

Is Dewey's notion of The Public an early statement of stakeholder theory?

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Content

From 1927 to 2007...via 1984: 80 years of stakeholder thinking!



1 of 6:

Our next
15 minutes
before
discussion...
unless otherwise!

Structure of the draft paper:

- I. **Dewey's concept of the public**
- II. **Why this is similar to Freeman's stakeholder definition (1984)**
- III. **But really, do we need a (a priori) stakeholder definition?**
- IV. **What else can Dewey tell us which is relevant for effective stakeholder management?**
- V. **Preliminary conclusions and open questions**

Dewey and
Stakeholder
Theory

Did you know that?

The next 15
minutes
before
discussion...
unless otherwise!



The search for the public (Dewey, 1927)

2 of 6:

The public
=

The stakeholders!

Dewey's argumentation:

- Where to search the public?
The unit of analysis must be human **action**, not any 'a priori' theoretical explanations or 'native tendencies'
- Human **association**: Not a swarm, i.e. people with a shared interest (like animals) BUT with something more:
- The **perception** of consequences
- Transactions may generate **indirect consequences**-these become serious for 3 factors:
 1. **Far-reaching (in space/time)**
 2. **Uniform and recurrent nature**
 3. **Irreparableness**

From: The Public and its Problems

- Against Aristotle's verbal circle of "political animals": it's like "*attributing religion to a religious instinct...*" (p. 9); "*the barking of dogs does not generate language*" (p. 10)
- "*human communities have traits so different from those which mark assembles of electrons, unions of trees in forests, swarms of insects...*" (p. 23)
- "*The observation of consequences as consequences is what denotes human intelligence*" (p. 12)
- Two different kinds of consequences: "*those which affect the persons directly engaged in a transaction, and those which affect others beyond those immediately concerned*" (p. 12)
- "***Indirect, extensive, enduring and serious consequences...call a public into existence having a common interest in controlling these consequences***" (p. 126)

Dewey's Public...Freeman's Stakeholders

*From: The Public and its Problems
(Dewey 1927, page 15)*

- The public is defined as “***all those who are affected by the indirect consequences of transactions to such an extent that it is deemed necessary to have those consequences systematically cared for***”

*From: Strategic Management:
A stakeholder approach
(Freeman 1984, page 46)*

- “A stakeholder in an organization is (by definition) any group or individual **who can affect or is affected by the achievement of the organization's objectives**”

⇒ ***As the state has to face the problem of governing the public(s), so organizations have to deal with the problem of managing their stakeholders.***

3 of 6:

The public

=

The stakeholders!

Do we really need definitions?

From: The Public and its Problems (Dewey 1927)

- *“In no two ages or places there is **the same public**” (p. 33)*
- *“There is **too much public**, a public too diffused and scattered and too intricate in composition”. (p. 137)*
- *“Those concerned in government are still human beings. [...] They still have **private interests** to serve and interests of special groups, those of their family, clique or class to which they belong” (p. 76).*

In stakeholder theory words:

- Stakeholder maps **change** around issues, places, time
- The boundaries among stakeholder identities are confused, and often **overlapping**
- Stakeholders (representatives) may act in a **dual capacity**

⇒ ***Because we cannot forecast and estimate all consequences, we should not rely on a priori definitions, but discover stakeholders experimentally, on single issues, decisions, contexts (p. 53 and 65).***

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No a priori
definitions!

What can Dewey tell us for today's discussion on stakeholder management?

- **Contract v. role-based morality (no a priori definitions)**
 - ⇒ Pragmatically focused on individual decisions and their consequences on those affected, not on predetermined, 'reified' roles
- **Face-to-face Engagement (experimental method)**
 - ⇒ Finding new forms for effective two-ways communication based on the real identities of those affected
- **Developing new managerial skills (the role of arts)**
 - ⇒ Dewey (p. 184) points out the unique role of the artists *"the real purveyors of news"*
 - ⇒ Better stakeholder management needs better *perception* skills, *moral imagination* and *empathy* (Werhane, 1999; Freeman-Dunham-McVea 2006)
- **The public as equilibrating mechanism (ethics&entrepreneurship)**
("if consequences appear serious, the public brings to bear a weight that will equalize conditions. Dewey, p. 62)
 - ⇒ *Back to the heart of entrepreneurship....creating value for stakeholders means at the same time to put in place an equilibrating mechanism for stakeholder expectations (Venkataraman, BEQ 2002)*
 - ⇒ *Corporate actions (like state policies) should be "subject to ready and flexible revision in the light of the observed consequences" (Dewey, p. 203).*

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Stakeholder
management:
an experimental
social method

Preliminary conclusions

1. Dewey notion of the public is an early (and rich) statement of the stakeholder idea;
2. Dewey's definition is compatible with Freeman 1984...
3. But we do need to go beyond the quest for a perfect definition - or a perfect stakeholder theory.
4. It is more useful to look at what the stakeholder idea tells us in terms of effective management.
5. By reviewing Dewey's concept of the public we can say something useful on stakeholder management:
 - Contract/context based
 - Face-to-face relationships
 - Shifting boundaries
 - New managerial skills
 - **...? Please add!**

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What Dewey
an tell us on
stakeholder
management