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## Engaging with the natural environment: Examining the premises of nature-inclusive stakeholder relationships and engagement

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### Abstract

The purpose of this paper is to shed light on the debate on how nature can be understood as a stakeholder and to develop the idea of nature-inclusive stakeholder engagement. While acknowledging the arguments against the stakeholder status of nature, we build on a growing stream of literature that argues that nature should and can have stakeholder status. To move beyond the arguments for and against the stakeholder status of nature, we suggest the idea of nature-inclusive stakeholder engagement that builds on the ideas of strong sustainability and ecocentrism. We suggest, first, that urban nature as an ideal context for the empirical examination of the nature-inclusive stakeholder engagement. Second, we claim that multidisciplinary research is needed to understand the nature-inclusive stakeholder engagement. Third, we highlight that specification of the particularities of nature is needed when speaking about the nature-inclusive stakeholder engagement.

### Introduction

The purpose of this paper is to shed light on the debate on how nature can be understood as a stakeholder and to develop the idea of nature-inclusive stakeholder engagement. More specifically, we seek to answer the question of how the natural environment can be engaged in organisational practices. Stakeholder approach (Freeman, 1984) has offered an encouraging basis for understanding organisations as constitutions of stakeholder interactions and engagement. The concept of a stakeholder refers broadly to “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984, p. 46), and stakeholder engagement refers to various forms of stakeholder interactions (Maak, 2007).

Stakeholder theory has been criticised for its rational, eco-modernist emphasis on the status quo, for anthropocentric bias and for neglecting the natural environment as a stakeholder (Banerjee, 2000; Haigh & Griffiths, 2009; Heikkinen et al., 2018; Laine, 2010; Starik, 1995). Moreover, much of the existing research on stakeholders takes the definition of ‘a stakeholder’ as given and oversimplifies the richness of social interaction (Brown & Dillard, 2015; Crane & Ruebottom, 2011). Stakeholders are frequently defined solely and one-sidedly by their main function (often economic one) as employees, consumers, and so forth (Crane & Ruebottom, 2011; Perrault, 2017). However, while most research on stakeholder engagement includes only human entities, there is an increasing number of studies that argue that also the non-human natural environment - like trees, flowers, stones and air - can be included in organisational stakeholders (Driscoll & Starik, 2004; Laine, 2010; Kujala et al., 2017).

To move beyond the discussions on the nature’s stakeholder status we suggest the notion of nature-inclusive stakeholder engagement. While acknowledging the arguments against the

stakeholder status of the natural environment (Phillips & Reichart, 2000; Barnett et al., forthcoming), we build on a growing stream of literature that argues that nature should and can have stakeholder status (Driscoll & Starik, 2004; Haigh & Griffiths, 2009; Starik, 1995; Orts & Strudler, 2002; Waddock, 2011). Thus, we regard that not only humans, such as employees, customers, and activists, but also non-humans, i.e. living and non-living nature can and should have stakeholder status. However, we recognise that non-human stakeholders are not analogous to humans as sentient free-willed agents. Thus, their engagement and interaction needs particular scrutiny (Orts & Strudler, 2002; Lischinsky, 2015).

The rest of the paper is organised as follows. In the next section, we will discuss the previous literature on nature as a stakeholder. We will first examine arguments for stakeholder status of nature and then discuss arguments against stakeholder status of nature. Then we will suggest the idea of nature-inclusive stakeholder engagement as a way to examine how nature's values can be included in organisational practices. Discussion on the premises of nature-inclusive stakeholder engagement concludes the paper.

### **Considerations on stakeholder status of the nature**

The stakeholder status of the nature is under constant debate. For example, Hörisch et al. (2014) recognise two general approaches to apply stakeholder theory in the context of sustainability: considering nature as a stakeholder or considering that nature's interests are represented by human stakeholders. Indeed, there is an increasing stream of stakeholder literature that is in agreement with giving the nature a stakeholder status as non-human stakeholders can and are affecting the premises, actions and outcomes of organisations (Driscoll & Starik, 2004; Hart & Sharma, 2004; Haigh & Griffiths, 2009; Starik, 1995; Orts & Strudler, 2002; Waddock, 2011). At the same time, however, many academics continue to argue that stakeholder engagement is about collaboration with and between social or human stakeholders as they can voice their interests and participate in negotiations about the purposes, values and targets of organisations (Barnett et al., forthcoming; Hörisch et al., 2014; Phillips & Reichart, 2000; Schaltegger et al., 2019). In the following, we will take a closer look at each of these stakeholder research streams.

### **Arguments for stakeholder status of nature**

One of the first contributions to the discussion on nature's stakeholder status was made by Mark Starik (1995) who argued that the stakeholder concept is not just human and that including the natural environment as an organisational stakeholder would potentially benefit both organisations and nature. The discussion is ongoing and stakeholder theory has been criticised for its focus on the human stakeholders and for its failure to provide managers with credible ethical principles in issues related to the natural environment (Orts & Strudler, 2002). Moreover, Driscoll and Starik (2004) criticise previous stakeholder research on defining stakeholder attributes only within a social system and neglecting the influence of the ecological system and argue that human centred and economic-focused stakeholder relationships overlook ecosystems and their influence on organisations.

More recently, an increasing amount of literature have presented arguments for the stakeholder status of the nature. For example, Laine (2010) suggest that nature is the ultimate stakeholder and that stakeholder networks and their visualisations should be embedded in the natural environment. According to Driscoll and Starik (2004, p. 56), nature can be considered a stakeholder "in the same sense as the local community, the general public, future human generations, and developing countries might be." They argue that the natural environment should not be considered just as a stakeholder but as "the primary and primordial stakeholder of the firm" (Driscoll & Starik, 2004, p. 55). Moreover, Driscoll et al. (2015) argue that nature should be honoured as a primary

stakeholder that must be considered and taken care of in all actions by all organisations based on the arguments of Christian social thought and theology.

Both instrumental and normative reasons have been presented for firms to engage with the natural environment. For example, Hart and Sharma (2004) argue that firms should integrate the views of fringe stakeholders including the non-human stakeholders to improve their competitive imaginations. Conversely, Waddock (2011, p. 192) recognises the normative elements of stakeholder theory and conclude that “for the purposes of considering the long-term health and well-being of humanity,” all living beings and ecological systems should be considered as the stakeholders of the Earth.

Driscoll and Starik (2004), quoting Mitchell et al. (1997) argue that the natural environment holds coercive power, adding urgency to its stakeholder claims. “While we may never identify nature’s ‘will’, the natural environment holds coercive and utilitarian power over business organizations as shown by countless examples of the natural environment’s significant influence on industrial activity” (Driscoll & Starik, 2004, p. 58). Likewise, Haigh & Griffiths (2009) argue that the natural environment can and should be considered as a primary stakeholder, especially in the context of climate change as the repeated unusual weather conditions can cause severe harm to many industries and businesses. However, the influence and power of the natural environment remain overlooked in most conceptualisations of stakeholder engagement.

Furthermore, the focus on social identities and social interaction in stakeholder theory, concentrating on economic exchange, has been claimed to overlook the role of nature as the “natural environment supplies ‘critical resources’ to the firm but usually not through economic exchange relationships” (Driscoll & Starik, 2004, p. 58). However, the recent elaborations (Crane & Ruebottom, 2011; Lehtimäki & Kujala, 2017; Perrault, 2017; Miles, 2017) of the stakeholder theory highlight the multiplicity of stakeholder identities and emphasise that such categories are naïve and meaningless and fail to account for the multifaceted stakeholder interaction. Miles (2017) emphasises that the solution for the multiple understandings of stakeholder identities is not in setting up a universal definition but in constantly debating the boundaries.

While most of the scholarly work on the stakeholder status of the nature has been conceptual, there are few studies engaging in empirical examination of the topic, most of them focusing on examining corporate environmental reporting. For example, Lischinsky (2015) analysed the environmental reports of 50 Swedish companies and concluded that organisations openly acknowledged their duty toward the environment but environment is usually presented as a target of organisational activities rather than an actor of its own right. Onkila (2011) studied stakeholder interaction in interviews with environmental managers and environmental reports in Finnish companies to examine how they justify the stakeholder status of the natural environment. She concluded that “the role of natural environment among stakeholders was justified based on its status as the ultimate target of responsibility, possessing legitimate interests, but was not justified by its lack of power” (ibid., p. 391).

To sum, the arguments for the stakeholder status of nature relate, on the one hand, to the normative prominence of the natural environment for business organisations, and on the other hand, to the competitive advantage firms may acquire if they take the environmental issues seriously. While some empirical efforts exist to define the role of nature in environmental management, further conceptualisation on how nature’s interests and expectations can be engaged in organisational practices is needed.

### **Arguments against stakeholder status of nature**

Most of the arguments against the stakeholder status of nature are based on the idea that stakeholder theory is fundamentally a social theory as only human stakeholders can have agency and

present their expectations, needs and interests for organisations to consider. For example, Phillips and Reichart (2000) criticise the broad definition of the stakeholder concept that ascribe stakeholder status to nature and argue that only human individuals and groups can have a stakeholder status as only they can have duties to and receive benefits from freely formed agreements. However, they agree that managers need to closely consider the effects of their organisations on the environment and take into account nature's interests represented by other stakeholders like environmental NGOs or sustainable consumers (ibid.).

Phillips et al. (2003, p. 496) join the argument that “stakeholder theory cannot account duties to non-humans.” They continue, however, that organisations have moral obligations towards non-humans that need to be considered and weighted towards their other obligations (ibid.). Likewise, Hörish et al. (2014) choose to follow the idea that considers human beings and groups as stakeholders who follow the development of nature and represent the sustainability interests. Yet, they further argue that “it is of crucial importance to guarantee that the interests of nature are not overlooked but represented by intermediaries” (ibid., p. 337).

In their recent study regarding the business case for sustainability, Schaltegger et al. (2019) note that seeing nature as a stakeholder can be useful for raising general awareness but in business interactions, the natural environment and non-human species need to be represented by human stakeholder in order to assure adequate consideration to their interests. Barnett et al. (forthcoming) discuss the wicked problem of sustainability, too, and aim to understand why the most powerful, legitimate and urgent demands of stakeholders do not lead to real sustainability. They follow the idea where human stakeholders represent nature as a stakeholder, but emphasise the role of government in voicing nature's interests as governmental pressure and actions are the way to make stakeholder demands of sustainability really effective in changing the behaviour of firms (ibid.).

To sum, the opponents of stakeholder status of nature build their arguments largely on the idea that stakeholder theory cannot account for non-human stakeholders as they cannot represent their needs and interests to consideration and therefore, they cannot participate in stakeholder collaboration or dialogue. Moreover, it can be argued that the conception of nature as a stakeholder is theoretically impossible as identifying stakeholder interests is a fundamental element of stakeholder theory and as nature cannot voice itself, we cannot know what kind of interests it has – if any. However, most authors agree that organisations have moral duties toward nature and therefore concerns related to the natural environment need to be considered in organisational decision-making.

### **Towards nature-inclusive stakeholder engagement**

Despite the disagreement and debate on stakeholder status of nature, stakeholder literature agrees that nature is essential to business and other organisations as it gives resources, affects other stakeholders, and has a moral right to be included in organisational decision-making (Driscoll et al., 2015; Heikkinen et al., 2018; Hörisch et al., 2014; Phillips et al., 2003). Following the idea of strong sustainability that has gained increasing support among management scholars recently, we argue that nature should be taken seriously in all organisations (Heikkinen et al., 2018; Heikkurinen, 2017).

To move beyond the discussions on nature's stakeholder status, we suggest the idea of nature-inclusive stakeholder engagement. By stakeholder engagement, we refer to the ways of practicing the ideas of stakeholder theory (Kujala & Sachs, forthcoming) and to the various forms of stakeholder interactions (Maak, 2007). As such, stakeholder engagement refers to engagement with social and human stakeholders, but the suggested nature-inclusive stakeholder engagement, however, includes ways by which the nature's values can be known and included in organisational decisions. As natural environment is incorporated in almost all human thinking (Driscoll & Starik, 2004), a special attention of nature-inclusive stakeholder engagement is on how human stakeholders' construct their relations with non-human stakeholders, i.e. living and non-living nature.

The question then is, how we can incorporate relationships with nature to organisational management and decision-making processes. One possible solution is to consider nature as a context that deserves adequate managerial attention which leads to the idea of managing the relationship between organisations and the natural environment (Driscoll & Starik, 2004). Another solution would be to construct the relationship between organisations and the nature based on how managers and other business people rhetorically construct the relationship with natural environment in their speech and disclosure. Moreover, we could study how various elements, such as legitimacy, urgency, power (Mitchell et al., 1997) and proximity (Driscoll & Starik, 2004) construct relationships with nature. In all these approaches, however, the underlying assumption is an anthropocentric view that human beings represent the views and values of nature.

From the viewpoint of strong sustainability, we need to move from anthropocentric to ecocentric premises in relationships with nature (Bonnedahl & Heikkurinen, 2018; Neumayer, 2003, 2012). For empirical examination of nature-inclusive stakeholder relationships, we suggest the context of urban environments as they offer ample of possibilities to better understand human-nature relationships and interaction from ecocentric premises. Urban nature is fundamentally 'human-natural' as it is always generated in the interaction of human and ecological processes (Fischer & Eastwood, 2016; Heikkinen et al., 2018). Therefore, urban environments fit well for the examination of relationships and interaction with the nature.

Moreover, we claim that understanding nature-inclusive stakeholder engagement requires multidisciplinary research that combines stakeholder theory with research on nature's ecology as well as research on the politics of nature and the ecosocial processes that arise from the regenerative capacity of nature. This combination of research makes it possible to explore how organisations taking care of nature can be stretched with the help of stakeholder interaction into a space where the potential of nature can be made tangible for experimental and collective learning. Thereby we suggest that nature-inclusive stakeholder engagement among human and non-human stakeholders consists of explorative practices where the processes, participants, and the outcomes cannot be predicted.

Finally, we highlight that specification is needed when speaking about nature-inclusive stakeholder engagement. This question evokes a multitude of different cases and makes it necessary to use examples for elaboration. For instance, a forest takes different manifestations when it is reduced into pulp making, returned to the nature tourism or extraction of medicines, or when a forest fire takes the lead and returns the natural reproduction cycle of the forest. It is not nature in general that is a participant in stakeholder engagement, but living wild creatures in a particular area in a particular season, revealing themselves in situated practices. Referring to Freeman et al. (2007, p. 313) "The stories we tell and the assumptions we make about business effects how business is actually carried out." Therefore, we urge further research to examine specific cases of nature-inclusive stakeholder engagement to better understand how organisations interact with nature as we need new stories on how nature can become as part of the everyday practices of business and other organisations.

## **Conclusion**

The purpose of this paper was to shed light on the debate on how nature can be understood as a stakeholder. We reviewed the arguments both for and against stakeholder status of nature and concluded that, despite some disagreements, stakeholder literature agrees that nature is essential for business and other organisations as it gives resources, affects other stakeholders, and has a moral right to be included in organisational decision-making. Following the idea of strong sustainability, we suggested nature-inclusive stakeholder engagement that emphasises the question of how human stakeholders' construct their relations with non-human stakeholders. We argued, first, that urban environments offer ample of possibilities for the examination of nature-inclusive stakeholder

engagement as urban nature is fundamentally ‘human-natural’ and always generated in the interaction of human and ecological processes. Second, we claimed that understanding nature-inclusive stakeholder engagement requires multidisciplinary research that combines stakeholder theory with research on nature’s ecology, the politics of nature and the ecosocial processes that arise from the regenerative capacity of nature. Finally, we highlighted that specification is needed when speaking about nature-inclusive stakeholder engagement as it is not nature in general that is a participant in stakeholder engagement, but living wild creatures in a particular area in a particular season, revealing themselves in situated practices. To conclude, we urged for further research on specific cases of nature-inclusive stakeholder engagement to better understand how organisations interact with nature.

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