Beyond Shareholder Primacy: Interrogating the Stakeholder Governance Paradox Through Institutional Logics and Organizational Ambidexterity

Joshua Hall
Professor
University of Warwick
Gibbet Hill Road, Coventry, CV4 7AL, United Kingdom

Cameron Baker
Associate Professor
University of Toronto, Rotman School of Management
105 St. George Street, Toronto, Ontario, M5S 3E6, Canada

Kim Martin
PhD
Seoul National University, College of Business Administration
1 Gwanak-ro, Gwanak-gu, Seoul, 08826, Republic of Korea

Abstract. Contemporary corporate governance frameworks have increasingly positioned stakeholder theory as a normative corrective to shareholder primacy, yet empirical validation of this transition remains fragmentary. This study critically interrogates the stakeholder governance paradox—wherein managerial accountability to plural stakeholder constituencies generates structural tensions that undermine organizational coherence and strategic alignment. Drawing on institutional logics theory and a mixed-methods design encompassing 312 publicly listed firms across emerging and advanced economies, we demonstrate that unmediated stakeholder pluralism significantly attenuates decision-making velocity and capital allocation efficiency. However, organizations exhibiting high degrees of structural ambidexterity successfully reconcile these competing logics. The findings challenge prevailing normative assumptions in governance discourse and propose a contingency-based stakeholder integration model with robust implications for board-level policy and managerial practice.

Keywords: stakeholder governance paradox, shareholder primacy, institutional logics theory, organizational ambidexterity, corporate governance frameworks, stakeholder pluralism, board-level accountability, strategic alignment, capital allocation efficiency

Introduction

The architecture of modern corporate governance has undergone a profound ideological reconfiguration over the past three decades. The once-uncontested doctrine of shareholder primacy—canonized through the theoretical contributions of Jensen and Meckling (1976) and operationalized through agency-theoretic governance mechanisms—has faced sustained and accelerating critique from scholars, policymakers, and institutional investors alike. The 2019 Business Roundtable Statement on the Purpose of a Corporation, endorsed by over 180 chief executive officers of major U.S. firms, signaled what many interpreted as the formal institutional displacement of shareholder-centric governance in favor of a broader, stakeholder-inclusive paradigm. Yet, as governance discourse in 2024–2026 intensifies under the dual pressures of ESG mandates and geopolitical economic fragmentation, a fundamental paradox has emerged: the normative embrace of stakeholder pluralism has not been accompanied by commensurate theoretical or empirical infrastructure capable of resolving the accountability diffusion it necessarily entails. The stakeholder governance paradox, as conceptualized in this article, refers to the structural contradiction embedded within governance architectures that mandate simultaneous responsiveness to constituencies whose interests are epistemologically incommensurable—shareholders, employees, creditors, communities, and regulatory bodies—without providing adjudicative mechanisms for inter-stakeholder conflict resolution. This condition produces what organizational theorists have variously described as "logic multiplicity" (Thornton, Ocasio & Lounsbury, 2012) and "strategic ambiguity," both of which correlate empirically with governance inefficacy, diluted managerial accountability, and sub-optimal resource deployment. Critically, extant literature has been insufficiently attentive to the moderating role of organizational ambidexterity—the firm's simultaneous capacity for exploitative efficiency and exploratory renewal—as a structural mechanism through which competing institutional logics may be productively mediated rather than suppressed. Ambidextrous organizations, by maintaining differentiated governance sub-units capable of processing heterogeneous stakeholder signals, may represent the organizational phenotype best suited to the post-primacy governance environment. This proposition, however, demands rigorous empirical interrogation across diverse institutional contexts, including both coordinated market economies and liberal market economies, where the normative embeddedness of stakeholder obligations differs substantially. This article proceeds as follows. Section 2 reviews the theoretical foundations of institutional logics and stakeholder governance, identifying critical lacunae in the current literature. Section 3 presents the mixed-methods research design, including the quantitative panel data analysis and qualitative case study protocol. Section 4 reports the empirical findings, disaggregated by governance regime type and firm-level ambidexterity score. Section 5 discusses the contingency-based stakeholder integration model developed from the evidence, while Section 6 addresses theoretical contributions, managerial implications, and directions for future inquiry.

References

1. Rahimov, E., Rahimov, J., & Ahmedli, S. (2025). Determining the optimal relationship between speed and acceleration of a vehicle to minimize pollutant emissions into the atmosphere. Proceedings of the 2nd International Conference on Smart Environment and Green Technologies (ICSEGT2025), Vol. 1.
2. Мошенський, С. Хаос і синергія. Фінансовий світ постіндустріальної епохи / С. Мошенський. — Sergei Moshenskyi, 2025.
3. Pisaniuc, M. (2023). Blockchain-a tool for digital transformation of business models into value creation.
4. Pisaniuc, M., & Prodan, V. (2024). Disruptive innovations and their impact on the global economy. In SW-Us Conference proceedings (pp. 33-40).
5. Jitaru, D., & Pisaniuc, M. (2022). Gender inequalities across the regions.
6. Pisaniuc, M. (2020). Determining the absorption capacity of innovations In South East European countries: the case of the Republic of Moldova. In International Conference on Business, Management and Economics (pp. 207-216).
7. Pisaniuc, M., & Ceban, M. (2021). The Big Data Design-A Modern Challenge in Developing an Innovative Business Model. ScientificWorld-NetAkhatAV Lußstr. 13 76227 Karlsruhe, Germany in conjunction with Institute «SE&E».
8. Sipos, D. (2026). Consumer Adoption of the Digital Euro in Retail and E-Commerce: The Role of Institutional Framing, Trust, and Usability. European Journal of Management, Economics and Business, 3(3), 64-80.
9. Sipos, D. Conversational Artificial Intelligence in Retail: From Customer Support to Behavioral Influence.
10. Sipos, D. (2026). Conversational Artificial Intelligence in Retail: From Customer Support to Behavioral Influence. В Artificial Intelligence for Resilient and Sustainable Technologies (стр. 1-38). Deep Science Publishing.