

**A MANAGING FOR STAKEHOLDERS APPROACH TOWARDS CORPORATE
SUSTAINABILITY**

HELNA ALMEIDA DE ARAUJO GÓES

FACULDADE DE ECONOMIA, ADMINISTRAÇÃO E CONTABILIDADE DA UNIVERSIDADE DE SÃO PAULO - FEA

GHULAM FATIMA

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY (NUST) PAKISTAN.

Agradecimento à órgão de fomento:

This work has been developed with the support of the coordination for the improvement of higher education personnel (CAPES) - Brazil, financing code 001.

A MANAGING FOR STAKEHOLDERS APPROACH TOWARDS CORPORATE SUSTAINABILITY

INTRODUCTION

Literature on sustainability debates blossomed in the past years (Bansal & Song, 2017). Such an increasing corpus of literature may create confusion for researchers, as papers adopt different constructs such as corporate responsibility, corporate social responsibility, sustainable development, and corporate sustainability, in most cases without due conceptual clarifications (Bansal & Song, 2017).

We've noticed that a lot of these papers addressed principles related to managing for stakeholders; however, due to such a myriad of constructs, we were not able to find papers that significantly debated these relationships. In this sense, by reviewing literature focused on managing for stakeholders and corporate sustainability, we propose a framework addressing how managing for its stakeholders can assist firms to become more sustainable as they are influenced to adopt sustainable practices.

A controversial topic in the stakeholder literature is whether the natural environment is a stakeholder or not (Driscoll & Starik, 2004; Hörisch & Schaltegger, 2019; Hörisch et al., 2014). This paper explores the role of the natural environment — not as a stakeholder but as a shared concern to be addressed by stakeholders and the firm — in business strategy by building a framework of managing for stakeholders towards corporate sustainability.

Debates on the importance of the natural environment for stakeholders and organizations are blossoming as both the organization and its stakeholders depend on the natural environment for existence and survival (Freeman et al., 2010; Hörisch & Schaltegger, 2019). Regardless of the type of organization, all are dependent on natural resources. Thus, debates on corporate sustainability are strategic and fruitful as an organization's actions impact society's welfare (Hörisch & Schaltegger, 2019).

Firms interact with the local environments and their practices influence stakeholders' welfare (Driscoll & Starik, 2004; Hörisch & Schaltegger, 2019; Hörisch et al., 2014). Corporate sustainability can be referred to as a framework that regards business as a subsystem of the natural society and the natural environment (Whiteman et al., 2013; Montiel, 2008). In this sense, firms report their practice, which in turn should reflect stakeholders' concerns and demands. Reporting on sustainability is defined as “a practice of measuring, disclosing and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development” (GRI, 2011, p.3).

This study provides a theoretical contribution by analyzing stakeholder theory and corporate sustainability literature. This paper analyzes (i) previous literature on stakeholder management and managing for stakeholders focused on how firms address stakeholders' environmental concerns and (ii) previous literature on corporate sustainability focused on managing stakeholders' claims.

Writing a conceptual paper is a challenging task. Thus, we followed the recommendations proposed by Whetten (1989) based on “what are the building blocks of theory development?” (Whetten, 1989, p. 490). Some elements guide authors when developing a framework. First, one must consider the topic to refer to when mapping the conceptual landscape - we focus on corporate sustainability and managing for stakeholders. Second, one must consider how the topics or the factors are related - we debate this in the discussion section. Lastly, one must argue why such a framework is relevant, why one's framework is preferable for interpreting patterns or discrepancies - this is illustrated by propositions.

Our paper is also aligned with Barney's (2020) recommendations on contributing to theory, as our assumption was to explore prior literature and investigate how it can be used in new ways - by proposing a new framework: A managing for stakeholders approach towards corporate sustainability.

This paper argues that firms that adopt the principles and practices of managing for their stakeholders address their concerns environmentally-wise. By drawing on stakeholder theory and corporate sustainability literature, this paper explores these relationships and their implications. This paper is not intended to be an exhaustive meta-analysis or a formal historical review; rather, we aim at understanding and illustrating significant revenues for research while arguing that our framework can assist firms to adopt sustainable practices, which in turn impact society's welfare.

In sum, this paper provides a new approach linking managing for stakeholders and corporate sustainability. Moreover, this paper contributes to the increasing stakeholder theory literature that analyzes the interactions among stakeholders and firms, its impacts on the environment, and the society's welfare, by suggesting propositions for future investigation.

Following this introduction, this study is structured in two parts: the first part discusses the theoretical foundation on stakeholder theory and corporate sustainability that guided our review of papers, and in the second part, we show how these constructs conceptually converge by arguing for possible research opportunities and practical implications for adopting our framework illustrated in our propositions. The research agenda that we propose is based on prior pathways and exposes new revenues for research, and in so doing, contributes to business strategy literature on the impacts that organizations and their stakeholder have on society's welfare.

PART I: THEORETICAL FRAMEWORK

Managing for stakeholders - Main assumptions

Within strategy studies, specifically in the stakeholder theory and corporate sustainability research, there is a growing concern regarding environmental debates and the (positive and negative) impacts that corporations have on society (Hörisch & Schaltegger, 2019; Schaltegger, Hörisch & Freeman, 2019). Environmental debates on sustainable practices are in a constant process of (re)negotiation as stakeholders' interests may diverge.

Stakeholder theory is applied to theorize on the relation between an organization and its stakeholders or individuals that can affect or be affected by the organization's activities, creating value without resorting to tradeoffs (Phillips et al., 2019; Freeman, 2010). Stakeholder theory highlights the interactions among different groups within a specific context that directly influence the achievements of organizational goals (Phillips et al., 2019; Freeman, 2010).

Hence, managers need to consider stakeholders' interests when making strategic decisions, more specifically, how to identify who they are, accurately analyze their interests, and engage in negotiations with them (Freeman, 2010). Stakeholders' interests have intrinsic value which means that each group must be taken into account in ethical management practices (Donaldson & Preston, 1995; Donaldson, 2002).

Stakeholders and the corporation are interdependent. This directly impacts the strategy formulation process, as it allows managers to incorporate values and principles to give (temporary) stability to relations with stakeholders. Alignment among interests may lead to better organizational performance because it may promote cooperation among different parties towards a common goal (Crane, 2020).

In addition, the organization should create value for its stakeholders without resorting to tradeoffs, envisioning a sustainable relationship. In other words, the stakeholder theory seeks

to satisfy several stakeholders' demands simultaneously without compromising the organizational interests (de Mascena & Stocker, 2020). Value creation means generating benefits and gains that encourage or facilitate sustainable relationships among the parties involved. (Argadoña, 2011).

Previous literature classifies stakeholders in diverse ways. Different approaches address how managers can identify and prioritize stakeholders in a given situation. Some address stakeholder salience (see Driscoll & Starik, 2004; Magness, 2008; Crane, 2020), more specifically, focusing on identifying the salience of stakeholders according to three attributes – power, legitimacy, and urgency (Mitchell, Agle & Wood, 1997; Bryan et al., 2021).

Freeman (2010), for instance, differentiates internal (owners, customers, employees, and suppliers) from external stakeholders (governments, competitors, groups that advocate for consumer rights, environmentalists, and the media. Clarkson (1995), in turn, classifies them as primary (those that directly impact the survival of the organization, such as shareholders, investors, employees, customers, and suppliers) and secondary (those that are engaged with the organization but do not directly influence its survival) stakeholders.

In sum, stakeholder theory analyzes interactions among different groups which are based on the principles of **trust**, **reciprocity**, and **fairness** (Bosse, Phillips & Harrison, 2009; Crane, 2020) and that it provides means by which ethics may be employed in a business context (Donaldson, 2002; Phillips et al. (2019). These principles are intertwined, as trust is built based on the perceptions of fairness by the firm, which in turn promotes a behavior towards reciprocity in both the stakeholder and the firm (Bosse, Phillips & Harrison, 2009). For instance, if a firm is perceived to be unfair when treating its stakeholders, trust won't underlie the interactions among firms and stakeholders, and thus reciprocity won't be observed.

Furthermore, when firms adopt the behavior of creating and distributing value across their stakeholder networks, thus prioritizing a wider range of groups than just the shareholders, i.e., creating and distributing value for and with stakeholders, the firm is adopting the managing for stakeholders approach (Harrison, Bosse & Phillips, 2010).

Environmental debates in business strategy literature - Implications for stakeholder literature

Debates on the importance of the natural environment for stakeholders and organizations are blossoming as both the organization and its stakeholders depend on the natural environment for existence and survival (Freeman et al., 2010; Hörisch & Schaltegger, 2019). Regardless of the type of organization, all are dependent on natural resources. Thus, debates on sustainability are strategic and fruitful as an organization's actions impact society's welfare (Hörisch & Schaltegger, 2019).

Hörisch and Schaltegger (2019) approach this discussion. When considering the natural environment within stakeholder theory, two approaches are outlined: i) it may be considered as an additional stakeholder or, ii) it may be considered as a shared concern among stakeholders. The former describes the natural environment as one of the stakeholders by itself since it abides by Freeman's (2010) definition; the natural environment is affected and influences organizational decisions and actions. Some authors claim that it should be considered the most important stakeholder of an organization (Driscoll & Starik, 2004). The latter regards a perspective wherein the natural environment does not meet the human agency criteria embedded in Freeman's (2010) definition and also it does not meet the reciprocity criteria as defined by Bosse, Phillips and Harrison (2009). Nonetheless, it must be considered as a primary concern amongst organizations and stakeholders. Our paper adheres to this perception as none of the papers we reviewed approached the natural environment as a stakeholder.

Regardless of the adopted perception, there are benefits of including the natural environment in stakeholder theory debates since both are related to environmental improvement. Previous literature indicates that stakeholders influence sustainable practices and may promote solutions to environmental problems.

For instance, the materiality matrix launched in the most recent GRI (2016) guidelines can illustrate how key concepts from stakeholder theory can be put into practice. With the implementation of the materiality matrix, GRI now allows businesses to recognize environmental and social concerns that are both important to them and their stakeholders. Once this is established, which must be done in collaboration with a company's stakeholders, the company is expected to report on its obligations concerning those particular issues (Dmytriiev, Freeman, & Hörisch, 2021). Our paper addresses this premise and we focus on the corporate level on sustainability debates.

Corporate Sustainability

Corporate sustainability argues that businesses are a subsystem of the natural society and the natural environment. Firms report their practice, which in turn should reflect stakeholders' concerns and demands. (Whiteman et al., 2013; Montiel, 2008; Perrini & Tencati, 2006).

Similarly, interest in sustainable corporate practices has increased in the last years as debates on corporate social performance have blossomed in the business strategy literature (Boaventura, Silva, & Bandeira-de-Mello, 2012; Ortas et al., 2015). The capacity to create value sustainably directly influences long-term relationships with stakeholders, thus impacting the firm's performance (Perrini & Tencati, 2006).

We adopt and adapt Perrini and Tencati's (2006) definition, considering corporate sustainability to be an approach whereas managerial practices are focused on and account for the firm's behavior regarding the economic, social and environmental dimensions of its processes and performance. These concerns are addressed in sustainable value creation processes, by sharing and meeting multiple stakeholders' expectations (Perrini & Tencati, 2006, p. 298). Although these dimensions are intertwined in reality, our paper focuses on the environmental dimension influenced by corporate practices. We expect that by addressing stakeholders' environmental concerns, social and economic improvements would follow.

Demands from a wide range of stakeholders have influenced firms to adopt sustainable practices, thus adding another concern to corporations: not only should a firm **create value** for its stakeholder, but it should also attend to the stakeholders' welfare regarding the environment (Harrison, Bosse & Phillips, 2010). Thus, the awareness of sustainability issues may positively influence the firm's **reputation** (Freeman et al., 2004).

In this sense, our framework suggests that corporate sustainability concerns agree with managing for stakeholders' principles, as previous studies have argued that management towards sustainable corporate practices involves directly linking the environmental demands with the core business of the company, and rejecting the idea of tradeoffs and opportunistic behavior (Hörisch et al., 2014). Thus, stakeholders must be involved in pressuring firms to adopt more sustainable practices (Hörisch et al., 2014).

In other words, sustainable strategies practices are a logical conclusion of the application of the management for stakeholders (Hörisch et al., 2014). Therefore, we investigated literature in stakeholder theory (management) and corporate sustainability to build a new framework. Specifically, this paper analyzes (i) previous literature on stakeholder management focused on how firms address stakeholders' environmental concerns and (ii) previous literature on corporate sustainability focused on managing stakeholders' expectations.

Following, we provide the details of how adopting a managing for stakeholder's approach can assist firms to become more sustainable as they are influenced to adopt sustainable practices.

PART II: DISCUSSION

Discussion

Research on sustainability in business literature emerged as a reaction to the disruptions and negative impacts caused by the economic development of the natural resource systems, which in turn, would eventually compromising the very purpose of economic development (Bansal & Song, 2017). From the 1980s, a myriad of debates on the limits to economic growth focused on how to be profitable without undermining the natural environment was addressed by researchers from several fields of knowledge (Bansal & Song, 2017). This was the context that influenced the creation of the stakeholder theory by its founder Freeman (1984).

Moreover, research on the intersection of business and society provides numerous constructs and literature on sustainability debates (Bansal & Song, 2017). Our paper addresses corporate sustainability. It is our understanding that when analyzing corporate sustainability, stakeholders are the most important level of analysis. Managing for stakeholders, addressing stakeholders concerns and claims, building solid relationships with stakeholders based on principles of trust, fairness and reciprocity are incentives and it is also the basis on which firms are encouraged to adopt sustainable strategies and practices (Freeman, 1984; Bosse, Phillips & Harrison, 2009; Harrison, Bosse & Phillips, 2010; Hörisch et al., 2014; Cordeiro & Tewari, 2015; Hörisch & Schaltegger, 2019; Crane, 2020).

Corporate sustainability is a framework that connects the economic, social, and environmental pillars of the interdependence of business and society, in other words, it is a framework that addresses a complexity of values (Carson, 2019; Bansal & Song, 2017; Lu, & Abeysekera, 2017; Herremans, Nazari, & Mahmoudian, 2016; Cordeiro & Tewari, 2015; Wolf, 2014; Dentchev, 2009; Steurer et al., 2005).

It was created based on the UN's debates of sustainable development and it addresses two arguments: it may be referred to as i) "the ability of the corporation to sustain over time", and ii) "the corporations' contribution to overall sustainability" (Carson, 2019, p. 176). Both approaches dialogue with managing for stakeholders' principles, however, we focus on the latter. Our rationale is that corporate sustainability is the application of sustainable development strategies at the corporate level (Steurer et al., 2005).

The stakeholder approach is a theory of how business strategy really works. It argues that the role of business organizations goes further than profit maximization and that groups that held a stake or are affected by the firm have intrinsic value (Freeman, 2010; Carson, 2019). Stakeholders can exert pressure on firms to adopt proactive environmental strategies, routines, and innovations that they hope will result in improved environmental performance (Cordeiro & Tewari, 2015). Environmentalists have placed extra pressure on businesses to address sustainability issues in recent decades (Horisch, Freeman, & Schaltegger, 2014) as part of the corporate agenda (Hoffman, 2001). Governments may apply fines and sanctions, and in the case of other stakeholders such as employees, customers and NGOs, they may boycott or attempt to damage the reputation of the firm that does not address their environmental concerns (Cordeiro & Tewari, 2015).

These pressures differ depending on the type of the stakeholder and its influence on the firm, for instance, primary stakeholders influence the sustainability strategies of organizations directly, whereas secondary stakeholders may be influential through indirect ways (Dentchev, 2009). Evidence in previous literature has found that employees are the most critical stakeholder

to the success of corporate sustainability (Alt, Díez-de-Castro & Lloréns-Montes, 2015). Whilst other studies argue that organizations prioritize environmental concerns of high-status influential stakeholders (Perrault & Clark, 2016).

According to Hörisch et al. (2014), there are two approaches for the application of stakeholder theory in sustainability management in the literature. First is to consider the natural environment, a stakeholder (Waddock, 2011; Stead & Stead, 1996) or simply considering the human and organizations who then act as stakeholders and contribute to nature development (Phillips et al., 2003; Schaltegger et al., 2003; Freeman et al., 2000; Phillips & Reichart, 2000).

According to Gibson (2012) Environment is an aspect that is not directly considered as a primary stakeholder but it is of great importance and requires to be held under scrutiny which is generally demanded by stakeholders. Organizations that lack the ability to monitor the environment outside of their targeted networks face greater risks, particularly during challenging times (Dentoni, Bitzer & Pascucci, 2016).

Based on our review, the natural environment is not considered as a stakeholder in recent literature, it is rather a shared concern among stakeholders. Hence, today, the natural environment cannot be considered as a stakeholder but it must be given importance such that, in terms of corporate environmental performance (Dixon-Fowler, Ellstrand & Johnson, 2017) and corporate social responsibility

Based on these considerations, and referring to our research question, we observed that there is a fit between managing for stakeholders and corporate sustainability (Carson, 2019; Bansal & Song, 2017; Lu & Abeysekera, 2017; Herremans, Nazari & Mahmoudian, 2016; Cordeiro & Tewari, 2015; Wolf 2014; Dentchev, 2009; Steurer et al., 2005). Firms are concerned with addressing stakeholders' pressures and/or claims towards sustainable practices. Thus, managing stakeholders may positively influence corporate sustainability.

We also noted that there is some overlap in the literature concerning CSP, CSR, social responsibility, and corporate sustainability. They are different rationales. Corporate sustainability is the concept at the firm level of analysis embedded in the managing for stakeholder approach — this is illustrated in Figure 1 from Steurer et al.'s paper (2005, p. 275). In other words, corporate sustainability is a guiding model to corporations, addressing the short and long-term economic, social and environmental performance of corporations (Steurer et al., 2005).

Stakeholders are integrated to find solutions for the problems concerning the environment (Delgado-Ceballos et al., 2012 & Alt et al., 2015). In literature, it has also been emphasized that environmental disclosure may lead to positive aspects in the overall performance of the organization and its stakeholders (Lu & Abeysekera, 2017; Herremans et al., 2016).

On the other hand, firms should adopt proactive environmental strategies to address the environmental issues and concerns as these can impact an organization's overall performance and reputation (Perrault & Clark, 2016; Delgado-Ceballos, et al., 2012; Alt et al. 2015). In light of this, firms are becoming increasingly concerned with addressing stakeholders' concerns and/or claims towards sustainable practices. Thus, we propose the following:

Proposition 1: Managing for stakeholders positively influences corporate sustainability as stakeholders pressure firms to attend to their claims by adopting sustainable practices.

In previous literature, it has also been emphasized that firms that are proactively adopting sustainable practices and disclosing such practices observed a positive influence on the overall performance of the organization and its stakeholders (Lu & Abeysekera, 2017; Herremans et al., 2016). Corporate sustainability is an approach whereas managerial practices are focused on and account for the firm's behavior regarding the economic, social and

environmental dimensions of its processes and performance (Whiteman et al., 2013; Montiel, 2008). This leads to:

Proposition 2: Firms that proactively adopt sustainable practices and/or disclose behavior of such practices may observe a positive influence on their performance.

Demands from stakeholders pressure firms to adopt sustainable practices, thus adding another concern to firms: not only should a firm **create value** for its stakeholder, but it should also attend to the stakeholders' welfare regarding environmental impacts (Harrison, Bosse & Phillips, 2010). Managing for stakeholders is associated with addressing the pressuring claims to adopt more sustainable practices (Hörisch et al., 2014). Not only should a firm create value for its stakeholder, but it should also attend to stakeholders' welfare regarding the environment (Harrison, Bosse & Phillips, 2010).

Proposition 3: Managing for stakeholders towards corporate sustainability influences the relationships with stakeholders. Therefore, value creation may be increased when a firm addresses stakeholders' sustainability concerns and claims

Forbes and Jermier (2010) note that in new corporate environmentalism, businesses are increasingly greening the environmental practices to boost their stakeholder's legitimacy, whilst researchers emphasize the relevance of stakeholder theory to understanding sustainability management of firms (Horisch et al., 2014). Stakeholder engagement on environmental concerns is an essential element of a theory of sustainability since corporations' environmental practices are at the foreground of their drive for legitimacy, which in turn positively influences the firm's reputation. (Horisch et al., 2014; Starik & Kanashiro, 2013). Awareness of sustainability issues and proactive behavior may also positively influence the firm's reputation (Freeman et al., 2004). Thus, we put forward:

Proposition 4: Firms that proactively adopt sustainable practices and/or disclose behavior of such practices may observe a positive influence on their reputation.

Managing for stakeholders, addressing stakeholders' claims unfolds into building solid relationships with stakeholders based on principles of **trust, fairness, and reciprocity**. These are incentives on which firms are encouraged to adopt sustainable strategies and practices (Freeman, 1984; Bosse, Phillips & Harrison, 2009; Harrison, Bosse & Phillips, 2010; Hörisch et al., 2014; Cordeiro & Tewari, 2015; Hörisch & Schaltegger, 2019; Crane, 2020). These principles may influence stakeholder engagement as it is known that stakeholders also care for the way other stakeholders are treated, i.e., if their claims are attended (Bridoux & Stoelhorst, 2016). This unfolds into propositions 5 and 6:

Proposition 5: Managing for stakeholders towards corporate sustainability influences the relationships with the stakeholders built on trust, reciprocity, and fairness. Therefore, it may positively influence engagement levels as it reinforces solid interactions towards corporate sustainable practices.

Proposition 6: Firms that proactively adopt sustainable practices, creating value for and with stakeholders, reinforce ties of trust, reciprocity, and fairness which may lead to solid interactions among stakeholder networks.

Lastly, firms seek to hold a reputation of trustworthiness. By proactively adopting sustainable strategies addressing stakeholders' claims, firms build solid and legitimate relationships with stakeholders narrowing ties of trust, fairness, and reciprocity, unfolding into building unique relationships with stakeholders (Carson, 2019). Thus, we bring forward our last proposition:

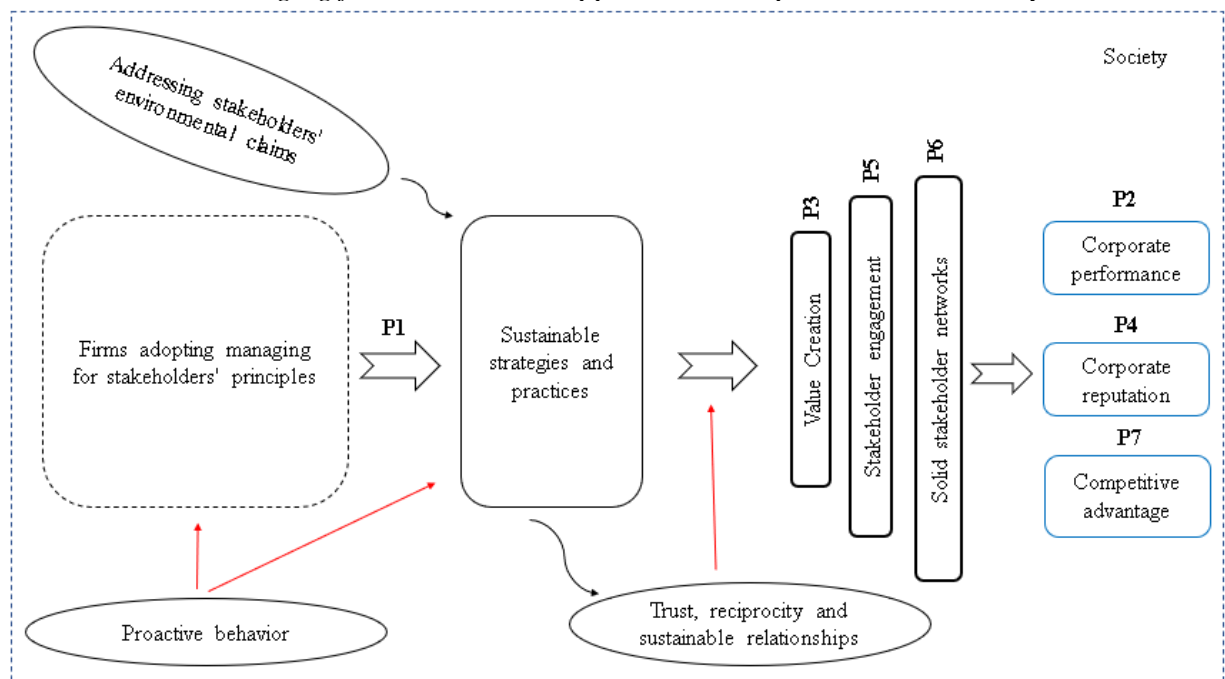
Proposition 7: Managing for stakeholders towards corporate sustainability influences the relationships with stakeholders built on trust, reciprocity, and fairness. Therefore, firms may build unique relationships with stakeholders and this may unfold into firms' competitive advantage and it may positively influence the firms' performance.

In sum, our propositions may positively influence i) corporate reputation (Perrault & Clark, 2016; Delgado-Ceballos, et al., 2012; Lee, 2012); ii) corporate performance (Perrini & Tencati, 2006; Cordeiro & Tewari, 2015, and iii) it may create a distinct competitive advantage to the firm (Journeault, 2016; Alt, Díez-de-Castro & Lloréns-Montes, 2015). We hope our propositions are used to develop further studies on the topic.

Conclusions

This paper intends to contribute to research on corporate sustainability through the lens of stakeholder management (Dmytriyev, Freeman & Hörisch, 2021). Firms interact with the local environments and their practices influence stakeholders' welfare (Driscoll & Starik, 2004; Hörisch & Schaltegger, 2019; Hörisch et al., 2014). This study aims at advancing knowledge about the interactions among stakeholders and firms and their impacts on the environment. Figure 1 summarizes our framework and propositions.

Figure 1
A Managing for Stakeholders Approach to Corporate Sustainability



Source: The authors (2021).

Regardless of the type of organization and the stakeholder, all are dependent on natural resources. Thus, debates on business sustainability are fruitful as an organization's actions impact society's welfare (Hörisch & Schaltegger, 2019). Firms interact with the local environments and their practices influence stakeholders' welfare (Hörisch & Schaltegger, 2019; Hörisch et al., 2014; Driscoll & Starik, 2004).

Previous studies used several approaches to study sustainability management, such as resource dependence, the resource-based view (RBV), and agency theory. However, we argue for the interconnection between stakeholder theory as the grounded theory to study corporate sustainability. Stakeholder theory and sustainability management overlap many ideas; therefore, stakeholder theory can be used to help with sustainability management. Stakeholder theory has also been discussed in the stakeholder approach perspective which implies that an organization's existence is to benefit various parties i.e., stakeholders and that the goal for an organization is survival and value maximization (Clifton & Amran, 2011). In addition, our framework does not focus on primary or secondary stakeholders; rather it focuses on stakeholders in general and we hope that future studies test our propositions and further narrow to primary and secondary stakeholders as well.

We argue that corporate sustainability can be analyzed from a stakeholder perspective, that is, by analyzing the interaction between firms and their interested parties (Dentchev, 2009). It is our understanding that when analyzing corporate sustainability, stakeholders are the most important level of analysis. Based on (i) how previous literature on stakeholder management focused on how firms address stakeholders' environmental concerns and (ii) how previous literature on corporate sustainability focused on managing stakeholders' expectations, we provided initial propositions to be used in future studies developments. We provide a list of the reviewed papers from 2005 to 2021 in the Appendix. Future studies could test our propositions, contributing to our framework by:

- i) empirically exploring if the type of stakeholder influences on firm's prioritization of environmental concerns;
- ii) empirically analyzing what are the most salient and reoccurring environmental demands and whether if the type of industry influences these claims;
- iii) empirically testing how stakeholders' environmental demands and needs are addressed by firms and whether it has impacts on firms' performance;
- iv) empirically testing our proposition 1 and investigating for relationships of managing for stakeholder and adopting practices of reporting corporate sustainability;
- v) empirically testing our proposition 2 and exploring relationships for increasing value creation when a firm addresses stakeholders' sustainability concerns and claims as it reinforces ties of trust;
- vi) empirically testing our proposition 3 and analyzing relationships regarding the stakeholders' perceptions and engagement levels due to adopting a managing for stakeholder approach towards corporate sustainability.

These are some of the possibilities we outlined for the future development of our framework; however, future studies should not limit to this agenda as many topics could be further developed. These possibilities may adopt data collection and analysis strategies, for

instance, by examining firms' reports and indexes of public traded companies in different countries.

As this study has made several contributions, there are few limitations. This study is based on a critical analysis of papers from some top journals, e.g.: Journal of Business Ethics, Organization & Environment, and The Academy of Management Journal and databases, such as Web of Science and Scopus. It might have missed other sources. Hence, future researchers can extend this study using other valuable sources.

Moreover, the study focuses on the sustainability management literature. As mentioned above, sustainability has three dimensions (i.e., economic, social, and environmental). This study only focuses on one of the dimensions of sustainability, the natural environment. Thus, researchers can further explore the construct with stakeholder literature by focusing on other dimensions. In addition, the study focuses on stakeholder construct as a whole and does not follow classifications of stakeholders such as internal or external (Freeman, 2010) and primary or secondary (Clarkson, 1995). Therefore, the study can be extended with the classifications of stakeholders.

The purpose of this paper is primarily theoretical in the sense of contributing to the conceptual understanding of the synergy between managing for stakeholders and corporate sustainability. Our framework argues that adopting a managing for stakeholders' approach can assist firms to become more sustainable as they are influenced to adopt sustainable practices. It may also influence firms to build stronger relationships with stakeholders, by adopting transparent practices and proactive environmental strategies, impacting on value creation and distribution, stakeholder engagement, and managing stakeholder networks.

Managing for stakeholders is a challenging managerial task as it requires firms to address multiple interests without resorting to trade-offs (Freeman, 1984). When combined with corporate sustainability, those challenges are related to "strengthening the particular sustainability interests of stakeholders, creating mutual sustainability interests based on these particular interest, and empowering stakeholders to act as intermediaries for nature and sustainable development" (Hörisch, Freeman, & Schaltegger, 2014, p.1). We provided an overview of topics that require further empirical research in the years to come.

REFERENCES

- Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. *Academy of management review*, 32(3), 836-863.
- Alt, E., Díez-de-Castro, E. P., & Lloréns-Montes, F. J. (2015). Linking employee stakeholders to environmental performance: The role of proactive environmental strategies and shared vision. *Journal of Business strategy*, 128(1), 167-181.
- Argandoña, A. (2011). Stakeholder theory and value creation.
- Bansal, P., & Song, H. C. (2017). Similar but not the same: Differentiating corporate sustainability from corporate responsibility. *Academy of Management Annals*, 11(1), 105-149.
- Barney, J. B. (2020). Contributing to theory: opportunities and challenges. *AMS Review*, 1-7.
- Benn, S., Dunphy, D., & Martin, A. (2009). Governance of environmental risk: New approaches to managing stakeholder involvement. *Journal of environmental management*, 90(4), 1567-1575.
- Boaventura, J. M. G., Barakat, S. R., Griffin, J. J., Mascena, K. M., & Monzoni-Neto, M. P. (2016). Stakeholder Treatment: the Relationship between Contributions Provided and Attention Received. In *Academy of Management Proceedings* (Vol. 2016, No. 1, p. 16213). Briarcliff Manor, NY 10510: Academy of Management.

- Boaventura, J. M. G., Bosse, D. A., de Mascena, K. M. C., & Sarturi, G. (2020). Value distribution to stakeholders: The influence of stakeholder power and strategic importance in public firms. *Long Range Planning*, 53(2), 101883.
- Boaventura, J. M. G., Silva, R. S. D., & Bandeira-de-Mello, R. (2012). Corporate financial performance and corporate social performance: Methodological development and the theoretical contribution of empirical studies. *Revista Contabilidade & Finanças*, 23(60), 232-245.
- Bosse, D. A., Phillips, R. A., & Harrison, J. S. (2009). Stakeholders, reciprocity, and firm performance. *Strategic Management Journal*, 30(4), 447-456.
- 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
- Bryan, L. M., Agle, B. R., Mitchell, R. K., & Wood, D. J. (2021). Stakeholder Identification and Salience After 20 Years: Progress, Problems, and Prospects. *Business and Society*, 60(1).
- Carson, S. G. (2019). The corporate legitimacy matrix—A framework to analyze complex business-society relations. *Philosophy of Management*, 18(2), 169-187.
- Clarkson, M. B. (1995). A stakeholder framework for analyzing and evaluating corpora. Academy of Management. *The Academy of Management Review*, 20(1), 92.
- Clifton, D., & Amran, A. (2011). The stakeholder approach: A sustainability perspective. *Journal of Business strategy*, 98(1), 121-136.
- Cordeiro, J. J., & Tewari, M. (2015). Firm characteristics, industry context, and investor reactions to environmental CSR: A stakeholder theory approach. *Journal of Business strategy*, 130(4), 833-849.
- Crane, B. (2020). Revisiting who, when, and why stakeholders matter: Trust and stakeholder connectedness. *Business & Society*, 59(2), 263-286.
- De Mascena, K. M. C., & Stocker, F. (2020). Gestao de Stakeholders: Estado da Arte e Perspectivas/Stakeholder Management: State of the Art and Perspectives. *Future Studies Research Journal: Trends and Strategy*, 12(1), 1-31.
- Delgado-Ceballos, J., Aragón-Correa, J. A., Ortiz-de-Mandojana, N., & Rueda-Manzanares, A. (2012). The effect of internal barriers on the connection between stakeholder integration and proactive environmental strategies. *Journal of Business strategy*, 107(3), 281-293.
- Dentchev, N. A. (2009). To what extent is business and society literature idealistic?. *Business & Society*, 48(1), 10-38.
- Dentoni, D., Bitzer, V., & Pascucci, S. (2016). Cross-sector partnerships and the co-creation of dynamic capabilities for stakeholder orientation. *Journal of Business strategy*, 135(1), 35-53.
- Dixon-Fowler, H. R., Ellstrand, A. E., & Johnson, J. L. (2017). The role of board environmental committees in corporate environmental performance. *Journal of Business strategy*, 140(3), 423-438.
- Dmytriiev, S., Freeman, R., & 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*. doi:10.1111/joms.12684.
- Donaldson, T. (2002). The stakeholder revolution and the Clarkson principles. *Business strategy quarterly*, 107-111.
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of management Review*, 20(1), 65-91.
- Driscoll, C., & Starik, M. (2004). The primordial stakeholder: Advancing the conceptual consideration of stakeholder status for the natural environment. *Journal of business strategy*, 49(1), 55-73.
- Flammer, C. (2013). Corporate social responsibility and shareholder reaction: The environmental awareness of investors. *Academy of Management journal*, 56(3), 758-781.

- Forbes, L. C., & Jermier, J. M. (2010). The new corporate environmentalism and the ecology of commerce. *Organization & Environment*, 23, 465-481.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Cambridge university press.
- Freeman, R.E., Wicks, A.C. and Parmar, B. (2004), “Stakeholder theory and ‘the corporate objective revisited’”, *Organization Science*, Vol. 15No. 3, pp. 364-369.
- Garvare, R., & Johansson, P. (2010). Management for sustainability—a stakeholder theory. *Total quality management*, 21(7), 737-744.
- Gibson, K. (2012). Stakeholders and sustainability: an evolving theory. *Journal of Business strategy*, 109(1), 15-25.
- GRI (2016). Global Reporting Initiative. GRI 101: Foundation. Amsterdam: Global Reporting Initiative
- GRI. (2011). Sustainability Reporting Guidelines. [Online] Available: <https://www.globalreporting.org/resourcelibrary/G3-Sustainability-Reportingguidelines.pdf> (August 25th, 2016).
- Harrison, J.S., Bosse, D.A. and Phillips, R.A. (2010), “Managing for stakeholders, stakeholder utility functions, and competitive advantage”, *Strategic Management Journal*, Vol. 31 No. 1, pp. 58-74.
- Hemedoğlu, E., Evliyaoğlu, F., & Arslantaş, C. (2012). Stakeholder Relationships of ISE 50 Firms in Terms of Corporate Governance: A Corporate Perspective of Stakeholder Theory. *İstanbul Üniversitesi İşletme Fakültesi İşletme İktisadi Enstitüsü Yönetim Dergisi*, 23(71), 83-99.
- Herremans, I. M., Nazari, J. A., & Mahmoudian, F. (2016). Stakeholder relationships, engagement, and sustainability reporting. *Journal of business strategy*, 138(3), 417-435.
- Hoffman, A. J. (2001). Linking organizational and field-level analyses: The diffusion of corporate environmental practice. *Organization & Environment*,
- Hoque, A., Clarke, A., & Huang, L. (2016). Lack of stakeholder influence on pollution prevention: A developing country perspective. *Organization & Environment*, 29(3), 367-385.
- Hörisch J, Freeman RE, Schaltegger S. 2014. Applying stakeholder theory in sustainability management: links, similarities, dissimilarities, and a conceptual framework. *Organization and Environment* 27(4): 328–346.
- Hörisch, J., & Schaltegger, S. (2019). Business, the Natural Environment, and Sustainability. *The Cambridge Handbook of Stakeholder Theory*, 132.
- Hörisch, J., Johnson, M. P., & Schaltegger, S. (2015). Implementation of sustainability management and company size: A knowledge-based view. *Business Strategy and the Environment*, 24(8), 765-779.
- Huang, C. L., & Kung, F. H. (2010). Drivers of environmental disclosure and stakeholder expectation: Evidence from Taiwan. *Journal of Business strategy*, 96(3), 435-451.
- Journeault, M. (2016). The Integrated Scorecard in support of corporate sustainability strategies. *Journal of environmental management*, 182, 214-229.
- Kilduff, M. (2006). Editor's comments: Publishing theory.
- Lee, K. H. (2012). Linking stakeholders and corporate reputation towards corporate sustainability. *International Journal of Innovation and Sustainable Development*, 6(2), 219-235.
- Lu, Y., & Abeysekera, I. (2017). What do stakeholders care about? Investigating corporate social and environmental disclosure in China. *Journal of Business strategy*, 144(1), 169-184.
- Magness, V. (2008). Who are the stakeholders now? An empirical examination of the Mitchell, Agle, and Wood theory of stakeholder salience. *Journal of business strategy*, 83(2), 177-192.
- 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.

- Montiel, I. (2008). 'Corporate social responsibility and corporate sustainability'. *Organization & Environment*, 21, 245–69.
- Ortas, E., Álvarez, I., Jaussaud, J., & Garayar, A. (2015). The impact of institutional and social context on corporate environmental, social and governance performance of companies committed to voluntary corporate social responsibility initiatives. *Journal of Cleaner Production*, 108, 673-684.
- Ott, D. L., and Michailova, S. (2018). Cultural Intelligence: A Review and New Research Avenues. *International Journal of Management Reviews*, 20(1), 99–119.
- Perrault, E., & Clark, C. (2016). Environmental shareholder activism: Considering status and reputation in firm responsiveness. *Organization & Environment*, 29(2), 194-211.
- Perrini, F., & Tencati, A. (2006). Sustainability and stakeholder management: the need for new corporate performance evaluation and reporting systems. *Business strategy and the environment*, 15(5), 296-308.
- Phillips, R. A., Barney, J., Freeman, R. E., & Harrison, J. S. (2019). Stakeholder CHAPTER. *The Cambridge Handbook of Stakeholder Theory*, 3.
- Phillips, R. A., Freeman, R. E., & Wicks, A. C. (2003). What stakeholder theory is not. *Business strategy Quarterly*, 13, 479-502.
- Schaltegger, S., Hörisch, J., & Freeman, R. E. (2019). Business cases for sustainability: A stakeholder theory perspective. *Organization & Environment*, 32(3), 191-212.
- Starik, M., & Kanashiro, P. (2013). Toward a theory of sustainability management: Uncovering and integrating the nearly obvious. *Organization & Environment*, 26, 7-30.
- Steurer, R., Langer, M. E., Konrad, A., & Martinuzzi, A. (2005). Corporations, stakeholders and sustainable development I: a theoretical exploration of business–society relations. *Journal of business strategy*, 61(3), 263-281.
- Stocker, F., de Arruda, M. P., de Mascena, K. M., & Boaventura, J. M. (2020). Stakeholder engagement in sustainability reporting: a classification model. *Corporate Social Responsibility and Environmental Management*, 27(5), 2071-2080.
- Whetten, D. A. (1989). What constitutes a theoretical contribution? *Academy of management review*, 14(4), 490-495.
- Schaltegger, S., Burritt, R., & Petersen, H. (2003). An introduction to corporate environmental management: Striving for sustainability. Sheffield, England: G
- Stead, W. E., & Stead, J. G. (1996). *Management for a small planet*. Thousand Oaks, CA: Sage.
- Waddock, S. (2011). We are all stakeholders of Gaia: A normative perspective on stakeholder thinking. *Organization & Environment*, 24, 192-212.
- Wolf, J. (2014). The relationship between sustainable supply chain management, stakeholder pressure and corporate sustainability performance. *Journal of business strategy*, 119(3), 317-32

APPENDIX

Papers reviewed in this study (2013 – 2021)

#	Year	Journal	Title	Theories addressed in the paper	Research question
1	2021	Environmental Science and Pollution Research	Factors affecting the outcome of corporate sustainability policy: a review paper	Policy planning - gap with implementation Corporate sustainability	What are the factors that create hurdles in the implementation of corporate sustainability policy?
2	2020	Academy of Management Annals	Similar but not the Same: Differentiating Corporate Sustainability from Corporate Responsibility	Corporate responsibility Corporate sustainability	In what ways CR differs from CS?
3	2020	Business & Society	To What Extent Is Business and Society Literature Idealistic?	Corporate social responsibility Corporate social responsiveness Stakeholder management corporate citizenship Business strategy (sustainable development) Corporate sustainability	To what extent is business and society literature idealistic as it advocates the adoption of high moral norms for business performance?
4	2019	Philosophy of management	The Corporate Legitimacy Matrix - A Framework to Analyze Complex Business-Society Relations	Corporate legitimacy Corporate social responsibility Legitimacy theory Stakeholder management - trust	How the three aspects (sustainability, stakeholder, and trust) of corporate legitimacy are related?
5	2016	Journal of Environmental Management	The Integrated Scorecard in support of corporate sustainability strategies	Integrated Scorecard Strategies towards sustainability Stakeholder Perspective	How to integrate stakeholder management as well as environmental and social performance within the balanced scorecard to successfully support a corporate sustainability strategy? How stakeholder management, which represents one of the fundamental elements of sustainability performance, should be integrated into the SBSC?
6	2016	Organization & Environment	Lack of Stakeholder Influence on Pollution Prevention	Stakeholder influence theory	In a developing country context, what are environmental awareness, stakeholder influence strategies, and pollution prevention roles among 11 local, civil and society groups
7	2015	Journal of Business strategy	Stakeholder Relationships, Engagement, and Sustainability Reporting	Resource dependence and stakeholder theory	How companies within the same industry address different dependencies on stakeholders for the economic, natural environment, and social resources and thus engage stakeholders accordingly
8	2015	Journal of Business strategy	Cross-Sector Partnerships and the Co-creation of Dynamic Capabilities for Stakeholder Orientation	Stakeholder Theory	What is the relationship between business experience in cross-sector partnerships (CSPs) and the co-

					creation of what we refer to as 'dynamic capabilities for stakeholder orientation'?
9	2015	Journal of Business strategy	What Do Stakeholders Care About? Investigating Corporate Social and Environmental Disclosure in China	Stakeholder theory	How stakeholders perceive the social and environmental disclosure practices of socially responsible Chinese listed firms.
10	2015	Journal of Business strategy	The Role of Board Environmental Committees in Corporate Environmental Performance	No grounding theory (Agency theory discussed)	Does the presence of a voluntary environmental committee on the board reflect a firm's commitment to environmental performance?
11	2015	Organization & Environment	Environmental Shareholder Activism: Considering Status and Reputation in Firm Responsiveness	Stakeholder theory	how environmentally concerned shareholder activists vary in their status and reputation, and how do these differences affect firm responsiveness to their concerns?
12	2015	<i>Journal of Business strategy</i>	Firm characteristics, industry context, and investor reactions to environmental CSR: A stakeholder theory approach.	CSR Performance Stakeholders and Environmental CSR Efforts	Does it pay off for a firm to be green?
13	2014	Journal of Business strategy	Linking Employee Stakeholders to Environmental Performance: The Role of Proactive Environmental Strategies and Shared Vision	Stakeholder theory, CSR, Natural-resource-based view	If and how employee stakeholder integration may affect firms' environmental performance, contributing to both the greening and the stakeholder theory debates in the CSR and the environmental management literature.
14	2014	Organization & Environment	Applying Stakeholder Theory in Sustainability Management	Stakeholder theory	Can stakeholder theory be purposefully applied in the context of sustainability management?
15	2013	Journal of Business strategy	The Relationship Between Sustainable Supply Chain Management, Stakeholder Pressure, and Corporate Sustainability Performance	Resource Dependence Theory and Freeman's stakeholder influence strategy model.	Does sustainable supply chain management affect corporate sustainability performance and does stakeholder pressure mediate the relationship?
16	2012	International Journal of Innovation and Sustainable Development	Linking stakeholders and corporate reputation towards corporate sustainability	Corporate sustainability stakeholder management social marketing corporate communication reputation management	In what ways do corporate reputation within the sphere of stakeholder management is related with the goal of achieving corporate sustainability?
17	2012	Journal of Business Ethics	Stakeholders and Sustainability: An Evolving Theory	Stakeholder theory.	Why should human sustainability be focused rather than talking about environment? What is lacking in stakeholder theory?
18	2011	Journal of Business Ethics	The Effect of Internal Barriers on the Connection Between Stakeholder Integration and Proactive Environmental Strategies	Stakeholder Theory	What is the influence of internal barriers on the connection between the capability of stakeholder integration and environmental proactivity?

19	2010	Journal of Business Ethics	The Stakeholder Approach: A Sustainability Perspective	Stakeholder approach	Is the stakeholder approach supportive of corporate practices that advance the achievement of a sustainable world? What is the role of business in progressing a sustainable world outcome?
20	2010	Journal of Business Ethics	Drivers of Environmental Disclosure and Stakeholder Expectation: Evidence from Taiwan	Stakeholder theory, Agency theory.	What are the stakeholder expectations associated with corporate environmental disclosure?
21	2007	Corporate Governance: The international journal of business in society.	Towards strategic stakeholder management? Integrating perspectives on sustainability challenges such as corporate responses to climate change	Strategic stakeholder management Strategic management of corporate sustainability	How climate strategies at different organizational levels can be linked to the societal and competitive contexts that companies face, embedded in a stakeholder view?
22	2006	Business strategy and the environment	Sustainability and stakeholder management: The need for new corporate performance evaluation and reporting systems	Strategic stakeholder management Strategic management of corporate sustainability	How climate strategies at different organizational levels can be linked to the societal and competitive contexts that companies face, embedded in a stakeholder view?
23	2005	Journal of business ethics	Corporations, stakeholders and sustainable development I: A theoretical exploration of business-society relations	Sustainable development (SD) Stakeholder relations management (SRM)	How far SD can be achieved through SRM?

Source: The authors (2021).