Business Communication for Stakeholder Management

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The newly emerging stakeholder management paradigm essentially requires an entirely new dimension in approaches to business communication in management studies. Furthermore, given the power of the stakeholder paradigm in business as a solution to overcome today's complex sustainability crisis, this new mission of business communication is of great importance to us as responsible business scholars. In this Editorial, I would like to discuss the three criteria that business communication should contemplate in order to put stakeholder management into practice in a genuine manner. These three features of business communication for the emerging new era of stakeholder capitalism can illuminate the basic conceptual framework of *stakeholder communication*.

First, business communication in the era of stakeholder management will provide stakeholders in the business ecosystem, such as employees, consumers, partners, and local and international communities, with a vivid vision of the paradigm shift and build trust in the company's commitment to the new paradigm. The transformation from shareholder-centered management to a stakeholder paradigm means that business organizations go through systemic transformations. Professor Rebecca Henderson of Harvard University, who has studied organizational innovation management for decades, points out that the primary reason why corporate organizations do not easily

manage system-level architectural changes is the ambiguity accompanying those changes, which often provokes resistance to transformational processes (Henderson, 2020). The transition to stakeholder management implies a system-wide change, and the success of its implementation depends on sharing a vision and trust that overcomes this ambiguity. Communication is essentially an interaction between individuals that solidifies the community (White & Low, 2010). Therefore, through communication, members can share their vision of the organization and build mutual trust. The stakeholder management paradigm means that the organization of corporate management is more comprehensively open to the business ecosystem. Through effective stakeholder communication, companies can sincerely share the purpose and values of the new paradigm of creating shared value in their business ecosystem.

To this end, business communication in the era of stakeholder management will be more likely purpose-driven. Business communication in the new era should, above all else, make it possible to reflect on the fundamental purpose of the company, re-examine the company's mission, and show that the company's strategies are all coherently aligned with this organizational mission. Business communication in the era of stakeholder management will not be a mere tool of information transfer, but rather a compass that can lead the self-organizing journey of a business organization towards the realization of its purpose. Sharing the epic story of the organization and anecdotes that reveal its purpose and values with stakeholders in the business ecosystem will be an important method of stakeholder communication.

Second, stakeholder management essentially presupposes a worldview of interconnectedness (Svendsen & Laberge, 2005). This means that the stakeholder strategy cannot be unilaterally predetermined by a business management team alone. Instead, the overall process of formulating stakeholder strategies will

emerge through complex gradual adaptation processes based on mutual understanding among various stakeholders (El-Gohary, Osman, & El-Diraby, 2006; Low & Cowton, 2004).

Effective stakeholder communication will provide a platform of mutual learning and consensus building for the formation and implementation of the correct stakeholder strategy. The communication process should be used as a venue for stakeholders in the business ecosystem to attain value congruence with the company's vision, and to learn solutions for coexistence based on systemic thinking about corporate activities. Under this premise, stakeholder communication should not overlook the importance of reciprocity and inter-relationship of communication processes.

Third, a genuine transition from a zero-sum game (i.e., shareholder management) to a positive-sum game (i.e., stakeholder management) means that we must overcome the trap of the prisoner's dilemma and aim for a win-win solution. The role of effective stakeholder communication at this point is absolute. The prisoner's dilemma, as a well-known example in game theory, explains the real-world phenomenon in which game participants pursue self-interest and ultimately make relatively inferior choices despite the existence of a better optimal solution through social cooperation.

In order to escape the prisoners' dilemma and obtain better results of coexistence, first, it is necessary to guarantee trust that both parties participating in the game will continue the cooperative interactions, and second, the utility from the outcome of cooperation must be greater than that of seeking self-interest. Effective stakeholder communication, above all, will deliver the company's firm commitment to a business philosophy based on the new win-win paradigm with all stakeholders in the business ecosystem. It is also possible to provide feedback with information indicating that the benefits obtained through win-win solutions are greater than those of self-interested pursuits in large or small actual performances of business activities—that is, that better results are obtained by overcoming the prisoners' dilemma.

Classical communication research, according to which communication can lead to a cooperative game through the structure of explicit communication in the prisoner's dilemma model (see, for example, Swensson, 1967), warrants a re-examination in today's stakeholder management model. Therefore, business communication in the age of the stakeholder paradigm requires continuous feedback to stakeholders regarding win-win performance. To this end, it will be necessary to carry out various informal communication on a regular basis, in addition to formal public communication such as a sustainability report or environmental, social, and governance (ESG) score data. Sharing best practices, such as success stories of mutual gain through trust and

cooperation, with stakeholders would be a useful method.

The transition to a new stakeholder management paradigm will face many obstacles in reality. A series of recent surveys found that members of Generation Z perceived the intrinsic importance of businesses meeting their social and environmental responsibilities, while they were often skeptical about the truthfulness of corporate behavior, such as green-washing (Bulut, Nazli, Aydin, & Haque, 2021). In addition, despite interest in socially responsible management, employees—as the most important internal stakeholders—are more concerned than ever about the fairness of employment conditions and are interested in organizing labor unions. The recent case of the successful union campaign at Starbucks in the USA is a very symbolic event in this regard (Scheiber, 2022).

Now is the time to go beyond a declarative meaning of stakeholder management and put this new paradigm into practice. Stakeholder communication will play a pivotal role in making this change genuinely happen. Effective stakeholder communication empowers stakeholders to trust the business organization's vision for the transition to a new paradigm and to engage and commit to learning and evolving processes that contribute to the flourishing business ecosystem. It also provides feedback information on shared value performance, which will enhance the confidence of all stakeholders in the business ecosystem regarding the company's dedication to the new paradigm.

The sincere implementation of the stakeholder paradigm in business management depends on effective stakeholder communication. Business communication in the new era will become the cornerstone of solidarity and common good in the business ecosystem. In a model of stakeholder communication (Figure 1), these essential functions of communication, including interactions among parties and the transfer of information, will be tailored to promote the wealth of the community and accomplishing the vision of responsible management. In this new era of stakeholder management, the field of business communication in management studies may have reached its most important historical turning point.
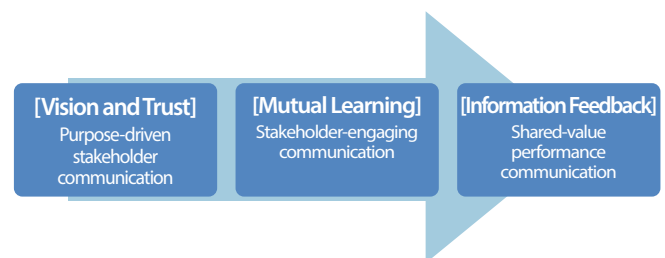

[Vision and Trust] Purpose-driven stakeholder communication

[Mutual Learning] Stakeholder-engaging communication

[Information Feedback] Shared-value performance communication

Figure 1. A conceptual model of business communication for the stakeholder management paradigm.

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