the firm and those that *are affected by* the firm. These two different stakeholder classes call for different managerial responses, although managers must be concerned with both. The concerns of managers with those that *can affect* the firm will tend to be governed by issues of power and legitimacy, whereas those that *are or have been affected* may not receive managerial attention until their stake is made manufest by the urgency of their claim to be at risk. (Mitchell, Agle, and Wood, 1995) Freeman's definition is broad and inclusive. It has generated, in the ten years since its publication, many attempts to develop typologies of a corporation's stakeholders, but it has been difficult to classify them, nor has it been possible to generate a logically necessary normative framework based on these definitions.

Carroll placed some limits on the breadth and inclusiveness of Freeman's definition of 'stakeholder' by defining 'stake' as follows:

> A stake is an interest or a share in an undertaking. A stake is also a claim, an assertion to a title or right. A claim is a demand for something due or believed to be due....Claims range from an interest in an undertaking to a legal claim of ownership. In between is a right to something, a legal or a moral right. There are a number of different kinds of stakes, ranging from an interest to a right (legal or moral) to ownership or legal title to the company's assets or property. ....A stakeholder therefore is an individual or group who asserts to have one or more of these kinds of stakes. (Carroll, 1989)

Conceptually there is a common thread or element underlying these descriptions of a stake as "an interest or a share in an undertaking....a claim, an assertion to a title or right, .....a demand for something due or believed to be due." That common thread or element is *risk*, the risk that a claim will not be recognized or met, that a demand for something due will not be honored.

Clarkson introduced the concept of 'transactions' into the debate by defining stakeholders as:

> persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future. Such claimed rights or interests are the result of transactions with, or actions taken by, the corporation, and may be legal or moral, individual or collective. (Clarkson, 1995)

However, to describe a 'stakeholder' as a person or group that holds 'a stake' in a firm is a circular definition, that begs the question: what is 'a stake'? Synonyms of 'stake', such as 'claim, interest, ownership, or right' are inadequate because they fail to answer questions about the priorities of competing stakeholder claims or to resolve the difficulties caused by the lack of a normative framework.

The meaning of *to stake or to have a stake in* is "to have something to gain or lose by the turn of events, to have something at risk."(OED) A *stake* is defined as "money or property risked in a wager or gambling game" and "a share or interest in any enterprise, especially a financial share." (The American Heritage Dictionary) *Risk* is defined as "a hazard, a danger, the possibility of suffering harm or loss."

*Risk* is the common thread or element underlying "claims, ownership, interests, and moral or legal rights in a firm and its activities." *Risk* is common to each of these types of stake. Stakes in a firm are always at risk: a claim may not be met, interests and ownership may become worthless, moral or legal rights may be ignored or contested.

Risk, coupled with the prospect of reward, is the mainspring of capitalism. Risk is at the root of all stakes, since without risk there is no stake nor can a stake be made . A person or group that has made or holds some form of stake in a firm is a 'stake holder'. Such persons or groups have a stake in the outcome of the firm's activities and consequently are at risk, voluntarily or involuntarily, as a result of having something to gain or lose by the turn of events. *All stake holders bear some form of risk.* In order to make clear the connection between 'stake' and 'risk', the two words 'stake holder' will be used in this article, rather than the single word 'stakeholder'.

Risks can be assumed by stake holders in two different ways:

(i) *voluntarily*, as a consequence of an active transaction on the part of a person or group that results in holding, taking or placing a stake of some kind in a firm, or

(ii) *involuntarily*, as a consequence of a firm's operations or activities that expose persons or groups unknowingly to risks through no choice of their own.

Without risk, however, there is no stake, although the assumption of risk by a person or group may be voluntary or involuntary, informed or uninformed, knowing or unknowing, active or passive.

### Voluntary Stake Holders

Shareholders and investors, managers and employees, customers and suppliers have all voluntarily assumed some form of risk in the firm. They comprise the primary or core stake holder groups of a typical corporation. Since they can either withdraw or refuse to renew their stakes, they are of strategic importance to the corporation.

In the United States and Canada, as in other industrialized societies, there exist multitudes of rules and regulations, promulgated and administered by governments at every level, in order to provide some protection and reduce the risks to which active, voluntary stakeholders may be exposed: securities commissions and stock exchanges regulate the issue and sale of securities to the public and protect shareholders' rights; departments of labor, commissions of human resources and rights, agencies for workers' safety and compensation, and regulators of pension funds represent examples of the efforts of governments to reduce employment risks such as arbitrary or unfair dismissal, accident or injury, employer takeover or bankruptcy; legislation covers truth in advertising, food and drug agencies regulate the sale of food and medicine and information about their ingredients. The disclosure of relevant data to prospective voluntary stake holders is a necessary part of the due process of such transactions as the purchase or sale of securities, goods and services, or entering or leaving employment.

### Involuntary Stake Holders

'Involuntary' stake holders are those that are exposed unknowingly to risk as a result of a firm's activities. 'Risk' is defined as "a danger or hazard, the possibility of suffering harm or loss"(OED).

Obvious examples of 'involuntary stake holders' include the many thousands who suffered death and injury as a result of the Union Carbide disaster in Bhopal or loss of livelihood as a result of the *Exxon Valdez* oil spill. The lives and livelihoods of these involuntary stake holders were placed at risk not through any actions or transactions that they themselves had undertaken voluntarily, but solely as a consequence of the decisions and actions of employees of the corporations themselves. The costs attendant on these risks were externalized, with the result that the involuntary stake holders were forced to bear those costs themselves. These people and their respective societies had no choice but to bear the costs of reparation, until and unless courts of justice could compel the corporations to internalize some of the more obvious of such costs. These costs had not been internalized by the firms themselves. In accounting terms the costs were being expensed on the books of these involuntary stake holders: society, the individuals involved, and the environment. The heavy burden of externalized costs becomes particularly evident when death and destruction are the consequences of a corporation's operations and activities.

Whenever the activities of corporations result in pollution, health hazards, and other forms of environmental degradation, not only are people, whose health and lives may be at risk, forced to become involuntary stake holders, but both the wider society and the environment itself are placed at risk and thus become involuntary stake holders. It is in this context of perceived risk from corporate activities that activist groups seek to bring pressure for change. Ultimate extensions of activist pressure for change can result in extremist demonstrations and terrorist attacks, but that does not mean that activists, extremists, and terrorists are necessarily stake holders.

Voluntary stake holders bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm. Involuntary stake holders are placed at risk as a result of a firm's activities. But without that element of risk there is no stake. In this model therefore terrorists are not stake holders, as Freeman maintained. They may make claims and demands and they may choose to put themselves at risk, but the firm is not therefore accountable to them and has no responsibility towards them, although clearly it has responsibilities towards its own stake holders to protect them against the risks of possible terrorist activities.

By using this conceptual framework of 'stakes as risk capital', either financial or human, it is now possible to distinguish between stake holders, those who have a stake at risk in a corporation, and others that have no stake but may or should be considered by managers in the corporation's decision making processes. Terrorists belong in this category, as do the media and activists who are not themselves at risk as a result of a firm's activities. This framework also makes it clear that a 'claim' is not synonymous with a 'stake'. A claim as such, separate from a stake and from risk, does not entitle persons or groups to the status of stake holders. The corporation must consider those who can affect it and its stake holders, but it has no contractual or moral responsibility to persons or groups just because they make a claim.

## THE FIRM AND ITS STAKE HOLDERS

The firm, as a going concern, provides opportunities for individuals or groups to take, make, or have stakes in its operations, to bear some form of risk in the outcome of the enterprise by investing financial or human capital. In a market economy, individuals or groups are free to become voluntary stake holders in corporations, investing their human or financial capital by buying from or selling to, by investing in or working for the firm. These investors are voluntary, active stake holders, all of whom bear some form of risk. Risk, the possibility of suffering some form of harm or loss, takes a variety of forms. For example:

**stockholders,** whose stake is their investment in the form of financial capital, are at risk for its loss:

**employees,** whose stake is human capital, represented by their time, skills, and company-specific jobs, are at risk for the loss of employment and income, their health, pensions and other benefits;

**customers,** whose stake is the purchase price for a product or service, are at risk that they may not receive value and have no recourse;

**suppliers and creditors,** whose stake is the goods and services that they have sold or the money they have loaned, are at risk for the outstanding indebtedness.

The magnitude and degree of risk will vary, depending on the form or nature of the stake and specific corporate circumstances, but the important point is that *all* stake holders, voluntary and involuntary, bear some form of risk. *Without a stake involving some form of risk, there is no stake holding.* Persons or groups may claim an interest in a firm, but unless that claim is in a form that involves some kind of risk regarding the outcome of events, they are not stake holders. The media are not stake holders in a firm, unless there is indebtedness for advertising. Animal rights activists are not stake holders in cosmetic companies. 'Claims' and 'stakes' are not synonymous.

Where 'claims' and 'stakes' may converge, however, are in those situations where society and the public may be subjected involuntarily to some forms of risk as a result of the activities of the firm, and thus become involuntary stake holders. Those that are affected by the actions of the firm without having engaged in transactions with it assume their stakes unwillingly, and the form of the risk that they bear is involuntary.

These risks can take many forms, as the costs of cleaning up the environment and a spate of recent corporate tragedies make clear. In the cases of Exxon and Union Carbide, very large numbers of people who had no previous connection with these companies were placed at risk, many of them losing their lives or their livelihoods. They were forced into the role of unwilling stakeholders by the unintended and unanticipated consequences of the companies' actions, the costs of which were immediately externalized. Litigation, of course, seeks to redress the balance and compel the companies to internalize some of these costs, but life, whether human, animal, or vegetable, cannot be restored. And even $5 billion of compensation, as the Exxon case demonstrates, can be a long time coming.

Other corporate examples of recent stake holder disasters, such as A.H.Robins, Ford, Firestone, Manville and Dow Corning, all involved customers, stake holders who had purchased and used certain products, believing them to be safe. In the Manville case, employees who mined, made, and installed their products were also exposed to risk. Over time it became evident that there were serious, undisclosed risks in using some of the products of these companies, all involving fatal injuries or serious health hazards. It also became clear, as depositions were taken and internal company documents were produced, that there had been knowledge of these undisclosed risks at various levels of management in each company. By deciding against disclosure, withdrawal from the market, or rectification of product flaws, management in each case was hoping to externalize the costs of the risks involved, thereby placing the burden of cost on stake holders, customers and employees, as well as on the public, which would have to bear the costs of unnecessary deaths and ill health. These managers were also witholding vital information from their stake holders, causing them to assume serious health risks unknowingly and involuntarily.

### Duties and Responsibilities

As a consequence of providing a legal framework for incorporation and for commerce in general, the polity creates a situation in which the public is a stake holder in all corporations, always at risk for paying for externalized costs that have not been accrued by the company and paid for internally. These costs become particularly evident in cases of cleaning up the environment, but there are many other examples of costs that become externalized, such as bankruptcies, which often result in unpaid taxes and pensions, in unemployment, and in other social costs that must be born by society.

Corporations cannot come into existence without fulfilling society's legal requirements. Once incorporated, the firm is in a position to acquire the necessary financing, employees, and other assets in order to make goods or services available for sale. At each stage of development, the firm provides opportunities for persons or groups to acquire stakes in its future success, to assume some form of risk voluntarily by becoming stockholders, employees, customers, or suppliers. As a consequence of taking or accepting these stakes, the firm and its managers assume duties and responsibilities to the various stake holders. Some of these duties and responsibilities may be defined legally, contractually, or explicitly, such as offers or terms of employment, loan repayment, purchase orders, and offers to sell goods, services, or securities.

Other duties and responsibilities may be implicit, such as those concerning profitability and growth, or health and safety, and cannot necessarily be subject to contractual obligations. The lack of contractual obligations, however, does not make the corporation's duties and responsibilities any less real.

When persons or groups become voluntary stake holders, they assume some form of risk in anticipation of receiving value for their stakes, a value commensurate with the nature, importance, or level of risk that they are bearing. By taking and using these stakes, the firm and its managers assume the responsibility for providing value in return. Different stakeholders obviously have different expectations, depending on the value they place on their stakes, on the anticipated gain, and on the company's contractual obligations. Creditors expect to be paid on schedule, customers expect to be satisfied with the quality of service or product, employees expect to be compensated fairly for their time and labor, and stockholders expect a surplus of revenues over costs. Responsible management meets its obligations to its stake holders, both voluntary and involuntary. Responsible management meets the expectations of its stake holders on a continuing basis, without externalizing costs or risks on involuntary stake holders.

Irresponsible management, on the other hand, fails to meet its responsibilities to its stake holders and fails to provide value or anticipated returns. When primary stake holders or stake holder groups, such as creditors or customers, decide not to renew their stakes, or withdraw from continuing participation in its affairs, the corporation will be unable to continue as a going concern. When stake holders perceive that their stake in a corporation will probably result in loss rather than gain, they will usually seek to lower this risk of loss by reducing or eliminating further participation in the affairs of the firm: stockholders may sell their shares, creditors may call loans, customers may stop buying, employees may leave for other jobs if they can find them, and the firm itself may be unable to continue as a going concern.

A corporation is responsible when its relationships with its stake holders are managed in such a way that (i) its voluntary stake holders are reasonably satisfied with the gain in value, or the anticipation of gain, of their stakes; and ii) risks and potential harm to involuntary stake holders resulting from the corporation's activities and operations are minimized and the potential costs of such risks are internalized.

A corporation cannot be organized without the participation and consent of an essential stake holder, the society or polity that provides the necessary legal and regulatory systems, the infrastructure, and the markets that are a prerequisite for conventional capitalistic enterprise. After incorporation, the new company is free to establish relationships with, and negotiate the placing and making of stakes by, the core group of primary stake holders essential for its survival: stockholders, employees, suppliers and customers.

# A NORMATIVE MODEL OF STAKEHOLDER THEORY

Using this conceptual framework, the elements of the risk based model of stakeholder theory are as follows:

*The firm* ' is a system of stake holders operating within the larger system of the host society that provides the necessary legal and market infrastructure for the firm's activities. The purpose of the firm is to create wealth or value for its stake holders by converting their stakes into goods or services.

'*A stake*' is something of value, some form of capital, human or financial, that is placed at risk.

'*Voluntary stake holders*' are persons or groups that have made or taken a stake in a firm and bear some form of risk in anticipation of some form of gain or increase in value, whether as a stockholder, employee, customer, or supplier. A stake holder has a stake at risk and has something to gain or lose as a result of a firm's activities.

'*Involuntary stake holders*' are persons or groups that are, or may be, affected, placed at risk, or harmed as a consequence of the activities of a corporation. Their stakes are not assumed willingly. Involuntary stakeholders, including society and the natural environment, are subject to the risks and consequences of a corporation's failure to satisfy its stake holders or to internalize fully all its costs.

Normative justifications for stake holder theory are provided by this framework. The normative basis of this model is made evident by identifying the three distinct stages in the transactional process of making, placing, and converting a stake in a firm into goods or services. These three stages are as follows:

1) 'The stake' itself, defined as something of value, some form of capital, which may be human or financial, tangible or intangible, and is placed at risk;

2) 'The stake holder', defined as the person or group that makes, takes, or has a stake in the firm and therefore has something at risk, to gain or lose from the turn of events. The stakes and risks may have been made or taken voluntarily, actively and directly, or they may have been assumed involuntarily, passively and indirectly. The stake holder, whether voluntary or involuntary, is at risk and has a stake, knowingly or unknowingly, in the outcome of the firm's operations and activities;

3) The 'stake converter or user' is the firm that takes or accepts stakes in order to increase their value and create wealth by using and converting them into goods and services. As the user and converter of stakes, the firm is accountable to its stake holders and is responsible for the management of their stakes and their profitable conversion into goods and services, as well as for the risks involved in making these goods or services available to the public.

Clearly not all stakes and risks are the same. There are different categories of stakes and different degrees of risk. The firm, as a going concern and stake user and converter, is constantly making a market for stakes of different kinds that are available to its customers, suppliers, employees and stockholders. By taking and using their stakes in its conversion processes, the firm incurs obligations and responsibilities towards these stake holders.

These definitions of stake, stake holder, and stake user and converter provide a normative framework for stakeholder theory: The firm and its managers are responsible to their stake holders for the management, use, and conversion of their stakes into profitable products or services, without exposing them or others to involuntary harm or loss.

## APPLYING THE FRAMEWORK

This framework can be applied to two normative questions raised by Dunfee (1994). He used two examples to illustrate "difficult unresolved problems, such as who should be considered a legitimate stakeholder, defining 'stakes', prioritizing competing claims among different stakeholders and assessing the moral status of various stakeholders and claims."

> 1) An example building from Goodpaster's (1991) dichotomy between strategic and multi-fiduciary stakeholder analysis helps to demonstrate the problems faced applying Stakeholder Theory without a normative compass. Consider the example of a firm deciding whether to move its plant from an economically troubled urban area to a lower cost environment. Various stakeholders have directly competing claims including, among many others, the union representing the interests of production employees at all of the firm's plants and a small supplier who has done business with the firm for many years and is unlikely to be able to convert its production lines to supply another firm. Under strategic stakeholder analysis (which implicitly incorporates a stakeholder power principle) the firm would consider the interests of the union to the extent that the union has the power to help or hurt the firm (which it presumably does) and it would not consider the interests of the supplier unless the supplier has the power to have an impact on the goals and objectives of the firm (which it presumably does not).

This dichotomy can now be analyzed in terms of stakes and risks, rather than simply on the basis of the power of the union or the supplier to do harm. The stakes of both the employees and the supplier are at risk, if the plant in question is to be moved for economic reasons. Since there are many more employees in the company than in the small supplier, their aggregate stakes and risks will undoubtedly exceed in value those of the supplier on most counts, and could consequently take priority when it comes to a decision, a normatively justifiable form of utilitarianism. This does not mean, however, that the company should abandon either this supplier or the economically disadvantaged community without considering the value of their stakes and risks and the company's responsibilities and obligations to them after so many years of profitable operation as a customer and an employer in the community.

> 2) The Merck River Blindness case (Business Enterprise Trust) is a well known stakeholder teaching case. In Merck the interests of those afflicted by the disease would not be considered directly in a strategic stakeholder analysis as they lack the capacity to have a direct impact on the interests of Merck. The interests of those afflicted with the disease might come in indirectly through the interests of powerful stakeholder groups, particularly the scientists interested in pursuing the research leads deriving from their work on *invermectin*, a veterinary drug responsive to similar symptoms. The failure to consider directly the interests of those afflicted may seem unsatisfactory to those who see stakeholder theory as a basis for justifying corporate actions going beyond the narrowly defined self-interest of the firm. Yet, lacking a normative justification, stakeholder theory is limited to its instrumental value as a means of achieving firm objectives. A stakeholder theory securely grounded within a normative framework extends its value from a management tool into a morally satisfactory theory which provides a basis for legitimizing the claims of stakeholders such as those afflicted with river blindness disease.

The risk based model of stakeholder theory makes it clear that those afflicted with the disease are *not* stake holders in Merck, nor will they become stake holders in Merck until and unless they have volunteered to take the treatment. They would then be stake holders, exposed to the consequences of taking any new drug that shows great promise in curing a specific disease, but may have unintended or unknown side effects. Whether or not they *should* be treated by Merck at no cost is an entirely different question, the answer to which should be sought in the context of the moral obligations of the fortunate to the unfortunate, but not in the context of stakeholder theory.

Stakeholder theory should not be used to weave a basket big enough to hold the world's misery. Justification for stakeholder theory should not be sought on the grounds of solving pressing problems of poverty and disease. This approach can result only in statements of pious hope, unrelated to reality. As Kurt Lewin observed many years ago, "There is nothing so practical as a good theory." It is not practical to include as stakeholders all those who can affect or are affected by the achievement of the firm's objectives. The permutations of stakeholders become infinite, classifications and typologies become arbitrary, and diagrams of corporate stakeholders become confusing. There is no inherent way in which the priorities of stakeholders' interests and claims can be categorized or determined. The legitimacy of some stakeholders' interests may be overridden by the power of others, but the urgency of the claims of yet other stakeholders will present management with very difficult choices.

In order to anchor stakeholder theory in the reality of responsible management and morally justifiable corporate social performance, it is proposed that stake holders should be defined as those that have a real stake in the firm and therefore have some capital, human or financial, at risk. This does not mean that others who can affect, or may be affected by, the firm's activities should be ignored by management, since clearly they can affect the aggregate value of the stakes that the firm is managing and converting on behalf of its stake holders.

Responsible management will take cognizance of terrorists, of extremists, of activists, of governments, and of any other groups or individuals that pose threats, or create opportunities, for the corporation, but that is no reason to include them all as stake holders. The corporation's competitors obviously must be considered and analyzed. They can certainly affect or be affected by the operations of the corporation, but that does not mean that therefore they are stake holders. The corporation's voluntary stake holders are those that have actively taken stakes in it. It is management's responsibility to convert these stakes into wealth, but without externalizing costs by exposing involuntary stakeholders or the environment to harm or damage. In this context, the creation of wealth can serve a moral purpose,

## REFERENCES


Carroll, A.B. 1989. **Business and Society: Ethics and Stakeholder Management.** Southwestern Publishing Company, Cincinnati .

Clarkson, M.B.E. 1995. "A stakeholder Framework for Analysing and Evaluating Corporate Social Performance", in the Theory Development Forum, "Shifting Paradigms: Societal Expectations and Corporate Performance," Academy of Management Review. Vol. 20 Number 1.

Donaldson, T. and Preston, L.E. 1995. "The Stakeholder Theory of the Corporation: Concepts, Evidence, Implications", in the Theory Development Forum, "Shifting Paradigms: Societal Expectations and Corporate Performance," Academy of Management Review.

Dunfee, T.W. : 1994. Proceedings of the Second Toronto Conference on Stakeholder Theory. Centre for Corporate Social Performance and Ethics.

Freeman, R.E. 1984. **Strategic management: A stakeholder approach.** Boston: Pitman/Ballinger (Harper Collins).

Goodpaster, Kenneth E., 1991. "Business Ethics and Stakeholder Analysis", *Business Ethics Quarterly,* 1(1), 53-74.

Mitchell, R.K., Agle, B.R., and Wood, D.J. 1995. "Stakeholder Attributes and Firm Responsibilities and Responses" to be presented at the Academy of Management annual conference, Vancouver.