

To own or not to own: Theoretical ambiguity and managerial confusion in corporate ownership models

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Abstract

The firm’s objective has shifted from profit maximisation for shareholders to value creation for all stakeholders, raising the question of whose interest should guide firms. Shareholder and instrumental stakeholder approaches argue that firms exist to satisfy the desires of shareholders who own them. In contrast, the normative stakeholder approach focuses on creating value for all stakeholders, not clearly identifying shareholders as owners of either the company or its shares. The paper analyses the ownership’s concept, exploring whether practitioners oriented to shareholder or instrumental stakeholder theories have a clearer understanding of ownership than those following the normative stakeholder approach. A Siegel-Tukey test based on a survey of 203 executives shows that the former group displays a greater consistency in understanding ownership. A ‘matrix of theoretical consistency’ is introduced to thematise how coherence among firms’ objectives, nature, and ownership supports practical effectiveness. As an unclear definition of owners can lead managers to take unbalanced decisions, significant implications for corporate governance scholars and practitioners are provided.

Key words: Ownership; Shareholder theory; Stakeholder theory

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1. Introduction

Financial scandals of the last two decades have undoubtedly reinvigorated the idea that profit maximisation for shareholders does not necessarily promote the welfare of society, and sometimes not even that of the firm (Blair, 2003; Bower and Paine, 2017; Clarke, 2020). As a result, the role of firms in the economy and the capitalist model have been questioned (Barton and Wiseman, 2014; Bower et al., 2011; Krugman, 2009; Lin-Hi and Blumberg, 2012; Porter and Kramer, 2011), proposing the transition from shareholder capitalism to stakeholder capitalism (or conscious capitalism, Freeman et al., 2007; Harrison et al., 2020; Mackey, 2011). 'In whose interest should firms be governed and managed?' has become the central question to answer in the debate on corporate governance. Considering that the company's objective is no longer profit maximisation for shareholders, but value creation for all stakeholders (Freeman and Liedtka, 1997), this new corporate objective determines a coherent change in the concepts of nature (nexus of contracts or real entity?) and ownership (owners of the company or owners of the shares?) of the firm. Indeed, a lack of alignment among objective, nature and ownership could be a problem, especially when stakeholder interests compete with those of shareholders, even if only in the short run (Hahn et al., 2015).

In literature, the main opposing theories on the topic of corporate purpose are shareholder (Friedman, 1970) and stakeholder (Freeman, 1984) – normative (Phillips et al., 2003) and instrumental (Donaldson and Preston, 1995; Jensen, 2001) approaches. Generally, both consider the firm as a tool (or abstract entity or nexus of contracts, Phillips, 1992). The difference is that, for shareholder theory and instrumental stakeholder approach, the firm exists to satisfy the desires of shareholders (normally profit), and it is owned by them, while for the normative stakeholder approach, the corporate purpose is to create value for all stakeholders, and it is not specified whether and by whom it is owned. Thus, for shareholder theory and instrumental stakeholder approach, shareholders' identification is more consistent than in the normative stakeholder approach. Indeed, the latter suffers criticism and misunderstanding (Garriga and Melé, 2004). Consequently, this lack of clarity in the normative stakeholder approach could also lead to confusion among practitioners. Indeed, the latter can transpose, sometimes unconsciously, the theory through their adopted codes of ethics or corporate governance reports. Thus, without a clear ownership paradigm, practitioners might not know the strategical direction of the firm (Thomsen and Pedersen, 2000), not allow it to achieve its objective and not maintain its own conditions for survival and development.

Therefore, to contribute to the corporate governance debate, the paper analyses the concepts of owners according to shareholder and stakeholder theories and explores their managerial impact, answering the following research questions: *Who are 'owners' according to the theories of shareholders and stakeholders? Have*

practitioners oriented to shareholder theory or instrumental stakeholder approach a clearer idea of 'owners' than those oriented to the normative stakeholder approach?

A theoretical background on the mentioned corporate purpose approaches and an empirical study based on a questionnaire administered to 203 executives are provided. The theoretical background shows that the concept of owners is still confused in the normative stakeholder approach. Indeed, while the shareholder theory and instrumental stakeholder approach clearly define shareholders as owners of the firm, the normative stakeholder approach does not provide a clear answer. These propositions are also demonstrated by empirical results. Indeed, the Siegel-Tukey test shows a lower variability in responses about the concept of ownership (shareholders are owners of the firm) from practitioners oriented to shareholder theory and instrumental stakeholder approach than in responses from practitioners oriented to the normative stakeholder approach. This means that the first group presents a higher confidence and uniformity, while the second one confirms a lack of a clear and shared definition of owners. In light of these results, the research introduces the real entity theory as an alternative approach capable of better framing the role of owners, thanks to the consideration of the firm as an autonomous and independent entity.

The findings may have significant implications for corporate governance scholars, board members, and managers. Indeed, the confusion of the normative stakeholder approach could have risky effects on the firm's performance: not having a clear idea of who owners are could lead managers to make unbalanced business choices, making social considerations prevail over economic ones.

The remainder of this study is organised as follows. In Section 2 a comprehensive overview of the theoretical background and the development of the hypothesis based on the existing literature are provided. Section 3 outlines the data source and the methodology employed in the study. Moving forward, Section 4 presents the empirical findings obtained from the analysis. Section 5 discusses the findings, including their practical implications, limitations, and recommendations for future research.

2. Development of theories and hypotheses

An adequate understanding of how theories of corporate purpose characterise the owners requires a preliminary study of the underlying theories of ownership – in particular the contractual and institutional theories – which define, on different bases, the legal nature of the firm and the resulting meaning of ownership. Indeed, these approaches underpin theories of corporate purpose, as they suggest two different ways of understanding the firm, with practical implications for how to regulate relationships with stakeholders, primarily its owners. In the contractual theory, the

firm is a nexus of contracts (Bratton, 1988), signed with the aim of bringing parties with conflicting interests into voluntary cooperation to pursue a specific purpose, such as maximising shareholder profit. In this context, the employment contract (Mazzotta, 2019) measures the parties' obligations and defines the balance point for their competing interests: the employer, represented by the owner (principal), has an interest in increasing profits, and the employee (manager) provides his or her work based on the remuneration received for the given contribution. Therefore, according to this view, the contractual right of owners is not to dispose of company assets, but rather to participate in the appointment of the governing body, and to participate in the distribution of profits and capital in the event of liquidation (Eisenberg, 1998). On the other hand, the institutionalist theory, viewing the firm as a real entity with its own life independent of all stakeholders, "tends to detach the employment relationship from the traditional contractual source and reconstruct it as a community relationship, linked to the worker's entry into a work community, normally established for a business purpose" (Mengoni, 2004, p. 10). The purpose of the firm is not in conflict with that of the employee but rather complements it. The institution's will is entrusted to its bodies, which interact with the external environment, just like the bodies of a natural person.

The distinction between the contractual and institutional views of the firm is crucial for understanding the evolution of corporate purpose theories. Indeed, the way in which the firm is conceived—either as a nexus of contracts or as a real and autonomous institution—directly influences how purpose, governance, and the role of owners are defined. Building on these premises, the next section examines two of the main theories of corporate purpose: the shareholder and stakeholder theories.

2.1 Who are 'owners' according to shareholder theory?

In the article "The social responsibility of business is to increase its profits" (1970), Friedman proposes to conceive profit no longer as a condition to pursue in the context of the production process, aimed at satisfying human needs, but as the supreme end of the firm, its reason for existence. He "harshly criticized those in the business community who maintained that private enterprises had a mission to promote desirable social ends" (Cheffins, 2020, p. 1). As an instrumental theory (Garriga and Melé, 2004), for the shareholder theory, corporate social responsibility (CSR) is a strategic means to achieve economic goals and value creation. However, on closer inspection, Friedman's purpose is to ensure that managers satisfy, in accordance with the law and ethics, the desire of shareholders, whatever it was, even philanthropic. Indeed, acting without deception and fraud, any investment in sustainability that would produce a growth of the shareholder value should be made (Garriga and Melé, 2004).

In “Capitalism and Freedom”, Friedman states that “the firm is an instrument of the shareholders, who own it” (1962, p. 135). Thus, Friedman does not aim to look after the personal interests of shareholders but to ensure that they invest in companies mitigating the risk of being expropriated by the managers. From their investment, the firm’s economic growth would then result, for the good of all (maximising the value of shares improves society, Jensen, 2001). Shareholders support a social and environmental initiative when it increases the profitability of the firm. The adopted principle is that no one takes care of an asset like owners themselves (Friedman, 1962). In fact, the concept of ‘owner’ evokes in some way the idea of a person taking care of something, just as the concept of a parent evokes the idea of a person taking care of his/her children.

The risk of opportunistic behavior of managers, combined with the idea that naturally they take care of their personal interests and tend to extract private benefits (Jensen and Meckling, 1994), seems to have led Friedman to argue – contrary to what Berle and Means (1932) indicated – that shareholders, even if they do not control, are still the owners of the company. For this reason, the latter must be managed in their exclusive interest, being the stakeholders most interested in profitability, a necessary condition for the survival and growth of the firm.

From the foregoing, it follows that:

H1: Managers who display an orientation consistent with shareholder theory tend to tend to identify shareholders as the firm’s owners.

2.2 Who are ‘owners’ according to stakeholder theory?

Freeman’s intent is to prevent management, in satisfying shareholders’ interests for short-term profit, from being at odds with the interests of other stakeholders, questioning the survival of the company and, in the long-term, also damaging shareholders (e.g., British Petroleum scandal). Although considered vital, profit is not the supreme goal but “is the result rather than the driver in the process of value creation” (Freeman et al., 2004, p.364).

The profound reason for considering the expectation of all stakeholders derives from two approaches: normative (Phillips et al., 2003) and instrumental (Donaldson and Preston, 1995). The first recognises the existence of an ethical dimension (Phillips et al., 2003), in addition to the economic and legal ones, namely the moral duty to respect the rights of all stakeholders (Mayer, 2021). The normative approach obliges managers to ensure compliance with legal and ethical norms aimed at protecting stakeholders, particularly in situations where the instrumental approach could lead to prioritising shareholder interests. According to this, stakeholders have legitimate interests in the company’s activity, and these interests have intrinsic value. This means that each stakeholder group must be considered not only for its ability to

promote the interests of another group, such as owners, but also for its own interests (Garriga and Melé, 2004) and priorities (Mitchell et al., 1997). Therefore, shareholders are placed on an equal footing with other stakeholders: no stakeholder can be considered as a superior authority, and managers' duties are directed towards all stakeholders.

Therefore, the deontological ethics underlying the normative stakeholder approach rightly deny any form of shareholder supremacy, affirming the equal moral value of all stakeholders (Freeman, 1984; Phillips et al., 2003). Consequently, the "shareholders vs other stakeholders" dilemma is not always resolved in favor of the former (Mitchell et al., 1997). However, treating shareholders like all other stakeholders should not obscure the fact that they have different risk exposures and less contractual protection. As Zattoni (2011) observes, shareholders are the only stakeholder group without *ex ante* contractual protections and are only remunerated on a residual basis. Paradoxically, placing shareholders on the same level as other stakeholders without acknowledging this asymmetry can reduce their freedom (Di Carlo, 2025). Indeed, if shareholders are placed on the same level, the risk is that, to meet the expectations of other stakeholders, shareholder money may be used against their will. Therefore, the normative stakeholder approach fails to clarify how stakeholder equality should be translated into governance and ownership structures, failing to offer an alternative mechanism for coordinating and balancing the plurality of interests. This may stem from the fact that this approach does not appear to provide specifics regarding the definition of a firm and its ownership, being subject to criticism and misunderstanding (Garriga and Melé, 2004). Similarly, it also fails to address the problem of managers' opportunistic behavior (Phillips et al., 2003, p. 496). For example, there is a risk that managers will tend to justify poor corporate performance by claiming to have contributed to the well-being of stakeholders and the community.

On the other hand, the instrumental approach suggests paying attention to all stakeholders' interests because it is the most convenient thing to do in the interest of the shareholders (Plender, 1997). As Zamagni states, in its instrumental version, stakeholder theory "is nothing more than an interesting exaggeration of shareholder value theory, with which it shares its philosophical and moral framework" (2006, p. 2). Subsequently the proposal of the stakeholder theory, Freeman extended managers' fiduciary duty to the firm as well. "Management has a relationship of trust with stakeholders and with the firm as an abstract entity" (Evan and Freeman, 1988, p. 151). Therefore, management "must act, as an agent, in the interests of stakeholders and the firm, and must act in the firm's best interests to ensure its survival, safeguarding the long-term interests of each group" (Evan and Freeman, 1988, pp. 151-2). Hence the awareness of the need to balance stakeholder interests with the firm's prosperity. However, the equilibrium conditions that the corporate system should respect are not defined. Furthermore, the firm is considered an abstract entity,

that is, an aggregate of individuals and groups whose interests must be satisfied. Consequently, the firm's survival and development are not in its interest, even though they represent a common interest for all stakeholders. The proposed creation of value for all stakeholders and the resulting assignment of multiple objectives (economic and social) to managers tends to amplify the aforementioned opportunistic behavior of managers (Jensen, 2001; Phillips et al., 2003). A synthesis of several interests is identified in the "maximization of the long-term market value of the firm" (Jensen, 2001, p. 8), that become the criterion for managing trade-offs among the firm's stakeholders (Garriga and Melé, 2004). In this way, the interests of shareholders and the long-term profitability of the company - for the benefit of its survival and growth of all stakeholders and the whole society - are protected. According to this, the moral duty to pursue the interests of the owners, i.e. maximisation of the long-term market value of the firm, suggests that the interests of other stakeholders should also be met. Thus, considering shareholders as owners of the firm may favor managerial orientation toward the increase of the market value of the firm. This shareholder identification is more consistent than in the normative approach.

From what has emerged, the following can be considered:

H2: Managers who display an orientation consistent with normative stakeholder theory do not express an equally clear and unambiguous definition of the role of firm's owners.

H3: Managers who display an orientation consistent with the instrumental stakeholder approach tend to identify shareholders as the firm's owners.

3. Research Methodology

3.1. Sample and Data source

Analysis of the theoretical background shows that the normative stakeholder approach provides fewer clear answers on owner identification than shareholder theory and the instrumental stakeholder approach. Considering the impact of theory on practice, practitioners could be influenced by this lack of clarity, putting the continuity of business at risk.

To explore this, a questionnaire was developed according to the theoretical background and the research aim presented. For the data collection, the questionnaire was drawn up and administered as part of some training courses (Advanced Management Program; Anti-Corruption Master; Data Driven and Crisis Communication; Executive Master of Business Administration; Executive Master of Finance; Executive Master of Procurement Management; Governance, Control Systems and Auditing; Procurement and Cost Management) in post-graduate courses addressed to 203 executives of different organisations.

Before applying the questionnaire, it was validated by submitting it to independent academic experts to ensure appropriateness and no overlap of question structure. Furthermore, before the training course, the coordinator of the course sent the link to the questionnaire, highlighting the importance of its compilation to increase the effectiveness of the training. The response rate has always been very high, averaging around 90%, with peaks of up to 98%. The questionnaire was anonymous to ensure that the answers were as sincere as possible. The initial message of the questionnaire was as follows: "The purpose of the questionnaire is to understand what you think about the concept of firm and firms' objective. Answer calmly and honestly, with the certainty of absolute anonymity. Focusing on the answers will allow you to approach the teacher's lesson more profitably. The results will be discussed in the classroom on the day of the lesson. We would be grateful not to use search engines to give answers (also because there are no right answers at all!) and not to modify the answers, once given, so as not to distort the results of the analysis. I thank you for your kind collaboration and invaluable contribution".

3.2 Descriptive analysis

Regarding the sample, Table 1 shows the characteristics of the sample. It is made up of 203 respondents, with different personal characteristics (professional and personal), 72% men and 28% women, mainly between 30 and 40 years (about 42%). Most of the respondents are employees (34%) in private companies (80%) and have a bachelor's degree (95%, of which approximately 53% are in engineering faculties).

Table 1 - Characteristics of the sample

<i>Number of Participants</i>	<i>203</i>
<i>Average age</i>	
% 20 - 30	5.4%
% 30 - 40	41.9%
% 40 - 50	34.0%
% 50 - 60	17.2%
% Over 60	1.5%
<i>Gender</i>	
% Male	72.4%
% Female	27.6%
<i>Profession</i>	
Private Executive	31.5%
Public Executive	9.9%
Private Employee	33.5%
Public Employee	6.4%
Freelancer	12.3%
Other	1.0%
n.a.	5.4%
<i>Area of employment</i>	
% Private	80.3%
% Public	18.7%
% Other	1.0%
<i>Education</i>	
% High School Graduation	4.9%
% Degree	95.1%
% Degree in Economics	20.7%
% Degree in Law	10.3%
% Degree in Engineering	52.7%
% Degree in Other Faculty	11.3%

Source: Author's elaboration

Regarding the questionnaire, it was composed of three questions, each based on the main elements (objective, nature, and ownership of the firm) that literature on corporate governance considers:

- Question 1 (Q1): The supreme goal of the company is profit for the shareholders, in accordance with the rules, both those contained in law and ethical custom (what is right beyond the regulatory aspect).
- Question 2 (Q2): The firm is not comparable to a real person (it has no moral duty to society), it is a legal instrument owned by shareholders to satisfy their desires.
- Question 3 (Q3): Shareholders are owners of the firm.

Respondents could answer according to the following Likert scale: completely disagree, disagree, uncertain, agree, and completely agree. Then, their answers were codified into numerical values, in ascending order from negative to positive values: 1 = completely disagree; 2 = disagree; 3 = uncertain; 4 = agree; 5 = completely agree.

3.3 Empirical methodology

To explore whether practitioners oriented to the normative stakeholder approach have a less clear understanding of ownership compared to practitioners oriented towards shareholder theory and instrumental stakeholder approach, a variances' differences between populations were calculated. Because of the small sample size and the scale used (Likert scale from 1 to 5), a hypothesis of normality cannot be considered, and thus a non-parametric test is used. Therefore, to assess the difference between variances of populations, the Siegel-Tukey rank sum dispersion test was applied (Kanji, 1993; Siegel and Castellan, 1988). It is a non-parametric test useful for comparing the dispersion of two independent samples. Based on at least ordinal data, populations with same medians, and ranking data according to a specific scheme, it permits one to evaluate whether two samples come from populations with equal variance. Finally, in order to determine the significance of variance differences, the Mann-Whitney test was applied on the ranks assigned to the data according to a specific pattern (Siegel and Castellan, 1988).

4. Findings

To analyse the answers, the respondents were divided according to the three aforementioned questions, thus based on their considerations about objective, nature and ownership of the firm. In particular, firstly the respondents were divided into two macro-populations based on their answer to Question 1. Table 2 shows the division of the respondents by firm objective.

Table 2 - Division of respondents by objective of the firm

	POPULATION B				POPULATION A					
	1	2	3	4	5					
<i>Q1. The superior end of the business is the profit for shareholders, while conforming to their basic rules of the society, both those embodied in law and those embodied in ethical custom</i>	2.0%	4	12.3%	25	7.4%	15	53.2%	108	25.1%	51
Total									203	

Population A	78.3%	159
Population B	14.3%	29
Total A+B	92.6%	188

Source: Author's elaboration

Those who argued that shareholder profit, in line with regulation and ethics, is the corporate purpose, appeared to be aligned with what is established by shareholder theory and the instrumental stakeholder approach. On the contrary, those who answered otherwise appear to be aligned with the normative stakeholder approach. Therefore, those who answered ‘completely agree’ or ‘agree’ to question 1 were placed in population A (159 respondents), while those who answered ‘completely disagree’ or ‘disagree’ were placed in population B (29 respondents). Those who answered ‘uncertain’ were not considered in either population (15 respondents).

Then each macro-population was divided into two more sub-populations, based on the answer to Question 2. Table 3 shows the division of the respondents by the nature of the firm.

Table 3 - Division of respondents by nature of the firm

	POPULATION B				POPULATION A					
	1	2	3	4	5					
<i>Q1. The superior end of the business is the profit for shareholders, while conforming to their basic rules of the society, both those embodied in law and those embodied in ethical custom</i>	2.0%	4	12.3%	25	7.4%	15	53.2%	108	25.1%	51
<i>Q2. The firm is not comparable to a real person (it has no moral duty to society), it is a legal instrument owned by shareholders to satisfy their desires*</i>	Population A2				Population A1					
	38.4%	61	45.3%	72	9.4%	15	5.0%	8	1.9%	3
<i>Q2. The firm is not comparable to a real person (it has no moral duty to society), it is a legal instrument owned by shareholders to satisfy their desires**</i>	Population B1				Population B2					
	69.0%	20	20.7%	6	3.4%	1	3.4%	1	3.4%	1
Total										188

* Only respondents who answer "completely agree" or "agree" in Q1 (ca. 78.3%, #159) are considered - Population A

** Only respondents who answer "completely disagree" or "disagree" in Q1 (ca. 14.3%, #29) are considered - Population B

Population A1	6.9%	11
Population A2	33.6%	133
Population B1	89.7%	26
Population B2	6.9%	2
Total A1+A2	90.6%	144
Total B1+B2	96.6%	28

Source: Author's elaboration

Those who answered ‘completely agree’ or ‘agree’ were placed in sub-population A1, relative to respondents who believed that the purpose of the firm was to maximise profits for shareholders (‘completely agree’ or ‘agree’ to Question 1). Those who answered ‘completely disagree’ or ‘disagree’ were placed in sub-population B1,

relative to respondents who did not believe that the purpose of the company is to maximise profits for shareholders ('completely disagree' or 'disagree' to Question 1). Thus, the two sub-populations A1 and B1 appeared respectively aligned with shareholder theory and the instrumental stakeholder approach and the normative stakeholder approach. Those who answered 'Uncertain' were not considered in either population (15 respondents from population A and 1 respondent from population B).

However, some respondents answered affirmatively to Question 1 but then negatively to question 2, or vice versa. Specifically, those who answered 'completely agree' or 'agree' to question 1 (the ultimate goal of the company is profit for shareholders) then answered 'completely disagree' or 'disagree' to question 2 (the company is not a legal instrument owned by shareholders) were placed in sub-population A2. On the contrary, those who answered 'completely disagree' or 'disagree' to the first question (the ultimate goal of the company is not profit for shareholders) then answered 'completely agree' or 'agree' to the second question (the company is a legal instrument owned by shareholders) were placed in sub-population B2. Sub-populations A2 and B2 were not considered in the empirical procedure, being the least consistent respectively with shareholder theory and the instrumental stakeholder approach and the normative stakeholder approach.

The respondents belonging to sub-populations A1 and B1 were divided according to the answers to question 3. Table 4 shows the division of the respondents by firm ownership.

Table 4 - Division of respondents by ownership of the firm

	Population A1a			Population A1b						
	1	2	3	4	5					
Q3. Shareholder are owners of the firm*	0.0%	-	0.0%	-	0.0%	-	63.6%	7	36.4%	4
Q3. Shareholder are owners of the firm**	Population B1a			Population B1b						
	11.5%	3	34.6%	9	19.2%	5	23.1%	6	11.5%	3
Total										32

* Only respondents of Population A who answer "completely agree" or "agree" in Q1 and Q2 (ca. 6.9% #11) are considered

** Only respondents of Population B who answer "completely disagree" or "disagree" in Q1 and Q2 (ca. 89.7% #26) are considered

Population A1a	0.0%	-
Population A1b	100.0%	11
Population B1a	46.2%	12
Population B1b	34.6%	9
Total A1	100.0%	11
Total B1	80.8%	21

Source: Author's elaboration

Specifically, those belonging to sub-population A1 who answered 'completely agree' or 'agree' to Question 3 were placed in sub-population A1b. Those who answered 'completely disagree' or 'disagree' were placed in sub-population A1a. On the contrary, those belonging to population B1, who answered 'completely disagree' or 'disagree' to question 3 were placed in sub-population B1a, those who answered 'completely agree' or 'agree' were placed in sub-population B1b. Those who answered 'uncertain' were not considered in either population (5 respondents in population B1).

From Table 4, it is possible to note that, according to theoretical assumptions, all practitioners oriented to shareholder theory and the instrumental stakeholder approach (population A1) confirm that shareholders are owners of the firm (63.6% agree and 36.4% completely agree). This finding confirms H1 and H3. On the other hand, among practitioners oriented to the normative stakeholder approach (population B1), the division is not so evident. Indeed, there is not a big numerical difference between those who confirm shareholders as owners of the firm (34.6%, sub-population B1b) and those who do not (46.2%, sub-population B1a). Confirming H2, this demonstrates the lack of uniformity and clarity found in the theoretical background. To reinforce this result, there are also 'uncertain' respondents. Despite being excluded from statistical reasoning because they were unable to express a choice, respondents who declared uncertainty in their responses to Q3 demonstrate how theoretical ambiguity is then reflected in practice. Specifically, the uncertain respondents belonging to the shareholder theory and the instrumental approach (population A1) are zero, while those belonging to the normative approach (population B1) are equal to 19.2%. The fact that they do not position themselves clearly is a symptom of the theoretical ambiguity previously denounced.

Considering the lack of clarity in the normative stakeholder approach and aiming to explore whether practitioners who adhere to this approach (population B1) have a less clear understanding of who the owners are compared to practitioners oriented toward shareholder theory and the instrumental stakeholder approach (population A1), differences between variances between subpopulations were verified. Using the Siegel-Tukey test, the relative null hypothesis H_0 was that variances of sub-populations A1 and B1 were equal:

$$H_0: \sigma_{A1}^2 = \sigma_{B1}^2$$

The alternative hypothesis H_1 was that these variances were different. Especially, according to the theory, the variance of sub-population A1 was minor than the variance of sub-population B1:

$$H_1: \sigma_{A1}^2 < \sigma_{B1}^2$$

To determine whether there are significant differences in variability between sub-populations A1 and B1, the Mann-Whitney test (Siegel and Castellan, 1988) on the ranks assigned to the data according to a specific pattern is used. Table 5 shows the Siegel-Tukey rank sum dispersion test.

Table 5 - The Siegel-Tukey rank sum dispersion test

Group	Obs	Rank sum	Expected
A1	11	302.5	209
B1	26	400.5	494
Combined	37	703	703
Unadjusted variance	905.67		
Adjustment for ties	-62.16		
Adjusted variance	843.51		

$$z = 3.219^*$$

$$\text{Prob} > z = 0.0013$$

$$\text{Exact prob} = 0.0011$$

* Two-sample Wilcoxon rank-sum (Mann-Whitney) test is applied on the ranks rearranged according to the Siegel-Tukey procedure

Source: Author's elaboration

The significant p-value (0.001) obtained from the Mann-Whitney test led us to reject H_0 , accepting the alternative hypothesis H_1 , for which the variance of sub-population A1 is minor than that of sub-population B1. This difference suggests that practitioners in sub-population A1, who adhere to the shareholder theory and the instrumental stakeholder approach, have a more uniform and established view regarding the definition of shareholders as owners of the firm. In contrast, the greater dispersion in sub-population B1 reflects the uncertainty and variety of views that exist in the normative stakeholder approach. Therefore, the results of the Siegel-Tukey test support the theoretical observations presented in the literature. Indeed, the higher confidence and uniformity of responses in sub-population A1 indicate a clear alignment with theories that define shareholders as owners of the company. In contrast, the variability in sub-population B1 points to the lack of a clear and shared definition among managers who adopt a normative stakeholder approach.

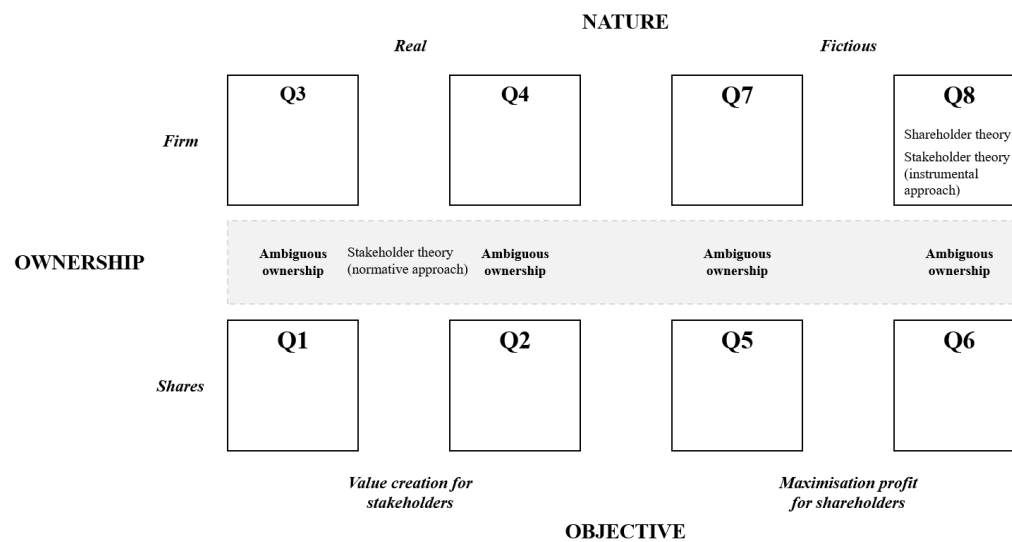
5. Discussion and conclusion

Shareholder and stakeholder theories differ on the concepts of objective, nature, and ownership of the firm. Each approach provides answers to these three dimensions, creating, in the case of misalignment, theoretical ambiguity and practical confusion. More specifically, the shareholder theory and instrumental stakeholder

approach are based on a precise nature and objective of the firm and outline a well-defined concept of ownership. Consequently, practitioners adhering to these approaches commonly consider shareholders as the owners of the firm. On the other hand, the normative stakeholder approach appears more fragile in application because, based on the concepts of objective and nature provided, it lacks a consistent definition of ownership. According to this, the results show that practitioners oriented towards the normative stakeholder approach do not know whether the shareholders are owners of the firm or merely of the shares.

Thematising the theoretical consistency of the three dimensions as a condition for the practical effectiveness of the theory itself, Figure 1 illustrates the so-called ‘matrix of theoretical consistency’ that represents the combination of the three variables according to the theories analysed. It shows grey zones where the concept of ownership is not clear.

Figure 1 - The matrix of theoretical consistency



Source: Author's elaboration

The failure to recognise the owners and their interests typical of the normative stakeholder approach could lead to unbalanced business decisions because managers, not knowing how to consider the figure of the owners, might ignore or poorly address the interests of the owners themselves, who are (or should be) the stakeholders most interested in the good governance of the company (Zattoni, 2011), receiving the ‘residual return’ and not being contractually protected (Boatright,

1996). Thus, the absence of a coherent ownership framework can lead to decision-making paralysis and undermine organisational resilience. This could be the case of a socially responsible bank, inspired by normative stakeholder theory, that declares its mission as creating value for all stakeholders—clients, employees, communities, the environment, suppliers, and shareholders. During a financial downturn or a global crisis (Di Carlo and Cervi, 2025), it must decide, for instance, whether to increase interest rates on existing loans (favoring shareholders and financial sustainability) or maintain low rates (protecting vulnerable clients). Lacking a clear definition of ownership, the board faces internal conflict and adopts a compromise that ultimately satisfies neither shareholders nor clients.

The theoretical ambiguity of the normative stakeholder approach is also ethical and institutional. Its deontological basis, while morally sound, denies any form of shareholder supremacy, yet fails to clarify how stakeholder equality should be translated into governance. It is morally correct to consider all stakeholders equal but ignoring their varying risk exposures and lack of contractual protections, paradoxically risks weakening precisely those—namely, shareholders—who bear the residual risk and lack *ex ante* protections, increasing the agency conflicts. From this perspective, the lack of a clear ownership paradigm not only generates conceptual and organisational uncertainty but can also reduce accountability. If no group is clearly identified as bearing responsibility for the continuity of the firm, the decision-making process risks becoming fragmented and short-term-oriented. Conversely, interpreting ownership as a relationship of responsibility—in which those who bear the residual risk have a duty to safeguard the firm's survival—allows for the reconciliation of moral equality and institutional effectiveness. This interpretation, inspired by real entity theory (Segrestin and Hatchuel, 2011; Melé, 2009; Di Carlo, 2024), reframes ownership not as domination, but as a form of stewardship, capable of bridging the gap between moral inclusiveness and governance coherence.

In line with this logic, the owner is not the one who simply owns or controls the firm, but the one who takes care of the firm, who recognises it as a community of people and feels called to safeguard its identity and continuity over time. Beyond the formal aspect, it is worth being considered 'owners of the firm' when it takes care of its good, i.e. when it is governed and managed as a dynamic system destined to last (Di Carlo, 2024), when profit represents a necessary condition for the survival and development of the firm to be brought into balance with social and economic responsibilities. The development of Benefit corporations and ESG funds has indicated that shareholders seem to feel the need to be considered company owners and custodians of the company's assets. This reading opens up to a more demanding and transformative idea of ownership that justifies the idea that ownership should not only be defined but also be attributed based on responsibility. It is in this direction that the space opens up to recognise the full dignity of the owner to those who concretely take care of the company's assets (Di Carlo, 2021), not only in economic

terms, but also in social, ethical, and institutional terms.

5.1 Theoretical implications

The findings contribute to the literature on corporate governance by providing deeper insight into the figure of owners: going beyond the traditional understanding of the main corporate finalism theories (shareholder and stakeholder theories) and uncovering the influence of these theories on managerial contexts. The findings challenge the transition from shareholder capitalism to stakeholder capitalism (Freeman et al., 2007; Harrison *et al.*, 2020; Mackey, 2011) when this transition is made without changing also the concept of nature and ownership of the firm. Specifically, talking about value creation for all stakeholders (Freeman et al., 2004; Phillips et al., 2003) without defining who the owners are can lead to an imbalance between the economic and social dimensions. Therefore, theoretical misalignment among the three variables creates practical ambiguity. The ‘matrix of theoretical consistency’ shows the relevance of the theoretical consistency of the three dimensions as a condition for the practical effectiveness of the theory itself. In light of this, the research encourages scholars to deal with the objective of the company, particularly normative stakeholder approach theorists, to clarify what the concept of ownership and the nature of the firm should be, as shareholder and instrumental stakeholder approach theorists have done. According to this, the findings suggest that theoretical coherence between purpose, nature, and ownership does not determine corporate orientation, but rather constitutes a necessary condition for avoiding conceptual confusion and supporting managers in interpreting the role of owners. In this context, the research suggests considering the firm as an entity distinct from its stakeholders, as this vision allows for safeguarding the company’s survival and growth, taking into account the interests of a community of people, and understanding profit as a means and not an end. In line with this, the research offers an alternative lens of ownership, understanding owners as those who not only control and/or own the firm but also as those who care for it.

5.2 Practical implications

From a practical point of view, the main contribution is to management and governance bodies by analysing strategic risks related to ownership ambiguity. The ambiguity that results from the lack of alignment among objective, nature, and ownership of the firm can lead to incorrect business decisions. In fact, practitioners can transpose the confusion of the normative stakeholder approach into corporate contexts (mainly through their adopted codes of ethics or corporate governance

reports). Following this approach, which does not provide a clear ownership paradigm, practitioners might not allow the firm to achieve its objective and maintain its own conditions for survival and development. Therefore, such ambiguity can impact strategic positioning, purpose definition, and design of governance mechanisms, putting at risk the balance between economic and social dimensions. For instance, in ESG-driven companies or B Corps, unclear ownership paradigms can create tensions between profit maximisation and societal value creation, in the absence of clear guidelines on how to prioritise or integrate these objectives. Similarly, during IPOs, companies may be pressured to care more about profits to attract short-term investors, potentially undermining long-term sustainability. To mitigate these risks, the research presupposes a concept of ownership that includes not only rights but also responsibilities toward the firm as a distinct institutional entity. A contribution is also for regulators. Indeed, as evident from the Statement on the Purpose of the Corporation issued by the American Business Roundtable, regulators have shifted their perspective, moving away from the traditional shareholder theory, and now emphasise that the relentless pursuit of profit can no longer remain the paramount objective for corporations. However, the authorities have refrained from adopting a firm position. Thus, affirming the need to define the company as a distinct stakeholder with a higher own interest, for whom profit is a condition of survival and development and the ultimate goal is the common good, the research may serve as a guide for regulators in defining a new regulatory framework.

5.3 Limitations and future research

The study presents several limitations. First, the sample is relatively homogeneous in terms of gender, age, education, and managerial background, which ensures internal consistency but limits the generalisability of the findings. Future research could examine more different managerial characteristics, industries and geographical contexts to assess potential variations in perceptions of ownership and in the alignment between a firm's objective, nature and ownership. Second, the questionnaire relies on self-reported perceptions based on intentions and perceived correctness. Such responses may be influenced by personal experiences or incentives not captured in the survey, introducing potential perception or intention bias. Nonetheless, these perceptions remain practically relevant, as they shape managerial reasoning, governance orientation and the ethical framing of decisions. For this reason, the results should be interpreted as indicative rather than predictive of real managerial decisions, while still offering valuable insights into how executives conceptualise ownership and the firm's purpose within governance frameworks. Future research should explore the relationship between ownership perception and governance, as well as how different legal forms and ownership structures affect this

dynamic. To support the indicative interpretation of the result, a final limitation concerns the use of single-item measures for each of the three theoretical dimensions (purpose, nature, ownership). While this choice provided clarity, reduced the burden on respondents, and supported the classification logic underlying the empirical design, it inevitably simplifies conceptually rich and multidimensional constructs. Future research could utilise multi-item scales or qualitative approaches to capture a broader range of nuances in managers' understanding of the purpose, nature, and ownership of firms.

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