

## The Importance of Stakeholder Engagement Across Market Domains

### Abstract

Stakeholder buy-in is critical for the success and sustainability of business strategies, fostering collaboration, trust, and mutual benefit essential for long-term organizational viability. Research has established a link between effective stakeholder management and shareholder value, suggesting that robust stakeholder relationships contribute to intangible assets and long-term competitive advantage. Indeed, across various market domains, stakeholder engagement is critical for organizational success, ensuring trust, buy-in, and fulfillment of societal needs. This article serves as a primer for practitioners wishing to learn about the importance of cultivating stakeholder relationships across multiple spheres, including vital management, entrepreneurial capitalism, educational sectors, and economic prosperity, emphasizing its role in fostering collaboration, innovation, and economic sustainability. The research underscores that stakeholder engagement is foundational for nurturing environments conducive to innovation and economic growth within vital management and entrepreneurial capitalism systems. Research further highlights the influence of environmental and cultural orientations on sustainable supply chain practices, showcasing the critical role of stakeholder management in fostering entrepreneurial growth. In manufacturing and alliance building, stakeholder integration into strategic planning ensures operational efficiencies and strategic partnerships, with companies prospering by considering the long-term interests of stakeholders as suppliers and partners. Ultimately, stakeholder engagement facilitates the interconnectedness of modern business operations, where collaboration and mutually beneficial stakeholder relationships are indispensable for successfully contributing to broader societal prosperity.

### Brief Report

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### Keywords

Stakeholder engagement • Business strategies • Organizational alignment • Collaboration • Trust • Sustainability • Strategic management • Economic prosperity • Stakeholder buy-in • Education • Market Domain

### Introduction

Stakeholder buy-in is critical for successful organizations, facilitating collaboration, trust, and mutual benefit, which are essential for long-term success and growth [1-3]. Campbell [4] articulated the underpinnings of stakeholder theory and management as not merely an equity principle but a fundamental approach to achieving profitability and sustainability in business. Campbell [4] further argued that businesses must win the loyalty of critical groups of customers, including employees, suppliers, and financiers, to maintain their market position and ensure organizational longevity. Hillman and Keim [5] further established the link between effective stakeholder management and

shareholder value, suggesting that companies that build strong relationships with their primary stakeholders also develop valuable, intangible assets, contributing to a competitive edge and shareholder wealth. Wheeler and Sillanpa [6] emphasized that companies should prioritize the long-term interests of their critical stakeholders because, over the short-term, shareholder-centric goals are more likely to guide immediate market strategies but not necessarily the long-term needs of society. Therefore, stakeholder inclusion is essential in fostering corporate strategy and ensuring long-term business prosperity. Previous studies repeatedly showed that organizations can navigate complex challenges, innovate, and grow sustainably in the competitive global marketplace by securing stakeholder buy-in and engagement [7].

Stakeholder buy-in is crucial for the success and sustainability of business initiatives across many market domains, including strategic orientation, management resources, vital management, entrepreneurial capitalism, finance, innovation and entrepreneurship, manufacturing, alliance building, supply-chain creation, global business, digital economy, venture capitalism, education sectors, and economic prosperity. The purpose of this article is to provide evidence that across market domains, stakeholder engagement is imperative for organizational success. The outcomes of this engagement include greater trust, buy-in [1], and assurance that organizations are meeting the needs of society and the key stakeholders they serve [2]. This article is intended to serve as a primer for practitioners eager to participate in developing stakeholder relations, starting with a keen appreciation of the necessity of those relationships. The article is not intended to be an exhaustive examination of the literature but to act as an informative foundation providing an expedient pathway to further exploration and discovery. The article, therefore, serves as a primer for learners, leaders, and organizations seeking concise justification and guidance to integrate their key stakeholders. This topic is relevant given that stakeholders play a pivotal role in shaping an organization's strategic orientation and determining the effective allocation of resources. Stakeholder management is, ultimately, fundamental to business profitability, not just from an equity standpoint but also due to its critical role in ensuring sustained loyalty in the marketplace [4].

## **Vital management and entrepreneurial capitalism**

Stakeholder engagement and managing stakeholder relationships are vital for nurturing an environment that encourages entrepreneurial capitalism. Here, entrepreneurial capitalism is defined as the use of private capital to invest in private startups with the potential for a viable investment return. Greenley and Foxall [8] suggested that a company's performance in the marketplace is dependent upon its orientation towards multiple stakeholders, which is integral to strategic planning. Therefore, vital management and entrepreneurial capitalism are central to modern business's thriving and competitive landscape. These areas are particularly important in the rapid technological advancements and globalization business era. Vital management, which focuses on dynamic leadership, strategic resource allocation, and adaptive organizational structures, is indispensable in fostering an environment conducive to entrepreneurial capitalism. In this system, innovation, risk-taking, and proactive entrepreneurial activities drive economic growth and development. Greenley and Foxall [8] noted the significance of orienting business strategies towards multiple stakeholders, including customers, employees, suppliers, and financiers, to enhance organizational performance and sustained competitive advantage, which are crucial elements of entrepreneurial capitalism and company performance and success.

Wheeler and Sillanpa [6] investigated the long-term benefits of companies focusing on the broader interests of key stakeholders, showing that such an approach is more likely to lead to prosperity relative to a short-term, shareholder-first strategy, thereby reinforcing the foundational principles of entrepreneurial capitalism. Other researchers emphasized the importance of effectively managing stakeholders to navigate environmental turbulence and uncertainty, which can be critical for the success of entrepreneurial ventures in the capitalist system [2,9,10]. These insights collectively assert that vital management practices, including stakeholder engagement and strategic adaptability, are essential for cultivating a robust entrepreneurial environment where businesses can innovate, grow, and contribute to economic prosperity. These studies further show the intertwined nature of vital management and

entrepreneurial capitalism, demonstrating that leadership, strategic flexibility, and stakeholder integration are elements of effective management and the driving forces behind a vibrant entrepreneurial economy.

### **Entrepreneurial finance and innovation**

The engagement of stakeholders is critical to securing entrepreneurial finance and fostering innovation. Previous research showed that inclusive stakeholder management enhances shareholder value, which is critical for entrepreneurial ventures and innovation initiatives [5]. Entrepreneurial finance and innovation are intertwined domains critical to the growth and sustainability of startups and new ventures. The dynamic landscape of entrepreneurial finance, encompassing various funding sources such as venture capital, angel investments, and crowdfunding, is pivotal in nurturing innovation by providing the necessary capital to translate novel ideas into marketable products and services. Hillman and Keim [5] showed a positive correlation between stakeholder management and enhanced shareholder value, suggesting that building solid relationships with key stakeholders, including investors, can develop intangible resources and competitive advantage, essential for innovation-driven enterprise's short and long-term resilience and growth.

Other authors extended the resource-based view to include strategic management of the community as a stakeholder, demonstrating that resources such as social capital, entrepreneurial orientation, and intellectual capital significantly contribute to business performance (notably smaller businesses), emphasizing the importance of a holistic approach to stakeholder engagement in entrepreneurial finance [11]. Mariadoss, *et al.* [12] highlighted the influence of an organization's environmental and cultural orientations on sustainable supply chain practices, indicating that an innovative approach to business operations can be significantly impacted by the firm's financial strategies and stakeholder relationships. Previous studies collectively emphasize the symbiotic relationship between entrepreneurial finance and innovation, where effective financial strategies and stakeholder engagement fuel innovation and are vital for navigating the complexities of the entrepreneurial ecosystem.

### **Manufacturing and alliance building**

Stakeholder integration into organizational strategic planning ensures operational efficiencies and strategic partnerships in manufacturing and alliance building. Previous authors showed that the long-term interests of key stakeholders are essential for companies to thrive, especially in manufacturing and collaborative ventures [6]. Thus, manufacturing and stakeholder alliance building are integral components of modern business strategies, enabling companies to leverage their core competencies while tapping into the strengths and resources of partners and ensuring they are meeting stakeholder needs [2]. These are reasonable strategic investment areas for organizational development, given that the manufacturing sector must strive to optimize production processes, ensure product quality, and achieve cost efficiency. Alliance building complements these objectives by facilitating access to new markets, technologies, expertise, and insights through collaborative partnerships. Wheeler and Sillanpa [6] emphasized the importance of considering long-term stakeholder interests, including those of suppliers and partners, for companies to prosper, highlighting the strategic significance of alliances in manufacturing. Other authors expanded these concepts to encompass a wide range of vital constituencies, advocating for a comprehensive stakeholder management strategy that integrates relationships with multiple stakeholders, including alliance partners, as a source of wealth-creating capacity [13]. A holistic approach to stakeholder engagement within the manufacturing sector, including alliance formation, underscores the interconnectedness of modern business operations, where success increasingly depends on the ability to collaborate and build mutually beneficial relationships inside and outside of organizations.

### **Supply-chain creation and global business**

Stakeholder engagement is critical in establishing sustainable supply chains and expanding global business operations [14,15]. Previous authors highlighted the importance of managing stakeholders to navigate environmental turbulence and uncertainty in global markets [9]. This is important given that supply-chain creation and global business are increasingly interconnected in the modern economy, where efficient, responsive, and resilient

supply chains are critical for companies operating on a global scale. Creating sophisticated supply chains enables firms to optimize operations, reduce costs, and enhance customer satisfaction by ensuring the timely delivery of products and services across diverse markets. Previous authors further highlighted the necessity of managing stakeholders, including those involved in the supply chain, to cope with environmental turbulence and uncertainty common in global business operations [9]. Mariadoss, Chi, Tansuhaj and Pomirleanu [12] further emphasized the impact of a firm's environmental and cultural orientations on sustainable supply chain practices, demonstrating the significant role of strategic stakeholder management in fostering supply chain sustainability, a critical aspect of global business competition. Additionally, Burns, Barney, Angus and Herrick [10] discussed the concept of stakeholder enrollment under conditions of risk and uncertainty relative to global supply chain management, where entrepreneurs must form strong and enduring relationships with stakeholders, including suppliers and partners, to secure the necessary resources for successful global operations. Collectively, these studies demonstrated the complexity and strategic importance of supply-chain creation and management in global business, emphasizing the need for effective stakeholder engagement, sustainable practices, and adaptability to navigate the challenges and leverage the opportunities presented by the global market landscape.

### **Digital economy and venture capitalism**

Stakeholder support is indispensable for innovation and investment in the digital economy and venture capitalism. Campbell [4] indicated that stakeholder theory and management are critical to understanding business profitability in the digital age. The digital economy encompasses a broad spectrum of organizational opportunities facilitated by digitization and the internet, fundamentally transforming traditional business models and creating new market landscapes. Various authors presented the positive impact of stakeholder management on shareholder value in the digital economy, suggesting that nurturing relationships with key stakeholders, including venture capitalists, can lead to the development of valuable intangible assets and a sustainable competitive advantage [6,11,12]. Research by Campbell and Park [11]

showed the significance of strategic orientations toward community stakeholders in enhancing small business performance within the digital economy, underscoring the importance of a holistic stakeholder approach in securing venture capital and fostering entrepreneurial growth. Other authors discussed the concept of stakeholder enrollment under conditions of risk and uncertainty, which is particularly relevant in the venture capitalism ecosystem, where securing buy-in from investors requires showcasing the potential of digital innovations and building deep trust and commitment [11]. These collective insights demonstrate the synergistic relationship between the digital economy and venture capitalism, highlighting the importance of strategic stakeholder engagement and innovative financial strategies in driving digital transformation and entrepreneurial success in the modern business ecosystem.

### **The education sector**

Stakeholder engagement in education and academics is a multifaceted process involving collaboration between administration, faculty, students, and external stakeholders to enhance educational outcomes, research quality, and societal impacts. Education sectors seek to develop the innovators, professionals, and organizational leaders of the future, a future determined mainly by stakeholders' wants and society's needs. For example, engaging stakeholders in the teaching process enhances the learning experience and fosters a more interactive and participatory educational environment. According to Umbach and Wawrzynski [16], institutions where faculty members actively involve students and employ collaborative learning techniques with stakeholder engagement report higher student engagement and learning outcomes. These findings were corroborated by Collaço [17], who highlighted that employing effective teaching methods and creating a framework that encourages student engagement can significantly improve educational outcomes in higher education. Integrating teaching and research in higher education is crucial for creating a rich learning environment. Hajdarpasic, *et al.* [18] demonstrated that academic engagement in research enriches teaching and enhances students' learning experiences by deepening understanding, increasing enthusiasm, and encouraging further study. Phillipson, *et al.* [19] emphasized the

importance of stakeholder engagement in environmental research, suggesting that active knowledge exchange and collaboration during research projects lead to more effective uptake of research findings in policy and practice, ideas also demonstrated by other researchers [20].

Similarly, extension activities in higher education, which involve applying academic expertise to benefit the wider community, are significantly enhanced through stakeholder engagement. Grudens-Schuck [21] studied sustainable agriculture programs, illustrating the complexities of stakeholder engagement in extension initiatives and highlighting their potential to foster meaningful partnerships and impactful outcomes. Engagement in these areas supports a holistic approach to higher education, where learning, discovery, and societal impact are interconnected. Research shows that stakeholder engagement across educational domains contributes to students' personal and professional development and ensures that higher education institutions remain relevant and responsive to societal needs [2]. Ultimately, stakeholder engagement in teaching, research, and extension is indispensable in education systems. It enhances the learning experience, enriches research, and ensures that extension activities are impactful and relevant. By fostering collaborative relationships between all relevant stakeholders, higher education institutions can create an environment that supports academic excellence and societal advancement.

### **Economic prosperity**

Stakeholder buy-in is ultimately fundamental to achieving overall economic prosperity. Engaging with stakeholders aligns business operations with broader economic goals, ensuring sustainable growth and development. Economic prosperity is intricately linked to stakeholder buy-in, where the engagement and support of critical stakeholders, including customers, employees, suppliers, investors, and the broader community, are fundamental to sustainable business growth and development. This multifaceted approach ensures that the interests and needs of those impacted by or having an influence on a company are considered, leading to more resilient and adaptable business strategies. Previous authors indicated that stakeholder theory, by focusing on giving all stakeholders a fair and equitable arrangement, is not only ethically sound but also a pragmatic approach

to ensuring long-term business viability, contributing to broader economic prosperity [4]. Hillman and Keim [5] provided empirical evidence that better relationships with primary stakeholders like employees and customers can enhance shareholder wealth, indicating that stakeholder management is directly linked to financial performance and, by extension, economic prosperity.

Ruf, *et al.* [22] explored the relationship between changes in corporate social performance and financial performance from a stakeholder theory perspective, showing that addressing the demands of multiple stakeholders not only benefits shareholders but can also lead to growth in sales and innovation, contributing to economic prosperity. These studies collectively affirm that stakeholder buy-in is not merely a strategic asset but a fundamental imperative for achieving economic prosperity. By aligning business operations with the needs and expectations of diverse stakeholder groups, companies can foster a more inclusive, sustainable, and prosperous economic environment [2]. Stakeholder buy-in is, therefore, not just a strategic asset but a foundational element for enduring success across all aspects of business. Engaging stakeholders effectively leads to improved strategic orientation, resource allocation, innovation, and overall business performance, contributing to long-term economic prosperity.

## **Conclusion**

Exploring stakeholder engagement across various domains underscores its importance in most if not all, contemporary organizations. Studies show that stakeholder buy-in and engagement are not merely peripheral concerns but foundational principles permeating every facet of organizational strategy and management. From vital management practices to entrepreneurial capitalism, innovative financial strategies, collaborative alliance building, and education sectors, stakeholders play a central role in shaping the trajectory and success of organizations. The literature consistently emphasizes the inclusion of stakeholders in driving strategic orientation, resource allocation, and long-term sustainability. Moreover, the interconnectedness of stakeholder engagement with diverse aspects of business, such as finance, innovation, manufacturing, and global operations, highlights its pervasive influence on organizational dynamics. A holistic approach to stakeholder engagement that goes

beyond short-term shareholder interests and prioritizes the long-term well-being of all stakeholders involved is recommended. For example, organizations that prioritize the interests of their critical stakeholders, internal and external, over shorter-term shareholder-centric goals are more likely to thrive and achieve sustainable prosperity. This implies cultivating a collaborative environment where stakeholders are valued partners in pursuing shared objectives. Additional insights point toward the strategic imperative of integrating stakeholder perspectives into decision-making processes and fostering transparent communication channels to build trust and foster mutual understanding. For example, stakeholder engagement across all mission areas in higher education is indispensable, fostering collaborative relationships that enhance academic excellence and societal advancement. Ultimately, successfully integrating stakeholder interests is ethically sound and a pragmatic way to ensure long-term business viability and contribute to broader economic prosperity. By embracing stakeholder engagement as a foundational principle, organizations can navigate complex challenges, foster innovation, and cultivate a resilient and inclusive business ecosystem that drives sustainable growth and ongoing development.

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## Conflict of Interest

None to Report.

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