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Abstract: This study builds on previous scholarly works that argue that stakeholder management is a normative process and that organisations should develop a proactive stakeholder orientation to get the optimal benefit of stakeholder management. We add to the extant literature by conducting an exploratory, inductive, qualitative case study to improve our understanding of how proactive stakeholder organisations engineer and maintain a culture that supports a proactive stakeholder orientation. We argue that proactive stakeholder culture must be studied because it represents unique and specific philosophical underpinnings rather than ethical or socially responsible cultures. The study makes several contributions to the scholarly literature on stakeholder culture. First, the study builds theoretical generalisations of the phenomenon under consideration. Second, it provides the best practices and content for developing proactive stakeholder cultures. Third, it defines and discovers a critical moderator, i.e., confining pressure, between well-established stakeholder cultural values and psychological stages of ethical decision-making. Finally, the study has an inferential contribution that a strong proactive culture may help organisational members successfully go through the stages of moral decision-making, as Rest (1986) enumerated.

Keywords: stakeholder management; stakeholder theory; stakeholder culture; descriptive stakeholder theory.

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1 Introduction

Stakeholder theory has a normative tenor. It opposes the idea of a single bottom line and considers business organisations as open systems situated in larger systems. Within systems, organisations face an interdependent, intrusive environment where other institutions, groups, or individuals can positively or negatively impact them. Therefore, to be successful, organisations need to balance their responsibilities and duties toward several societal and organisational stakeholders (Freeman et al., 2010; Ali, 2017; Yang and Basile, 2021). Additionally, in terms of stakeholder management strategies, the extant literature has theoretical, descriptive, and empirical support that a proactive stance in stakeholder management is, for organisations, the most beneficial approach to prosper in a complex business milieu (Clarkson, 1995; Fassin, 2012; Ali, 2017; Dmytriyev and Freeman, 2023; Mahajan et al., 2023).

We argue that organisational cultures perform a strategic function by creating and supporting behavioural norms that add value to the organisation's overall strategy (Schwartz, 2017; Bagga et al., 2023). Therefore, a proactive stakeholder-oriented organisation must develop a corresponding proactive stakeholder culture to support its chosen strategy. There has been some work on distinguishing proactive stakeholder organisational features from accommodative or defensive stakeholder approaches (Ali, 2018). However, there is a marked absence of theoretical and empirical work on instituting and maintaining proactive stakeholder cultures. This lack of intellectual endeavour may be because stakeholder culture is often seen as a sub-category of ethical and socially responsible organisational cultures. Some similarities between socially accountable and stakeholder cultures may exist. However, a proactive stakeholder organisation has singular features like constant surveillance of the business environment to recognise internal and external stakeholders, systems and structures to develop open communication and collaboration with stakeholders and finding common ground by balancing myriad stakeholder and organisational interests (Ali, 2018). In sum, ethical cultures may provide normative standards for organisations, and socially responsible cultures may make organisations more responsive to their environment. A proactive stakeholder culture goes beyond normative standards or general responsiveness by defining important organisational stakeholders and providing adequate tools for managers to interact with organisational stakeholders to perform better in an interdependent business environment (Jones et al., 2007; Kujala et al., 2022; Chernyi and Uotila, 2024).

In this study, we intend to formulate theoretical generalisations regarding creating and maintaining proactive stakeholder culture and develop a path toward future statistically generalisable studies. Second, the study intends to improve the needed descriptive validity of stakeholder theory and initiate a conversation on the intricacies of proactive stakeholder cultures (Freeman et al., 2010; Kujala et al., 2022; Freeman, 2023). Therefore, this work is a singular effort to describe the mechanisms, content, and attitudes required to create and perpetuate proactive stakeholder cultures. Third, we have found a critical variable, i.e., confining pressure, that may be used to explain the robustness of stakeholder culture in the studied organisation. Finally, we have an inferential contribution that opens avenues for further research. We suggest that proactive stakeholder cultural content and instruments may allow management to successfully go through the stages of moral decision-making as enumerated by Rest (1986).

We will begin by discussing the need to focus on a proactive stakeholder culture. We will also define proactive stakeholder features, particularly in the studied organisation. This will be followed by a literature review in which we will define culture, ethical culture, and stakeholder culture, discuss extant literature on instruments needed to develop a stakeholder culture, and describe the model that emerged from our research and analysis. The methodology, findings, and conclusion will follow these sections. Finally, this work is a case study of a large corporation, i.e., J&J. This work is not intended to be a tribute to J&J's organisational features. The findings are based on objectively interpreting data collected from different sources.

2   Importance of proactive stakeholder orientation and Johnson & Johnson

To keep the present study within a reasonable length and maintain its focus, we will explain the importance of proactive stakeholder features and J&J's categorisation as a proactive stakeholder firm by discussing the crux of some earlier works, i.e., Ali (2017, 2018).

Organisational responses toward the environment should be predicated on the complexity of the business environment (Freeman, 1984; Dmytriyev and Freeman, 2023). It is argued that today, the business environment is highly complex, intrusive, ever-changing, and interdependent. Additionally, stakeholder theory is predicated on the idea that to be successful, firms should consider all stakeholders intrinsically important, understand and evaluate their myriad interests, and engage with them to develop mutually beneficial solutions to multifaceted issues (Freeman et al., 2010; Kujala et al., 2022; Chernyi and Uotila, 2024). Hence, it is argued that organisations cannot optimise benefits from their stakeholder strategy and adequately perform the above functions in an invasive, ever-changing environment if they have a defensive or reactive stance toward stakeholder management as opposed to a proactive strategy (Ali, 2017, 2018; Vershinina et al., 2020; Dmytriyev and Freeman, 2023).

In terms of stakeholder organisational features and postures, Clarkson (1995) enumerated stakeholder stances by categorising them as Reactive, Defensive, Accommodative, and Proactive (RDAP) scale (Table 1). Clarkson's (1995) RDAP scale is an essential contribution towards improving our understanding of how stakeholder firms react to their stakeholders. However, Ali (2018) argues that the RDAP scale eschews defining specific strategies toward internal and external stakeholders and the level of stakeholder engagement. Ali (2018) conducted a qualitative case study on

Johnson & Johnson and found that J&J falls into the proactive organisation category (Table 2). J&J has a Credo statement that divides its responsibility to its stakeholders into four major categories: customers, society/environment, employees, and shareholders. J&J continuously surveys its environment to identify relevant stakeholders, drawing them into dialogue when developing products and policies. Internally, employees have voice rights, and they are treated fairly. In sum, stakeholders are engaged to discuss matters of mutual concern and to develop acceptable solutions.

Table 1   RDAP scale

Rating	Posture or strategy	Performance
Reactive	Deny responsibility (fight all the way).	Do less than required.
Defensive	Admit responsibility but fight it (Do only what is required).	Doing the least that is needed.
Accommodative	Accept responsibility (Be progressive).	Doing all that is required.
Proactive	Anticipate responsibility (Lead the industry).	Doing more than is required.

Source: Clarkson (1995, p.109)

Table 2   Proactive stakeholder characteristics

	Philosophical stance	Internal stakeholders	External stakeholders
Johnson & Johnson	J&J's philosophical stance emerges from its early owners, as manifested in its Credo. Credo sets out four main stakeholders in the following order: customers, employees, Community, and Shareholders. The essential component of J&J's philosophy is that J&J can better serve shareholders by serving all other stakeholders.	Employees are the internal stakeholders. They are valued and have work autonomy. They also make organisational and departmental decisions. The employee engagement department elicits the views and opinions of the employees through Credo surveys and Credo challenges.	J&J surveys its environment and recognises and reaches out to potential stakeholders. Once identified, J&J tries to involve these stakeholders in its decision-making process individually or in larger gatherings where all stakeholders are present. J&J also tries to maintain transparency in its stakeholder relationships

Source: Modified from Ali (2018, p.418)

However, it must be noted here that Ali (2018) enumerates proactive stakeholder organisational features but not the proactive stakeholder culture and the mechanisms that form such a culture. For example, Walmart's overall strategy is to compete on cost. This strategy is expressed in Walmart's policies and organisational features, e.g., periodic negotiations with vendors on the price of products, developing a supply chain system that reduces intermediaries, and policies on unions or employee compensation. However, behind the policies and in support of the overall organisational strategy, there needs to be a supportive culture that inculcates employees into the tenor of the organisation so that all employees at all levels are committed to frugality and cost saving. The current study intends to explore this nuanced aspect of proactive stakeholder companies.

3   Literature review

3.1   *Culture, ethical culture, and stakeholder culture*

Prof. Schein defines organisational culture as "the pattern of basic assumptions that a given group has invented or developed in learning to cope with its problems of external adaptation and internal integration" (1997, p.7). Organisational culture operationalises organisational strategy (Schwartz, 2017; Goodpaster, 2013; Bagga et al., 2023; Georgescu et al., 2024) and provides a collective and stable set of values and beliefs that influence and set standards for organisational acceptable behaviours and thought processes while dealing with recurring internal and external challenges (Schall, 1983; Korma et al., 2022). Through underlying assumptions, espoused values, and artifacts, organisational culture creates a behavioural control mechanism (Goodpaster, 2013). If adequately instituted, organisational culture can be the 'social glue' that holds the organisation together in the common pursuit of organisational strategy [Schwartz, (2017), p.193].

Ethical culture is a component of organisational culture, encompassing the aspects that promote ethical behaviour among organisational members (Van der Wal and Demircioglu, 2020). It represents the scruples of the organisation as it promotes and guides ethical values taught through organisational instruments (Goodpaster, 2013; Huhtala et al., 2022). Stakeholder culture is another subset of the overall organisational culture, focusing on shared values and solutions based on consensus (Freeman, 2023). A critical determinant of stakeholder culture is the degree to which a firm is self-regarding or other-regarding (Jones et al., 2007). A fully self-regarding or ethical egoist firm will not be considered ethical, as ethical egoism has been discarded as a bonafide ethical stance (Ali et al., 2024). However, egoist firms will still deal with some stakeholders and may still be considered stakeholder firms, but at a minimal level. Other-regarding firms will have more commonality with ethical culture as they are dominated by cultural values like trust building, mutual respect, and stakeholder dignity (Freeman et al., 2018). However, it must be noted that an ethical firm may or may not engage all stakeholders in its decision-making.

3.2   *Engineering a stakeholder culture*

We argue that ethical culture is embedded in organisational culture, and it can be assumed that it is perceived, instituted, and maintained through similar processes and structures needed to develop a coherent organisational culture (Cortes-Meijia and Herman, 2022). This overlap may be one reason why research on organisational processes that establish ethical culture is not extensive and it focuses more on outcomes rather than antecedents (Cortes-Meijia and Herman, 2022). Perhaps for similar reasons, our survey of the extant literature on stakeholder culture also reveals that studies on stakeholder culture's creation, institution, and perpetuation are incredibly scarce. It is argued that the unique features and philosophical underpinnings of stakeholder management, i.e., the legitimate pursuit of creating value for all stakeholders (Ali, 2017), acceptance of mutual dependence, and development of long-term relationships through cooperation, collaboration, and dialogue (Fassin, 2012; Freeman, 2023), warrants a need to develop a deeper understanding of the formation and content of stakeholder organisational cultures.

However, we get some guidance from the extant literature on creating stakeholder cultures. The starting point in cultivating a stakeholder culture is establishing its philosophical underpinnings and core values (Craft, 2018). These core values set the tone for stakeholder culture and originate from the leadership (Goodpaster, 2013; Freeman et al., 2018) in the form of mission statements and leadership conduct (Heres, 2014; Freeman et al., 2018). The established philosophical underpinnings and leadership conduct desist employees' unethical behaviour, support ethical culture (Avey et al., 2010), and ensure specific organisational attitudes toward stakeholders.

The next stage is to create an organisational architecture that institutionalises the chosen cultural values. Organisational architecture institutes culture as an organisational control mechanism by providing incentives and disincentives through performance measurement, employee assessment, and rewards and punishment systems (Zaal et al., 2019). The systems of evaluation and incentives include internal structures that support the organisational strategy and mission statement through selection and hiring processes, training in the culture for existing and newly hired employees, performance management, evaluation systems, and incentive systems (Treviño and Nelson, 2007; Suvaci, 2018). In sum, instruments of organisational architecture can be used to develop an ecosystem to cultivate a specific culture and maintain it even with the changes in organisational membership.

Figure 1 Initial understanding of the drivers of organisational culture
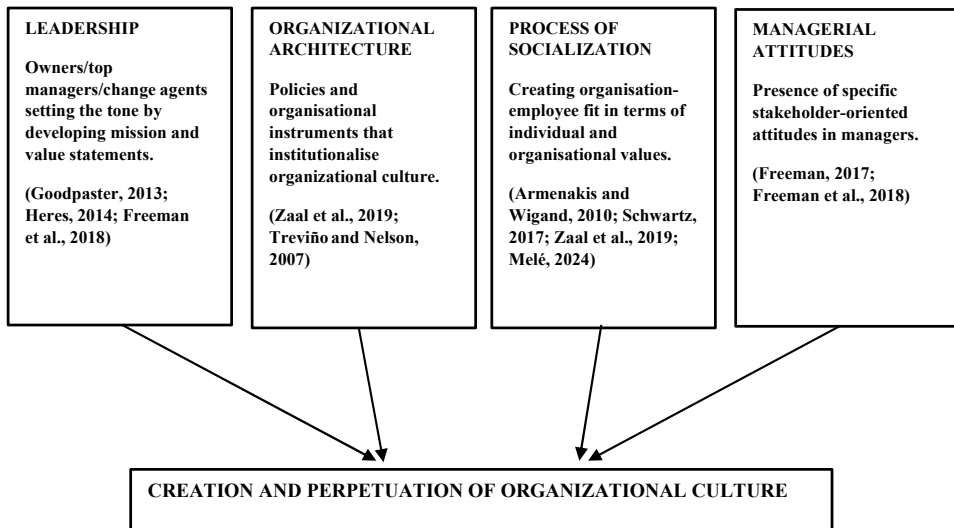
The stakeholder culture establishes acceptable norms in employees through a socialisation process, where employees comprehend the necessity to behave in a specific way and internalise organisational norms by aligning personal norms with those of the organisation (Schwartz, 2017; Melé, 2024). This approach aligns with psychological research on moral development, which suggests that moral development at conventional levels is driven by the human desire for social approval through adherence to rules and social norms (Kohlberg, 1984). Socialisation fosters a person-organisation fit, enabling employees to identify with and internalise organisational values, eventually making them their own (Zaal et al., 2019). In this process, organisational policy and its implementation

are done through hiring and selecting the correct type of individual, training to reinforce the expected behaviour, and incentive systems to complete the cycle (Armenakis and Wigand, 2010).

Figure 2   An emerging descriptive model

Drivers of Stakeholder Culture	Unique Content
Influence of the Leadership in setting J&J's stakeholder DNA	• A systemic view of business. • Multiple bottom line. • Reconfiguration of the relationship between business and society. • Welfare capitalism. • Employee rights and engagement.
Credo's influence as the ideological organizational glue	*General Continuity of the Stakeholder Culture* • Subsequent leadership involves communication, education, and stress on dialogues on the Credo to show its benefits. • Twelve areas of competency for success within the organization. • Inculcating stakeholder values. *Credo, Organizational Decision-making, and Strategy* • Four responsibilities. • Shareholders are served when all other stakeholders are served first. • A guiding philosophy that is consulted and followed • Credo is the intellectual core of J&J's strategy • Non-credo actions are challenged without retaliation.
Mutually Supportive HR Policies and Engagement	• All organizational processes are built around the Credo. • Person-organization fit based on Credo values; global leadership profile to assess leaders; customer focus; training and evaluation on Credo importance; Credo surveys; Credo leadership surveys; Credo dialogues; leadership competency profile for success in the organization. • New recruit training in Credo values. • Creation of organizational myths and artifacts to establish a Credo based culture.
Managerial attitudes	• A systemic understanding. • Constant surveillance. • Structures and processes within the organization that encourage engagement. • Stakeholder engagement capabilities. • Dialogue based decision-making. • Double loop learning.

Confining Pressure

STAGES OF MORAL DECISION MAKING
• Awareness
• Moral Judgement
• Moral Intent
• Execution

Finally, businesses are relational and operate by interacting with employees, customers, suppliers, financial backers, and groups within the community to create overall value (Freeman et al., 2018). In practical terms, stakeholders and their interests often overlap. However, there can be conflicts of interest. Stakeholder management posits that if there is a collision of interests, new ways to create mutual value must be explored (Freeman, 2017). This important stakeholder goal can be achieved if organisations treat their stakeholders with respect and empathy and build trustworthy relationships. This type of relationship would require managers to be trained and amenable to develop specific stakeholder-oriented managerial attitudes like empathy, conflict resolution, and openness to change (Freeman, 2017).

Figure 1 illustrates a preliminary understanding of how a stakeholder culture can be instituted. Figure 2 shows a nuanced descriptive model of stakeholder culture drivers, instruments, processes, and managerial attitudes. This model was developed based on our data analysis and will be discussed in detail in the analysis section of our study.

4 Methodology

We have argued that there is a paucity of scholarly work on the instruments and content used to create and maintain a proactive stakeholder culture. Therefore, the current study has descriptive and exploratory objectives and has been designed as an inductive qualitative case study (Schutt, 2006). The purpose is to delve deep into the proactive stakeholder phenomenon and collect dense and comprehensive data from diverse sources to develop theoretical generalisability and advance our understanding of proactive stakeholder organisations.

Inductive case studies analyse complex data collected from various sources to understand the studied phenomenon comprehensively. This goal is best served by applying the precepts of grounded theory. In inductive case studies, each data set is analysed right after it is collected, guiding the next set of pertinent data collection. Hence, data collection in inductive case studies is not linear. Therefore, a benefit of grounded theory methodology is that it helps collect, arrange, collate, and analyse large amounts of qualitative data from multiple resources (Strauss, 1990; Gephart, 2004).

This work comprises a primary case study, Johnson & Johnson (headquarters), and a secondary case study, Tibotec Therapeutics, a subsidiary of J&J, both located in New Jersey. To comprehensively evaluate the phenomenon under research, additional interviews were conducted with two J&J stakeholder organisations, the Elizabeth Glaser Pediatric AIDS Foundation (EGPAF) and the AIDS Treatment Activists Coalition (ATAC). These interviews allowed us to evaluate the accuracy of the data gathered from both primary and secondary case studies and help us improve the overall validity of the findings (Yin, 2003).

J&J was selected because of its proactive stakeholder orientation ascertained from its Credo statement, history, and available substantial secondary data. Since J&J is a multinational company with more than 250 subsidiaries, collecting data from all J&J subsidiaries would have been impossible considering time and resources. Therefore, we collected data from the J&J headquarters to assess the content of the overall stakeholder policy and organisational culture. TT, a subsidiary, was selected to assess how much J&J headquarters culture is transferred and followed in J&J subsidiaries.

We collected data from both primary and secondary sources. The primary data source included field notes and 24 face-to-face in-depth interviews (Table 3). Almost all interviews took place at the organisation's premises, with an average duration of 40 minutes. Some interviewees were interviewed more than once or were asked additional questions via e-mail or telephone. The collected data resulted in more than 300 pages of transcriptions and field notes. Additionally, we used a variety of pertinent secondary documents (Table 4).

We used the theoretical sampling technique to conduct interviews. Theoretical sampling is a nonlinear data collection technique used to select interviewees based on data analysis as it is collected (Strauss, 1990). In this technique, initial interviews are conducted with the identified key interviewees. These interviews are transcribed, every

transcription line is coded and analysed, and memos are developed to describe the data (Strauss, 1990). During this in-depth analysis of interview data, the researcher identifies existing and emerging themes. The interviewer will contact the subjects to gather additional relevant information if new themes are discovered. Depending on the nature of the information, the interviewer may also attempt to interview individuals who can provide more pertinent insights into the observed theoretical category (Charmaz, 2007). Similarly, in a qualitative study, data analysis is an iterative process that builds on the analysis of each collected data piece. Each new information provides insight into the studied phenomenon and reveals new themes. The researcher collects and analyses the data concurrently. This exercise is done till the researcher gets a complete picture of the studied phenomenon (Miles and Huberman, 1984).

Table 3   Case study database

Organisation	Summary of case study	Site visits	In-depth Interviews	Importance
Johnson & Johnson	Pharmaceutical industry	Seven visits to the corporate headquarters between the Summer of 2009 and Fall 2011	14 interviews were conducted, including one interview with a manager from India	The primary case studies. J&J represents a large proactive stakeholder organisation
Tibotech Therapeutics	A J&J subsidiary in the field of AIDS and Hepatitis C	Three visits to Tibotec's Titusville, NJ office from Fall 2009 to Fall 2010	Seven interviews were conducted, including two from the London regional office	As a subsidiary, to understand how J&J subsidiaries act upon the precepts of J&J Credo
Elizabeth Glaser Pediatric AIDS Foundation	A leading US national non-profit organisation	Not visited	One interview conducted	Works with large corporations, including J&J, regarding their philanthropic activities. It gave stakeholders' and partners' perspectives on J&J's philanthropic activities.
AIDS Treatment Activists Coalition	A national coalition of AIDS activists.	Not visited	Two interviews conducted	These interviews gave stakeholders a view on J&J's/TT's involvement with potential and current stakeholders.

Source: Ali (2018, p.421)

NVIVO 10 software was utilised to assist the organisation and analysis of data. Data techniques, such as data reduction and display, were also used to analyse the data (Miles and Huberman, 1984). Yin's (2000) guidelines were followed to maintain the reliability

and validity of the analysis. Finally, the Human Subject Protection protocols were followed by obtaining signed consent agreements from interviewees and guaranteeing that the analysis remained anonymous.

Table 4 List of important documents

Details of documents	Organisation	Information usefulness
Global Leadership Profile	Johnson & Johnson	Linked with Credo and explains the expectations from top management.
Global Survey	Johnson & Johnson	Explains the link between J&J's Credo and management practices and what is measured regarding J&J's performance from the employee perspective
Customer Survey	Johnson & Johnson	This document is a customer satisfaction survey and assesses J&J's performance as a value-based organisation.
ATAC Report Card	Aids Treatment Activist Coalition	This is the Report Card that ATAC has published to assess the performance of pharmaceutical companies in the AIDS medication field. It helped understand how J&J/TT's stakeholders assess its performance.
General Johnson Speeches and Quotes	Johnson & Johnson	Gave ideas about General Johnson's thoughts about several issues related to business and society.
Corporate Philanthropy Flyer	Johnson & Johnson	Gave some facts about J&J's national and international philanthropic activities and volume.

Source: Ali (2018, p.421)

5 Analysis and findings

5.1 The influence of leadership in setting the philosophical foundation

J&J was established in 1886. However, the philosophical underpinnings of J&J's stakeholder-oriented organisational culture and its Credo were conceptualised and codified by the second-generation owner, Gen. Robert Wood Johnson II, during the tumultuous period of the 1920s and 30s (Ali, 2011). General Johnson, a business owner and capitalist, advocated saving the private enterprise system by reconfiguring the relationship between business and society as expressed in his book, *People Must Live and Work Together or Forfeit Freedom* (Doubleday: Garden City, NY., 1947). He stressed reforming capitalism by making it more equitable, creating a substantial middle class, and increasing its purchasing power. He criticised economic liberalism and unlimited greed because they led to the concentration of wealth and the creation of monopolies in the guise of serving the free market.

General Johnson wanted to resolve the labour-management conflict by providing workers with dignity and helping them develop a sense of identity and belonging within the organisation. General Johnson's above-discussed views constitute the basis of the J&J Credo, which provides a hierarchy of stakeholders, i.e., customers, employees, management, and shareholders. Interestingly, shareholders were put in the fourth place

because, as General Johnson explained, "only if the other three have been met … is it worthwhile to consider the future of any business enterprise or ask what it should receive (p.81)." In sum, Gen. Johnson took a systemic view of business and believed that businesses are responsible for several stakeholders and that their purpose is not limited to making money for shareholders (Ali, 2011).

5.2   *Influence of the Credo as the ideological organisational glue*

5.2.1   *Generational continuity of the Credo values*

It has been revealed in interviews that the Credo is still understood as the organisation's underlying philosophy. As one senior manager remarked, "I think that it [Credo] has always been in the DNA of the company since its founding". The evidence corroborates this statement, and we have found that after General Johnson's retirement, J&J's subsequent generations of management played a crucial role in instilling and perpetuating the values of the Credo. In an operational sense, to begin with, all newly hired senior managers have a conversation with the CEO about J&J's cultural values. All hired senior managers are brought to the New Brunswick, NJ – J&J headquarters – to habituate the newly hired leadership in J&J's culture norms. Inculcation of culture and the subsequent exhibition of cultural understanding and its application in decision-making is crucial for the continued success of managers at all levels. To succeed at J&J, managers need more than professional and job-related expertise. It also depends on how managers perform in the 12 competence areas, including cultural competence. These training and socialisation instruments perform a complex but pivotal function of inculcating in every new generation of managers the idea that business has a social purpose and has responsibilities toward myriad stakeholders.

5.2.2   *The Credo and its link with organisational decisions and strategy*

The J&J Credo reflects the key guiding philosophy of J&J's stakeholder culture. It continues to be influential as a cohesive force that upholds J&J stakeholder values across its national and international offices and subsidiaries. Within the framework of its Credo, J&J aims for economic success by meeting the needs of multiple stakeholders besides the stockholders.

Is Credo just a set of lofty principles, or has it become operationalised in J&J's business strategy? J&J Credo has a ubiquitous physical and cognitive presence in the organisation. The evidence of this constant presence comes from the fact that the interviewed employees and managers were aware of it, made decisions based on their values, and understood how they could contribute to maintaining the Credo. For example, a senior manager said that,

> "Some days [the Credo] is a conscious guide, and probably other days it is an unconscious [guide]… it is prominent, particularly in difficult situations … we want to make sure that [our] conclusions are aligned with our values. So, it is always present in our thinking, conscious or unconscious."

Are the Credo values indeed the intellectual core of J&J's strategic decision-making? A telling example is an incident involving a manager at the Janssen-Ortho Patient Assistance Foundation- a J&J philanthropic entity. This mid-level manager stood up to a senior J&J executive for a decision she believed did not uphold J&J's Credo. The

Foundation had been providing free Risperdal, an antipsychotic medication, in the New Brunswick area of New Jersey. The President of the subsidiary proposed to withdraw Risperdal from the Foundation's program because the distribution of Risperdal was not profitable due to the recent availability of a generic alternative (Ali, 2011). The interviewed manager argued against the subsidiary's President that, per the Credo, the company's primary goal is to serve patients and that discontinuing the drug will hurt J&J patients who cannot afford to buy the generic version. After discussing the matter further, the drug was not removed from the list, and the Foundation continued to distribute Risperdal free of charge. According to multiple managers interviewed, the phrase "this is not consistent with the Credo" is often used in meetings at J&J.

5.3 Instruments used to institutionalise proactive stakeholder orientation

5.3.1 Cohesive & mutually supportive instruments

We argue that cultural inculcation results from mutually supporting human resource instruments and broad organisational policies. Recruitment and selection are the starting points for everything. J&J wants to hire experts in their respective fields, just as all other organisations do. However, the evidence suggests that hiring managers consciously look for a person-organisation fit in which the potential hire's personality must match the organisation's social purpose. A high-level recruitment manager said, "The Credo is very much understood when we are recruiting … it [the Credo] is very much part of the conversation".

The Global Leadership Profile is used to evaluate candidates in recruitment and selection, especially for managerial positions. This profile enumerates the expected leadership values that are related to Credo-based values. Recruiting managers evaluate a potential hire's leadership capabilities and personality, while the departmental managers assess the candidate's job-related abilities. After hiring, Credo values in managers are inculcated through training and evaluation of their understanding and application of Credo values as they move up the corporate ladder. As indicated by several interviewees, managers are also supposed to be Credo champions as they are tasked with promoting Credo values within their departments to initiate a trickledown effect.

Management utilises tools like surveys regularly conducted by the employee engagement department. These surveys help evaluate the company's performance by meeting the expected stakeholder behaviours envisaged by Credo. The employee engagement department surveys all levels of employees. Its purpose is to provide pertinent insights to managers and help them improve Credo comprehension and application in their respective departments. It collaborates with J&J leadership worldwide to develop and conduct training programs and facilitate management Credo dialogues. In these dialogues, the Credo values are discussed and critiqued in depth to assess their relevance and to ascertain how to develop the needed behaviours to apply them in business decision-making. The managers are responsible for the low survey scores in their respective departments and are guided on improving their Credo adherence. Recruits at lower levels of the organisation also receive initial training in the company's Credo values. The new employee orientations are comprehensive and include training in understanding the philosophical underpinnings of J&J Credo and case study analyses that delve into applying the Credo values in challenging business situations.

Constant reiteration is critical in instilling Credo values in employees and managers. After selection, employees are introduced to Credo and its underlying principles in their orientation. Then, in meetings, employees will encounter conversations on Credo values and how they can guide decision-making. The Credo document is ubiquitous in all J&J office buildings worldwide. Credo is mentioned in most official communications between different departments. In short, Credo is consistently communicated through various organisational levels and across multiple communication channels.

Finally*, Credo adherence* is as important as other qualifications and performance measures needed to get promoted at different managerial levels. J&J managers think that one cannot achieve this at the expense of the other, and their careers can be derailed if they do not follow Credo-based leadership standards. The competencies outlined in the leadership profile for recruiting new managers are also utilised to evaluate their Credo adherence and business performance.

5.3.2 Eliciting employee opinion on Credo revision and adherence

An important aspect of the company's highly inclusive stakeholder orientation involves gathering employee feedback on leadership, J&J, and the company's performance in pursuing its Credo. As per the Credo, employees constitute a crucial stakeholder. Therefore, J&J conducts surveys to elicit employee opinions on how well their managers understand and apply Credo principles in their decision-making. These surveys include all J&J employees-over 100,000 employees globally. The survey is conducted bi-annually and has been ongoing for nearly 35 years. Analysing the survey results leads to changes needed in departments and offices worldwide. An essential function of these surveys is that they can be used to amend the Credo if the survey results indicate any change in the employees' expectations of J&J. For example, sustainability was not originally part of the Credo. It was added when surveys were done, and it was found that the J&J employees support sustainability.

5.4   Required managerial attitudes

Proactive stakeholder management is a strategic approach that insists on a systemic view of businesses. Managers must view their organisations as a connected and interdependent part of a more extensive and complex system. Managers must realise that entities and individuals operating in the system can affect their organisations positively or negatively. With these realisations, managers should develop crucial attitudes to implement a successful stakeholder business strategy. These attitudes include constant surveillance of the business environment to identify and categorise important stakeholders, establish and maintain structures to elicit stakeholder opinions, maintain a dialogue-based interaction with stakeholders, and achieve the ability to innovate to come up with creative solutions when organisational needs and stakeholders' needs do not fully overlap.

Instructional evidence comes from how TT, a J&J subsidiary, entered and established itself in the AIDS/HIV drug industry. TT was a research organisation acquired by J&J in 2002. TT had a drug but needed to develop drug trials to get FDA approval. After acquiring TT, J&J surveyed its environment and devised a list of important stakeholders that may help build drug trials. These stakeholders included healthcare workers, physicians, and an AIDS activist organisation, i.e., AIDS Treatment Activists Coalition (ATAC). TT created a forum with the identified stakeholders and developed drug trials

with their help and input. Through these transparent efforts, J&J and TT acquired speedy FDA approval for their drug and received a very high grade in ATAC's annual report on companies manufacturing AIDS/HIV drugs (Ali, 2018). Our evidence shows that all stakeholders felt they might not have gotten everything they wanted. However, they were satisfied by the fact that there was transparency in the dialogue, and J&J explained its limitations and why certain decisions were taken. Ultimately, they all believed a consensus was reached for mutual benefits (Ali, 2018).

Regarding internal stakeholders, we have already discussed J&J's complex internal structure for employee engagement and involvement. Our data indicates that J&J's management attempts to move beyond exclusive decision-making and engage in more inclusive dialogues in decision-making processes. This represents a significant shift from traditional management practices.

Finally, we have observed the evidence of flexibility to change and 'double-loop learning' (Argyris and Schon, 1978). J&J managers are in the habit of engaging in dialogues with stakeholders at different levels. Managers must develop flexibility to balance multiple and constantly changing stakeholder demands. 'Double-loop' learning involves modifying underlying norms, policies, and objectives, while 'single-loop' learning corrects current policies for short-term goals without addressing underlying issues. Proactive stakeholder management expects double-loop learning to balance the ever-changing stakeholder list and varying interests. TT's creation of the forum and dialogue with its stakeholders led to many changes in how TT would run the drug trials. Even the research scientists who developed the drug admitted that the interaction with healthcare workers and AIDS advocacy groups changed how they would manage the trials. The dialogues improved the overall drug trials. Internally, changes to the J&J Credo, i.e., adding sustainability, have the evidentiary value of double-loop learning.

5.5 *Confining pressure*

In geology, confining pressure explains that immense and equal pressure on rocks from all sides increases their energy growth and strength. We utilise this concept to explain the employees' deep internalisation of the organisational stakeholder culture. The owners create an organisational culture perpetuated and reiterated by the leadership and interlocking HR and business policies. The collective impact of the policies and instruments discussed in the preceding sections is that they create an ecosystem in which J&J employees imbibe the organisational culture to a point where they appoint themselves as protectors and champions of the culture.

The evidence for the above conclusion comes from a research vantage point where data from different sources is collated and analysed. The most striking observation was how often interviewed employees talk about the Credo as if they own it and are willing to protect its sanctity within the organisation. Most would recite the Credo or parts of it verbatim. The Credo values are well defined, considered immensely beneficial for J&J, and deeply entrenched in the organisation to the extent that employees have espoused organisational values and believe they must protect them by holding the management responsible if they veer away from them.

5.6   Strong stakeholder culture as a guiding instrument through rest's stages of ethical decision-making

We have found considerable evidence to defend our argument that a strong proactive stakeholder culture at J&J helps managers and employees go through Rest's (1986, 1994) four psychological stages of ethical decision-making. However, this inferential finding requires more research to understand the nuances of the observed relationship.

In the first stage, the individual can subjectively identify a particular issue as an ethical conundrum. This stage is critical since identifying a dilemma "is a necessary precondition for addressing the dilemma, which, in the absence of ethical considerations, is perceived as a purely economic issue" (Stöber et al., 2019). In organisations, the awareness stage will depend on the information and the parameters used to judge ethical implications in decision-making. This requirement is fulfilled by having an organisational mission statement or an ethical code to guide employee actions (Schwartz, 2001; Stöber et al., 2019). The awareness is further strengthened through communication, repetition of the code of ethics, and, more importantly, by showing the employees why it is important and how it can be operationalised (Stöber et al., 2019). In previous sections, we have extensively discussed J&J Credo and its importance as the ethical glue of the organisation.

In the second stage, individuals should be able to decide which course of action is acceptable and morally correct (Rest, 1986). The individual must be cognitively able to distinguish right from wrong actions (Rest, 1986). The organisation should have a defined code of ethics and train its employees to judge acceptable and unacceptable actions (Ferrell et al., 2017). Like the previous stage, code familiarity and training in operationalising the code in decision-making is an excellent way to understand right and wrong actions (Stöber et al., 2019). At J&J, this is achieved through Credo training, Credo dialogue, and Credo surveys.

The last two stages express the preferring and choosing moral behaviour, even at the cost of personal goals, and executing the moral intent (Rest, 1986). In an organisational context, the critical question is how much importance employees assign to organisational morals and their intent to follow these values in their actions (Stöber et al., 2019). In J&J's case, we argue that an adequately instituted organisational culture may lead to internalising ethical values, confining pressure, and eventually creating an alignment between organisational and individual goals and aspirations.

6   Conclusions

6.1   Findings and contribution

We build on previous scholarly contributions on the inherent normative nature of stakeholder theory and conduct a qualitative inductive case study to improve our comprehension of a proactive stakeholder culture and how it is engineered. The overarching goal was to further establish stakeholder management's descriptive validity, develop theoretical generalisation, and initiate a conversation that may eventually lead to statistically generalised studies.

A critical contribution of this study is that it enumerates the drivers needed for developing a stakeholder culture and further describes the drivers' content, intent, and

tenor. We discussed Gen. Johnson's views on capitalism, society, and the position of business in society. These ideas became the philosophical foundation for the multistakeholder Credo statement. The principles enumerated in the Credo are then inculcated, supported, and institutionalised through training, assessment, leadership profile, promotion criteria, and specific managerial attitudes.

The second singular contribution of the current study is that if all of the above drivers are correctly used and a stakeholder-oriented mission statement gets fully established in an organisation, then such organisations will experience a 'confining pressure' to maintain the culture. We have found that the internalisation of J&J values by its employees at all levels has created a phenomenon in which every employee group has become a self-appointed defender of the culture. The final contribution of this study is inferential. A fully developed and implemented stakeholder culture will guide managers and employees of a proactive stakeholder organisation through the four stages of moral decision-making.

6.2 Organisational implications

J&J presents an excellent opportunity to study a proactive stakeholder firm and understand some of the practices and policies required for this stance. An important firm-level implication is that an organisation must adopt normative policies and principles derived from stakeholder theory to be a stakeholder-oriented firm. The organisation must go beyond a single or even triple bottom line to a multiple bottom-line perspective. This does not mean that the organisation will have a fiduciary responsibility toward all stakeholders, but different responsibilities might exist toward myriad stakeholders. The organisation must proactively observe and assess its business environment to predict emerging stakeholders, observe existing stakeholders' development, and anticipate their demands. Organisations must develop communication channels and structures to involve internal and external stakeholders in decision-making. Finally, the stakeholder firms will have to be flexible and at ease with change since interaction with stakeholders may lead to frequent changes in policy, structures, products, and services.

6.3 Issues with this work

This is a qualitative work that cannot be used to generalise results. The study also needs comparative analysis. We have covered only one organisation. Most of the data comes from interviews, and there can be bias in self-reported interviews. Additionally, when interviews are done in a large organisation like J&J, the sample is theoretical, and, in many cases, subsequent interviewees are a result of prior interviewees. In other words, the interviewee may only interview individuals who agree with each other. Efforts were made to mitigate this issue by interviewing individuals outside the organisations and using different sources to set up additional interviews.

6.4 Future research

One crucial intention of this work was to initiate a discussion on proactive stakeholder cultural drivers and content. The study has provided a descriptive model to begin the conversation. It is a qualitative study focusing on developing theoretical generalisations. The next step could involve conducting more qualitative comparative case studies to

refine the descriptive model further. Additionally, the identified variables should be used to create surveys for statistical studies that may produce more generalisable results. Furthermore, we have identified an intriguing cultural strength variable, i.e., confining pressure, which warrants further investigation. Lastly, our inferential finding that a well-developed stakeholder culture can guide managers through the four decision-making stages must be explored in greater depth. In summary, we hope this work will encourage scholarly endeavours on the antecedents of stakeholder culture.

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