

Leading with purpose when stakeholder management gets geopolitical

If navigating the geopolitical world requires a compass, then purpose is your true north. Use it to stay true to your values when stakeholders pull you in different directions.



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Like many companies, Apple is finding the one stakeholder it must please most right now is the U.S. government. Under Donald Trump's "America First" agenda, Apple has found itself in the firing line for being a high-profile U.S. company that famously does much of its manufacturing abroad, particularly in China. Apple CEO Tim Cook has had multiple meetings with Trump since he took office, resulting in Apple pledging to invest \$500 billion domestically. This was [then upped to \\$600 billion in August 2025](#) when Trump announced a 100% tariff on foreign computer chips and semiconductors, while exempting companies like

[Taiwan Semiconductor Manufacturing Company \(TSMC\)](#) that shifted operations to the U.S.

Stakeholder theory — the idea that companies have a responsibility to serve the needs and interests of those other than just their shareholders — is being tested like never before in this Age of Geopolitics.

Ever since [R. Edward Freeman](#) first suggested “a stakeholder approach” in his 1984 [book on the subject](#), stakeholder management has steadily gained traction. It underpins shifts over the past 40 years toward greater corporate social responsibility (CSR), environmental, social and governance (ESG) criteria, and diversity, equity and inclusion (DEI) initiatives, all based on the belief that business works best when a multitude of different stakeholders — employees, customers, suppliers, local communities and the environment — are also factored in.

Now the vibe is shifting again. CSR, ESG and DEI are not so high on corporate agendas anymore and in some cases they are being quietly shelved. Instead, the stakeholders who seem to hold the most sway are the political ones. This is a far cry from when Freeman wrote in 1998: “Implementation of stakeholder management principles, in the long run, mitigates the need for industrial policy and an increasing role of government intervention and regulation.” Clearly not everyone got that memo.

So, is stakeholder engagement to be left at the whim of party politics? With one government voice currently the loudest in the room, “patriotism” is fast becoming what *The Economist* has labeled as “[the new stakeholderism](#)” in business.

In such a context, how should companies manage their stakeholders today?

A framework for managing politicization

To some degree, none of this is new. Back in 2001, the Academy of Management issued a call for papers on “[How governments matter](#),” partly in response to the suggestion that “under a stakeholder theory of capitalism, governments will matter less than they have in the past.” And as if to prove the issue never went away but intensified, the Academy of Management recently put out a call for papers on “[Managing under political turbulence: practical solutions for coping with rising geopolitical risk](#)” — though readers will have to wait until after the 2026 deadline to find out what scholars have to say about the rise of “stakeholder nationalism” and how organizations can avoid getting penalized politically.

More than a decade ago, [Fabrizio Ferraro](#) and [Bruno Cassiman](#) identified “politicization” as one of the great leadership challenges of the 21st century. Given the growing impact of governments on strategy, they said business leaders would have to [learn how to manage stakeholders differently](#).

The “mixed blessing” of globalization, massive digital disruption, and the rise of corporations more profitable and powerful than nation-states had created a perfect storm of conditions, which they said contributed to “heightened levels of uncertainty and ambiguity regarding the future state of the world” — not unlike what we are seeing today.

To deal with this, Ferraro and Cassiman developed a framework — even more relevant today — recommending that CEOs become **arbitrageurs** in how they allocated resources; **experimenters** in how they dealt with opportunities; and **orchestrators** of diversity and creativity in order to generate innovation and competitive advantage.

Politicization pushes business leaders to...

Arbitrage

Reflection: In business, arbitrage is the common practice of moving assets and resources from one place where costs and regulations are higher to another where they’re lower, to take advantage of the differences between market jurisdictions. Are you aware of how your arbitrage opportunities might be shifting?

Action: Stay ahead of the curve and engage with politicians as legislation is being debated, otherwise your future will be decided for you. If the operating environment gets stricter, you will need to find alternative ways to position your business to benefit from the changed conditions.

Experiment

Reflection: Are you experimenting with different ways of interacting with governments, regulators and legislators?

Action: In striking the balance between meeting business objectives while satisfying

stakeholder needs, you may find you need a new business model. This may require radical reinvention, major investment, different suppliers and other employee skill sets. Don't expect business as usual.

Orchestrate

Reflection: As you interact with your stakeholders, are you well-managing the tensions between their different, conflicting logics?

Action: Developing collective solutions with different actors at opposite ends of the spectrum requires a hybrid mindset and disposition. It's not something you can delegate to investor relations or the PR team. You need to get comfortable with feeling uncomfortable and have a high pain tolerance for change, while also casting an inspiring vision that generates excitement and encourages cooperation.

Everyone can win together

One criticism of stakeholder management has been the notion that the clashing needs and interests of so many diverse stakeholder groups could ever be reconciled, making the process of formulating a coherent business strategy a bit like herding cats. On the other hand, a government stakeholder that dictates business policy at the expense of workers, suppliers or the environment is no better, just as managing a business only so that shareholders profit has also been found wanting.

To the latter point, research by [Jeroen Neckebrouck](#) critiques the use of shareholder returns as the sole proxy for a firm's competitive advantage. He analyzed over 14,000 Belgian firms, looking specifically at the workforce as a key stakeholder. Firms that paid their workers above market rates meant there was less remaining profit recorded on the balance sheet, but that was in no way an indication these firms created less value than firms that underpaid their workers. In fact, these firms may create more total value but simply decide to distribute it differently among key stakeholders. Paying higher wages to employees or higher rates to suppliers might also attract better and more loyal ones, giving these firms a competitive advantage over lower-paying firms. Yet you wouldn't necessarily know it just by looking at how much profit went to the shareholders. [Competitive advantage requires a broader view.](#)

This provides empirical support for the new stakeholder perspective in strategy, in the tradition of the resource-based view (RBV) of the firm espoused by Jay Barney and others, which calls for incorporating a broader stakeholder perspective to understand why some firms create more value than others and hold competitive advantage. Prioritizing one stakeholder (in this case, shareholders) over all others is [a “deeply flawed” logic, as Barney states](#).

The key, then, is in aligning the interests of all parties, governments included. So insisted [Colin Mayer](#), speaking at the [2025 IESE-ECGI Corporate Governance Conference](#) in Madrid. At present, rash decisions are being made at the expense of other stakeholders. It’s not fair that harms are being borne by those who didn’t cause them and shouldn’t have to bear them. Instead, when everyone accepts that success derives from profiting without harm, and they don’t seek to divert or transfer the value (or harm) to others, then everyone can win together.

“Mutually reinforcing interests promote partnerships between businesses, investors, governments, customers, employees, suppliers and communities in committing to a common purpose of shared prosperity,” [he said](#).

It’s a big challenge for stakeholder management when the geopolitical environment currently frames everything in zero-sum terms. But a solution is hinted at in those two little words of Mayer’s: common purpose.

Stakeholder decisions easier if your purpose is clear

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As [Mike Rosenberg](#) observed in conversations with CEOs during the COVID-19 pandemic, “Companies that had a clear sense of purpose weathered the crisis better.” Relating that to how business leaders should react to Trump 2.0 today, he stressed: “We all need to think about who we are, what we’re willing to do and not do, and what we really stand for.”

[Jordi Canals](#), in his [report on strategy in times of geopolitical disruption](#), elaborates: “A clear and well-defined purpose is a reliable point of reference that facilitates decision-making in times of increased uncertainty.”

On top of all the usual factors that a company and its directors must assess when formulating

strategy — efficiency, market access, organizational design — the introduction of heightened geopolitical risk and more activist stakeholders in the form of interventionist governments makes having a clear, guiding purpose more necessary than ever.

This is not to say that it will be easy. But purpose, and the values that underpin it, will help ensure that the decisions you make with reference to your stakeholders are authentically aligned.

With ESG or DEI, for example, does your corporate purpose tell you to scrap those commitments? Or do you do what Rosenberg finds some companies are doing, which is, “changing the job title for the people doing that work but the work still goes on, because in the long term, they believe it’s the right thing to do, but for now they will just talk about it less”?

“I think these kinds of stakeholder decisions are easier to make if you have your purpose clear from the start,” he says. “What’s harder is to follow the constant, emotional back and forth of the political news cycle.”

[John Almandoz](#) agrees, which is why he proposes an [inside-out approach](#) to purpose — meaning start with your internal values and organizational member motivations that shape your daily operations to serve customers. Letting external forces or the single loudest stakeholder define your purpose for you is a recipe for disaster, and you will end up lurching from one politically charged crisis to the next.

“A key advantage of the inside-out approach is its ability to foster unity, both within the organization and with external stakeholders, as it is freely chosen by all and is less likely to spark disagreement. That unity and inspiration should, in turn, bring greater engagement and productivity,” Almandoz explains.

The inside-out approach to purpose

To create win-wins for multiple stakeholders, engage your head, heart and hands.

Define (head)

Identify a clear, compelling reason for the organization’s existence that resonates with your stakeholders. You define your purpose; don’t let the outside political noise define it for you.

Internalize (heart)

Embed your purpose in the organizational culture, values and identity. This step connects purpose to the emotions and motivations of employee stakeholders, creating a shared sense of meaning and belonging.

Act (hands)

Purpose must be translated into tangible actions, informing the organization's processes, decisions and operations.

With your purpose clear, it can then help to map your stakeholders and their interests, paying special attention to the power and influence they can exert over you, both now and in the future. There are plenty of tools available to do this, and it's an exercise that should be done in conjunction with the board and its committees.

Throughout this process, even though your stakeholders may hold polar opposite positions, you may be able to find areas of overlap that are in keeping with your purpose and values. As *The Economist* article on "[the new stakeholderism](#)" points out, "what America's two political tribes want from business is not always the same ... but both Democrats and Republicans are eager for corporate America to churn out middle-class jobs while remaining one step ahead of China in the race for technological supremacy." And therein may lie a shared path to a business decision that more people can live with. That, in turn, will [deepen trust](#), which is what turns wary stakeholders into allies again.

And trust is sorely needed, as highlighted by a panel on the state of democracy at IESE's [Geopolitics Summit](#) in Madrid. Moderator [Pedro Videla](#) noted that people's faith in democracy was waning. Indeed, a recent U.K. survey on "[Gen Z: Trends, Truth and Trust](#)" found more than half (52%) of young people age 13 to 27 thought the U.K. would be better off under a dictatorship and a third also believed it would be better if the army were in charge. This paints a worrying picture for stakeholder management in the future.

Yet in this moment, companies have an opportunity to take a stand, coalescing stakeholder interests not around partisan politics but around common purpose, achieving business success by aligning, not alienating, those who have a stake in the outcome.

MORE INFO:

["Globalization, Digitization and Politicization: 3 trends that will change how you manage"](#) by Fabrizio Ferraro and Bruno Cassiman.

["Rethinking competitiveness in an era of stakeholder returns,"](#) based on the *Strategic*

Management Journal paper, "[Empirically exploring the veracity of the new stakeholder perspective in strategy: documenting workforce rents](#)" by Jeroen Neckebrouck and David Kryscynski.

"[Shareholders' role and responsibilities in times of corporate disruptions](#)," a summary of presentations from the [2025 IESE-ECGI Corporate Governance Conference](#), edited by Marco Becht and Jordi Canals.

"Strategy and Geopolitics in Trump 2.0," an e-conference with Mike Rosenberg, is available for Members of the IESE Alumni Association to [watch on demand here](#).

"[Estrategia de la empresa ante cambios geopolíticos disruptivos](#)" by Jordi Canals.

"[How an inside-out approach to corporate purpose boosts business performance](#)," based on the *Strategy Science* paper, "[Inside-out and outside-in perspectives on corporate purpose](#)" by John Almandoz.

This article is included in [IESE Business School Insight online magazine No. 170](#) (Sept.-Dec. 2025).



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