

An Informal Model of Stakeholder's Welfare for Responsible Innovation

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Abstract

In this paper I illustrate a simple informal model to explain how a firm or business organization in its efforts in conducting innovation, may affect the welfare of a stakeholder. In this simple model, time is partitioned into three periods and the business organization's effort to innovate may yield three different outcomes (either positive or negative or neutral effects) to stakeholder welfare.

Keywords: responsibility, stakeholder engagement, hegemonic stakeholder, subaltern stakeholder, innovation.

1. Introduction

This paper is a further elaboration to my other working papers (particularly *A Naïve Framework for Responsible Business Innovation*, *A Naïve Framework of Stakeholder Engagement* and *A Methodology to Analyze Stakeholder Engagement: The Firm and a Subaltern Stakeholder*) with regards to the concept about or relating to the wellbeing or welfare of the stakeholder. In this paper I continue with my efforts to think about the stakeholder who is affected by the firm's decision to innovate. This time around I put my effort to lay out a graphical illustration in explaining how the process of firm or business innovation affects the welfare of the subaltern stakeholder. However, due to the complicated nature of the concepts and theories underlying the term 'welfare', I make no efforts to think on how to actually calculate the stakeholder's welfare. Nevertheless, this paper might be of help to lay out the foundations to come up with a methodology estimate stakeholder's welfare and ultimately to the actual estimation and calculation of stakeholders' welfare.

In this paper I will first discuss the need to measure stakeholder's welfare in Section 2; I will then discuss the concept of CSR (corporate social responsibility) in the context of stakeholder's welfare in Section 3; and subsequently develop an informal model in Section 4, Section 5 and Section 6 before finally concluding in Section 7.

2. The Need to a Measure Stakeholder's Welfare

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