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Ethical Governance Under Competing Stakeholder Demands: A Decision Architecture for Board Oversight, Managerial Discretion, Accountability, and Organizational Integrity

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Abstract

Organizations routinely face stakeholder demands that are individually defensible yet jointly difficult or impossible to satisfy. Existing stakeholder and corporate-governance scholarship explains important elements of this problem, including value pluralism, stakeholder conflict, board involvement, managerial discretion, accountability, deliberation, and joint value creation, but these elements do not by themselves specify how ethically consequential trade-offs should be governed. This article develops a proposed ethical governance decision architecture for situations in which managers and boards must act despite competing stakeholder claims. The architecture distinguishes ethical justification from instrumental advantage, board oversight from managerial judgment, ex ante from ex post accountability, and transparency from contestability. It treats stakeholder evaluation as claim-specific rather than as a fixed ranking of stakeholder categories and makes escalation necessary when a decision exceeds delegated discretion, generates significant externalities, threatens organizational integrity, or leaves materially irreconcilable claims. Decision traceability links these elements by requiring the organization to preserve the reasons, information, authority, challenges, and unresolved risks associated with consequential choices. The architecture does not claim that stakeholder conflicts can be eliminated or that procedural rigor guarantees morally correct outcomes. Rather, it proposes conditions under which difficult decisions can become more bounded, explainable, challengeable, and reviewable. Its principal limitations are its non-empirical status, cross-level dependence on evidence drawn from different organizational settings, institutional variation in corporate authority, and the need for longitudinal and comparative validation.

Keywords: Stakeholder governance, Business ethics, Board oversight, Managerial discretion, Accountability, Organizational integrity

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Introduction

Stakeholder governance becomes ethically difficult when legitimate interests cannot be simultaneously maximized. Stakeholder theory itself contains persistent normative and strategic tensions, making it inappropriate to treat every stakeholder problem as an optimization exercise with a self-evident objective [1]. These tensions are intensified because organization–stakeholder relationships can move among cooperation, compromise, and conflict as strategic compatibility and value alignment change [2]. Ethical governance must therefore accommodate disagreement without assuming that either cooperation or conflict reveals the moral quality of the underlying claims.

Contemporary stakeholder-governance theory also weakens the assumption that replacing shareholder primacy with another form of primacy solves the problem. Governance can instead be organized around joint value creation, rights, and relationships without selecting one constituency as the universal residual moral authority [3]. Yet moving beyond primacy creates a practical difficulty: somebody must still decide, somebody must authorize the limits of that decision, and somebody must remain answerable afterward.

This article addresses that gap by proposing an ethical governance decision architecture connecting stakeholder claims, board oversight, managerial discretion, accountability, contestability, escalation, and decision traceability. Its contribution is organizational rather than algorithmic. It does not assign numerical weights to stakeholders or claim that ethical conflicts can be mechanically solved. Instead, it specifies how discretion may be bounded and reviewed when decision makers must choose among claims that remain substantively contested.

Why stakeholder conflict is an ethical governance problem

Stakeholder conflict becomes an ethical governance problem when disagreement concerns values, obligations, rights, distribution, recognition, or exposure to harm rather than simply bargaining over divisible resources. Under value pluralism, defensible stakeholder positions may rest on different normative grounds, making reduction to a common metric ethically questionable [4]. The decision problem is therefore not only whose preference prevails, but which reasons an organization may legitimately use when imposing consequences on parties who disagree.

Reason-giving matters, but deliberation should not be idealized. Discursive justification can make value conflict more explicit, whereas different deliberative designs frame plurality, participation, and disagreement in different ways [4, 5]. Consultation, disclosure, and deliberation are consequently not interchangeable governance practices. A process can collect stakeholder views yet leave the basis of the final choice opaque or structurally privilege stakeholders with greater resources, access, or bargaining power.

The implication developed here is that ethically responsible governance should preserve disagreement rather than disguise it as consensus. A defensible process must identify the competing claims, expose the reasons for prioritization, and retain a route through which consequential decisions can be challenged when disagreement remains unresolved.

Ethical duties, stakeholder claims, and organizational integrity

Stakeholder-oriented conduct can create instrumental benefits through trust, reciprocity, and relational advantage, but those consequences are analytically different from ethical justification [6]. A decision should therefore not be classified as ethically warranted merely because it protects reputation, reduces conflict, increases cooperation, or benefits long-term performance. Strategic consequences are relevant to judgment, but they do not replace questions concerning duties, rights, fairness, avoidable harm, or legitimate authority.

The governance problem also becomes clearer when value creation is separated from appropriation and distribution. Stakeholder-governance scholarship shows that these are distinct questions rather than one undifferentiated process [7]. A stakeholder may contribute to value creation without thereby settling what it should receive, while a party exposed to harms may possess an ethically relevant claim even when its contribution is difficult to monetize.

The article therefore proposes organizational integrity as a consistency requirement: material stakeholder decisions should remain defensible against the duties the organization acknowledges, the reasons it records, the authority under which it acts, and the treatment it actually delivers. The resulting claim classes require different forms of scrutiny rather than a single stakeholder ranking. **Table 1** organizes this first-stage triage.

Table 1. Triage ledger for distinguishing ethically material stakeholder claims before prioritization

Claimant or proposed claim class	Ethical duty or value implicated	Affected interests	Urgency or irreversibility	Typical conflict with other claims	Information needed for judgment	Initial governance owner	Condition requiring escalation
Rights- or protection-based claim	Respect, non-injury, basic entitlement	Safety, dignity, legally or morally protected interests	High where injury cannot be readily reversed	Cost, speed, commercial objectives	Nature, probability, and reversibility of harm	Responsible executive within delegated authority	Serious rights conflict, irreversible harm, or authority uncertainty
Fairness or distribution claim	Equity, reciprocity, just allocation	Benefits, burdens, opportunity, compensation	Variable; increases where cumulative disadvantage develops	Competing distributional expectations	Contribution, burden, prior commitments, feasible alternatives	Management with relevant functional accountability	Material disagreement over distributive justification

Relational or commitment claim	Trust, fidelity, reciprocity	Reliance interests and established commitments	Higher where reliance is substantial	New strategic priorities or competing commitments	History of commitments, stakeholder reliance, feasible accommodation	Relationship-owning executive	Departure from significant prior commitment without clear justification
Externality or affected-party claim	Responsibility for imposed consequences	Interests of parties outside direct contractual exchange	High where effects are widespread or difficult to remediate	Private gains versus externalized costs	Scope, severity, affected populations, mitigation alternatives	Senior management	Material consequences imposed beyond ordinary delegated decision scope
Voice or recognition claim	Inclusion, standing, reason-giving	Ability to have relevant interests considered	Higher when the claimant lacks ordinary influence	Efficiency, incumbent stakeholder power	Representation adequacy, missing perspectives, decision dependence	Process owner	Material claim remains effectively unrepresented or unanswerable

Note: The claim classes and triage sequence are proposed in this article. They are not a validated ranking instrument, and no row creates an automatic priority over another.

Board oversight as a governance constraint

Board involvement in strategy is multidimensional, encompassing oversight and strategic engagement rather than a simple choice between passive monitoring and managerial substitution [8]. This distinction is important for ethical governance. If boards attempt to decide every contested stakeholder issue, managerial responsibility becomes blurred; if they provide no meaningful constraint, expansive stakeholder mandates may become an invitation to unreviewable discretion.

Empirical evidence on corporate social responsibility governance reinforces the need for a conditional interpretation. In a cross-national study of listed firms, board-level CSR governance arrangements were associated with lower CSR decoupling, while committee and contextual characteristics affected the relationship [9]. Such evidence does not establish that a particular committee design causes ethical conduct. It does, however, support treating board-level governance arrangements as potentially consequential rather than merely ceremonial.

The proposed architecture therefore assigns the board a constraint-and-escalation role. Boards specify the boundary of delegated stakeholder discretion, identify decisions requiring additional authorization, and require sufficiently consequential choices to be reviewable. Management retains operational judgment inside those boundaries. Board oversight is thus neither ethical micromanagement nor passive ratification; it is the governance layer that determines when managerial choice must become institutionally answerable.

Managerial discretion and ethical judgment

Managerial discretion is unavoidable because stakeholder conflicts arise in circumstances that formal policies cannot exhaustively anticipate. Yet the latitude to balance stakeholder interests is not inherent or unlimited. Theory indicates that managerial latitude depends partly on the preferences and motivations of powerful stakeholders and on the conditions under which broader balancing is permitted [10]. The existence of discretion therefore does not itself establish the ethical legitimacy of its exercise.

The legitimacy problem becomes sharper when organizational decisions impose material externalities. Managerial authority derived from the firm does not automatically authorize managers to resolve questions whose consequences extend substantially beyond ordinary contracting or expose nonconsenting parties to significant burdens [11]. In those circumstances, discretion becomes partly a problem of private authority and institutional legitimacy.

The architecture proposed here consequently distinguishes judgment from authorization. Managers may interpret evidence, compare alternatives, and make situated ethical judgments, but the legitimate scope of those judgments remains constrained by delegated authority, declared organizational commitments, legal institutions, and escalation requirements. Ethical judgment is therefore neither mechanical compliance nor unconstrained moral entrepreneurship. It is a bounded decision function whose reasons must remain open to subsequent scrutiny.

Accountability as an ex ante and ex post mechanism

Broad stakeholder mandates can create accountability problems when objectives become so numerous or indeterminate that almost any decision can be rationalized after the fact [12]. Ethical accountability must therefore begin before a controversial decision is made. Ex ante accountability specifies who may decide, which interests must be considered, what information must be obtained, which conflicts require disclosure, and which conditions remove the decision from ordinary managerial discretion.

Governance also determines who is included, who is excluded, and how rights or value are allocated; these arrangements may need adaptation as organizational circumstances change [13]. Ex post accountability complements this architecture by examining whether the decision remained within authorized bounds, whether relevant evidence was ignored, whether stated reasons match the record, and whether new consequences require reconsideration.

Table 2 converts this temporal distinction into an allocation of responsibilities. Its controls are proposed as mutually reinforcing rather than independent safeguards: authorization without later review can permit rationalization, while ex post scrutiny without prior decision criteria can become hindsight judgment.

Table 2. Timing and responsibility allocation for controls over ethically consequential stakeholder decisions

Governance control	Timing	Principal actor	Discretion constrained	Transparency or contestability function	Traceability output	Failure targeted	Interaction with another control
Delegated ethical-decision mandate	Ex ante	Board or authorized committee	Defines managerial decision domain	Makes authority boundary identifiable	Recorded decision authority	Unbounded discretion	Activates escalation rule when boundary is exceeded
Claim-identification requirement	Ex ante	Management	Prevents premature narrowing of affected interests	Makes omitted claims challengeable	Claim and impact record	Selective attention	Supplies basis for reason record and review
Conflict and interest disclosure	Ex ante and ongoing	Decision maker and oversight body	Limits undisclosed self- or constituency preference	Exposes material influences on judgment	Disclosure record	Biased prioritization	Informs independent or board review
Reason-and-evidence record	Both	Management	Constrains post hoc justification	Allows stakeholders or reviewers to test stated reasoning	Decision rationale and evidence trail	Rationalization and inconsistent explanations	Provides core material for ex post review
Escalation authorization	Ex ante at trigger point	Board, committee, or designated reviewer	Suspends ordinary discretion in exceptional cases	Creates a formal challenge point	Escalation record and disposition	Decisions beyond authority	Connects claim triage to higher-level review
Ex post integrity review	Ex post	Board or independent assurance function	Tests enacted decision against prior commitments	Enables reconsideration and redress	Review finding and corrective record	Decoupling and uncorrected deviation	Feeds learning back into future mandates

Note: The control configuration is proposed as a governance architecture. Individual controls may already exist in organizations under different labels; the table does not claim empirical validation of their combined effectiveness.

Transparency, contestability, and responsible decision processes

Transparency improves ethical governance only when disclosure makes a decision meaningfully reviewable. Contestability adds a different requirement: affected parties or legitimate representatives must have structured opportunities to question assumptions, challenge omissions, or seek reconsideration. Work on deliberative capacity shows that participation can be deliberately structured rather than treated as an undifferentiated open forum [14]. The architecture therefore treats contestability as an institutional property of the decision process, not as a synonym for stakeholder communication.

Communication quality is itself multidimensional. Firm–stakeholder dialogue research differentiates timeliness, valence, richness, and topicality, with their relevance varying across stakeholder settings [15]. This cautions against reducing responsible governance to the volume of disclosure. More information may still be ethically weak if it arrives too late, avoids the disputed issue, provides insufficient reasons, or gives stakeholders no route to challenge the conclusion.

The proposed architecture consequently requires decision transparency rather than maximal disclosure: stakeholders should be able to identify the relevant claim, decision authority, principal reasons, material uncertainties, and available challenge route without assuming that every confidential deliberation must be public. Contestability, in turn, should be proportionate to the stakes and reversibility of the decision.

The ethical governance decision architecture

Stakeholder governance can be understood as a response to collective-action problems arising in joint value creation rather than as an assumption that stakeholder interests naturally converge [16]. Building on this premise, the article proposes a layered decision architecture in which claims first enter an evaluative field, managerial discretion operates inside authorized boundaries, board oversight constrains and escalates exceptional decisions, and accountability gates operate both before and after action. Transparency and contestability run across these layers because reasons cannot be meaningfully reviewed if affected interests, authority, and evidence are invisible.

Formal architecture nevertheless cannot replace ethical judgment. Ethical decision-making also depends on how decision makers interpret a situation, exercise judgment, and bring character to choices that rules do not fully determine [17]. The architecture therefore protects rather than eliminates discretion: it seeks to make discretion bounded, reasoned, challengeable, and traceable.

Three proposed escalation conditions follow from the preceding analysis. A decision should move beyond ordinary managerial authority when potential harm is materially irreversible, when the competing claims implicate duties that cannot be reconciled through routine balancing, or when the consequences exceed the authority legitimately delegated to the decision maker. Escalation does not guarantee agreement. Its function is to move a decision into a governance setting with greater scrutiny and explicit responsibility.

Figure 1 consolidates these relationships while distinguishing literature-grounded governance roles from the article's proposed integrative pathways.

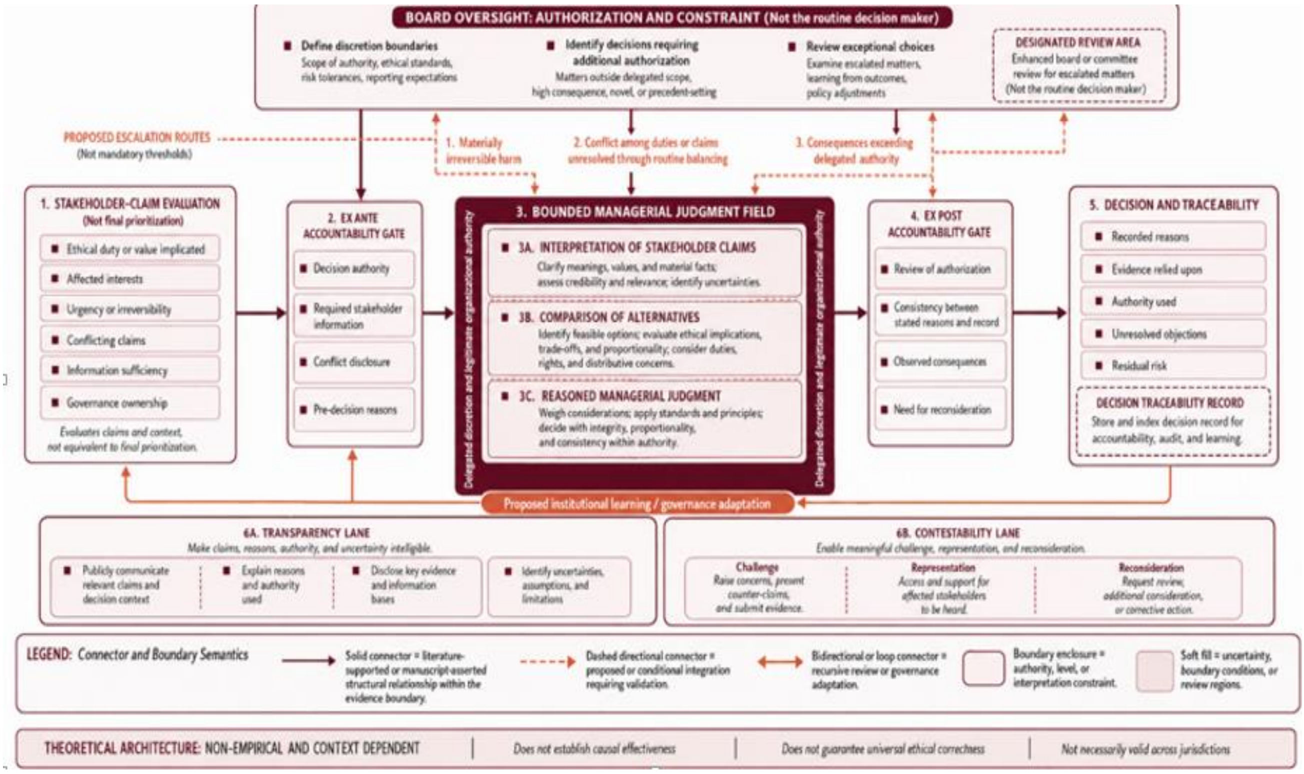

Figure 1. Ethical stakeholder decisions depend on layered oversight, bounded managerial judgment, and accountable claim evaluation

Stakeholder-claim evaluation and prioritization

Prioritization should begin with claims rather than stakeholder categories. Shareholders themselves are heterogeneous, and their actions can affect other stakeholders through different mechanisms and under different conditions [18]. It is therefore analytically weak to assume that "shareholders," "employees," "communities," or other groups possess internally uniform preferences or automatically ranked entitlements. The proposed architecture instead evaluates the particular claim: what duty or value it invokes, which interests are exposed, whether effects are reversible, what alternatives exist, and whether the claimant can meaningfully represent its interests.

This claim-level approach also addresses interests that lack conventional organizational voice. Recognition-based stakeholder analysis demonstrates the difficulty of equating ethical relevance with bargaining power, formal membership, or direct communicative capacity, particularly in the case of nonhuman nature [19]. The broader implication proposed here is that low power should not itself disqualify a materially affected interest.

Prioritization consequently proceeds through justified differentiation rather than fixed stakeholder ranking. Rights protection, serious irreversible harm, reliance-producing commitments, distributive consequences, and externalized burdens may warrant different scrutiny. These criteria identify reasons for intensified review; they do not create an empirically validated hierarchy or numerical score.

Escalation under irreconcilable stakeholder demands

Some conflicts remain unresolved after information gathering, dialogue, and managerial judgment. Organizational norms themselves may conflict, such that compliance with one norm frustrates another; structured reflection is then required because routine conformity no longer settles the ethical question [20]. Within the proposed architecture, escalation is appropriate when continued managerial balancing would conceal rather than resolve that conflict.

Escalation should likewise preserve the possibility that disagreement is informative. Evidence from shareholder engagement indicates that conflict can play a contingent role in deliberative interaction rather than functioning uniformly as governance failure [21]. The relevant distinction is therefore between contestable disagreement, in which parties can articulate reasons and challenge assumptions, and governance breakdown, in which power, opacity, or procedural closure prevents meaningful review.

The proposed escalation rule activates when material claims remain irreconcilable, potential consequences are substantially irreversible, decision authority is uncertain or exceeded, or the legitimacy of imposing costs on affected parties cannot reasonably be resolved within delegated management authority. **Table 3** specifies how those states should be routed without treating escalation itself as evidence of ethical correctness.

Table 3. Escalation register for irreconcilable stakeholder claims and integrity safeguards

Escalation trigger	Conflict pattern	Escalation destination	Evidence or documentation required	Integrity safeguard	Stakeholder challenge or redress route	Decision-trace requirement	Residual risk
Materially irreversible harm	Benefit to one constituency creates difficult-to-reverse loss for another	Board or designated ethics/governance committee	Impact assessment, alternatives, uncertainty, affected interests	Independent scrutiny	Structured objection and reconsideration route	Record why less harmful alternatives were rejected	Harm may remain ethically contested
Conflicting duties or commitments	Two defensible obligations cannot both be fully honored	Enhanced cross-functional or board review	Duties invoked, prior commitments, feasible compromises	Explicit reason comparison	Representation of materially affected claimants	Record competing reasons and unresolved objections	No consensus despite defensible process
Authority exceeded	Decision consequences extend beyond delegated managerial mandate	Board or formally authorized body	Delegation boundary, external effects, legal/institutional constraints	Authorization check	Challenge to scope of private authority	Record who authorized the final decision	Formal authority may still lack wider legitimacy
Representation deficit	Materially affected interests lack effective voice	Independent representation or stakeholder-review mechanism	Missing perspectives and representation rationale	Representation safeguard	Proxy, advocate, or structured consultation	Record how absent interests were considered	Representation may remain incomplete
Evidence materially uncertain	High-stakes choice rests on contested or incomplete information	Deferred, conditional, or staged decision where feasible	Uncertainty, assumptions, reversibility, monitoring plan	Precaution and review trigger	Reopening when material evidence changes	Record uncertainty and conditions for reassessment	Delay itself may impose costs

Note: The escalation states and safeguard combinations are proposed. They indicate governance responses to specified decision conditions rather than empirically validated thresholds or mandatory legal procedures.

Integrity safeguards and decision traceability

Organizational integrity cannot be secured through documentation alone. Leadership influences employee moral cognition and misconduct-related outcomes, indicating that ethical behavior is partly shaped by how authority, norms, and moral interpretation operate in everyday organizational life [22]. Formal controls are therefore more credible when leaders also reinforce the legitimacy of questioning problematic decisions rather than rewarding unquestioning compliance.

Moral disengagement presents a complementary risk. Workplace research identifies cognitive mechanisms through which ethical constraints can be neutralized or reconstructed, allowing questionable conduct to appear permissible [23]. Traceability is proposed here as a safeguard against this retrospective flexibility. A consequential stakeholder decision should leave a recoverable record of the claims considered, evidence used, decision authority, material alternatives, reasons for rejection, objections raised, unresolved uncertainty, and later review.

Traceability is not synonymous with bureaucratic volume. Its ethical function is to preserve the chain between justification and action so that later reviewers can distinguish an initially reasoned trade-off from post hoc rationalization. **Figure 2** depicts how traceability and contestability interact with escalation, failure detection, and subsequent governance review.

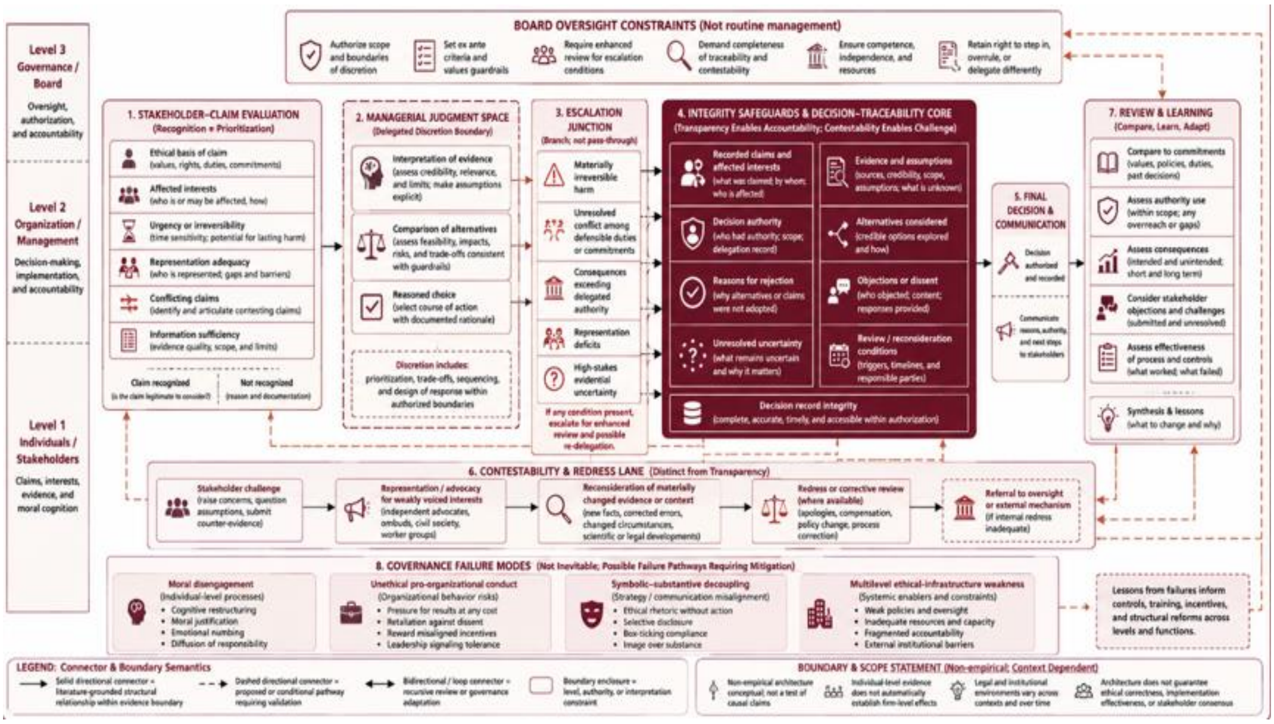

Figure 2. Traceability and contestability discipline escalation when stakeholder claims remain irreconcilable

Governance failure modes

Ethical governance can fail even when organizational actors believe they are advancing organizational interests. A systematic review of unethical pro-organizational behavior shows that conduct intended to benefit the organization may nevertheless violate ethical standards [24]. Goal alignment is therefore not equivalent to organizational integrity. Strong commitment can become hazardous when organizational benefit is allowed to override independent scrutiny of means, affected parties, or duties.

Failure can also originate above or around the individual decision maker. Evidence from not-for-profit organizations indicates that trust violations can be understood through interacting sector-level, organizational-infrastructure, and individual-level influences [24, 25]. These findings caution against explaining governance breakdown solely through defective personal character.

The proposed architecture therefore distinguishes several failure modes: goal capture, in which organizational benefit displaces ethical constraints; rationalization, in which reasons are reconstructed after the choice; decoupling, in which formal governance differs from enacted practice; and infrastructure failure, in which incentives, norms, oversight, or institutional conditions systematically weaken ethical control. These categories are diagnostic rather than exhaustive. Their value lies in preventing every governance failure from being treated as either a policy defect or an individual "bad actor" problem.

Propositions and boundary conditions

The architecture yields propositions for empirical testing rather than validated predictions. First, managerial discretion should produce more heterogeneous stakeholder decisions when executive interpretive orientations differ. Evidence that CEO regulatory focus is associated with different stakeholder strategies supports the relevance of such executive heterogeneity [26]. Proposition 1**:** the relationship between delegated discretion and stakeholder prioritization is proposed to vary with decision-maker cognitive orientation.

Second, discretion operates inside organizational meaning systems. Evidence from CEO sociopolitical activism indicates that organizational ideology can constrain how executives express personal values in contested stakeholder-facing choices [27]. Proposition 2**:** organizational ideology is proposed to moderate how managerial ethical judgment is translated into stakeholder decisions.

Third, governance controls should matter most when discretion and stakes are simultaneously high. Proposition 3: ex ante authorization and ex post traceability are proposed to reduce the space for unreviewable justification, but their effects should depend on whether contestability is genuine rather than ceremonial.

These propositions are bounded by level of analysis, sector, jurisdiction, issue salience, reversibility, stakeholder power, organizational ideology, and information conditions. They should not be interpreted as universal causal relationships. Competing explanations—including managerial self-protection, reputation management, regulatory compliance, and organizational politics—remain empirically plausible.

Theoretical contributions to business ethics and governance

The first contribution is to shift stakeholder governance from category balancing toward claim-level justification. Even the shareholder perspective contains heterogeneous preferences, complicating a simple shareholder-versus-stakeholder dichotomy [28]. The proposed architecture therefore asks why a particular claim warrants consideration and what governance response it requires rather than assigning a fixed moral rank to the claimant's category.

Second, the article separates managerial judgment from legitimate decision authority. Ethical discretion is treated as necessary but institutionally bounded. This avoids two opposing reductions: governance by rigid rule and governance by benevolent managerial balancing.

Third, accountability is reconstructed as temporally distributed. Ex ante authorization, evidence requirements, contestability, decision traceability, and ex post integrity review perform different functions and cannot substitute for one another.

Finally, the architecture situates corporate ethical governance inside wider institutional conditions. Analysis of French corporate-purpose reform illustrates that law can shape how the enterprise, corporation, purpose, and governance responsibility are constituted [29]. Accordingly, the architecture is not a jurisdiction-independent moral constitution for the firm. Its theoretical contribution lies in organizing how privately exercised organizational authority can remain constrained and reviewable while recognizing that the scope of that authority is partly determined outside the organization.

Implications for boards and senior management

For boards, the architecture suggests concentrating oversight on decision boundaries rather than attempting to adjudicate every stakeholder issue. Long-term ownership and sustainability research shows heterogeneous and contingent relationships, making temporal orientation an insufficient substitute for governance design [30]. Boards should therefore specify which decisions management may resolve, which require escalation, and what evidence and records must accompany exceptional judgments.

Senior managers should likewise avoid treating stakeholder pressure as a unitary signal. Research on climate-related shareholder activism demonstrates variation in targeting, voting, and consequences across proposals and firms [31]. Management should distinguish the substantive claim, legitimacy of the decision authority, quality of supporting evidence, reversibility of effects, and available challenge routes. These are proposed governance practices, not empirically established performance prescriptions.

Future research

The architecture requires direct empirical testing at multiple levels. Longitudinal research should examine whether the same decision becomes evaluated differently as information environments change; evidence on firm–stakeholder dialogue indicates that stakeholder evaluations can evolve across informational contexts [32]. Time-sensitive designs are also important because transparency and stakeholder pressure may interact reciprocally rather than following a one-way sequence [32, 33].

Future studies could compare organizations that differ in escalation rules, board authorization boundaries, or traceability practices while separately measuring process fidelity, stakeholder evaluations, decision reversals, and downstream outcomes. Multilevel designs should distinguish individual moral cognition from organizational governance and sector-level ethical infrastructure. Comparative work across jurisdictions could test whether the architecture survives institutional differences in corporate purpose and public regulation.

Especially important would be tests against simpler rival explanations. If traceability adds no explanatory or behavioral value beyond legal compliance, reputation management, or ordinary internal control, the proposed architecture should be revised rather than preserved by definition.

Limitations

This article is a non-empirical theoretical synthesis and does not demonstrate that the proposed architecture improves ethical decisions, stakeholder outcomes, organizational performance, or legitimacy. Its components draw on literatures operating at different levels, including individual cognition, executive behavior, boards, firms, stakeholder relationships, and institutional environments. Cross-level connections are therefore propositions rather than established causal mechanisms.

The architecture also remains dependent on institutional context. Corporate discretion is embedded in relationships with government and public policy rather than exercised in an autonomous private sphere [34]. Escalation to a board cannot legitimize decisions that properly require regulatory, judicial, democratic, or other public authority.

Finally, traceability and contestability can themselves become symbolic. Documentation may rationalize rather than discipline discretion, and participation may reproduce inequalities in voice. The architecture therefore offers a structure for making ethical governance more reviewable; it does not establish ethical sufficiency, implementation readiness, or universal transferability.

Conclusion

Competing stakeholder demands cannot always be reconciled through a single corporate objective, stakeholder ranking, or managerial balancing rule. This article proposes an ethical governance decision architecture in which claim-level evaluation, bounded managerial judgment, board oversight, temporally distributed accountability, contestability, escalation, integrity safeguards, and decision traceability operate as distinct but connected governance functions.

Its central premise is modest: difficult decisions become more governable when authority, reasons, affected interests, uncertainty, disagreement, and residual risk remain visible and reviewable. The architecture neither eliminates moral conflict nor guarantees ethically correct outcomes. It requires empirical testing across levels, sectors, jurisdictions, and time. Its intended contribution is therefore not a universal decision algorithm but a theoretically explicit account of how organizations might govern stakeholder conflict without disguising discretion as neutrality or procedure as ethical proof.

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