Received: 1 December 2021 | Revised: 23 March 2022 | Accepted: 9 May 2022

DOI: 10.1111/beer.12441

Business Ethics, the Environment & Responsibility

WILEY

PERSPECTIVE

Stakeholder theory: A process-ontological perspective

Abstract

Advocates of stakeholder theory have long known that grasping its key insights requires a specific worldview that is, unfortunately, still not prevalent within the community of strategic management scholars. We argue that this worldview encompasses a process ontology that is radically different from the substance-ontological outlook typical of the mainstream approaches to strategic management. The unquestioned commitment of strategic management scholarship to a substance ontology leads to the viewing of corporations as macro-entities comprising aggregations of discrete autonomous actors each relying on individual choice and instrumental rationality. In contrast, within a process-ontological worldview, corporations and their stakeholders are seen to be sustained and attenuated through social practices and relationships involving interlocking chains of coping actions taken in everyday interactions. We show that adopting a process-ontological worldview presents a much-needed step that may help strategic management scholars reach a better understanding of how stakeholder theory deals with three problems of today's capitalism, those value creation and trade, ethics of capitalism, and managerial mindsets. On this basis, we discuss how to process ontology may lead stakeholder theory to further refine its understanding of business strategy, corporate social responsibility, and the common ground between the firm and stakeholders.

1 | INTRODUCTION

Stakeholder theory emerged as an alternative to the orthodox view of corporate governance where corporations are essentially understood contractually in self-interested terms as instrumental relationships between shareholders and those appointed to manage the corporations. The theory arose against the backdrop of strategic management concerns where it has been noted that decisions arrived at invariably affect a multitude of others other than shareholders themselves. In recent times, it has become an important and integral part of the corporate governance, strategic management, and business ethics literature. The theory's attractiveness and increasing popularity lie in its ability to offer a highly appealing alternative to shareholder theory that emphasizes the self-interested motives of individuals such as owners, investors, financiers, entrepreneurs, and managers in particular (Freeman et al., 2010, p. 269 et seq.; Mackey & Sisodia, 2014; Laplume et al., 2008) in their participative acts of value creation. The narrative of stakeholder capitalism deemphasizes the narrow focus on shareholders' interests and takes into account the vested interests of the wider social community within which legitimacy of doing business is crucial for successful operation. Stakeholder theory is premised on the "idea that a business has stakeholders—that is, there are groups and individuals who have a stake in the success or failure of a business" (Freeman et al., 2010, p. xv; cf. Bundy et al., 2018) even if they do not necessarily have a "share" in it. Accordingly, this theory understands business as "a set of value-creating relationships" among such member groups (Phillips et al., 2019, p. 3) and takes stakeholder relationships, rather than transactions, to be the basic unit of analysis (Barney & Harrison, 2020, p. 206; Freeman et al., 2010, 2020). In his seminal exposition, Freeman et al. (2010, p. 4) point out that stakeholder theory emerged as an approach to reconceptualizing three fundamental problems facing shareholder-based capitalism; those value creation, business ethics, and appropriate managerial mindsets, particularly since capitalism, as an ideology, has itself has come under fresh scrutiny and now face unprecedented challenges regarding its legitimacy in the 21st century.

As characterized above, stakeholder theory may strike readers as being highly intuitive and commonsensical. Although this impression is probably not wrong, Freeman et al. (2020) speak of persisting tensions between stakeholder theory and strategic management (cf. also Goyal, 2020) and identify as many as 12 of them as the most important ones keeping stakeholder theory "at the crossroads" (Barney & Harrison, 2020) between the two. Freeman et al. (2020, p. 213) further "argue that many of these tensions are more apparent than real, representing different narratives about stakeholder theory, [strategic management], business, and ethics." He and his collaborators point out that "most of the apparent tensions in stakeholder theory are a result of the detour into a narrow form of economic theorizing" in the span style="font-family:'Times New Roman'; color:#ff0000">business strategy and policy literature that persists "into the present" (Freeman et al., 2020, p. 216). This form of economic theorizing rests on the predominantly positivistic scientific assumptions in organization studies and strategic management (Wicks & Freeman, 1998). Positivistic science is predicated upon the assumption that objective facts exist "out there" and that the collection, analysis, and generalization of such objective data can lead to the formulation of universal principles for explaining phenomena in the world. The origin of positivism is generally attributed to the French philosopher August Comte, but the positivistic outlook on science rose into prominence in the 1920s through the pervasive influence of the Vienna Circle thinkers and this remains a pervasive influence in organizational and strategic management theorizing. The founding figures of stakeholder theory, on the other hand, commit themselves to a pragmatism that sees the goal of inquiry not as generating objective knowledge but as producing workable solutions through "insights that help us to lead better lives" (Freeman et al., 2010, p. 75; Jensen & Sandström, 2013). The pragmatic approach derives from an underlying realization that ultimate reality is simply an unliveable "blooming, buzzing confusion" (James, 1911/1996, p. 50) and that our theories and concepts as such do not "represent" reality, but rather are only "ministerial" (Freeman et al., 2010, p. 79); they help us "harness … reality" in order to achieve our ends (Freeman et al., 2010, p. 65). According to Godfrey and Lewis (2019, p. 14), pragmatism infuses stakeholder theory with the imperative of a "moral inquiry that accommodates multiple desires and differing views of morally appropriate action" and by so doing, draws attention to how the key processes of moral living can practically facilitate the attainment of human flourishing. Freeman et al. (2020, p. 217) note that a pragmatist outlook entails the rejection of the "narrow scientific view" associated with positivism that pervades much of economics and strategic management theorizing (Capra & Luisi, 2014; Nelson, 2003; Wicks & Freeman, 1998).

The prevalence of positivist philosophy in these fields of scholarship is evidenced by the occasional difficulties encountered in applying the stakeholder approach to strategic management. Freeman et al. (2010, p. 27) concede that "seeing stakeholder interests as joint rather than opposed is difficult. It is not always easy to find a way to accommodate all stakeholder interests. It is easier to trade off one versus another." Even worse, "the managerial view of business with shareholders at the center is inherently resistant to change. It puts shareholders' interests over and above the interests of customers, suppliers, employees, and others, as if these interests must conflict with each other" (Freeman et al., 2007, p. 23). It is evidently because of these difficulties that the success of a stakeholder approach depends on the extent to which managers are able to adopt a stakeholder mindset that helps them reframe their business priorities: "Our current way of thinking about business and management simply asks the wrong question. It asks how we should distribute the burdens and benefits among stakeholders. The managing for stakeholders mindset asks how we can create as much value as possible for all of our stakeholders" (Freeman et al., 2007, p. 11).

The difficulties occasionally experienced by scholars seeking to grasp the essence of stakeholder theory, or by managers seeking to apply stakeholder theory in practice, are all the more surprising in view of Freeman's (2008) initiative to end the "Friedman-Freeman" debate by outlining fundamental congruences between stakeholder theory and Friedman's (1970) wholehearted endorsement of profit maximization as the proper goal of management. Admitting that corporations may engage in activities that look like the exercise of corporate social responsibility, Friedman (1970) considered them to be part of how capitalism works. To Freeman (2008, p. 165), this argument boils down to "integrating the ethical or normative side into business," thereby overcoming the "separation fallacy" (Freeman et al., 2010, p. 6) brought about by a positivistic understanding of social life. But if Freeman and Friedman are not in serious disagreements about how stakeholder collaborations serve to enhance shareholders' wealth, one may wonder about why "the stranglehold that the dogma of shareholder value has on business theory" (McVea & Freeman, 2005, p. 58) remains so strong.

We maintain that this ontological stranglehold remains in the implicit preconceptions of theorists and practitioners alike in the fields of business and strategic management. According to Buchholz and Rosenthal (2005, p. 137), pragmatist philosophy espoused by the leading figures of stakeholder theory calls for a thoroughgoing "relational understanding of the firm and its stakeholders," to be achieved by overcoming the atomistic individualism criticized by Wicks et al. (1994). Bonnafous-Boucher and Rendtorff (2016), for example, have suggested that the "essential problem addressed by stakeholder theory" is not the identification of discrete groups with vested interests in the corporation, but rather elevating the primacy of "relationships" itself as the constitutive mechanism for the agency in stakeholder theory. Such a relational understanding implies embracing the kind of process ontology elaborated by Alfred North Whitehead and broadly endorsed by a range of eminent pragmatist philosophers including William James, John Dewey, and more latterly Richard Rorty. We suggest that many of the difficulties apparently standing in the way of the broader acceptance of stakeholder theory, both in the theory and practice of business and strategic management, could be removed through an explicit engagement with the process-ontological commitments underlying pragmatist philosophy. This argument responds to calls to explore the ontological foundations of stakeholder theory in order to help improve the legitimacy and sustainability of contemporary business practices (Missonier & Loufrani-Fedida, 2014; Retolaza et al., 2014; Upward & Jones, 2016).

The rest of the paper is organized as follows. Section 2 argues that stakeholder theory can be approached from two alternative ontological standpoints, substance and process ontology, the latter of which allows us to avoid the difficulties experienced by many strategic management scholars seeking to grasp stakeholder theory's key insights. Section 3 supports this argument by reviewing important process-philosophic ideas that have already made their appearance in stakeholder theory and suggest that these ideas can be further strengthened. Section 4 undertakes this strengthening by discussing a radical view of process ontology which is applied in Section 5 to three problems of capitalism addressed by Freeman et al. (2010, p. 4 et seq.; Freeman et al., 2020). On this basis, Section 6 discusses how to process ontology may lead stakeholder theory to further refine its understanding of business strategy, corporate social responsibility, and the common ground between the firm and the stakeholders.

2 | REVISITING THE ONTOLOGICAL COMMITMENTS OF STAKEHOLDER THEORY

A crucial reason why the "narrow form of economic theorizing … in business strategy and policy" has not been helpful in accommodating stakeholder theory is that much of mainstream strategic management scholarship rests on an underlying substance ontology that promotes a form of entitative thinking (Nayak & Chia, 2011; cf. also Nayak et al. 2020), whereby social reality is understood in discrete, bounded, and atomistic terms. This substance ontology prioritizes "substance over activity, discrete individuality over interactive relatedness, descriptive fixity over productive energy, and classificatory stability over fluidity and evanescence" (Rescher, 1996, p. 31 et seq.). Consequently, the world is viewed as comprising a reified, preordered, and atomistic "succession of instantaneous configurations of matter" (Whitehead, 1926/1985, p. 63). The result of this ontological commitment to the social sciences is that society is construed as comprising an aggregation of discrete, bounded, and autonomous social actors whose identities and characteristics *preexist* their relational involvement with others. The Austrian economist Ludwig von Mises (1949/1998) calls this widely held view of social actors *methodological individualism*, alternatively known in the stakeholder literature as *atomic individualism* (Buchholz & Rosenthal, 2005). As Buchholz and Rosenthal (2005, p. 138) explain, atomic individualism assumes that "stakeholders are isolatable, individual entities that are clearly identifiable by management, and that their interests can be taken into account in the decision-making process." Both concepts, methodological, and atomic individualism lead to the assumption of autonomous individuals making instrumental-calculative choices to further their own vested self-interests.

In terms of economic theory, substance ontology underpins the notion of *Homo economicus* which serves as the behavioral foundation of neoclassical economics (Cobb, 2007, p. 573; Whitehead, 1929, p. 249) as well as mainstream economic approaches to the theory of the firm (Thompson & Valentinov, 2017). While stakeholder theory radically questions the traditional understanding of business "as a vehicle to maximize returns to the owners of capital" (Freeman et al., 2010, p. xv), it is neoclassical economics that ultimately underwrites this understanding (Sachs & Rühli, 2011; Wood, 2008). Neoclassical economics is widely believed to be grounded in the Cartesian and Newtonian mechanistic worldview that emerged in the course of the Scientific Revolution (Capra & Luisi, 2014; Nelson, 2006; von Bertalanffy, 1968). Nelson (2006) explains that neoclassical economics envisages the economy as a machine, which "operates in an automatic fashion, following inexorable and amoral 'laws'. While the machine organizes provisioning for our bodies, it is itself soulless and inhuman … Since machines are incapable of morality, thinking about economies as machines puts commerce firmly outside the ethical realm" (Nelson, 2006, p. 1ff).

Although substance ontology underpins mainstream approaches to organization theory and strategic management, it is radically questioned by a heterodox process ontology which "invites us to think about individuals, organizations and social entities in terms of ceaseless change, emergence and self-transformation" (Nayak & Chia, 2011, p. 282). In addition to process proper, process philosophy gives prominence to Alfred North Whitehead's (1929) idea of the primacy of internal relations, whereby "everything that is arises out of multiple other things and has no existence apart from their relations to them. This is best understood if we think of the world as made up of happenings, occurrences, or events. Each event arises out of other events and is nothing apart from their participation in its constitution" (Cobb, 2007, p. 568). Process ontology assumes that "the actual world is a process" so that "*how* an actual entity *becomes* constitutes *what* that actual entity *is*" (Whitehead, 1929, pp. 22–23, emphasis original). From this worldview, individuals, organizations, and social entities are not discrete, bounded, and autonomous units but are relationally constituted nexus of social practices so that, everything that *is* arises out of a multiplicity of event happenings: "one side makes process ultimate; the other side makes fact ultimate" (Whitehead, 1929, p. 9). From this process worldview, facts, and entities are selective pragmatic abstractions from the underlying "flux of things" (Whitehead, 1929, p. 295) so that it is ultimately process and relations and not entities that are accorded ontological primacy.

Buchholz and Rosenthal (2005) suggest that process ontology provides critical resources for enabling stakeholder theory to overcome atomic individualism and hence to better understand the true nature of stakeholders. Brought to bear in the context of stakeholder theory, atomic individualism would suppose stakeholders and corporations to "have separate wills and desires that are colliding," thus precluding "any possibility of developing a true community or society or any true relational understanding of stakeholder interests" (Buchholz & Rosenthal, 2005, p. 141). Needless to say, such a conceptualization would run contrary to the main thrust of stakeholder theory. Buchholz and Rosenthal (2005) furthermore show that atomic individualism also leads to what Freeman et al. (2010, p. 6) call the separation fallacy, that is, the erroneous view that business and ethics present themselves as independent realms. In truth, stakeholder theory "house[s] in its very nature not only a relational view of the corporation but also an understanding of the situational nature of ethical decision making as operative in specific contexts" (Freeman et al., 2010, p. 145). The authors conclude that in order to ensure stakeholder theory delivers on its pragmatist promise, it has to clearly distance itself from the "atomic individualism that pervades traditional economic theory" (Freeman et al., 2010, p. 146), a move that would suggest committing wholeheartedly to process ontology as a viable alternative. As we have argued, process ontology strengthens and sharpens the pragmatist foundations of stakeholder theory by viewing all actors, such as corporations and stakeholders, as relationally constituted through social practices, rather than as stand-alone entities. Each "thing" is abstracted only as a relatively relational invariant of this inexorable movement (Bohm, 1980). In the relational view, the identities and characteristics of actors do not preexist their social engagements. Instead, they are a result of the "condensation of the history that we have lived from birth—nay, even before our birth since we bring with us prenatal dispositions" (Bergson, 1911/1998, p. 5). As social beings, our identities, sense of individuality, and characteristics are inevitably constituted by our prior immersion in social relations.

How does the distinction between the process and substance ontologies illuminate the nature of stakeholder theory's tensions perceived by strategic management scholars? Discussing these tensions, Freeman et al. (2020, p. 217) point out that stakeholder theory and strategic management are concerned with different problems. Whereas the problem of strategic management is in understanding the sources of competitive advantage, stakeholder theory (or more precisely, Value Creation Stakeholder Theory) asks "(a) How is value creation and trade possible in an uncertain and complex world with little stability? (b) How can we address the problem of the ethics of capitalism? and (c) What should we be teaching in schools of business (Freeman et al., 2010)?" Freeman et al. (2020, p. 217) suggest that addressing the distinct problems of strategic management and stakeholder theory calls for different points of view; more precisely, understanding the problems posed by stakeholder theory calls for rejecting "the narrow scientific view that pervades [strategic management]" (Freeman et al., (2020). We want to argue that "the narrow scientific view" that dominates the field of strategic management can be adequately described in terms of substance ontology, whereas addressing the three problems of Value Creation Stakeholder Theory requires an alternative worldview informed by process ontology.

If this argument is correct, it would entail that the apparent tensions of stakeholder theory arise in that case when the three problems posed by stakeholder theory are approached within the substance-ontological worldview that leads to the viewing of corporations as macro-entities comprising aggregations of discrete, autonomous actors each relying on individual choice and instrumental rationality for their decision-making. We maintain that these tensions would disappear if the substance-ontological worldview would give way to the process-ontological one, so that "corporations" and "stakeholders" are understood relationally rather than as discrete, isolatable, and autonomous social entities. Within a process-ontological worldview, corporations and their stakeholders are sustained and attenuated through social practices and relationships involving interlocking chains of coping actions taken in everyday interactions. We argue that adopting this worldview dissolves the tensions arising at the interface of stakeholder theory and strategic management. Moreover, as the next section makes clear, stakeholder theory has already accumulated a number of significant process-ontological ideas.

3 | PROCESS-ONTOLOGICAL IDEAS IN STAKEHOLDER THEORY

Perhaps the earliest major attempt to give prominence to process-ontological ideas in stakeholder theory is a foundational article by Wicks et al. (1994) who acknowledged that stakeholder theory has not been exempt from "masculinist" interpretations that envision both corporations and humans as autonomous entities seeking to control their environment through strategies of conflict, confrontation, and competition. The authors argued for replacing these interpretations with a feminist reading which takes corporations to be cooperative "webs of relations among stakeholders" (Wicks et al., 1994, p. 483), to deal with environmental chaos and instability by elevating communication, cooperation, and collective action over conflict and competition. Buchholz and Rosenthal (2005, p. 139) note that Wicks et al.'s (1994) feminist argument overcomes atomic individualism by suggesting that "persons are fundamentally connected with each other in a web of relationships that are integral to any proper understanding of the self, and that any talk of autonomy or search for personal identity must be qualified and located within this more organic and relational sense of the world."

In line with Wicks et al. (1994), Burton and Dunn (1996) note that a feminist approach to stakeholder theory provides the principles of caring that stakeholders may be advised to exercise on a mutual basis. The notion of process is at the core of Venkataraman's (2019) view of the corporation as a locus of the ongoing entrepreneurial equilibration of stakeholder interests. The process is likewise centrally implicated in Mitchell and Lee's (2019) idea of "stakeholder work" foregrounding the processes of "identifying, understanding, prioritizing, and engaging stakeholders" (Mitchell & Lee, 2019, p. 58). Processes of stakeholder interaction have been likewise found to have crucial bearings on the incomplete contracting and resource-based approaches to the theory of the firm (Asher et al., 2005; Barney, 2018; Godfrey, 2005; Ketokivi & Mahoney, 2016). A number of scholars, such as Bevan et al. (2019) and Sachs and Rühli (2011), advance processual visions of stakeholder interaction as occurring in evolving and emergent networks, where both value creation and resource provisioning appear to be inherently relational rather than objectively fixed and given. Drawing on the Hayekian view of the market as a process of mobilization of local and idiosyncratic knowledge, Valentinov (2021) argues that the turbulence of the business environment pointed out by Freeman et al. (2010, p. 3) allows the generalization and radicalization of Hayek's argument, such that knowledge mobilization is seen to occur through a broad variety of stakeholder collaboration opportunities rather than through price-mediated transactions alone (cf. Bridoux & Stoelhorst, 2016).

All these are powerful and inspiring ideas, but their power has, however, until now, not been strong enough to prevent strategic management scholars from approaching the three problems of Value Creation Stakeholder Theory (Freeman et al., 2020, p. 217) predominantly through substance-ontological rather than process-ontological worldview. We want to argue that the process-ontological core of these ideas goes to the very heart of Freeman's (2008) seminal attempt to put an end to the "Friedman-Freeman debate." While Freeman et al. (2010, p. 11) suggest that Friedman can be read as an instrumental stakeholder theorist who explores "a way of integrating the ethical or normative side into business" (Freeman, 2008, p. 165), we suggest, in line with these interpretations, that Friedman and Freeman share an implicit process-relational conception of human behavior that Cobb (2007, p. 577) aptly calls "person-in-community." Cobb argues that, just as the neoclassical paradigm of shareholder wealth maximization rests on the substance-ontological model of *Homo economicus*, process ontology espouses the opposite model of person-in-community, which Cobb (2007) explains as follows: "if I understand myself as a person-in-community, there is a general harmony between seeking my own good and seeking the common good of the community. Benefiting the community benefits me." Advancing the model of person-in-community, Cobb draws inspiration from the Whiteheadian doctrine of internal relations which takes a deeply relational view of human nature. We argue that this relational view underpinning the model of person-in-community is affirmed by Freeman et al.'s (2010, p. 11) explanation of the subtle but important difference of stakeholder theory from Friedman's standpoint: "Friedman may actually believe that if you try to maximize profits you will do so. We believe that trying to maximize profits is counterproductive, because it takes attention away from the fundamental drivers of value—stakeholder relationships."

One remarkable implication of conceptualizing stakeholders as persons-in-community is their inherently moral nature. This implication is likewise affirmed by Freeman's (1999) critique of Jones and Wicks' (1999) "convergent stakeholder theory" which, according to Freeman (1999), ultimately falls prey to the separation fallacy and fact-value dichotomy. Freeman (1999, p. 234) overcomes the separation fallacy by noting that the stakeholder concept is per se moral: "By choosing to call groups 'stakeholders', rather than 'interest groups', 'constituencies', or 'publics', we have already mixed-up fact and value. *Stakeholder* is an obvious literary device meant to call into question the emphasis on 'stockholders'." By foregrounding the moral nature of stakeholders, process ontology casts useful light on the contested interface between instrumental and normative varieties of stakeholder theory (Valentinov & Hajdu, 2021). Namely, following Freeman's (2008) initiative to reconcile the differences between himself and Friedman, process ontology does not question the legitimacy of the Friedmannian goals of profit or shareholder wealth maximization, but rather shows these goals to be best achievable by forging moral stakeholder relationships. At the same time, simple and intuitive as it is, this point can hardly be fully grasped without a deep appreciation of the essential process-ontological ideas discussed in the next section.

4 | A RADICAL PROCESS ONTOLOGY

We argue that nudging strategic management scholars to approach the three problems of capitalism, thematized by Value Creation Stakeholder Theory (Freeman et al., 2020, p. 217), in process-ontological terms, and thus forestalling their perceptions of stakeholder theory's tensions, calls for anchoring stakeholder theory in a full-blooded process-philosophical outlook which would radicalize the theory's extant process-philosophical intuitions (cf. Asher et al., 2005; Barney, 2018; Bevan et al., 2019; Burton & Dunn, 1996; Godfrey, 2005; Ketokivi & Mahoney, 2016; Sachs & Rühli, 2011; Valentinov, 2021; Wicks et al., 1994). This outlook assumes that, in ontological terms, Process is Reality. It embraces the dictum "panta rhei"; everything flows and nothing abides. Reality is deemed to be constantly fluxing, changing, and self-transforming (Whitehead, 1929); a disorderly and unstable universe in which "order floats" (Prigogine, 1989, p. 399). Entities, facts, events, and objects, as such, do not objectively exist "out there." Rather, they are temporarily stabilized relational configurations forged through operational coping actions shaped by social practices. By recursively creating interlocking chains of such operational acts of distinction, we produce artificial "stabilizations" out of the "aboriginal sensible muchness" (James, 1911/1996, p. 50) from which our raw experiences originate. Objects, entities, events, and facts, as such, are simply artificially abstracted relational configurations precariously forged and sustained through such interlocking chains of coping actions.

Processes and relations, therefore, are not epiphenomenal to pre-existing "things." Rather, process itself is ultimate and "things" and reified entities are secondary abstractions (Whitehead, 1929, p. 9). But adopting a process-ontological worldview means acknowledging the *unliveability* of such a primordial condition. Social life, as we know it, requires a "workable level of certainty" (Weick, 1979, p. 6) for it to function effectively and for social and economic exchange to take place productively. This is where operational coping actions directed by established social practices, play a crucial role in socially constructing a more *liveable* "surrogate" enacted reality (Weick, 1979, p. 177). Operational coping actions are thus fundamentally existential attempts to extract a modicum of certainty from this primordial "soup" by creating temporary stabilizations that give coherence and meaning to our lives since we cannot face a void (Cooper, 1976, p. 1002). Such acts, then, are the primary means for extracting order, stability, and hence predictability from a thoroughly processual ultimate reality. Each effective micro-adjustment made, aggregates and congeals into a propensity to extend the scope of that action to an ever-widening variety of circumstances and this is what accounts for Luhmann's (2006, p. 46) "interlocking chain of operational acts." Another way of understanding how this interlocking chain emerges is the notion of social practices (Bourdieu, 1990; Dreyfus, 1991; Schatzki, 2001). Coping actions or operational acts interlock and eventually congeal into established social practices that then serve as the organizing basis of social orders. Social practices, as such are the primary basis for establishing relationships and for the observed patterned consistencies in social orders.

Viewed from a "practice turn" (Bourdieu, 1977; Dreyfus, 1991; Schatzki, 2001), institutions, firms, corporations, and even stakeholders are simply temporarily stabilized "bundles" of social practices containing patterns of relationships (Schatzki, 2002). Each practice bundle that we call a "firm" or a corporation exhibits a level of systemicity, stability, and durability that give them "entity-like" qualities. In reality, a firm is no more than the temporary "firming-up" of a congealed bundle of social practices, themselves made up of interlocking operational coping actions that have proven to be useful. Firms and stakeholders, therefore, are not individual, discrete, bounded entities, but precariously forged bundles of social practices inextricably linked to their wider societal context. Their identities and characteristics, as such, are not pre-given. Instead, they emerge as the "condensations of histories of growth and maturation within fields of social relations" (Ingold, 2000, p. 3).

From the standpoint of process metaphysics, practices as congealed interlocking aggregations of operational coping actions are fundamental to an understanding of the patterned orderliness of the social world. They provide the stabilizing and anchoring points for creating a modicum of coherence, orderliness, and certainty that is vital for meaningful conduct of social life. Practices as such always already contain normative overtones simply because they are societally sanctioned and have proven to be collectively useful in the face of environmental uncertainties. These normative overtones provide a *modus operandi* that shape societal predispositions, norms, and expectations regarding how social systems are supposed to function and what their obligations ought to be. Each firm or organization, immersed in its own specific sociocultural context and within the circumstances of its own history, inevitably acquires a shared outlook through being part of this sociocultural milieu. And it is this less tangible imperative that pre-orients the perception of responsibilities and obligations of corporations and stakeholders alike. Thinking of firms, organizations, and "stakeholders" in terms of bundles of social practices rather than as discrete bounded and autonomous entities help us to reconceptualize stakeholders and corporations as inextricably intertwined and interdependent patterns of evolving relational practices, a move we believe to be crucial for achieving a better grasp of the pragmatist foundations of stakeholder theory.

5 | REVISITING THE THREE PROBLEMS OF CAPITALISM

The full-blooded process ontology outlined above highlights the deeper and perhaps not so obvious philosophical significance of the three problems of capitalism addressed by what Freeman et al. (2020, p. 216) call Value Creation Stakeholder Theory. Some aspects of this significance are alluded to by the authors themselves when they point out that grasping the essence of these problems requires rejecting "the narrow scientific worldview that pervades [strategic management]" (Freeman et al., (2020, p. 217). We argue that a crucial part of this significance resides in the nature of ontological commitments one must embrace in order to make sense of these problems. We take "the narrow scientific worldview," adopted by many strategic management scholars, to be grounded in substance ontology which is incompatible with the pragmatist foundations of stakeholder theory. As Buchholz and Rosenthal (2005, p. 137) have shown, pragmatic philosophy calls for a "relational understanding of the firm and its stakeholders."

Process ontology, outlined in the previous section, offers crucial resources for developing and promoting this understanding. Whereas a substance-ontological interpretation of the three problems of capitalism results in the perception of stakeholder theory's tensions, such as those discussed and debunked by Freeman et al. (2020), a process-ontological interpretation of these problems prepares the ground for the pragmatist standpoint advocated by Freeman and other leading stakeholder theorists. We suggest that developing this process-ontological interpretation in an explicit way is a crucial step needed for rejecting "the narrow scientific view" criticized by Freeman et al. (2020). We argue that embracing the worldview grounded in process ontology would dissolve many, if not all, of the so-called tensions in stakeholder theory by enabling a more adequate understanding of the pragmatist standpoint. In line with this argument, Table 1 lists Freeman et al.'s (2020) three problems of capitalism, contrasts their substance- and process-ontological interpretations and thus clarifies the contribution of the process-ontological interpretations toward a deeper understanding of the pragmatist standpoint of stakeholder theory.

5.1 | Value creation and trade

According to Freeman et al. (2020, p. 216), one of the problems of concern to stakeholder theory is "how … value creation and trade [is] possible in an uncertain and complex world with little stability." Obviously, thinking about this problem fundamentally depends on the lens through which one sees the world. Stakeholder theory has arisen out of the insight that "trying to solve this problem using the existing … assumptions was fruitless" (Freeman et al., 2010, p. 4). We suggest that a crucial part of the existing assumptions which Freeman et al. (2010) had in mind was a substance-ontological interpretation of corporations and stakeholders as distinct, discrete, and bounded entities each pursuing their self-interests so that their concerns and preoccupations essentially conflict with the interests of others. A process-ontological interpretation, on the other hand, would envision corporations and stakeholders as temporarily stabilized bundles of social practices consisting of norms, expectations, and predispositions held in common by their members. This commonness then forms the basis for the fundamental jointness of stakeholder interests which enables and fuels collaborative value creation in which corporations and stakeholders are engaged. Jointness of interests, in turn, is a well-known cornerstone of stakeholder theory. In the words of Freeman et al. (2007, p. 52), "stakeholder interests go together over time. The very idea of managing for stakeholders

TABLE 1 Three problems of capitalism

Problems of capitalism addressed by Value Creation Stakeholder Theory	Substance-ontological interpretation	Process-ontological interpretation	Freeman's pragmatist view
Value creation and trade	Corporations and stakeholders are isolatable entities pursuing conflicting interests in the competitive struggle	Corporations and stakeholders are bundles of social practices which shape common norms, expectations, and predispositions	Corporations and stakeholders engage in collaborative value creation based on the fundamental jointness of stakeholder interests
Ethics of capitalism	Business and morality are distinct and separate realms (separation fallacy)	Self-interest is understood in relational terms as acting in the midst of an abiding concern for others	The integration thesis and the responsibility principle (Freeman et al., 2010, pp. 7–8)
Managerial mindsets	Managers pursue profit maximization and shareholder wealth maximization	Managerial dispositions and habits are aligned with *modus operandi* reflecting wider societal needs and expectations	Managers build moral stakeholder relationships in order to engage stakeholders in the conduct of business

is predicated on the fact that the process of value creation is about finding the intersection of interests for primary stakeholders. Value creation is a joint process that makes each primary stakeholder better off."

One reason why the process-ontological vision of corporations and stakeholders is particularly illuminating is that it addresses the difficulty related to the definition of the boundaries of the firm (Phillips et al., 2019, p. 3). As stakeholder theory pays attention to actors considered to be outside corporate boundaries (such as customers or local communities), and to other actors placed within the boundaries (such as managers and employees), it is thought to be unable to deliver a clear definition of the boundaries of the firm. Whereas "stakeholder theory continues to hold open the issue of firm boundaries" (Freeman et al., 2020, p. 220), this openness could be interpreted as an indication of the theory's lack of conceptual tools for distinguishing the inside of the firm from its outside (Phillips et al., 2019, p. 3).

But if corporations are viewed as dense bundles of practices, actions, and interactions containing a persistent patterned consistency, then corporate boundaries seemingly separating "inside" from "outside" must be understood in a similar way, namely as precarious artifacts of the same practices. For when the density of interactions in the form of local coping actions with environmental demands and affordances accrue to the point where they demonstrate a patterned consistency in the responses made, they begin to invite attention and demand recognition and legitimacy from other proximal and equally contesting constituencies. Thus begins the process of qualifying the distributed agencies involved in such coping actions as legitimate "stakeholders." Other agentic bundles of practices, on the other hand, may lose legitimacy and be dropped from consideration as legitimate corporations or stakeholders simply because the density and intensity of interactional patterns have waned or diminished to the extent that there is no longer a patterned consistency of response so that they can no longer be construed or justified as a coherent and integral unit. What this implies is that "stakeholders" are not fixed identifiable entities. Rather they are shifting configurations of more or less dense relations forming and unforming through time so that their legitimacy rises or wanes according to the strength of relationships forged and sustained.

Until now, stakeholder theorists have recognized the pulsating and ever-shifting nature of these emergent patterns in the models of "stakeholder salience" and "stakeholder work" which include the dimensions of stakeholder awareness, stakeholder identification, stakeholder understanding, stakeholder prioritization, and stakeholder engagement (Mitchell & Lee, 2019). Yet, these process-theoretic notions have not been consistently followed through in such a way that those who are included or excluded as stakeholders are seen to be a consequence of how interlocking operational coping acts of mobilizing and deploying resources congeal into dense bundles of social practices that create an entity-like effect with apparent boundaries for inclusion or exclusion. This is the important insight that a process ontology with its emphasis on practices of relationship formation and dissolution brings to our understanding of the concept of "stakeholders."

5.2 | The ethics of capitalism

Another problem of capitalism addressed by the Value Creation Stakeholder Theory pertains to the ethics of capitalism (Freeman et al., 2020, p. 216). As Freeman et al. (2010, p. 4) elaborate, the global spread of capitalism makes clear that "restricting attention to its 'economic' effects yields a damaging partial view" which masks numerous effects of capitalism on society, and which is not at all helpful for "understanding how capitalism, ethics, sustainability, and social responsibility can be forged into new ways of thinking about business" (Freeman et al., (2010, p. 5). We argue that the restricted interest in the purely economic effects of capitalism is a consequence of the substance-ontological behavioral model of *Homo economicus* and embodies the "separation fallacy" which Freeman et al. (2010,

p. 6 et seq.) supplant by the integration thesis and the responsibility principle. Obviously, the integration thesis (which unifies business and ethics) and the responsibility principle (according to which "most people, most of the time, want to, and do, accept responsibility for the effects of their actions on others (Freeman et al., 2010, p. 8)) do not fit within the substance-ontological worldview, and therefore raise the familiar difficulties related to adjudicating the trade-offs among stakeholder interests particularly in relation to instrumental and moral obligations. But from the process-ontological point of view, this difficulty is dissolved because stakeholders, understood as provisional, precarious bundles of social practices, can be assumed to have neither pre-fixed interests nor pre-secured identities. Instead, since they are constituted by socioculturally transmitted norms, practices and relationships, their predispositions and outlook towards their moral and instrumental obligations are inevitably shaped by such broader influences. Only by accepting the inherent relationality constituting social entities and by re-directing attention to how social practices and understandings shape individual/collective predispositions can the tension between the instrumental and moral and hence the notion of "trade-offs" be circumvented and overcome. The very notion of "trade-off" presupposes irreconcilable individual self-interests. But from a process worldview, the very etymological root of the word "interest"; *interresse* as Heidegger (1954/2004, in Chia & Holt, 2009, p. 102) points out, means to be in among and in the midst of others rather than standing apart from. Instead of thinking about the individual as *apart* from others, it is about the individual as *indivisible* and hence *a-part* of a social collective. To be self-interested, therefore, is to be immersed in concern for the welfare of others! Therein lies the moral imperative in every instrumental action and therein lies the innate ethic of capitalism.

Instead of thinking of the instrumental and moral as essentially opposed and in conflict and hence fundamentally incompatible, they must be understood to be a consequence of dualistic thought based upon a substance ontology that inevitably carves out the world into discrete oppositional categories. From a process worldview, the instrumental and the moral are immanently implicated in each other. They are simply two sides of the same coin; the instrumental is that which exploits what situations proffers in terms of value creation for the common good of all. That is the moral imperative. The original sense of the meaning of interest as being in-among-others and hence inextricably relational has been twisted and lost in our modern interpretation of the term so that self-interest has come to mean what is commonly understood. If, however, self-interest is understood in genuinely relational terms as a moral obligation to be concerned for the collective welfare of others, it becomes indistinguishable from the respect for the intrinsic worth of any participant embedded in the relational value creation process. This way of understanding self-interest is ingrained in the process-ontological behavioral model of person-in-community (Cobb, 2007) as well as in the inherent morality of the very stakeholder concept (Freeman, 2008). This understanding not only cuts the ground under the distinction between the instrumental and moral but also dissolves the impression that stakeholder interests are genuinely conflicted and incompatible. Such an impression is a result of thinking about individual stakeholders in terms of discrete autonomous units. Thinking about the individual as a person-in-community, on the other hand, directly affirms stakeholder theory's "integration principle" which derives from the core tenet that "most business decisions or statements about business have some ethical content or an implicit ethical view" (Freeman et al., 2010, p. 7; cf. Freeman et al., 2021). Likewise, the responsibility principle is anchored in the notion that every socially sanctioned set of practices always already contains moral imperatives that shape the instrumental actions taken. A process worldview, therefore, drives home what is implicit in the integration principle and renders the very notion of trade-offs redundant; what corporate managers really need to do is not adjudicate trade-offs but rather act according to a societally accepted *modus operandi* that is directed toward the *interesse* of the greater good. The vocabulary of "trade-offs" between the moral and instrumental only appears in circumstances where firm practices drastically depart from such societally accepted practices and the *modus operandi* contained therein.

5.3 | Managerial mindsets

The third problem of capitalism explored by Value Creation Stakeholder Theory is the nature of managerial mindsets, especially as they are inculcated in business schools (Freeman et al., 2020, p. 216). Freeman et al. (2010, p. 5) note that the issue of mindsets is about how managerial decision-making can "put business and ethics together … on a routine basis" (Freeman et al., 2010). Embracing the substance-ontological behavioral model of *Homo economicus*, neoclassical economic theory assumes that managerial mindsets are framed by the imperatives of profit and shareholder wealth maximization. Obviously, the stakeholder theory standpoint is rather different and recommends managers to be concerned with building moral stakeholder relationships in order to engage stakeholders in the conduct of business. Within the substance-ontological worldview, this standpoint can be and has been criticized for failing to provide clear guidance to managers. As neoclassical economist Jensen (2001, p. 9) noted, "without the clarity of mission provided by a single-valued objective function, companies embracing stakeholder theory will experience managerial confusion, conflict, inefficiency, and perhaps even competitive failure."

The concerns of Jensen and similar-minded scholars lose their validity if managerial mindsets and the ensuing decision-making guidelines are approached within the process-ontological worldview which implies that the truly effective managerial action, as assessed in the longer term, is that which is embedded within the rich and polyvalent texture of societally accepted social practices. Accordingly, the true strategic challenge for corporations is to align their employees' dispositions and habits with dominant sociocultural influences and accepted *modus operandi* so that actions taken and decisions made automatically begin with a concern for wider societal needs and expectations. Practically speaking, this alignment is basically all that the stakeholder approach is about. Through this alignment, the very human nature of corporate employees and managers becomes a source of valuable normative guidance informing managerial decision-making. Freeman et al. (2010, p. 29) have long noted that "Businesses are human institutions populated by real live complex human beings. Stakeholders have names and faces and children." Thus, stakeholder theory rests, if implicitly, on a process-ontological understanding that this very humanity of stakeholders underpins their mutual close-quarter encounters, which oftentimes in indirect ways can nudge corporations toward seeking longer-term success that would have been unachievable adhering to a narrower self-interested, instrumental-calculative mentality.

Freeman et al. (2010, p. 3; cf. Freeman, 1984, p. 27) point to the growing turbulence of the business environment as a key practical motivation to seek an alternative stakeholder approach to strategic management. According to Jones et al. (2018, p. 381), the condition of turbulence primarily means environmental dynamism, high knowledge intensity of specific business activities, and significant task and outcome interdependence. This is where the need for a process-philosophic interpretation of turbulence comes to the fore; one that is more far-reaching and that sees turbulence, change, and flux as the natural pulsating state of affairs awaiting our pragmatic human intervention. A stakeholder orientation to managerial mindsets emphasizes, not a reliance on abstract goals, rigorous analyses, or obsessive modeling, but rather a wholehearted immersion into the flux of lived experience as the starting point for understanding what pragmatic action is needed on the part of management in specific situations encountered. Such an empirical imperative begins with "pure experience" (James, 1912/1996, p. 39); an openness and receptivity to the imperatives of the situation faced that the Japanese industrialist Konosuke Matsushita (2002, p. 45) calls a *sunao* mind that is able to "see things as they really are." Matsushita made it a "regular management policy at Matsushita Electric to cultivate this *sunao* "untrapped, open mind" (Matsushita, 2002) so that managers were able to perceive the real state of things in society and then act accordingly. This managerial mindset is what enables managers to manage "flow" (Nonaka et al., 2008) amidst the flux and turbulence of reality so that they can then respond accordingly and with the greater good in mind.

The cultivation of this *sunao* attitude (what William James [1912/1996, p. 42] calls "radical empiricism" as opposed to false empiricism), brought into the stakeholder theory context, would predispose managers to realize their broader obligations as custodians of societally shared resources and so to fully devote their managerial efforts to fulfilling societal needs by providing high-quality goods and services that truly enhance the overall well-being of members of the society. Profits then are viewed not as the purely instrumental raison d'etre for a corporation entering into business. Rather, a business exists first and fundamentally to provide a valued service to society that enhances the lives of those it serves. And, it is only when such service is appreciated that profits result; profits signal a reward from a grateful society appreciative of the goods and services rendered by it. Profits, understood thus, are not aspired to, but instead come on the rebound; ironically as the economist John Kay (2011) argues the most *profitable* corporations are often not obsessively *profit-driven*. Freeman (2008, p. 166) likewise notes that profit maximization cannot be achieved as an intended outcome; for that case, it only boils down to trade-offs in favor of financiers. The obligation to serve society brings a corporation its rewards, albeit obliquely and circuitously rather than directly. This moral stance then allows managers to truly connect with their stakeholders in the world of pervasive turbulence, change, and flux. In the words of Neesham and Dibben (2012, p. 81), this would allow managers "to reconnect with the feelings of those she is responsible for, and with the feelings of society in general."

6 | OUTLOOK ON A PROCESSUAL STAKEHOLDER THEORY

In his seminal piece about ending the "Friedman-Freeman" debate, Freeman (2008, p. 166) explained that "stakeholder theory ... is not about markets and how they work (at least first and foremost about that). It's not a theory of the firm. Rather it is a very simple idea about how people create value for each other. It's a theory about what good management is." In process-ontological terms, we can reformulate this insight by saying that stakeholder theory is about the processual and relational nature of business life. Processual and relational aspects of stakeholder theory need to be further strengthened, particularly in order to maximize the impact of stakeholder theory on strategic management as a scholarly field that has had a number of difficulties with grasping stakeholder-theoretic ideas (Freeman et al., 2020); and in order to convince skeptics that indeed "there is little direct conflict between 'the shareholder view' and 'the stakeholder view'" (Freeman et al., 2010, p. xv). Stakeholder theory has already notably influenced the resource-based view of the firm (Freeman et al., 2021, p. 1758) which has benefited by appreciating the impact of stakeholders on rent generation (e.g., Barney, 2018) and competitive advantage (e.g., Jones et al., 2018; cf. Freeman et al., 2021, p. 1758). But as Freeman et al. (2021, p. 1758) observe, stakeholder theory has yet to deepen its impact on the resource-based view, and we add to strategic management more generally, by infusing it with new dimensions such as normativity, sustainability, people, and cooperation (Freeman et al., 2021, p. 1761). We argue that, in achieving this effect, stakeholder theory may itself gain from a deeper engagement with process ontology which illuminates not only the interface between the instrumental and normative perspectives but also the relationship between the notions of stakeholder theory and CSR, thus supporting stakeholder theory in tackling the difficult issues of stakeholder interest trade-offs and the common ground between the firm and its stakeholders.

6.1 | Enhancing understanding of strategy

If stakeholder theory is approached within the process-ontological worldview, it can inform strategic management by laying bare the limits of the mainstream understanding of strategy which gives primacy to intentional deliberate action aimed at controlling the environment, along the lines of a cognitivist approach to organizational learning and strategy making (Nayak et al., 2020). This type of cognition-driven strategic action is keyed to the substance-ontological assumption that human beings are essentially atomistic, isolated, and autonomous actors always acting only in their own self-interests. In contrast, if corporations are understood in process-relational terms, organizational learning may no longer be thought to be limited to deliberate and explicit storage and transfer of information; instead, it must give primacy to "improvisatory adaptive action that is unconsciously acquired in situ through extensive immersion in changing environmental conditions" (Nayak et al., 2020). In a similar vein, Chia and Holt (2009) highlight what they call "the silent efficacy of indirect action", implying that effective strategy is often undesigned and emergent, and does not rest on pre-set goals and deliberate planning. They argue that "systematic, sustainable, longer-term accomplishments are often a consequence of attending to small, seemingly insignificant details through local, everyday coping actions" (Chia & Holt, 2009, p. 1). Crucially, these actions can only be undertaken by stakeholders in their quality as human beings organically embedded in and culturally conditioned by webs of social relations, indeed constituted by these webs, and following the internalized dispositions shaped by their social milieus. If this argument is correct, it would mean that managing for stakeholders (Freeman et al., 2007) would be most efficacious if it entails a whole plethora of "local everyday coping actions" guided by a societal *modus operandi* that extends incrementally the reach of corporate actions into wider societal concerns rather than the formulation of a grand strategy in isolation from its embedded contexts.

Nayak et al.'s (2020, p. 280) process-ontological explanation of a firm's dynamic capabilities as "idiosyncratically refined sensitivities and predispositions … transmitted and shared unconsciously through social practices rather than through formal instruction" is one way of understanding how firms and corporations rely on socio-culturally acquired predispositions to achieve value creation in a way that ultimately serves the wider interests of a society's stakeholders. The authors show that the origins of dynamic capabilities have puzzled the mainstream strategy literature which has tended to focus on "individuals, firms and their environment separately" (Nayak et al., 2020), thus subscribing "to an essentially cognitivist understanding of human behavior" (Nayak et al., 2020) underpinned by substance ontology. Nayak et al. (2020, p. 280) resolve these puzzles by arguing that "a firm's dynamic capabilities rest upon a tacitly shared substrate of sensitivities and predispositions that precede cognitive representation" and that arises from close-quarter engagements of the firm's stakeholders with their social milieux.

This argument is reinforced by MacKay et al.'s (2021, p. 1337) process-ontological "approach to understanding strategy emergence and organizational outcomes." Criticizing the mainstream strategy literature for attributing strategy emergence to substantive entities, the authors show that strategizing activities are … dependent upon prior practice-shaped, sociocultural predispositions" (p. 1363). In this context, further work in stakeholder theory can explore how stakeholder relationships may enable inadvertent emergence of strategies out of the actions of stakeholders which are "simultaneously constrained and enabled by their acquired *modus operandi*. This *modus operandi* originates from a seemingly innocuous multitude of local, coping actions taken at the firm/environment interface that subsequently congeal into an established set of sensitivities and embodied practices." All this means that managing for stakeholders in Freeman's sense and conventional strategic management are recognized to rest on radically different ways of thinking and learning. Put simply, the former type of management may be supposed to rest on oblique, indirect, and spontaneous actions driven by internalized dispositions conditioned by the relevant social practices, whereas the latter type calls for deliberate rational planning.

6.2 | Revisiting the relationship between stakeholder theory and corporate social responsibility

Stakeholder theorists have paid considerable attention to the prominent business ethics notion of corporate social responsibility (CSR) and explored its links with stakeholder theory (Dmytriyev et al., 2021; Barney & Harrison, 2020; Freeman et al., 2010, chapter 8). Freeman et al. (2010, p. 236) discuss "how the stakeholder idea can and should be used as a foundational unit of analysis for the ongoing conversation around CSR, and how stakeholder theory can add value to the future development of CSR, by better specifying and integrating financial and social concerns." These authors, however, raise the concern that the notion of corporate social responsibility might unintentionally promote the idea that business and social responsibility are separate realms and "involve discrete thought processes and activities … Herein lies the problem with corporate social responsibility. Corporate social responsibility reinforces the "separation thesis", or the idea that we should separate 'business' from 'ethics or society'" (Freeman et al., 2010, p. 262). This means that the notion of corporate social responsibility is potentially subject to substance-ontological interpretations which, as we are arguing in this paper, stand in the way of the full grasp of stakeholder theory's pragmatist foundations. From the stakeholder theory's standpoint, corporate social responsibility is not a fortunate term. As Barney and Harrison (2020, p. 209) suggest, "a term that better fits stakeholder theory is 'corporate responsibility'… and a firm demonstrates this sort of responsibility through its decisions and actions with respect to its stakeholders." Dmytriyev et al. (2021, p. 17) likewise argue that, in contrast to stakeholder theory, CSR utilizes a societal perspective instead of being focused on the company's core business. It puts more emphasis on societal stakeholders rather than business-related ones and affirms the unilateral responsibility of the company to its stakeholders rather than the mutual responsibilities of all stakeholders toward each other. Thus, without glossing over the considerable complexity and richness of these notions, it is safe to say that CSR and stakeholder theory are clearly distinct, and there is strong potential for further research to explore ways in which they hang together.

We argue that this research can benefit from engagement with process ontology which counters substance-ontological foundations of methodological or atomic individualism with the behavioral model of person-in-community (Cobb, 2007). This model implies that a company's core business activities are sustained and attenuated through social practices involving interlocking chains of coping actions taken in everyday interactions. This way, we suggest that process ontology provides a strong foundation for strengthening the integration between CSR and stakeholder theory. For example, process-ontological approaches to dynamic capabilities (Nayak et al., 2020) and strategy emergence (MacKay et al., 2021) discussed in the previous subsection afford a novel interpretation of what Dmytriyev et al. (2021) see as a societal perspective characteristic of CSR. This point can be illustrated by Sachs and Rühli's (2011) seminal argument that corporations managing stakeholders must continually maintain three types of licenses, license to operate, to innovate, and to compete. The authors understand license as "a comprehensive entitlement, granted to the firm by its stakeholders… The normative dimension of a license incorporates the idea of stakeholders as human beings, which are involved in the process and the outcome of mutual value creation" (Sachs & Rühli, 2011, p. 77). They explain further that "the license to operate focuses on the role of the firm in society and its acceptance. It includes the social and political stakeholders as indispensable constituencies in a firm's value creation." We see that Sachs and Rühli's (2011) idea of license draws on a process-ontological relational interpretation of stakeholders while incorporating broader societal dimensions which Dmytriyev et al. (2021) took to be a prerogative of CSR.

If process ontology may bring stakeholder theory toward an even closer dialog with CSR, this dialog itself will contribute to a deepened understanding of the relationship between business and society. One area where this deepened understanding is urgently needed in the literature on the economic theory of the firm which is largely based on the standard mainstream economic assumption that the behavior of economic actors can be fully described in terms of the pursuit of rational self-interest (Foss, 1993; Hodgson, 1998; Kroszner & Putterman, 2009). Even though heterodox varieties of the theory of the firm consider firms to be "social communities" (Kogut & Zander, 1992) and to provide "a relatively sheltered organizational environment that enhances social cohesion" (Hodgson, 2013, p. 140), mainstream authors subscribe to the pessimistic behavioral assumptions of "opportunism, moral hazard, and agency" (Williamson, 1989, p. 139). A considerable part of the theory of the firm is thus not ready to concur with those business ethicists who regard the firm as a moral actor bearing wide-ranging responsibilities toward a variety of stakeholders, even though the nature of these responsibilities, as well as the criteria of stakeholder salience, continue to be debated (cf. Crane & Matten, 2019). A related set of controversial debates pertains to the moral justification of the legitimate range of the firm's goals which in principle may go far beyond profit maximization and encompass various dimensions of social and ecological sustainability (de los Reyes et al., 2017; Donaldson & Walsh, 2015; Lozano et al., 2015; Pies et al., 2021; Tortia, 2018). We argue that future work on stakeholder theory can productively join these debates by drawing on process ontology which sees stakeholders as inherently moral persons-in-community (Cobb, 2007). For example, if Jones et al. (2018) are right to think that sustainable competitive advantage is enhanced by corporate capabilities to maintain moral relationships with stakeholders, then a process-ontological perspective could go even further to explore how these capabilities are shaped by sociocultural predispositions which reflect prevailing social practices.

6.3 | Deepening the grasp of the common ground between the firm and its stakeholders

Stakeholder theorists have long known that corporate stakeholders may exhibit heterogeneity on a large number of dimensions (Bosse & Coughlan, 2016; Bridoux & Stoelhorst, 2016; Mitchell et al., 1997). Sachs and Rühli (2011, p. 110) rightly argue that this heterogeneity may result in disagreements between firms and their stakeholders "on whether cooperation should take place or what degree of cooperation is desirable." These authors suggest that if firms and stakeholders have similar perceptions of relevant issues, they may focus their strategic activities on deepening the common solutions; but if these perceptions are different, the recommended focus of the strategic activity is on "recognition of the limits of interaction" (Sachs & Rühli, 2011, p. 111). Alvarez and Sachs (2021) reinforce this argument by drawing attention to the importance of common ground for stakeholder collaboration; in their opinion, this common ground encompasses a common language that stakeholders develop in the course of their self-identification, agreement on common norms, and creative thinking in the trustful atmosphere. Evidently, this common ground depends on relational models of stakeholder interaction (Bridoux & Stoelhorst, 2016), the firm's organizational identity orientations (Brickson, 2007), and stakeholder cultures (Jones et al., 2007), but obviously, it goes to the very heart of the inherently cooperative nature of capitalism (Freeman et al., 2007, p. 6). It is this cooperative nature of capitalism that enables managers "to craft relationships in which all of a firm's key stakeholders win over time, or what might be called 'win–win–win–win–win' relationships" (Freeman et al., 2007, p. 3).

At the same time, the founding figures of stakeholder theory freely acknowledge that "seeing stakeholder interests as joint rather than opposed is difficult. It is not always easy to find a way to accommodate all stakeholder interests. It is easier to trade off one versus another" (Freeman et al., 2010, p. 27). The difficulties noted by Freeman et al. (2010) evidently originate, at least in part, from the prevalence of substance-ontological worldviews which result in the perception of widespread trade-offs that "sometimes … have to be made in the real world of business … [but] … can be improved" (Freeman et al., 2007, p. 54). But even if managers do succeed in improving or overcoming specific trade-offs, the very possibility of trade-offs raises the fundamental question of to what extent stakeholder theory can offer systematic strategies of radically dissolving them, as a matter of principle. Freeman (2017) discusses the possibility of trade-offs being redefined and re-imagined; Mitchell and Lee (2019, p. 66) observe that a considerable part of the literature on the notion of "stakeholder work" assumes that the process of value creation occurs within "given tradeoffs"; Jones and Harrison's (2019, p. 81) likewise discuss the possibility that the corporate goals of profit maximization and "aggregate wealth creation for all stakeholders" may be ultimately conflicting.

Future work in stakeholder theory may draw on process ontology in order to radicalize the understandings of common ground among stakeholders in such a way as to move away from the substance-ontological worldviews which result in the perception of trade-offs. This way, process ontology may contribute to the resolution of the task that the leading figures of stakeholder theory have been addressing with utmost seriousness. For example, Freeman et al. (2020, p. 220) see a crucial role of stakeholder mindsets in helping firms and stakeholders to reach a common understanding of the "shared purpose [which] serves the critical function of aligning all the stakeholders of the business." The authors argue that overcoming trade-offs and "taking all stakeholder interests into account reflects a higher consciousness on the part of leaders of the business, through which they are able to see the interconnectedness and interdependence that those operating with lower levels of consciousness simply cannot see" (Freeman et al., 2020, p. 221). Process ontology supports this argument by seeing "shared purpose" and "higher consciousness" (Freeman et al., 2020) to be anchored in sociocultural dispositions "constrained and enabled" (MacKay et al., 2021, p. 1363) by the embodied practices and *modus operandi* of firms and their stakeholders. If stakeholder theory takes process-ontological insights on board, it will be able to show how the common ground between firms and stakeholders is sustained through social practices and relationships involving interlocking chains of inconspicuous and innocuous coping actions. By deepening the understanding of the common ground among firms and stakeholders, further work on stakeholder theory may be able to develop a more radical understanding of how trade-offs among stakeholder interests are effectively forestalled by the essentially cooperative nature of capitalism.

7 | CONCLUDING REMARKS

More than a decade ago, the founders of stakeholder theory acknowledged the difficulties of developing a specific mindset, both managerial and scholarly, that saw "stakeholder interests as 'joint' rather than opposed" to one another; one that was able to "accommodate all stakeholder interests" rather than "trade off one against another" (Freeman et al., 2010, p. 27). Today, these difficulties are still with us and take the form of "tensions in stakeholder theory" (Freeman et al., 2020) as perceived by the mainstream strategic management scholarship. We argue that the perceptions of trade-offs are rooted in the substance-ontological worldview underpinning this scholarship. We seek to overcome this worldview by offering a process-ontological perspective that takes the practice-based, relationally constituted nature of stakeholders and corporations as the founding basis of stakeholder theorizing. We suggest that this process-ontological perspective accounts for a crucial dimension of stakeholder mindsets needed by those practitioners and scholars who wish to grasp the core ideas of stakeholder theory. In our view, the development of stakeholder mindsets must involve a shift from a substance-ontological worldview to a process-ontological worldview when process rather than things are ultimate and where operational coping actions and social practices are the structuring "ingredients" of social life.

Within this worldview, corporations and their stakeholders are formed, sustained, and attenuated through ongoing social practices involving interlocking chains of coping actions taken in everyday interactions. We show that adopting this worldview constitutes a much-needed step that may help strategic management scholars reach a better understanding of the pragmatist standpoint of stakeholder theory with regard to the three problems of capitalism, those value creation and trade, ethics of capitalism, and managerial mindsets (Freeman et al., 2010, p. 4 et seq.; 2020, p. 216). From the process-ontological view, value creation arises out of the ongoing pulsation and self-renewal of social practices which congeal into corporations and stakeholders as precarious bundles of relations constantly being shaped, reshaped, and dissolved as practices change. Likewise, process ontology allows to revisit the ethics of capitalism by promoting the insight that what constitutes "instrumental" and "moral" is not divided by any clear line; the moral lies immanent in the instrumental. Changing practices change the priority from instrumental to moral or otherwise. Finally, process ontology locates the key impact of managerial stakeholder mindsets in enabling managers to respond to the imperative of concrete empirical experiencing as the basis for responsive action rather than relying on abstract concepts and models such as return on investment or profit maximization. Instead of being obsessed with achieving profitability, obsessing with doing right by the situation faced ultimately takes stakeholders' interests into account and brings a corporation to profitability on the rebound. All these insights delineate a rich potential for further research on stakeholder theory which could draw on process ontology to refine the understanding of business strategy, corporate social responsibility, and the common ground between the firm and its stakeholders.

KEYWORDS

process ontology, stakeholder theory, substance ontology

ACKNOWLEDGMENTS

The authors are very grateful to several anonymous reviewers for their very helpful comments. Open Access funding enabled and organized by Projekt DEAL.

CONFLICT OF INTEREST

The authors declare that they have no conflict of interest.

PEER REVIEW

The peer review history for this article is available at https://publons.com/publon/10.1111/beer.12441.

DATA AVAILABILITY STATEMENT

Data sharing not applicable - no new data generated, or the article describes entirely theoretical research.

Vladislav Valentinov[1,2]
Robert Chia[3]

[1]*Leibniz Institute of Agricultural Development in Transition Economies, Halle, Germany*
[2]*Department of Law and Economics, Martin Luther University, Halle, Germany*
[3]*Adam Smith Business School, University of Glasgow, Glasgow, UK*

Correspondence
Vladislav Valentinov, Leibniz Institute of Agricultural Development in Transition Economies, Halle, Germany.
Email: valentinov@iamo.de

ORCID

Vladislav Valentinov https://orcid.org/0000-0002-4247-0364

REFERENCES

Alvarez, S., & Sachs, S. (2021). Where do stakeholders come from? *Academy of Management Review*, Advance Online Publication. https://doi.org/10.5465/amr.2019.0077

Asher, C. C., Mahoney, J. M., & Mahoney, J. T. (2005). Towards a property rights foundation for a stakeholder theory of the firm. *Journal of Management & Governance*, *9*(1), 5–32.

Barney, J. B. (2018). Why resource-based theory's model of profit appropriation must incorporate a stakeholder perspective. *Strategic Management Journal*, *39*(13), 3305–3325.

Barney, J. B., & Harrison, J. S. (2020). Stakeholder theory at the crossroads. *Business & Society*, *59*(2), 203–212.

Bergson, H. (1911/1998). *Creative evolution*. Dover Publications.

Bevan, D. J., Wolfe, R. W., & Werhane, P. H. (2019). *Systems thinking and moral imagination: Rethinking business ethics with Patricia Werhane*. Springer.

Bohm, D. (1980). *Wholeness and the implicate order*. Routledge.

Bonnafous-Boucher, M., & Dahl Rendtorff, J. (2016). *Stakeholder theory: A model for strategic management*. Springer.

Bosse, D. A., & Coughlan, R. (2016). Stakeholder relationship bonds. *Journal of Management Studies*, *53*(7), 1197–1222.

Bourdieu, P. (1977). *Outline of a theory of practice*. Cambridge University Press.

Bourdieu, P. (1990). *The logic of practice*. Polity Press.

Brickson, S. L. (2007). Organizational identity orientation: The genesis of the role of the firm and distinct forms of social value. *Academy of Management Review*, *32*(3), 864–888.

Bridoux, F., & Stoelhorst, J. W. (2016). Stakeholder relationships and social welfare: A behavioral theory of contributions to joint value creation. *Academy of Management Review*, *41*(2), 229–251.

Buchholz, R. A., & Rosenthal, S. B. (2005). Toward a contemporary conceptual framework for stakeholder theory. *Journal of Business Ethics*, *58*(1), 137–148.

Bundy, J., Vogel, R. M., & Zachary, M. A. (2018). Organization–stakeholder fit: A dynamic theory of cooperation, compromise, and conflict between an organization and its stakeholders. *Strategic Management Journal*, *39*(2), 476–501.

Burton, B. K., & Dunn, C. P. (1996). Feminist ethics as moral grounding for stakeholder theory. *Business Ethics Quarterly*, *6*(2), 133–147.

Capra, F., & Luisi, P. L. (2014). *The systems view of life: A unified vision*. Cambridge University Press.

Chia, R. C. H., & Holt, R. (2009). *Strategy without design: The silent efficacy of indirect action*. Cambridge University Press.

Cobb, J. B. (2007). Person-in-community: Whiteheadian insights into community and institution. *Organization Studies*, *28*(4), 567–588.

Cooper, R. (1976). The open field. *Human Relations*, *29*(11), 999–1017.

Crane, A., & Matten, D. (2019). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization*. Oxford University Press.

de los Reyes, G., Jr., Scholz, M., & Smith, N. C. (2017). Beyond the "win-win": Creating shared value requires ethical frameworks. *California Management Review*, *59*(2), 142–167.

Dmytriyev, S. D., Freeman, R. E., & Hörisch, J. (2021). The relationship between stakeholder theory and corporate social responsibility: Differences, similarities, and implications for social issues in management. *Journal of Management Studies*, *58*(6), 1441–1470.

Donaldson, T., & Walsh, J. P. (2015). Toward a theory of business. *Research in Organizational Behavior*, *35*, 181–207.

Dreyfus, H. (1991). *Being-in-the-world*. MIT Press.

Foss, N. J. (1993). Theories of the firm: Contractual and competence perspectives. *Journal of Evolutionary Economics*, *3*(2), 127–144.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.

Freeman, R. E. (1999). Divergent stakeholder theory. *Academy of Management Review*, *24*(2), 233–236.

Freeman, R. E. (2008). Ending the so-called "Friedman-Freeman" debate. *Business Ethics Quarterly*, *18*(2), 162–166.

Freeman, R. E. (2017). Five challenges to stakeholder theory: A report on research in progress. In *Stakeholder Management* (Business and Society 360, (Vol. *1*, pp. 1–20). Emerald.

Freeman, R. E., Dmytriyev, S. D., & Phillips, R. A. (2021). Stakeholder theory and the resource-based view of the firm. *Journal of Management*, *47*(7), 1757–1770.

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B., & de Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge University Press.

Freeman, R. E., Harrison, J. S., & Wicks, A. S. (2007). *Managing for stakeholders: Survival, reputation, and success*. Yale University Press.

Freeman, R. E., Phillips, R., & Sisodia, R. (2020). Tensions in stakeholder theory. *Business & Society*, *59*(2), 213–231.

Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *New York Times*, 33.

Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review*, *30*(4), 777–798.

Godfrey, P. C., & Lewis, B. (2019). Pragmatism and pluralism: A moral foundation for stakeholder theory in the twenty-first century. In J. S. Harrison, J. B. Barney, R. E. Freeman, & R. A. Phillips (Eds.), *The Cambridge handbook of stakeholder theory* (pp. 19–34). Cambridge University Press.

Goyal, L. (2020). Stakeholder theory: Revisiting the origins. *Journal of Public Affairs*. https://doi.org/10.1002/pa.2559

Heidegger, M. (1954/2004). *What is called thinking?* Harper Perennial.

Hodgson, G. M. (1998). Competence and contract in the theory of the firm. *Journal of Journal of Evolutionary Economics*, *3*(2), 127–144.

Hodgson, G. M. (2013). *From pleasure machines to moral communities: An evolutionary economics without Homo Economicus*. University of Chicago Press.

Ingold, T. (2000). *The perception of the environment: Essays on livelihood, dwelling and skill*. Routledge.

James, W. (1911/1996). *Some problems of philosophy*. University of Nebraska Press.

James, W. (1912/1996). *Essays in radical empiricism*. University of Nebraska Press.

Jensen, M. C. (2001). Value maximization, stakeholder theory, and the corporate objective function. *Journal of Applied Corporate Finance*, *14*(3), 8–21.

Jensen, T., & Sandström, J. (2013). In defence of stakeholder pragmatism. *Journal of Business Ethics*, *114*(2), 225–237.

Jones, T. M., Felps, W., & Bigley, G. A. (2007). Ethical theory and stakeholder-related decisions: The role of stakeholder culture. *Academy of Management Review*, *32*(1), 137–155.

Jones, T. M., & Harrison, J. S. (2019). Sustainable wealth creation: Applying instrumental stakeholder theory to the improvement of social welfare. In J. S. Harrison, J. B. Barney, R. E. Freeman, & R. A. Phillips (Eds.), *The Cambridge handbook of stakeholder theory* (pp. 77–96). Cambridge University Press.

Jones, T. M., Harrison, J. S., & Felps, W. (2018). How applying instrumental stakeholder theory can provide sustainable competitive advantage. *Academy of Management Review*, *43*(3), 371–391.

Jones, T. M., & Wicks, A. C. (1999). Convergent stakeholder theory. *Academy of Management Review*, *24*(2), 206–221.

Kay, J. (2011). *Obliquity: Why our goals are best achieved indirectly*. Profile Books.

Ketokivi, M., & Mahoney, J. T. (2016). Transaction cost economics as a constructive stakeholder theory. *Academy of Management Learning & Education*, *15*(1), 123–138.

Kogut, B., & Zander, U. (1992). Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization Science*, *3*(3), 383–397.

Kroszner, R. S., & Putterman, L. (2009). *The economic nature of the firm*. Cambridge University Press.

Laplume, A. O., Sonpar, K., & Litz, R. A. (2008). Stakeholder theory: Reviewing a theory that moves us. *Journal of Management*, *34*(6), 1152–1189.

Lozano, R., Carpenter, A., & Huisingh, D. (2015). A review of 'theories of the firm' and their contributions to corporate sustainability. *Journal of Cleaner Production*, *106*, 430–442.

Luhmann, N. (2006). System as difference. *Organization*, *13*(1), 37–57.

MacKay, B., Chia, R., & Nair, A. K. (2021). Strategy-in-Practices: A process philosophical approach to understanding strategy emergence and organizational outcomes. *Human Relations*, *74*(9), 1337–1369. https://doi.org/10.1177/0018726720929397

Mackey, J., & Sisodia, R. (2014). *Conscious capitalism: Liberating the heroic spirit of business*. Harvard Business Review Press.

Matsushita, K. (2002). *The heart of management*. PHP Institute.

McVea, J. F., & Freeman, R. E. (2005). A names-and-faces approach to stakeholder management: How focusing on stakeholders as individuals can bring ethics and entrepreneurial strategy together. *Journal of Management Inquiry*, *14*(1), 57–69.

Missonier, S., & Loufrani-Fedida, S. (2014). Stakeholder analysis and engagement in projects: From stakeholder relational perspective to stakeholder relational ontology. *International Journal of Project Management*, *32*(7), 1108–1122.

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, *22*(4), 853–886.

Mitchell, R. K., & Lee, J. H. (2019). Stakeholder identification and its importance in the value creating system of stakeholder work. In J. S. Harrison, J. B. Barney, R. E. Freeman, & R. A. Phillips (Eds.), *The Cambridge handbook of stakeholder theory* (pp. 53–73). Cambridge University Press.

Nayak, A., & Chia, R. (2011). Thinking becoming and emergence: Process philosophy and organization studies. *Research in the Sociology of Organizations*, *32*, 281–309.

Nayak, A., Chia, R., & Canales, J. I. (2020). Noncognitive microfoundations: Understanding dynamic capabilities as idiosyncractically refined sensitivities and predispositions. *Academy of Management Review*, *45*(2), 280–303.

Neesham, C., & Dibben, M. (2012). The social value of business: Lessons from political economy and process philosophy. *Research in Ethical Issues in Organizations*, *8*, 63–83.

Nelson, J. A. (2003). Confronting the science/value split: Notes on feminist economics, institutionalism, pragmatism and process thought. *Cambridge Journal of Economics*, *27*(1), 49–64.

Nelson, J. A. (2006). *Economics for humans*. The University of Chicago Press.

Nonaka, I., Toyama, R., & Hirata, T. (2008). *Managing flow: A process theory of the knowledge-based firm*. Palgrave McMillan.

Phillips, R. A., Barney, J. B., Freeman, R. E., & Harrison, J. S. (2019). Stakeholder theory. In J. S. Harrison, J. B. Barney, R. E. Freeman, & R. A. Phillips (Eds.), *The Cambridge handbook of stakeholder theory* (pp. 3–18). Cambridge University Press.

Pies, I., Schreck, P., & Homann, K. (2021). Single-objective versus multi-objective theories of the firm: Using a constitutional perspective to resolve an old debate. *Review of Managerial Science*, *15*, 779–811.

Prigogine, I. (1989). The philosophy of instability. *Futures*, *21*(4), 396–400.

Rescher, N. (1996). *Process metaphysics: An introduction to process philosophy*. State University of New York Press.

Retolaza, J. L., San-Jose, L., & Ruiz-Roqueñi, M. (2014). Ontological stakeholder view: An innovative proposition. *Global Business Review*, *15*(1), 25–36.

Sachs, S., & Rühli, E. (2011). *Stakeholders matter: A new paradigm for strategy in society*. Cambridge University Press.

Schatzki, T. (2001). Introduction: Practice theory. In T. Schatzki, K. Cetina, & E. Savigny (Eds.), *The practice turn in contemporary theory* (pp. 1–14). Routledge.

Schatzki, T. (2002). *The site of the social: A philosophical account of the constitution of social life and change*. Pennsylvania University Press.

Thompson, S., & Valentinov, V. (2017). The neglect of society in the theory of the firm: A systems-theory perspective. *Cambridge Journal of Economics*, *41*(4), 1061–1085.

Tortia, E. C. (2018). The firm as a common. Non-divided ownership, patrimonial stability and longevity of co-operative enterprises. *Sustainability*, *10*(4), 1023.

Upward, A., & Jones, P. (2016). An ontology for strongly sustainable business models: Defining an enterprise framework compatible with natural and social science. *Organization & Environment*, *29*(1), 97–123.

Valentinov, V. (2021). Stakeholder theory and the knowledge problem: A Hayekian perspective. *Business Ethics, the Environment & Responsibility*, *31*, 536–545. https://doi.org/10.1111/beer.12383

Valentinov, V., & Hajdu, A. (2021). Integrating instrumental and normative stakeholder theories: A systems theory approach. *Journal of Organizational Change Management*, *34*(4), 699–712.

Venkataraman, S. (2019). Stakeholder value equilibration and the entrepreneurial process. In J. S. Harrison, J. B. Barney, R. E. Freeman, & R. A. Phillips (Eds.), *The Cambridge handbook of stakeholder theory* (pp. 163–172). Cambridge University Press.

von Bertalanffy, L. (1968). *General system theory: Foundations, development, applications*. George Braziller.

von Mises, L. (1949/1998). *Human action: A treatise on economics*. Fox and Wilks.

Weick, K. E. (1979). *The social psychology of organizing*. Addison-Wesley.

Whitehead, A. N. (1926/1985). *Science and the modern world*. Free Association.

Whitehead, A. N. (1929/1978). *Process and reality: An essay in cosmology*. The Free Press.
Wicks, A. C., & Freeman, R. E. (1998). Organization studies and the new pragmatism: Positivism, anti-positivism, and the search for ethics. *Organization Science*, *9*(2), 123–140.
Wicks, A. C., Gilbert, D. R., Jr., & Freeman, R. E. (1994). A feminist reinterpretation of the stakeholder concept. *Business Ethics Quarterly*, *4*(4), 475–497.
Williamson, O. E. (1989). Transaction cost economics. In R. Schmalensee & R. Willig (Eds.), *Handbook of industrial organization* (pp. 135–182). North-Holland.
Wood, D. J. (2008). Corporate responsibility and stakeholder theory: Challenging the neoclassical paradigm. *Business Ethics Quarterly*, *18*(2), 159–162.

AUTHOR BIOGRAPHIES

Vladislav Valentinov is a senior research associate at the Leibniz Institute of Agricultural Development in Transition Economies, Halle, Germany. He has held a Marie Curie Fellowship of the European Commission and a Schumpeter Fellowship of the Volkswagen Foundation. Some of his work was published in Journal of Business Ethics, Journal of Agricultural and Environmental Ethics, Cambridge Journal of Economics, Journal of Evolutionary Economics, Journal of Institutional Economics, Ecological Economics, Journal of Economic Issues, European Journal of the History of Economic Thought, Journal of Cleaner Production, Governance, Nonprofit and Voluntary Sector Quarterly, and other outlets.

Robert Chia is Research Professor of Management at the Adam Smith Business School, University of Glasgow. He received his PhD in Organizational Analysis from the University of Lancaster. He is the author/editor of five books including *Strategy without Design* (Cambridge University Press, with R Holt) and has published in the *Academy of Management Review*, *Academy of Management Journal*, *Organization Science*, *Organization Studies*, *Journal of Management Studies*, *Human Relations* and *Long Range Planning*, amongst many other international journals. His research is fundamentally underpinned by a process-philosophical worldview that is used to interrogate research issues such as strategic thinking and strategy making; peripheral awareness; foresight and organizational leadership; decisions and unintended consequences; the educational role of university business schools; and the significance of contrasting East-West mentalities and their implications for business practice. Prior to entering academia, Robert worked for 17 years in shipbuilding, aircraft engineering and held senior management positions in manufacturing and human resources for a large multinational corporation based in Singapore.

How to cite this article: Valentinov, E., & Chia, R. (2022). Stakeholder theory: A process-ontological perspective. *Business Ethics, the Environment & Responsibility*, *31*, 762–776. https://doi.org/10.1111/beer.12441