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Understanding Strategic Stakeholder Management

Entendendo a gestão estratégica de stakeholders

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“*Without the private sector, sustainable development will remain only a distant dream. We are not asking corporations to do something different from their normal business; we are asking them to do their normal business differently.*”

(Kofi Annan, 2002)

RESUMO

O objetivo da nossa pesquisa é compreender como a gestão estratégica das partes interessadas (*stakeholders*) impulsiona uma vantagem competitiva. Os objetivos da tese são (1) compreender como as empresas desenvolvem um sistema de criação de valor para múltiplos stakeholders; (2) compreender os micros fundamentos da capacidade de gestão de *stakeholders* e (3) compreender como a gestão estratégica de *stakeholders* impulsiona um novo posicionamento estratégico. Nesse sentido, os principais elementos de um modelo de vantagem competitiva empresarial, a dizer, mecanismos de criação e apropriação de valor, recursos e capacidades e posicionamento foram abordados. O estudo tem a abordagem qualitativa, exploratória com aplicação de estudo de caso múltiplo. Foram entrevistadas 55 pessoas de 11 empresas. A pesquisa foi desenvolvida em três artigos. O Artigo 1 "Sistema de criação de valor para os stakeholders: compreendendo o processo" teve como objetivo compreender como as empresas desenvolvem um sistema de criação de valor para múltiplos stakeholders. O Artigo 2 "Micro fundamentos da Capacidade de Gestão de *Stakeholders*" teve como objetivo investigar como os gestores desenvolvem e coordenam capacidades específicas para criar valor para múltiplos *stakeholders* simultaneamente e alcançar desempenho. E o Artigo 3 "Estratégia de posicionamento de *Stakeholders*: um novo posicionamento estratégico" teve como objetivo compreender como a gestão estratégica de *stakeholders* impulsiona um novo posicionamento estratégico. Os dados revelaram que a gestão estratégica de *stakeholders* impulsiona uma mudança no modelo de vantagem competitiva das empresas. O Modelo de Gestão Estratégica de *Stakeholders* envolve o desenvolvimento de um sistema de criação de valor para *stakeholders*, uma capacidade de gestão de *stakeholders* e um posicionamento estratégico de stakeholders. O modelo sugere um processo contínuo. A pesquisa contribui com a Teoria de Stakeholders e a Teoria Baseada em Recursos, explicando como a combinação das duas teorias pode ajudar os gestores a gerir as suas empresas enfrentando os grandes desafios da sociedade.

Palavras-chave: Apropriação de Valor. Criação de Valor. Capacidades. Teoria Baseada em Recursos. Teoria de Stakeholder.

ABSTRACT

Our research aims to understand how strategic stakeholder management drives a competitive advantage. The thesis objectives are (1) to understand how companies develop a value creation system for multiple stakeholders, (2) to understand the micro-foundations of a stakeholder management capability, and (3) to understand how stakeholder management drives a new business strategic positioning. For that, we aim to cover the main elements of a business competitive advantage model: value creation and appropriation mechanisms, resources and capabilities, and positioning. For that, we applied qualitative, exploratory multiple case study. We interviewed 55 people from 11 different companies. We designed our research into three papers. Paper 1, "Stakeholder Value Creation System: Understanding the Process," aimed to understand how companies develop a value creation system for multiple stakeholders. Paper 2, "Micro-foundations of Stakeholder Management Capability," aimed to investigate how top managers develop and coordinate specific capabilities to create value with multiple stakeholders simultaneously and achieve performance. Paper 3, "Stakeholder Positioning Strategy: A New Strategic Positioning," aimed to understand how strategic stakeholder management drives a new strategic positioning. Our data revealed that strategic stakeholder management is changing companies' competitive advantage model. The Strategic Stakeholder Management Model embraces the development of a Stakeholder Value Creation System, Stakeholder Management Capability, and Stakeholder Strategic Positioning. The model suggests an ongoing process. We contribute to Stakeholder Theory and Resource-based Theory by explaining how combining both theories may help managers manage their companies facing societal grand challenges.

Keywords: Capability. Resource-Based Theory. Stakeholder theory. Value Appropriation. Value Creation.

FIGURE LIST

TABLE LIST

SUMMARY

1 INTRODUCTION

The strategy field and business management are taking a stakeholder turn and calling to rethink strategy theories from a stakeholder perspective (Bridoux & Stoelhorst,2022). Scholars argue that revisiting the foundations of economic theories used to explain how the firm creates value is an effective way to go beyond the dichotomic debate of shareholder primacy versus stakeholder approach. Therefore, economic strategy theories may be combined with stakeholder theory to better assist managers in turning the firm's strategy toward a stakeholder orientation (Stoelhorst, 2021; Harrison, 2020). In line with that, the Resource-Based Theory (RBT) adopts a stakeholder perspective to treat how profit is created and appropriated consistently (Barney, 2018). The argument is that under conditions of uncertainty, limits to rationality, and recognizing the link between value creation and value appropriation, seeking multiple stakeholder values rather than only shareholder value is better for achieving sustainable performance (McGahan, 2021; Bacq & Aguilera, 2021; Harrison, 2020; Klein et al., 2012; Porter and Kramer 2011,2006).

However, the choice to explain repeated exchanges in terms of transactions (transfer of goods, services, or funds) misses an essential characteristic of value creation activity that occurs due to relationships in which the parties transfer value and are stimulated to experience emotion, perceiving some form of psychological bond and to take some action on behalf of the other party (Bosse & Coughlan,2016). Each party decides whether to continue the relationship and how much effort or resources to put into it. There is a sense of reciprocity and fairness in the relationship between the firm and its stakeholders, which has a powerful impact on the efficiency and effectiveness of the interactions in competitive and cooperative contexts (Harrison, 2020; Freeman et al., 2019; Jones et al., 2018; Bosse & Coughlan,2016; Bridoux e Stoelhorst 2014; Harrison e Wicks,2013; Harrison e Bosse,2013; Bosse et al., 2009).

Therefore, fundamental questions in the strategy field of investigation are still how value is created and appropriated and to whom (Freeman et al., 2021; McGahan, 2021; Stoelhorst, 2021; Bacq & Aguilera, 2021; Harrison, 2020; Barney, 2018). Additionally, it is unclear how the firm manages its relationship with stakeholders to create appropriate value and gain competitive advantage in both the competitive and cooperative business contexts.

In line with that, the central idea of combining the Resource-based and Stakeholder theories is the possible understanding of the firm's value system, which combines resources, capabilities, and stakeholders and the knowledge used to coordinate them (Harrison, 2020).

Therefore, the firm needs specific resources, capabilities, and stakeholder relationship management to create joint value with multiple stakeholders to gain a competitive advantage and achieve superior performance. In this sense, the grand challenge for top managers is to coordinate specific capabilities to create joint value and, at the same time, achieve superior performance, gaining a competitive advantage (Foss et al.,2022).

Besides, industry-based vision strategic management literature suggests that the firm's position within its industry is central to formulating a competitive advantage model (Porter, 1980;1985). Although many studies have deeply investigated positioning typologies (Miles & Snow, 1978; Porter, 1980; Mintzeberg, 1987; Treacy & Wiersema; 1993; Hax & Wilde,2002), only a few have incorporated a stakeholder perspective (Parnell, 2006; Obel & Gurkov,2023). We still do not understand how a firm may position itself to gain a competitive advantage when it focuses on creating value for multiple stakeholders and how strategic stakeholder management may drive a new business's strategic positioning.

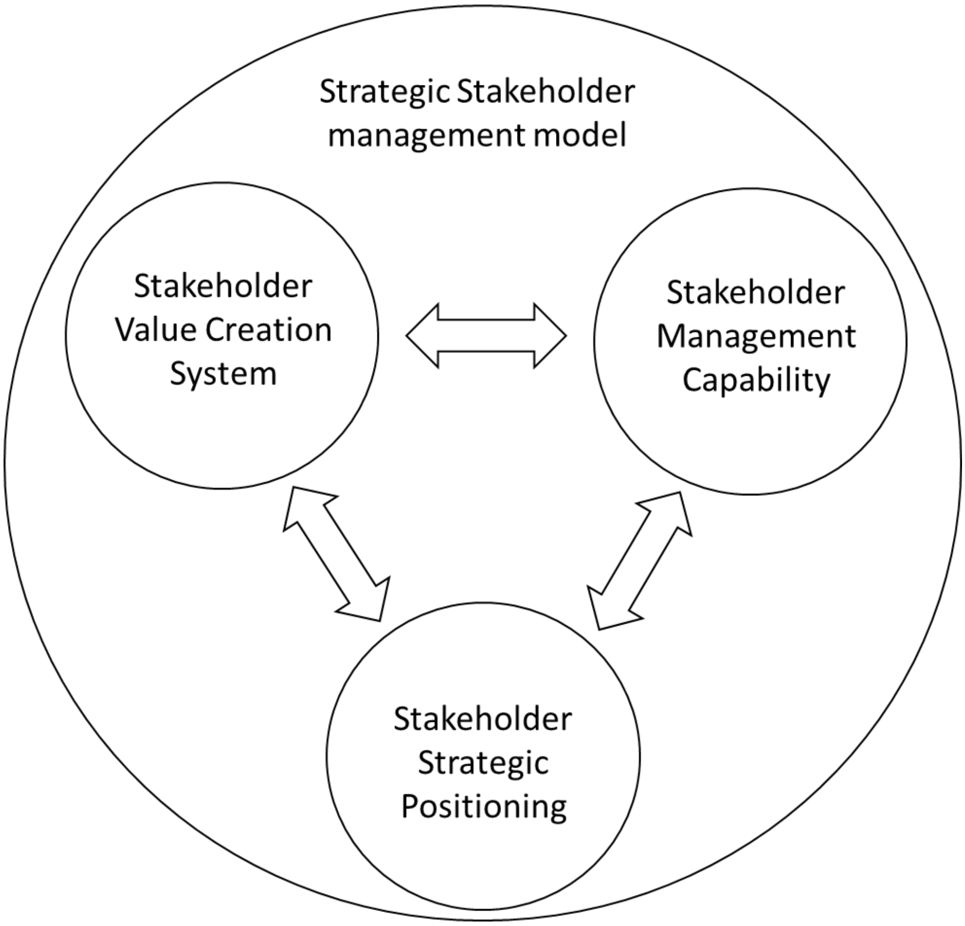
In sum, a company's strategy is defined as its theory of gaining a competitive advantage and how a company, in the face of competition, should behave to achieve superior performance (Porter,1985). In this sense, strategy is a decision-making rule (Ansoff, 1977) and a standard consistency of behavior over time (Mintzberg,1987). The strategy imposes operational requirements, which are decisions regarding prices and costs and productivity programming to meet the customer's needs (Ansoff, 1977). Therefore, the essence of the strategy is to define the directions to be followed, and the success of companies lies in the set of choices made (Porter, 1985). In line, competitive advantage results fundamentally from the value a company can create for its buyers through products, markets, industry positioning (Porter, 1980; 1985), resources, and capabilities (Barney, 1991; 1995).

Notwithstanding, these characteristics are often related to the market or the technical efficiency of a firm's processes (Mintzberg, 1987), not the value a firm creates. However, because somebody captures value created by a firm, it captures value and enables others to be better off. In this sense, we investigate how firms create and capture value. Competitive advantage is understood as the economic value created by people who voluntarily come together and cooperate to improve everyone’s circumstances. Managers must develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the firm's promised value (Freeman et al., 2004).

In this sense, the central question of our investigation is how strategic stakeholder management drives a competitive advantage. The thesis objectives are (1) to understand how companies develop a value creation system for multiple stakeholders, (2) to understand the micro-foundations of a stakeholder management capability, and (3) to understand how strategic stakeholder management drives a new business strategic positioning. For that, we aim to cover the main elements of a business competitive advantage model: value creation and appropriation mechanisms, resources and capabilities, and positioning.

Our Theoretical model (Figure 1) shows that the Strategic Stakeholder Management Model embraces the development of a Stakeholder Value Creation System, a Stakeholder Management Capability, and a Stakeholder Strategic Positioning.

Figure 1: Theoretical Model



Source: elaborated by the authors

Construct A, Stakeholder value system is defined as the firm's processes to create and appropriate value with multiple stakeholders. Construct B, Stakeholder management capability is a dynamic capability embedded in the firm's leadership that allows the firm to identify new capabilities to manage multiple stakeholders simultaneously (sense), develop new capabilities to manage multiple stakeholders simultaneously (seize), and even redeploy and transform existing capabilities to manage its multiple stakeholders better simultaneously (transform). Construct C, Stakeholder Positioning Strategy, is the position the company takes when it decides to act as a catalyst for transformation to create value for multiple stakeholders and achieve superior performance. The model suggests an ongoing process. There is no beginning or a linear sequence process.

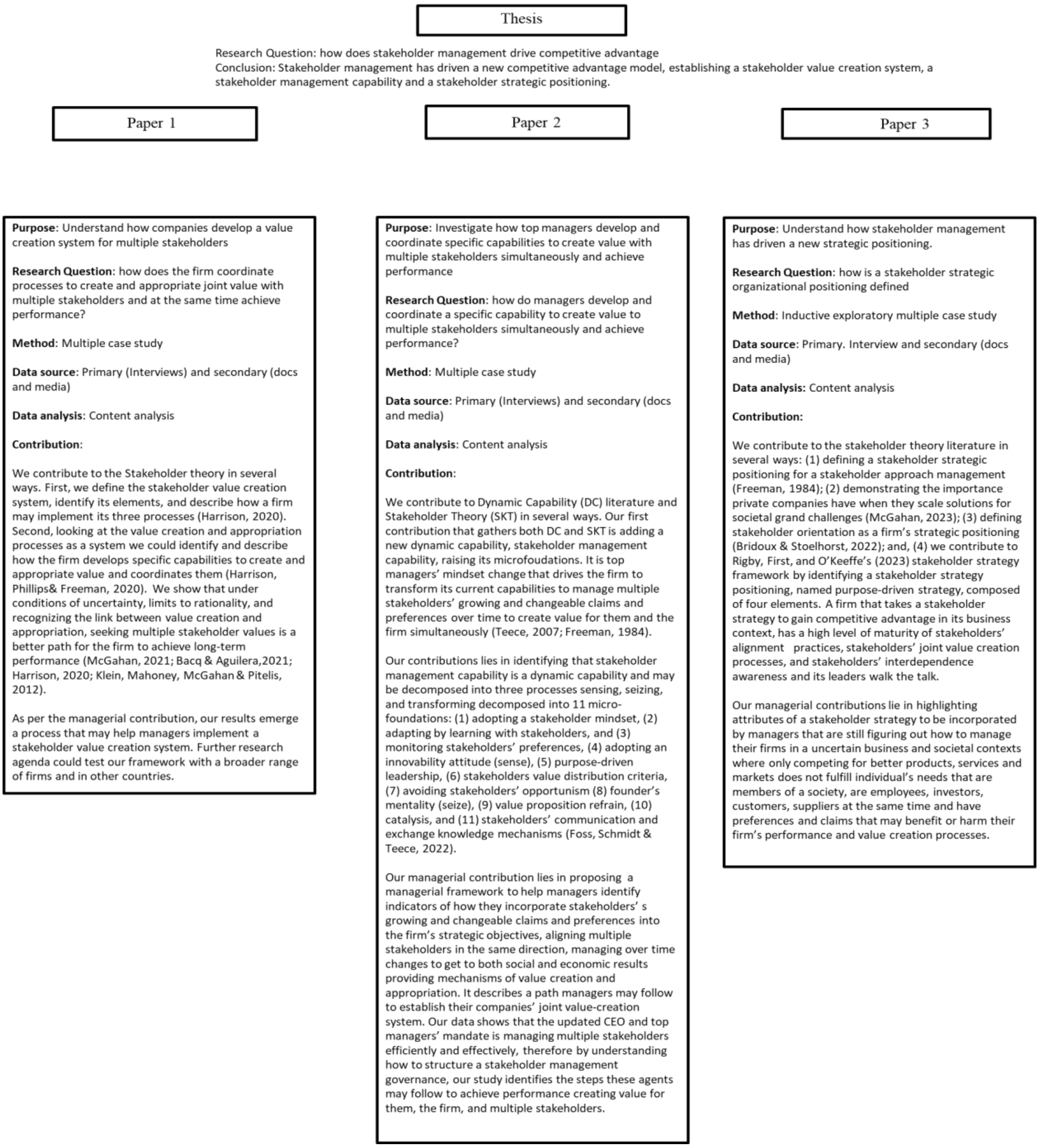
The firm may position itself globally, participating in international business and dialoguing with worldwide companies. Local, when it engages in its country's business context, dialoguing with other national companies. Alternatively, sectorial, participating in its industry's discussions and dialoguing with other companies in its industry context. The firm is driven by a societal non-attended need and its core business. It may be a protagonist, leading the different companies in the same direction or as an agent, contributing to the collective effort. Still, the company is led by a focal company. Its main contribution is enabling opportunities for value co-creation with multiple stakeholders while contributing to the planet's preservation and enhancing its inhabitants' welfare. A stakeholder positioning strategy establishes a firm's role acting as a business, not as an environmental or social activist. By doing so, the firm enables a synergetic connection between excellence in performance and social impact.

Our thesis is designed into three papers, and each paper deeply investigates one of the constructs, and our thesis conclusion gathers them. Paper one, "Stakeholder Value Creation System: Understanding the Process," aims to understand a firm's stakeholder value creation system, defined as the firm's processes to create and appropriate value with multiple stakeholders. Paper two, "Micro-foundations of Stakeholder Management Capability," aims to investigate how top managers develop and coordinate specific capabilities to create value with multiple stakeholders simultaneously and achieve performance. Paper Three, "Stakeholder Positioning Strategy: A New Strategic Positioning," aims to understand how a stakeholder's strategic positioning is defined. Our thesis is structured into three chapters: Thesis introduction, Paper presentation, and Thesis conclusion. References are presented at each paper's presentation. The following sub-section shows how we structured it.

1.1 THESIS STRUCTURE

Figure 2, Thesis Structure, shows the thesis research question and each paper's research characteristics, naming (1) paper purpose, (2) research question, (3) method, (4) data source, (5) data analysis technique, (6) conclusion, (7) academic contribution and (7) managerial contribution.

Figure 2: Thesis Structure



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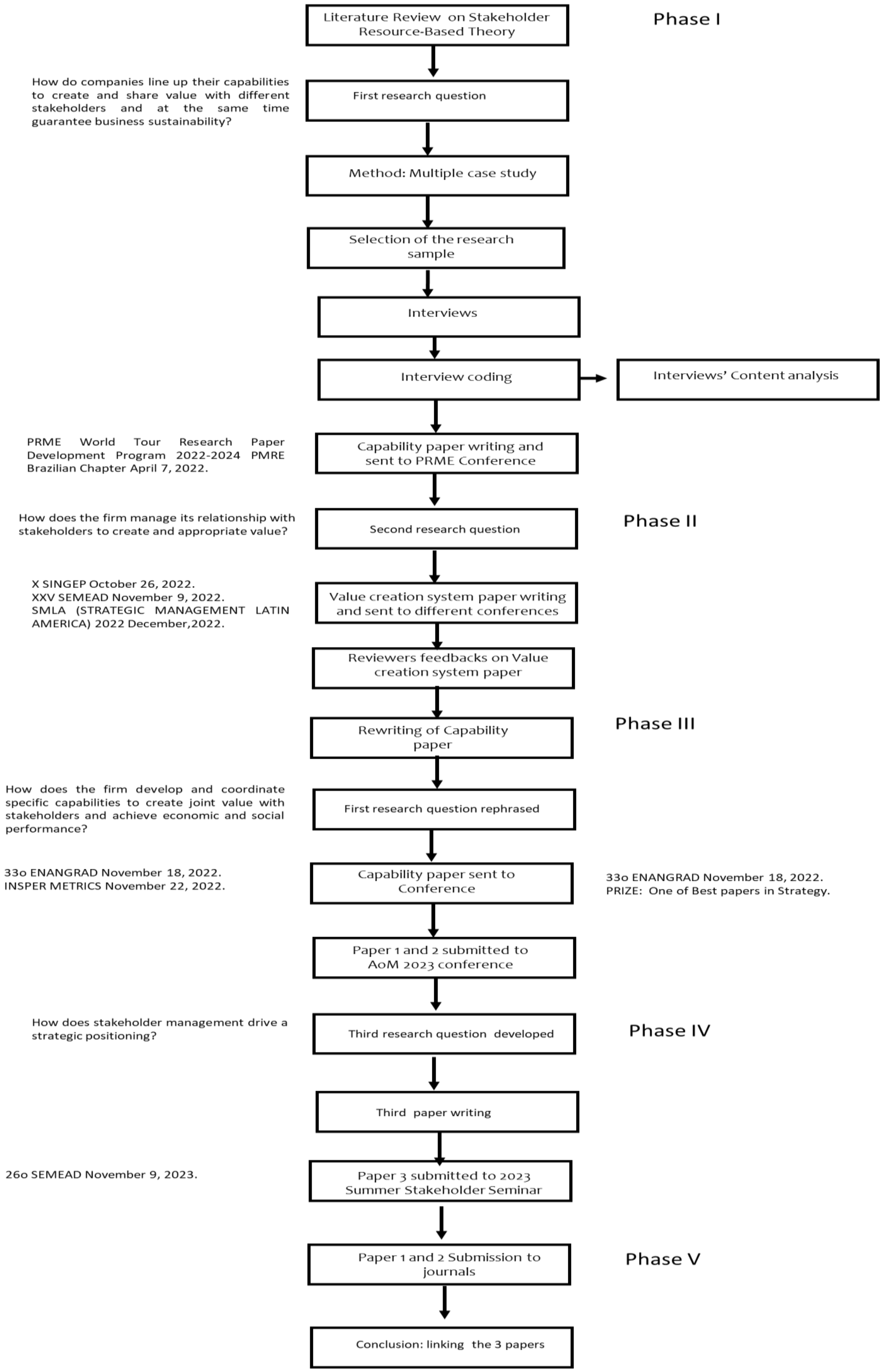
In sum, through the multiple case study procedures focusing on elaborating and building theory (Gioia, 2021; Yin, 2013), we investigated our research constructs: (1) stakeholder value system, (2) stakeholder management capability, and (3) stakeholder positioning strategy. For that, we followed a well-structured guideline (Lincoln & Guba, 1985; Apud et al., 2017) to establish the quality of our research.

We started this investigation by formulating an interview protocol that contemplates specific questions about how a firm creates and appropriates value for multiple stakeholders to achieve performance. We developed a data record from the protocol (interview recordings, transcripts, and firm documents). We invited the first interviewee of the focal company to choose a project they could explain to us in detail how things are done. This first informant indicated that other stakeholders should build our interview agenda. From that, we interviewed other stakeholders contemplating the same project, but not only. The interviewee was free to discuss the selected project and introduce another one. The interviews took an average of 50 minutes and were recorded and transcribed. The companies' selection criteria were (1) the firm evidence, either through reports or other media channels, to have a multiple stakeholder value creation intention;(2) access to the firm's top managers and other stakeholder groups (employees, customers, shareholders, and suppliers), and data disclosure authorization. Most of the contacts were done through LinkedIn and personal introduction.

Figure 3 shows the research phases from the literature Review (Phase 1) to conclusion.

Figure 3: Research Phases



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Phase I contemplates the literature review on both Stakeholder theory and Resource-based theory, seminal and updated theorists' work using the combined words "value creation," "value appropriation," "stakeholder management," "stakeholder value," "stakeholder capability" in Google scholar and Web of Science databases. Moreover, it elaborates on the first research question, selecting sample companies, conducting interviews, codifying them, and the content analysis of the first interviews. The result was writing a first draft of the capability paper sent to the PRME conference in the first trimester 2022.

In Phase II, we established the second research question about the stakeholder value system and wrote the first draft of Paper 1. After participating in conferences and getting reviewers' feedback, we brought to the version presented in this text. Phase III focused on the development of a stakeholder management capability paper. We got to the positioning element while analyzing this paper's data set. If competitive advantage models consider positioning as a relevant strategic element, we asked ourselves if, in this sense, stakeholder management could be affecting Porter's model (1985). Paper 3 was developed during a doctoral seminar discipline and presented at conferences to get to the version exposed here. The following section, Chapter Two, presents each paper. Section 3 concludes the thesis.

2 PAPER 1: Stakeholder Value Creation System: Understanding the Process[1]

2.1 Abstract

Understanding how firms manage multiple stakeholders is an academic and business call. This paper describes a firm's processes to implement a stakeholder value creation system, defined as the firm's processes to create and appropriate value with multiple stakeholders. We based our investigation on a conceptual framework from a previous literature review. From that, we conducted qualitative empirical research designed as a multiple case study. In-depth interviews with 47 people from 11 different firms are the key source of our research. This paper proposes a framework demonstrating how a firm can implement a stakeholder value creation system. Results pointed to three processes: value creation, distribution, and capture. Value distribution mechanisms are drivers for both value creation and capture processes. The system is a set of multiple flow relationships between the firm and its stakeholders. We investigated competitive strategy concepts of value creation and appropriation from the combination of Resource-based and Stakeholder Theories and a system perspective. Our framework consolidated both theories' ideas in a complementary perspective. We suggest managers and academics should adopt the power of the "AND" position instead of the "OR" trade-off position. The stakeholder value creation system comprises seven elements: organizational behavior, business model redefinition, societal issues, stakeholder preference matrix, stakeholder bargaining power, retention of rents, and governance mechanism. Managers may design their firm's unique processes using these elements as drivers. Our investigation demonstrates that societal issues matter for firms to formulate strategies that positively impact their economic, social, and environmental results. Our research is limited to the Brazilian context.

Keywords: Resource-Based View. Stakeholder theory. Value creation. Value Appropriation. Value creation system

2.2 Introduction

The Resource-based theorists recognize that the economic strategy value creation and appropriation concepts must incorporate the stakeholders' perspective (Barney, 2018). The current debate joining the Resource-Based Theory and the Stakeholder Theory (McGahan, 2021), argues that the firm needs to have a joint value creation system composed of resources and capabilities, stakeholders, and governance mechanisms to create an appropriate value with its stakeholders (McGahan, 2021; Bacq &Aguilera, 2021; Harrison, 2020; Barney, 2018). From an economic strategy approach, the firm's economic value creation is the positive difference between the willingness of its customers to pay for its products or services and the total cost of producing those products or services through transactions. The firm's value appropriation is the

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[1] This is Paper 1. It was awarded with best paper from thesis in 2023 ENANPAD Congress. It was also accepted to be presented at X SINGEP on October 26, 2022; XXV SEMEAD on November 9, 2022, and, at STRATEGIC MANAGEMENT LATIN AMERICA (SMLA) 2022 on December,2022. We submitted it to the Special Issue entitled "Sustainability, innovation, value creation, and decision making" of the Sustainability Accounting, Management and Policy Journal on September 28th and is in the Review 1 phase.

economic profit acquired from part of the effort of the economic value created in the transactions (Barney, 2018). Differently from the economic strategy theories in which the choice to explain value creation is through repeated exchanges in terms of transactions (transfer of goods, services, or funds) (Stoelhorst, 2021; Barney, 2018), the stakeholder positioning strategy approach argues that value creation activity occurs due to relationships in which the parties transfer value and they perceive some form of psychological bond to take some action on behalf of the other party (Bosse & Coughlan,2016). Each party decides whether to continue the relationship and how much effort or resources to put into it (Bridoux & Stoelhorst, 2022). In this way, stakeholders create value by providing resources and capabilities to the firm, and part of the effort of the economic value creation is appropriated by the firm and the stakeholders as economic rents (Stoelhorst, 2021) and intangible issues (Harrison et al., 2010). Therefore, the updated debate on the firm's competitive strategies lies in describing its value creation system that embraces its value creation and appropriation mechanisms with multiple stakeholders. We define this system as the firm's joint value creation and appropriation processes with multiple stakeholders, naming it the "stakeholder value creation system."

However, most stakeholder theory literature analyses the influence of multiple stakeholder groups in the value creation and appropriation processes separately, missing a broader system's view of processes (Harrison et al., 2020). Only a few theorists focus on describing the processes to manage the firm's value creation system (value creation and appropriation) (Bacq &Aguilera, 2021; Harrison, 2020), identifying the system's elements and their relationships. In other words, the literature does not explain the stakeholder value creation system's processes of the firm's joint value creation and appropriation with multiple stakeholders, which seems to be a central element in management. Business daily activities are not separated by fixed and closed boxes. On the contrary, business processes and activities are interviewed and transversal within daily activities, operating as an open system rather than a cause-effect linear sequence. Thus, our research question is: How does a firm implement a joint value creation and appropriation system for multiple stakeholders?

In this sense, this paper describes a firm's processes within a stakeholder value creation system. We conducted empirical research designed as multiple case studies (Gioia, 2021; Yin, 2013). In-depth interviews with multiple stakeholders (shareholders, customers, employees, communities, suppliers, and others) are the critical source of our study. Our data shows that the stakeholder value creation system comprises three processes: value creation, distribution, and capture. The value distribution mechanisms are drivers for both value creation and capture processes. The stakeholder value creation system is a set of multiple flow relationships, and its implementation goes through some steps. The kickoff step is top managers' mindset change that pushes an organizational behavior reformulation and a business model redefinition. Both aspects incorporate societal issues defined as material themes in the stakeholder preference matrix. To ensure that the firm and multiple stakeholders participate in the stakeholder value creation system fairly and trustworthy, top managers must learn how to manage stakeholders' bargaining power and establish retention of rents mechanism consolidated through governance mechanisms. These mechanisms guide managers to align multiple stakeholders in the same direction to achieve superior performance and perennity.

We contribute to the Stakeholder theory in several ways. First, we define the stakeholder value creation system, identify its elements, and describe how a firm may implement its three processes (Harrison, 2020). Second, looking at the value creation and appropriation processes as a system we could identify and describe how the firm develops specific capabilities to create and appropriate value and coordinates them (Harrison et al., 2020). We show that under conditions of uncertainty, limits to rationality, and recognizing the link between value creation and appropriation, seeking multiple stakeholder values is a better path for the firm to achieve long-term performance (McGahan, 2021; Bacq & Aguilera, 2021; Harrison, 2020; Klein et al., 2012). Per the managerial contribution, our results emerge a process that may help managers implement a stakeholder value creation system. Further research agenda could test our framework with a broader range of firms and in other countries.

This paper is structured into six sections. The following raises the theoretical foundations that our research is based on. The third section explains how we developed our investigation. Section four discusses the results through theoretical lenses; section five describes the academic and managerial contributions. The last section summarizes the paper and suggests further research agenda.

2.3 Theoretical Foundation

2.3.1 Value creation

We can understand value creation from an economic (product and market-driven) and stakeholder perspective (relationships-driven). From an economic perspective, value creation is defined as the difference between the buyer's willingness to pay for products and the opportunity costs of resources provided (Stoelhorst, 2021), and it happens when the benefits generated exceed the costs to create them (Jones et al., 2018; Barney, 2018; McWilliams & Siegel, 2011). However, scholars seem convinced it is unsuitable for society if firms are only product, market, and profit-oriented (Bridoux & Stoelhorst, 2022; Jones et al., 2018; Harrison

& Wicks, 2013). From the stakeholder theory perspective, firms should define value beyond profit by addressing multiple stakeholders' needs, rather than only the needs of shareholders and customers to establish relationships that create a broader definition of value (Freeman et al., 2021; Bacq & Aguilera, 2021). Therefore, there is an urgent call for management scholars to include an assessment of the social welfare implications (Jones et al., 2018; Jones et al., 2016). It is the pledge to create joint value, that is, value with multiple stakeholders through developing new products and services that avoid harming and improve conditions for people and the planet (Bacq & Aguilera, 2021; Barney & Harrison, 2020). The sum of the firm interests and stakeholder preferences explains the joint value creation in the Stakeholder Value Creation System.

There are two fundamental elements to create joint value in the Stakeholder Value Creation System that should be deeply investigated: (1) the business model redefinition and (2) organizational behavior (Bacq & Aguilera, 2021). Based on the literature, we categorize five streams the firm may go through to redefine its business model to create joint value with multiple stakeholders. They are : (1) creating the optimal innovation structure (Garcia-Castro & Francoeur, 2016), (2) co-creating with external stakeholders by developing strong connections with them that derive from community investments and strengthening local suppliers, local institutions and local infrastructure to enhance business productivity (Henderson, 2021),(3) measuring joint value, revealing the direct connection between facing social issues and achieving economic value creation (Pfitzer et al., 2013), (4) remodeling products and markets, which focuses on revenue growth, market share, and profitability that arise from the environmental, social, or economic development benefits delivered by a company's products and services (Henderson, 2021) and, (5) redefining productivity in its value chain that focuses on improvements in internal operations that improve cost (Porter & Kramer, 2011). The joint value opportunities at each stream differ by industry, company, and geography, depending on how a firm's business and strategy intersect with social issues (Garcia-Castro & Francoeur, 2016; Pfitzer et al., 2013). Therefore, the "hub-spoke" stakeholder model (Freeman, 1984) may be expanded to a stakeholder "network" model.

The second element to create joint value in the Stakeholder Value Creation System is the organization's behavior, which recognizes the importance of multiple stakeholders' feedback on value creation (Bacq & Aguilera, 2021). However, although some stakeholder theorists argue that joint value creation has the basis in an organizational behavior orientation in which the firm grounding rules for value creation are fairness, trustworthiness, loyalty, care, and respect (Jones et al., 2018), others posit the existence of some boundary conditions that challenge these grounding rules and design a more complex picture (Garcia-Castro & Francoeur,2016). The authors argue that “the relationship between stakeholder investments and firm performance does not follow a simple monotonic function; there are potential complementarities and trade-offs between investments in several stakeholder groups that have not been fully investigated in the literature.” On the other hand, scholars argue that if the stakeholder’s relationship is built on trust and loyalty, the firm can move out of a disadvantageous position by facilitating its strategic adjustments (Bosse et al., 2009). Besides, power redistribution may be done using a governance structure that embraces stakeholders’ participation in establishing the value-creation goals of the organization, a dialogue forum through procedures that are acceptable to all stakeholders despite their differences, and legitimating decisions (Bacq & Aguilera, 2021).

2.3.2 Value appropriation

Value appropriation is the process of retaining a percentage of the value provided in the relationship between the firm and its intended stakeholders (those who are part of its value-creation activities) (Bacq & Aguilera,2021). We describe the process the firm and multiple stakeholders shall go through to retain rents. However, value appropriation seems to be separated into two processes: distribution and capture (Bacq & Aguilera,2021). In this sense, value appropriation goes beyond contractual and legal agreements and is fundamentally based on societal issues, defined as individuals’ non-attended needs, either tangible or intangible. For that, we are describing these two processes, which start with managers’ awareness of the importance of societal issues.

Strategic Management literature has highlighted that people are the firm’s most valuable assets and that individuals are unique and, therefore, are their preferences and claims (Harrison, 2020; Freeman, 1984). From a stakeholder perspective, value distribution requires changing the organization's behavior and business model. The change in organizational behavior should be based on establishing trustworthy mechanisms that align and attend to multiple stakeholders’ expectations extracted during the value creation process. In this sense, trust between contract agents and understanding multiple stakeholders’ needs, utility, and claims is fundamental for value distribution to happen fairly and evenly between the parties (Harrison et al., 2010). Even though managers seek to maintain an organizational balance among stakeholders when planning value distribution (Harrison et al., 2010), there may be different scenarios of value distribution since all stakeholders compete for the same rent generated by the firm, and their bargaining power influences how this rent will be distributed and by whom it will be effectively captured (Coff, 1999; Clarkson, 1995).

Based on the premise that each firm is unique and that their primary stakeholders' map shall be unique too (Freeman, 1984), developing a stakeholders' map is a strategic tool the firm uses to establish criteria for the whole value creation system. Two key elements are essential to formulate the value distribution criteria: understanding stakeholders' bargaining power and establishing a material preference matrix. Freeman's work (1984) covers how managers can understand stakeholders' bargaining power, naming it the sixth force in competitive analysis. We describe three main steps extracted from the literature. They are (1) the identification of the firm's primary stakeholders (Harrison et al., 2010) and their salience (power, legitimacy, and urgency) (Mitchell et al.,1997); (2) the identification of stakeholders' utility function that describes their preferences for different combinations of tangible (related to economic issues) and intangible (subjective and individual-specific issues) attributes related to the core business; (3) and the identification results help the firm to understand better stakeholders' bargaining power and influence within value distribution criteria.

Freeman's 1984 framework details how to do it, indicating grounding premises as the one that the firm should aim at gathering individuals with shared preferences under the same stakeholder group and developing specific strategies to have good and long-term relationships with them to enhance the potential of the total joint value created (Freeman et al., 2020; Freeman, 1984). The firm may hire an independent consultancy or designate an internal committee (Stocker, 2020; Barbosa & Boaventura, 2019).

From the map development, the firm gets better knowledge about multiple stakeholders' interests and influence on the firm's activities and purpose (Ackermann & Eden, 2011). Sjödin et al.'s (2020) framework adds the importance of identifying value-creation opportunities besides stakeholders' preferences and claims. These two elements may contribute to developing the firm's value proposition. In this sense, a material preference matrix may gather Freeman's (1984) stakeholder map and Sjödin et al.'s (2020) framework. It seems a powerful tool that helps managers identify their firm's multiple stakeholder preferences and develop a transparent way to establish which tangible and intangible preferences will be addressed as strategic objectives (Sjödin et al., 2020). Which may unlock business opportunities while creating social benefits and welfare (Porter & Kramer, 2011).

However, depending on the stakeholders' power of influence and their strategic importance to the firm's performance, that is, stakeholders' salience (Harrison et al., 2010), their claim may be accepted even if not considered a main core business issue. This situation is usually demonstrated in an activist's action toward large firms (Coff, 1999). In this sense, stakeholders' bargaining power contributes to the definition of value distribution criteria, and desired results will be more likely captured, reducing conflicts and strengthening the relationships between multiple and diverse groups of stakeholders and the firm (Bacq & Aguilera,2021). Stakeholders' bargaining power directly impacts the material preference matrix configuration and, therefore, the firm's performance (Coff, 1999; Clarkson, 1995). In this sense, establishing value distribution criteria and processes is part of managers' duty.

Therefore, managers' primary mandate is to align multiple stakeholders in the same direction and connect their preferences to the firm's core business, turning these joint goals into strategic objectives (Freeman, 1984). Thus, establishing governance mechanisms to capture distributed value is part of managers' duty. We argue that value distribution criteria and mechanisms drive the establishment of governance mechanisms. Nevertheless, differently from value distribution, value capture is not entirely in managers' hands.

Even though managers are responsible for establishing governance mechanisms and monitoring the results of rent retention by the firm and multiple stakeholders, they cannot ensure rents are effectively captured. Each party will capture the proportional value due to previous agreements in constructing the value distribution criteria; for that, the firm establishes governance mechanisms to monitor results (Harrison, 2020; Sjödin et al., 2020; Harrison & Bosse, 2013).

The firm and its stakeholders constantly and transparently review the value potential to be captured by the parties (Teece, 2019). The firm moves on to the phase of more formal contractual discussions and decisions on the best profitability formula for different and multiple stakeholders only when the profit potential and commitment of key stakeholders are ensured (Sjödin et al., 2020; Teece, 2019). Besides, intangible value may be captured even if not formally agreed upon between the parties (Harrison, 2020), and it does not seem very easy for managers to monitor results.

2.3.3 Stakeholder value creation system

Managers' challenges in establishing and developing strategies to have good and long-term relationships with multiple stakeholders define which stakeholders 'claims and preferences to address in a joint value creation system and how close the firm should establish these relationships (Ackermann & Eden, 2011). By implementing a stakeholder value creation system, managers may address two key points: risk reduction and business opportunities. In this sense, managers develop strategies with multiple objectives: (1) to create and appropriate joint value, (2) to reduce the firm's risk in the value creation processes, (3) to reduce risk in increasing utility value for one stakeholder and reducing for another stakeholder, and (4) to identify the influence of each stakeholder in the firm's performance.

On the other hand, the firm may unlock business opportunities when it considers stakeholders as business partners. To better understand these two processes, it is essential to comprehend how these relationships work. Each stakeholder prefers different combinations of tangible and intangible issues resulting from the firm's utility function (Bacq & Aguilera,2021). By understanding the factors that drive stakeholders' utility function and the relative weight of each factor in the composition of the total utility (Bacq & Aguilera,2021; Harrison et al., 2010), the firm can create joint value, which is defined as expanding the total set of social and economic values generated by the firm with its multiple stakeholders (Menghwar & Daood, 2021). For example, shareholders may lose interest in the firm's activities and value appropriation system and transfer their shares, which may influence other stakeholders' interaction in inflows and outflows to generate an appropriate value (Barney, 2018).

Therefore, the firm needs structured processes to manage stakeholders' claims and preferences and to balance their treatment to create and appropriate joint value (Harrison, 2020). However, there is a gap in how the firm develops and coordinates joint value. On the one hand, investing in relationships with multiple stakeholders may be costly, which may be a barrier to joint value creation (Garcia-Castro & Francoeur,2016). On the other hand, the firm's performance seems to result from a long-term relationship with multiple stakeholders, relying on the firm's capabilities, routines, and processes coordinated in a systemic approach (Harrison, 2020).

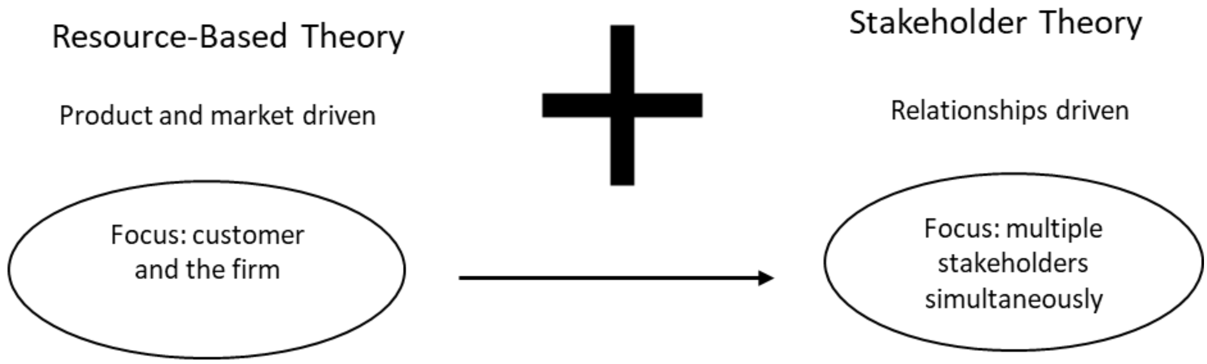
In this sense, a stakeholder value creation system's driver seems to be establishing a joint material preference matrix in which the firm addresses its central claims and preferences and its primary stakeholders. The joint themes, a combination of multiple stakeholders' tangible and intangible issues connected to the firm's core business and defined by the firm as essential to its survival and competitiveness, are incorporated into its strategic objectives to be addressed in a specific period.

In this way, this paper aims to describe how firms implement a stakeholder value creation system by understanding the two central elements of this system: (a) the nature of its constructs (joint value creation and appropriation) and (b) the nature of the relationships between multiple stakeholders. The following section explains how we got to the stakeholder value creation system construct.

2.3.4 Conceptual Framework

Our research design starts with a literature review of Resource-Based (RBT) and Stakeholder (SKT) theories. Based on it, we developed a conceptual framework that drove our empirical investigation. While rich literature is available on Resource-based and Stakeholder theories in isolation and often in separate fields, such as Ethics, Strategy, and Management, our research is positioned in Strategic Management, establishing a bridge between these other fields. Figure 1, Conceptual Framework, demonstrates how we gathered strategic elements from RBT and SKT theories, focusing on clarifying how managers may implement a stakeholder value creation system.

Figure 4: (Figure 1): Conceptual Framework



Source: elaborated by the authors

On the one hand, resource-based theory focuses on creating value for customers and the firm. The main point is transactions through products and markets that are sources of competitive advantage. Economic results drive the whole process of value creation and appropriation. On the other hand, Stakeholder theory focuses on the idea that value creation should aim at multiple stakeholders simultaneously and that relationships are a source of competitive advantage.

The firm and its stakeholders are co-creating and competing at the same time. Here, individuals' needs are at the center of the value proposition. Conversely, the firm's resources and capabilities are the center of a value proposition. Finally, on the one hand, trustworthiness and fairness are grounding values for relationships. On the other hand, bargaining power and threats drive transactions. We investigate how the example firms gather these elements into a stakeholder value creation system.

2.4 Method: Multiple case study

Based on the assumption that scientific research does not impose any general rule to be complied with and that researchers must justify their decisions by reflecting the best idea that supports their work (Creswell & Creswell, 2021), this study is designed as an applied and exploratory qualitative research. The multiple case study method was selected to guide this research due to its exploratory nature (Yin, 2014) since the method is suitable for building a new theory. Our study combines two strategy theories to explain how and why two constructs relate and clarify assumptions about a phenomenon (Gioia, 2021; Yin, 2013).

The fundamental premises of the method are that the organizational world is socially constructed and that the people directly involved with the studied phenomenon, the knowledgeable people, are those who can transfer knowledge through their perceptions and actions (Gioia, 2021; Yin, 2013). We based the critical element of our research design on in-depth interviews with knowledgeable people from eleven Brazilian firms.

Our research question is: How does a firm implement a stakeholder value creation system? To raise answers, we sought to collect explanations and evidence from the interaction with multiple stakeholder groups directly involved in the firm's value creation, distribution, and capture processes. We interviewed forty-seven "knowledgeable agents, namely, people in organizations who know what they are trying to do and can explain their thoughts, intentions, and actions" (Gioia et al., 2013, p.17). The experience and knowledge of these individuals are the heart of this research.

Yin (2013) argues that empirical case studies thrive when accompanied by theory and logical investigation, not when treated as mechanical data collection. In this sense, it is essential that the researcher has access to multiple data sources (several semi-structured interviews and documents) and several cases, thus bringing robustness to qualitative research (Yin, 2013). Besides, applying a multiple case study enables a set of comparative data and can provide more accurate and transferable insights than a single case (Gioia, 2021). Thus, we started our investigation by selecting the example firms. These firms caught our attention through their social media exposition, relating how they changed how they interacted with multiple stakeholders to achieve a different performance. The Secondary data analyzed was based on the firm's reports, YouTube videos, magazine articles, website, and social media. We then identified these firm's top managers and contacted them through LinkedIn. When the contacts were returned, we invited them to participate in our investigation and defined an interview agenda.

The primary data collection took place through semi-structured interviews with forty-seven people. All data files (transcription of interviews and terms of acceptance of participation) were stored in a specific drive for this research. We consider data collection and analysis key elements to fill the literature gaps on how these firms implement a stakeholder value creation system and to guarantee transparency and clarity in the description of the investigation process;

we established protocols (Gioia, 2021; Yin, 2013). In this sense, an interview protocol was elaborated to ensure a pattern in the procedures for collecting primary data.

We asked nine questions: 1) what sustainability or corporate social responsibility projects can you share with us? 2) And tell me what this project is like. ;3) Who are your stakeholders? 4) What are their claims and preferences? 5) How do you decide which ones to attend? 6) What value do you deliver to each stakeholder? (Employees, community, shareholders, customers, suppliers) 7) And how do you do that? 8) What do you get out of it? How does the company capture value? 9) What about stakeholders? How do they capture value?

The entry interview with the CEO or president of each firm had a semi-structured format. We began the interviews by asking the CEOs or presidents to describe their mandate in the firm and to point to the stakeholders with whom they have a relationship. We then asked them about a project (we suggested a sustainability, corporate social responsibility, or innovation project) they could share and explain how they created and distributed value to multiple stakeholders and how the firm captured value from managing multiple stakeholders. We focused on asking them to describe the processes of value creation, and appropriation, with multiple stakeholders. Finally, we asked how value creation and appropriation with multiple stakeholders' processes affect the firm's performance.

The Multiple stakeholders' interviews followed the same process. We interviewed at least one member of five primary stakeholder groups (customer, supplier, shareholder, employee, and Community). We got to the members from the indication of the interviewees. We asked them the same questions asked to the CEO or president. We invited the first interviewee to choose a project in which they could explain in detail how things were done. This first informant indicated other stakeholders to build our interview agenda. From that, we interviewed other stakeholders contemplating the same project, but not only. The interviewee was free to discuss the selected project and introduce another one.

All the interviews took an average of 40 to 60 minutes and were recorded and transcribed. We started this research in June 2020 with seven companies. We excluded three because we could not reach multiple stakeholders. In the following year, we added two other firms and two more. We looked for firms in different phases of building a stakeholder value creation system. Some other premises were grounded to select the firms, such as access to multiple stakeholders, data disclosure authorization, and access to the firm's leadership.

As this paper aims to understand the firm's joint value creation process with multiple stakeholders, we contacted, for in-depth interviews, at least one member of primary stakeholders' groups: shareholders, customers, employees, suppliers, and community. This paper presents the results that emerged from forty-seven interviews with stakeholders of eleven different companies from June 2020 to October 2022. Table 1, the company's description, labels the firm's sector, the number of interviews, and the interviewees' s positions.

Table 1 (Table 1): Sample Companies

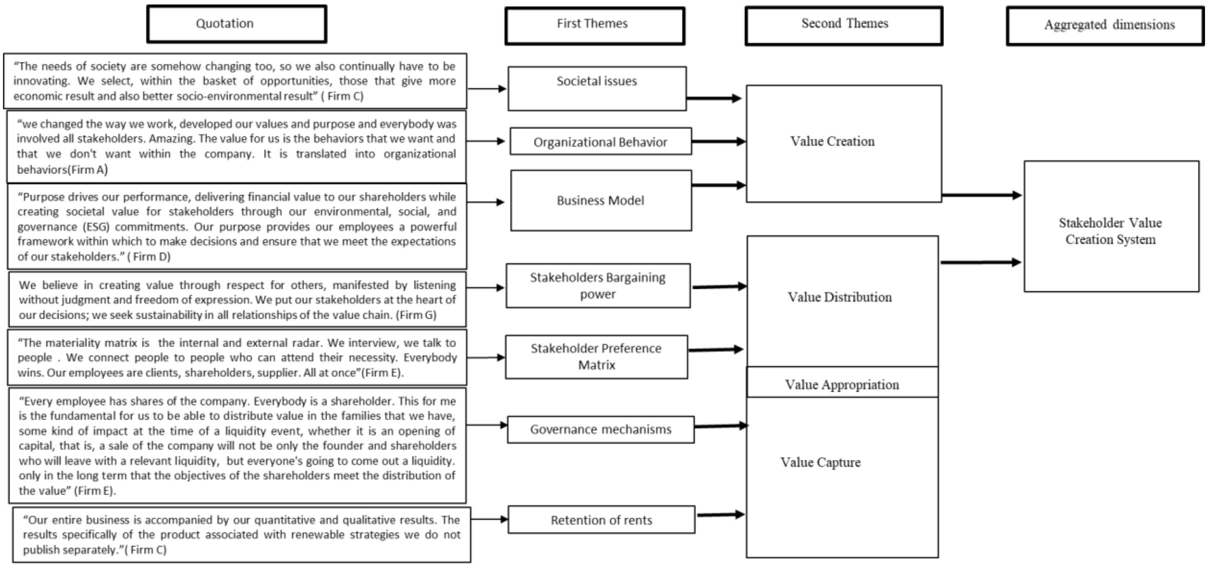
Case	Industry and brief description	Number of interviews	interviewee position
Firm A	Mineral Mining A natural zeolites develop solutions for water Treatment, animal nutrition and production, agriculture, Paints and Polymers industries company.	2 interviews	Chief Executive Officer and Head of sustainability department
Firm B	Ornamental Stone Mining One of the five largest ornamental stone mining companies in Brazil.	4 interviews	Chief Financial Officer, Production manager, Sales manager, Customer
Firm C	Chemical industry The largest producer of thermoplastic resins in the Americas and the largest producer of polypropylene in the United States.	2 interviews	Sustainability Director, Community member
Firm D	Chemical industry American multinational conglomerate corporation operating in the fields of industry, worker safety, health care, and consumer goods.	4 interviews	Product Stewardship manager, Institute manager, Salesperson, Head of Communication department
Firm E	Pets industry Leading Pet industry Digital Platform in Brazil.	6 interviews	Founder, Human resource Chief Officer, Human Resource Business partner(2), Product supplier, Customer
Firm F	Paper industry The world's leading eucalyptus pulp and paper producer and a global benchmark in the manufacture of bioproducts developed from eucalyptus.	4 interviews	Sustainability Director, Sustainability manager, Strategy assistant, Sustainability and Social development assistant
Firm G	Chemical industry Operates in waterproofing, asphalt blankets, surface protectors, sealants, additives for concrete and high-tech construction products.	2 interviews	President, Innovation and Sustainability manager
Firm H	Construction Builds high end projects	6 interviews	President, CFO, Project manager, Supply chain manager,supplier,customer
Firm I	Construction Leader in building low income houses	2 interviews	strategic director, sustainability manager
Firm J	Cosmetics Leader in beuaty industry	6 interviews	intitute manager, impact specialist, sales representative, customer, sustainability director,head of stakeholder enagagment
Firm K	Automobile Multinational company and leader in innovation	9 interviews	Sustainability Director, NGO,customer,Communication manager,visitor relationship coordinator,academy, 2 employee

Source: elaborated by the authors

Firms A, B, C, D, F, and K operate in the B2B (business to business) market attending different countries. Firms E, H, and I operate only in Brazil in the B2C (Business to Consumer) market. Firm J operates in the global B2C market. Moreover, Firm G operates in the B2B market only in Brazil. Although the number of interviews differs among the companies, the data collected covered our questions, giving us enough information to develop reasoning.

The code tree (Figure 2) guided our analyses. For value creation, the elements are societal issues, organizational behavior, and business models. For value appropriation, we separated in value distribution whose elements are the stakeholder preference matrix and stakeholder bargaining power. Value capture elements are governance mechanisms and retention of rents.

Figure 5 (Figure 2): Code Tree



Source: elaborated by the authors

Quotation lists extracts from data that drove first theme categories. The first themes are the categories that drove our analyses. The second theme is the system processes; the aggregated dimension is the construct we are investigating.

2.5 Results and discussion

We present the results and discussion by processes: Value Creation, Value appropriation (Distribution and Capture), and categories within the processes.

2.5.1 Value creation

Societal issues

The first step to implementing a stakeholder value creation system, that is, a value creation process engaging the firm's employees, customers, suppliers, shareholders, and community members, requires a mindset change from top managers. Top managers are pushed to count on individuals or resource suppliers. In this sense, a joint value creation process grounds the idea that individuals belong to a community and a society and are together because of commonalities. They have common goals, common worldviews, and values. These individuals represent society. Therefore, managers are pushed to look at the market's demands differently from societal issues, defined as non-attended intangible and tangible issues. Societal issues seem to be a hit for employees and top managers from Firms B, E, D, and F.

> We cannot waste water or energy (Firm B). We all saw what companies can do to make the world better during the pandemic. (Firm E). We developed disinfectants to protect people from the virus. That was our duty. (Firm D). We are not talking about worrying about our results or bottom line but about how we participate in the much-needed transformation in society (Firm F).

Firm D extracts show how the firm developed a new and profitable product by attending to one societal need during the COVID-19 pandemic. By recognizing the importance of not wasting water and energy, Firm B implemented solar energy panels and a recycling water system in its mining area, creating value for the community, local government, and employees and reducing production costs.

Societal issues drive leadership behavior change (Polman & Winston, 2022). A purpose-driven leader who understands business is part of society and “business only thrives in societies that are prosperous” (Firm F). This reinforces Freeman’s (1984) and Porter and Kramer’s (2011) concepts that, from this perspective, trade-offs must be avoided. In this sense, managers must align multiple stakeholders in the same direction, balancing expectations and making efforts to advocate by commonalities (“AND”) and not by differences (“OR”). We conclude this category with an extract from Firm F sustainability director’s interview transcription:

> I do not believe in socio-environmental without the economy. My dream is to prove to the financial market to prove to other sectors that it is possible to work and be competitive by being responsible. The vision is precise; I need to work that out, but I do not have the money to do it, so let us move this minus that[...] (Firm F).

Organizational Behavior

In the business context, the movement of gathering people under common goals is observed through organizational behavior. As demonstrated in the excerpt from Firm E and D interviews respectfully.

> The organization is a mini society with its values and ethics. Our values are in our actions. (Firm E). We unlock the power of people, ideas, and science to reimagine what is possible. The power comes from connecting purpose to our performance. (Firm D).

They talk about the importance of walking the talk. As identified in the literature, trust, respect, fairness, and loyalty are embedded into the mini-society as Firm D states that Firm E named the organization and put the individual in the center. Therefore, organizational behavior defines which stakeholder groups are aligned with the firm’s culture and engaged in the value-creation process. Besides, Firm D describes a cocreation process where the firm creates opportunities by listening to the end customers and identifying their non-attended needs:

> By listening to the students participating in our science and technology fairs, we can better understand society's needs and develop better products to meet those needs (Firm D).

By addressing social and environmental non-attended needs within its business model, the firm opens a range of business opportunities and simultaneously solves societal problems, as debated in the literature on shared value strategies (Menghwar & Daood, 2021).

Business Model

Business model redefinition is one driver for the Stakeholder Value Creation System. The excerpts from Firm F and D indicate some refinement. Firms F and D enhance the importance of developing products and services to meet their client's needs and create value for other primary stakeholders.

> We think every day about how to create better products and services. This is how we must create value for everybody: our clients, employees, and partners (Firm F). Purpose drives our performance, delivering financial value to our shareholders while creating societal value for stakeholders through our environmental, social, and governance (ESG) commitments. Our purpose is to provide our employees with a robust framework within which to make decisions and ensure that we meet the expectations of our stakeholders (Firm D).

The firm opens its door to external stakeholders as stated by Firm F:

> The relationship with the customer cannot be only economic. Today, he knows what I do, who I am, and who my team is, and he has already visited the projects.

Two additional elements in the joint value creation process emerged from the interviews: open and horizontal leadership and collaborative decision-making. Open and Horizontal leadership is described as how Top managers treat employees, suppliers, and customers. It is a non-hierarchical treatment. Top managers are accessible to everyone to listen to their claims and suggestions, as demonstrated in the extract of Firm D:

> It is a horizontal structure, even having 23 business units. It is flattened in each vertical. I am here assuming that it is because of this issue of collaboration; everyone works on the network.

Moreover, Firm H CFO's extract confirms by saying:

> The decision-making is shared among managers. The owners are not involved in daily activities. That old idea of hierarchy in business management does not happen here.

The Collaborative Decision-making process comes from this networking and collaborative way of leadership. A promotion proposal is input into a platform, and everybody in the organization can vote and include comments, as demonstrated in the extract from Firm D, or the customer drives the firm's decision by participating in the project, as stated by a Top manager of Firm C:

> The promotion is announced, and as everyone is aware of this process, the personal conquest is an achievement for everybody. (Firm D) Our customers, who first got involved, had a purpose alignment with us, so they also wanted to demonstrate that they could add value in a shared way through their business. We are working to build a new business model (Firm C).

The extract from Firm E demonstrates how the firm redefines its productivity by having collaborative brainstorming over a strategic objective:

> We decided to reduce 5% of greenhouse gas emissions, and we are investing R$ 1,5 million on that. The guys from development come up with ideas of how to rethink our fleet more ecologically. The cost reduction will be invested in the resignification of the production process. It is a team effort.

Firm C relates that the stakeholder turn was pushed by one of its clients. The same decision-making approach was stated by Firms E and D. Customers are critical stakeholders in the stakeholder orientation turn and the stakeholder value system implementation.

In this sense, business model development puts the non-attended individuals' needs at the center of the firm’s value proposition, which is embedded into societal issues and the global agenda. Firms are pushed to incorporate three dimensions on their bottom-line configuration. Economic, social, and environmental performance are interviewed. Managers’ challenge is to include in the firm’s costs money allocated to deal with social and environmental consequences their firm’s operations cause.

Therefore, value is created centered on societal issues, attendance in the organization’s behavior, business model redefinition within the firm’s core business, and value chain activities. In this sense, we enhance evidence for Harrison‘s (2020) value creation system work and Freeman’s (1984) strategic management with the stakeholder approach as essential concepts for today’s strategic management performance. We exemplify it using the Firm E case.

Firm E creates value for pet lovers by connecting people who need help caring for their pets to people who supply pet products and services. The driver of the value-creation process is this societal non-attended need. Firm E’s founder understood that by democratizing access to pet services and products through a digital platform, he could create value for different stakeholders and, at the same time, transform how society interacted with pets. The open and horizontal leadership impacted employees’ behavior, and as they say, “We are all pet lovers.” This feeling of belonging to the value proposition construction as the “owner” of the company drove the company’s business model redefinition.

The pet-human relationship and non-attended needs (societal issues) are central to research and development processes. Trustworthiness and collaboration are fundamental values for the firm and its stakeholders. The horizontal leadership style embraces stakeholders in decision-making processes. Employees have the autonomy to suggest ways of achieving business objectives. A new function emerged: Human Resource Business Partners (HRBP) to listen to different internal stakeholders to guarantee they capture the value and the firm maintains the best talents. When discussing how Firm E does business, employees, shareholders, top managers, suppliers, and clients identify these values. Dog Hero service emerged from an observation that many people were looking for someone to take their pets for a walk, and on the other side, many people love pets and would be willing to take somebody else's pets for a walk. This service creates economic and intangible value for the firm, its supplier, and its customers. However, among employees are also customers and suppliers, creating value for more than the intended stakeholders.

Despite being in early stakeholder-turn stages, more traditional industries such as construction and mining realize it is a no-go-back idea. Unanimously, the companies recognize the effort and investment in developing new skills and that, in many situations, it is not feasible to address stakeholders' claims. A gender demand (societal issue) endogenously pushed can only be achieved in the long term and by establishing targets per area within the company. Firm K's extracts say:

> We know we are a very male company and that having a balanced number of female and male employees may help innovation. However, we had to implement different tools and procedures to have women in the operations. It is costly, but it is worth doing. Today, we have about 180 women in the operation. (Firm K)

Value creation within the Stakeholder Value Creation System is driven by a mindset change that leads to an organization's behavior composed of values putting societal issues and non-attended needs at the center of the business model (Bridoux & Stoelhorst,2022; Jones et al., 2018; Harrison & Wicks, 2013; Porter & Kramer, 2011). The value proposition is built in a cocreation and collaborative manner to fulfill the needs. The target non-attended societal need relates to the firm's core business (Henderson, 2021; Harrison, 2020; Porter & Kramer, 2011). Value creation is an endless process of cocreation.

2.5.2 Value appropriation

The literature review identifies some elements in value appropriation composed of distribution and capture processes (Bacq & Aguilera,2021): stakeholder bargaining power, stakeholder preference matrix, governance mechanism implementation, and the retention of rents. Our results analysis will examine them separately within the distribution and capture processes.

Value Distribution

Stakeholder Bargaining Power

The investigated companies agree that identifying primary stakeholder material preferences related to the firm's core business enables the firm to better achieve stakeholder satisfaction and engagement. The critical point is the expectations' alignment between stakeholders and the firm. It is a long-term process of listening to internal and external stakeholders, as demonstrated from the excerpts of Firm E and F.

> A matrix of materiality is an internal and external radar (Firm E). The materiality matrix defines long-term indicators and goals (Firm F). First, I hired the person for my team, and then we hired an independent consulting firm. So, we brought a consultancy to do these questionnaires and to listen to suppliers, shareholders, employees, and leadership. They listened to about 70 people from all our business units and got to 7 material themes. From that, we got to three strategic pillars: responsible operation, health promotion, pet-human well-being, and governance (Firm E).

The methodology applied to formulate questionnaires and interview protocol and collecting data are essential steps in getting to stakeholders' utility function, preferences, and, therefore, the firm's material themes, as shown in the extracts of Firm E.

Firm F extracts complement demonstrating how the process is validated within leadership.

> These goals are approved by the executive board, the sustainability committee, and the board of directors and are disclosed to the market.

After internal validation, external stakeholders' alignment to the material preferences matrix is fundamental to getting to a jointly created criteria for value distribution, as shown in the extract of Firm F.

> The targets are based on economic, environmental, and social indicators. It enables the interests of businesses and society to come into tune. Increasingly demanding, the external public has also been more integrated into the day-to-day life of the firm. The closer monitoring requires businesses to fully understand these aspects so that any decision about them does not generate a collision but rather an integration of interests. (Firm F)

As the extracts above demonstrate, stakeholders' bargaining power influences value distribution since it influences the definition of material themes and the firm's strategic objectives. However, the example companies highlight the importance of defining the essential stakeholders, which may harm the firm's profitability and existence, and classifying stakeholders' claims relating them to the core business to avoid conflict and enable value distribution from a fair perspective.

> Knowledge and the promotion of knowledge are other pillars for us. We have the clarity that technical information and technical trust are one of our pillars. Because we do not sell a commodity, we sell technology, even from a stone. This limits our action and value system (Firm A).

In this sense, the Firm A extract demonstrates how it sticks to its core competence to balance stakeholders' claims in the value distribution process. In addition, Firm E's supplier extract shows how the firm agrees on value distribution criteria when aligned in value creation.

> They are very competitive and stick to good margins. So, we are. Thus, we see value in their educational platform. We do not diminish our product prices but invest in their educational platform. By being there, we have access to all the veterinarians in Brazil. That is valuable for our product to be seen (Firm E).

Stakeholder Preference Matrix

The stakeholder preference matrix is the combination of identifying the firm's material themes and stakeholder preferences and may be developed with external help. For example, Firm G hired a consultancy company with chemical sector knowledge to gather its internal team to establish the materiality matrix as a first step to establishing its strategic objectives. They decided to follow Global Reporting Initiatives (GRI) and Standards and Sustainability Accounting Standards Board (SASB) to drive the reasoning as shown in the extract:

> The Matrix helps to give north to the primary material themes that can contribute to the efficiency of operations by reducing their costs.

The first step was identifying the firm's primary stakeholders and their bargaining power. For that, they used different tools, such as interviews, workshops, questionnaires, and getting involved with social actions in a community. The CEO's extract demonstrates how external stakeholders' needs impacted the firm's value distribution criteria.

> So, you have a housing deficit of eight million homes; you have unhealthy residences that out of the stock of 80 million homes in Brazil, 16 million are unhealthy: a family cannot develop healthily living in an unhealthy home.

By looking at external stakeholders' non-attended needs, they understood that some internal stakeholders had the same problem. The data collection analysis led them to define seven material themes.

From the materiality matrix development, the firm identified that their products could solve infiltration problems in popular houses, improving habitants' health.

> In our specific case, we saw that the fourth cause of hospitalization of the SUS (Public et al.) in Brazil comes from respiratory diseases, and 35% of them come from exposure to moisture, the infiltrations that generate mold, and this especially touches children. Moreover, it has a whole impact: a child gets sick, does not go to school, and the mother cannot work –especially in the lower classes. Moreover, from an economic point of view, if you talk about the real estate market, the big lever, the universe for value creation, is in the range below five minimum wages. (Firm G)

The material themes drove the firm's strategic objectives toward solving societal problems from housing construction and remodeling. Identifying stakeholders' utility functions and tangible and intangible preferences related to the firm's core business raised innovation and awareness that internal stakeholders were also customers, and the firm set up its material preferences matrix. The firm established an internal project to remodel its employees' houses. Value was distributed by identifying an individual's (employee's) non-attended need. Internal and external stakeholders' engagement in value distribution is connected to what the firm does within its value chain activities.

> We do not know if someone has a housing problem among our employees - we have almost 700 employees. So, imagine you go out with your purpose, then we do this mapping… and we renovated the house of four employees that we identified. (Firm G)

In sum, the stakeholder preference matrix, which is the identification of primary stakeholders (Clarkson, 1985), their claims, and bargaining power (Clarkson, 1985; Freeman, 1984) and the firm's material themes are critical elements for the firm to conduct negotiations and stick to its core business to create and appropriate joint value with its stakeholders in a fairness perspective (Harrison & Bosse, 2013; Harrison et al., 2010; Bosse et al., 2009). Both chemical and paper industries' publishing data showed they are participating in open events to get the end customers' attention to their brand and connecting to them by addressing non-attended social and environmental needs connected to their core business.

Value Capture

Governance Mechanisms

Governance mechanisms help the firm be aware of who is capturing value but highlight that rent retention is crucial for some stakeholders, such as shareholders, employees, and suppliers. Governance mechanisms structurally align intangible and tangible stakeholders' preferences as strategic objectives for specific performance indicators. The Performance indicators interview business and social results, as the Firm A extract demonstrates.

> They are incredibly excited about this project. They brought me this project; we supply drinking water for the community. It is great. However, the economic return makes their eyes sparkle. At the economic return, they see how the firm and everybody else capture value. Cost reduction, life improvement, less illness. (Firm A)

Shared value policies and practices have long helped firms to operationalize stakeholder management concepts (Polman & Winston, 2022; Menghwar & Daood, 2021). It seems organizations can solve the world's societal issues. Still, they can address some or at least only connected to their core business, and by doing so, they enhance scalable solutions.

Retention of Rents

From an economic perspective, retention of rents, defined as income derived from ownership or control over a limited asset or resource more than their opportunity cost seems incomplete and may mislead managers (Stoelhorst, 2021). When the stakeholder perspective is incorporated, the original Resource-based view of rents related to profits gains a broader definition. In this sense, rents may be understood as the tangible and intangible value captured over relationships between the firm and its multiple stakeholders. Nonetheless, achieving economic results seems to be a multiple-stakeholder aim when developing firm relationships. However, the example firms' extracts have demonstrated that value comprises tangible (economic) and intangible (non-economic) issues. Therefore, value capture must incorporate intangible issues in the rent concept. An example of that is knowledge as a value.

When knowledge is the value, multiple stakeholders and the firm may capture it during the whole stakeholder value creation system. However, even though firms may set up performance indicators and include monitoring how much value is being captured in diverse operations, measuring how much value is captured and primarily by who is still challenging. The extracts from Firm D and E exemplify how both companies use the educational platform to create and distribute value and how this value is captured. Firm E supplier extract demonstrates how value is captured:

> We pay to be on their educational platform because of the access to the customer's database. About 100 thousand vets are receiving information about our products. That is priceless (Firm E). "The teacher updates their knowledge at zero cost. Moreover, students are better formed. We have stories of trainees who got to know our company through their teachers and dreamed of being part of our organization. We have a Latin American manager who is an ex-public-school student who participated in one of our tech fairs (Firm D).

Firm D's manager is proud to say that more than 14 thousand public school teachers access their educational platform to capture knowledge about science and technology. They can count how many teachers, but they cannot count how much knowledge was captured. Nevertheless, Firm D demonstrates that stakeholders capture value in different ways. Selling products is one way the firm captures value as employees get salaries and suppliers are paid for supplying goods. However, intangible value is captured in a non-controlled. The company invests in public school teachers and students by exchanging technology and scientific knowledge. They capture the intangible value, and the firm invests in future talents. Some of the values captured can only be measured in the long-term return, as shown in the extract from firm D,

> We invest in having a future generation thinking about innovation and technology, and maybe we will have talents back among our employees. (Firm D)

Value capture happens in the short, medium, and long term. It goes beyond economic issues such as long-term growth, higher wages, and profit sharing (Henderson, 2021; Harrison, 2020). Economic achievements are necessary and should go as market leads. However, social issues such as being recognized and admired by peers (Stoelhorst, 2021) and the feeling of belonging to a firm (small society) (Bosse et al., 2009) define where talents work, where customers buy, where shareholders invest, and whom society considers admired business and with whom suppliers want to have long business relationships. Therefore, Value Capture contemplates tangible and intangible values (Harrison, 2020; Porter & Kramer, 2011) in a non-cause-effect linear relationship, and its identification is complex. It demands time and observation.

2.6 Contribution

2.6.1 Theoretical

We contribute to Freeman (1984) updating his stakeholder map - the "hub-spoke" relationship model- that positions the firm in the center and drives the networking process. Our results led to an updated version of this configuration since the firm kicked off the first interaction with multiple stakeholders. However, it cannot control the numerous interactions, value creation, and appropriation among them in a collaborative and competitive context where the firm is the focal player.

The value creation process's driver is societal issues. Both primary and secondary data indicate a business mindset change that pushes an organizational behavior adaptation. This new organizational behavior puts societal issues at the center of the value proposition, redefining its business model, which contributes to bringing evidence to the principle of fairness and distributional justice (Bosse et al., 2009). Value creation is an endless collaborative process, bringing evidence to Freeman's (1984) argument that the business arena is much more cooperative than competitive.

However, we may redefine competitiveness, enhancing the positive aspect of the construct as an engine for collaboration and innovation among multiple stakeholders. In Value appropriation, the material preferences matrix process demonstrates how identifying primary stakeholders, their claims, bargaining power, and the formulation of the material preferences matrix guides the firm to structure its value distribution criteria, connecting it to its core business and value chain activities. In this sense, our contribution lies in Harrison & Bosse (2013), Harrison, Bosse & Phillips (2010), and Bosse, Philips, & Harrison (2009) studies bringing more evidence on the importance of the companies to develop a fair value distributional mechanism to attend to multiple stakeholders' preferences and guarantee profitability.

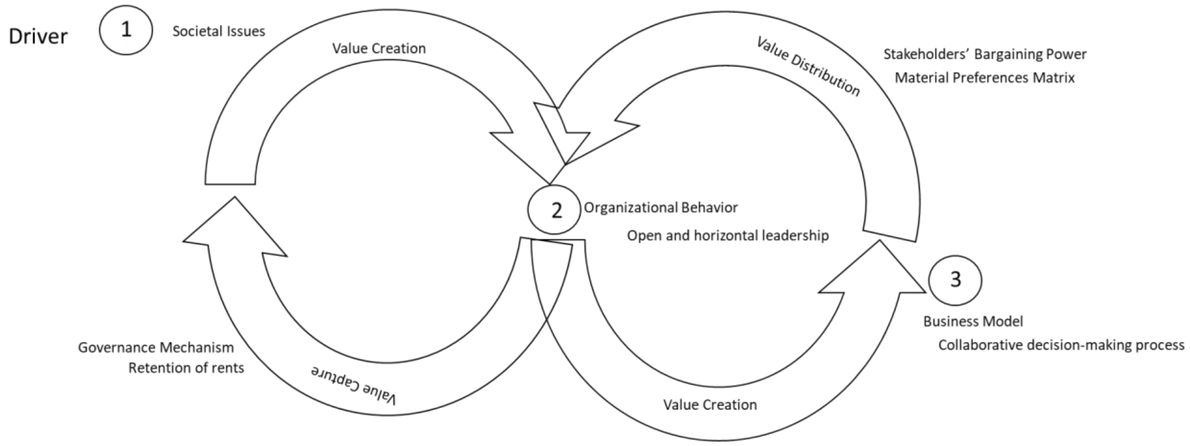
We also contribute to Bridoux and Stoelhorst (2022), adding more examples of how companies address tangible and intangible issues in joint value-creation processes. Value capture contemplates both tangible(economic) and intangible (preferences) issues (Harrison, 2020; Porter & Kramer, 2011) and happens at different times. Value capture is not identifiable in an objective manner when knowledge is the value. Other intangible value capture demands further investigation. Our results show that the interactions between the firm and its stakeholders and the stakeholders with one another are countless.

In the Stakeholder value creation system, one element may simultaneously be the cause and effect of the other; therefore, it is not linear. Instead, it looks like an infinitum image. The firm drives the first relationship between elements within the system. However, it does not control all the possible connections among stakeholders, as it happens in a net relationship image. Trustworthiness is the grounding rule for long-term relationships and performance for the firm and its stakeholders (Harrison et al., 2010). The firm is borderless. There is no difference between business and society; both belong to the same set and are interconnected. At the same time, the individual may be an employee, a customer, a supplier, a shareholder, or a community member, which has reconfigured how the firm and its stakeholders relate to one another (Henderson, 2021). Business objectives are defined by the means that it is suitable for the company if it is good for the world. The decisions consider the impacts on the planet, society, and profitability (Polman & Winston, 2022; Porter & Kramer, 2011).

2.6.2 Managerial

We contribute to managers demonstrating how to implement a Stakeholder Value Creation System (Figure 3) to create, distribute, and appropriate value with multiple stakeholders. Figure 3 shows the system's drivers (Circles 1 to 3) in an endless process of value creation, distribution, and capture and the steps managers may follow to implement the system in their firms.

Figure 6 (Figure 3): Stakeholder Value Creation System



Source: elaborated by the authors

Societal issues and individual needs push managers' mindsets to change and drive the stakeholder value creation system. Purpose-driven leadership is required to kick off the process and unlock an organizational behavior change aligned to this new world, impacting the reconfiguration of the firm's business model. In this sense, the first step requires managers to identify multiple stakeholders that affect and the ones that are affected by the firm's activities. Second, managers should talk to, interview, and send questionnaires to understand these stakeholders' preferences. At this phase, managers may need to develop new capabilities, such as actively listening to capture real meanings without judgment.

The next step is to fill up a material preference matrix where managers list each stakeholder group, identify commonalities within these individuals gathered under a specific group, and describe their tangible and intangible preferences. Based on the overview of shared preferences and those crucial for the firm's survival, managers choose stakeholders' preferences that the firm should address as strategic objectives. A fundamental point at this stage is transparency. Managers should publicize the firm's decision to all stakeholders, communicating in clear language so that everybody acquires a consistent message.

At this point, a third driver is the redefinition of the business model. Managers must redesign their business model from a multiple-stakeholder perspective, establishing fair value distribution criteria that must be validated by all the stakeholders affected. The key performance indicators should contemplate tangible and intangible business and stakeholders' issues to guide value capture monitoring. Finally, the stakeholder value creation system embraces dynamic processes that managers should constantly update according to changes in societal issues and the organization's behavior. The stakeholder preference matrix is a solid tool to help managers listen to multiple stakeholders' preferences and claims, list them, and then connect them to the firm's core business, enabling scalable solutions to societal issues. The firm's purpose and core business are the boundaries that will help managers establish material themes to become strategic objectives in the decision-making process.

2.7 Conclusion, Limitations and Future Agenda

We aimed to answer how the firm implements a stakeholder value creation system. Based on a multiple case study and interviewing forty-seven people from eleven different firms, we got to academic and managerial contributions. Our data shows that the stakeholder value creation system embraces three processes value creation, distribution, and capture, and helps firms design competitive strategies by using seven elements: (1) *societal issues, (2) organizational behavior, (3) business model redefinition, (4) stakeholder preference matrix, (5) stakeholder bargaining power; (6) governance mechanism, and (7) retention of rents*. Value creation is a dynamic and endless process. Our data reveals that the appropriation process embraces value distribution and capture processes. Value distribution is based on formal and informal contracts and demands criteria to satisfy the firm and stakeholders. It is an activity performed by the firm. On the other hand, value capture is an action performed by stakeholders. Further investigation should deepen in value distribution, using quantitative methods considering it as the dependent variable. Further research agenda could test our framework with a broader range of firms and in other countries.

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3 PAPER 2: Micro-foundations of Stakeholder Management Capability[2]

3.1 Abstract

This paper investigates how top managers develop and coordinate specific capabilities to simultaneously create value with multiple stakeholders and achieve performance. Our thesis is that the stakeholder management capability is a dynamic capability embedded in the firm's leadership that allows them to identify new capabilities to manage multiple stakeholders simultaneously (sense), develop (seize), and redeploy new capabilities, transforming existing ones to manage their firm's multiple stakeholders better (transform). We applied qualitative research and in-depth interviews with 32 individuals from four companies, enabling us to raise eleven stakeholder management capability micro-foundations. We contribute to Dynamic Capability (DC) literature and Stakeholder Theory (SKT), adding a new dynamic capability and stakeholder management capability and raising its micro-foundations. Top managers' mindset change drives the firm to transform its current capabilities to manage multiple stakeholders' growing and changeable claims and preferences over time to create value for them and the firm simultaneously. Our managerial contribution is a framework to help managers identify indicators of how they incorporate stakeholders' claims and preferences into the firm's strategic objectives, aligning multiple stakeholders in the same direction, managing overtime changes to get to both social and economic results, and providing mechanisms of value creation and appropriation. Results show that the updated CEO and top managers' mandate is managing multiple stakeholders efficiently and effectively. We suggest further investigation could establish performance indicators for each phase (sense, seize, and transform) using the identified micro-foundations. Our study has its limits in context and firm size since we investigated large organizations operating in Brazil.

Keywords: Dynamic capability. Resource-based View. Stakeholder Theory. Strategy**.**

3.2 Introduction

Stakeholder management is central to explaining why some firms successfully create value over time for multiple stakeholders simultaneously, and others fail. In this vein, top managers face a significant challenge of aligning their claims and interests in the same direction (Freeman, 1984). The management of multiple stakeholders is neither an automatic nor an easy task. From the Resource Based View theoretical perspective, if top managers need a different capability to manage each stakeholder group, it may be extremely costly and a barrier for the organization to implement mechanisms to manage them (Stoelhorst, 2021; Muhlbacher & Bobel,2019). Besides, a central scientific inquiry about capabilities in modern strategy and management is how firms change their capabilities to adapt to a changing environment (Foss & Teece, 2022; Foss & Foss,2022).

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In this sense, scholars have examined different dynamic capabilities and their relevance to the adaptation. On the other hand, from the Stakeholder Theory's perspective, if top managers decide to create value for a specific group of stakeholders that proves to be costly, losing productivity and competitiveness, they may choose to end the firm's relationship with this stakeholder group who may lose value in the long term (Barakat et al., 2022; Stoelhorst, 2021). The challenge top managers face is finding a path and developing processes – policies and practices- to satisfy multiple stakeholders simultaneously (Freeman et al.,2007). Therefore, we need to understand the nature of the stakeholder management capability as a central element of this joint value-creation system.

Surprisingly, however, the current literature is silent on how firms dynamically change how they manage multiple stakeholders. In this sense, firms that develop a dynamic capability to manage multiple stakeholders effectively and purposefully have gained the strength to create value for multiple stakeholders that change claims and preferences over time. This paper investigates how top managers develop and coordinate a specific capability to simultaneously create value with multiple stakeholders and achieve performance. We argue that stakeholder management capability is a dynamic capability embedded in the top managers that allows them to transform existing capabilities to manage multiple stakeholders better.

Our underlying theoretical argument is that top managers must develop a unique dynamic capability to create and redeploy other capabilities to create value with multiple stakeholders simultaneously and achieve performance. We name it stakeholder management capability. Our research theoretical foundation lies in combining resource-based and stakeholder theories (Barney, 2018; Zollo et al., 2018; McGahan, 2021). Scholars (Freeman et al., 2021; McGahan,2023) updated debate agree that both theories complement one another and may help organizations to implement a stakeholder management business model (Freeman et al., 2021; Barney, 2018). In which top managers aim to create value with multiple stakeholders simultaneously and guarantee the firm's profitability (Bridoux & Stoelhorst, 2022; Henderson, 2021; Harrison, 2020; Barney, 2018; Freeman et al.,2007).

In this sense, we argue that the combined theories have twofold objectives: (a) help top managers to identify multiple stakeholders and their claims (Clarkson,1985; Freeman, 1984), and (b) develop capabilities to attend to them (McGahan, 2021; Harrison, 2020; Zollo et al., 2018; Barney, 1991). In this sense, "claimancy rights establish which individuals or groups can capture the value created by the firm" (Klein et al., 2019, p.10), and top managers' capabilities operationalize how it creates value (Henderson, 2021; Freeman et al., 2021; McGahan,2021; Teece,2019; Barney,2018; Zollo et al., 2018; Nag et al., 2007).

Therefore, our research question is: How do managers develop and coordinate a specific capability to create value for multiple stakeholders simultaneously and achieve performance? This paper investigates how top managers develop and coordinate a particular capability to create value with multiple stakeholders simultaneously and achieve performance. We applied qualitative exploratory inductive research based on the multiple case theory-building approach (Gioia, 2021). To understand the elements that compose the stakeholder management capability (SMC), we investigated how top managers (C-levels, directors, and managers) from different firms and industries (construction pet ecosystem, chemical, and paper industry) developed and implemented the stakeholder management governance mechanisms. We conducted in-depth interviews with an average of five company stakeholders, totaling 32 interviews from November 2020 to November 2022.

We contribute to Dynamic Capability (DC) literature and Stakeholder Theory (SKT) in several ways. Our first contribution that gathers both DC and SKT is adding a new dynamic capability, stakeholder management capability, and raising its micro-foundations. It is top managers' mindset change that drives the firm to transform its current capabilities to manage multiple stakeholders' growing and changeable claims and preferences over time to create value for them and the firm simultaneously (Teece, 2007; Freeman, 1984).

The second contribution addresses a core dilemma in the current stakeholder management literature: whether a single capability manages stakeholders (Harrison et al., 2010). Our study clarifies that this capability is dispersed through different people, areas, and units. However, our study advances by identifying that a specific capability modifies this stakeholder capability over time. This helps managers understand how to manage multiple stakeholders' claims and preferences that grow and change over time and align them in the same direction to create value for them simultaneously and achieve superior performance (Freeman et al.,2007).

The third contribution is a managerial framework to help managers identify indicators of how they incorporate stakeholders' claims and preferences into the firm's strategic objectives, aligning multiple stakeholders in the same direction, managing overtime changes to get to both social and economic results, providing mechanisms of value creation and appropriation. It describes a path managers may follow to establish their companies' joint value-creation system. Results show that the updated CEO and top managers' mandate is managing multiple stakeholders efficiently and effectively; therefore, by understanding how to structure a stakeholder management governance, our study identifies the steps these agents may follow to achieve performance, creating value for them, the firm, and multiple stakeholders.

Although our investigation brought some contribution both to the academic and business contexts, some more investigation could be done testing stakeholder management performance indicators. Other scholars could establish performance indicators for each phase (sense, seize, and transform) using the identified micro-foundations. Our study has its limits in context and firm size since we investigated large organizations operating in Brazil.

The paper is structured into sex sections. The following section, section two, brings the theoretical foundation. Section three, methodology, describes how our research design was developed. Section four presents the results, and section five discusses our data revelation from the theoretical perspective. Section six summarizes the research, bringing its contributions and limitations.

3.3 Stakeholder-resourced-based theory and value creation

Top managers need coordinated processes (capabilities) to manage stakeholders' claims (McGahan, 2021) and create value (Cabral et al., 2019). These claims are constantly growing and changing over time. For that, scholars argue that top managers need a unique capability to manage multiple stakeholders (Barney, 2018; Zollo et al.,2018) that enable and support the firm's value proposition in both the competitive and the cooperative contexts (Zollo et al.,2018). More specifically, top managers need a dynamic capability to enable firms to adapt to changes in the business environment (Teece, 2019) to manage stakeholders' constantly growing and changing claims and preferences. It is a dynamic capability that allows top managers to develop individual task routines and team coordination efforts to raise assumptions about multiple stakeholders' preferences, updated business problems, and ongoing technology (Helfat & Peteraf, 2003).

Therefore, we argue that stakeholder management capability is a dynamic capability and may be decomposed into three processes: sensing, seizing, and transforming. Understanding each process's micro-foundations, as well as the motivations and cognitions of individuals (Foss & Foss, 2022; Teece,2007), is a vital objective of this paper.

In the sensing process, the firm scans, searches, and identifies stakeholders and their claims (Clarkson, 1995), the required resources to attend to these claims (Harrison et al., 2010), and how to coordinate its capabilities to manage both multiple stakeholders and their claims to achieve superior performance and gain competitive advantage (Harrison, 2020; Zollo et al., 2018).

An important line of inquiry examines the leadership's ability to understand that the firm needs to create value for multiple stakeholders simultaneously (Freeman et al.,2007) and have the will to build relationships of mutual trust with multiple stakeholders (Freeman et al.,2007; Wicks et al., 1999) to create value and achieve the firm's performance and competitive advantage (Porter & Kramer, 2011). It requires the leader's mindset to change. The stakeholder-oriented approach adds intangible attributes to both value creation and appropriation outcomes (Freeman et al., 2021; McGahan,2021; Harrison, 2020; Barney,2018; Zollo et al., 2018; Porter & Kramer, 2011; Harrison et al., 2010).

The managerial view that value creation happens through transactions (Stoelhorst, 2021; Barney,2018; Williamson,1979) gives place to the vision that value creation is more significant through stakeholders' engagement in the transactions, that is, through relationships (Bosse & Coughlan,2016; Freeman et al.,2007). The challenge is finding solutions to common issues; optimal trust happens when there is a willingness to trust movement to create sustainable economic relationships. A key factor is determining whom to trust, to what extent, and to what amount (Wicks et al., 1999). However, the current scholarship provides limited insights into how top managers deploy a unique mindset to address the management of stakeholders.

Scholars also remark that learning is the individuals' ability to brainstorm and debrief to identify opportunities, develop new ideas by sensing and prioritizing environmental indicators, and search for potential solutions (McGahan, 2021; Zollo et al., 2018). This adaptive change and learning abilities (Zollo et al.,2018) may strengthen the firm's capacity to understand environmental characteristics. This may raise insights related to upcoming or past experiences and is usually necessary when the firm needs to tackle a specific strategic topic (Zollo et al., 2018). Developing a replicable framework (McGahan, 2021) using similar learning processes enables the firm to create joint value. It is defined as benefits relative to costs, focusing on maximizing social impact per dollar spent (Spitzeck & Chapman, 2012).

It may also be a journey of the firm and its stakeholders sensing new markets and efficiencies by focusing on unmet social or environmental needs (Pfitzer & Scholz,2019) without subtracting value from shareholders or other key stakeholder groups (Freeman & Liedtka, 1997). Thus increasing the total value created for all essential stakeholders (Tantalo & Priem, 2016; Porter & Kramer, 2011; Argandoña, 2011; Harrison et al., 2010; Freeman & Liedtka, 1997).

Stakeholders' value creation strategies should incorporate business and stakeholders' claims, guaranteeing a long-term vision that unites an organization's participants to participate in business competitiveness (Freeman et al., 2021). Hence, adapting and learning by trading to combine stakeholders' claims and the firm's core objectives may lead to implementing a feasible value allocation criterion (Luo & Kaul,2019). However, it is unclear how top managers combine adapting and learning skills to attend to multiple stakeholders' claims and preferences and the firm's core objectives to create value for multiple stakeholders and achieve performance.

Strategic Management literature has often argued that top managers should monitor results. Monitoring is monitoring behavioral, environmental, and stakeholders' bargaining power uncertainties that could affect the firm's specific capital and investment (McGahan, 2021; Hoskisson et al.,2018). If a firm achieves sustainable competitive advantage through unique bundles of resources that are often created by key stakeholder firm-specific investments (FSIs) (Hoskisson; Gambetta; Green, & Li,2018; Barney, 1991), it can appropriate value using its bargaining position, after stakeholders have made their investment. Both behavioral and environmental uncertainties can affect stakeholders' firm-specific investments (Hoskisson et al.,2018).

Therefore, monitoring uncertainties is a crucial factor in achieving performance. Both uncertainties may be threats that need to be addressed by the firm to encourage stakeholder firm-specific investments (FSIs) (Hoskisson et al.,2018) and promote resources and capabilities development to achieve sustainable performance. Besides, scholars argue that top managers should monitor stakeholders' preferences. As preferences may change over time, top managers must develop the ability to monitor stakeholders' bargaining power, which can affect the firm's specific capital (McGahan, 2021). Not all stakeholders have the same influence and interest in the firm's activities and purpose.

Therefore, identifying the possible threats and opportunities may lead the firm to achieve competitive advantage (Freeman, 1984) and demands interactions and strategic thinking (Freeman et al.,2007). It is essential to monitor the interactions between the firm and its external stakeholders (communities, government, supply-chain partners, investors, and customers) and take control of the resources and processes that create value (Klein et al., 2019).

In both situations, the firm is committed to specific stakeholders in acquiring, setting, and distributing resources to create and capture value (Barakat et al., 2022; Bacq & Aguilera, 2021). Notwithstanding, this link constitutes a high risk for the firm in creating and appropriating value. For different reasons, the same stakeholder that initially contributes to the firm's value creation may afterward be a barrier to it. Which requires adapting the governance structure to manage and solve stakeholders' conflicts over shared resources when actors differ in goals, interests, bargaining strength, and beliefs about what they deserve (Klein et al., 2019).

In this vein, firms have been using a tool from the financial sector, the materiality matrix. It is a decisive tool to identify the joint claims reliable to be addressed by the firm in its core business activities (Amis et al., 2020; Barbosa & Boaventura, 2019). Identifying material themes gathers the firm and its stakeholders into a synergy (Tantalo & Priem, 2016) and utility value (Harrison et al., 2010). However, there seems to be a place in the literature to examine empirically how top managers can combine monitoring stakeholders' claims and preferences with a materiality matrix to create value for multiple stakeholders and achieve performance.

The second dynamic capability process is seizing. Once the firm identifies the potential for joint value creation, the seizing process involves inquiring about what top managers should do to manage resources, stakeholders, and relationships to seize opportunities to create joint value (Harrison, 2020; Teece, 2019). During the seizing stage, the knowledge the firm acquired previously turns into actions and activities. A current important line of inquiry in the academic (Gartenberg & Serafeim,2023; Serafeim, 2022; Foss et al., 2022) and business (Polman & Winston, 2022) contexts examines purpose-driven leadership.

These leaders' challenge seems to be identifying stakeholders' interests and combining them with the firm's strategic objectives. In other words, leading stakeholders in the same direction (Freeman et al.,2007). In this sense, top managers are challenged to avoid the trade-off between purpose and profit (Serafeim, 2022). Thinking about trade-offs may lead the firm to stagnation and a business-as-usual management approach, whereas co-creating with multiple stakeholders, combining tangible and intangible preferences, leads to innovation and growth (Freeman et al.,2007).

In this sense, managing multiple stakeholders requires a new style of leadership. Purpose-driven leadership motivates stakeholders to cooperate in a grounding ethical context to create value (Bridoux & Stoelhorst,2022; Freeman et al.,2007). Moral leaders put values and ethics (e.g., culture, power, gender, race, sexuality, age) at the center of their decisions (Freeman et al.,2007). Managing a business is about thinking about how top managers can make stakeholders better off and what legacy they will leave to the next leaders. Societal issues are part of the value creation system (Porter & Kramer, 2011).

The task of the purpose-driven leader is to lead multiple stakeholders in the same direction (Freeman et al.,2007) by establishing an open, transparent process to accomplish results by interacting with multiple stakeholders, even though some may have a different way of seeing the world (Kujala et al., 2022; Bridoux & Stolhoerst, 2016). It is a matter of how business can make society better (Porter & Kramer,2011). This leader motivates suppliers, inspires employees, and attracts customers who share the firm's purpose (Harrison et al., 2010; Freeman et al.,2007). Leaders cannot claim they did not know something wrong was being done; they are protagonists in problem-solving (Freeman et al.,2007). However, the current literature urges more empirical research about how top managers become purpose-driven leaders.

An important line of inquiry examines how top managers orchestrate value-creation processes (Foss et al., 2022). Orchestrating value creation and appropriation processes requires precise value distribution criteria mechanisms. Top managers can acquire, set, and distribute resources to create and capture value simultaneously for multiple stakeholders fairly; that is to say, in its proportionality (Harrison & Bosse,2013; Harrison et al., 2010; Bosse et al., 2009); and, more effectively and efficiently than their competitors (Klein et al., 2013; Klein et al., 2010) by being responsible to the entire value chain's accountability (McGahan,2021; Freeman et al.,2007).

Value chain accountability is the ability to build complementary resources around the firm's strategically important resources by being responsible for the entire value chain (Klein et al., 2013; Klein et al., 2010; Freeman et al.,2007). The firm takes care of its production process and value chain suppliers. It must establish a trustworthy business environment (Harrison et al., 2010). Therefore, top managers need to develop a fair value mechanism to distribute benefits according to the number of resources supplied by each stakeholder (Bridoux & Stoelhorst, 2016; Harrison et al., 2010; Freeman et al.,2007). In this sense, incentives may help top managers to conduct stakeholders in the same direction (Kryscynski et al., 2021). However, we do not understand how top managers develop value distribution criteria.

Despite accepting the urgent task, top managers must take a stakeholder turn in managing their firms (Bridoux & Stoelhorst,2022a); scholars agree that the business environment is competitive. To face that, top managers need to avoid opportunism, which is the ability to prevent others from profiting from the deployment of its resources (Klein et al., 2013; Klein et al., 2010). Consequently, trust is a grounding value in establishing relationships with multiple stakeholders (Harrison & Bosse, 2013). Desired results will be more likely captured, reducing conflicts and strengthening the relationships between stakeholders and the firm when the value capture process is governed through mechanisms in which the firm gets back value from intended stakeholders and defends itself against unintended stakeholders' attempts to appropriate value (Bacq & Aguilera,2021).

Moreover, stakeholders that contribute to more critical or scarce resources (valuable, rare, inimitable, and non-substitutable) will have more bargaining power and may be able to appropriate a higher percentage of the rents in ex-ante negotiations (Barney, 1991). Each party will capture the proportional value due to previous agreements in constructing the value proposition (Harrison, 2020; Sjödin et al., 2020; Harrison & Bosse, 2013). Based on that, top managers need to establish provisions of several protective processes to encourage their firm's stakeholders to engage and continue to supply resources within the value creation system. However, despite strategic management literature discusses capabilities development, it is still not clear how managers develop specific skills and capabilities to avoid opportunism.

Finally, the transforming phase in developing Dynamic Capabilities depends intensely on top managers' skills in detecting and exploiting opportunities (Teece, 2019). It is when top managers reorganize and resignify their firm's business proposition and processes to systemically implement new capabilities to create and appropriate value with multiple stakeholders and achieve performance and competitive advantage.

Top managers are led to develop the ability to reconfigure a business proposition by combining assets that enable the achievement of goals, intentionally leading the firm and its multiple stakeholders in the same direction (Jones et al., 2018; Klein et al., 2013; Klein et al., 2010). Therefore, top managers need to build a common vision and identity with stakeholders, sharing knowledge in open communication; participating in the ecosystem governance through flexible alignment structures; procedural justice, joint asset ownership, and protection; building trust, commitment, and reciprocity (Oskam et al., 2021; Sjödin et al., 2020). The challenge is to give voice to stakeholders and embed them in the decision-making process (Harrison et al.,2010). However, we do not understand how top managers refrain from their firm's business proposition to simultaneously create value for multiple stakeholders and achieve performance.

Scholars cite the importance of "hub-spoke" interaction with multiple stakeholders to create value (Freeman, 1984). Since multiple stakeholders' interactions are critical to the firm's value creation process, top managers are pressed to develop the ability to establish value-based interactions with multiple stakeholders, embedding them in the decision-making process by employing a stakeholder communication system and disclosing sensitive information (Zollo et al.,2018; Harrison et al.,2010). In this sense, the firm works as a hub driving the first interaction with each stakeholder (Zollo et al.,2018; Harrison et al.,2010; Freeman, 1984).

Besides the hub-and-spoke interactions model (Freeman, 1984), Bridoux and Stoelhorst (2022) argue that there are two other forms of governance for managing stakeholders in joint value creation to motivate them to cooperate in facing collective action problems. They are (1) lead role governance -where top managers are the authority to make decisions, and (2) shared governance -where there is a shared authority among stakeholders and top managers. In this vein, we argue it is a grounding point to understand how top managers connect with stakeholders to create value and achieve performance.

Communication is a relevant management research stream. Communication and knowledge exchange mechanisms are grounded in the stakeholder management governance literature (Bridoux & Stoelhorst, 2022a; 2022b). They are top managers who can innovate through exchangeable knowledge with multiple stakeholders. This capacity can be identified as an instrument that enables the sharing of know-how and private information between the firm and its customers and multiple stakeholders, supporting different strategic choice positioning. Top managers can translate knowledge into value, which considers that value can be created in exchanges when the firm identifies in the trading process differences in relevant values that have more significant potential gains or complementary routines that can be profitably combined, such as innovation of products and services (Harrison et al.,2010).

In this sense, top managers are pressed to coordinate the processes to develop intensive communication and dialogue with friendly and critical stakeholders, leading them in the same direction. One key element in this process is the identification of stakeholders' preferences, in which top managers identify internal and external stakeholders' claims and needs related to their firm's core business (Barbosa & Boaventura, 2019). The firm may hire an independent consultancy or determine a specific internal committee. Questionnaires and interviews with primary stakeholder groups are data sources for economic, social, and environmental issues. Common issues connected to the firm's core business are categorized as material themes that drive the company's strategic objectives and business and social measures (Harrison, 2020; Porter & Kramer, 2011).

Therefore, a better way to understand the firm's performance outcomes may be a comprehensive notion of how value is created and appropriated (Stoelhorst, 2021; Zollo et al.,2018; Klein et al., 2010) and the firm's challenge is to design governance mechanisms to enable value allocation with external stakeholders (Bridoux & Stoelhorst, 2022; Cabral et al., 2019). However, we lack a deeper understanding of how top managers do so.

Our research design was established to help us raise evidence of these distinct phases through an inductive approach. The following section, methodology, details our research flow.

3.4 Methodology

This study proposes a stakeholder management capability (SMC) process. Due to a lack of empirical evidence of SMC process development, we considered it suitable to develop a qualitative exploratory, inductive multiple case study (Gioia,2021). To understand the micro-foundations of SMC, we investigated how four companies, a construction firm, a pet ecosystem, a chemical company, and a paper company, developed and implemented a stakeholder management governance mechanism to create and capture value. We aim to understand how they developed and coordinated specific capabilities to create value with multiple stakeholders simultaneously and achieve performance.

We started our investigation by selecting the example firms. These firms caught our attention through their social media exposition, relating how they changed how they interacted with multiple stakeholders to achieve a different performance. The Secondary data analyzed was based on the firm's reports, YouTube videos, magazine articles, website, and social media. We then identified these firm's top managers and contacted them through LinkedIn. When the contacts were returned, we invited them to participate in our investigation and defined an interview agenda.

Firms A and B are private companies, and C and D are publicly held corporations. They all disclosed a sustainability report for 2022. We conducted in-depth interviews with an average of five stakeholders of each company, totaling 32 interviews from June 2020 to November 2022. The interviews took an average of 50 minutes, were recorded, and transcribed. We selected four groups of stakeholders for the in-depth interviews: shareholders or founders (supply financial capital), customers (supply financial return), employees (supply human capital), and suppliers (supply physical capital). However, we could not achieve individuals from all four groups of each of the four companies. Table 1 demonstrates the firm's sector, the number of interviews, and individual positions from different stakeholder groups.

Table 2 (Table 1): Sample Companies

Case	Industry and brief description	Number of interviews	interviewee position
Firm A	Pets industry Leading Pet industry Digital Platform in Brazil.	6 interviews	Founder, Human resource Chief Officer, Human Resource Business partner(2), Product supplier, Customer
Firm B	Construction Builds high end projects	6 interviews	President, CFO, Project manager, Supply chain manager, Operation manager,supplier
Firm C	Paper industry The world's leading eucalyptus pulp and paper producer and a global benchmark in the manufacture of bioproducts developed from eucalyptus.	5 interviews	CEO,Sustainability Director, Sustainability manager, Strategy assistant, Sustainability and Social development assistant
Firm D	Chemical industry American multinational conglomerate corporation operating in the fields of industry, worker safety, health care, and consumer goods.	5 interviews	President, Product Stewardship manager, Institute manager, Salesperson, Head of Communication department

Source: elaborated by the authors

Firm A operates in B2C (business to consumer) and B2B (business to business) markets. Firms B, C, and D operate in the B2B market. Firms A and B operate only in Brazil and Firms C and D attend different countries. All the companies have over 1000 (one thousand) employees and annual revenue of over U$ 5 million. They are all leading companies in their sector and protagonists taking a stakeholder-orientated turn.

The interview open questions used are (1) Who are your stakeholders? (2) What are their claims? (3) How do you decide what stakeholders' claims the firm will attend to? (4) What value do you create in this project for customers, employees, suppliers, shareholders, and the community? (This question was addressed separately for each stakeholder) (5) What activities do you do that generate this value? (6) How do you coordinate these activities?

Despite the relevance of the study of previous literature, common sense and experience allow the development of a testable, relevant, and valid theory (Gioia, 2021). Therefore, selecting participants from four stakeholder groups enabled us to better link with accurate data and empirical reality (Gioia et al.,2013). Besides, organizational capability is a construct lacking an explanation of the managerial aspect (Harrison, 2020), so listening to different stakeholders connected to the focal firm gave us a broader view of how each firm manages multiple stakeholders simultaneously to create value.

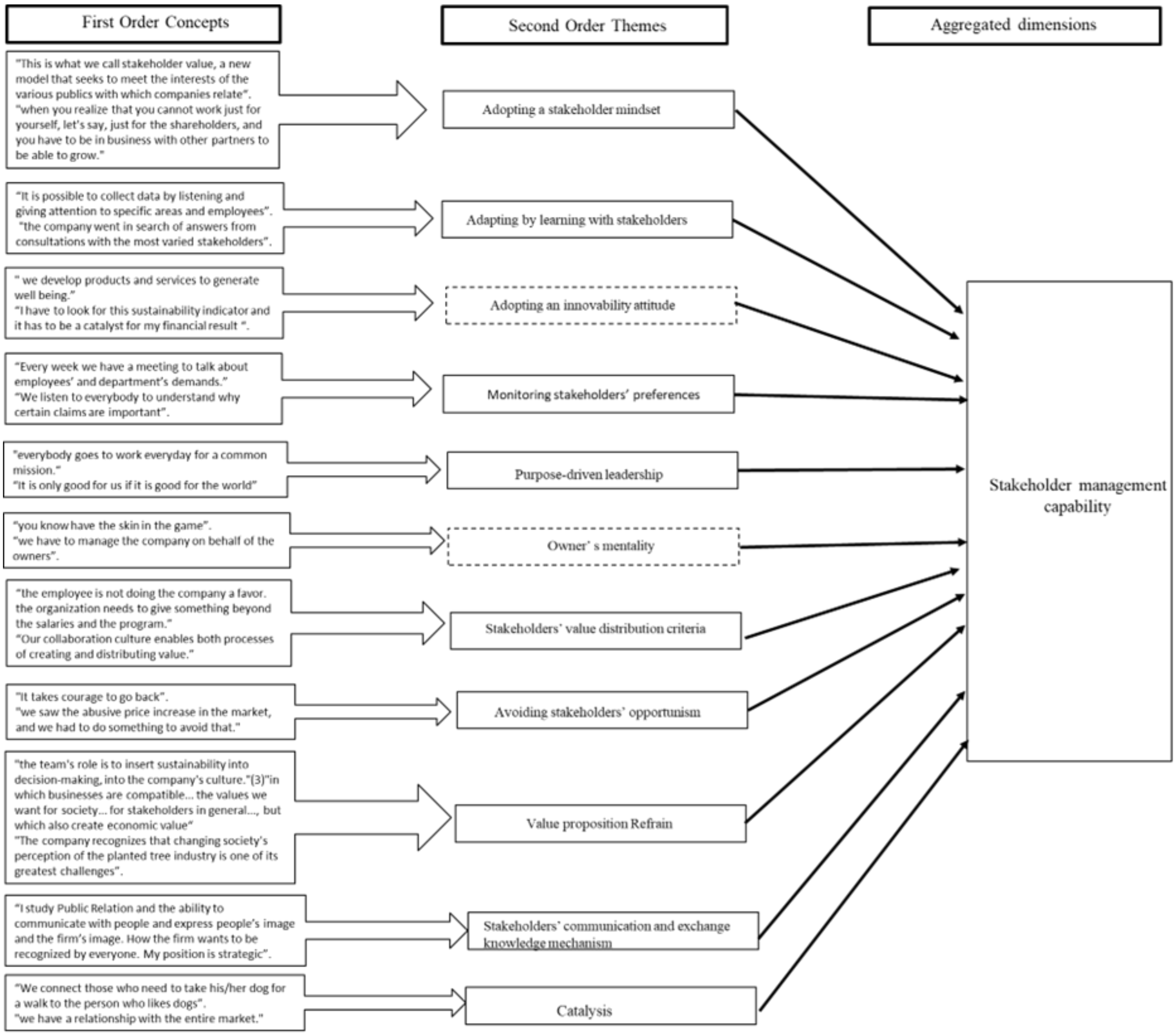
Based on that, the research question inquiring how the firm develops and coordinates specific capabilities to create value with multiple stakeholders simultaneously and achieve performance is answered by "knowledgeable agents, namely, people in organizations who know what they are trying to do and can explain their thoughts, intentions, and actions" (Gioia et al.,2013, p.17) and helped us fill the literature gaps. Yin (2013) argues that empirical case studies thrive when accompanied by theory and logical investigation, not when treated as mechanical data collection.

Therefore, data collection and analysis are crucial to fill the literature gaps on how the firm coordinates its capabilities to simultaneously create value with multiple stakeholders and achieve performance. We used primary data collected in the field through in-depth interviews and secondary data from firms' annual reports, websites, and digital media information and conducted a comparative analysis.

We followed a well-structured guideline (Lincoln & Guba, 1985; Apud et al., 2017) to establish the quality of our qualitative multiple-case study research. We started this investigation by formulating the interview protocol, which contemplates specific questions about how the firm coordinates its capabilities to create value with multiple stakeholders and achieve performance that brings reliability to the research.

We developed a data record from the protocol (interview recordings, transcripts, and the firm's documents). We asked the first interviewee of the focal company to choose a project they could explain to us in detail how things were done. This first informant indicated other stakeholders to build our interview agenda as suggested by the "snowball" technique. From that, we interviewed other stakeholders contemplating the same project, but not only. The interviewee was free to discuss the selected project and introduce another one. Most of the contacts were done through LinkedIn and personal introduction. We gave voice to the interviewees in the early stages of data gathering and analysis, which enabled us to develop a Data Structure (Figure 1) to demonstrate how we got to the SMC construct.

Figure 7 (Figure 1): Data Structure



Source: elaborated by the authors

The data structure supplies a form of understanding of how all the concepts, themes, and dimensions relate to one another. The graphic representation establishes how the coding process marched from raw data concepts to themes and our final aggregated dimension (Gioia, 2021).

The dotted lines indicate categories that emerged purely from the transcription of the interviews. The following section points to each second-order theme connecting to the first-order concepts.

3.5 Results

This section is structured in the sense, seize, and transform processes. Our data reveals eleven micro-foundations of Stakeholder Management Capability. They are (1) *adopting a stakeholder mindset; (2) adapting by Learning with stakeholders; (3) monitoring stakeholders' preferences; (4) adopting an innovability attitude; (5) purpose-driven leadership; (6) stakeholders' value distribution criteria (7) avoiding stakeholders' opportunism; (8) founder's mentality*;(9) *value proposition refrain; (10) catalysis, and (11) stakeholders' communication and exchange knowledge mechanisms*.

3.5.1 Sense

Our analysis reveals four micro-foundations of stakeholder management capability development regarding the sense process: (*1) adopting a stakeholder mindset, (2) adapting by learning with stakeholders, (3) monitoring stakeholders' preferences, and (4) adopting an innovability attitude.*

All companies demonstrated that adopting a stakeholder mindset is critical in meeting the updated demands. It is a matter of improving market mechanisms to grow and investing in relationships as an additional strategy besides getting money from investors. The extract from Firm B's president summarizes the four firm's visions.

> You only have two ways to grow. Either you have your capital, or when you do not have capital, you have to associate with partners and stakeholders who are in the market, depending on the area you are going to enter. Obviously, we started with this line, where we had the most relationships, not straying from the company's core business, which is construction, development, management of real estate development, and hotels (Firm B).

External and internal pressure sensed by the four companies pushes them to change. However, it also made them understand that learning with one another is a better way to improve processes and identify claims and demands. The extracts from Firms B, A, and C show that past dependence helps them get to the present, but it is essential to develop learning and adaptability skills to bring to the future.

> My position here is strategic since it talks to specific areas. Collecting data by listening and paying attention to particular regions and employees is possible. We use startups to improve our systems. We launch the challenge in the market in a development cycle, and our partner invites startups to attend a meeting to show me their work (Firm B). We do these questionnaires and listen to different stakeholders to make the matrix of materiality. We listened to suppliers, shareholders, employees, and leadership (Firm A). We put everyone in a room and discuss all things: businesses, people, customers, suppliers, communities,

> environmental issues, and social issues, and we discuss there, and that is how we create (Firm C).

The ability to monitor uncertainty and behavior is central to the four firms' conversation. They express routine activities to identify stakeholders' claims, mistakes, and improvements to be made. The extracts below gather the four companies' evidence.

> Every week, we have a meeting to talk about employees' and departments' demands (Firm A). We listen to everybody to understand why specific claims are essential' (Firm B). Let us bring the mistakes to the surface (Firm C). I can destroy a community by not worrying about how a particular raw material is extracted, or I can worry a lot about it and guide the whole supply chain (Firm D).

Adopting an innovability attitude is defined by Firm C as a way to identify innovation opportunities from social and environmental dimensions besides the economic. Despite being a word constructed by them meaning innovation plus sustainability, we identified that social and environmental dimensions gather the four firm's innovation processes. For that, societal non-attended needs at both dimensions are positioned at the center of debriefing and brainstorming processes. Firm D does that by interacting with public school students and teachers. Firm A by interacting with the end users in a digital platform context. Moreover, Firm B is looking for projects that positively impact society as the primary beneficiary. The extracts highlight the idea of putting innovation in service of societal needs.

> We develop products and services to generate well-being for pets and human beings (Firm A). The important thing is that you leave spaces that the general public can use, as we did in the X project, maintaining and retrofitting the 100-year-old chapel (Firm B). We introduce products that bring social benefits. It can facilitate the doctor's work in the hospital, generating well-being and improving the care capacity of the hospital, and the hospital can serve more people. If I think of the raw material, we developed a supplier, and today, this supplier or this community has a much better income, and this is a nice story to tell. For example, we significantly expanded the portfolio of disinfectants that fight the virus during the pandemic. The consumer group became interested in developing for retail, to get to the end user, a version of this product that was previously only for the hospital health area. (Firm D).

Table 2 summarizes the sense level of maturity of each company. Even though we identified the four micro-foundations in the four sample companies' extracts, they are at different maturity levels.

Table 3 (Table 2): Sense level of maturity

sense				
	Adopting the stakeholder mindset	Adapting by Learning	Monitoring	Inovability
Firm A	high level of maturity	high level of maturity	high level of maturity	high level of maturity
Firm B	low level of maturity	medium level of maturity	high level of maturity	low level of maturity
Firm C	high level of maturity	high level of maturity	high level of maturity	high level of maturity
Firm D	high level of maturity	high level of maturity	high level of maturity	high level of maturity

Source: elaborated by the authors

Firm B, from the construction industry, is initiating the stakeholder approach turn compared to the three other firms. All the interviewees expressed urgent demand in managing stakeholders, and they focus on their partners or investors and project designers as essential external stakeholders to develop a close relationship. Firms A, C, and D have gained significant experience. Compared to Firms A, C, and D, Firm B is establishing a collaborative learning process, and even though they report it has been more than a year, they seem to have engaged Top managers in this.

All companies have a high level of maturity when monitoring uncertainties, and behavior is the focus. They all reported incorporating sustainability in their strategic vision, commenting on the strong potential of social and environmental dimensions to drive innovation inside the firm. However, Firm B is in the initial phase compared to the other three companies that use sustainability to unlock innovation.

3.5.2 Seize

Our data reveals four micro-foundations in the seize process of stakeholder management capability development. They are (1) purpose-driven leadership, (2) stakeholders' value distribution criteria, (3) avoiding stakeholders' opportunism, and (4) founder's mentality.

All interviews demonstrated the importance of having a different kind of leader to coordinate everybody's efforts in the same direction to create as much value as possible for multiple stakeholders. In this sense, purpose-driven leadership is embedded in the top managers', presidents', and CEOs' beliefs. As the president of Firm D states, "The leadership, the CEO, the president. the number one leader has to be convinced that this is the right way, (if not) it will not last." Our analysis shows that business ethics goes alongside business purpose and profit. It is not a trade-off. It is a bedrock, a cornerstone to doing business. The extract from Firm D's president demonstrates how the leader should establish limits and publicize the firm's values in daily business activities.

> Every three months, I go to Brasilia because the government is one of the important stakeholders for us. We have to have a very good relationship with the government. We have to comment on what we are doing, dive in. look at which way governments go. we try to adjust where to invest in Brazil. Last year I had meetings with three ministers, four senators, and deputies and the opening is always to introduce myself and talk a little bit about our firm. Moreover, I talk about our pillars. Moreover, the first pillar I talk about is ethics, which is what opens doors. because I say ethics for us is a fundamental value, which is why we have a life of 120 years that also closes doors. However, when I do this, I establish the boundaries of our playing field (Firm D).

Firm C's extract complements, saying that "it is a walk the talk leadership." In this sense, top managers are concerned with creating and distributing as much value as possible to multiple stakeholders. However, everybody has different claims, and as Firm C's CEO's extracts demonstrate, "It is not wrong to desire for more, but at the same time, it is not possible to give all." A value distribution criterion is necessary to solve and avoid these collective conflicts. Firm B's extract describes how Top managers design a stakeholder's map.

> We have assembled a general information material. With all indicators related to those stakeholders what they would affect directly or indirectly? For example, the union is a stakeholder in a project. What kind of benefit and harm can they cause? So, we made this identification and created actions that we can work on to improve communication with them, access to them, in what they could help us, and we can help them (Firm B).

Firm A's founder extracts add another criterium for value distribution: "This is fundamental for us to distribute value for the families and impact society and all stakeholders." To make this possible, the company decided to open the opportunity for each employee to have economic returns as shareholders. In 2021, the founder and the investors distributed shares to everybody. They have 1.300 shareholders in the firm. As they are not a publicly held company, they have a formal contract establishing how many shares each person has and how much it is worth. Employees may get it when they have an emergency or leave the company.

Economic incentives are demonstrated by Firms A, C, and D. But intangible values are positioned as a determinant value for decisions. Most interviews talk about the feeling of belonging to a community. Firm A's extract shows that.

> Twice a year, we are evaluated. Every six months. What goes into this assessment? Our deliveries, goals, and indirect and tangible results are fifty percent. Moreover, the other fifty percent is the behaviors. How do we measure these behaviors? We list our actions according to our seven values. (Firm A)

Firm D's extract posits how important peer recognition is for their employees.

> We call it Every Day Wins, which is a points recognition system. So, the Brazil award gives the winners x points in this system. You can exchange for products, for money, or a gift certificate. Moreover, that score goes up at the global level. The international winner is invited to spend a week with a companion at our resort. Within this system, managers and other employees have an annual fund, a budget, an annual budget of up to 1000 points where they have the autonomy to generate an award for someone who has done something extraordinary

> and responded super professionally. I enter this system, write a super cool card, copy the superior, and the person is recognized in this system (Firm D).

A micro foundation emerged when the interviewees talked about value creation and distribution. It is the founder's mentality. Firm C's CEO explains the concept by saying that everybody in the organization has to have a startup founder mentality of struggling to get to the goal:

> You take a small startup company, and the Founder's Mentality is as follows... He knows what he has to do in the first moment to survive. And then to grow. If everyone in the organization has this mindset, the chance of success increases significantly (Firm C).

Firm A's CEO complements defining it as the ability of everybody to behave as a business owner. His extract shows that "He knows what he has to do in the first moment to survive. And then to grow. If you have everyone in the organization with that mindset, the chance of success goes up a lot". Firm A's extract reinforces this.

> We made a communication on LinkedIn about all partners. So, as an employer brand, I am reinforcing for the market, a competitive market, that here at Firm A, in addition to saying that you can and should think like an owner, here you are an owner, one of the partners, you receive shares of the company (Firm A).

However, the four firms understand that not everybody they relate to behaves or sees the world from the same perspective, with the same values. Therefore, top managers generate processes to inhibit value misallocation and avoid losing effort. Firm B's president's extract describes a scenario to explain how they do that, and Firm D's manager's extract complements the idea.

> Then we understood that the stakeholder was a visionary, and his business is not real estate; it aims to develop all his dreams in life, sustainability, marketing, fashion, and art. Moreover, the real estate business was just a vehicle. So, we decided not to become a partner and act only as a supplier in the construction. (Firm B). we saw the abusive price increase in the market and had to do something to avoid that. (Firm D).

Table 3 describes the sample companies' maturity level related to the seize micro-foundations.

Table 4 (Table 3): Seize level of maturity.

	seize			
	Purpose-driven leadership	Value Distribution Criteria	Avoiding Opportunism	Founder's Mentality
Firm A	high level of maturity	high level of maturity	high level of maturity	high level of maturity
Firm B	high level of maturity	does not have	high level of maturity	medium level of maturity
Firm C	high level of maturity	high level of maturity	high level of maturity	medium level of maturity
Firm D	high level of maturity	high level of maturity	high level of maturity	high level of maturity

Source: elaborated by the authors

Our data shows that all the firms' leadership demonstrate a high level of maturity in leading their teams purposefully. Top managers are experienced in avoiding opportunism. However, Firm B has not developed a distribution criteria mechanism, and Firm, C is still at a medium level of founder's mentality behavior.

3.5.3 Transform

Our data suggests three micro-foundations in the transform process of stakeholder management capability development. They are *(1) value proposition refrain, (2) catalysis, and (3) stakeholders' communication and exchange knowledge mechanisms*.

The four companies expressed the importance of leadership to lead all stakeholders in the same direction and establish a different way of doing business. Profit and purpose are put together at the center of decisions. Multiple stakeholders are interdependent. Firm D's extracts show that "it is not just about us. At the pandemic's beginning, Firm D stopped selling to employees and prioritized sales to hospitals." Firm B reinforces it.

> Bring value to us and bring value to the partner who is the stakeholder, and the stakeholder of the shareholder, and to the employees, etc. First, I understood what each client's process was at that time, with our work, what could become common within the process, the particularities of each one, and that each client did not give up. So, the main thing, speaking of the stakeholder, is that the main stakeholder that even guides my process here is the external client, who gives me work to build. Then, we drew a process that the top managers validated. Every Wednesday, we have a meeting with all the job coordinators. We discuss strategic and operational issues impacting our business (Firm B).

Our data suggests that a person's action impacts another person's life and activities. Interdependence is essential in coordinating the firm's value creation system and, therefore, is part of refraining from a value proposition. Firm C extract demonstrates it.

> For example, if someone asks a question, I do not have the answer to, such as why the food is not good. I say we will investigate this issue and hope we will have a more positive reception about food next time. I do not have to say anything or call the manager. He will solve it; I know he will solve it because he does not want to have that food thing on him (Firm C).

Additionally, our data reveals that cooperation and competition go together. In this sense, the interviewees demonstrate that business is not about killing rivals—quite the contrary. Due to societal demands and claims, rivals can cooperate to bring solutions and improve the industry's processes. To illustrate that, we extract points from Firm C's CEO's interview transcription demonstrating the complementarity of attributes necessary to create value for multiple stakeholders, which is also part of refraining from a value proposition.

> So, the new company has six partners who contributed 20 million each. All are equal. We have technology related to the land issue, and we know how to do very well with the land issue. We have other partners that can bring other technologies, such as carbon trading and recovering degraded areas. Each one contributes many interesting things" (Firm C).

Firm B’s president’s extract highlights the importance of cooperation among stakeholders.

> I had a capital deficiency, but they recognized that we could be a good opportunity generator. We set up a new company; there is a company that is the concessionaire, we share the obligations, the construction work will be with us, the management will be with them, which is what they do, the projects we are developing with one more partner (Firm B).

Connectivity is a word spread by all companies. It is pretty much like a buzzword since everybody uses it to demonstrate how important connecting, talking, and listening to people is. However, our data reveals that the firm does more than connect stakeholders. It is the catalyst of connections. Webster's dictionary defines a catalyst as “a substance (as an enzyme) that enables a chemical reaction to proceed at a usually faster rate or under different conditions (as at a lower temperature) than otherwise possible” (Webster, 2023). In this sense, we argue that the firm increases the speed of generating value through stakeholders’ connections.

To illustrate, we show that Firm A developed a new function- the human resource business partner. There are five people responsible for connecting to multiple stakeholders. They must constantly listen to them, identify their claims, and collectively design an action plan to attend to the shared claims. People are at the center of decision-making. Firm A talks about the best talents, Firm D is about volunteers, Firm B is about encouraging people to grow, and Firm C is about inspiring people. Firm B’s extract summarizes the idea.

> We have a relationship with the entire market. The customer stakeholder will receive a building with better quality. The neighbor will not have any noise problems. If we make any mistake, I do not know, some mass in his house, he is going to talk to us, we will go clean up to help him. I think everyone wins (Firm B).

Our data enhances top managers’ challenge to develop efficient communication with stakeholders. Communication and exchange of knowledge mechanisms seem to be firms' central demands when facing updated business contexts. Our data suggests that top managers understand that communication skills are essential to avoid misunderstandings, reputation harm, and value loss. As the interviewees argue, having a communication department is not enough. According to our analysis, the firm needs structured mechanisms to lead everybody to be a communicator of the firm’s purpose and goals. The best practice reported is engaging people through coherent action “by walking the talk.” Firm C CEO’s extract shows that.

> Every quarter, we have a program called Firm C and You. On the day we announce results to the market, we have a conference call with analysts and a conference call with the press. We also do one with the organization's leaders, about five hundred people. And another with 100% of the organization. I went there and presented the company's results in the first 30 minutes, the main challenges we had. Then I talk about cross-cutting issues: the level of customer service is not great, and we need to change—alternatively, security, things that are transversal

> to the company. Then, we open it up for anonymous questions. I do not know where it comes from, and I have to answer; I and the other directors are there to answer the questions that come from all kinds of things. People ask a strategic question and say that Factory X's food is not good. The thing is, this brings transparency to the organization (Firm C).

Firm D’s Head of Communication reported that he gave 100 lectures in 2022. He commented that people do not want to see an advertisement or a post; they like to listen to the company’s history and understand how they innovate. He took a tour lecturing about the company’s innovation process all over Brazil. Besides, he trained 40 people from the technical department to be able to give lectures at their clients’ places. He partnered with other institutions, business and academic, to repeat the lecture. Everybody repeats the same story, and it echoes. He was present at their client’s innovation event and lecturing at the innovation and technology fair, and by doing that, some companies that were not their clients decided to be. He has the ability to be a communicator, and as a leader, his duty is to form other communicators to spread the company’s purpose and unlock business opportunities.

Table 4 shows the sample firms’ level of maturity of the micro-foundations in Transforming.

Table 5 (Table 4): Transform level of maturity

	transform				
	Business proposition refrain	Connectivity	Communication and Exchange knowledge Mechanisms	Interdependence	complementarity of attributes
Firm A	high level of maturity	high level of maturity	high level of maturity	high level of maturity	high level of maturity
Firm B	low level of maturity	medium level of maturity	medium level of maturity	medium level of maturity	medium level of maturity
Firm C	high level of maturity	high level of maturity	high level of maturity	medium level of maturity	high level of maturity
Firm D	high level of maturity	high level of maturity	high level of maturity	high level of maturity	high level of maturity

Source: elaborated by the authors

Firm B is refraining from its business proposition, incorporating social and environmental demands from a broader range of stakeholders. They have been in the process for about six months. It is in the initial level of maturity and a medium level of maturity in the other activities of Transform micro-foundations. Firm C’s challenge is to connect with the end-user; therefore, in the interdependence micro foundation, the firm is at a medium level of maturity.

3.5.4 Stakeholder management capability

In sum, if stakeholder management capability is a dynamic capability, it transforms a routine activity the company has, developing a new one. We bring an example of each firm to better demonstrate how the four sample firms developed a stakeholder management capability to create value for multiple stakeholders and achieve performance.

Our data supports the idea that Firm A has reconfigured its human resource capability into the stakeholder management capability. The Chief Human Resource Officer reported that his mandate was to reconfigure people's ability to communicate with employees to develop the ability to strategically manage multiple stakeholders and join sustainability to business objectives (sense). For that, he hired new people from communication and behavior areas: one publishing and public relations student, one studying behavioral neuroscience, and another studying customer success.

We interviewed all of them, and they said they belong to the strategic people management department. Student A's first task was to structure a weekly meeting with members of each area, from top managers, employees, customers, and suppliers, to understand better their claims (seize). This process is structured, and today, they have five Human Resource Business Partners who take care of multiple stakeholders daily and weekly. The HRPB is responsible for different verticals in the company: finance, commercial and marketing, exclusive and legal brands, health, and tech (transform).

After listening to the claims, they analyze similar demands and urgencies and take specific actions to bring solutions quickly. They cover both internal and external stakeholders by doing that. Besides, the CHRO coordinated and structured the materiality matrix collaboratively and wrote the first sustainability report (transform). He has the mandate to manage multiple stakeholders to create shared value. This multiple-stakeholder capability is unlocking business opportunities and creates social benefits. They are the leading pet ecosystem in Brazil and one of the only firms to have all employees as shareowners.

Our data reveals that the stakeholder management capability in Firm B transformed its project management capability. Manager X related that she was responsible for quality management and working security. However, by going to several workshops at the industry union and other institutions, she got in contact with the idea of stakeholders' management and sustainability (sense). As she reports directly to the CFO and the President, she could bring them updated discussions in the construction industry to maintain a competitive advantage.

They hired a consulting company specialized in sustainability to help them redesign the firm's strategic plan. They built together a materiality matrix and a sustainability report, and she became the head of the firm's project management office (seize). They used their ability to manage construction projects and structured a system to manage multiple stakeholders. Internal stakeholders have weekly meetings every Wednesday from 9:00 to 11:00 with members from different departments. The main goal is to understand claims and structure processes to implement an innovation mindset.

With external stakeholders, the president and other C-levels have the mandate to visit important partners and suppliers to listen to their claims and propose solutions, creating shared value (transform). The president stated how they gained a reputation and many business opportunities when his mandate turned into managing multiple stakeholders. From 5 projects a year during their 37 years of business, they ended up in 2022 with 20 projects.

Our data also reveal that Firm C reconfigured its ability to manage the supply chain into the stakeholder management capability. Instead of looking at their direct suppliers, they invested some time in understanding multiple stakeholders' claims, especially the ones affected by their activities, such as family farmers, the quilombo community, and indigenous settlers of the Landless Movement, among others (sense).

They transferred their technology and management capabilities to avoid conflict and create value for them. After a long period of implementing sustainability strategically and systematically in the firm's routines and activities (seize), the top managers realized they should be part of society's solutions. Therefore, they reconfigured their ability to manage sustainability to innovate in the supply chain, opening their focus from the forest to the end-user (transform).

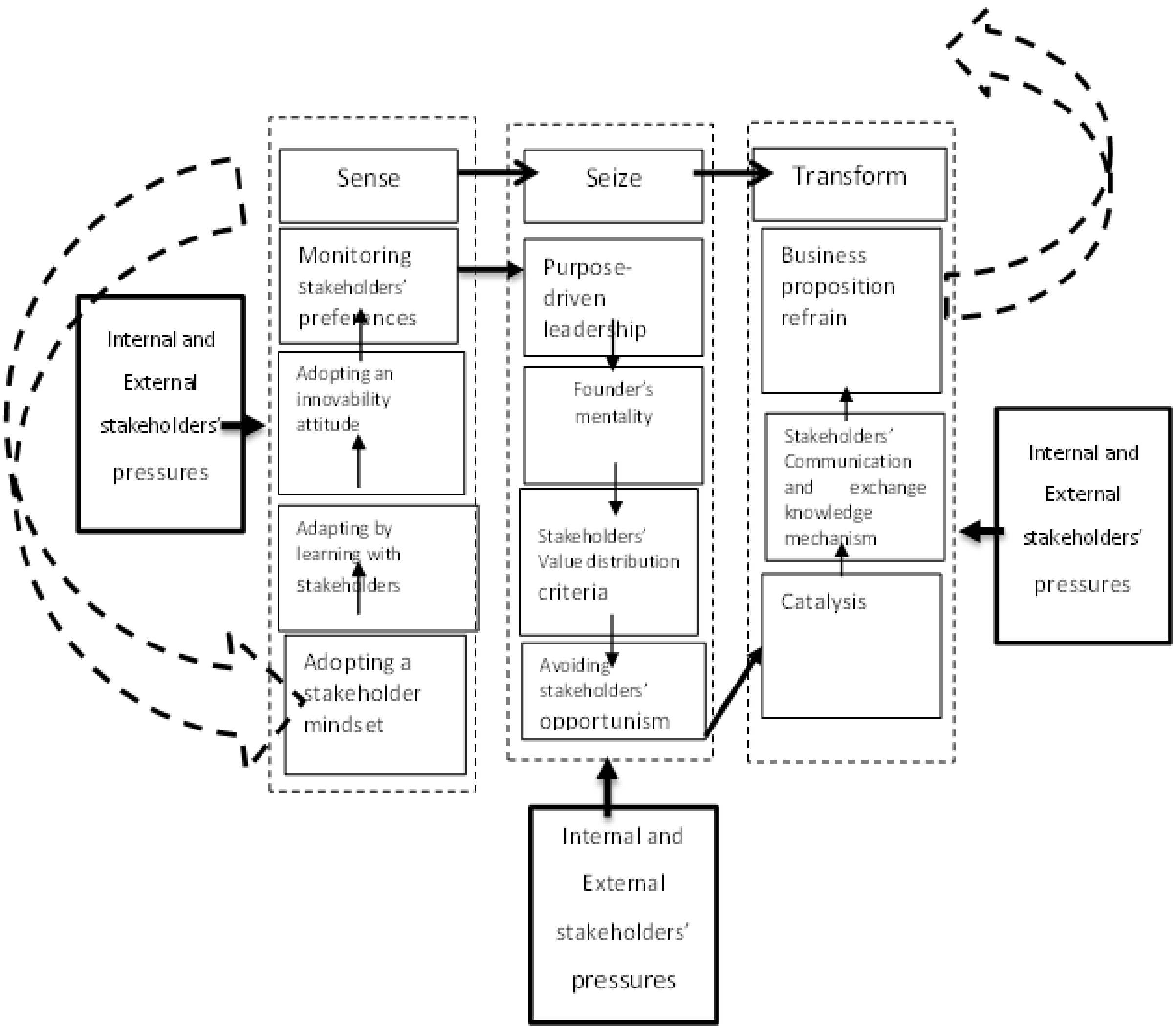
The CEO's mandate is to constantly participate in national and international events to communicate the firm's purpose and, more importantly, the firm's action to contribute to societal demands by managing multiple stakeholders. With this new capability, he started a new company with five other corporations to take care of degraded areas in different biomes in Brazil. They did not only gain reputational value but also business opportunities such as being a protagonist in trading carbon.

Finally, our data shows that the Firm D Product Stewardship manager reconfigured people's ability to innovate in products when he incorporated sustainability into his duty. For that, he developed a stakeholder management capability. He used his collaborative product development processes to put people's claims at the center of innovation. By listening to the comments of one of the employees and an external client, he understood he could put them together to meet a specific need (sense). A new committee was created to take care of neurodivergent. An action that started as a volunteer project was guided structurally as if they were developing a new product (seize). After some months, the firm establishes a position as a manager of the affinity group. This employee was so engaged in developing this project that he supported her in applying for the Latin America position on affinity group management (transform).

3.6 Discussion

The research question inquiring how the firm develops and coordinates a specific capability to create value with multiple stakeholders simultaneously and achieve performance is answered, demonstrating that the stakeholder management capability is a dynamic capability embedded in the firm's leadership that allows them to identify new capabilities to manage multiple stakeholders simultaneously (sense), to develop new capabilities to manage multiple stakeholders simultaneously (seize), and even redeploy and transform existing capabilities to better manage its multiple stakeholders simultaneously (transform). Figure 2 shows the process of stakeholder management capability development.

Figure 8 (Figure 2): Stakeholder management capability process



Source: elaborated by the authors

Due to pressures from internal and external stakeholders, top managers are forced to change how they look at society and do business (Freeman & Liedtka, 1997). The first micro foundation of the sense phase of the stakeholder management capability process revealed in our data is adopting a stakeholder mindset. It is about building a different narrative. It is possible to create value for stakeholders and shareholders (Harrison et al., 2020; Freeman et al.,2007). Freeman and Liedtka (1997) stated that a long way back, however, understanding how to join conflicting demands seemed impossible. The stakeholder approach changes the connective "or" the idea of tradeoffs, to the connective "and" (Harrison et al., 2020; Porter & Kramer, 2011).

The research results confirm that leadership has a vital role in sensing and prioritizing indicators from the environment, searching for potential solutions, and developing a replicable framework (McGahan,2021; Freeman et al., 2021; Henderson, 2021; Teece, 2007). Tools such as brainstorming and workshops monitor both environmental uncertainties and stakeholders' bargaining power. So, adapting by learning with stakeholders becomes a daily activity of individuals in organizations. Top managers push them to adopt an innovability attitude, positioning social and environmental dimensions besides economics to develop innovation processes, products, and technology to meet non-attended societal needs (McGahan, 2021; Zollo et al., 2018).

Besides, societal needs are meant to represent society and customers' claims, the most important external stakeholders (Klein et al., 2019) listed by all the sample firms (Pfitzer & Scholz,2019). At this point, top managers must establish monitoring mechanisms for stakeholders' preferences to follow up with the evolution and results of this management mindset change (McGahan, 2021). It is essential to posit that changes do not happen linearly in the business context, and individuals who compose an organization have different paths and paces of development.

Our stakeholder management capability development framework indicates a nonlinear process in the dotted lines that border the sense, seize, and transform processes. We also used curved dotted arrows to represent a three-dimensional perspective to indicate there is no beginning point or an end line, which means stakeholder management capability development is an endless circular process with no strict beginning or end. Our framework explains the steps top managers can take to develop a stakeholder management capability.

In the seizing phase, top managers must lead the organization and its stakeholders purposefully and ethically in the same direction (Freeman et al.,2007). This new leader sees the world differently and understands how social needs may open various business opportunities. Their mandate is to establish processes to lead individuals to understand and embed this vision (Porter & Kramer, 2011). Statements on the wall are useless. Therefore, leadership actions must exemplify how they steward stakeholders' and the firm's interests as if everybody were an organization owner (Klein et al., 2019). Cooperation and sharing are grounding issues to establish a founder's mentality (Foss et al., 2022; Luo & Kaul, 2019).

To transform ideas into routines, top managers develop mechanisms with their teams to distribute value based on the material theme and opportunity identified in the previous phase (Amis et al., 2020). The governance ability of managers is crucial to aligning value creation and distribution processes to avoid excessive stakeholder bargaining power and diminish risks to profitability and social performance (Klein et al., 2019; Tantalo & Priem, 2016). Managers need the ability to give essential stakeholders a bit of what they requested, but not all.

In this sense, balancing value distribution (Harrison et al., 2010) is critical in managing stakeholders to achieve fair joint value creation. "You cannot have everybody so happy; otherwise, they stand still, but you cannot have them too angry to leave the firm or stop the relationship with us. My job is to manage that internally and externally all the time," says Firm F CEO. Our data reveals a new matrix, the stakeholders' preference matrix, which puts stakeholders' claims and values at the center of developing strategic objectives. Unlikely the materiality matrix often used by firms to define business material themes.

Our data reveals that internal and external stakeholders' pressures are always there. Even though managers seek to maintain an organizational balance among stakeholders when planning value distribution (Harrison et al., 2010), stakeholders compete for the same rent generated by the firm, and their bargaining power influences how this rent will be distributed and by whom it will be effectively captured (Coff, 1999; Clarkson, 1995). For instance, incentives for workers are sources of utility that affect their decisions and behaviors and could be high-powered, like bonuses, low-powered wages, non-monetary like recognitions, and social awards (Kryscynski et al., 2021).

Firms A, C, and D are at a high level of stakeholder management maturity and posit how they use incentive mechanisms to distribute value along the value creation process. That goes in the same direction as Oskam et al. (2021) idea of a collective mechanism that enables collaborating actors to iteratively discover and shape the sustainable multiple values (the social, environmental, and economic) they aim to create and capture.

However, the business environment is not a perfect situation. Individuals inside and outside the firm compete for the same rents, which are scarce. Therefore, top managers who lead the organization's strategic objectives have to have mechanisms to avoid value loss by identifying stakeholder groups that do not share purpose, objectives or even have different views of the world and establishing ways of controlling relationships and negotiations (Bridoux & Stolhoerst, 2016). Avoiding stakeholders' opportunism is a crucial micro foundation in managing multiple stakeholders to create value simultaneously. Besides, this is a grounding ability top managers need to gain a competitive advantage by being more effective and efficient than their competitors (Klein et al., 2013; Klein et al., 2010).

Finally, the transforming phase changes organizational behavior and creates a new mindset in processes and opportunities for the firm and its stakeholders (Teece, 2019). Top managers must represent a firm when making decisions about strategic objectives, implementing norms, and, most importantly, establishing the firm's strategic direction. In this sense, we may use the firm and top managers to describe the individual and firm levels in the transformation process.

Our data suggests that profitability grounds opportunities in both social and environmental dimensions. "It is only good for us if it is good for the world," says Firm F CEO. Communicating the firm's purpose to internal and external stakeholders is fundamental in connecting it to its ecosystem networking environment. Specific personals are formed to do so and are linked directly to the CEO. The firm is part of society, and with all stakeholders, it develops a better way of creating and appropriating value for all (Zollo et al.,2018; Harrison et al.,2010). Top managers understand that there is interdependence between the firm and multiple stakeholders (Foss et al., 2022). Any firm action has positive and negative externalities toward society, the planet, and multiple stakeholders.

Therefore, gathering stakeholders with complementary attributes means that top managers understand that sharing governance (Bridoux & Stoelhorst, 2022) is a better way of leading stakeholders in the same direction. The hub-and-spoke interaction model is insufficient to deal with top managers' grand challenges in strategically leading the firm in cooperative and competitive contexts.

To minimize negative externalities and gain competitive advantage, top managers have to establish transparent mechanisms to communicate the firm's purpose and strategic objective to multiple stakeholders in their language. The idea that one size fits all cannot be applied any longer. Business and social-environmental results must be communicated and, most importantly, understood by multiple stakeholders. Finance language must be translated to non-economists, and social-environmental issues must be translated to non-specialists.

Additionally, all these results must be translated into society's language, ordinary citizens who are beneficiaries of the organization's value chain final products and services (Bridoux & Stoelhorst, 2022; Cabral et al., 2019). It is a different way of looking at the entire value chain. Therefore, the ability to constantly refrain from the business proposition to cope with societal moves is grounding to Top managers.

Once more, our data suggests and we posit that this whole process is not linear. The pressures on internal and external stakeholders are constant since individuals change their preferences and objectives independently from the firm's strategic planning or goals. However, as interdependent agents in the business context, top managers and other stakeholders may sense an opportunity in the seize and transform phase, unlocking a new value-creation process.

Even though our framework suggests a sequential arrow line starting at the adopting the stakeholder mindset at sense, this click may happen to somebody participating in a firm's activity at the transform phase. That is the beauty and the challenge of managing multiple stakeholders who are unique human beings and unique organizations in the same direction to create value simultaneously and achieve performance.

3.7 Conclusion

We contribute to Dynamic Capability (DC) literature and Stakeholder Theory (SKT) in several ways. Our first contribution that gathers both DC and SKT is adding a new dynamic capability, stakeholder management capability, and raising its micro-foundations. It is top managers' mindset change that drives the firm to transform its current capabilities to manage multiple stakeholders' growing and changeable claims and preferences over time to create value for them and the firm simultaneously (Teece, 2007; Freeman, 1984).

In this vein, our contributions lie in identifying that stakeholder management capability is a dynamic capability and may be decomposed into three processes sensing, seizing, and transforming decomposed into 11 micro-foundations: *(1) adopting a stakeholder mindset, (2) adapting by learning with stakeholders, and (3) monitoring stakeholders' preferences, (4) adopting an innovability attitude (sense), (5) purpose-driven leadership, (6) stakeholders value distribution criteria, (7) avoiding stakeholders' opportunism (8) founder's mentality (seize), (9) value proposition refrain, (10) catalysis, and (11) stakeholders' communication and exchange knowledge mechanisms* (Foss et al., 2022).

The second contribution addresses a core dilemma in the current stakeholder management literature: whether a single capability manages stakeholders or different capabilities manage them (Harrison et al., 2010). Our study identifies that this capability is dispersed through other people, areas, and units. However, our study advances by identifying that a specific capability changes this stakeholder's capability over time. This helps managers understand how to manage multiple stakeholders' growing claims and preferences that change over time and align them in the same direction to create value for them simultaneously and achieve superior performance (Freeman et al.,2007).

The third contribution is a managerial framework to help managers identify indicators of how they incorporate stakeholders' s growing and changeable claims and preferences into the firm's strategic objectives, aligning multiple stakeholders in the same direction, managing overtime changes to get to both social and economic results providing mechanisms of value creation and appropriation. It describes a path managers may follow to establish their companies' joint value-creation system. Our data shows that the updated CEO and top managers' mandate is managing multiple stakeholders efficiently and effectively; therefore, by understanding how to structure a stakeholder management governance, our study identifies the steps these agents may follow to achieve performance, creating value for them, the firm, and multiple stakeholders.

Although our investigation brought some contributions both to the academic and business contexts, some more investigation could be done to test stakeholder management capability micro-foundations. Other scholars could establish performance indicators for each phase (sense, seize, and transform) using the identified micro-foundations. Our study has its limits in context and firm size since we investigated large organizations operating in Brazil.

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4 PAPER 3: Stakeholder positioning strategy: A new strategic positioning[3]

4.1 Abstract

The positioning strategies have been classified into typologies, mostly focused on a product-market perspective, and only a few considered a stakeholder perspective. Nevertheless, strategic positioning for stakeholders became a strong business promise and an academic research priority when the Business Roundtable's CEOs declared their firm's commitment to delivering value to multiple stakeholders for the future success of their companies, communities, and country. We aimed to understand how stakeholder management has driven a new strategic positioning. For that, we conducted inductive qualitative research through a theory-building method based on multiple case study. We developed in-depth interviews with 55 top leaders from 11 companies from 2020 to 2023. Our data revealed that a firm needs to embed four elements to be better positioned in both the competitive and cooperative updated business contexts: stakeholders' alignment, stakeholders' joint value creation, stakeholders' interdependence awareness, and walk-the-talk behavior. We contribute to the stakeholder theory literature in several ways: defining a stakeholder strategic positioning for a stakeholder approach management; demonstrating the importance private companies have when they scale solutions for societal grand challenges; and defining stakeholder orientation as a firm's strategic positioning. Our managerial contributions highlight attributes of a stakeholder positioning strategy to be incorporated by managers still figuring out how to manage their firms in uncertain business and societal contexts. In the updated scenario, competing for better products, services, and markets does not fulfill an individual's needs. At the same time, they are members of society, employees, investors, customers, and suppliers and have preferences and claims that may benefit or harm a firm's performance. Our research has limitations, so we suggest scholars could use the categories of this paper to apply quantitative research.

Keywords: Competitive Strategy. Positioning Strategy. Stakeholder Theory.

4.2 Introduction

The positioning strategies have been classified into typologies (Miles & Snow, 1978; Porter, 1980; Mintzeberg, 1987; Treacy & Wiersema; 1993; Hax & Wilde,2002; Parnell, 2006; Obel & Gurkov,2023), mostly focused on a product-market perspective and only a few considered a stakeholder perspective (Freeman, 1984). Nevertheless, strategic positioning for stakeholders became a strong business promise and an academic research priority when the Business Roundtable's CEOs declared their firm's commitment to delivering value to multiple stakeholders (customers, employees, shareholders, suppliers, and communities) for the future success of their companies, their communities, and their country (Rigby et al., 2023; Harrison et al., 2020; The Business Roundtable, 2019). Besides, these CEOs emphasize that there are

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still rivals when competing for the same clients. In this sense, a firm that establishes a well-defined positioning strategy has a higher chance of serving its intended purpose and surviving in a competitive marketplace (Saqib, 2023). It requires competitive rivalry (Porter,1980) and stakeholders' engagement processes and alignment to create and distribute value in a cooperative context (Freeman, 1984).

Based on that, our research question is: How is a stakeholder strategic positioning defined? We aimed to understand how stakeholder management has driven a new strategic positioning. For that, we conducted inductive qualitative research through a theory-building method based on multiple case study (Gioia et al., 2013; Yin, 2005). We focused on giving voice to the investigated firm's leadership to reason on possible strategic positioning a firm takes when developing a business model to create value for multiple stakeholders simultaneously. We developed in-depth interviews with 55 top leaders (CEO, president, directors, managers, and heads) from 11 companies from 2020 to 2023.

Our data revealed that a firm needs to embed four elements to be better positioned in both the competitive and cooperative updated business contexts: *stakeholders' alignment, stakeholders' joint value creation, stakeholders' interdependence awareness, and walk-the-talk behavior*. *Stakeholder alignment is defined as a manager's action to capture multiple stakeholders' value perceptions* and coordinate their claims and the firm's strategic objectives in the same direction (Freeman et al., 2007). Managers aim to create value for multiple stakeholders simultaneously and achieve superior performance. The boundary conditions for this alignment are the firm's purpose and core business activities (Freeman et al.,2020).

The second element, *stakeholders' joint value creation*, is a co-creation process between a firm and its stakeholders. Stakeholder theory scholars argue that stakeholders are an end in themselves, not a resource for value-creation processes (Freeman, 1984). In this sense, a joint value creation process should establish fairness and transparent value distribution mechanisms that enable individuals to achieve their goals, assuring that the firm's goals are as relevant as theirs (Harrison et al., 2010). In this joint value creation process, all parties are aware of their differences, and because of it, they may get together to build processes where each party gives way to some of its claims to assure everybody gets back something (Bosse et al., 2009).

Stakeholders' *interdependence awareness* is the bonding element in stakeholders' relationships. It establishes both managers' and multiple stakeholders' premises of how each party affects and is affected by the other in creating and capturing value in the stakeholder value system (Harrison, 2020; Bosse et al., 2009). Finally, *walk-the-talk behavior is the leadership's walking-the-talk attitude, which establishes the value creation system by examples,* not by words. In this sense, top managers' mandate is to leave a legacy in the world, making it a better place within their business activities and purpose. Our data suggests that businesses must act as businesses, not as environmental or social activists or charity givers (Serafeim, 2022; Porter, 2019).

In this vein, our data reveals that the *stakeholder positioning strategy* is defined as the position a firm takes, understanding that it is part of society rather than an industry and acts as a transformation catalyst. The firm may position itself as global, acting globally, local, acting in its territory, or sectorial, acting in its industry. The firm is driven by a societal non-attended need and its core business. It may be a protagonist or an agent. Its main contribution is enabling opportunities for value co-creation with multiple stakeholders while contributing to the planet's preservation and enhancing its inhabitants' welfare. A central attitude is that the firm must act as a business, not as an environmentalist or social activist. A *stakeholder positioning strategy* establishes a firm's role as a business. By doing so, the firm enables a synergetic connection between excellence in performance and social impact (Serafeim, 2022; Porter, 2019)

To illustrate the new strategic positioning, we describe the Firm F case. Firm F, a world-leading Pulp industry, states its purpose is "we plant the future." The company attracts individuals with values and interests that connect to its purpose. In this sense, they compete with their rivals for the best talents (*stakeholders' joint value creation*). Firm F understands it must create and share value with multiple stakeholders. Thus, the company pays excellent economic returns to shareholders and assures they are aligned with its strategic vision. Even distributing only 10% of its profits, its shareholders trust the company's strategic objectives based on its purpose. It attracts other business partners with complementary attributes because they recognize its ability to plant the future. Firm F is seen as a protagonist of transformation (*walk the talk behavior*). It is also seen as an essential player in developing prosperity in the communities where its industries are located and establishing long-term supplier relationships because people say so (*stakeholders' alignment*).

With these joint connections, the firm delivers its customers products and services that exceed their expectations and is the world's leading producer in its field, helping to preserve the planet. It is an example of best practices in reforestation activities. All this is possible because Firm F connects individuals by their shared values and interests, which is a grounding basis for economic and non-economic returns from a stakeholder management perspective (*stakeholders' alignment*). The company's ambition statement will promote transparency and dialogue, welcome diversity of views, and strengthen partnerships. Considering all stakeholders, they aim to maximize their value creation and shared value capacity. A strategic goal is to engage employees to actively participate as agents and ambassadors of change by giving examples (*walk the talk behavior*). By declaring these assumptions, Firm F states that everybody is connected. The company understands the importance of recognizing each stakeholder's role in the value chain to create and capture value (*stakeholders' interdependence awareness*).

Therefore, from a stakeholder management perspective, we argue that a stakeholder strategic positioning embraces four main attributes: *stakeholders' alignment, stakeholders' joint value creation, and stakeholders' interdependence awareness and walk-the-talk behavior* (McGahan, 2023; Bridoux & Stoelhorst, 2022; Freudenreich et al., 2020). A firm that takes this strategy to create and capture value should demonstrate a high level of maturity of these elements in its policies and practices.

In this sense, the awareness of stakeholders' interdependence and a joint purpose to create value are fundamental premises of the stakeholder value creation framework, which allows managers to update the mandate of aligning multiple stakeholders in the same direction to create and capture value by guiding them by the example (Freudenreich et al., 2020; Freeman, 1984). Bridoux and Stoelhorst (2022, p.803) argue that we "cannot understand value creation and value appropriation without putting the interdependence among stakeholders at the center stage."

Besides, a single stakeholder's action may positively affect one stakeholder and negatively affect another simultaneously and consequently affect the firm's performance (Bridoux & Stoelhorst, 2022; Harrison, 2020). In this sense, a firm needs to position itself by a stakeholder positioning strategy to communicate better how it will create value for multiple stakeholders simultaneously and distribute value to enable joint value creation and achieve superior performance.

We contribute to the stakeholder theory literature in several ways: (1) defining a stakeholder strategic positioning for a stakeholder approach management (Freeman, 1984); (2) demonstrating the importance private companies have when they scale solutions for societal grand challenges (McGahan, 2023); (3) defining stakeholder orientation as a firm's strategic positioning (Bridoux & Stoelhorst, 2022); and, (4) we contribute to Rigby, First, and O'Keeffe's (2023) stakeholder positioning strategy framework by identifying a stakeholder strategic positioning, named stakeholder positioning strategy, composed of four elements. Our data shows that a firm that takes a stakeholder positioning strategy to gain competitive advantage in its business context has a high level of maturity of stakeholders' alignment practices, stakeholders' joint value creation processes, and stakeholders' interdependence awareness, and its leaders walk the talk.

Our managerial contribution is a stakeholder positioning strategy framework. It highlights attributes managers still figuring out how to manage their firms in uncertain business and societal contexts can incorporate into their firm's competitive advantage model. Our data suggests that firms only competing for better products, services, and markets may not fulfill current individual needs. These individuals are members of a society. They can simultaneously be employees, investors, customers, and suppliers, with preferences and claims that may benefit or harm a firm's performance and value-creation processes.

This paper is organized into six sections. The following sections expose the theoretical foundation of our reasoning and are divided into topics. The methodology section demonstrates how we conducted this investigation. Section four brings the results, and five discusses them. Finally, the conclusion summarizes the whole research reasoning from its purpose to its contributions, pointing out its limitations that encourage future research agenda.

4.3 Theoretical Foundation

4.3.1 Strategic positioning typologies

The current strategic management has constantly discussed strategic positioning typologies, which have been classified mainly by value-chain-based and value-network-based typologies (Miles & Snow, 1978; Porter, 1980; Mintzeberg, 1987; Treacy & Wiersema; 1993; Hax & Wilde,2002; Parnell, 2006; Obel & Gurkov,2023). Additionally, the literature has gone from a rivalry uni-direction flow emphasizing the creation of value for customers in exchange for economic value (Miles & Snow, 1978; Porte, 1985; Freudenreich et al., 2020) to expanding the awareness of the importance of long-term relationships between the firm and its customers to create and capture value (Treacy & Wiersema,1993) and a broader value proposition typology (Parnell, 2006). Moreover, scholars introduced the concept of bonding between customers and the firm's complementors, highlighting co creation processes (Hax & Wilde,2002). They argued that instead of competing with its rivals, the firm cooperates with them to deliver customers' needs that may only be reached if the focal firm aligns with its complementors. The strategy objective is to combine the firm, customers, key suppliers, and complementors' chains. The joint development efforts, especially with customers, enable the firm to perform better.

In sum, the existing literature suggests that typologies are a unique set of organizational characteristics that enable businesses to achieve superior outcomes and mechanisms that can be used to describe organizations, structures, strategies, and environments. This solid theoretical and empirical research foundation simplifies complex concepts by classifying objects according to a few criteria (Saqib, 2023). However, despite the richness of this work, we lack an understanding of how stakeholders, that is, individuals that are affected or affect the firm's activities and purpose (Freeman, 1984), are incorporated in the formulation and implementation of business strategic positioning typologies that face the updated societal grand challenges. Besides, typologies may miss a broader view of how firms position themselves by creating value for multiple stakeholders and gaining a competitive advantage.

4.3.2 Strategic positioning typologies with a stakeholder perspective

In this vein, Priem, Krause, Tantalo, and McFadyen (2022) introduce an alternative to the market-based approach named "competing for essential stakeholders" (CE) that provides devices that promote long-term value creation for shareholders and other essential stakeholders, establishing a multisided market arena. Top managers' competition lies in offering value propositions that attract essential stakeholders, not only customers and financiers. They should aim to attract the best talents, suppliers, employees, customers, and shareholders. On the other hand, these essential stakeholders will engage and reciprocate with firms, therefore competing with one another to be selected by the preferred firm that will attend better to their claims and preferences (Priem et al., 2022).

In line with that, Obel and Gurkov (2023) base their research on stakeholders, defining them as suppliers of resources (Stuwart et al., 1963), e.g., stakeholders-customers are capital providers (Garcia-Castro & Aguilera, 2015). Their typology definition is based on generic stakeholders (customers, shareholders, employees, suppliers of material and technological resources, authorities, and community), showing the relationship between stakeholders as resource suppliers, which leads to a better understanding of firms' decisions and activities. Their matrix aims to help managers understand how a firm can move to a particular position on the firm–stakeholder relationship matrix. The two-dimensional matrix expresses the benefits and costs of a specific stakeholder. It defines the firm's orientation as the identification of a firm's position regarding a few milestones, a wild business context in which the firm should keep its close attention on the stakeholders it depends on for its existence. The typology enhances elements of proactive and reactive modes of relationship between a firm and its stakeholders exposed into four types.

However, these studies lack empirical evidence of how managers may consider stakeholders' claims and preferences to enhance business opportunities and, at the same time, generate positive social impact. In which stakeholders are not resource suppliers but fundamental actors in the value creation system. Besides, a leading business strategy school (Mintzberg et al.,2020) often positions the firm by product or market, narrowing the importance of multiple stakeholders' alignment and interdependence in a value-creating process. We lack evidence of how a firm may gain a competitive advantage by strategically positioning itself by stakeholders.

4.3.3 Stakeholder theory

To address our question of interest, we position ourselves as stakeholder theorists who support the idea that stakeholder theory is managerial (Freeman et al., 2004; Freman, 1984). In this sense, the theory aims to solve managerial issues. It reveals how managers operate to create value for multiple stakeholders simultaneously and gain a competitive advantage to achieve superior performance. Stakeholder theory is grounded in two core questions (Freeman, 1994). The first is about the firm's purpose, enhancing the essential stakeholder groups it addresses in its value proposition and strategic objectives. The second question the theory asks is about the responsibilities management has to these stakeholders. The answer clarifies how managers design the firm's business model, the relationships they intend to have with multiple stakeholders, and the boundary conditions to operate ethically. In sum, "economic value is created by people who voluntarily cooperate to improve everyone's circumstance. Managers must develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the firm's promised value" (Freeman et al., 2004, p.364).

We assume that stakeholders are defined as "persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future (Clarkson, 1995, p.106), which in turn is "any group or individual who can affect or is affected by the achievement of an organization's purpose in its activities" (Freeman, 1984, p.53). The relative power of stakeholders influences the cooperative potential and each stakeholder's competitive threat, which may affect the firm's value creation performance (Freeman, 1984). Each stakeholder has preferences for different combinations of tangible and intangible issues (Bacq & Aguilera,2021; Harrison, 2020) that may affect the firm's strategic objectives setting. Therefore, comprehending what value means for each stakeholder enables the firm to develop strategies to have sustainable relationships with each stakeholder group. These relationships may position the firm differently from other companies in the same industry or an ecosystem (combination of multiple industries).

Additionally, it is a multiple-flow relationship. Value is created beyond transactions by aligning stakeholders' and the firm's tangible and intangible preferences that exceed the costs to develop it (Henderson, 2021; Tantalo & Priem, 2016; Porter & Kramer, 2011). Each party decides whether to continue the relationship and how much effort or resources to put into it. There is a sense of reciprocity and fairness in the relationship between the firm and its stakeholders (Bosse & Coughlan,2016), which has a powerful impact on the efficiency and effectiveness of the interactions in competitive and cooperative contexts (Freeman et al., 2019; Jones et al., 2018; Bridoux &Stoelhorst, 2014; Harrison & Wicks,2013; Harrison & Bosse,2013; Bosse et al., 2009).

Based on that, interdependence is a critical element of the joint value creation system (McGahan, 2023; Bridoux & Stoelhorst,2022). A stakeholder action affects all the other stakeholders' value creation and appropriation performance (Bosse et al., 2009). A single stakeholder's action may positively affect one stakeholder and negatively affect another at the same time and, consequently, the firm's performance (Bridoux & Stoelhorst, 2022); (Harrison, 2020). In this vein, managers must choose which stakeholders to engage in the joint value creation journey, being aware that any stakeholder may decide to stop their relationship with the firm if they consider the relationship and the firm's value proposition to be unfair, disconnected from their claims, preferences, values, and beliefs to mention some reasons (Bosse et al., 2009).

In this sense, managers must identify the stakeholders who "count" and should be treated differently, the ones whose claims are connected to the firm's strategic objective (Bacq & Aquilera, 2022) and the ones who create joint value because their collective efforts are greater than the sum of the parts (McGahan, 2023; Kaplan, 2023; Klein et al., 2019). These are the enfranchised stakeholders relevant to the firm's innovation processes (Klein et al., 2019). In this sense, aligning stakeholders' goals to the firm's strategy is a great challenge managers face to achieve superior performance since stakeholders' alignment efforts may vary according to each stakeholder's influence and interest in the firm's purpose and activities over time (Freeman, 1984).

Therefore, from a stakeholder theory perspective, the firm must provide a safe and excellent quality product at a fair price for its customers; pay its suppliers a fair value for the provision of resources within a pre-established period; treat its employees well and pay fair wages; respects the community where it has its operations; pays off its investors as agreed, provide reasonable returns to shareholders, operates within the rules and legislation (Barney & Harrison, 2018). In sum, the firm's value creation system must be a joint process where managers identify and align stakeholders' preferences in the same direction. Managers must balance stakeholders' preferences despite conflicts, aligning them to the firm's strategic objectives to achieve a common goal (Freeman et al.,2004). We argue that corporate purpose and core business are the boundary conditions for managers to decide what claims and preferences they will address and whom they define as enfranchised stakeholders.

However, we still lack an in-depth understanding of how the firms define and develop a stakeholder's strategic positioning to gain competitive advantage and achieve superior performance in facing the updated societal grand challenges.

4.3.4 Stakeholder strategic positioning

Recognizing these issues, some scholars have focused on stakeholder threats and influence. For example, a strategic positioning from a stakeholder theory’s perspective may refer to the firm’s positioning at multiple stakeholders’ power of influence, cooperative potential, and the competitive threat of each stakeholder that may affect the firm’s value creation performance (Freeman, 1984). Therefore, stakeholder strategic positioning is the firm’s positioning embracing stakeholders’ threats and cooperative potential (Bridoux & Stoelhorst, 2022), joint value creation potential (McGahan, 2023; Freeman et al.,2020), and interdependence (McGahan, 2023).

In this vein, the interdependence between multiple stakeholders and the firm is central to the value creation system (McGahan, 2023; Stoelhorst,2022). Suppose the firm counts on multiple stakeholders to supply resources (financial, human, structural, technological, etc.). In that case, identifying stakeholders’ networking, interest, and power of influence towards the focal firm gives managers tools and information to manage stakeholders when formulating strategies. For that, managers should consider which actions must be taken to encourage stakeholders’ support for an organization’s strategy and what actions might prevent or minimize stakeholders’ risk of sabotage in implementing the firm’s strategy (Ackermann & Eden, 2011). In sum, both theorists and business strategists agree that stakeholders matter (Eden & Ackermann,2021). Stakeholders’ goals are complex, dynamic, varying from time to time, and are a system of interconnected goals. Top managers’ challenge is to connect this system’s goals to the business goals that drive business strategies (Eden & Ackermann,2021).

In sum, the existing literature suggests that stakeholders are a fundamental part of the value creation system and may create or destroy value depending on their engagement with the firm. However, despite the importance of all the previous work, we lack an understanding of how stakeholders may be drivers of a firm’s new strategic positioning.

4.3.5 Stakeholders’ alignment, joint value creation, and interdependence

Suppose firms accept stakeholders’ importance to business strategy formulation and implementation. In that case, their strategic positioning may have to consider four attributes in its competitive advantage model: stakeholders' alignment, joint value creation, interdependence, and managers' ethical and transparent behavior. The stakeholder alignment concept embraces the idea that the firm has responsibilities toward multiple and distinct stakeholders (customers, employees, suppliers, shareholders, and communities) and should create value for all of them simultaneously (Barney, 2018; Freeman et al., 2010). For that, the firm must identify each stakeholder's needs and claims and recognize whose claims are aligned with the firm's strategic objective (entitled stakeholders). Managers' mandate is to manage stakeholders' preferences, aligning them in the same direction to achieve the firm's strategic objectives (Freeman, 1984; Freeman et al., 2004).

In this vein, stakeholder influence and interest in the firm's purpose and activities are relevant to the firm's innovation (Bacq & Aquilera, 2022). Joint value creation embraces the relationship between the firm and multiple and diverse sets of stakeholders in which the parties transfer value and are stimulated to experience emotion, perceive some form of a psychological bond, and take some action on behalf of the other party (Bacq & Aguilera,2022; Harrison, 2020; Bosse & Coughlan, 2016; Tantalo & Priem, 2016; Harrison et al., 2010; Porter & Kramer, 2011; 2006; Freeman et al.,2004). Managers must develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the value the firm promises, reframing products and market development, redefining productivity in the value chain and enabling value co-creation outside its boundaries and different levels, thus expanding the total set value generated by the firm with its stakeholders (Freeman et al., 2004).

One stakeholder's action affects all the other stakeholders positively or negatively and consequently affects the firm's performance (Bridoux & Stoelhorst, 2022). Interdependence embraces the idea that a single stakeholder's power of influence, cooperative potential, and competitive threat may affect the firm's value creation performance (Freeman, 1984). A single stakeholder's action may positively affect one stakeholder and negatively affect another one at the same time and, consequently, the firm's performance. A stakeholder action affects all the other stakeholders' value creation and appropriation performance (Bridoux & Stoelhorst, 2022). Each party decides whether to continue the relationship and how much effort or resources to put into it (Bosse & Coughlan,2016). The enfranchised stakeholders create joint value because their collective efforts are greater than the sum of the parts (McGahan, 2023; Kaplan, 2023; Klein et al., 2019). Finally, top managers' behavior must be ethical and transparent, being an example for others (Bosse et al., 2009).

However, it is still unclear how stakeholders are drivers in developing a new strategic positioning. There is a lack of understanding and empirical evidence to describe a stakeholder's strategic positioning. The following section demonstrates how we conducted this investigation.

4.4 Method

We applied an exploratory, inductive multiple case study (Gioia, 2021; Yin, 2005). The method was selected to guide this research due to its exploratory nature. It is suitable to build a new theory to explain how constructs relate to one another and clarify assumptions about a phenomenon (Gioia, 2021). We aim to define and describe a stakeholder's strategic positioning. From the fundamental premises of the Gioia method that the organizational world is socially constructed and that the people directly involved with the studied phenomenon, the "knowledgeable people," are those who can transfer knowledge through their perceptions and actions (Gioia, 2021), our primary data source is based on fifty-five “knowledgeable agents, namely, people in organizations who know what they are trying to do and can explain their thoughts, intentions, and actions” (Gioia et al., 2013, p.17). The experience and knowledge of these individuals are the heart of this research.

Gioia (2021) argues that the understanding of each experience of those who live the phenomenon is more relevant to the elaboration of the theory than the amount or frequency of measurable occurrences; in this way, it is possible to move from the specific – relevant and unique evidence – to replicability in other cases – transferability. In this sense, we considered not only the evidence that appeared most frequently but also those that enabled the elaboration of findings on coping with our research question. However, it is essential that the researcher has access to multiple data sources (several semi-structured interviews and documents) and several cases, thus bringing robustness to qualitative research (Gioia et al., 2013). Therefore, the primary data collection took place through semi-structured interviews with fifty-five people. The secondary data used was information available on websites and digital channels, as well as documents of the firms provided by their managers.

All data files (transcription of interviews, term of acceptance of participation, and documents) were stored in a specific drive for this research. An interview protocol was elaborated to ensure a pattern in the procedures for collecting primary data. Besides, applying a multiple case study (Yin, 2013) enables a set of comparative data and can provide more accurate and transferable insights than a single case (Gioia, 2021). For that, we conducted a comparative analysis to identify similarities and differences between the respondents and between respondents and secondary data (firms’ annual reports, websites, and digital media information).

We selected sample firms based on some criteria. Firstly, these firms caught our attention through their social media exposition, relating how they were changing how they interacted with multiple stakeholders to achieve a different performance. A second element of attention is their top managers' posture of communicating how their firms compete in today's business and society contexts. Then, we analyzed these companies' sustainability and annual or integrated reports available on their websites and LinkedIn. We gather a secondary data set comprising the firm's reports, YouTube videos, magazine articles, the website, and social media. We then identified these firm's top managers and contacted them through LinkedIn. When the contacts were returned, we invited them to participate in our investigation and defined an interview agenda.

To bring reliability to the research, we started this investigation by formulating the interview protocol, which contemplates specific questions about how the firm creates and appropriates value with multiple stakeholders within its routine activities. The questions are :(1) what is your mandate at the company? (2) what are your responsibilities as a leader in the organization? (3) who are the company's essential stakeholders? (4) how do you better understand the pains, challenges, and opportunities generated for each stakeholder within the company's value proposition? (5) how did you build the strategy for the company to be positioned within its value chain to create and appropriate value? (6) and in your opinion, what are the company's pains, challenges, and opportunities in this new strategic positioning?

We developed a data record from the protocol (interview recordings, transcripts, and the firm's documents). We asked the first interviewee of the focal company to choose a project they could explain in detail how things were done. This first informant indicated other stakeholders to build our interview agenda, replicating the "snowball" technique. From that, we interviewed other stakeholders contemplating the same project, but not only. The interviewee was free to discuss the selected project and introduce another one. The interviews took an average of 50 minutes and were recorded and transcribed. We started this research in June 2020 with seven companies but excluded three because we could not reach multiple stakeholders. In the following year, we added two other firms and then two more and kept including others, and we got to eleven companies participating in our research. We looked for firms in different phases of incorporating stakeholders into the value creation system. This enabled us to understand better how they were establishing a new strategic positioning.

We selected these companies because their leadership's talks and actions caught our attention. They demonstrated on social media platforms a different way of managing their companies. However, some other premises were grounding: access to multiple stakeholders, data disclosure authorization, and access to the firm's leadership for an interview. Most of the contacts were done through LinkedIn and personal introduction. This paper presents the results that emerged from 55 interviews with stakeholders of 11 different companies from June 2020 to August 2023. Table 1 demonstrates the firm's sector, the number of interviews, and the interviewees' s positions.

Table 6 (Table 1): Sample companies

Case	Industry and brief description	Number of interviews	interviewee position
Firm A	Mineral Mining A natural zeolites develop solutions for water Treatment, animal nutrition and production, agriculture, Paints and Polymers industries company.	2 interviews	Chief Executive Officer and Head of sustainability department
Firm B	Ornamental Stone Mining One of the five largest ornamental stone mining companies in Brazil.	4 interviews	Chief Financial Officer, Production manager, Sales manager, Customer
Firm C	Chemical industry The largest producer of thermoplastic resins in the Americas and the largest producer of polypropylene in the United States.	2 interviews	Sustainability Director, Community member
Firm D	Chemical industry American multinational conglomerate corporation operating in the fields of industry, worker safety, health care, and consumer goods.	4 interviews	Product Stewardship manager, Institute manager, Salesperson, Head of Communication department
Firm E	Pets industry Leading Pet industry Digital Platform in Brazil.	6 interviews	Founder, Human resource Chief Officer, Human Resource Business partner(2), Product supplier, Customer
Firm F	Paper industry The world's leading eucalyptus pulp and paper producer and a global benchmark in the manufacture of bioproducts developed from eucalyptus.	8 interviews	CEO,Sustainability Director, Operational Sustainability Director,Sustainability manager, Strategy assistant, Sustainability and Social development assistant, Finance and sustainability assistant
Firm G	Chemical industry Operates in waterproofing, asphalt blankets, surface protectors, sealants, additives for concrete and high-tech construction products.	2 interviews	President, Innovation and Sustainability manager
Firm H	Construction Builds high end projects	6 interviews	President, CFO, Project manager, Supply chain manager,supplier,customer
Firm I	Construction Leader in building low income houses	2 interviews	strategic director, sustainability manager
Firm J	Cosmetics Leader in beuaty industry	10 interviews	Vice President,Institute manager, Impact specialist, Sales representative, Customer, Sustainability Director,Head of Stakeholder Enagagment, Head of Diversity, Head of Social Innovation
Firm K	Automobile Multinational company and leader in innovation	9 interviews	Sustainability Director, NGO,customer,Communication manager,visitor relationship coordinator,academy, 2 employee

Source: elaborated by the authors

Firms A, B, C, D, F, and K operate in the B2B (business to business) market attending different countries. Firms E, H, and I operate only in Brazil in the B2C (Business to Consumer) market. Firm J operates in the global B2C market. Moreover, Firm G operates in the B2B market only in Brazil. Although the number of interviews differs among sample companies, the data collected covered our questioning, giving us enough information to develop reasoning.

4.4.1 Data Sources

We interviewed at least one member of five primary stakeholder groups (customer, supplier, shareholder, employee, and Community). We based our data collection on three data sources: (1) an initial interview with the firm's top manager (CEO, president, or director), (2) semi-structured interviews with multiple stakeholders, and (3) secondary data sources.

4.4.2 Top manager interview

The entry interview with the top manager of each firm had a semi-structured format. We began the interviews by asking them to describe their mandate in the firm and to name the stakeholders with whom they have a relationship. We then asked them about a project (we suggested a sustainability, corporate social responsibility, or innovation project) they could share and explain how they created and distributed value to these multiple stakeholders. Moreover, how the firm captured value from managing these multiple stakeholders. We focused on asking them to describe the processes of value creation, appropriation, and management of multiple stakeholders. Finally, we asked how the value creation and management process with multiple stakeholders affects the firm’s performance. The interviews took 50 minutes and were recorded and transcribed.

4.4.3 Multiple stakeholders’ interview

We interviewed at least one member of five primary stakeholder groups (customer, supplier, shareholder, employee, and Community). We got to the members from the indication of the interviewees. We asked them the same questions as top managers. The interviews took 40 -to 60 minutes and were recorded and transcribed. After the first set of interviews, we identified and described evidence based on our research question.

4.4.4 Secondary source and other data

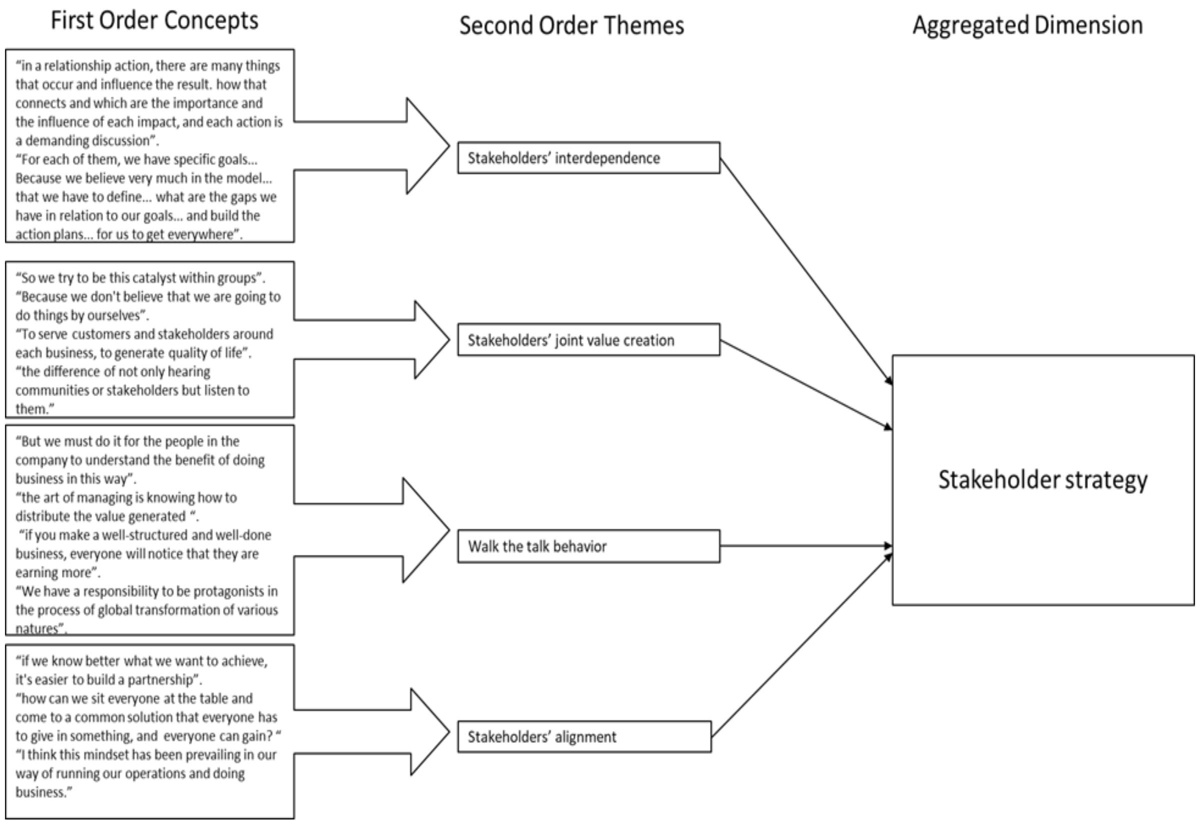
We examined the firm’s reports, YouTube videos, magazine articles, and the firm’s website and social media. We analyzed secondary data per firm according to our research question.

4.4.5 Data Analysis

We used the following approach for the analysis phase: After collecting primary and secondary data from each firm, we looked for evidence to answer our research question. We analyzed data for patterns according to differences and similarities between each group of firms. A second data reading was done to identify new evidence that could answer our research question. From that, we came up with propositions and returned to the cases to see if the propositions were feasible. Another set of comparative analyses focused on the new evidence and confirming or discarding the propositions. After several iterations between data and propositions, we compared existing literature to refine our insights.

The data structure (Figure 1) was formulated to clarify how we got to the Stakeholder positioning strategy.

Figure 9 (Figure 1): Data Structure



Source: elaborated by the authors

The first-order concepts are interviewees' transcription extracts. We used the transcription reading to demonstrate the data-to-theory connections, enhancing the confidentiality and rigor of our qualitative research (Gioia, 2021). Our data revealed the participants' experience and enabled our insights to formulate new categories of analysis that were finally aggregated into a new construct, Stakeholder positioning strategy. The following section will demonstrate our data revelations.

4.5 Results

Our data revealed a new strategic organizational positioning named the Stakeholder positioning strategy. It is defined as the positioning companies take, stating that stakeholders' claims and preferences matter for formulating and implementing business strategic objectives to enable value creation for multiple stakeholders simultaneously and achieving superior performance. By taking this positioning, top leaders state that the firm is an agent of transformation. The firm declares it is part of a society rather than an industry and acts as a transformation catalyst addressing societal nonattended needs connected to its core business. The firm may position itself as global, acting globally, local, acting in its territory, or sectorial, acting in its industry. The firm is driven by a societal non-attended need and its core business. It may be a protagonist or an agent. Its main contribution is to make a better world by creating economic and social value for multiple stakeholders simultaneously while contributing to preserving the planet and enhancing the welfare of its inhabitants. Transformation leadership attributes are a high level of stakeholder alignment, joint value creation, and interdependence awareness. A key element is the leadership's walking-the-talk attitude. These leaders guide stakeholders in the same direction, gathered by shared values and interests, acting as business leaders, not environmental or social activists.

Our data shows that a stakeholder commitment-driven leader creates value in different manners. To illustrate, we extracted Firms F and H statements.

Firm F's sustainability director's extract demonstrates how the firm is changing how it creates value for multiple stakeholders by focusing on solutions, not pointing to errors or guilt.

> We have some values at the company, and one of them is creating shared value. In our society, it is embedded in the Latin American culture. It is very typical for people to try to find guilt or finger points. Oh, this is your fault. This is that, and then you say, okay, it is not our fault, but it is also our problem. How can we sit everyone at the table and devise a standard solution where everyone has to give in something, but everyone can gain? Moreover, this mindset has prevailed in running our operations and doing business (Firm F).

By aligning multiple stakeholders in the same direction and gathering their goals with the firm's goals, firms are well positioned within their competitive context, as Firm H CEO extract states:

> When you realize that you cannot work just for yourself, let us say, just for shareholders, and you have to be in business with other partners to be able to grow, you bring value to us and bring value to the partner who is the stakeholder, who is the stakeholder shareholder, and to the employees, Not straying from the company's core business (Firm H).

In this sense, collective effort enables value creation within the firm's value chain besides enhancing business opportunities for other stakeholders such as employees, suppliers, and communities, respond positively to its investor, shareholder, and financers' expectations so that they all deliver products and services to their customers based on fair and respectful relationships and contracts (formal and informal). Stakeholder commitment-driven attributes are a high level of maturity of stakeholders' alignment, a high level of maturity of joint value creation, and a high level of interdependence awareness.

Our data suggests that establishing a joint value creation system is not easy or automatic for business managers. The interviewees suggest it requires a mindset change from top managers. They state that the business is going through a business model transformation. Firms F and H' CEOs statements illustrate that:

> The previous world was shareholder capitalism. So, the CEO's primary mandate was to generate value through business models or productivity or efficiency gains of that nature and deliver value for shareholders of all kinds, controlling shareholders and minority shareholders. The mandate of the modern CEO is much broader than that. One of our culture's three pillars mirrored this: creating and sharing value with all stakeholders. So, we have to look more deeply at suppliers, customers, the communities we serve, and employees in a more long-term way for a relationship with the environmental issue and environmental responsibility. So, the diversity of essential stakeholders that we have to be following. For each of them, we have specific goals. Because we believe very much in the model, we must define the gaps in our goals and build action plans for us to get everywhere. Because we believe that one of our key stakeholders is the public society" (Firm F). To serve customers and stakeholders around each business, to generate quality of life, that is, I need to generate quality of life, so we do not do it; I do not advertise that I have LEED BUILDING or ESG patterns. We do this for society because this is the right thing to do (Firm H).

As the extracts show, a new business model is currently developing. Instead of focusing on value creation for customers and shareholders, the firms state they understand that creating value for multiple stakeholders and especially leaving an excellent legacy to society is the CEO's duty and current mandate.

Our data suggests that the sample companies are unaware of the interdependence between stakeholders and the firm. However, the ones that have already understood stakeholders' interdependence relevance are gaining a competitive advantage because society and customers recognize that business and society are intertwined. Firms D, A, and G extracts illustrate this:

> Of course, they connect. We are a mini-society. Our firm is a mini company within the Brazilian society. Within Brazilian society, there are groups, and these groups have affinity groups. I like to belong to our firm's group because we have codes and values that are the same" (Firm D). We do not want to treat water, and we do not want someone to take the residual arsenic, lead, aluminum, or anything. We take on this responsibility of delivering health to people, and, in fact, more and more, the team turns around people who have these same values (Firm A). our purpose is to transform the lives of millions of Brazilians, improving the quality of housing and making their home our cause (Firm G).

From the interview transcriptions, interdependence awareness seems to be more than the idea that one stakeholder may affect or be affected by others and the firm. It appears to be defined as a single set of intertwined businesses and society. Society is composed of individuals who take on different roles, and some of them have intrinsic connections with business, e.g., an individual may simultaneously be a business' client, employee, supplier, shareholder, and financier. Following the same logic, Business is also composed of individuals taking roles in the company's value chain activities and being part of the society where the Business is located. There is no society without business or business without society.

Our data suggests that business and society should work together to generate wealth and scale solutions for grand societal challenges. We name this category as *the stakeholders' joint value-creation process*. Firms G and E illustrate that.

> We have 15 startups in partnership with three other companies, which we also mentor and try to imagine a new business model that can emerge to address this opportunity. We also have open innovation from our company because collaboration is essential. Still, you must also have your initiative because it brings more focus and energy. What is the point of having a school if the child does not have a place to study, does not have a ventilated room, or has an infiltration problem? We are developing this healthy building platform to explain to people the importance of having healthy houses. Business only thrives in societies that, in turn, also thrive (Firm G).

Data suggests that there seems to be a standard value among sample companies: creating value with and for multiple stakeholders drives innovation in business processes and modeling products and markets. Participants, mainly top managers, recognize that societal non-attended needs connected to their firm's core business are excellent sources of innovation and unlock business opportunities while generating prosperity for individuals in society.

However, our data reveals that not all sample companies take advantage of the stakeholder strategic positioning. Some present a narrative that contemplates the three initial categories: *stakeholders' alignment, joint value creation, and interdependence* awareness. Still, some companies are unclear about incorporating these concepts into their daily activities, processes, and capabilities. It seems pretty trick that top leaders' walking-the-talk behavior drives profitability and reputation value. Society appears to recognize leaders who transform their business model, not leaders who are activists. This point emerged in customer, supplier, and visitor interviews (MBA students we took to visit some of the sample companies). Firms B, F, and K's extracts illustrate that.

> They have many charity programs, but they never share knowledge. It is all for their sake" (Firm B). They have a beautiful narrative and are always in the news. However, they say they have 7 million women working for them without a contract or business relationship. How come? What about their products? They say it is based on preserving the environment, but their vice president says they do not own any land, and the same product is sold to rich and poor women. Their advertising always appeals to us, making us buy more and more. The product is expensive (Firm F). They are great, but there is only one woman on the board. There was; she just left the company. It seems weird to declare they have equity of gender or are going to achieve specific goals in a short period (Firm K).

When we interviewed customers and suppliers, we had a different perspective on how the company created value for multiple stakeholders. Besides, MBA students who visited some sample companies questioned their leaders about the coherence of what they told them and what they saw in their factories and customer-firm relationships. These stakeholders pointed to incoherence between what the company says and what it does. We named this category walk-the-talk *behavior*.

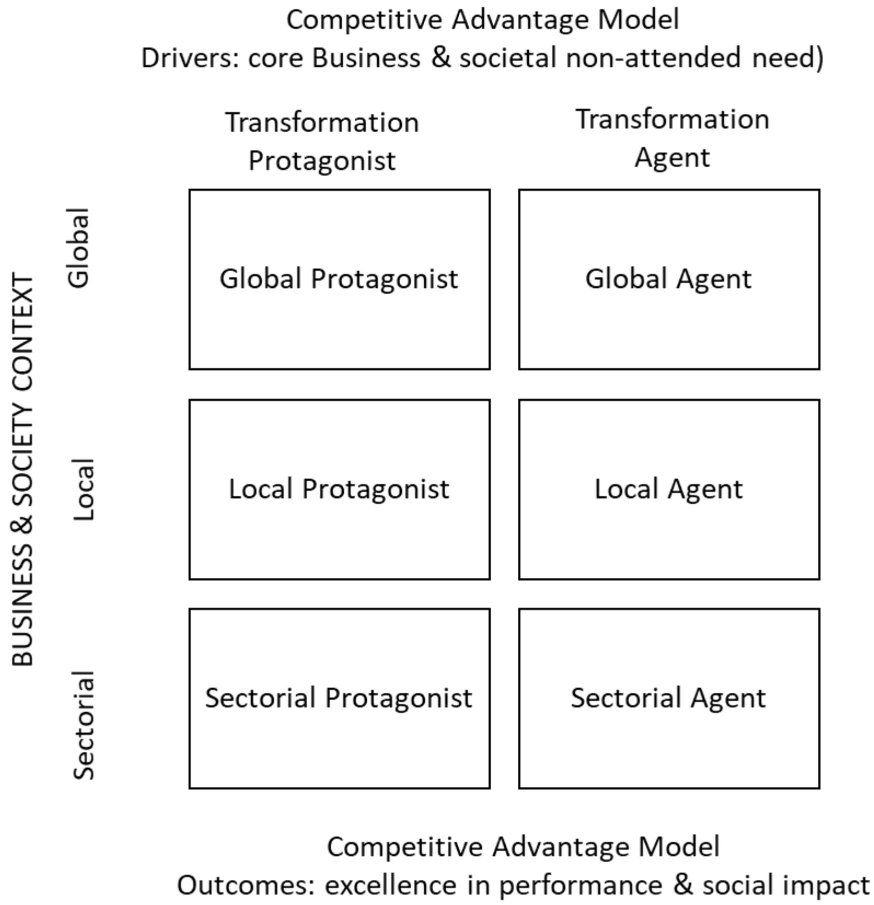
The following section explains how we elaborated the *stakeholder positioning strategy*, describing how and when it is a strategic positioning that may enhance competitive advantage.

4.6 Discussion

Bridoux and Stoelhorst (2022) argue that there is a need for a standard terminology of stakeholder-orientation variables and their operationalization in the stakeholder theory field of investigation. Our theory foundation session raised arguments from Freeman (1984), Eden and Ackermann (2011), Porter and Kramer (2011), Bridoux and Stoelhorts (2022), and McGahan (2023) among other strategic management theorists to establish stakeholder-orientation as a firm’s positioning. In this sense, our data reveals elements and led us to name a new strategic positioning - *stakeholder positioning strategy*- the firm’s positioning aligning multiple stakeholders considering their threats and cooperative potential, joint value creation processes, interdependence awareness, and walk-the-talk behavior.

Our data suggests that the *stakeholder positioning strategy* is the company's position when it acts as a catalyst for transformation to create value for multiple stakeholders and achieve superior performance. The model suggests an ongoing process. There is no beginning or a linear sequence process. The firm may position itself globally, participating in international business and dialoguing with worldwide companies. Local, when it engages in its country's business context, dialoguing with other national companies. Alternatively, sectorial, participating in its industry’s discussions and dialoguing with other companies in its industry context. The firm is driven by a societal non-attended need and its core business. It may be a protagonist, leading the different companies in the same direction or as an agent, contributing to the collective effort. Still, the company is led by a focal company. Its main contribution is enabling opportunities for value co-creation with multiple stakeholders while contributing to the planet’s preservation and enhancing its inhabitants’ welfare. A stakeholder positioning strategy establishes a firm's role acting as a business, not as an environmental or social activist. By doing so, the firm enables a synergetic connection between excellence in performance and social impact (Serafeim, 2022; Porter, 2019). Figure 2, Stakeholder positioning strategy, summarizes the above concepts.

Figure 10 (Figure 2): Stakeholder positioning strategy



Source: elaborated by the authors

The Framework identifies the new competitive advantage model drivers (core business and societal non-attended need) and its outcomes (excellence in performance and social impact), demonstrating that a firm can be a protagonist or an agent of transformation in three business and society contexts (global, local, or sectorial).

Additionally, a firm that takes a stakeholder strategic positioning (SSP) can be identified by the possession of four of the following attributes: *(1) stakeholders' alignment, (2) stakeholder's joint value creation, (3) stakeholders' interdependence awareness and (4) walk the talking behavior*. Our thesis is that a firm may possess one, two, or all four SSP attributes in three possible levels – high, average, and low. When a firm presents the four characteristics at a high level of maturity, this firm is likely to gain a competitive advantage compared to its rivals. Besides, the firm will likely be more profitable while enhancing societal prosperity. Figure 3, Stakeholder Positioning Strategy Test, exposes questions top managers may make to identify if their companies are gaining a competitive advantage by taking a stakeholder strategic position.

Figure 11 (Figure 3): Stakeholder Positioning Strategy Test

HIGH, AVERAGE, LOW

What is the firm's level of stakeholders' alignment?	What is the firm's level of stakeholders' join value creation?	What is the firm's level of stakeholders' interdependence awareness?	What is the firm's level of walk the talk behavior?	Competitive outcomes	Performance Implications
LOW	LOW	LOW	LOW	Competitive Disadvantage	Below-average return
AVERAGE	AVERAGE	LOW	AVERAGE	Stuck-in-the -middle	Break-even return
AVERAGE	AVERAGE	AVERAGE	HIGH	Reputational Competitive Advantage	Below-average return
HIGH	HIGH	HIGH	HIGH	Sustainable Competitive Advantage	Above-average return and positive social impact

Source: elaborated by the authors

Top managers may ask four questions that embrace one element of the Stakeholder positioning strategy to verify each element's maturity level in their competitive advantage model. Suppose the answer presents a low level of maturity of the four elements. In that case, the firm will likely have a disadvantage towards its rivals and economic loss (no sample companies are in this situation). If the company's answers present only one low level of maturity of any of the four elements, the company is likely to be stuck in the middle (Firm B). Rephrasing Porter (1985,1980) and Barney (1991,1995), the company does not have a competitive advantage model or a consistent strategy. In this sense, the company may be only paying the bill, not achieving superior performance or being profitable, or the company may be profitable. Still, it is not aware of what precisely brings economic returns. Besides, the company does not have any social impact performance indicators.

On the other hand, if the answers present one high level of maturity of any of the four elements, the company will likely have a temporary competitive advantage towards rivals and maybe a reputational competitive advantage. It may have a social impact on performance indicators. However, the company may have a low average economic return situation (Firm J). Finally, suppose the company's answers present a high level of maturity of the four elements. In that case, this company will likely have a sustainable competitive advantage over its rivals, achieving both excellence in economic performance and positive social impact. Our data reveals that Firms A, C, D, E, F, G, H, and I are in this situation. However, Firms C, D, and F are global protagonists of transformation. Firms E, G, and I are local protagonists of transformation. Moreover, Firm H is a sectorial agent of transformation.

In this sense and based on our data revelation, we define *stakeholders' alignment* as managers' action to capture multiple stakeholders' value perceptions and coordinate their claims and the firm's strategic objectives synergies to achieve a common goal, which is in line with stakeholder theorists (Bridoux & Stoelhorst,2022; Freeman et al., 2020; Freeman, 1984). The common goal is to create value for multiple stakeholders simultaneously and achieve superior performance. The boundary conditions for this alignment are the firm's purpose and core business activities (Freeman et al., 2020).

The second element, *stakeholders' joint value creation*, is the processes managers lead systemically to join individuals' roles to co-create value. Managers should establish fairness and transparent value distribution mechanisms that enable individuals to achieve their goals, assuring that the firm's goals are as relevant as theirs, which aligns with stakeholders' theorists (Harrison et al.,2010). In this sense, the main goal is to ensure stakeholders are gathered because of shared interests and values. In this joint value creation process, all parties are aware of their differences, and because of it, they may get together to build processes where each party gives way to some of its claims to assure everybody gets back something (Bosse et al., 2009). Interdependence *awareness* is the bonding element of these three elements' relationship. It establishes both managers' and multiple stakeholders' premises of how each party affects and is affected by the other in creating and capturing value in the stakeholder value system (Bridoux & Stoelhorst, 2022; Harrison, 2020). Finally, this process must be led by an ethical, transparent leader with a walking-the-talk attitude. This element was revealed in the interview's transcriptions and is not often cited in the current stakeholder theory literature. However, it is a central element in a more practitioner-focused literature (Serafeim, 2022; Polman & Winston, 2021).

To illustrate the process, we describe the case of Firm E. Firm E, a Brazilian digital platform. It is the largest pet ecosystem in Latin America. It creates value for its customers and suppliers, communities, shareholders, employees, and pets by creating an environment enabling multiple stakeholders' connections in a joint value-creation context. The firm's top managers and founder align stakeholders in the same direction where they are all interdependent but autonomous. By delivering its value proposition, the firm is creating value for the company (it is the most relevant and profitable Pets ecosystem platform in Latin America) and its employees (it pays wages above market prices and each employee is a shareholder), suppliers (it establishes long term contracts, treats them fairly), shareholders (has a clear and successful strategic vision and direction and a valuable brand and distributes dividends as agreed), investors (pays off well), communities (connect people who are pet lovers, contribute by improving pet NGOs missions), and customers (it delivers products and services with high quality and excel its customers' needs). Its founder still has lunch with the production workers, and the love for pets is a shared value among stakeholders. To illustrate, the company has 1300 employees and about 2600 pets. The veterinarian founder encourages everyone related to the company to have their pet. Based on this reasoning, we argue that Firm E is well positioned in its environment because it creates value simultaneously for multiple and diverse sets of stakeholders; it is profitable and enhances a better quality of life for those who love and have pets and for the pets.

Most of our sample companies are taking a stakeholder strategic positioning approach. Our results show how firms face stakeholders' threats and cooperative potential based on their interdependence, which aligns with Freeman, Martin, and Parmar' (2020, p.1) highlights that "there is a growing conceptual revolution in how we think about business." Besides, business is not an isolated institution; it is embedded in other social institutions and only exists because of the individuals who give life to its purpose, and these individuals are part of all different social institutions.

Businesses and individuals are all interconnected. There is no business or society, good or bad business, good or bad individuals, profit or purpose. Therefore, old business stories are being retold based on the premise that the business purpose is to make money; people are self-interested and need incentives to work in business. The saints-and-sinners thinking gives place to a co-creation and collaborative effort between business and society to face societal issues and needs (Freeman et al., 2020). Both business and society are writing the new business story and telling companies should create value for customers, employees, suppliers, financers, shareholders, and communities at the same time and still be profitable (Rigby et al., 2023; Harrison et al., 2020; Freudenreich et al., 2020). It is not an "or" process but an "and" possibility of incorporating societal issues into the formulation and implementation of business strategy (McGahan, 2023; Henderson, 2021; Porter & Kramer,2011).

In this sense, our data reveals that Firm F is positioned by a stakeholder positioning strategy, and because of that, the firm is recognized by its peers as a protagonist of transformation; it is highly profitable, attracts the best talents, and is leading significant global changes to face societal grand challenges as mitigating poverty and restoring land in Brazil. Besides, their leaders clearly state that all their actions are connected to the company's core business, and by doing so, they are unlocking business opportunities, diminishing costs, enhancing societal prosperity, and getting money. They do what they do not because they are good guys but because it is good for the firm and society.

Our results show that working with stakeholders to create value with them is still not mature since it is not clear that the firm and its stakeholders are all interdependent. One stakeholder's action may affect the whole value chain, the firm's value proposition, and, thus, its performance (Bridoux & Stoelhorst, 2022). Firms that demonstrate a high level of stakeholder strategic positioning maturity understand how much stakeholders matter to potentialize or destroy their value proposition and, thus, their performance (Rigby et al., 2023; Harrison et al., 2020; Freudenreich et al., 2020).

These companies control their ecosystem's dynamic, aligning multiple stakeholders in the same direction to guarantee that everybody creates and appropriates value. These companies are leading a business management movement to create value for multiple stakeholders simultaneously. They are stewards to announce no trade-off between profit and purpose. On the contrary, profit is the means to scale a business' purpose, and by doing that, the firm is legitimated by society to operate (Freeman et al., 2020; Porter, 2019).

However, despite the firm's trajectory, our data revealed that a leading firm in sustainability may not gain a competitive advantage because of the inconsistencies in its business and competitive advantage models. Surprisingly, some stakeholders revealed incoherence between what the firm talks about and how it walks. Because of the data revelation, we investigated how profitable the firm is. This company has been losing money in the last four years, indicating possible fragilities in the business model. Notwithstanding, it reveals that a walk-the-talk behavior is grounding for a firm to gain sustainable competitive advantage and a societal license to operate.

4.7 Conclusion

This paper aims to identify a strategic stakeholder organizational positioning to help managers implement a stakeholder-oriented strategy effectively. Our research question, "How is a stakeholder strategic positioning defined?" was answered by applying qualitative research and collecting primary data through in-depth interviews. We applied a multiple case study (Gioia, 2021; Yin, 2013) to understand 55 respondents' perceptions.

Our data revealed that a firm needs to embed four elements to be better positioned in both the competitive and cooperative updated business contexts: *stakeholders' alignment, stakeholders' joint value creation, stakeholders' interdependence awareness, and walk-the-talk behavior*. *Stakeholder alignment is defined as a manager's action to capture multiple stakeholders' value perceptions* and coordinate their claims and the firm's strategic objectives in the same direction (Freeman et al., 2007). Managers aim to create value for multiple stakeholders simultaneously and achieve superior performance. The boundary conditions for this alignment are the firm's purpose and core business activities (Freeman et al.,2020).

The second element, *stakeholders' joint value creation*, is a co-creation process between a firm and its stakeholders. Stakeholder theory scholars argue that stakeholders are an end in themselves, not a resource for value-creation processes (Freeman, 1984). In this sense, a joint value creation process should establish fairness and transparent value distribution mechanisms that enable individuals to achieve their goals, assuring that the firm's goals are as relevant as theirs (Harrison et al., 2010). In this joint value creation process, all parties are aware of their differences, and because of it, they may get together to build processes where each party gives way to some of its claims to assure everybody gets back something (Bosse et al., 2009).

Stakeholders' *interdependence awareness* is the bonding element in stakeholders' relationships. It establishes both managers' and multiple stakeholders' premises of how each party affects and is affected by the other in creating and capturing value in the stakeholder value system (Harrison, 2020; Bosse et al., 2009). Finally, *walk-the-talk behavior is the leadership's walking-the-talk* attitude, which establishes the value creation system through examples, not words. In this sense, top managers' mandate is to leave a legacy in the world, making it a better place within their business activities and purpose, business acting as a business, not as an environmental or social activist or charity giver (Serafeim, 2022; Porter, 2019).

We contribute to the stakeholder theory literature in several ways: (1) defining a stakeholder strategic positioning for a stakeholder approach management (Freeman, 1984); (2) demonstrating the importance private companies have when they scale solutions for societal grand challenges (McGahan, 2023); (3) defining stakeholder orientation as a firm's strategic positioning (Bridoux & Stoelhorst, 2022); and, (4) we contribute to Rigby, First, and O'Keeffe's (2023) stakeholder positioning strategy framework by identifying a stakeholder strategic positioning, named stakeholder positioning strategy, composed of four elements. A firm that takes a stakeholder positioning strategy to gain competitive advantage in its business context has a high level of maturity of stakeholders' alignment practices, stakeholders' joint value creation processes, and stakeholders' interdependence awareness, and its leaders walk the talk.

Our managerial contributions lie in highlighting attributes of a stakeholder positioning strategy to be incorporated by managers who are still figuring out how to manage their firms in uncertain business and societal contexts where only competing for better products, services, and markets does not fulfill individual needs that are members of a society, are employees, investors, customers, suppliers at the same time and have preferences and claims that may benefit or harm their firm's performance and value creation processes. Our results present limitations. We suggest further investigating whether a firm that creates value for multiple stakeholders can simultaneously fulfill a sustainability agenda. In this sense, we suggest further investigating the stakeholder positioning strategy's categories using a quantitative method.

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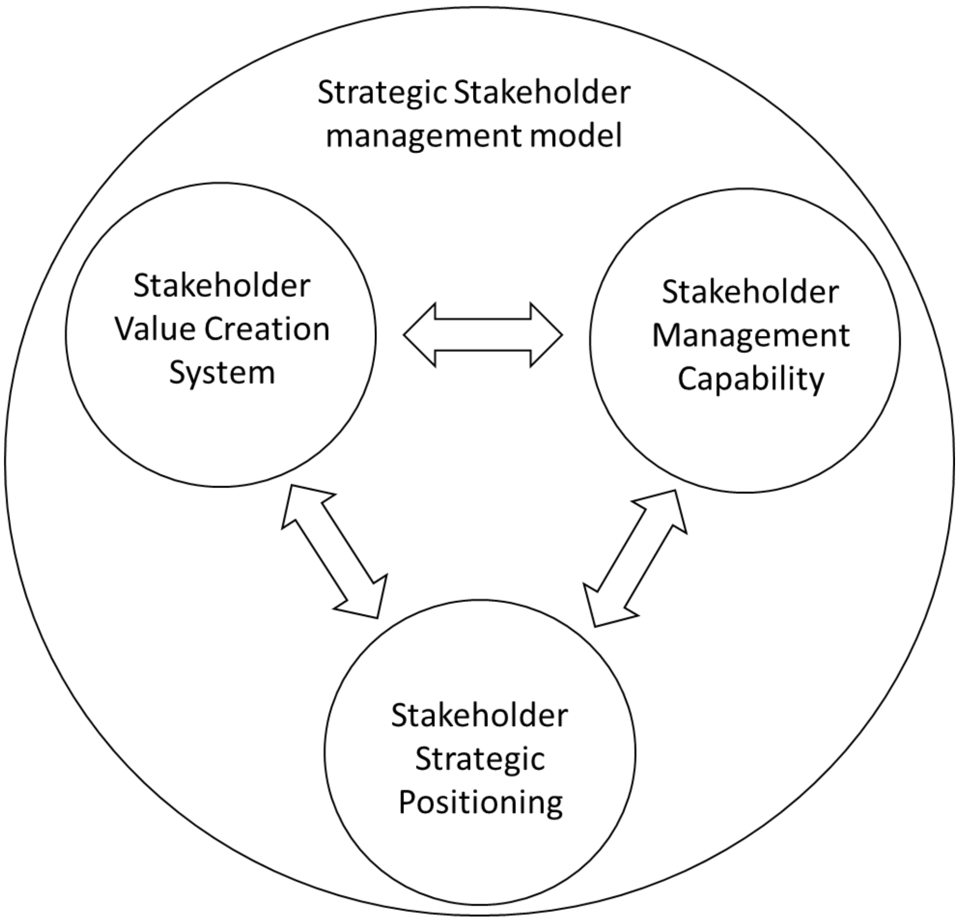
5 CONCLUSION

The central question of our investigation is: How does stakeholder management drive competitive advantage? The thesis objectives are (1) to understand how companies develop a value creation system for multiple stakeholders, (2) to understand the micro-foundations of a stakeholder management capability, and (3) to understand how stakeholder management drives a new business strategic positioning. We applied a qualitative, inductive, exploratory multiple case study with 11 Brazilian companies and 55 participants. With them, we investigated stakeholder management as a strategy adopted by their firms to gain a competitive advantage. Our interview protocol covered the main elements of a competitive advantage model: value creation and appropriation mechanisms, resources and capabilities, and strategic positioning. Our data revealed that stakeholder management is changing companies' competitive advantage model. The Strategic Stakeholder Management Model (Figure 1) embraces the development of a Stakeholder Value Creation System, Stakeholder Management Capability, and Stakeholder Strategic Positioning.

Figure 12 (Figure 1): Strategic Stakeholder Management Model



Source: elaborated by the authors

The stakeholder value system, Construct A, is defined as the firm's processes to create and appropriate value with multiple stakeholders. Construct B, Stakeholder management capability is a dynamic capability embedded in the firm's leadership that allows the firm to identify new capabilities to manage multiple stakeholders simultaneously (sense), develop new capabilities to manage multiple stakeholders simultaneously (seize), and even redeploy and transform existing capabilities to manage its multiple stakeholders better simultaneously (transform). Construct C, Stakeholder positioning strategy, is defined as the firm's position, understanding that it is part of society rather than an industry, and acts as a transformation catalyst. The model suggests an ongoing process. There is no beginning step or a linear sequence process.

The firm may position itself as global, acting globally, local, acting in its territory, or sectorial, acting in its industry. The firm is driven by a societal non-attended need and its core business. It may be a protagonist or an agent. Its main contribution is enabling opportunities for value co-creation with multiple stakeholders while contributing to the planet's preservation and enhancing its inhabitants' welfare. A stakeholder positioning strategy establishes a firm's role acting as a business, not as an environmentalist or social activist. By doing so, the firm enables a synergetic connection between excellence in performance and social impact.

Additionally, our results suggest that the dichotomy between shareholder primacy and stakeholder theory is fallacious since it has led people to a trade-off between shareholders and other stakeholder groups. Our data shows how vital shareholders, and all the essential stakeholders (clients, suppliers, employees, communities, and investors) are for a firm to create and appropriate value in the 21st century. The dichotomy seems to be between a business "old" story that only focused on economic profits and did not care about social impacts and a "new" business story that focuses on creating value for multiple individuals, caring about how and where they live. In line with that, the current strategic management scholars have recognized no trade-off between profitability and positively impacting society (Serafeim, 2022; Bridoux & Stoelhorst, 2022).

Besides, societal grand challenges and access to worldwide information have changed how individuals understand human relationships, which has impacted and altered individuals' behavior. Suppose our data reveals that business and society are intertwined, considering that business's role provides solutions to society's needs. In that case, we may infer that business practices must adapt to this new societal behavior.

Therefore, stakeholders are pressing businesses to redesign their business model. In this sense, the business-as-usual strategy questions who the client is, what they want, and how much they want to pay. Need to be revisited and rewritten to who the essential stakeholders are? What are their needs, and what are they expecting to get in return from the engagement with the firm? In line with this, Freeman's work (1984) suggests questions from where managers can start their firm's business model development, such as: (1) what is the organization's purpose? (2) what paths or strategies will achieve such a purpose? (3) what resource allocations or budgets must be made for implementing the strategies? (4) how can managers be sure the strategies are on track or in control? (5) what are the macro-systems and structures necessary for the implementation? We add to these questions: (6) how does a manager develop a stakeholder management capability (Barney,2018)? and (7) how does the firm position itself to get a competitive advantage? (Porter, 1991).

On the one hand, Barney argues that the firm must look to its internal strengths to be able to compete in its industry and get better advantages than its competitors in terms of economic returns (Barney, 1991,1995) and should incorporate a stakeholder perspective since all stakeholders contribute to the firm's value creation system (Barney, 2018). On the other hand, Porter (1991) states that strategy is about making the necessary choices to distinguish an organization in meeting customers' needs. These choices revolve around six key questions: (1) what is our fundamental goal? (2) what businesses are we in? (3) what scope of businesses should we compete in? (4) how will we be different in each business? (5) what synergies can we create across business units and sites? Moreover, (6) what should be our geographic density and scope? (Porter & Lee, 2015).

Despite updating his frameworks with shared value creation policies and practices (Porter & Kramer, 2011;2006), suggesting that by solving societal non-attended needs, a firm may unlock a whole range of business opportunities (Porter & Kramer, 2011), Porter still grounds his arguments on products and markets (Porter & Kramer, 2011), lacking clarifying the importance individuals, stakeholders, have in shared value creation model. Based on our data revelation, we argue that the business needs a new strategic positioning and stakeholder positioning strategy.

If choices are made by individuals who design, develop, and implement activities enabling firms to deliver products and services to meet individuals' needs, Porter and Kramer's (2011) reasoning on products, markets, and activities lacks the understanding of who does all this. We argue that Stakeholder theory fulfills this strategic management gap.

In this sense, strategic positioning involves different choices (Porter, 1991) based on an individual's values and interests (Freeman, 1984). Business positioning states that a firm should defend itself from market forces (Porter, 1980). From the bargaining power of customers and suppliers to the threats of rivals and new entrants (Porter, 1985). Freeman (1984) adds a sixth force, the bargaining power of employees, financiers, communities, and other groups of individuals with a legitimate claimant stake in the firm's purpose and activities.

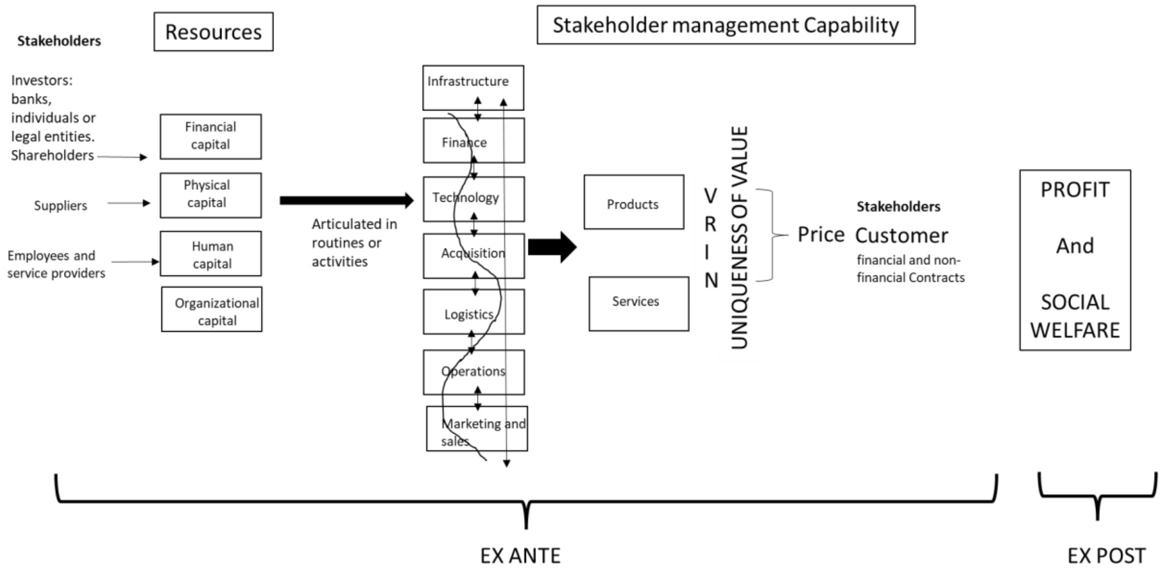
At the same time, the idea of competition has sometimes led businesses and individuals to a situation of value destruction. Being the number 1 in an industry seemed to be the most important achievement. Where firms may get a sustainable competitive advantage over their rivals. However, the business context is dynamic, and therefore, a sustainable competitive advantage business model embraces the idea that competitive advantage sources may change from time to time since individuals have growing needs and scarce resources to fulfill their needs.

Resources, capabilities, and positioning can change. In this sense, the central element of sustainable competitive advantage seems to be the firm's purpose and its strategic direction (Freeman, 1984), not only its resources and capabilities (Barney, 1991;1985), value chain activities, and market positioning (Porter, 1980; 1985). Our data shows that strategic positioning may come from differentiation, cost leadership, or focus but also from the firm's purpose and stakeholder management capabilities, primarily through how it communicates and implements its purpose in its relationships with multiple stakeholders. Additionally, our data revealed that companies that took a stakeholder-orientation turn are leading a challenging business transformation. They are incorporating societal non-attended needs into their strategic objectives. In this sense, business outcomes are excellence in performance and positive social impact. Business acting as a business is part of societal issues' solutions.

Although businesses have long recognized the idea of value creation, social progress has rarely been approached from this perspective. The notion of value was based on short-term financial gains, with social and environmental issues treated as peripheral to core business. In the ex-ante process, the stakeholders- investors (shareholders and non-shareholders) provide financial capital. The stakeholder-supplier provides physical capital (raw material, structure). The stakeholder- the employee provides human capital. Organizational capital is developed internally by the company's employees and shareholders.

These resources are articulated in routines or activities within the organization's different areas. In this sense, the company's capabilities include back-office (company infrastructure/finance, administrative department, human resources management, technology development, purchasing, and acquisition) and sales activities (operation, logistics, marketing, and sales). These capabilities enable the company to deliver products and services, including its value proposition. Figure 2, Value Creation Process, expresses this idea linearly.

Figure 13 (Figure 2): Value creation process



Source: elaborated by the authors

In the scenario presented in Figure 2, companies will always take financial resources from a type of stakeholder and always have the result of the equation Price minus Cost equals Profit, a positive value. However, business historical performance records show that companies do not always have profits. They may also have losses when value generation costs are higher than the amount paid for the amount generated. In this case, there is no profit to be distributed, and the shareholder-stakeholders who are residual claimants do not capture any value. In line with that, Harrison (2020) argues that few resources can provide a competitive advantage permanently or even for long periods. He suggests that companies' success lies in the system that creates and utilizes their resources and capabilities rather than in any single one, complemented by stakeholders and the knowledge to manage them. Our data revealed that stakeholders engage with companies for different reasons beyond economic returns. In line, stakeholders are the central element that creates and destroys value and should be treated as leading actors in the value creation system, not as resources.

5.1 RESEARCH LIMITATION AND FUTURE AGENDA

Our research has its limitations. We investigated how companies taking a stakeholder-orientation turn were doing. In this sense, we aimed to describe their processes and understand the relationships between elements, elaborating and building theory from our data. We investigated leading companies in Brazil. We can continue this research with small-sized companies and companies from other countries. However, we are aware that stakeholder theory has its lacks and may not fulfill all managers' needs when managing a company. Besides, we did not design critical research, but it can be the subject of a future paper. On the other hand, our data has unlocked many opportunities for future agendas.

A First research agenda concerns the linkage between business strategic objectives and societal issues. We can deeply investigate how each societal grand challenge drives business opportunities. In this sense, the 17th Sustainable Development Goals are excellent drivers for future investigation. Besides, our data revealed that societal issues are also driving business innovation. In this vein, we could investigate the innovation types they drive.

Secondly, our data highlighted a leadership change. In this sense, we can investigate deeply this "new" leadership, focusing on the challenges and the opportunities for a company to achieve sustainable performance. Additionally, we can design a comparative investigation between a leadership still telling "old" business stories and those telling "a new" story about business focusing on business outcomes.

Finally, our data shows that firms need a new business model to achieve better performance. It should contemplate stakeholder management. Additionally, some scholars investigating business models have emphasized that the ecosystem model is a revealing opportunity for business (Foss & Teece, 2022). We particularly mention a research group at FEA USP named Bridge. In this sense, we can investigate how stakeholder and ecosystem management can formulate a new business model for firms facing societal grand challenges and proposed solutions.

5.2 RESEARCH IMPACT

Our research has had academic impacts. We published an article at Engagement Strategy Media (ESM), a media platform for the Enterprise Engagement Alliance, in September 2022[4]. We also published a paper in Management of Environmental Quality in November 2022[5]. Both manuscripts embrace our research constructs. We also expect potential impacts since our three research papers are in the process of publication and submission in international journals.

Our research has already achieved practical impacts. We provide consultancy for a renowned business school addressing the constructs developed during our doctoral study. We were also hired to train executives on how stakeholder management drives business

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4 https://www.enterpriseengagement.org/Shared-Value-Helps-Explain-Why-Shareholders-Can-Gain-With-Stakeholder-Capitalism/

5 https://www.emerald.com/insight/content/doi/10.1108/MEQ-05-2022-0140/full/html

management changes. We have talked to more than 30 business leaders about our research results.

As per an educational impact, we have developed MBA and Postgraduate disciplines based on our research: Stakeholder Management and Shared value, Stakeholder Management and ESG, and Transformative Strategy: a stakeholder approach. We also developed a short-term discipline for undergraduate students about Stakeholder management, competitive strategy, and sustainability. For the students, we created a stakeholder management tool from identifying a societal problem a firm can address to developing a business and action plan to be used by a firm to achieve profitability and social impact. In three years, we gave classes to more than 60 international students and almost 200 Brazilian students, all business leaders. We gave courses to 80 undergraduate students. We also expect to deliver a stakeholder positioning strategy guidebook in 2024. We have already used parts of it in our classes.

Our research has social impacts as it contributes to the Sustainable Development Goal (SDG) #17, "Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development" which recognizes multi-stakeholder partnerships as important vehicles for mobilizing and sharing knowledge, expertise, technologies, and financial resources to support the achievement of the sustainable development goals in all countries, particularly developing countries. Goal 17 further seeks to encourage and promote effective public, public-private, and civil society partnerships, building on partnership experience and resourcing strategies that align with our results.

5.3 REFERENCE

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