

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

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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;

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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 (Bonnafeous-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