

# THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

## Departmental Research Seminar



### Entrepreneurial Stakeholder Strategy and Political Threat Perceptions

By

**Prof. Peter G. Klein**  
Baylor University

**Date : 9 Oct 2023 (MON)**

**Time : 9 – 10:30 am**

**Venue : Online via Zoom**

#### Abstract

How do entrepreneurs choose a stakeholder orientation for a new venture? While the original stakeholder literature emphasized normative reasons to prioritize the wellbeing of a broad set of stakeholders rather than owners alone, recent work focuses on instrumental motives such as signaling, rent-seeking, raising rivals' costs, or inducing efficient levels of firm-specific investment by key input providers. We suggest that the embrace of a particular stakeholder orientation can also protect the firm from perceived political threats. We theorize that misalignment or divergence between an entrepreneur's personal political ideology and the political climate of the local community or region induces the entrepreneur to embrace a stakeholder orientation that is more or less broad than the entrepreneur's preferred stakeholder orientation. Specifically, conservative entrepreneurs in liberal states will favor a broader, more socially oriented stakeholder model than conservative entrepreneurs in conservative states while liberal entrepreneurs in conservative states will favor a more narrow, commercially oriented stakeholder model than liberal entrepreneurs in liberal states. We argue further that these protective behaviors are moderated by the level of social and political activism by key stakeholder groups and the extent to which local legal codes allow entrepreneurs latitude in choosing a particular stakeholder orientation. We examine our hypotheses using a sample of 788 newly public US firms with data from 2009 to 2020. Both our baseline estimates and the results from a differences-in-differences model exploiting unexpected changes in the state political climate support our theorizing.

**Prof. Peter G. Klein** is W. W. Caruth Endowed Chair, Professor of Entrepreneurship, and Chair of the Department of Entrepreneurship and Corporate Innovation at Baylor University's Hankamer School of Business. He also serves as Director of the Baugh Center's Free Enterprise Initiative.

Prof. Klein is Co-Editor of the *Strategic Entrepreneurship Journal* and Associate Editor of the *Independent Review*. He was previously Field Editor for the *Journal of Business Venturing* and Associate Editor for the *Academy of Management Perspectives*. He was Chair of the Academy of Management's Entrepreneurship Division and also served as Chair of the Institutional and Behavioral Economics Section of the Agricultural and Applied Economics Association.

Prof. Klein's 2012 book *Organizing Entrepreneurial Judgment* (with Nicolai Foss, Cambridge University Press) won the Foundation for Economic Education Best Book Prize and has been translated into Chinese, Polish, and Persian. His 2010 book *The Capitalist and the Entrepreneur* (Mises Institute) has been translated into Chinese and Portuguese. His newest book, *Why Managers Matter: The Perils of the Bossless Company* (PublicAffairs/Hachette, with Nicolai Foss), appeared in 2022. He holds an Honorary Professorship at the Beijing University of Information Science and Technology.

He received his PhD in economics from the University of California, Berkeley, and a BA in economics from the University of North Carolina, Chapel Hill. He has held faculty positions at the University of Missouri, the Copenhagen Business School, the University of Georgia, and Washington University in St. Louis. He was a Senior Economist for the Council of Economic Advisers in 2000-01.

**All interested are welcome.**



THE HONG KONG  
POLYTECHNIC UNIVERSITY  
香港理工大學

Department of  
**MANAGEMENT**  
& **MARKETING**  
管理及市場學系