Choosing among stakeholder strategies: How do managers make sense of stakeholder management?

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Declaration

I, Bradley James Sayer, certify that:

1. This thesis, "Choosing among stakeholder strategies: How do managers make sense of stakeholder management?", is an original piece of work, compiled and written by me for the purpose of meeting Macquarie University's requirements for a Doctor of Philosophy degree.

2. The contents of this thesis have neither been previously submitted, in whole or in part, for any other degree at Macquarie University nor any other university nor institution.

3. I have appropriately acknowledged and cited all instances where I refer to or include other authors' works.

Bradley James Sayer

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Acknowledgements

My journey leading up to, completing and now reflecting upon this thesis has been challenging and, at the same time, greatly rewarding. At times, it has been *a never-ending story*, a battle between *the old man and the sea*, *mission impossible* and now, *the great escape*. I have finally made it, a free man, liberated from the scholarly shackles that have inflicted years of torment. However, during my tenure, as the world around me continued to evolve, so too did my thinking and theorising. I re-learned how to read, think and analyse information in far more critical and structured ways. While I am now a little older (and wiser), and still do not have all the answers, I find myself in a far greater position to understand and appreciate the questions.

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Abstract

This thesis explores how managers make sense of stakeholder management. The stakeholder literature is deficient in describing stakeholder management praxis. This deficiency and criticism has led to scholars calling for research into managerial praxis, to explain how managers interpret, practise and make sense of stakeholder management, but to date, these calls for greater research are unanswered. This thesis' contribution, therefore, addresses this deficiency and responds to calls for further research through an exploration of managerial sense making.

This research follows an embedded design, single case study methodology, as detailed by Yin (2014), using multiple data sources. A theoretically derived model develops the interview questions for the 28 field-based semi-structured interviews. Interviews are undertaken with 17 executive managers from two global medical device manufacturers, plus 11 additional executives from their stakeholders to provide depth to the study. To corroborate the findings from the interviews, and to provide breadth to the study, 100 (online) recruitment notices that use the terms 'stakeholder' and 'stakeholder management' are included. The recruitment notices are an unbiased data source that explains managers' application of stakeholder management. Finally, another theoretically derived model frames data analysis (i.e., coding) by three approaches to stakeholder management: communications, relationships and positioning. The research findings provide an exploration of how managers make sense of the concept, which includes the foci, implications and the 'why', 'when', 'who', 'what' and 'how' of each approach.

This research contributes to stakeholder management theory by explaining how managers make sense of the concept and outlining the implications of the various stakeholder management approaches, which represent opportunities for further research. The contribution to practice explains how common stakeholder management approaches may be more effective in one situation than another.

1. Introduction

This chapter introduces the research question: How do managers make sense of stakeholder management? It provides an initial exploration of the stakeholder concept, and its gaps, which form the motivation for this research. It defines the research question, to frame and provide boundaries for its focus and scope. It summarises the ensuing chapters, and highlights how each contributes to answering the research question. This introductory chapter provides the context and rationale of this thesis, and its contribution to stakeholder management.

Prior to 'stakeholder management', the 'managerial view' of the firm asked managers to balance and satisfy the needs of owners, customers, suppliers and employees, whereas 'stakeholder management' literature asks managers to take a far broader and external view of stakeholders and the stakeholder environment (Freeman, 1984). However, Dmytriyev *et al.* (2017, pp. 392-395) consider "most practicing managers are unaware of discoveries in management scholarship", stating that they read few of the research papers and treatises on business management. Thus, practising managers may be unaware of the advances and insights that the stakeholder management literature provides. For example, Mitchell *et al.* (1997) explain how stakeholders attain and augment saliency, while scholars such as Rowley (1997) and Hendry (2005) explain the influencing strategies that stakeholders adopt vis-a-vis the effects on them of the achievement of the firm's objectives. In being unaware of these insights, managers may continue with their 'managerial view' that preceded the stakeholder literature. That being the case, this thesis explores how managers make sense of stakeholder management.

This thesis acknowledges there are two branches to stakeholder management: the managerial and normative branches. While acknowledging the managerial and normative branches of stakeholder management are not mutually exclusive, this thesis focuses on the managerial branch, which includes its frameworks, models and contributions (for a further explanation of the managerial and normative branches, see section **1.2.4 Definition: Managerial branch**). The managerial branch begins with Freeman's (1984) book *Strategic Management: A Stakeholder Approach*, which offers a theory for competitive advantage based on managing the effects on or by

stakeholders. This branch of stakeholder theory acknowledges that firms and stakeholders have reciprocal effects on each other. While it provides a theoretical framework for how managers may identify, analyse and make sense of these effects, it is equally criticised as being "not terribly sophisticated" (Harrison & Freeman, 1999, pp. 483-484). Despite more than three decades of iterative development and debate as to what constitutes stakeholder theory, scholars are yet to answer the question of how managers manage stakeholders.

In documenting this research and findings, this thesis comprises five main chapters. These are:

Chapter 1: Introduction details the aim and motivation for this thesis.

Chapter 2: Literature review reviews theoretical and empirical literature that contributes to, and constitutes the managerial branch of, stakeholder theory and stakeholder management.

Chapter 3: Research methodology outlines the case study research methodology, which uses multiple data sources. It utilises Yin's (2003, 2014) and Creswell's (1998) case study methodology to explore the: (1) metrics for studying stakeholder management (i.e., construct validity); (2) fields in which results are generalised (i.e., external validity); and (3) processes and procedures that informed the research, so that other researchers may replicate this study (e.g., reliability or chain of evidence). It explains managerial sense making of stakeholder management by triangulating and synthesising data from multiple sources. Field-based semi-structured interviews were undertaken to provide depth and allow probing of managers' sense making, followed by open coding of online content (i.e., recruitment notices) to provide breadth and allow an exploration of managerial sense making without bias from this research.

Chapter 4: Research results details the results of this research by synthesising the practitioner-oriented stakeholder literature, with the analysis of the semi-structured interviews and coding of recruitment notices into three approaches: communications, relationships and positioning approaches. The synthesis of these multiple data sources constitutes this thesis' exploration into how managers make sense of stakeholder management and the implications of each approach.

Chapter 5: Conclusions provide concluding observations and outlines the contribution to the managerial branch of stakeholder management, and details the limitations of this research and opportunities for further research.

1.1   Motivation of research

This thesis responds to calls for more empirical research into managerial sense making of the stakeholder concept. For example, Ackermann and Eden (2011) explore how top management teams make sense of stakeholder management in strategic settings, suggesting an opportunity for further research into 'theory-to-practice' and 'practice-to-theory' cycles. Freeman *et al.* (2010, pp. 288-289) suggest several areas for further empirical research into sense making, such as how executives make sense of who is and is not a stakeholder and how stakeholders make sense of equity and fairness. Phillips *et al.* (2003) advocate for greater consideration of how stakeholder management is applied in entities other than 'corporations', such as not-for-profit, privately run businesses, small to medium enterprises (SMEs) and family-run businesses.

In researching managerial sense making, Schlierer *et al.* (2012) conduct empirical research across six European countries: Belgium, Italy, Norway, France, the United Kingdom and Spain. The research aimed to explore how managers of SMEs interpret stakeholder management. The researchers find the terms 'stakeholder' and 'stakeholder management' have varying meanings and managers from different countries, industries and cultures view stakeholder management differently. Italian managers view stakeholder management as a *strategic concept*, aligned to forging strong relationships with the community. British and Spanish managers find the concept to be *fashionable*, available for voluntary adoption. The French believe

'ethics' drive the concept; it is (only) applicable to 'primary' stakeholders, while also not completely understanding the stakeholder vocabulary, perhaps in part due to how the vernacular is translated from English to French. The Norwegians believe the stakeholder concept and corporate social responsibility (CSR) to be closely aligned and voluntary. The Belgians view stakeholder management as a regulatory concept, aligned to socially responsible behaviour. Given these findings, Schlierer *et al.* (2012) conclude by calling for further empirical research into how and why managers make sense of stakeholder management differently. This thesis uses these calls for further research to focus on empirically exploring how managers make sense of stakeholder management.

Freeman (1984) is widely recognised as the 'father' of stakeholder management with his book titled *Strategic Management: A Stakeholder Approach*. Freeman offered a new way of thinking about the firm, the stakeholder environment and the effects that each can have on the other. However, despite the extant scholarly contributions to what is now known as 'stakeholder theory', scholars have adopted a wide range of interpretations leading to a lack of clarity around the concept in research (Phillips *et al.*, 2003). This leads to the motivation for this research: if academic research is unable to establish clarity around and understandings of stakeholder management, how do managers make sense of it?

Although Freeman's (1984) original 'stakeholder theory' writings support strategic management, and Donaldson and Preston (1995) state there are multiple stakeholder theories, these mean different things to different people (Phillips *et al.*, 2003). For example, project management (Aaltonen & Kujala, 2010; Assudani & Kloppenborg, 2010), marketing (Laczniak & Murhy, 2012), public relations (Smudde & Courtright, 2011), construction (Yang *et al.*, 2011) and college sports (Comeaux, 2013) each have their own interpretations. Moreover, a common finding from two studies into stakeholder management praxis, one in the UK and the other in Germany, found "there is no standard approach to stakeholder management. Some activities reported could be described as public relations that simply informs the public rather than interacts with stakeholders" (Roloff, 2008, p. 233). All of these varied interpretations mean the term 'stakeholder management' loses its significance because it becomes an empty signifier (Laclau & Mouffe, 1985).

1.2   Aim of this thesis

The aim of this thesis is to answer the research question: How do managers make sense of stakeholder management? However, as 'stakeholder management' is complex (Pesqueux & Damak-Ayadi, 2005) and confusing (Phillips, 2003; Wagner Mainardes *et al.*, 2011), it is first prudent to provide some definitions to frame the focus and scope of this thesis. The following subsections explore this in more depth.

1.2.1   Definition: How

As the research question is focused on 'how' managers make sense of stakeholder management, an explanation of 'how' is required. The Merriam-Webster dictionary[1] defines 'how' as: "(1)(a) in what manner or way, (b) for what reason, (c) with what meaning, (d) by what name or title, (2) to what degree or extent, (3) in what state or condition". In asking 'how', the thesis seeks to establish common ground where confusion and complexity has dominated. Thus, a presentation of the findings as three different managerial approaches to stakeholder management (i.e., communications, relationships and positioning) answers the first part of the definition. An explanation of the 'why' 'when', 'who', 'what' and 'how' of stakeholder management answers the second part of the definition. A discussion of the foci and limitations of stakeholder management answers the third part of the definition. Thus, this thesis answers the research question.

1.2.2   Definition: Managers

While Freeman (1984, p. v) refers to managers as those who "manage the affairs of the corporation", this research equally accepts, as do Hasnas (2013) and Phillips *et al.* (2003), that stakeholder management extends beyond 'corporations'. For example, managers manage the affairs of the entity or stakeholder group, which may include individuals, governments, communities, societies and so on. Therefore, for the purpose of this thesis, managers mean those practitioners who work in organisations (e.g., public or private, government or non-government, for-profit or not-for-profit). Managers may be owners or work for the organisation's owners,

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[1] https://www.merriam-webster.com/dictionary/how

negotiate and work with suppliers, and/or provide the organisation's products and services to customers. They interact and work with stakeholders to manage their effects, thus are the subject of inquiry in this thesis.

1.2.3 Definition: Sense making

A person's sense making is used synonymously to describe how people understand or interpret phenomena (Dumay, 2010; Qu & Dumay, 2011). Bundy *et al.* (2013, p. 357) explain "cognitive structures are the mechanisms and biases that direct the sense making process". Collis and Hussey (2003, p. 262) use the term to 'make sense' in the context of "… understanding the coherence of meaning and action in the case(s) under study". Moreover, Henneberg *et al.* (2010, p. 355) explain that a manager can make sense of something by "understanding the (spatial and interlinked) relationships between actors within a business network". Therefore, this thesis considers managers' sense making as how they interpret and understand phenomena, which in this case is the managerial branch of stakeholder management.

1.2.4 Definition: Managerial branch

Donaldson and Preston (1995) provide a seminal categorisation of stakeholder theory as normative, descriptive, instrumental. Friedman and Miles (2006) acknowledge the normative approach as being prescriptive or the 'right thing to do' and further group the descriptive and instrumental theories together as an analytical approach, covering "all stakeholder theory that is not strictly normative" (Friedman & Miles, 2006, p. 83). Freeman and Phillips (2002, pp. 336-338) also identify two theses of stakeholder theory: the instrumental thesis, which considers stakeholder considerations for strategic intent or firm value, which is akin to the managerial branch; and the normative thesis, which states that managers have an obligation or duty to include stakeholders' considerations, which is akin to the normative branch. While acknowledging the normative aspects of stakeholder management, scholars have found that the normative focus has been at the expense of "providing managerial direction and explaining managerial behaviour" (Elms *et al.*, 2002, p. 413), suggesting a requirement for further empirical research into managerial aspects of stakeholder theory.

Guthrie *et al.* (2004, p. 284) differentiate the managerial branch from the ethical (moral) branch as it comprises situations where "a stakeholder's power to influence corporate management is viewed as a function of the stakeholder's degree of control over resources required by the organisation". The managerial branch "recommends the attitudes, structures, and practices, that taken together, constitute a stakeholder management philosophy" (Donaldson & Preston, 1995, p. 87). It "reflects and directs how managers operate" (Freeman *et al.*, 2004, p. 364) and states that "if managers treat stakeholders in line with the stakeholder concept, then the organisation will become more successful or more likely to be sustainable" (Friedman & Miles, 2006, p. 2). Therefore, this thesis aims to explore sense making of the managerial branch of stakeholder management.

1.3   Research question

This study's research question asks: How do managers make sense of stakeholder management? In exploring managerial sense making, which explains how managers interpret and understand stakeholder management, this research explores how managers refer to stakeholder management, use the stakeholder vernacular in their businesses and provide context and meaning. This means the data collected in this research explores managerial sense making by the foci, implications and 'why', 'when', 'who', 'what' and 'how' of stakeholder management.

Exploration of, and the development of responses for, the research question is via two approaches. First, this thesis uses two theoretically derived frameworks. The first framework responds to calls by Egels-Zandén and Sandberg (2010) and Frooman (2010) for clearer definition of terms, particularly during empirical research, of what is meant by 'stakeholder management' during data collection, for example, field-based semi-structured interviews, where interviewees may have views that differ from the stakeholder literature. The second frames the results of data collection and analysis by how the practitioner-oriented literature conceptualises stakeholder management: communications, relationships and positioning.

The second framework, and its conceptualisation of communication, relationship and positioning approaches, explores the research data and results, expressed as eight sub-questions. First, it questions the focus of these multiple approaches and their aims. Second, following an issue-based approach, recommended by Frooman (2010), it questions the implications of managers adopting one approach or another and the consequences of managers adopting an unsuitable approach. Third, it questions why managers need to practise stakeholder management, which explores the driver or impetus for action. Fourth, it questions when stakeholder management is required, such as developing products and services versus entering new markets. Fifth and sixth, it questions who within the firm is adopting each stakeholder management approach, and who are the stakeholders being managed. Seventh, it questions what managers manage under the guise of stakeholder management, such as stakeholders' perceptions, resources or alliances. Finally, eighth, it questions how managers manage their stakeholders and the tools that they use.

1.4 Summary

This chapter has introduced the stakeholder concept and outlined the motivation and scholarly calls for research. It briefly introduces the scholarly literature's disparate sense making of stakeholder management, which scholars describe as confusing and complex. It explains that there is a lack of research into managerial praxis, which constitutes a gap or deficiency, and is the motivation for this thesis. To address these criticisms, the terms found in the research question are defined, which will help explain what this thesis will, and will not, research. Now, the ensuing chapter undertakes a literature review to explore more deeply the stakeholder literature.

2. Literature review

2.1 Introduction

A literature review is a tapestry, which researchers use to weave together ideas, arguments and schools of thought (Steane, 2004). It provides an opportunity for the researcher to justify or substantiate selecting research methods, to identify theoretical gaps or deficiencies, and to inform scholarly research that will "contribute in some way to our understanding of the world" (Hart, 1998, p. 12). For this thesis, the literature review identifies a gap in the practitioner-oriented literature relating to managers' sense making of the managerial branch of stakeholder theory – stakeholder management – and thus develops the research question.

In reviewing the literature relating to the stakeholder concept, it became evident that many scholars use the term 'stakeholder theory' interchangeably with 'stakeholder management', without offering a clear distinction between the two terms (for example, see Donaldson & Preston, 1995; Freeman, 1984; Freeman *et al.*, 2010; Heugens & Van Oosterhout, 2002; Jones, 1995; Mitchell *et al.*, 1997; Ogden & Watson, 1999). While this thesis will not make such a distinction or definition of the two terms, for consistency, it will adopt the same term as a particular scholar uses when referring to or referencing his/her work, otherwise 'stakeholder management' is used to refer to the concept.

This review analyses the research-based literature and synthesises the practitioner-oriented literature to explore stakeholder management. It finds and highlights not only varying, and at times competing, definitions of stakeholder management but also a range of criticisms. While these criticisms reflect varied scholarly sense making, they are also important in ascertaining managers' sense making, because "if academic researchers are not able to clearly define and conceptualize stakeholder management and related concepts, how well are SME owners-managers able to understand the meanings and foci of these concepts?" (Schlierer *et al.*, 2012, p. 40). While critiquing the divergent literature, this literature review conceptualises how managers may make sense of stakeholder management. The sense making, and its later empirical exploration, provides a theoretical contribution by filling a gap in

research of how managers make sense of stakeholder management, and informs future research.

2.2   The evolution of stakeholder theory

Stakeholder theory may be considered the amalgam of the theoretical and empirical literature that has contributed to the development of a body of knowledge that discusses, describes, explores and explains how, why and when firms and stakeholders affect each other. However, what is stakeholder theory is a complex question and remains subject to wide debate (Pesqueux & Damak-Ayadi, 2005), criticism and confusion (Phillips, 2003; Wagner Mainardes *et al.*, 2011). Some theoretical debates contribute to stakeholder theory as a whole, others contribute to strategic management (Freeman, 1984), while others claim three theories, being descriptive, normative and instrumental (Donaldson & Preston, 1995). When broken into its parts, other scholars have focused on aspects or components of stakeholder theory and have offered conceptual models, such as for determining stakeholder identification and saliency (Mitchell *et al.*, 1997) or influencing strategies (Frooman, 1999; Rowley, 1997). Despite the breadth of contributions to stakeholder theory, scholars (Minoja, 2012) continue to call for greater clarity of what stakeholder theory is to better inform empirical research.

While scholars generally agree that stakeholder theory commenced with Freeman's (1984) book *Strategic Management: A Stakeholder Approach*, in Freeman's original work, he did not use the term stakeholder theory, instead stating that "stakeholder management as a concept, refers to the necessity for an organisation to manage the relationships with its specific stakeholder groups in an action-oriented way" (Freeman, 1984, p. 53). Freeman goes on to state that "we must understand the processes which an organisation uses to manage the relationships with its stakeholders" (p. 53) and that we must understand:

1.   from a rational perspective, who are the stakeholders in the organisation and what are the perceived stakes
2.   the organisational processes used to either implicitly or explicitly manage the organisation's relationships with its stakeholders, and whether these processes "fit" with the rational stakeholder map of the organisation

3.   the set of transactions or bargains among the organisation and its stakeholders and deduce whether these negotiations "fit" with the stakeholder map and the organisational processes for stakeholders. We might define an organisation's "stakeholder management capability" in terms of its ability to put these three levels of analysis together" (Freeman, 1984, p. 53)

However, it was Donaldson and Preston (1995) who presented their seminal contribution of three distinct aspects of stakeholder theory – descriptive or empirical, instrumental and normative – which has incited considerable debate and influence on the direction of stakeholder theory. The descriptive or empirical thesis describes and explains "specific corporate characteristics and behaviours … [such as] the nature of the firm … the way managers think about managing … [and] … how some corporations are actually managed" (Donaldson & Preston, 1995, p. 70). The instrumental thesis identifies "the connections, or lack of connections, between stakeholder management and the achievement of traditional corporate objectives (e.g., profitability, growth)" (Donaldson & Preston, 1995, p. 71), whereas, the normative thesis identifies the "moral or philosophical guidelines for the operation and management of corporations" (Donaldson & Preston, 1995, p. 71), while also being espoused as the "critical underpinning for the theory in all its forms" (Donaldson & Preston, 1995, p. 66). This leads to what has been termed the 'separation thesis', which claims managers can make business decisions with no moral content, or moral decisions with no business content (see Freeman *et al.*, 2010, pp. 222-224).

However, Freeman and others (1994, 2008; Freeman *et al.*, 2010) branded the separation thesis as fallacious, refuting the ability (need or desire) to separate these elements and arguing that the two can co-exist.

Marcoux (2003) believes that 'stakeholder management' contravenes a manager's fiduciary obligations to cater to any stakeholder apart from the stockholder, despite scholars such as Fifka (2013) highlighting that stakeholder theory advocates that managers take stakeholders' considerations into account. Stakeholder theory is not prescriptive in saying that managers must cater to all stakeholders' considerations. Fassin (2012, p. 88), on the other hand, states that stakeholder management is about the "balancing of conflicting needs and demands" between firms and their

stakeholders. Despite the scholarly debate surrounding stakeholder theory's definition and purpose, legislators in various jurisdictions such as in the US (Clement, 2005), Britain (Sternberg, 1997) and Norway (Schlierer *et al.*, 2012) have agreed that firms (or their managers) need to consider stakeholders beyond stockholders. This is important because the introduction of such legislation has also helped to institutionalise the normative branch of stakeholder management (Luoma & Goodstein, 1999).

McVea and Freeman (2005, p. 58) explain that ethicists have developed the normative approach "almost in isolation from the real world of business", asking managers to consider stakeholders because of some social, moral or ethical good. For example, academic research has at times relied on data from the Kinder Lyndenberg Domini (KLD) database, despite its bias toward the socially responsible investment community, which advocates how one should invest funds in a moral, ethical and socially responsible manner. Researchers such as Berman *et al.* (1999) have implied a meaning for stakeholder management through their use of metrics that emanate from the KLD database and relate to employee relations, diversity, local communities, the natural environment and product safety. Other researchers have juxtaposed *stakeholder management* with the extent to which firms incorporate Chief Executive Officer (CEO) values (Agle *et al.*, 2000), corporate social performance (Ruf *et al.*, 2001) and CEO compensation (Benson & Davidson, 2010) into decision making, often by measuring the inclusion of stakeholders in a firm's financial performance (Moura-Leite *et al.*, 2014). While researchers make normative arguments for managerial behaviour, their research approach and use of metrics derived from a database with normative biases infers a normative meaning to stakeholder management.

In measuring outcomes, such as CEO values, compensation or a firm's financial performance as a proxy for what constitutes stakeholder management, researchers have inferred a clarification of what stakeholder management is and is not (i.e., acting ethically). However, for the managerial branch, stakeholder theory describes *what* actions are needed to manage stakeholders, such as identifying stakeholders (Freeman, 1984), defining their wants and needs, and establishing metrics (Neely *et al.*, 2002), or *when* to manage stakeholders, based on levels of saliency (Mitchell *et*

al., 1997), dependency and influencing strategies (Frooman, 1999; Hendry, 2005; Rowley, 1997). Stakeholder theory does not specifically acknowledge or describe *how* to manage stakeholders (Bailur, 2007; Fifka, 2013), instead assuming managers have *a priori* knowledge of how to manage stakeholders.

Freeman (1984, p. 53) states "stakeholder management as a concept refers to the necessity for an organization to manage the relationships with its specific stakeholder groups in an action-oriented way". Freeman's reference to managing relationships has caught the attention of many scholars. For example, Bowen (2010, p. 2) defines stakeholder management as "a way to segment groups according to their relationships with the organisation", while Garcia-Castro *et al.* (2011, p. 433) focus on "the quality of the relationships between a firm and its stakeholders". Similarly, Benson and Davidson (2010, p. 931) state 'stakeholder management' is the management of these relationships. Despite these contributions, and their emphasis on managing relationships, it remains unclear what is meant by relationships, and if these relationships are at the personal and individual level or at some other level.

Bingham *et al.* (2011, p. 581) claim to use descriptive stakeholder management to measure corporate social performance in stakeholder relationships found in family versus non-family owned firms, using data from the KLD database, but fail to otherwise provide a definition of stakeholder management beyond relationships. Beringer *et al.* (2012, p. 16) state that "stakeholder management must not only focus on single stakeholders but also account for stakeholders influencing one another in fairly complex interactions of multiple and potentially interdependent stakeholders", which broadens the term, its definition and presumably, managerial responsibilities in managing relationships and complex interactions. This is significant to exploring managerial sense making because if scholarly interpretation of 'stakeholder management' infers a meaning that focuses on managing individual relationships, it may equally bias managerial sense making. Freeman *et al.* (2010) acknowledge that some scholars believe in a biased view of stakeholder management belonging (or limited) to the social responsibility literature (normative branch).

However, the multiple interpretations and definitions emanating from the normative or managerial branch are such that "the meaning of the term stakeholder has not been applied consistently" (Rowley, 1997, p. 889). The common term 'stakeholder management' "means many different things to many different people" (Phillips *et al.*, 2003, p. 479) and is branded a complex (Pesqueux & Damak-Ayadi, 2005), confusing (Pajunen, 2010; Phillips, 2003; Wagner Mainardes *et al.*, 2011) and fuzzy concept (Antonacopoulou & Méric, 2005; Pajunen, 2010). Many of those who "adopt the term neither define the concept nor provide any particularly clear understanding of what they mean" (Wagner Mainardes *et al.*, 2011, p. 228). There have thus been calls in the academic literature for "some form of taxonomy of the different uses, or understandings" (Egels-Zandén & Sandberg, 2010, p. 37) and calls for scholarly "research specifically relating to stakeholder management and its conceptualization" (O'Riordan & Fairbrass, 2014, p. 122).

However, this too is considered difficult because the terms are not considered to be "developed in ways that make them useful in practice" (Ackermann & Eden, 2011, p. 179). Frooman (2010, p. 162) criticises stakeholder management as problematic, "especially for those trying to operationalise the term for empirical research" because scholars cannot agree on a definition of who or what constitutes a stakeholder. Other scholars criticise it because there is no consensus "about its nature and purpose" (Donaldson & Preston, 1995, p. 69). Scholars develop and claim multiple and sometimes competing definitions such as to:
- "explain and to guide the structure and operation of the established corporation" (Donaldson & Preston, 1995, p. 70);
- offer "a way of improving strategic planning in business" (Sternberg, 1997, p. 4); and
- provide for the moral, ethical or fiduciary obligations to stakeholders (Phillips, 2003).

These growing criticisms mean that "examining how stakeholder management actually takes place has strongly been neglected" (Fifka, 2013, pp. 114-115).

Managers will tend to do what they have always done (Friedman & Miles, 2002; Pesqueux & Damak-Ayadi, 2005; Wagner Mainardes *et al.*, 2011). They attend to

the 'squeaky wheel' (Savage *et al.*, 1991), mimic and apply managerial practices that are familiar and comfortable (Scott, 2014), or simply pay 'lip service' (Kenny, 2013; Preston & Sapienza, 1990) to the stakeholder management concept. This may explain why Windsor (2010, p. 84) states "we know relatively little about the best practices for stakeholder management in various conditions". Thus, there is a research gap concerning managerial sense making of stakeholder management.

2.3 The managerial branch of stakeholder management

Freeman's *Strategic Management: A Stakeholder Approach* describes how "ignoring certain stakeholder groups is a result of using the old framework of customer-supplier-owner-employee, in a world where it is no longer appropriate" (Freeman, 1984, pp. 164-165). For example, having public relations and public affairs managers responsible for managing many of an organisation's external stakeholder relationships is problematic because their approach is premised on one-way communications whereas "communication processes with stakeholders must be two-way, if the results are to be meaningful" (Freeman, 1984, pp. 166-167). Freeman states "no longer can public affairs, public relations and corporate philanthropy serve as effective management tools for dealing with stakeholder concerns" (Freeman, 1984, p. 197). However, in contrast to Freeman's comments, Smudde and Courtright (2011, p. 143) argue "public relations are at the hub of stakeholder management", which is a view shared by Yang *et al.* (2010, p. 779), who believe "the key to good stakeholder management is effective communication". While scholars generally accept that communications have a role in stakeholder management, they equally argue that stakeholder management extends beyond public relations and communications (for example, see Friedman & Miles, 2006).

Freeman's framework focuses on "how … the stakeholder concept [can] be used to enrich our understanding of how organizations do, and should, set and implement direction" (Freeman, 1984, p. 47). Freeman asks executives and managers to set strategic direction and formulate stakeholder strategies using three analytical perspectives for viewing the firm and stakeholders, being the "rational, process and transactional" (p. 2) perspectives.

1. The rational perspective advocates mapping the stakeholder environment by generic descriptions (i.e., suppliers, customers, etc.), categories (i.e., individual entities), stakes (i.e., users or suppliers of resources for each stakeholder), roles (i.e., of each stakeholder in the environment) and actual and potential coalition strategies (i.e., stakeholder A forms a coalition or alliance with stakeholder B) (see Freeman, 1984, pp. 54-64).
2. The process perspective incorporates the organisational standard operating procedures and processes for managing (the effects of) relationships across the stakeholder environment. It identifies and analyses the organisational direction, its plans for achieving its objectives and the resources required or available to deliver its objectives (see Freeman, 1984, pp. 64-69).
3. The transactional perspective analyses the transactions, interactions or effects, such as the flow of resources between the firm and its stakeholders, all of which may incite positive or negative effects. Importantly, this perspective tracks, or measures, the flow of transactions, and their effects, to identify their alignment or fit with the process and rational perspectives, and to forecast likely stakeholder responses (see Freeman, 1984, pp. 69-74).

These analytical perspectives take the focus away from the "traditional direction setting questions: corporate level questions, division level questions and business level questions" (p. 88) and shifts it to a level where "executives … take multiple stakeholder groups into account" (p. 52).

Freeman (1984) uses the term *stakeholder management* as a managerial concept for managing the effects on or by stakeholders at the group level of owners, consumer advocates, employees, suppliers, customers, governments, regulators, media, local community organisations, special interest groups, competitors and environmentalists (p. 25). Freeman's framework considers a stakeholder to be "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984, p. 46). He advocates for managers to take stakeholders' considerations into account (Barsky *et al.*, 1999) but not necessarily treat them equally across all stakeholder groups (Donaldson & Preston, 1995; Gioia, 1999) accepted by or included in the firm's plans (Fifka, 2013), while

noting some stakeholders are more salient than others (Jawahar & McLaughlin, 2001). He encourages managers to consider how, when and why stakeholders may affect the achievement of a firm's objectives, so that the firm may then develop strategies to mitigate negative effects and support positive effects.

The ensuing section reviews the scholarly contributions that critique or augment the managerial branch of stakeholder management, in particular those focusing on Freeman (1984) conceptual framework for considering the effects on or by stakeholders. For example, Freeman (1984) provides guidance for how managers may identify their stakeholders, while aligning organisational strategies and initiatives at the rational, process and transactional levels, and taking stakeholders' considerations into account. Therefore, this review now focuses on those contributions that expand on the practitioner-oriented view.

2.4   *Practitioner-oriented stakeholder management models*

This part presents the theory relating to the seminal contributions in the practitioner-oriented stakeholder literature, which detail conceptual models that may guide praxis. Similarly, the stakeholder literature provides different perspectives and interpretations of these models, thus they represent a heuristic for exploring managerial sense making and their influences. The purpose of reviewing the stakeholder literature by these practitioner-oriented models is to give consideration for the influences that affect how managers may make sense of stakeholder management.

The stakeholder literature details five such models, being: (1) stakeholder identification; (2) saliency; (3) wants and needs; (4) metrics; and (5) influencing strategies. Each of these five models, as detailed below, are developed and argued in the practitioner-oriented literature and are evident in praxis.

2.4.1   Stakeholder identification

Scholars are interested in 'stakeholder identification', and it appears to be a logical place to start an inquiry, because it leads to successive questions about how and why managers identify stakeholders. Mitchell *et al.* (1997), noting Freeman's

definition, acknowledge stakeholders are owners, employees, suppliers, financiers, customers, regulators, governments, unions, special interest groups, activist groups, environmentalists, competitors (Freeman, 1984), terrorists (Freeman, 1984; Phillips, 2003; Sternberg, 1997) and non-government organisations (Waddock *et al.*, 2002). Some authors have also included the natural environment (Mitchell *et al.*, 1997), future generations (Clulow, 2005) and even 'God' (Key, 1999).

While stakeholders may be categorised accordingly, they can also be referred to using collective labels such as internal and external (Bailur, 2007; Galbreath, 2006; Jones *et al.*, 2007; Smith & Fischbacher, 2005) and voluntary or involuntary (Vos & Achterkamp, 2006). Considering the labels attached to stakeholders, it is important to consider these in the context of usefulness. For example, following Freeman's (1984) original definition and theory, the purpose of stakeholder analysis is to inform the development of a firm's strategic direction. However, labelling or grouping stakeholders as 'internal' is troublesome as, according to Freeman (1984, p. 216):

> the point of a stakeholder approach to organisations is to force organisational managers to be more responsive to the external environment ... [but] by applying the stakeholder approach internally within the corporation, there is a danger that the force of the argument is lost.

2.4.2 Stakeholder saliency

Scholars also offer a nomenclature to describe a stakeholder's saliency (Clarkson, 1995; Clement, 2005; Pesqueux & Damak-Ayadi, 2005; Sheehan & Ritchie, 2005). For example, primary stakeholders (formerly described as direct stakeholders) (Key, 1999) include those entities that hold a direct relationship with the organisation, such as employees, owners, financiers, customers, suppliers and the community, while secondary (formerly known as indirect) stakeholders may affect or are affected by the relationship between the organisation and primary stakeholders. Secondary stakeholders include competitors, governments, media and unions. Despite this classification, there remains potential for a loss of relevance as the primary stakeholder group of 'community' may also include representatives of competitors, governments, media and unions, which the literature defines as secondary stakeholders. Thus, while labels and groupings may assist in stakeholder identification, it remains that an understanding of *how* each is affected by, or can

affect, the organisation's objectives is more important than the label itself (Clarkson, 1995).

Below, in Table 1, are some further examples of how scholars have described stakeholders by their collective definition.

Table 1: Stakeholder grouping

Stakeholder group	Examples
Key stakeholders	• customers, suppliers and employees (Atkinson *et al.*, 1997, p. 30); • customers, critics, community groups, employees, media, state legislature and state regulatory agency (Freeman, 1984, p. 184); • customers, employees and government (Berman *et al.*, 1999, p. 490); • management, personnel, customers and owners (Freeman *et al.*, 2017, p. 6)
Primary stakeholders	• executives, employees and shareholders (Barsky *et al.*, 1999, p. 584); • shareholders and investors, employees, customers and suppliers (Jawahar & McLaughlin, 2001); • owners, employees, customers and suppliers (Waddock *et al.*, 2002, p. 3)
Secondary stakeholders	• government, regulators, civic institutions, social pressure groups, media and academic commentators, trade bodies, competitors (Clulow, 2005, p. 982)

While scholars have paid significant attention to detailing who is or is not a primary, secondary or key stakeholder, they remain silent as to how managers make sense of these labels in practice. For managers, what is the next step in managing primary or secondary stakeholders once they have been labelled as stakeholders? How does

managerial practice differ in managing primary versus secondary stakeholders? These questions are heuristics for considering the rationale, value or importance in labelling stakeholders.

Savage *et al.* (1991 p. 62) state "stakeholders' significance depends upon the situation and the issues; and managers must have appropriate methods to deal with different stakeholders". However, the lack of 'appropriate methods to deal with different stakeholders' is the problem. For example, scholars have been critical of the limited guidance on how to determine and manage stakeholder saliency (Brignall & Modell, 2000; Neville *et al.*, 2005; Smith & Fischbacher, 2005). Agle *et al.* (2000) find that stakeholder saliency is determined by the 'values' of CEOs, while Clement (2005, p. 258) notes that top executives are influenced by "values, beliefs and attitudes" rather than formal training practices (e.g., accounting, law, etc.). Despite this 'values-based' approach, Mitchell *et al.* (1997) offer a widely cited and accepted model, which states that the (perceived) possession of one or more of three attributes determines stakeholder saliency. **Figure 1** reproduces this model.

Figure 1: Stakeholder saliency model

Power

1. Dormant
Stakeholder

6. Dangerous
Stakeholder

4. Dominant
Stakeholder

7. Definitive
Stakeholder

5. Dependent
Stakeholder

2. Discretionary
Stakeholder

3. Demanding
Stakeholder

Urgency

Legitimacy

8. Non-Stakeholder or Potential
Stakeholders
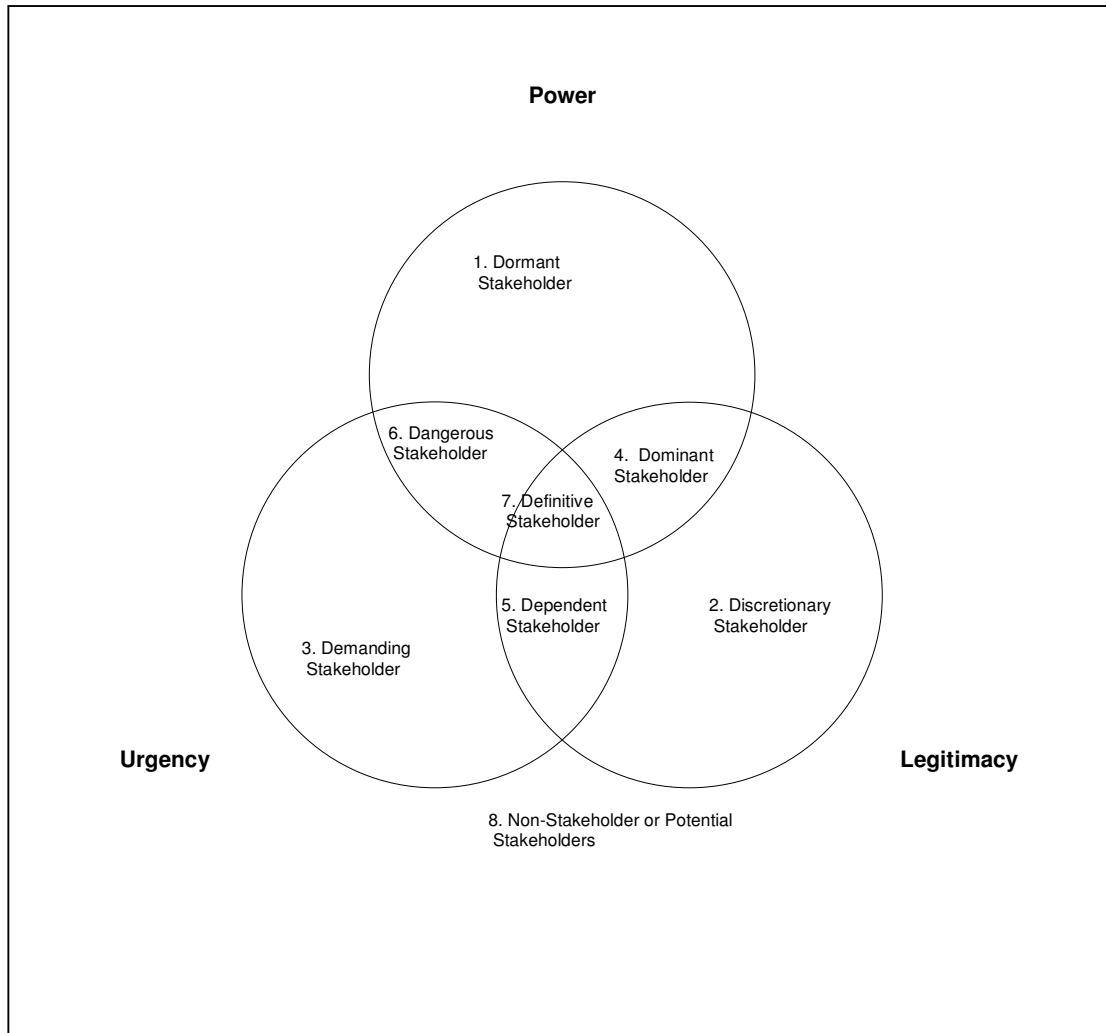
Source: Mitchell *et al.* (1997, p. 874)

Figure 1 illustrates the three attributes (power, urgency and legitimacy) and the eight stakeholder areas (dormant, discretionary, demanding, dominant, dependent, dangerous and definitive) – the greater the number of attributes, the greater the saliency of the stakeholder. For example, 'dominant stakeholders' , such as a major customer, hold legitimacy and power and therefore will have "their influence in the firm assured" (Mitchell *et al.*, 1997, p. 876). However, while stakeholders may possess one (or a multiple) of these attributes, they may also change. For example, an 'employee union' may possess power and legitimacy but not urgency. In anticipating a stakeholder's pursuit for greater levels of saliency within the organisation, stakeholders possessing power and legitimacy may pursue an ally in a stakeholder (group) that possess the third attribute, urgency, to achieve greater saliency.

Two interesting points arise from this typology. The first point is that the possession of attributes is suggested to be discretionary upon the managers' perceptions (Mitchell *et al.*, 1997) or an acknowledgement by the stakeholder that it indeed possesses the particular attribute(s). The literature that follows the original work by Mitchell *et al.* (1997) remains silent as to the basis for managers' perceptions beyond day-to-day experience and interactions. It would reasonably follow that if managers were indeed able to effectively perceive stakeholder attributes, then the saliency model would not be required (Elms *et al.*, 2002) and managers would perceive the possession of attributes, then develop strategies and respond effectively. Similarly, if stakeholders possess one or more attributes, and therefore saliency, according to managers' perception, it remains unclear as to how the stakeholder is actually aware of its saliency (as perceived by managers) (Smith *et al.*, 2005) to then impose its will or to limit or withdraw resources, in the case of perceived power.

The second point relates to how managers base their perception of stakeholder attributes. For example, the model by Mitchell *et al.* (1997) is dependent on managers determining stakeholder attributes, such as:

- *who* can affect the achievement of the organisation's objectives (by imposing its 'will' upon the firm through the use of *power*);
- *why* or *how* a stakeholder is affected by the achievement of the organisation's objectives (by the extent to which *legitimate* claims are met or not); and
- *when* stakeholders are affected by or can affect the achievement of the organisation's objectives (by the sense of *urgency* or *criticality* with which stakeholders' claims are perceived).

While empirical research (Agle *et al.*, 2000; Fernández *et al.*, 2004; Sheehan & Ritchie, 2005) finds that the typology substantially reflects stakeholder salience, there remain questions as to how managers determine the possession of attributes, their cumulative total and value, and then subsequently develop management plans to mitigate coercive stakeholder action while simultaneously garnering resources from supportive stakeholders.

Turning to the three attributes in more detail, Freeman's original definition suggests power is "the ability to use resources to make an event actually happen" (Freeman, 1984, p. 61). Other scholars have made similar contributions (Agle *et al.*, 2000; Cummings & Guthrie, 2007; Frooman, 1999), with some wording changes but following an equivalent theme of controlling resources, whether they are human, financial or material resources.

Legitimacy is closely linked with societal beliefs, norms and values (Fernández *et al.*, 2004; Friedman & Miles, 2006), which is similar to *normative stakeholder theory* insofar as recognising organisational (and managerial) obligations to stakeholders (Mitchell *et al.*, 1997). Such beliefs, norms and values may also be aligned to perceptions (Bitektine, 2011), contractual or legal rights of stakeholders, such as an employee's right to fair working conditions and pay, a community's right to not be exposed to environmental contamination or even a competitor's right to fair markets (Freeman & Phillips, 2002).

While power and legitimacy focus on understanding *who* and *why* stakeholders are salient, urgency perhaps quintessentially provides for *when* stakeholders become salient. Thus, stakeholders' claims may be considered critical or urgent by whether they are met or otherwise, the time taken in having them met, and their degree of sensitivity (Agle *et al.*, 2000; Cummings & Guthrie, 2007; Fernández *et al.*, 2004).

2.4.3 Stakeholders' wants and needs

Managers' respective values and expectations influence consideration of the firm's, and its stakeholders', wants and needs. Stakeholder value analysis and social issues analysis (see, Freeman, 1984, pp. 91-100) highlight society's values and expectations of and from the firm. However, values analysis is difficult as it requires managers to acknowledge and separate their own values from the analysis, which includes being mindful of bias, such as social and environmental norms. Aesthetic, moral, social and religious values are intrinsic and "are good in and of themselves", whereas instrumental values are "those things which lead us toward the attainment of things, actions or states of mind which are intrinsically valuable" (Freeman, 1984, p. 96). Social issues analysis asks managers to define the societal issues affecting

the organisation, tomorrow and in say ten years' time, which includes how society views the firm, what changes are occurring in society that will affect the firm, and how social issues affect the firm.

Neely *et al.* (2002) discuss these concepts in *The Performance Prism*. The authors reiterate that stakeholders provide valuable resources to the firm, such as employees providing their time, skills and labour, suppliers providing their goods and services, governments providing licences, approvals and legislation, and financiers, shareholders and banks providing financial resources. In exchange, these stakeholders require salaries and working conditions, contracts, orders and payments, environmental and regulatory compliance or debt repayment and interest.

While several authors also contribute to articulating what are stakeholders' wants and needs (Freeman *et al.*, 2004; Neely, 2007; Neely *et al.*, 2002), others critique stakeholder theory for not dealing with how trade-offs between stakeholders are managed (Marcoux, 2003). These critiques question how managers find a "balance" given the "divergent interests of the different stakeholder groups" (Sternberg, 1997, p. 5), arguing that the conflicting interests are a zero-sum game, although others argue against this (Donaldson & Preston, 1995). Jensen (2002) argues that value maximisation is logically impossible across multiple dimensions, highlighting that each individual constituency needs to be maximised, in isolation, and at the expense of others. However, managers and directors may consider allocating or disbursing resources in the context of generating short or long-term value. For example, an empirical study of the privatised UK water industry found that while stakeholder management held a significant negative correlation with firm profit, it had a significant positive correlation with shareholder returns (Ogden & Watson, 1999).

Freeman (1984) highlights that while the focal organisation has stakeholders, managers must understand who they are due to their potential to impact the achievement of the organisation's objectives, so too do the stakeholders. This means the focal firm constitutes being a 'stakeholder' of the stakeholder. To understand the stakeholder environment, Freeman (1984) recommends that managers map the stakeholders' environment, and then their wants and needs.

While scholars argue that stakeholders' wants and needs should be taken into consideration, others question whether these wants and needs should be solely considered or adopted into the focal firm's strategies, behaviours and practices (Minoja, 2012). For example, Fassin (2009, p. 122) points out that competitors may not be viewed as a stakeholder "as they do not strive for the wellbeing of the firm". However, in the context of analysing stakeholders' effects, for the purpose of strategic direction or competitive advantage, competitors clearly are stakeholders.

2.4.4 Stakeholder performance metrics

Freeman (1984, p. 70) considers how firms interact with stakeholders in the "many daily transactions ... such as selling things to customers and buying things from suppliers", which may be captured by the use of metrics. It is about measuring the focal firm's performance with stakeholders and the stakeholders' performance, or effect, on the focal firm. To help measure the nature and extent of performance levels, the various financial and operational metrics used within firms are considered, which may identify the achievement of strategic objectives or the efficacy of strategic programs and processes.

As "stakeholder management enables managers to ensure the strategic and operational direction of an organisation addresses stakeholder perceptions" (Fletcher *et al.*, 2003, p. 508), performance metrics help to clarify perceptions. However, not all organisations can cater for the full extent of stakeholders' wants and needs. There are a number of ways in which managers can meet these needs and wants as much as possible, such as by reducing non-value-add and waste activities (Hines *et al.*, 2002; Womack & Jones, 2005).

Neely *et al.* (2002, p. 160) developed the Performance Prism, which provides guidance on how to develop meaningful metrics in response to the following questions:

1. Who are our key stakeholders; and what do they want and need?
2. What do we want and need from our stakeholders on a reciprocal basis?
3. What strategies do we need to put in place to satisfy the wants and needs of our stakeholders while satisfying our own requirements too?
4. What processes do we need to have in place to enable us to execute our strategies?

5. What capabilities do we need to put in place to allow us to operate our processes?

The Performance Prism (Neely *et al.*, 2002) has the components of an effective performance measurement system (Atkinson *et al.*, 1997) to measure:

1. the contribution of stakeholders toward organisational performance;

2. the contribution of the organisation toward stakeholder performance;

3. acknowledging process design and measurement to achieve objectives; and

4. help planning capabilities; its design is consistent with Ogden and Watson's (1999) view that performance metrics need to be transparent, effective in measuring reciprocal value and guide decision making.

2.4.5   Stakeholder influencing strategies

Freeman (1984, pp. 143-145) provides a matrix for developing stakeholder influencing strategies. This matrix, in **Table 2: Relative cooperative potential and competitive threat matrix**, recommends the nature of strategies and programs that managers may adopt depending on the levels of cooperative potential and competitive threat that managers perceive of each stakeholder group. Naturally, in reviewing this matrix, managers may adopt different strategies for different stakeholder groups. For example, a supplier may represent high cooperative potential and low competitive threat, a competitor may be low cooperative potential and high competitive threat, whereas a governmental regulator may represent high cooperative potential (e.g., through favourable legislation) and high competitive threat (e.g., restrictive legislation).

Table 2: Relative cooperative potential and competitive threat matrix

	Hi		
	Swing: Change the rules		**Offensive: Exploit**

Hi

Swing: Change the rules	Offensive: Exploit
➢ Formal rule change through government ➢ Change the decision forum ➢ Change the kind of decisions that are made ➢ Change the transaction process	➢ Change the beliefs about the firm ➢ Do something (anything) different ➢ Try to change the stakeholders' objectives ➢ Adopt the stakeholders' position(s) ➢ Link the program to others that the stakeholder views more favourably ➢ Change the transaction process
Defensive: Defend	**Hold: Hold current position**
➢ Reinforce current beliefs about the firm ➢ Maintain existing programs ➢ Link issues to others that the stakeholder sees more favourably ➢ Let stakeholder drive the transaction process	➢ Do nothing and monitor existing programs ➢ Reinforce current beliefs about the firm ➢ Guard against changes in the transaction process

Relative cooperative potential (vertical axis, Hi to Lo)

Lo

Hi — Relative competitive threat — Lo

Source: adapted from Freeman (1984, pp. 143-145)

Stakeholder theory advocates generic stakeholder strategies and specific programs according to an analysis of stakeholder relationships as representing cooperative potential or competitive threat. Researchers in Finland (Onkila, 2011) found that managers viewed stakeholder relationships as power-based, collaborative, conflicting and one-sided contribution relationships. Although not explicit, it infers that managers view relationships as personal interactions between the focal firm and individuals within the stakeholder group. The description of collaborative relationships as "management, employees, customers, suppliers, authorities, other corporations, shareholders and partners" (Onkila, 2011, p. 387) identifies pre-existing relationships, but it remains unclear how executives view or identify potential collaborative relationships.

Garcia-Castro *et al.* (2011, p. 433, emphasis added) define stakeholder management as "the *quality* of the relationships between a firm and its stakeholders". Researchers in Brazil (Bandeira de Mello *et al.*, 2011) and Portugal

(Wagner Mainardes *et al.*, 2012) investigate the contractual relationship between firms and four stakeholder groups (community, government, top management and employees) and then propose a model for explaining stakeholder relationships. The Brazilian research identifies that contractual relationships with the government and community positively contribute to firm performance, whereas the Portuguese research focuses on the importance of managing stakeholders, at the individual relationship level.

From the perspective of strategic management, Freeman's (1984) relative cooperative potential and competitive threat matrix has motivated a number of further contributions to stakeholder theory. Frooman and Murrell (2003) discuss cooperative or coercive strategies, along with Hendry (2005) who joins the discussion of dependency, while Rowley (1997) discusses density and Smith and Fischbacher (2005) discuss centrality. Each of these contributions aims to augment our understanding of when, how and why stakeholders will adopt various influencing strategies.

Stakeholder density refers to the number of connections that an organisation holds with its stakeholders (Rowley, 1997) whereas centrality refers to where the organisation is placed amongst its stakeholders (i.e., at the centre versus at the fringe) (Smith & Fischbacher, 2005). Rowley states, as shown in

Table 3: Stakeholder centrality and density matrix**,** that where high density exists, "stakeholders are able to constrain the focal firm, whereas a highly central focal firm is able to resist stakeholder pressures" (Rowley, 1997, p. 902).

Table 3: Stakeholder centrality and density matrix

Density — High Density: Ability for stakeholders to constrain the focal organisation increases (High → Low)	Low ← Centrality → High	
High	**Subordinate** The focal firm is vulnerable to stakeholder demands & influences.	**Compromiser** The focal firm will have the power to influence information flows and will balance, pacify and bargain with stakeholders.
Low	**Solitarian** The focal firm is unable to manipulate established norms & will attempt to avoid stakeholder pressures.	**Commander** The focal firm will have the ability to resist stakeholders & influence behavioural expectations.

High Centrality: Ability for the focal firm to resist stakeholder pressure increases

Source: adapted from Rowley (1997)

Similarly, the dependence of the organisation on the stakeholder, and *vice versa*, determines the strategy (e.g., provision or suppression of resources) that the stakeholder adopts in response to the organisation's effects on it. According to Frooman and Murrell (2003, p. 2):

1. When the stakeholder is dependent on the firm, then the stakeholder will choose a cooperation strategy to influence the firm;
2. When the stakeholder is not dependent on the firm; then the stakeholder will choose a coercion strategy to influence the firm;
3. When the firm is dependent on the stakeholder, then the stakeholder will choose a direct strategy to influence the firm;
4. When the firm is not dependent on the stakeholder, then the stakeholder will choose an indirect strategy to influence the firm.

Scholars provide multiple examples of scenarios where stakeholders, particularly those outside the traditional managerial view of the firm, influence the achievement of organisational objectives. For example, Earth Island Institute and consumers, who wanted dolphin-friendly tuna fishing, led a sponsored withholding strategy against Starkist. Starkist then used a "direct usage" strategy to work with the fishing industry to ensure consumer demands could be satisfied (Frooman, 1999; Hendry, 2005). Other examples include environmental groups pressuring US home improvement chains to stop buying timber from old growth forests (Hendry, 2005) and NGOs and human rights groups petitioning Nike over allegations of its supply chain exploiting child labour, which ultimately led to a withholding strategy (Freeman *et al.*, 2007). Taking a different approach, IKEA formed alliances and partnerships with organisations such as UNICEF and WWF, which in turn provided collaborative

endorsement and acceptance of their products (Strand, 2009). Each of these examples reiterates the opportunity for stakeholder groups, traditionally not thought of as stakeholders, which Holzer (2008) calls stake-seekers, to influence the focal firm, meaning managers need to pay attention and understand stakeholders' influencing strategies if they are to achieve their objectives.

To help explain, provide a rationale for, or anticipate stakeholder behaviour and action, scholars (e.g., Freeman, 1984; Phillips, 2003) recommend managers adopt an empathetic view of their stakeholders. This view asks managers to place themselves 'in the shoes' of their stakeholders, to view the world as the stakeholder would view it. Freeman states (1984, pp. 133-134) that managers ought to look at objectives in terms of:

1) what the stakeholder group is trying to accomplish over the long-term,
2) what the stakeholder group is trying to accomplish on the issue under analysis; and
3) what is the linkage between the current issue and the stakeholder's longer-term objective … second ... is to conduct a stakeholder analysis of that stakeholder. Put the stakeholder group in the middle and draw a chart of its stakeholders … third … examine that group's beliefs about the firm.

Finally, after analysing and explaining stakeholder behaviour, managers may identify areas of commonality with that of their own behaviour and highlight opportunities to form coalitions with one or more stakeholder groups. Organisations cited (Freeman *et al.*, 2004) as demonstrating good stakeholder management include J&J, eBay, Google and 3M, while less favourable organisations include Du Pont (Freeman *et al.*, 2007).

2.5   Framing stakeholder management praxis

This section explores three managerial approaches to stakeholder management, derived from the practitioner-oriented literature. Framing stakeholder management as these three approaches means this research builds on and complements existing research into managers' sense making of stakeholder management. It further provides a theoretical contribution that may use managerial sense making to inform future research.

Some scholars may frame the managerial branch of stakeholder management as specific to a managerial discipline, such as health care (for example, Dansky & Gamm, 2004; Elms *et al.*, 2002). Others provide interpretations of stakeholder management specific to a particular geography or country, such as France, Spain and Portugal (Banerjee & Bonnefous, 2011; Plaza-Úbeda *et al.*, 2010; Wagner Mainardes *et al.*, 2012), whereas others provide an interpretation specific to managing issues such as dispute or coercive action (Walters, 2011). Although all of these varying contributions make sense of stakeholder management specific to their respective fields, this section focuses on the latter and illustrates how 'stakeholder management' encompasses different activities in the management of different issues.

The ensuing three parts of this section explain how some scholars portray stakeholder management as three different approaches. The communications approach presents stakeholder management as a mechanism for the promotion, protection and defence against coercive action, crises, issues and disputes. The relationship approach presents stakeholder management as a medium to develop and manage projects, products and services to garner resources. The positioning approach presents stakeholder management as a strategic tool that is more relevant in times of the focal firm entering, changing or growing markets and manages the effects of stakeholders' influencing strategies.

2.5.1 Stakeholder communications approach

Smudde and Courtright (2011, p. 143) claim that "public relations is at the hub of stakeholder management". However, the field of communications has traditionally acted to manage stakeholder perceptions (Minoja, 2012), reactively or defensively against coercive action (e.g., withdrawal of support) from select stakeholder groups (Smudde & Courtright, 2011) and is noted as the most basic form of stakeholder management (Friedman & Miles, 2006), which limits its effectiveness in managing stakeholders' effects.

Scholars claim that the communications approach constitutes a prerequisite for building trust, nurturing relationships and managing perceptions (e.g., Smudde & Courtright, 2011). Communications and messages convey the organisation's position on matters of ethics, corporate social responsibility, environmental impacts and morals (Bowen, 2010). Firms use this approach in communicating "social disclosures related to the areas of environment, employees, community, customers and shareholder rights" (Van der Laan Smith *et al.*, 2005, p. 124), which is viewed as a "defensive practice aimed at preventing stakeholders from forcing change on companies through formal government intervention" (Fooks *et al.*, 2013, pp. 294-295). However, this approach can be ineffective because it is typically unilateral and restricted as a defensive mechanism (see, for example, Minoja, 2012; Windsor, 2010).

In the communications approach, firms manipulate messages until the audience is brainwashed into agreeing with the public relations management's view (see, Friedman & Miles, 2006, pp. 164-167). Managers use messaging to promote policies (Friedman & Miles, 2002), shape perceptions (Minoja, 2012) and form "opinions about the firm and establish an improved reputation" (Liu, 2013, p. 243). Communications act as a defensive mechanism against actual or potential coercive action (Smudde & Courtright, 2011), such as conflict (Flak *et al.*, 2008, p. 21). Managers utilise media, such as the firm's annual reports (Van der Laan Smith *et al.*, 2005, p. 137) as a method for communicating with stakeholders. However, they also utilise marketing messages, company websites, newsletters, meetings and briefing sessions as normatively legitimate means of stakeholder management. For example, Banerjee and Bonnefous (2011) find the nuclear industry attracted the coercive action of local and international regulators, in addition to communities, activist groups and the media. The focal firm anticipated and responded to this action through a series of communications of official policy, public relations campaigns, press releases and *engagement* sessions that provided messaging to stakeholders. These communications, messaging and engagement sessions aimed to manage stakeholders' perceptions and were only moderately effective because of their one-way nature, and the audiences' limited acceptance of the messaging.

Using *communications* as synonymous with stakeholder management emanates from professions such as human resources (e.g. Garavan, 1995; Guerci & Shani, 2012), marketing (e.g. Clulow, 2005; Laczniak & Murhy, 2012), project management (e.g. Aaltonen & Kujala, 2010; Eskerod & Huemann, 2013) and public relations (e.g. Smudde & Courtright, 2011). The approach is reinforced by accreditation bodies such as the Project Management Institute, which further institutionalises the approach as it is written by practitioners, based on their experience (Aaltonen & Kujala, 2010). Although multiple disciplines proffer the *communications* approach to stakeholder management, each shares the common objective of promoting a firm's position or defending, managing and protecting the firm against coercive action, crises and disputes. According to institutional theory (see, DiMaggio & Powell, 1983; Scott, 2014) this form of stakeholder management will become the *norm*. Prescribed rules act as coercive influences. Managerial disciplines, such as human resources, marketing and public relations, act as normative influencers and managers who try to fit-in with their peers, particularly given the cited state of confusion and complexity in stakeholder management, will mimic accepted behaviours and practices. Taken together, these act as isomorphic influencers and see the institutionalisation of one approach of stakeholder management.

The communications approach found in stakeholder theory, as a means of defending or promoting the firm, and institutionalised through isomorphic pressures described in institutional theory is akin to those activities analysed in legitimacy theory. In legitimacy theory, Suchman (1995, p. 574) defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions". Suchman (1995, p. 586) further states "legitimacy management rests heavily on communication – in this case, communication between the organization and its various audiences".

For example, British American Tobacco's preferred strategy for defending itself against the coercive threat of the World Health Organisation imposing regulation was to release social reporting of its corporate practices and to subscribe to practices advocated by the AA1000 stakeholder engagement standard. These actions aimed to establish, maintain and repair its legitimacy (Moerman & Van Der Laan, 2005).

Additionally, researchers (Chelli *et al.*, 2014) found French firms adopted communications in the form of disclosing environmental information in the face of regulation to ensure their organisational legitimacy. Whether for managing stakeholders, mimicking institutionalised practices or managing the firm's legitimacy, managers turn to communications as a strategy to defend, protect or promote their firms when facing coercive action.

In summary, this section shows that managers may view the issuance of communications as constituting stakeholder management (Friedman & Miles, 2006) to promote, defend and protect the firm from actual or potential coercive action emanating from disputes, crises and criticisms (see, for example, Fooks *et al.*, 2013; Minoja, 2012; Windsor, 2010). Managers from disciplines such as public relations, human resources, marketing and project management use communications to manage stakeholders' perceptions (Minoja, 2012) via newsletters, websites, social media, engagement sessions, forums and so on. However, communications are also criticised for being limited to one-way transmissions, not reaching their intended audience or not being accepted.

2.5.2   Stakeholder relationship approach

While Freeman's original definition of stakeholders (1984) is aligned to stakeholders' *effects*, the stakeholder management literature focuses on managing "the quality of the relationships between a firm and its stakeholders" (Garcia-Castro *et al.*, 2011). This approach identifies "stakeholders ... according to their roles in the project" (Doloi, 2012, p. 531) and research (Garcia-Castro *et al.*, 2011) has shown that managers view stakeholder management as a discipline for managing individual *relationships* with those who contribute towards or provide project resources (Assudani & Kloppenborg, 2010; Beach *et al.*, 2012). Stakeholders are internal to the focal firm (Beringer *et al.*, 2012), or have a direct business relationship, such as between human resource management and firm employees (Guerci & Shani, 2012). The implications are that people are stakeholders, and managers manage people such as employees and suppliers to garner their resources. Therefore, stakeholder management is the management of stakeholders, as individuals, or those who contribute resources, such as employees and suppliers.

This *relationship* approach to stakeholder management is further institutionalised by "project management bodies of knowledge and accepted project management practices" (Aaltonen & Kujala, 2010, p. 384). According to Eskerod and Huemann (2013, p. 37), industry standards influence:

> the practices of the project management community … [and are] … developed by practitioners who have agreed on best or at least common practices based on their experiences across organisations and industries ... [and] … have come to represent an institutionalised collective identity of project managers.

An issue with this view is that "stakeholder theory's emphasis, to date, has been on the individuals in the relationships – not on the relationships themselves" (Frooman, 1999, p. 192) and "existing research seems to be focused mainly on internal stakeholders (senior managers, line managers, employees and unions)" (Guerci & Shani, 2012, p. 1131). Additionally, as "the term [stakeholder] and the rigorous application of its conceptual underpinnings are rare in either the implementation of such projects or in the research and evaluation of such projects" (Bailur, 2007, p. 61), managers manage stakeholders according to the accepted norms of their disciplines, organisations and peers. For example, empirical research involving 223 project portfolios across Austria, Germany and Switzerland (Beringer *et al.*, 2012) shows that managers continue to view strategic stakeholders as being those constituents who are internal to the focal firm and include four levels of senior management and project managers. While Benson and Davidson (2010, p. 931) note a dichotomy in managing "stakeholder relationships as a means for the achievement of economic objectives (strategic approach) … [or] … managing stakeholder relations because it is morally required (multi-fiduciary approach)", stakeholder management translates to managing individual relationships with constituents who contribute resources to projects.

Stakeholder management for project managers means they will seek to 'engage' with their stakeholders as a means "to maintain regular communication, consultation and dialogue" (Walters, 2011, p. 61) and to analyse "stakeholders' needs" (Yang *et al.*, 2010, p. 778). "Good project practice" requires managers to use "charters, agendas, minutes, issues logs, communications plans and stakeholder registers"

(Assudani & Kloppenborg, 2010, p. 77) to manage the engagement, resources and 'buy-in' for the successful delivery of projects. For example, Walters (2011, p. 49) states that stakeholder management, in a project context, manages relationships with individuals via engagement, participation and communications to "maximise the benefits for a range of stakeholder groups". He adds that a "stakeholder management strategy consists of two key components: stakeholder engagement and stakeholder participation" (Walters, 2011, p. 53), while Friedman and Miles (2006) highlight that stakeholder engagement may encompass manipulative one-way messaging and degrees of tokenism such as placation and consultation, through to empowering stakeholders in the decision-making process.

The field of project management is not alone in adopting its relationship-based view of stakeholder management. Guerci and Shani (2012) research a human resource focus of managing relationships with internal stakeholders but limit their research to 30 managers of varying levels in the discipline of human resources. Additionally, they asked participants to respond to questionnaires from the "standpoint of their [human resource] department" (Guerci & Shani, 2012, p. 1139). Their results affirm a view that *"*suppliers, partners and inter-professional funds can be considered as non-stakeholders. These are actors that have neither power, legitimacy nor the urgency that would make them salient for HRM" (p. 1143). The authors consider the *stakeholder saliency model* (see Mitchell *et al.*, 1997), their research questions, participants and responses only from their institutionalised human resource views, without recognising their biases that influence the research results, which further limits the utility of stakeholder management.

In similar empirical research involving 16 Irish human resource 'specialists', Garavan (1995) poses two stakeholder models, specifically for those who operate in the discipline of human resources. Garavan states that most specialists tend to cling to one traditional model for managing employees' learning and training needs, demonstrating how views are resistant to change and that the stakeholder concept refers to those whom human resource specialists consider in developing and delivering learning programs. Similarly, in marketing management, stakeholders are "identified for the purpose of being managed by contract negotiation, public relations, lobbying, placation, intimidation or litigation" (Laczniak & Murhy, 2012, p. 286)

whereas in tourism management a different multi-stakeholder management framework (Waligo *et al.*, 2013) comprising three "strategic levels" (p. 343) is offered. Each of these authors infers stakeholder management means managing individual relationships and communications to individuals, without addressing the question of what to do in the event no direct contact or relationship exists.

Whether related to construction projects (Yang *et al.*, 2010), new product or service development (Smith & Fischbacher, 2005), or whether the manager is an entrepreneur (Schlange, 2009), there are generally accepted norms that state that managers manage the individual relationships with those constituents who provide or utilise resources. Managers manage stakeholder relationships by engaging, communicating and liaising throughout, but limited to, the lifecycle of the project. Managers develop stakeholder 'communication plans' or 'engagement plans' that detail who receives communications at different project phases or who manages individual relationships to ensure projects are delivered in accordance with time, cost and quality constraints. However, such communications are often one-way, non-participatory and manipulative (Friedman & Miles, 2006).

While 'stakeholder engagement' is proffered as a form of stakeholder management, global standards organisation 'AccountAbility' has developed and released its standard for stakeholder engagement (AA1000SES) (AccountAbility, 2015). However, the standard, which as discussed earlier had been adopted by British American Tobacco in its efforts to ensure its legitimacy, is normative in its approach, stating what organisations must, need or should do with the only justification being claims of improved performance and competitive advantage.[2] It advocates for stakeholders' inclusion and participation in organisational plans of materiality but fails to detail the stakeholder groups to be involved and presumably includes competitors, terrorists and so on, which may be impractical. It states that managers and organisations should profile and map individuals, as stakeholders, including their names, relationships and positions, but omits detail on the practicalities of this when involving whole communities, societies or future generations to whom the

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[2] If stakeholder engagement is a standard, adopted equally by subscribing organisations, it is unclear how this leads to competitive advantage when it is replicable, imitable and without barriers of entry / adoption.

organisation may be responsible. It states managers may discriminate stakeholder inclusion and participation by the stakeholder's legitimacy or relevancy but fails to discuss how legitimacy and relevancy are determined. As AccountAbility cites its clients as including British American Tobacco, Walmart, Disney, CocaCola, Pfizer and BHP Biliton, its ability to influence and obfuscate managerial sense making of the stakeholder concept may be significant.

The relationship approach, which includes 'stakeholder engagement' is not restricted to middle management, such as project and product managers, and there is evidence that managers may be mimicking the relationship approach in more senior, executive roles. Spanish researchers Plaza-Úbeda *et al.* (2010) surveyed more than 100 CEOs and found that they also viewed stakeholder management akin to managing stakeholders' relationships and communications, which they evidenced by relational documentation (such as contracts, meeting minutes, performance reports) and resources (e.g., time, people, budget) devoted to managing relationships.[3] Researchers from Finland (Onkila, 2011) find a correlation with relationship management and identify four different types of relationships: power-based; collaborative; conflicting; and one-sided contribution relationships. While collaborative relationships refer to *"*management, employees, customers, suppliers, authorities, other corporations, shareholders and partners" (Onkila, 2011, p. 387), in the instances of describing stakeholder power, the term 'stakeholder' is limited to a general collective for referring to a number of unidentifiable constituents. While these labels of different stakeholder relationships may seem complementary to earlier work relating to stakeholder saliency (Mitchell *et al.*, 1997) and influencing strategies (Hendry, 2005), they and their purported definitions provide interesting insights into managerial approaches toward stakeholder management. Onkila's (2011) linguistic analysis of company reports and semi-structured interviews shows that managers view stakeholder management as a relationship with individual actors or as managing a collection of relationships with individuals, which obviously omits all constituents not privy to a relationship but which may affect the achievement of the firm's objectives.

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[3] Interestingly, although the authors have focused their research on CEOs, they grounded it in tactical company documentation, relationships and communications, which may extend beyond executive and through multiple managerial layers and disciplines, which went unnoticed.

Acknowledging the breadth of 'stakeholders', and what constitutes a 'stakeholder', makes the 'relationship' approach untenable. There is no possibility of managers being able to forge, nurture and maintain relationships with all individuals and groups who can affect or who are affected by the achievement of the firm's objectives. This leaves managers internally focused, which contravenes the essence of stakeholder management.

In summary, this subsection shows that managers view stakeholder management as being synonymous with relationship management (Friedman & Miles, 2006), in managing individual relationships with those constituents who contribute or use resources associated with project, product and service development (Assudani & Kloppenborg, 2010). Project management and human resource managers identify their stakeholders as being (predominantly) internal to the firm, or suppliers to the firm. They aim to manage individual relationships, to garner resources, with the aim of developing or maintaining projects, products and services, for customers. Management tools may comprise a list of stakeholders and meeting minutes, issue logs and project plans. However, the limitations of this approach include its internal focus and the lifecycle of the particular project.

2.5.3 Stakeholder positioning approach

Stakeholders can affect, and are affected by, the achievement of the firm's objectives (Freeman, 1984, p. 46). Managing actual or potential effects requires managers to take stakeholders' considerations into account in the development and execution of strategies. While the relationship approach manages the stakeholder relationships (at the process or transactional levels), managing stakeholders' effects seeks to manage the structure of the relationships (Windsor, 2010) (i.e., the network of stakeholders, its construct and nature of relationships, with alignment to delivering the 'end game'). The literature highlights the importance of understanding the breadth and depth of all stakeholder 'groups' (as opposed to a focus or emphasis on individuals), stakeholder influencing strategies and value reciprocity (Minoja, 2012).

The central argument of stakeholder management is to focus the organisation externally (Freeman, 1984, p. 218) through the active involvement of executives (p. 240) in the development of the strategic direction. In Freeman's (1984) approach to strategic management, stakeholder management is not a zero-sum game, but rather dynamic in the way it guides strategic thinking to position the focal firm in the stakeholder environment and to connect the rational, process and transactional. However, Windsor (2010, p. 82) confirms three weaknesses of stakeholder management, which act as limitations to a manager's ability to manage stakeholders' effects. These are that:

> i) it is static and needs to be dynamic, ii) it is oriented to unilateral accommodation (i.e., a firm managing stakeholders) ... and iii) it is biased toward group homogeneity (i.e., all stakeholders in a group or category are the same),

A dynamic approach to stakeholder management needs to align with business strategy, considering "whether, when and how to meet stakeholders' interests and demands" (Minoja, 2012, p. 76), dynamically, which includes "competition, influence strategies, change in stakeholder networks ... stakeholder reciprocity, sustainable development and value creation" (Windsor, 2010, p. 79). Thus, a dynamic and strategic view of stakeholder management cannot be limited to static time constraints or limitations, such as the case with project management, if it is going to contribute to strategic positioning and competitive advantage.

Verbecke and Tung (2013, p. 529) address the first and third weakness by arguing "that a firm's competitive advantage fundamentally depends on its capacity for stakeholder management" and highlight the two temporal stages – early and later – of stakeholder management, which align to heterogeneity and homogeneity, respectively. These authors argue that to achieve competitive advantage managers must understand and modify their stakeholder management approaches according to the age or lifecycle of the focal firm, which moves away from the conceptualisation of stakeholder management approaches being aligned to disciplines or geographies towards acknowledging different stakeholder effects. Drawing on the resource-based view of the firm, one may link the early stage of stakeholder management to the firm's birth or innovation, where the focal firm is garnering heterogeneous stakeholder support and resources for competitive advantage. By contrast, in the

later stage, the focal firm transforms to the homogeneous management of stakeholder support and resources as it considers requests for social acceptance and conformity (see, also work on legitimacy theory, such as Suchman, 1995).

A strategic approach to stakeholder management, which stresses how firms may gain access to valuable resources (Moura-Leite *et al.*, 2014), addresses the second weakness, which is that stakeholder management is "oriented to unilateral accommodation (i.e., the firm managing stakeholders)" (Windsor, 2010, p. 82). Its emphasis is on occasions "when a corporation enters a new, unfamiliar foreign market ... [to achieve] … a huge competitive advantage with regard to its expansion strategy" (Liu *et al.*, 2013, p. 480). The strategic approach requires a more inclusive consideration of not only the first part of the stakeholder definition – the ability to affect – but also an "equal emphasis on the second part – affectedness – advocating attention to a range of stakeholders and seeking ways to reconcile possible conflicting demands" (Stokke, 2014, p. 772). This approach operates at the rational level (see, Freeman, 1984, pp. 52-74), considers stakeholders' economic, technological, social, political and managerial effects (see, Freeman, 1984, pp. 92-93) and requires managers (Freeman, 1984, p. 240) to focus themselves and their analysis externally (Freeman, 1984, p. 218) to develop stakeholder strategies (Freeman, 1984, pp. 102-106).

In the context of focusing the firm externally, scholars advise managers to consider the effects on or by the stakeholder environment. Researchers have developed models for identifying and prioritising stakeholders (Mitchell *et al.*, 1997), identifying stakeholders wants and needs, including performance metrics (Neely *et al.*, 2002), and understanding the effects of density (Rowley, 1997), centrality (Smith & Fischbacher, 2005) and dependency (Frooman & Murrell, 2003; Hendry, 2005), all of which affect the nature, extent and timing of stakeholders' influencing strategies. However, despite the research that supports these recommendations, Ackermann and Eden (2011) detail how top management teams have difficulty in adopting this focus.

Ackermann and Eden (2011) identify that top management teams find stakeholder management problematic as they rely on homogenised work practices from their

respective functional disciplines, which are largely unstructured and focus on managing relationships. To top management teams, stakeholder management means managing relationships with individual stakeholders involved in contributing towards the firm's objectives. Ackermann and Eden's (2011) research participants did not view stakeholder management as a strategic framework that guides analysis and positioning within the stakeholder environment. Unfortunately, the research did not detail nor explore the participants' seniority or their managerial functions, disciplines or backgrounds, instead focusing on the top management teams' ability to move systematically through an analysis of their stakeholder environment. The lack of detail relating to the participants' institutional fields therefore restricts an ability to make inferences about how or why the managers remained focused on individual relationships but it does raise a question as to how institutional fields affect managerial practices.

Polonsky and Scott (2005, pp. 1210-1211) state that managers might be:

> applying the wrong strategies, simply because they do not understand the stakeholders' influencing abilities. In such situations, it would not be surprising to then find that the strategy applied did not work, as it was possibly the wrong strategy in the first place.

For example, managers may be applying their homogenised stakeholder management approaches based on communications and relationships to achieve strategic objectives, and subsequently find these mismatched approaches to be ineffective. This raises the question relating to the importance of aligning different stakeholder management approaches with (i) managing different issues and (ii) achieving different objectives.

In developing an approach to managing stakeholder effects, scholars could consider the role that isomorphic mechanisms have in influencing and embedding norms, behaviours, practices and approaches (see, for example, DiMaggio & Powell, 1991; DiMaggio & Powell, 1983; Galaskiewicz, 1991; Ingram & Clay, 2000). They may better explore how and why managers continue to utilise those homogenised communications and relationship approaches to achieve strategic objectives, particularly where communications do not reach their audience and where individual relationships are not available.

In summary, this subsection shows the positioning approach to stakeholder management, used to guide managers in the development market entry, change of diversification strategies and for competitive advantage (see, for example, Ackermann & Eden, 2011; Liu *et al.*, 2013). However, managers may adopt a hybrid of the communications and relationship approaches because they find it difficult to change or adopt new approaches that are different from their institutionalised ways of working.

2.6   Summary

This chapter reviewed the stakeholder literature and highlighted the confusion relating to its definition and purpose, calling into question a manager's ability to understand and interpret 'stakeholder management'. Scholars in general have researched stakeholder management in isolation from practice, using normatively derived data that imbues a biased meaning of what stakeholder management is and is not. Meanwhile, managers tend to do what they have always done, and may not be aware of, or well-versed in, advances in stakeholder management theory. Thus, this research explores managers' sense making, which may inform future research and developments of stakeholder theory. The ensuing chapter details the research methodology and its suitability for researching managers' sense making.

3. Research methodology

3.1 Introduction

This chapter outlines the research methodology in six sections. First, it outlines the case study methodology, the rationale for choosing it and discusses the academic literature in relation to the methodology. Second, it addresses four design tests for quality of research design (i.e., construct validity, internal validity, external validity and reliability). Third, it explains the approach, which includes multiple units of data. Fourth, it explains the research sites, selection criteria, data sampling, interview participants and semi-structured interviews as a research method. Fifth, it explains the data sources and use of coding as a method of analysis. Sixth, it explains how the data are stored and managed, the management of bias and confirms ethics approval for this research.

3.2 Case study methodology

Case study research seeks to answer *how* and *why* questions, explore and explain phenomena, present a detailed view of a topic and study individuals in their natural environment (Yin, 2003). This is similar to a field-based case study, which is used to explore and explain "complex social phenomena … [of] ... real life events such as … organisational and managerial processes" (Yin, 2003, p. 2). Yin (2014) defines 'case study' as a research method in which documentation, interviews and observations are 'sources of evidence', while Creswell (1998) defines 'case study' as a tradition of inquiry and documentation, interviews and observations as data collection activities. Creswell also acknowledges that some authors, such as Merriam (1988), define 'case study' as a methodology. A review of the relevant literature finds numerous other researchers (see, for example, Donnelly & Wiechula, 2012; Dul & Hak, 2008; Unicomb *et al.*, 2015) who also define 'case study' as a methodology. Thus, this thesis refers to 'case study' as a 'methodology' and the data collection activities and sources as 'methods'.

A case study methodology is appropriate for this research, based on the following observations. First, Creswell (1998, p. 17) states that qualitative studies are best suited to studying phenomena in natural settings "so that initial forays into the topic

describe what is going on". Where qualitative studies are often used by historians, psychologists and social scientists seeking to explore and explain how and why phenomena occur (Creswell, 1998), quantitative or positivist studies aim to measure large samples or populations of data to demonstrate statistical significance, test hypotheses and state cause–effect relationships (Elman *et al.*, 2016). One of the main differences between qualitative and quantitative studies is that qualitative research generally follows an inductive logic, moving "from the specific to the general" to generate theory, hypotheses or propositions, whereas quantitative research generally follows a deductive logic, moving "from the general to the specific" to test theory (Rule & John, 2015, pp. 5-6). As this research is inductive, it requires a qualitative methodology.

Second, Yin (2003, pp. 22-23) explains that a 'case' is ultimately determined by the focus of the research question(s) and may constitute an individual, a decision, program, process or organisational change. The case study research methodology contributes "to our knowledge of individual, group, organisational, social, political and related phenomena" (Yin, 2014, p. 4). It "is an extensive examination of a single instance of a phenomenon" (Collis & Hussey, 2003, p. 68) and the purpose of the research can be:

- exploratory case study, the purpose of which is to identify the research questions or procedures to be used in a subsequent research study;
- descriptive case study, the purpose of which is to describe a phenomenon (the case) in its real world context;
- explanatory case study, the purpose of which is to explain how or why some condition came to be (Yin, 2014, p. 238).

However, in contrast to Yin (2014), Collis and Hussey (2003, pp. 10-11) present a slightly different view of exploratory, descriptive and explanatory case study research, as depicted in **Table 4**. Each of these types of case study is guided by its purpose and/or data collection and analysis techniques. Considering the varying views, I shall address the extent to which this research may fit (or not) with each**.**

Table 4: Research types and purposes

Type	When	Why	How
Exploratory	There are very few or no other studies	To look for patterns, ideas, hypotheses or propositions that give guidance for future research	Qualitatively, with case studies, observations, in-the-field
Descriptive	Describing a phenomenon in a real-world context	To identify and obtain information about the characteristics of a particular problem	By measuring the extent of 'what' occurs, typically quantitatively
Explanatory	Iteratively refine a set of ideas or propositions	To analyse and explain why things happen	By measuring causal relations, typically quantitatively

Source: Collis and Hussey (2003, pp. 10-11)

This research is *exploratory*, in the sense that, following a literature review in which it is established that there is confusion, uncertainly and complexity surrounding the concept of stakeholder management in the academic literature (Pesqueux & Damak-Ayadi, 2005; Phillips, 2003; Wagner Mainardes *et al.*, 2011) it explores managerial practices in a natural setting. Yin explains that exploratory studies debate "the value of further investigating various hypotheses or propositions" (Yin, 2014, p. 189) "to identify the research questions or procedures to be used in a subsequent research study" (Yin, 2014, p. 238). For example, this research introduces and analyses multiple data sources, to explore concepts, as the data unfold.

While this research may also be viewed as *descriptive* in the sense that it describes current managerial practice (Collis & Hussey, 2003) "in its real-world context" (Yin, 2014, p. 238), it is not descriptive as Collis and Hussey (2003) state descriptive case study research measures 'what' occurs. This typically means quantitative research, whereas this research involves semi-structured interviews with 28 participants, across six separate research sites, it uses open coding as a method to analyse the content of publicly available documents. These additional methods support an analytical approach, while increasing the validity and reliability of the findings.

Although this research is *explanatory* in the sense that it explains phenomena such as managerial sense making, it does not explain how or why they came about, such

as "how or why event x led to event y" (Yin, 2014, p. 47) or offer "causal relations" (Collis & Hussey, 2003, p. 11). Yin (2014, pp. 147-149) states explanatory case studies explain "how and why something happened" and that "the eventual explanation is likely to be a result of a series of iterations". While this research explores managerial sense making, it does not explain how or why this 'sense making' occurred but merely offers likely avenues for further research, such as the institutionalisation of norms, which may ultimately help explain why stakeholder management means different things to different people.

Third, the thesis helps "capture the circumstances and conditions of an everyday situation … because of the lesson it might provide about the social processes related to some theoretical interest" (Yin, 2014, p. 52), such as the common case of stakeholder management. Additionally, it has the distinguishing characteristics associated with field-based research, which according to Ferreira and Merchant (1992, p. 4) are:

    a) having direct, in-depth contact with organisational participants, particularly in interviews and direct observation of activities, and these contacts provide a primary source of research data;
    b) the study focussed on real tasks or processes, not situations artificially created by the researcher; and
    c) the research design is not totally structured; it evolves along with the field observations;
    d) the presentation of data includes relatively rich (detailed) descriptions of company contexts and practices;
    e) the resulting publications are written to the academic community.

Fourth, this research focuses on exploring managerial practice via field-based case study research because there are few exploratory studies of managerial practice (relating to stakeholder management) and because "numerous editorials call for making management research of more interest to practitioners" (Schiele & Krummaker, 2011, p. 1137). Yin (2014, p. 56) confirms:

> the single-case design is eminently justifiable under certain conditions – where the case represents … a common case … [and] within the single-case study may still be incorporated subunits of analyses, so that a more complex (or embedded) design is developed. The subunits can often add significant opportunities for extensive analysis, enhancing the insights into the single case.

This field-based single case study is the case of 'managerial practice of stakeholder management', which utilises coding of semi-structured interview transcripts as the main data source, complemented by open coding of online recruitment notices. Many of these data collection methods overlap and are iterative in nature, because "in case study research, data collection and data analysis tend to proceed at the same time" (Cousin, 2005, p. 425).

Fifth, this research builds on stakeholder theory to fill a gap in knowledge of what stakeholder management means in practice. Rule and John (2015, p. 2) explain that while "theories help to interpret and explain phenomena, the power of theory lies in its ability to provide interpretive and/or explanatory insights into phenomena". In taking Collis and Hussey's (2003, p. 53) definition of theory, Rule and John (2015, p. 2) state theory "presents a systematic view of phenomena by specifying relationships among variables with the purpose of explaining natural phenomena". Dubois and Gibbert (2010) confirm the interplay between theory, empirical phenomena and case methods as an important consideration in understanding "the influence of theory on 'the study' versus the influence of 'the study' on theory" (p. 134). Therefore, through an interplay of theory, empirical phenomena and case study, this thesis provides a contribution to stakeholder theory.

3.3   Research design

Woodside (2010, p. 65) is critical of qualitative and inductive research methods, as he sees them as inherently value-laden, complex, subjective and ineligible for generalisability due to the "absence of deductive theory and the collection of data". Yin appears somewhat sympathetic to Woodside's claims by stating that "perhaps the greatest concern has arisen over a presumed need for greater rigour in doing case study research" (Yin, 2014, p. 19). Schiele and Krummaker (2011, p. 1138) define rigour as the "soundness or exactness in theoretical and conceptual development, its methodological design and execution, its interpretation of findings, and its use of these findings in extending theory or developing new theory". Yin (2014, pp. 45-49) details that a researcher's rigour may be measured by one or more of four design tests. The below summary details three of the four design tests: construct validity, external validity, reliability. The fourth design test, internal validity,

is mainly concerned with explanatory (deductive) studies, and thus not applicable in this thesis.

Construct validity – "identifying correct operational measures for the concepts being studied" (Yin, 2014, p. 46), for example, measuring police reported crime as a proxy for studying neighbourhood change where the metric may not accurately portray neighbourhood change. Ironically, as previously discussed, positivists may also choose a problematic proxy metric, such as measuring productivity as a proxy for employee motivation (Collis & Hussey, 2003). In the field of stakeholder management, some researchers (Berman *et al.*, 1999) infer a meaning to stakeholder management by using metrics relating to employee relations, diversity, local communities, natural environment and product safety. Others have used similar metrics to correlate CEO values with financial performance and stakeholder saliency (Agle *et al.*, 2000) or to correlate corporate social performance with financial performance under the label of a stakeholder theory perspective (Ruf *et al.*, 2001). Others have tried to correlate stakeholder management with firm value and CEO compensation (Benson & Davidson, 2010). This study, however, explores the attributes of stakeholder management, as defined by the scholarly literature, and builds an explanation based on these attributes and themes, which emanate from multiple data sources.

Yin (2014, p. 45) includes (i) using multiple sources of data and (ii) establishing a chain of evidence as two tactics for establishing construct validity. The multiple sources of evidence used in this research include academic journal articles, open coding of recruitment notices (sourced online through internet searches) and open coding of semi-structured interview transcripts. Establishing a chain of evidence allows the reader "to follow the derivation of any evidence from initial research questions to ultimate case study conclusions" (Yin, 2014, p. 127). The research methodology and each iterative chapter of this thesis provides a chain of evidence, as each deals with analysis of different data sources, which ultimately leads to emergent themes and data triangulation or synthesis.

External validity – defines "the domain to which a study's findings can be generalized" (Yin, 2014, p. 46). In qualitative research, generalisation refers to

analytical generalisation as opposed to the statistical generalisations of positivist research. Yin (2014, p. 68) details that:

> An analytic generalization consists of a carefully posed theoretical statement, theory, or theoretical proposition. The generalisation can take the form of a lesson learned, working hypothesis, or other principle that is believed to be applicable to other situations (not just other like cases).

This research and analysis generalises its findings into a theoretical contribution that explains how managers make sense of stakeholder management.

Reliability – "demonstrating that the operations of the study – such as the data collection procedures – can be repeated, with the same results" (Yin, 2014, p. 46). This thesis explains the various data collection procedures, including its sources and analytical processes, allowing readers to replicate the study, if required. Although within the field-based interview participants remain anonymous, the process undertaken to identify the participants (i.e., organisations and individuals) remain. This follows Yin's (see chapters 3 and 4, 2014) protocol for establishing a research project, and collecting, analysing and storing evidence. The 'research methodology' section of this thesis details the case study protocols and each successive chapter details the data collection protocols. This level of detail enhances reliability in the research and its findings. Finally, Yin (2014, p. 75) states:

> one of the worst complaints about the conduct of case study research is that researchers change directions without knowing that their original research design was inappropriate for the eventual case study, thereby leaving unknown gaps and biases. Thus, the need for you to balance adaptability with rigour – but not rigidity – cannot be overemphasised.

While highlighting the importance of research design, Yin (2014, p. 65) also states "you should not think that a case study's design cannot be modified by new information or discovery during data collection. Such revelations can be enormously important, leading to your altering or modifying your original research design". Dubois and Gibbert (2010, p. 133) highlight the importance of iterative "travelling back and forth between theory an empirical phenomenon" within qualitative research, which is something Rule and John (2015, p. 4) state helps to develop new theoretical perspectives. This study carefully manoeuvres between analysing case study data and synthesising scholarly literature to develop a theoretical contribution.

3.4   Multiple units of (data) analysis

Bailur (2007) and Fifka (2013) have called for empirical research into managerial sense making of stakeholder management, as reflected in practice. Yin (2014, pp. 192–193) tells us that:

> in using the literature to support your case study work, do not hesitate to discuss previous research that might have used alternative methods. Show an appreciation for the other methods but also indicate how their findings might have left a void that only a good case study was likely to fill.

This opens a breadth of scholarly research. The literature review of this thesis illustrates how scholars used proxies to measure stakeholder management. Additional research shows how Galbreath (2006) mines a secondary database to measure the significance between "primary stakeholder management" and firm performance while Wagner Mainardes *et al.* (2012) completed 15 exploratory interviews, as a pilot study, which led into a structured survey to categorise stakeholder relationships. These additional studies do not provide the depth, or field exposure, required to detail managerial practice.

Ackermann and Eden (2011, p. 179) note, "while there is a well-established body of literature that discusses stakeholder management, the concepts are not generally developed in ways that make them useful in practice" before documenting their action research, using 16 top-management-teams, across a span of 15 years. While making a contribution to strategic modelling of stakeholder environments, the authors identify an opportunity for further empirical research "to be pursued in further depth", to explore "whether national culture has an impact" and to ask whether research into "public or not-for-profit organisations gain different benefits or require different foci" (Ackermann & Eden, 2011, p. 194). To this end, this research goes into further depth with 28 field-based semi-structured interviews and incorporates participants from for-profit and not-for-profit organisations.

Schlierer *et al.* (2012, p. 39) note, "empirical research on stakeholder management has traditionally focused on multinational corporations" and thus undertake empirical research using "bipolar constructs or dimensions (such as good vs bad or nice vs awful)" (p. 42) in interviews among 20 pilot SME managers, followed by a further 123

SME managers. While their research provides insight into managerial sense making of stakeholder management among SME owner-managers, the authors also provide suggestions for further empirical research. They suggest "a more focused study on sense making of stakeholder management among SME owner-managers", with participants from different educational backgrounds, and further exploration of the "institutional, cultural and linguistic context" (p. 50). Thus, this research incorporates participants from various backgrounds, from large corporates to SMEs, for-profit versus not-for-profit and those with no tertiary education to highly qualified individuals. It further notes the institutional pressures, such as those emanating from industry associations, accreditation bodies and the academic literature, that help explain why stakeholder management means different things to different people.

Dubois and Gibbert (2010, p. 131) note:

> the main units of analysis are organisations and relationships [in industrial marketing], which are difficult to access and complex in structure … as a result a case study of a single, or small number, of such entities can provide a great deal of largely qualitative data.

In considering a single-case study, Yin (2014, p. 53) confirms that it "may involve units of analysis at more than one level" and recommends that "as you collect case study evidence, you must quickly review the evidence and continually ask yourself why events or perceptions appear as they do. Your judgments may lead to the immediate need to search for additional evidence" (Yin, 2014, p. 73). This study interweaves the literature review, open coding, field-based interviews and scholarly reviews, from 2011 to 2018, to synthesise concepts. The theorising outlined herein has evolved, changed directions, and at times headed down 'dead-end' avenues that have gone nowhere other than to provide confidence that it has sufficiently explored and entertained different, and at times, rival explanations. Yin (2014, p. 36) advocates the consideration of rival explanations and states:

> when doing case studies, a major and important alternative strategy is to identify and address rival explanations for your findings. Addressing such rivals becomes a criterion for interpreting your findings. The more rivals that have been addressed and rejected, the stronger will be your findings.

An example of how the consideration of rival explanations helped to provide rigour to this study is by inverting the research question – instead of solely exploring "how

managers manage stakeholders", the interviews also explored "how stakeholders are managed" and probed interviewees about how their stakeholders manage them, which unearthed some interesting and previously uncovered dialogue (see, Chapter 4, **Research results and discussion**).

Within the main study, the iterative coding of interview transcripts led to the categorisation of managerial sense making in the face of different stakeholder strategies, a position noted by Ackermann and Eden (2011). As Yin (2014, p. 119) notes: "those case studies using multiple sources of evidence were rated more highly, in terms of their overall quality, than those that relied on only single sources of information". Thus, the categorisation outlined in this thesis emanates from multiple sources, additional to the main study, such as by also coding recruitment notices. Coding these notices allowed an explanation of managerial sense making in terms of the 'why', 'when', 'who', 'what' and 'how' of stakeholder management. This helped to validate and inform theorising during the iterative analyses.

Yin (2014, p. 76) further recommends that researchers report their preliminary findings to colleagues who "should offer alternative explanations and suggestions for data collection. If the quest for contrary findings can produce documentable rebuttals the likelihood of bias will have been reduced". As such, this research was presented in early draft form at a range of opportunities, such as the academic 3-minute thesis competition, the International Association of Business and Society conference in Sydney, Australia, 2014, and the Strategic Management Society conference in St Gallen, Switzerland, 2015. Formal and informal feedback was subsequently incorporated into the research, direction and findings.

Qu and Dumay (2011, p. 256) refer to the continual, iterative, "interplay between producing interpretations and challenging them" as reflexivity and state that "it includes opening-up the phenomena through exploring more than one set of meanings". Tranfield (2002, p. 411) explains reflexivity "may focus on the research processes themselves, (the relationships, the limitations of the study, the research questions, key findings and their applicability) or on the methodology". The research journey for this thesis is consistent with this notion of reflexivity, as the analysis, thinking and consultation with academic colleagues at conferences and doctoral

forums garnered varying interpretations. This thesis and its findings now incorporate these additional interpretations, particularly in relation to additional methods and units of analysis.

Collis and Hussey (2003, p. 78) and Yin (2014, p. 120) otherwise refer to the incorporation of multiple data sources, investigators, perspectives or methods as triangulation, which strengthens construct validity and refers to multiple data sources, investigators, theories and methods corroborating the same finding. For triangulation to occur, the researcher must, for example, analyse multiple sources of data as part of the same study, and have each reach the same finding, as opposed to, for example, analysing different data sources, separately, from different studies. This study incorporates multiple sources of data, such as semi-structured interview transcripts and recruitment notices. The findings from multiple data sources converge to strengthen construct validity.

3.5   Selecting research sites

This case study initially incorporated the voluntary participation of 17 managers, from CEO to senior manager, within two multi-national firms. As the interviews progressed, 11 additional 'managers', from the two firms' stakeholders, agreed to participate. These additional participants included representation from the focal firms' suppliers, industry association, government and regulator. Interviews continued until the point of saturation, which Ravenswood (2011, p. 681) describes as "when the iteration between theory and data only provides incremental improvement to theory".

3.5.1   Main study – gaining site access

This research accessed multiple research sites via personal connections and business acquaintances, introductions facilitated by Macquarie University or snowballing, for example, where one research participant suggests, recommends or refers one of his or her colleagues to also participate in the research (Collis & Hussey, 2003). Asking each interview participant for suggestions or recommendations for additional participants not only generated such suggestions and recommendations, but also facilitated introductions.

For all research sites, and participants, the researcher contacted one executive manager to arrange a mutually convenient time to meet and to provide an outline of the proposed research, and/or to complete the semi-structured interview.

3.5.2 Criteria for selecting main research sites

The key criteria that informed the selection of research sites include the following.

1. The focal firm was operating as a commercial entity, with multiple managerial layers to provide multiple perspectives.

This criterion immediately identified the two large, international, commercial organisations with a breadth and depth of managers who represent and specialise in multiple disciplines, which were also accessible, convenient and within close proximity. Managers with the title of Chief Executive Officer through to Senior Manager agreed to participate, providing 17 interviewees (**Table 5: Research sites and interview participants**), who answered questions from the perspective of their relevant managerial experience, organisational 'norms' and disciplinary influences. However, as interviews progressed, interviewees' responses to probing and follow-up questions revealed that there was an opportunity to gain additional insights from their stakeholders, about managing stakeholders, which led to the second criterion.

2. The focal firm was a stakeholder in the same industry as Research sites A and B, which is the medical device industry.

'Research site C' was identified with this second criterion but was also found to meet the first criterion. In the case of Research site D – stakeholders in the medical device industry – one or more representatives from the stakeholders of 'Research sites A, B, and C', such as from the government regulator, industry association and supplier, agreed to participate. To complete consideration of all stakeholder groups, the focal firms' managers voiced the individual views of owners, employees and financiers. Due to ethical considerations, customers (patients) did not participate, although 'hospital' and 'physician', which are both suppliers, provided the perspectives of customers (patients). Time and cost constraints limited an ability to explore insights

from (direct) competitors. However, the two medical device firms (which compete for patient commitment to surgical procedures), physicians and hospitals (which manage competitive offerings from multiple suppliers) and an insurer (which manages pricing and cost subsidies) provided competitive insights into how managers manage stakeholders. In the absence of any compelling insights, evidence or influences from employee or trade unions, no representatives from these groups participated. The various interview participants, who are responsible for public relations, government relations and communications, provided the perspectives of the 'media' as a stakeholder.

3.5.3 Context of medical device stakeholder environment

While firms operating within the medical device industry met the selection criteria for this research, they also provided some interesting perspectives for how managers make sense of stakeholder management as a medium for dealing with stakeholders and their issues. For example, managers remain cognisant of the legislative or regulatory environment, and the limitations it imposes in direct customer contact and for managing product recalls in the instance of product failure. However, despite there being some stakeholder groups being more salient, as is the case with all sectors, the medical device industry equally accounts for having representation of all stakeholder groups, and thus the management of their issues. This makes it a valuable source for this research, which produces results that may be qualitatively generalised, and compared, with research across other developed industries or countries.

3.5.4 Data sampling

This study encompasses six research sites and 28 interview participants, who each participated in face-to-face semi-structured interviews that lasted up to one hour in duration, providing thematic or data saturation. This means "that data should continue to be collected until nothing new is generated" (O'Reilly & Parker, 2013, p. 192) or "when the iteration between theory and data only provides incremental improvement to theory" (Ravenswood, 2011, p. 681). Yin states that in case studies, the "typical criteria regarding sample size … are irrelevant" and that "if you want a high degree of certainty, you may press for five, six or more replications" (2003, p.

51). Collis and Hussey confirm that qualitative studies "may have a sample of one" (2003, p. 155), whereas Creswell states that in-depth interviews in qualitative studies may involve ten individuals but this increases to 20 to 30 individuals for a grounded theory study (Creswell, 1998, p. 122). Thus, for the purpose of this study, 28 research participants provide a sufficient sample.

3.5.5 Selecting interview participants

While Qu and Dumay (2011, p. 248) note that "access to interviewees is often difficult to establish", this research gained direct or facilitated access to a senior executive within each research site, who received a brief overview of the research (topic). This briefing was typically over the phone or via email, initially, before the researcher could arrange a personal meeting, to discuss and select each of the interviewees based on their perceived involvement in 'stakeholder management' (Creswell, 1998; Flick, 2002).

At each of the research sites, the researcher met the respective senior executive and provided an outline of the proposed research, along with a request to invite the participation of those executives and senior managers who were involved in stakeholder management.[4] The senior executive and researcher would then work through a list of prospective participants by their position titles and involvement in stakeholder management. Once the prospect list was finalised, the executive manager and/or researcher sent invitations to the prospects (via email), which provided a brief introduction to the research, the use of information, its confidentiality and, if they accepted the invitation to participate, asking for invited participants to return an email (Creswell, 1998). The 28 interviewees who agreed to participate in this research are summarised in **Table 5: Research sites and interview participants**.

The prospective interview participants each received a copy of the six main interview questions, along with the confidentiality agreement, for their preview and

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[4] This exercise in itself was interesting as it drew out various inferences that managers made about 'stakeholder management'. Some managers immediately referred the initial request to their public relations, public affairs or government relations managers. It was only after some discussion of how they referred to or used the term 'stakeholder management' that they then included other managers, from other disciplines into the sample.

consideration prior to accepting and participating in the interviews (see, Annexure A). At this stage, the researcher remained mindful of appearing "genuinely naïve about the topic" to "allow the interviewee to provide a fresh commentary" (Yin, 2014, p. 111) as the aim of the interviews was to gain the interviewees' sense making and not impose the researcher's own.

At the commencement of the interviews, each participant received a second copy of the confidentiality agreement and main questions, along with a request for the participant's signed acceptance. During the interviews, the interviewees responded to the main interview questions and further probing and follow-up questions, which helped to clarify or confirm understanding of the interviewees' responses.

From a research perspective, it is not preferable to keep the research sites and participants confidential because "it eliminates some important background information about the case … [and] … makes the mechanics of composing the case difficult" (Yin, 2014, p. 197). However, the participants provided their consent to participate, in confidence, on the basis that their names or identities would not become public knowledge or known to any third party. Where interviewees provided actual names or identities of their firms, colleagues, suppliers or other stakeholders in verbatim quotes within this thesis, the individual names or identities have been changed to the generalised stakeholder term of colleague, employee, owner, customer and so on, thus retaining context and meaning without breaching confidentiality. There are no other alterations to verbatim responses.

While acknowledging participants' names are confidential, **Table 5** provides a summary of the research sites and participants. Research sites A and B are the main research sites, Research site C also contributed with a number of the executives participating, and finally Research site D includes participants from multiple stakeholders of Research sites A, B and C. Twenty-eight managers participated, representing multiple stakeholder groups.

Table 5: Research sites and interview participants

	Research site A	Research site B	Research site C	Research site D
Industry	Medical device manufacturing	Medical device manufacturing	Health insurer	Medical device or health industry stakeholders
Entity	Publicly listed provider of medical devices, headquartered in Australia, operating globally	Publicly listed provider of medical devices, headquartered in US, operating globally	Large health insurer	Mix of industry associations, public and private companies and individuals
Headquarters	Australia	United States of America	Australia	Australia
Operating	More than 60 countries	More than 60 countries	Australia	Australia
No. of Interviewees	9	8	5	6
Chief	Chief executive officer Chief financial officer Chief strategy officer	Chief executive officer x 2 Chief financial officer	Chief executive officer Chief financial officer Chief information officer Chief marketing officer	Chief operating officer (Hospital) Chief executive officer (Industry association)
Executive manager	Quality & regulatory affairs Public affairs Operations Supply chain	Quality & regulatory affairs Public affairs Ethical affairs Medical affairs Supply chain	Divisional manager	Specialist surgeon (Physician) Director of community support (Government regulator) Head of department (Government regulator)
Senior manager	Senior manager – sales and marketing Senior manager – supply chain	N/A	N/A	Senior manager, communications (Government regulator)

3.5.6 Semi-structured interview method

A semi-structured interview method (Rubin & Rubin, 1995) is an interpretive approach to understanding phenomena (Burton & Steane, 2004), as it provides interviewees with an opportunity to express their views, freely (Flick, 2002). Additionally, "the research interview [is] one of the most important qualitative data collection methods … [and] … provide[s] a useful way for researchers to learn about the world of others" (Qu & Dumay, 2011, pp. 238-239). Thus, the semi-structured interview method forms the main method of this study.

Some scholars criticise "interpretive methods [such] as the interview [as being] unreliable, impressionistic, and not objective" and that qualitative "interviews are regarded as nothing more than casual everyday conversations" (Qu & Dumay, 2011, p. 239). This criticism simply places greater onus on the qualitative researcher to adhere to rigorous research procedures as Ravenswood (2011) explains that these criticisms of qualitative research and inductive logic emanate from poor explanations and unclear processes of how researchers build theory from a (qualitative) case. To assure rigour, validity and reliability in qualitative research, Yin (2014) and others provide detailed guidance on proper research protocols and procedures, which have been adopted in this research project.

Interviewees responded to interview questions, "guided by identified themes in a consistent and systematic manner interposed with probes designed to elicit more elaborate responses" (Qu & Dumay, 2011, p. 246). These additional probing and follow-up questions (Glesne, 1999; Rubin & Rubin, 1995) allowed interview participants to provide their views 'of the world', or understanding of managerial stakeholder management practices.

The following guidelines, paraphrased from Yin (2003, pp. 89-92), informed the construct of all main, follow-up and probing interview questions.
   (a) Manage interviews as guided conversations.
   (b) Ask 'how' questions as opposed to 'why' questions, which may incite defensive responses.

(c) Appear genuinely naïve about the topic and allow the respondent to provide a fresh commentary; in contrast, if you ask leading questions, the corroboratory purpose of the interview will not have been served.

The aim of the main, probing and follow-up questions was to draw out the participants' views toward stakeholder management.

The managerial aspects of stakeholder management, which are depicted in section **2.4 Practitioner-oriented stakeholder management models** as stakeholder i) identification, ii) saliency, iii) wants and needs, iv) metrics and v) influencing strategies guided the interview questions. The interviewees did not receive any further definition or guidance of what stakeholder management means, thus leaving participants to provide their own account of how they make sense of stakeholder management.

Interview participants included managers carrying the titles of Chief Executive/Operating/Information/Strategy/Marketing Officers, Executive General Manager, business unit 'Head Of' and other senior managers. Each interview participant provided his or her permission to have the interview recorded (prior to the interview date and time) using a digital recording device, which "certainly provide a more accurate rendition of any interview than taking your own notes" (Yin, 2014, p. 110). A professional data transcription service produced the resulting interview transcripts.

3.5.7   Developing semi-structured interview questions

The stakeholder literature, as outlined in chapter 2, details five practitioner-oriented models that may be identified in praxis, being: (1) stakeholder identification; (2) saliency; (3) wants and needs; (4) metrics; and (5) influencing strategies. For this research, these models, as shown in **Table 6,** guide the main interview questions for two reasons. First, so the research participants are clear about the nature of the interview questions, including follow-up and probing questions, and are able to explain how, and the extent to which, they help make sense of stakeholder management. Second, so this research may address the gaps identified in the

literature review. Such an approach (to developing interview questions), acknowledges and responds to scholarly calls for greater clarity when conducting research (see, for example, Ackermann & Eden, 2011; Egels-Zandén & Sandberg, 2010; Frooman, 2010; O'Riordan & Fairbrass, 2014; Rowley, 1997).

Table 6: Developing main semi-structured interview questions

Literature review and gaps	Main interview questions
Managers may identify stakeholders by their effects (Freeman, 1984), attributes (Mitchell *et al.*, 1997) or relationships (Schlierer *et al.*, 2012) or institutionalised norms (Ackermann & Eden, 2011).	1. How do managers, when developing or implementing a particular operating strategy, identify stakeholders?
While Mitchell et al (1997) have offered a model for determining stakeholder saliency, others have criticised it for its limited guidance on determining saliency (Brignall & Modell, 2000) or the need for such a model, particularly if managers were able to identify the possession of attributes that determine saliency (Elms *et al.*, 2002).	2. How are stakeholders prioritised and trade-offs managed between competing interests?
While Neely *et al.* (2002) offer a model for determining stakeholders' wants and needs, others such as Sternberg (1997) and Marcoux (2003) are critical of how stakeholders' divergent interests are balanced in managerial decision-making.	3. How do managers articulate what each stakeholder group wants or needs from a particular operating strategy or relationship with the firm – and what happens if wants and needs are not met?
While Kaplan and Norton (1996) developed the 'Balanced Scorecard', which has come under criticism for being internally focused, not producing a score and not including all stakeholders (Atkinson *et al.*, 1997; Dansky & Gamm, 2004; Jensen, 2002), and Neely *et al.* (2002) produced the 'Performance Prism' there remains a dearth of research into how managers measure, monitor and track the achievement of stakeholders' wants and needs.	4. How are metrics used to track if stakeholder wants and needs are being met?
While Freeman (1984) and Rowley (1997) provide models for managing the position of the focal firm, scholars such as Onkila (2011), Garcia-Castro *et al.* (2011) and Bandeira de Mello *et al.*	5. How 'dense' is the stakeholder network and how 'central' is the firm in the stakeholder network?

(2011) detail research that infers managers simply manage stakeholders according to personal relationships.	
A number of scholars, such as Freeman (1984), Frooman (1999), Rowley (1997) and Hendry (2005) have made iterative contributions towards managing the stakeholder environment, strategically, but there is little research of how managers embrace these models into praxis.	6. How do managers use tools or mechanisms to predict the strategies that stakeholders will use in response to operating strategies based on whether their wants and needs are being met? How will the density and centrality of the stakeholder environment affect the stakeholders' strategies? Will some stakeholder groups respond in different ways, depending upon who they are and where they are positioned?

3.5.8 Analysing semi-structured interviews

Interview transcripts were analysed using NVivo qualitative data analysis (QDA) software (Parker & Roffey, 1997), multiple times, to identify patterns and arrive at naturalistic generalisations (Creswell, 1998). The final iteration provided insights into managerial sense making by the issues that managers faced. According to Dansky and Gamm (2004, p. 301):

> Coding is a standard qualitative procedure and involves labelling passages of the data. One purpose of coding is to perceive a theme in seemingly random information. A theme organises observations and is used to interpret aspects of the phenomenon under study.

Coding of the empirical contributions to stakeholder theory was inductive, changing through multiple readings, to develop an understanding of the effects and implications of different stakeholder management approaches. The approach to reviewing and coding helped to clarify 'why' 'when', 'who' 'what' and 'how' managers make sense of stakeholder theory. For example, it helped to clarify *what* (e.g., stakeholder identification) constituted stakeholder management in response to various circumstances, events or issues, *how* (e.g., disseminating communications) stakeholder management was practised and *when* (e.g., to manage crises or projects) managers would practise stakeholder management. This approach in itself provides new interpretations of what, how or when managers make sense of stakeholder management.

3.6   Data management

3.6.1   Data storage

Yin (2014) recommends researchers use a dedicated database to increase reliability of research. One central database (in soft copy) maintains and stores all records associated with this research project, with an additional 'hard copy' record of all signed confidentiality consent forms and journal articles (for the literature review). A separate database, NVivo, is used for the analysis and coding of all interview transcripts and content analyses.

3.6.2   Biases

To overcome some of the criticisms and threats to credibility and reliability relating to field base case study research, this study was undertaken considering the threats and strategies, as provided by McKinnon (1988) (see, **Table 7**).

Table 7: Researcher biases

Threats	Strategies
Observer-caused effects – the reactive effects of the observer's presence	Multiple semi-structured interviews conducted with individuals, asking main, probing and follow-up questions. Participants encouraged to 'snowball' their responses, through follow-up and probing questions to reaffirm key topics and themes.
Observer bias – distorted effects of the researcher's selective perception or interpretation	Research conducted over several years, under the supervision of multiple supervisors. Each interview transcript analysed multiple times, over years, as the literature developed and key themes emerged.
Data access limitations – restrictive access to information or the researcher only being exposed to certain phenomena occurring in a finite period of time	Each research site provided 'open' access to interviewees (subject to individual consent) and interviews were conducted over several months. Participants represented all functional areas of their respective organisations and there is no reason to doubt they expressed their views freely.
Complexities and limitations of the human mind – subjects may consciously seek to mislead or deceive	Interviewees voluntarily accepted an invitation to participate and were provided with a confidentiality agreement (Groenewald, 2004) outlining how the data collection would be managed and information stored to help minimise deception and encourage

the researcher	open discussion.

3.6.3 Ethics approval

Macquarie University's human research ethics committee approved this field-based case study and its data collection methods prior to any interviews being conducted. All participants provided their written informed consent, assuring their confidentiality, under the premise of 'no harm' (Qu & Dumay, 2011; Yin, 2014). The analysis and findings presented within this thesis are original and specific to completing the requirements for the doctoral degree.

<u>Ethics approval 5201100667(D) (2011)</u>

Macquarie University's human research ethics committee provided approval to conduct semi-structured interviews in the Australian health industry, herein referred to as Research sites A, B, C and D, under the supervision of Dr Guy Ford. The name of the research project was "Empirical study into stakeholder management practices" (refer to **Annexure A – Ethics approval**).

3.7 Summary

This chapter has outlined the research methodology, data collection methods, research sites and theoretical framework for guiding exploration into managerial sense making of stakeholder management. The research methodology and methods follow the protocols, and quality of research design tests prescribed by Yin (2003, 2014) and Creswell (1998). A theoretically derived framework, comprising the various practitioner-oriented models, which are subject to varied scholarly debate, understanding and interpretations, guided semi-structured interviews. The methodology and protocols detailed in this chapter provide the quality assurance of the results that appear in the ensuing chapter.

4. Research results and discussion

This chapter details the research findings through a synthesis of multiple data sources. The findings from the 28 semi-structured field-based interviews, which provide depth, constitute the main data source and the basis for the three approaches. A synthesis of additional data sources, the practitioner-oriented stakeholder literature and coding of 100 recruitment notices, provide breadth in corroborating the three stakeholder management approaches. Together, the sections of this chapter detail how managers make sense of stakeholder management.

4.1   Introduction

This chapter of the thesis aims to explore and explain managerial sense making. Used to explain sense making, the framework outlined in the ensuing section, and the thinking behind it, did not evolve through one linear process. Instead, it evolved through numerous iterations 'criss-crossing' back-and-forth between scholarly contributions to stakeholder management, the insights and analysis from the semi-structured interviews detailed within and additional coding analysis, all of which aim to synthesise three managerial approaches toward stakeholder management.

This section presents the research results as a framework, as identified in the literature review. The aim here is not to develop a new framework but to utilise existing academic framing of the stakeholder concept to help communicate managerial sense making in a manner that may be useful to guiding future research. The framework provides a new perspective for considering how managers make sense of the stakeholder management concept (the theoretical contribution). It further suggests that different sense making emanates from institutionalised norms and identifies how managers may be applying ineffective stakeholder management strategies (the empirical contribution). The framework categorises managerial sense making via these three approaches.

The first approach toward stakeholder management stems from how the literature utilises 'communications' as the defender of the firm (Freeman, 1984, p. 221) and as

being 'owned' by disciplines such as public affairs, government relations and marketing. These disciplines utilise communications through media such as annual reports, briefing sessions and public announcements to manage stakeholder perceptions (Smudde & Courtright, 2011) and to mitigate actual or potential coercive action emanating from stakeholders such as unions, governments, regulators, industry associations, activist groups and the media. While constituting the most basic form of stakeholder management (Friedman & Miles, 2006), this research finds that managers adopt the 'communications approach' toward stakeholder management, regardless of their disciplines and hierarchy, when promoting, defending and protecting brand and reputation from stakeholders' coercive action.

The second approach is influenced by project, product and service development disciplines, which includes accreditation bodies such as Project Management Body of Knowledge (PMBOK, 2000) and Prince 2 (Prince2, 2005). This approach ubiquitously infers stakeholder management as managing individual stakeholders' relationships. Its emphasis is on managing relationships with stakeholders such as owners, financiers, suppliers, customers and (fellow) employees who provide resources, such as approvals, budget, labour and material. However, Freeman (1984) refers to this as the managerial view of the firm, which also predates the stakeholder management literature, and thus also raises additional questions about the effectiveness and impact of the stakeholder literature on praxis.

Finally, the third approach explores stakeholder management as a concept of 'positioning' to manage the effects on or by the stakeholder environment, at the group or rational level (see, Freeman, 1984, p. 54). In this study it is proposed that 'positioning' is utilised where the communications and relationship approaches may be viewed as ineffective or insufficient, for example, where a relationship with a regulator, government, customer, terrorist or competitor is inappropriate or not available. Positioning, or utilising stakeholder A to influence stakeholder B, to influence stakeholder C provides a means for setting or responding to stakeholder influencing strategies and allows the focal firm to strategically position itself within the stakeholder environment. However, this research finds that this approach influences praxis the least and thus opens an opportunity for further research.

4.2   How do managers make sense of stakeholder management?

The terms '*stakeholder*' and '*stakeholder management*' mean different things to different people. For example, where one participant may believe stakeholder management is a synonym for managing communications with fellow employees, others conveyed broader views, such as managing individual relationships with suppliers, whereas others struggled with the terminology and how to respond to the interview questions. While managers use the stakeholder nomenclature, ubiquitously, in everyday conversation, there was reason to doubt that managers understand its meaning, purpose, approaches and frameworks, including when and how to apply them.[5]

Commencing with Research site A, the Executive Manager, Quality and Regulatory Affairs questioned the clarity and meaning of stakeholders and stakeholder management:

> I'm one of the people who find that word rather overused. So I think 'stakeholders' is a bit of a weasel word for a whole range of things ... to that extent that everyone's a stakeholder, I mean it doesn't add much.

The Chief Executive Officer of Research site A, echoed "I find the term a bit broad to be, it's almost too broad to be … useful". Interestingly, the Chief Strategy Officer acknowledged that 'stakeholder management' was a concept that required some level of study, to learn the art. However, he stopped short of citing what (discipline) he believed one would study to learn stakeholder management. Having said this, the notion of studying stakeholder management or learning what it means, leads to further questioning of the role of accreditation bodies and industry associations in shaping managerial sense making:

> Maybe stakeholder is a little bit like strategy, it means something different to every single person, right. And unless you're a student of strategy or a student of stakeholder management it's gobbledegook and it's meaningless. And so how do you take this down to its lowest common denominator and make it real and make it meaningful? And I think instead of using the term stakeholder you actually called it out for what it was and its component parts,

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[5] These reasons emanate from observations of interviewees during the interview process. For example, eye movement, fidgeting and apparent difficulty or discomfort in responding to some questions. Similarly, interviewees sometimes delayed or baulked at providing responses, or they provided utterances, or digressed and provided examples and scenarios of unrelated topics.

then I think we'd have a lot more clarity (Chief Strategy Officer, Research site A).

Despite the ubiquitous use of stakeholder management in managerial vernacular, and the cited ambiguity, the interviews drew out multiple managerial approaches, which were coded into three themes, being communications, relationships and positioning. Managers tended to align each approach to particular issues and objectives, as illustrated in **Figure 2**. However, these three managerial approaches are not mutually exclusive and there are (many) occasions where managers will utilise more than one approach in aiming to achieve particular objectives. For example, in managing a product recall, interview participants cited using (i) communications to defend the firm against coercive action and (ii) relationships to project manage the product recall and correction. Managers labelled each approach as constituting 'stakeholder management'.

Figure 2: Stakeholder management conceptual framework

| Issue A	→	Approach	→	Objective A
Issue B	→	Approach	→	Objective B
Issue C	→	Approach	→	Objective C
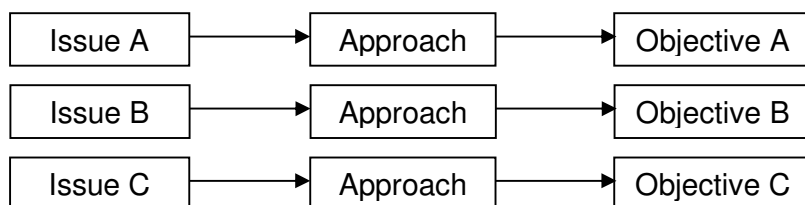
Thus, managers appear to transition between approaches as circumstances warrant, and not exclusively rely on one approach, as illustrated in **Figure 3**. In managing projects, managers manage individual relationships to garner access to resources but will utilise communications to promote their activities or defend against coercive action. Similarly, where managers utilise communications to mitigate actual or potential coercive action from governments, regulators, industry associations, activist groups and media, they may also attempt to forge relationships with senior representatives, such as government ministers or senior regulatory officials. However, managers remain acutely aware that these relationships are at 'arm's length' and serve a different function to two-way relationships that are managed in accordance with mutually beneficial contracts with, say, suppliers, employees and employers, financiers and (large corporate or wholesale) customers.

Where managers may rely on communications as a defensive approach and individual relationships as an approach toward project, product and service management, they also acknowledge that such approaches may not always be available or practical, such as the case of medical device manufacturers communicating with or selling to patients, as customers. In this circumstance, a strong regulatory environment specifically prohibits these approaches, which leaves medical device manufacturers reliant on developing a positioning strategy with other stakeholders, such as with hospitals, physicians and health insurers.

Therefore, for managers who work for medical device manufacturers, different stakeholder management approaches are utilised to meet different objectives and address different issues. They utilise a communications approach to manage actual or potential coercive action from regulators, governments, activist groups, unions and media. They use a relationship approach with employees, suppliers and customers (hospitals and physicians) to bring products and services to fruition. However, they equally recognise a need to utilise positioning strategies to manage dramatically changing markets or to enter, grow or diversify markets, to innovate or to 'connect' with patients.

Figure 3: Interaction of three stakeholder management approaches
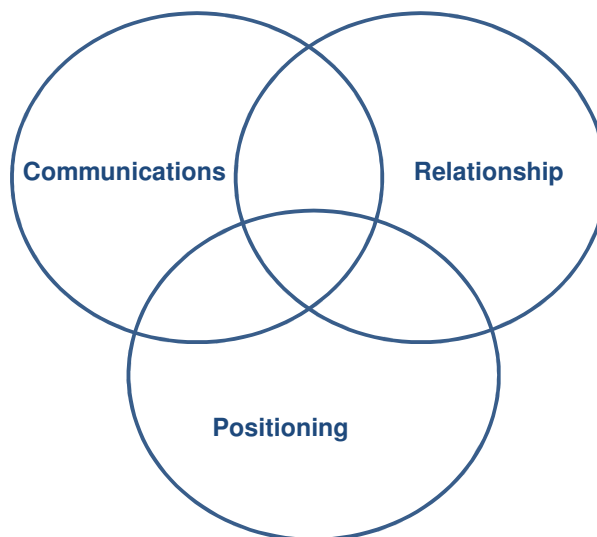
4.3　The communications approach

Managers apply the 'communications approach' to 'stakeholder management' to refer to the activities that they undertake in managing actual or potential coercive action, which typically emanates from stakeholder groups such as unions, activist groups, employees, governments, regulators and media. Therefore, this approach identifies those managers who are involved in managing the effects on and by these groups, and carry out stakeholder management activity through communications. The 'communications approach' includes the activities undertaken in compiling, disseminating and receiving communications to and from stakeholders.

In anticipation of actual or potential issues, managers may establish various forums such as "formal advisory boards … [with the aim to] … discuss issues and problems and where the future is going" (Chief Executive Officer, Research site A). The discussion of issues and problems is viewed as a means to 'engage' with stakeholders, which "can be defined as those practices which an organisation undertakes to involve stakeholders in a positive manner in organisational activities" (O'Riordan & Fairbrass, 2014, p. 123). Through engagement "consultation, communication, dialogue and exchange" (O'Riordan & Fairbrass, 2014, p. 123) managers seek to pre-emptively or retrospectively identify and understand the issues, which are then managed by an embedded "issues related framework" (Executive Manager, Public Affairs, Research site B). Such 'frameworks' are agreed organisational practices and processes that outline approval authorities for communications and who is to communicate or engage with whom, at different intervals.

For the health or medical device manufacturing industry, "within the regulatory field, you want to engage your regulators, the more senior people, early in your development pipeline. Going in and talking to them, explaining to them what your direction is, what your vision is for your business" (Executive Manager, Quality and Regulatory Affairs, Research site B). Managers viewed this engagement with the federal government regulator as 'good practice' insofar as forging a more amicable working relationship, despite there being no formal contract or obligation on either party to enter into such discussions. In this sense, the firm engages with the

regulator, issues its communications and plays a game of 'wait and see', which may take from a few minutes to several years, to understand the nature and extent of any subsequent regulatory response or influencing strategy.

However, the government regulator viewed stakeholder management differently, connoting the term 'management' with different activity: "so we tend not to use the term stakeholder management. We use the term stakeholder engagement, stakeholder consultation, stakeholder support, we don't tend to use the term management" (Director of Community Support, Research site D). This is a position supported by her colleague "I don't see government using the term stakeholder management very often, it's more about collaboration, engagement, consultation, support, stakeholder support, that type of language as opposed to management" (Senior Manager, Communications, Research site D). This emphasises different views of what stakeholder management means, what is (capable of) being managed and the activities associated with stakeholder management, as opposed to say stakeholder engagement.

Managers view engagement sessions, briefings and communications as a means of breaking-down barriers, removing complexity and 'bonding' with stakeholders. As one manager explained, stakeholders:

> find us very difficult to do business with, complicated, everything is always hard … we know that, we've had that feedback … we have got in the customer survey that we do, engagement survey that we do on an annual basis, and we get the feedback. And even though we get the feedback we still don't really know how to change that (Executive Manager, Ethical Affairs, Research site B).

In this sense, the communication and engagement sessions (as the approach), combined with surveys (as the medium or management tool) for collecting stakeholders' wants and needs and feedback, provides a means of one-way communication that enables managers to then decide on an appropriate response that may generate the desired effects. Stakeholder feedback is given (and not in exchange for anything), and managers consider the feedback and then decide how they will respond. Each communication is mutually exclusive of the next communication.

However, receiving feedback from stakeholders such as regulators and customers means receiving and managing complaints about a product's or service's effectiveness or efficiency. For a medical device manufacturer, in particular, a product that fails generally results in a product recall and, with it, significant effects on stakeholders, such as imposing fines from regulators and/or negative media attention that also influences hospitals, physicians and patients from re-using the firm's products and services. Moreover, depending on the nature of product failure and recall, adverse reactions from shareholders, ethicists and advocacy groups may ensue. Thus, managers acknowledge that receiving and acting on feedback and complaints is:

> key to every single stakeholder, internally they need to know at any one time. The commercial guys want to know are there any problems with their product? is there any safety trend developing, with a new product? for example, are you suddenly getting adverse, you've launched it two months ago and suddenly you're getting a spike in complaints from customers, and if so, is there a problem with the device or is there a problem with the training of the surgeons? (Director of Medical Affairs, Research site B).

In Australia, regulators strictly control how medical device manufacturers may market, promote and otherwise advertise their products and services to the community, or prospective customers (patients). Instead, they rely on referrals (from hospitals, physicians, surgeons) and advocates (from previous patients and their support groups). Research site A relies heavily on advocates for the achievement of its objectives of market share and, as such, it supports "the advocates with information and real life stories and things that they can use to then spread the word and shift the mindset" (Senior Manager, Supply Chain, Research site A). The Executive Manager, Public Affairs, Research site B, acknowledged the use of advocates and referral systems, but that they can be unnecessarily complex, therefore the approach of receiving communications may need to change to one of dissemination, such as through education to assist in managing stakeholder perceptions:

> if the referral process is complicated, which it is unnecessarily, then I would be very much trying to change that. So physically changing the healthcare system and the processing of these people is one, but educating all the people that they will touch through the process.

However, in managing stakeholder perceptions, or 'educating all the people' some organisations take to issuing marketing propaganda. The Specialist Surgeon, Research Site D explained his personal preferences when faced with some generic advertising propaganda within his hospital as: "I was in the operating theatres and the tea room yesterday, and one of these companies has stuck some laminated advertisements up in the tea room, and I just felt like tearing it down and throwing it out". While one organisation considers its dissemination of communications as a means of managing or educating, the stakeholder may not share the same sentiment.

In educating the federal government regulator, the Executive Manager, Quality and Regulatory Affairs, Research site B explained "sometimes we can influence, sometimes we can't … what we try to give is data to help them make a decision that would be more favourable to us under the different circumstances". This not only acknowledges the one-way nature of using communication as a pre-emptive or proactive defensive mechanism but also the difficulty in managing the effects of stakeholders, such as regulators who need to remain impartial and unbiased. However, education may take the form of more than the provision of data (and their interpretation) but also the provision of published (and peer reviewed) research:

> The broader educational element of it. Now whenever we talk at conferences on anything outside the industry, so we're talking on manufacturing or on supply chain or marketing, we'll talk about what the business does to spread the word (Executive Manager, Supply Chain, Research site A).

Disseminating the communications to a broader audience, such as into academia, may help negate problems associated with a lack of control when the firm delivers the message to regulators, government, unions, activist groups and media. However, the question of controlling who is in the audience (which may also prospectively go to competitors) remains, as does that of measuring the effectiveness of the message. While communications may assist in managing perceptions and actual or potential crises, managers do not have any assurance of how their stakeholders will receive or interpret the communications. Moreover, the lag time between issuing communications and measuring responses may be sufficiently lengthy to render the communications ineffective (i.e., they are too late). In probing further during the interview process, it was established how quickly issues, problems and crises may

escalate (particularly for medical device manufacturers), how many different stakeholder groups may 'enter the fray' as their urgency attributes increase, and the saliency of other stakeholders increases as those stakeholders with the urgency attribute gravitate toward those with legitimacy and power:

> And so the key power, you know, the person with the power at the moment is the class action lawyer, and why, because the media loves a story … the media grips onto the class action lawyers. And so if you watch it now, it's quite interesting to watch, you'll see there'll be massive spikes in media, and I can tell you when they're about to happen. So if you asked me do I understand my stakeholders, there are two cases being heard in different courts in Australia tomorrow, there'll be a spike (Chief Executive Officer, Research site B).

Medical device manufacturers may now consider the legal fraternity as stakeholders in addition to those other groups that they more readily identified at earlier stages of the interviews. Again, while medical device manufacturers, or any other firm, may attempt to manage any legal dispute or similar coercive action with further dissemination of legal arguments, evidence and communications, there remain limits to their effectiveness. Ultimately, the legal dispute may erupt to a level that revolves back to government regulators, as the Executive Manager, Quality and Regulatory Affairs, Research site B, explained "And suddenly [name of politician] all on his little own becomes a key stakeholder in that term, because he's galvanising the forces of the parliament to have a Senate enquiry".

Under the guise of stakeholder management, managers use communications to manage perceptions, (attempt to) control the agenda and to engage with their stakeholders. As summarised in **Figure 4** the research finds managers continue to utilise these communications to defend against actual or potential coercive action, in a manner that is one-way in a game of 'wait and see'. Having said this, the interviews have identified that managers believe communications are critical to managing coercive action and 'putting out the fires', while also acknowledging the implications of such an approach and its (in)ability to manage all stakeholders in all situations.
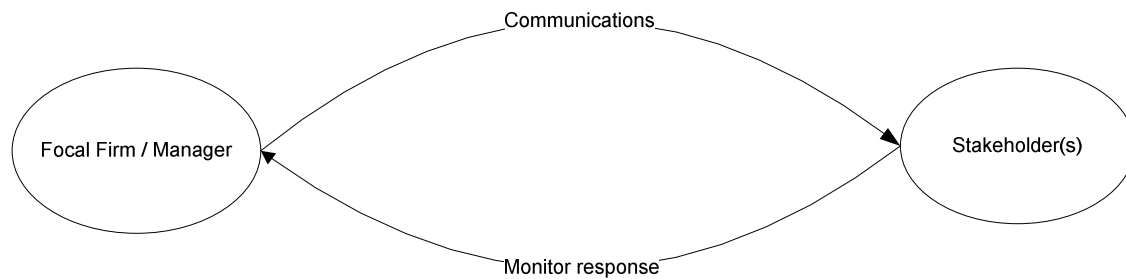
4.3.1 Implications of the communications approach

Managers of all functional disciplines and hierarchies have explained how communications are an essential part of stakeholder management and achieving greater levels of empathy, appreciation and engagement. However, they have also conveyed different levels, frequencies, purposes and implications associated with the broad category of communications. This section explains the three themed implications of communications as an approach toward stakeholder management. They are: (1) one-way in nature; (2) used as a defensive mechanism; and (3) do not reach, or are not accepted by, the intended audience.

Turning first to one-way communication, under the guise of stakeholder management, managers issue communications at times of actual or potential coercive action. Typically, managerial disciplines such as public relations, government relations, corporate affairs and marketing are responsible for developing and issuing these communications, and then they monitor the internal and external 'discussion' about what is happening in relation to the focal firm and its activities. These managers also develop communications pre-emptively, in readiness for potential coercive action that may ensue, such as when issues escalate, and the media, government, shareholders, unions, activist groups or consumers augment their 'urgency' attribute. While managers may pre-emptively prepare their communications in anticipation of having cause to issue them, they may not necessarily issue them, as the government regulator explained:

> Often in terms of major communications, things that are about a major issue, such as maybe a health alert, the [name of health-related] issue is probably the best case, it was huge, it was international, we had to do a lot of communication about that. Often these things are quite reactive, as in the issue comes up first and then we try and get as much information together

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and out there as we possibly can. But where we pre-empt things if we have some notice from an organisation that we deal a lot with that something might be an issue, that maybe it's not public knowledge yet, we do as much as we can to be prepared for it, so if this does become a bigger issue, I suppose. But the fact is that, and particularly when things hit the media, it's so unpredictable how people will react, and so we try and have as much information available as possible. And we can pre-emptively prepare ministerial briefs, we can pre-emptively prepare information for the website, but yes, there's only so much we can do in terms of predicting how people will react (Government regulator).

Managers generate one-way communications and send them to multiple and disparate stakeholder groups, such as government departments, whole communities or disseminate them via publications like web pages, academic papers and newsletters. In these circumstances, managers will be 'managing stakeholders' to the extent that they are analysing the daily discussion and responding to activity, which may not constitute a specific 'issue'. On this basis, one of the implications of one-way communications is that it is a game of wait-and-see: how and when will the stakeholder respond?

And some of the outcomes of those recommendations are being adopted, others will take a long time. But there's a consultative approach to really making any change. So we as an industry, and individual company, have put forward position papers suggesting particular ways, giving them evidence, so clinical studies or data from international bodies, to help give the [government regulator] a broader view of maybe what they've got from a panel review or from their own internal view, so their own limited sphere of access. So I guess as a very long winded way of saying that what we try to give is data to help them make a decision that would be more favourable to us under the different circumstances (Executive Manager, Quality and Regulatory Affairs, Research site B).

Within the health industry, organisations may be restricted in their communications, or there may be communication protocols that organisations and managers must follow. The Executive Manager, Public Affairs, Research site A explained that: "we should really only say be going for funding or industry things, particularly funding, through our customers. So we should work with our [suppliers] and they should be the voice, but we shouldn't". Following such protocols or norms by communicating messages to multiple stakeholder groups adds an extra layer of complexity, in not only having the first group pass the message on to the second (target) group, but then to also be in a position to gauge or measure the response.

Thus, the effectiveness of the one-way approach can be difficult (if not, impossible) to measure, which leaves managers with the unfavourable task of waiting to measure responses. While communications that are one-way in nature have their purpose, they are transactional and the most basic form of stakeholder management (Friedman & Miles, 2006). This means, to be effective, managers might consider their implications and alternate means for mitigating coercive action.

Second, in relation to the defensive mechanism, interview participants talked about their use of the communications approach as an effective means for managing actual or potential coercive action, particularly where they wanted to provide information quickly to multiple stakeholder groups. Communications, such as press releases, website updates and newsletters provide the means for the focal firm to disseminate information for the purpose of 'watering down', controlling or mitigating negative stakeholder effects, with a number of interviewees citing circumstances such as product recalls or government inquiries as examples of where the dissemination of communications was important:

> You get feedback from the regulators through questions, through them not accepting a line of argument that you've presented to them. You're getting feedback as well and being able to recalibrate, well, do we have the right way of understanding the world? Sometimes yes and sometimes no (Executive Manager, Quality and Regulatory Affairs, Research site A).

Relating these circumstances to the literature, managers expressed how issues had become, or were becoming, urgent and time critical. Legitimate stakeholders, such as the federal government regulator, owners, shareholders, employees and surgeons (suppliers) were becoming anxious and requesting access to fast and transparent information to clarify the effects (i.e., extent of the issue, effect on consumers, what the firm was doing to rectify the situation and timing of rectification action). To this end, managers in public relations, corporate affairs, media relations and shareholder relations were typically in a lead position in 'managing stakeholders' through the dissemination of information.

The utility of communications as a defensive mechanism is measured (without metrics necessarily) by its ability to mitigate negative publicity, government enquiries and 'bad press' or the severity of any subsequent restriction imposed by the

government regulator. Managers continued to issue and re-issue updates to their communications as and when new information was available, again as a means of conveying transparency and making the extent of their efforts to behave socially, morally and ethically, clear, in the eyes of their stakeholders. Providing the stakeholder environment with access to timely information is viewed as a necessity in defusing potentially dangerous situations that could cause the firm irrecoverable harm (i.e., trade restrictions, loss of custom, damage to brand and reputation) and to remove the catalyst that may cause issue escalation, such as increase in saliency by multiple stakeholder groups:

> If you look at the recall that we've just gone through and look at the feedback that we've had from all of our external stakeholders, I think it's fair to say that, yes, we haven't had a lot of criticism around how we handled that exercise (Senior Manager, Supply Chain, Research site A).

Third, in terms of a message not reaching or being accepted by the intended audience, managers have expressed that they would like to be closer to, gain a greater understanding of, and engage with their stakeholders through more 'strategic' communications. However, as the Executive Director, Regulatory Affairs, Research site A explained: "Yes, we're very limited in what we can say to the consumer, we can sort of talk about [company products], we can't tell them what they are for or whatever, it's very difficult". Thus, in the medical device or health care field, these managers may not be able to communicate directly with their stakeholders, such as consumers, because of prohibitive legislation.

Additionally, managers may only communicate with stakeholders such as the federal government regulator (i.e., firms can make a submission to receive product approval, but there is no further influence or communication outside the governed process). They may communicate to a potential customer, such as a hospital that has issued a 'request for tender' process (i.e., the firm may submit a tender response but may not engage in any further communication with the firm during the structured evaluation process). They may also communicate to different countries and cultures (i.e., consumers in the US may become involved in activist groups that will allow greater communications whereas consumers in Japan may not participate due to cultural or legal reasons). However, if the rules that govern the relationship between firm and

stakeholder prohibit or restrict communications, then a communications strategy has little effect:

> So if a different procurement strategy came in, and in Australia it doesn't happen, but in many countries we do have tenders, it's kind of all or nothing, if you don't win you're not in. And you can have a lot of engagement around influencing the tender but at the end of the day if the government procurement process and law is it's the lowest price, it's the lowest price, it doesn't matter about anything else. So, that can change a business overnight, and there the healthcare professionals don't have the choice themselves (Executive Director, Regulatory Affairs, Research site A).

Where direct communications do not reach the desired stakeholder audience, or the audience does not accept them, firms may use other stakeholders to reach their intended audience. Industry associations may write and provide submissions to government enquiries (on behalf of the industry to convey a stronger voice). Advocacy groups reach and influence potential patients to use a particular product, hospital, surgeon or health insurer. Leading physicians and surgeons may research and write about new products and procedures in academic papers. These stakeholders make the resulting reports, findings and communications publicly available in an effort to influence the desired, but distant, consumer stakeholder group.

Further, other stakeholders with whom the focal firm may wish to forge better relationships through communications may be equally challenged insofar as the stakeholder may not accept the communications. For example, regulators may not accept evidence submitted for product approval, government enquiries may not accept formal submissions and consumers may not accept product guarantees or marketing promises. In these instances, influencing and managing stakeholders' perceptions via the varied communications are ineffective and void.

In summary, this research helps to explain that managers will adopt a 'communications approach' to stakeholder management (the approach) to promote, defend or protect the firm's brand, reputation and stance (objective) to mitigate actual or potential coercive action (issue). In saying this, such communications are one-way and managers will wait to gauge stakeholders' responses before deciding on the next communication, or any other means for managing stakeholders'

perceptions. Moreover, the implications of the communications approach are: (a) an inability to control the messaging and recipients; (b) communications are not issued on the condition that, or in exchange for, stakeholders agree to a particular outcome; and (c) managers having difficulty in reaching desired audiences, such as governments, regulators, media or disparate customers. **Table 8** summarises the corroborating evidence, from the literature in chapter 2 and the research detailed in this section, for this explanation.

Table 8: The communications approach: corroborating evidence

		Literature	Recruitment notice number	Semi-structured interviews
Foci	Focused on managing actual or potential coercive action arising from issues, crises, disputes or complaints	• Smudde and Courtright (2011) • Flak *et al.* (2008)	58, 80	• Executive Manager, Quality and Regulatory Affairs, Research Site B
Implications	No agreed exchange between firm and stakeholder – release communications, wait and see response, release new/revised communications again	• Friedman and Miles (2006) • Minoja (2012) • Windsor (2010)	101	• Executive Manager, Quality and Regulatory Affairs, Research Site B • Director of Community Support, Research Site D • Executive Manager, Regulatory Affairs, Research Site A
Why	Protect, defend or justify action – instigated by 'squeaky wheel' approach	• Savage *et al.* (1991) • Smudde and Courtright (2011)	64, 80	• Senior Manager, Supply Chain, Research site A
When	At times of actual or potential coercive action	• Fooks *et al.* (2013) • Flak *et al.* (2008)	20, 80	
Who – within the firm	Corporate affairs, Government relations, Employee relations, Industrial relations, Human resources, Customer relations, Project management, Public relations, Marketing, Legal	• Laczniak and Murhy (2012) • Smudde and Courtright (2011) • Garavan (1995) • Guerci and Shani (2012) • Clulow (2005) • Aaltonen and Kujala (2010) • Eskerod and Huemann (2013)	14, 85	
Who – stakeholders	Media, Unions, Activist groups, Regulators, Employees, Individual customers	• O'Riordan and Fairbrass (2014) • Laclau and Mouffe (1985)	15, 61	• Executive Manager, Quality and Regulatory Affairs, Research Site B
What	Communication management 'Manage the perceptions'	• Minoja (2012) • Smudde and Courtright (2011) • Bowen (2010)	14, 45, 58, 64, 80, 82, 98	• Director of Medical Affairs, Research Site B • Executive Manager, Public Affairs, Research Site B
How	Stakeholder plans, Communication plans, Information sessions, Briefings, Focus groups, Roadshows, Presentations, Announcements	• Banerjee and Bonnefous (2011) • van der Laan Smith *et al.* (2005) • O'Riordan and Fairbrass (2014)	64, 82	• Chief Executive Officer, Research site A • Executive Manager, Public Affairs, Research Site B • Executive Manager, Ethical Affairs, Research site B

4.4 The relationship approach

The 'relationship approach' to stakeholder management refers to those activities that managers undertake under the label of 'stakeholder management' to manage two-way relationships. Interviewees described 'stakeholder management' as meaning managing individual relationships, with a focus on managing relationships with those stakeholders who are internal to the firm or who provide resources to the firm. This study finds that managers now utilise 'stakeholder management' where they once used traditional labels of account management, supplier management, relationship management and change management:

> theoretically it's really change management – you want to achieve something with the industry, you engage and bring along the various stakeholders with you to agree a certain set of issues if you will, and then collectively you develop a way forward (Executive Manager, Public Affairs, Research site A)

Many of the research participants described how they recognise their relationships with fellow employees (such as those who approve budgets, develop products, distribute products, seek regulatory approvals, set pricing, etc.), suppliers, regulators, wholesale distributors and customers as being important for bringing products and services to fruition. They recognise that these constituents are stakeholders, and they need to manage these stakeholders at the transactional and process levels. Therefore, stakeholder management is about managing relationships with stakeholders with whom the firm holds a two-way supply–purchase relationship to garner their resources:

> Okay, so let's stick to my role because that's probably the most relevant. So my key stakeholders are firstly my team, so the people that work under my organisational remit; then my peers within the organisation, so people that run or lead departments at my level. And then my key stakeholders are if you like, within [the firm] but off this site, they are our regional operations, so my role is responsible for making sure that those regional operations have what they need to fulfil customers' requirements. And then I have some external stakeholders which are really suppliers, so part of my remit is to deal with third party suppliers. So they're obviously a key player to support our business but we're obviously a key player to support their business. So they're probably the key ones at the moment, putting my wife and family to one side (Senior Manager, Supply Chain, Research site A).

> We work very collaboratively with all our stakeholders, be they the executive, so my peers, or the business leaders or business unit managers, to really

define priority based on relative business value (Chief Information Officer, Research site C).

The objective of the relationship approach fluctuates between the transactional and process levels, to achieve the firm's primary purpose such as to sell more 'widgets'. Managers consider the people and entities as stakeholders along the production line, noting those who provide resources and need to contribute to bringing their products and services to fruition, and then those stakeholders to whom they sell. Stakeholder management is therefore about the management activity required to enable this process:

> And so I guess I would consider all the other departments, if you like, or the functions and other regions in the organisation, to be at some point in time stakeholders that I have to manage relationships with [sic]. So they're the internal stakeholders. And, then in the external world outside this organisation, again because of the nature of the … product we're selling, it's a fairly complex set of stakeholders. To successfully sell our product and grow the market that we operate in, we have to deal with many different people with different goals, and they are all stakeholders in making this…. successful. So we have to deal with all of them and try and align things, and align our goals and make sure we're moving in the same direction (Executive Manager, Operations, Research site A).

This means that stakeholder management is synonymous with organisational norms and practices associated with managing employees, suppliers and other resource providers, for garnering their resources, which helps to explain managers' inward focus (Freeman, 1984). However, while these norms occur at lower and middle management, they also occur within executive ranks. The Executive Manager, Medical Affairs, Research site B explained that "internal stakeholder management probably comprises 70 per cent of my role" whereas the Executive Manager, Supply Chain, Research site A claimed that "maybe 90 per cent of our effort [goes] into suppliers … we need them, we're dependant on them, so we better pay attention to them". Moreover, the Chief Executive Officer, Research site B further described the importance of managing internal people:

> Particularly when you're very large and very matrixed you need to know people to be able to get things done … I mean sometimes it's just very simple to get things done and get decisions done, and the more people know you and the more connected you are probably the quicker it goes.

The assertion that managers have (to a large extent) simply changed their vernacular from account or supplier or relationship management to one all-encompassing stakeholder management vocabulary also infers that managers have brought their practices, processes and tools into the new discipline of stakeholder management. This raises questions as to how managers have changed, if at all, their approach toward supplier management now that the vernacular has changed to stakeholder management. The Senior Manager, Supply Chain, Research site A, who manages his firm's supplier relationships stated that in "working with suppliers … you talk with your supplier, you know what they need out of the relationship, they certainly know what we need because we give them a specification, right. But we have regular meetings", which suggests that stakeholder management may not have changed or brought new practices with it. Hence, the interview questions needed to probe further.

This further probing asked research participants what 'good' stakeholder management meant to them and how they went about improving their understanding of the stakeholder environment. It aimed to address a perception that managers have simply re-labelled traditional managerial practices as now constituting stakeholder management. If this were valid, the implications or innovation that may be associated with this required further exploration. While the Chief Operating Officer of Research Site D acknowledged:

> to a large extent we would rely on our planning process to draw out those things. We probably don't do a very good job as an organisation of having a structured approach to understanding stakeholder requirements, because a lot of the time I guess we would accept them to be implicit in a way,

perhaps the Chief Executive Officer, Research site B explained it best:

> I think the times when we do stakeholder management incredibly well is during the tender management or contract management process. And we would have a list of up to, I've seen lists of up to 50 or 60 individuals who are on the list, and we have a clear plan over who is an influencer, who is a decision maker, how many times we're going to see them, what is their key driver? But that is very very easy around the tender and contract piece … but do we stakeholder map to the level that we could? No ... I think there is more opportunity for us to do that. What we have done as a way to try to improve this is we've just launched the … CRM system.

The lists of stakeholders referred to in the above quote, the influencers and decision makers, are compiled with the objective of furthering the firm's relationships through engagement activity such as "consultation, communication, dialogue and exchange" (O'Riordan & Fairbrass, 2014, p. 123). According to the Executive Manager, Public Affairs, Research site B:

> In the operating company here in Australia it's reasonably advanced but some of the stakeholder engagement and management is maintained and focused through the corporate affairs, public affairs function….so we try and sort of basically have a very keen understanding what our stakeholders are about, very good relationships with them.

The cited engagement within the communications approach aims to mitigate the effects of actual or potential coercive action, whereas within the relationship approach, it aims to deepen and strengthen the relationship between the firm and the stakeholder to differentiate the focal firm from its competitors and ideally provide it with a competitive advantage:

> I think they're vital, they're vital in the whole selling processes. I mean when I say that we're very much a relationship based company internally, we're a relationship based company outside as well. If you take our products in general, yes, people will always say well we've got fantastic products and so on – they are very very good, but the competition has got very good [products] as well. So is the product part the only differentiator? Probably no, so it's really sort of that relationship and really sort of the service offering that we [have] around our customers [that] are very very important as well (Chief Financial Officer, Research site B).

However, in acknowledging the importance that managers place on managing relationships with individuals, a challenge associated with this approach is maintaining the currency of such stakeholder lists and managing individual's personal preferences. For example, the Chief Executive Officer, Research Site D explained:

> If the CEO moves on, and they're fairly mobile people usually, then we can lose the member because no one else in the organisation has any connection with us. So we work quite hard at providing linkages between the member and our organisation below that CEO level.

Thus, the loss of relationships constitutes an implication associated with this approach.

As part of the engagement activity, managers seek to involve stakeholders or resource providers into negotiations, to develop activity early in the process:

> For example, when we launch a new product we have a launch team that looks at new product launches and every stakeholder involved is around the table and each stakeholder will have in turn a stakeholder. So if health economics is sitting on there looking at the product in terms of what data we need, do we need to position this with private hospitals, the benefit of using this product versus what's out there, or they're looking at: to whom do we sell this? what's the competition and what's their suite of products? And; is it that competitive that it's going to be a small sliver of market share? (Executive Manager, Medical Affairs, Research site B).

In considering the relationship approach from the perspective of managing those stakeholders with whom the focal firm garners resources, it is also important to consider the application of such an approach in managing those stakeholders with whom the focal firm does not hold a resource-based relationship. The Executive Manager, Supply Cain, Research site B explained: "the only area that we don't see is competitors. Obviously competitors can wreak havoc if you're not careful and you need to stay on top of that". Another research participant confirmed competitive intelligence may be gathered through those stakeholders with whom the focal firm does hold a relationship, which "are eyes and ears in the broader market place, they give us competitive feedback" (Senior Manager, Supply Chain, Research site A).

In summary, **Figure 5** shows managers 'manage stakeholders' through strong individual relationships that are established and nurtured through purchase or supply arrangements. They 'engage' with their stakeholders in meetings, forums and communications that set expectations and manage performance to agreed levels. The interview participants used the term 'stakeholder management' synonymously with what may be considered as account or project or supplier or relationship management activity, suggesting only the vernacular has changed to a generic stakeholder management.
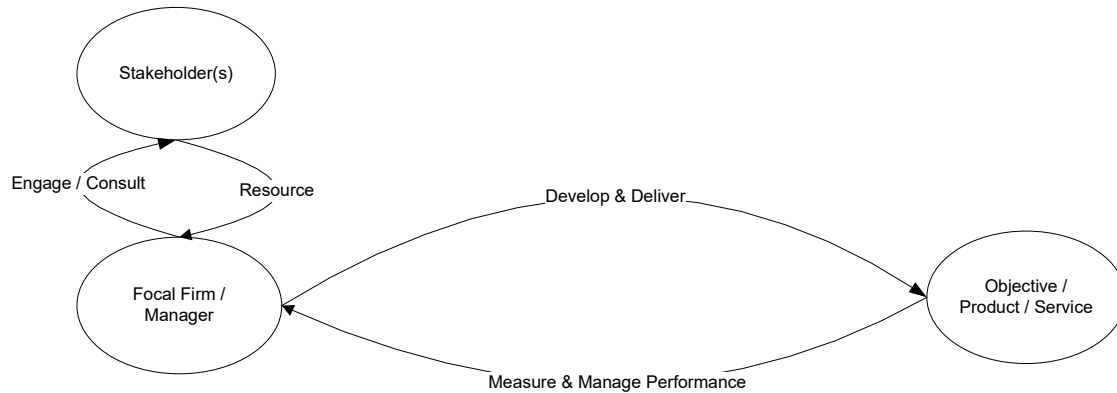
4.4.1 Implications of the relationship approach

Since Freeman's original work in 1984, the literature has referred to firms and managers as having 'relationships' with stakeholders. However, the literature has used the term relationship very differently and, more often than not, inferred relationships with those stakeholders with whom the firm holds some form of agreement, such as for employment, ownership, shareholding, finance, supply or purchase. So, this study explored managerial thinking of how the implications of the relationship approach affect managers. How does the relationship approach cope with managing the effects on and by stakeholders with whom the focal firm does not hold a resource-based relationship? Asking further probing questions of participants in a changing, global stakeholder environment initially brought a number of 'blank stares' before some insightful responses were received. The Executive Manager, Ethical Affairs, Research site B stated:

> the patient now, of course, has access to the internet. So in the past the patient would listen to the doctor and just basically agree, today the patient will go and research it, ask for a second opinion, ask why can't you do this procedure in a minimally invasive way, would you do it that way?

It now seems that medical device manufacturers, who are unable to directly market, promote or advertise their products to patients (customers), and have traditionally relied on building strong resource-based relationships with physicians, surgeons and hospitals, face a threat in that there are implications associated with the relationship approach. As such, this research explores the implications of relying on internal and external stakeholder relationships as an effective means of stakeholder management.

In terms of internally focused relationships, managers of all levels, but more so those at junior or middle management levels, spend most of their working day liaising with their peers and colleagues to manage the day-to-day transactions of their respective roles and business units. Their colleagues are 'stakeholders' and they need to manage their colleagues to garner resources for product and service development:

> Okay, we divide our stakeholders into the internal and external, firstly. Internal would be all the different functions within the organisation and our regional businesses. The way we're structured is we have three sales regions and then lots of different functional areas, manufacturing and logistics, etc. So there's a whole range of internal stakeholders. From an external stakeholders' perspective off the top of my head I would probably divide those into three buckets – there's the investors, there are the customers, and there are also our partners. Those partners could be defined by a whole lot of things, whether it be consultants in the case of our business, key opinion leaders in the case of technology partners, suppliers, etc. And when we look out our businesses through distributors I would have considered those as internal stakeholders to a large extent, because they're really an extension of our business (Chief Strategy Officer, Research site A).

Managers see stakeholder management as a term that refers to how they cooperate and collaborate with their internal peers, including how they share information and resources, for their shared benefit. Product managers recounted how they would work with their marketing, regulatory approval, technology and sales divisions to help bring products and services to fruition. Divisional managers saw the involvement and engagement of their direct reports as being good for employees' growth and development. In this sense, and contrary to Freeman's (1984) original recommendation for managers to focus themselves externally, managers remain focused on managing those relationships that are transactionally important to the firm. For example, the Chief Information Officer, Research site C explained "we work very collaboratively with all our stakeholders, be they the executive, so my peers, or the business leaders or business unit managers, to really define priority based on relative business value".

The implication of the 'internal focus' is two-fold. First, managers remain focused on managing their internal environment, at the transactional level, and second, their focus is not on managing the effects on or by all of the stakeholders, which obviously include competitors. The internal focus means that stakeholder management is

specific to the level of managers attempting to manage individual people, along with their politics, personalities and egos to fulfil their daily tasks. Managers or the individual business units take-on the metaphorical form of 'the firm', pursuing their own goals and, in doing so, communicate with and form individual relationships and seek the participation of their stakeholders, or peers, to fulfil their individual goals. According to the Chief Executive Officer, Research site B, "So understanding who our internal stakeholders in [name of firm] are is probably the most difficult thing … because often it's not what you know, it's who you know".

The focus on 'individual relationships' is, in some ways, similar to the 'internal focus' already discussed but varies as far as it also focuses on managing individual relationships with stakeholders such as (large corporate or wholesale) customers, suppliers, government ministers or others termed as key influencers. The strength of the individual relationship approach lies in the individuals managing and being managed – they need to have a professional and personal rapport and, thus, have access to people and information in a privileged fashion that their competitors do not. As already discussed in terms of 'internal focus', the importance of who you know translates to having access to resources that others do not, and in a more timely fashion. In other words, "who are my stakeholders? I certainly wouldn't be telling next door who my stakeholders are, because they may or may not have access to the same people" (Executive Manager, Public Affairs, Research site A).

In terms of stakeholder management, managers prepare 'stakeholder plans' that detail profiles of the individuals involved, the names of their spouses and children, details of the sports or special interests that they enjoy. All of this information is collected, collated and stored in dedicated dossiers and databases, ready for use when the firm and the stakeholder next meet, need to increase sales or launch new products and services.

However, just as managing individual relationships can be a real benefit to the focal firm, particularly in regard to gaining privileged access to information or as a means for increasing sales and market share, it is equally flawed as it relies on individual and personal relationships that are unfortunately not always possible, feasible or lasting into perpetuity. Individual people have individual likes and dislikes, they can

belong to multiple disparate stakeholder groups (i.e., one may be a customer, supplier, shareholder, member of the community, etc.), and they can take their knowledge with them when they leave the firm (and start working for a competitor), change roles, retire or die. In practical terms, firms do not have the resources (or the desire) to profile every stakeholder, therefore they must choose amongst those stakeholders with whom they would like to forge an individual relationship.

For some firms, the regulatory environment prohibits forming relationships with select stakeholder groups. "Ultimately our [patients] and customers are the primary stakeholders, I don't have direct contact with them" (Senior Manager, Supply Chain, Research site A) because legislation prohibits the firm from proactively contacting or promoting itself to consumers. If managers only know, or rely on managing relationships as synonymously constituting stakeholder management, what do they do in the absence of relationships? How do they make sense of their stakeholder environment?

Managers may form and manage relationships by building personal rapport with stakeholders, but what happens where there is no rapport? Is the manager not able to stakeholder-manage? The Executive Manager, Supply Chain, Research site B explained the difficulty in achieving objectives where the manager is unable to establish rapport with his or her stakeholder:

> And I quite often will go out and meet up with my counterparts in the hospitals, and the rapport is incredible, and I actually sat in a room one day with the sales guys trying to interact with a procurement guy, and they were speaking a different language to each other, they didn't understand each other at all, and the sales guy didn't know how to interact with the procurement guy.

Managing by relationships is similarly ineffective where the stakeholder's personal views and values do not allow the formation of a relationship. Acknowledging that there are difficulties in managing individual relationships, and that managers connote stakeholder management with managing individual stakeholders, this may be one reason why scholars describe the literature as difficult or confusing.

The lifecycle of a person or project is presented here as an implication of managing stakeholder relationships due to its finite and parochial view in considering

stakeholders, issues, budget, timeframe and other resources. For example, the project management literature, which influences managerial sense making, states that "project stakeholders are individuals and organisations that are actively involved in the project" (PMBOK, 2000, p. 16). In this sense, while the lifecycle considers stakeholders beyond the transactional level, it remains at the process level.

This implication of managing individual relationships also acknowledges the additional restrictions of both (a) the project constraints, such as time, cost, quality and those stakeholders directly involved in the project, and (b) the finite period to which people and organisations are considered stakeholders. These restrictions further affect and constrain managers' holistic view of the stakeholder environment and potentially exclude developing stakeholder strategies for the management of effects emanating from those not involved in the project. To help address this, and in considering it a risk, the Chief Executive Officer, Research Site D explained her mitigating efforts as:

> If the CEO moves on, and they're fairly mobile people usually, then we can lose the member because no one else in the organisation has any connection with us. So we work quite hard at providing linkages between the member and our organisation below that CEO level.

The Chief Executive Officer, Research site B acknowledged the strength of relationships but also exposes the risk of relying on individual people for business success:

> you know, the CEO has been there for 15 years, the person we've dealt with in procurement has been there 10 years. It helps to know who those people are over long periods. It doesn't mean the person looking after the account stays exactly the same, but having those multiple, the web of relationships, definitely makes a difference.

While organisations document their processes and procedures related to managing individual relationships, particularly during the project lifecycle, their relevance remains limited to managing these individual relationships and projects. Management activity that includes scheduled and frequent meetings, contracted objectives, and roles and responsibilities, are useful in meeting the objectives of the project. However, the focal firm remains exposed to the effects on and by its stakeholders beyond the constraints of the project lifecycle.

In summary, the research explains that managers will adopt a 'relationship' approach to stakeholder management to garner resources (objective) when developing or managing projects, products and services (issue). Note that for managers, the relationship approach to stakeholder management means managing individual relationships with those constituents who provide (or use) resources with the objective of bringing projects, products and services to fruition. However, the relationship approach is focused at the process and transactional levels, and those stakeholders contributing or using resources, which is constrained by the project, product or service lifecycle. **Table 9** summarises the corroborating evidence, from the literature in chapter 2 and the research detailed in this section, for this explanation.

Table 9: The relationship approach: corroborating evidence

	Literature	Recruitment notice number	Semi-structured interviews
Focus Focused on managing relationships with individuals who supply or use resource, such as owners, managers, financiers, suppliers	• Aaltonen and Kujala (2010) • Garcia-Castro *et al.* (2011)	2, 22, 100	• Executive Manager, Operations, Research site A
Implications Parochially focused on individual people and project lifecycle. Often limited to managing fellow employees	• Frooman (1999)		• Chief Executive Officer, Research site D • Executive Manager, Medical Affairs, Research site B • Chief Information Officer, Research site C • Senior Manager, Supply Chain, Research site A
Why Garner and manage resources to deliver projects, products and services, internal and external to the firm	• Garcia-Castro *et al.* (2011) • Assudani and Kloppenborg (2010)	3, 23, 27	• Executive Manager, Operations, Research site A • Chief Information Officer, Research site C
When Project, product or service development and management	• Smith and Fischbacher (2005) • Yang *et al.* (2010) • Schlange (2009)	1, 2, 24, 96	• Chief Executive Officer, Research site B
Who – within the firm Project management, Product development, E-business, Sales, Supply chain, Finance	• Beringer *et al.* (2012) • Guerci and Shani (2012)	2, 10, 11, 26, 27	• Senior Manager, Supply Chain, Research site A • Chief Information Officer, Research site C
Who – stakeholders Owners, managers, employees, Alliance partners, Suppliers, Government, Corporate customers	• Doloi (2012) • Onkila (2011)	11, 25, 27, 29	• Executive Manager, Public Affairs, Research site A
What Relationship management Project management 'Manage the relationships'	• Guerci and Shani (2012)	1, 2, 3, 32, 33	
How Project plans, Contracts, Service agreements, Engagement or 'buy-in' meetings, Team meetings, Workshops	• Assudani and Kloppenborg (2010) • Plaza-Úbeda *et al.* (2010)	3, 4, 18, 25	

4.5   The positioning approach

The 'positioning approach' to stakeholder management explains those activities that managers do, or propose that they would like to undertake, as an approach toward managing the effects on or by the stakeholder environment. Where managers believe the communications and relationship approaches are unavailable, insufficient or ineffective, the positioning approach is proposed to meet the objectives of managing a dramatically changing market or to enter, grow or diversify markets:

> I think for us that's a new world, right, so I actually think that's something we need to get our heads around a lot more. And as our business evolves to the difficult question of market access … But I think the future for us is a much deeper understanding of the stakeholders, probably an even greater understanding of the interdependency of the stakeholder, and then taking those insights and actually making a new strategy that allows you to grow (Chief Executive Officer, Research site B).

The positioning approach encompasses situations in which managers influence stakeholder A to influence stakeholder B, often because a direct approach to stakeholder B is not available, appropriate or effective. In determining this approach, managers analyse the whole stakeholder environment, at the group level, to determine the nature and extent of effects that the focal firm wants to have on the stakeholder group, and *vice versa*. Strategies are then developed, as Freeman (1984, p. 2) proposed, at the rational, process and transactional levels, to manage the effects on and by the stakeholder environment.

The positioning approach looks beyond the transaction, to consider multiple facets and influences at the rational level. For managers, "you're looking at it from two perspectives, one is how do you take share, but the other is how do you grow the pie" (Executive Manager, Supply Chain, Research site B), considering how to achieve both simultaneously, to manage the positive and negative effects of the stakeholder environment to achieve the focal firm's objectives, whatever they may be. The Chief Executive Officer, Research site B stated:

> it's an area probably where you can influence, you can't manage I wouldn't say … we spend a lot of time talking about how do we influence policy to ensure that patients have access, to insure that the healthcare is affordable, that the technology is available, all the things that enable us to have a great company.

This distinction between 'influence' and 'management' is an interesting heuristic for how managers understand stakeholder management – do managers believe that 'stakeholder management' is limited to those activities and stakeholders that they believe they can manage?

With globalisation, the trans-pacific partnership trade agreement or the global financial crisis, executives acknowledge that the world is changing and they do not view their continued reliance on issuing communications and managing individual relationships as a viable means for driving their strategies. A changing market place brings new and disparate competition, to which executives are exposed at the process level, "We've got very large buying groups starting to appear … it doesn't necessarily always work though because the smaller players can come in and undercut us" (Executive Manager, Ethical Affairs, Research site B). So, how do managers understand, anticipate and respond to changes in the stakeholder environment more efficiently and effectively?

The Executive Manager, Public Affairs, Research site B (who was familiar with the extant stakeholder literature) said that managers in Research site B "have regular … challenge sessions where we sit down as a group and we go through hypothetical issues and matters, most of which deal with external stakeholders and then how they play out". The peers of this Executive Manager openly applauded the holistic approach, at the rational level, throughout the interview process as beneficial due to the new insights, understanding and thinking that it generated. The Executive Manager was driving this approach through the organisation to challenge the status quo and imbue a new way of thinking, away from the institutionalised views that were limited to being solely reliant on communications and individual relationships:

> Together with the GFC and so on things have changed, the pressure is on everyone, not only us, everyone, and I'm not sure that we're quick enough to understand it and that we're adopting quick enough to understand it. So do we have a completely structured process? That's why when you made your opening comment I thought, oh, that sounds very interesting, yes. Do we really have very clear relationship maps, do we really understand all those things? I think it's much more informal than it probably is formal (Chief Financial Officer, Research site B).

While the executive managers were clear in their desire for a systemised approach to understanding the stakeholder environment, and its effects, they were as equally unclear as to how to develop such an approach. To some extent, organisational norms continue to drive practices and processes that align to communications and relationship approaches. For example, within the context of stakeholder theory, external people and parties who can influence the effects on and by stakeholders are considered stakeholders, whereas the Chief Executive Officer of Research site B (perhaps inadvertently) continued to view such external parties as non-stakeholders:

> I don't think that we would formally map what we would need to do if we don't get what we need from them and *vice versa*, I don't think we formally map it. Informally we know what to do because we've been around for some time. In our case we were unhappy if we couldn't do it ourselves through the different avenues that are available … What we would do is use our industry association, we have used government contacts…we've used external people within the mix who are not exactly one of those stakeholders but can influence. But it is not a defined path (Chief Executive Officer, Research site B).

While the concept of the positioning approach remains undeveloped, this study explored the circumstances in which executive and senior managers utilise stakeholder A to influence stakeholder B in order to generate a desired outcome. This exploration identified a number of alliances within the stakeholder environment that are frequently cited as influencing outcomes, such as patients using advocacy groups to influence the medical device manufacturer or the medical device manufacturer using industry associations, health insurers, hospitals, advocacy groups and leading surgeons to influence government regulators:

> And so you have patients who have advocacy groups, you have patients who are banding together to make sure they better understand what is happening with their health and the products and services that device companies sell clearly affect them because they are being used on them (Chief Executive Officer, Research site B).

> When you have an internally consistent message to … [a regulator] … where you're trying to influence, you know, I certainly can provide something from our product, very technically clinical … whereas our Government Affairs and Health Economics teams are influencing in different ways. They're going through the [hospitals and insurers], for instance, and putting together economic models of why, using your own data, of how something maybe, you know, if you go down this path why it is a more positive outcome for your patient (Executive Manager, Quality and Regulatory Affairs, Research site B).

And there's been [sic] situations where we know that the [regulators] are approving a particular initiative that ... we've gone directly to the [regulator] and we've also submitted [a proposal] through the [industry association] (Executive Manager, Medical Affairs, Research site B).

To get that reimbursed we require lots of different people. So we've [used] some really key heavy hitters in [leading surgeons] and we get them to do studies, we get them to understand the technology, to review it, and that then is building a body of evidence that we can use to influence government (Chief Executive Officer, Research site B).

I was going to say our biggest lever there is advocacy groups, people who have already [one of our products] who are very closely aligned with us, very happy to talk about it, very happy to counsel others, build the community. That's certainly for our sales regions a big opportunity (Executive Manager, Supply Chain, Research site A).

Figure 6 shows that the premise of positioning is so the focal firm can influence stakeholder A to influence stakeholder B due to stakeholder A's (i) ability to influence, (ii) credibility or authority or expertise and (iii) reciprocal benefit. Influence may take the form of leveraging pre-existing or alternate commercial relationships, provision of expert testimony or support and endorsement for the focal firm's objectives. The Chief Financial Officer, Research site B pondered the very question of attaining a stakeholder's endorsement:

How do you get endorsement? I look at it for example if I go online and buy something. I quite enjoy reading, so how do I select a book? I go online and see how many people have said this is a great book. So if it's a best seller and people rave about it, I buy it, if not, I don't. So could you replicate something like that, it's an interesting thought.

The concept of using one stakeholder to influence another received a lot of attention and discussion in the semi-structured interviews. Managers were interested in exploring the concept and the more it was explored, the more vibrant the discussion. For example, some interviewees discussed the academic community as a stakeholder and the influence that the focal firm wants academia to have on the achievement of its objectives. For the relationship and communications approaches, the academic community has (largely) gone unidentified, however "we have people who are looking at research papers being written, we have people that are connected with universities, we have a good network" (Senior Manager, Supply

Chain, Research site A). That is, the academic community can certainly influence, provide expertise and generate reciprocal benefit.

In acknowledging the role that various stakeholder groups, who may go unidentified in the relationship and communications approaches, may play in driving strategic outcomes, the research participants questioned how they would identify such stakeholders and how to develop such strategies:

> So it's finding out how the different groups are going to support your overall goal. If your overall goal is ... growth, which is absolutely something that we'd have in mind ... how are you going to get it and what are the current barriers? So, that then you'd ask; who can influence those barriers? (Executive Manager, Quality and Regulatory, Research site B).

Throughout the interview process, executives' and senior managers' appetite to explore a strategic and holistic approach toward leveraging positioning strategies was apparent, but the research participants had some difficulty in breaking away from ingrained views of stakeholder management:

> How do you best leverage your position with what you're trying to do for patients to make the policy makers, to make the regulator, understand how you're doing that. And that is very difficult to do on your own. Part of it is because when you do it on your own you look very self-interested, whereas if you're doing it as an industry for instance, or the industry body speaks for a group of companies … it's much more powerful. So yes, you can absolutely leverage the stakeholder. Do we have the skills to do that? I'm not sure, I'm not sure (Chief Executive Officer, Research site B).

Figure 6 illustrates the 'positioning' approach as the firm engaging with stakeholder A to garner resources, but stakeholder A also influences stakeholder B to provide additional support or endorsement, which enables the focal firm's objectives. This approach remains conditional on the focal firm also including stakeholder B into the 'network', and in return, stakeholder B providing the focal firm with access to stakeholders and markets that may otherwise be unattainable. Naturally, stakeholder A may provide resources and endorsement as part of a broader strategic relationship with the focal firm. However, the complexity of this approach has not gone unnoticed, and is addressed as an implication in the ensuing section.
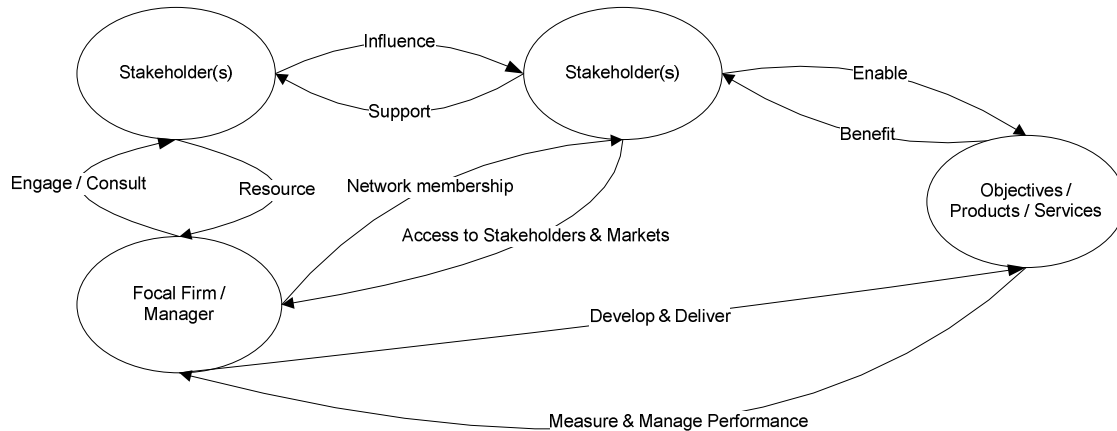
4.5.1 Implications of the positioning approach

The implications of the positioning approach, a term used to describe stakeholder management where managers view, analyse and manage the effects on and by stakeholders across the stakeholder environment, are discussed in this subsection. While numerous scholars have contributed to this approach, interviewees within this research did not identify it consistently. There are three implications of this approach. First, institutionalised norms obfuscate it. Second, it is difficult and poorly understood. Third, it focuses on generating long-term benefits whereas managers may act and behave according to short-term objectives. An expanded explanation of each follows.

First, 'institutionalised norms' explain the practices and behaviours that managers adopt because of the ways in which isomorphic pressures influence them. Within the semi-structured interviews, interview participants were asked about their views on managing the effects on and by the stakeholder environment, particularly (a) where the communications and relationship approaches were unavailable or (b) when dealing with dramatically changing markets or entering, growing or diversifying markets. The responses from this line of questioning were broad and mixed, ranging from 'blank stares' through to thought provoking discussion.

While many of the respondents characterised their organisations as not having a formal, structured or consistent process for managing the effects of the stakeholder environment, interviewees continued to contemplate the probing questions until they

developed their responses. Their responses acknowledged that there is not an approach – but also that they thought it would not be too hard to develop one simply by replicating existing, known and tested processes, such as from the communications or relationship approaches. The Executive Manager, Quality and Regulatory Affairs, Research Site A stated "You probably can't. But I mean there's ways [sic] of finding out what's happening in the world. So industry associations are a very good way of finding out what the trends in the market are" whereas the Chief Executive Officer, Research Site B stated:

> I don't think that we would formally map what we would need to do if we don't get what we need from them and *vice versa*, I don't think we formally map it. Informally we know what to do because we've been around for some time.

The Chief Operating Officer of Research Site D acknowledged:

> to a large extent we would rely on our planning process to draw out those things. We probably don't do a very good job as an organisation of having a structured approach to understanding stakeholder requirements, because a lot of the time I guess we would accept them to be implicit in a way.

The Director of Operations at Research Site A adopted a more pragmatic view in claiming that it quintessentially comes down to adapting the strategic selling process:

> we're always getting better at this, but we do have kind of a process, it's based upon books and stuff that's [sic] been around for years on the so called strategic selling process. Because at the end of the day we're a sales organisation and this concept of strategic selling is really understanding what the so called decision making unit is? And you can apply this to anybody, it doesn't just have to be someone that directly buys your services or your products, it can be someone who has an influence on that as well. But it's really understanding, breaking down or looking at that stakeholder group, looking at the people within that stakeholder group who are decision makers, who have the potential to influence a decision to buy your product, the so called DM view, and then understanding the motivations of each of those people (Director, Operations, Research Site A).

However, the Executive Manager Public Affairs, Research Site B raised the institutional challenges and implications of utilising a particular approach, mindset or sense making from one field for a varied purpose. He acknowledged the institutional view that some managers will encounter difficulty in thinking and behaving in ways contrary to their homogenised practices:

> You really need to have a multi-faceted view of stakeholders, where we do tend to have say senior people that have come up through the sales and marketing organisation they might only look at them through a one sort of

prism, and that can be quite dangerous for a couple of reasons. They don't actually ask the right questions and they don't hear the right responses to it to sort of get a bit of an understanding about what their needs are (Executive Manager, Public Affairs, Research Site B).

Interviewees considered the positioning approach to be both difficult and poorly understood. As managers apply their institutionalised norms to their thinking about the whole stakeholder environment, the overwhelming thought of managing communications and relationships with every individual stakeholder begins to emerge, which results in an exasperated response of "it's too hard" or "that will never work".

In his interview, the Chief Executive Officer, Research site B, thought through the prospect of broadening his firm's approach with enthusiasm but with a sense of reservation as to whether the existing skill set would support a different approach. He continued by talking through the multiple varied stakeholder groups involved in entering or growing a market, or even introducing new products to existing markets. While his use of specific names for people, organisations, products and markets makes it difficult for the quote to be included in this thesis and retain anonymity, his description included a 'web' of stakeholder groups, across multiple countries or geographies, operating in multiple regulatory environments.

In the absence of a structured approach toward understanding, analysing or managing the stakeholder environment, interviewees contemplated a situation that was almost unfathomable, for which they could not draw on their experience, managerial disciplines or accreditation bodies for guidance, leaving them to envisage bringing multiple disparate individual stakeholders together. The Director, Operations, Research Site A contemplated this situation and responded by saying: "Well, I guess the two sets of goals are slightly different. I mean the goals of the external stakeholders are probably more disparate and maybe a little bit more difficult to bring together and align".

Throughout almost all semi-structured interviews, with the exception of one interview with the Executive Manager, Public Affairs, Research Site B, who was very familiar with the stakeholder literature, it was not possible to detect or identify that any of the

other participants were aware of the breadth of stakeholder literature. This observation is similar to what Dmytriyev *et al.* (2017, pp. 392-395) found in saying "most practicing managers are unaware of discoveries in management scholarship" because they do not necessarily read the literature. However, all interview participants seemed comfortable with using the stakeholder nomenclature to describe who constitutes a stakeholder, how saliency was determined and anecdotally how stakeholders would seek to influence the firm. The only evidence detected and which pertained to where managers received their views of stakeholder management related to the institutionalised norms with the organisation.

In many of the semi-structured interviews, managers cited examples of stakeholder activity involving immediate issues at the transactional level, which they managed with communications, and project or product or service management at the process level, which they managed through individual relationships. Each of these issues and stakeholder management activities had an identifiable and short-medium time horizon to realising benefits and achieving closure. However, during discussions of positioning, managers cited anticipated challenges as involving a changing environment, uncertainty through disruptive or new technologies, and the expected challenge of developing long-term stakeholder strategies, which may conflict with short-term goals:

> So the [regulator], the European notified bodies, the Australians, the Canadians, the Chinese, the Koreans. So, to that extent you almost look for who's got the highest set of requirements, the most onerous, and try to meet those and give the organisation an easy way to work. Then you've got the shareholders who are saying get to market quickly, get to start having volume sales, get us our returns, and that can be quite in conflict with a regulator who's saying more testing, more documentation, more clinical data before you get there. So in the end it is: what's the overall purpose for the business? so what's our long term strategy? Is it to be profitable in the short term? (Executive Manager, Quality and Regulatory Affairs, Research site A).

The Executive Manager, Public Affairs, Research Site A, addressed the long-term strategy by acknowledging the short-term goals as milestones along the journey. She stated:

> most of my work is probably long term, so it's not something you definitely know the path and can itemise action, and sort of, detailed project management. And often the solution is formulated with the engagement and the conversations of stakeholders. So there might be the need to engage a

whole series of, say, bureaucrats through a government organisation to get to the people who can really make a decision. Along the way you support people's engagement or build their knowledge, you also learn a lot about whatever the objectives and priorities are within that stakeholder group, to government and being able to then fit into their system to drive the change you require.

However, not all respondents took such a pragmatic view to managing the uncertainty of the future.

Changing environments include varied regulatory environments across Australia, the US, Europe, Japan, Korea and China, which managers described as an emerging competitive threat. New technologies dramatically change markets, create new opportunities and vary how the stakeholder environment operates, including the dependency between stakeholders. Some organisations cited that they could offer scale or volume propositions to their stakeholder network, whereas others cited that they were relatively small operations:

So it's not just the traditional ones like World Health Organisation or UNICEF or APEC which we've got a lot of engagement in, but it's also virtual stakeholders now. Stakeholders today have a secretariat, no full time staff, it might be a collective of people that are interested in healthcare reform across Asia, they have an inter-connectivity with each other (Executive Manager, Public Affairs, Research Site B).

The interviews identified that managers believe the size of their respective organisations may also limit their ability to formulate or be involved in managing the stakeholder environment, particularly during times of dramatically changing, entering or growing markets. For example, an SME may have less ability to influence the agenda than a large multi-national corporation, which has more resources at its disposal. Having said this, those respondents acknowledged the challenge in driving the agenda or influencing the stakeholder environment but stopped short of acknowledging how they could influence their stakeholders to achieve the same outcomes.

While the 'blank stares' received during semi-structured interviews were in response to probing questions of what stakeholder management approach would be enacted to better understand and manage the effects on or by the stakeholder environment, beyond managing individual relationships. In answer: "That's a very good question,

because we don't really have a systematic approach at the moment. We are in desperate need of a systematic approach" (Executive Manager, Quality and Regulatory Affairs, Research site B). **Table 10** summarises the corroborating evidence, from the literature in chapter 2 and the research detailed in this section, for this explanation

.

Table 10: The positioning approach: corroborating evidence

	Literature	Recruitment notice number	Semi-structured interviews
Focus Managing stakeholders' effects to position the focal firm, strategically, within the stakeholder ecosystem	• Freeman (1984) • Windsor (2010) • Ackermann and Eden (2011)	5	• Chief Executive Officer, Research site B
Implications Difficult to construct/dismantle. A hybrid of communications and relationships is ineffective where no relations are held or available.	• Ackermann and Eden (2011) • Polonsky and Scott (2005) • Schlierer *et al.* (2012) • Dmytriyev *et al.* (2017) • Pesqueux and Damak-Ayadi (2005) • Phillips *et al.* (2003)		• Director, Operations, Research site A • Director of Community Support, Research site D • Senior Manager, Communications, Research site D • Executive Manager, Quality and Regulatory Affairs, Research site B • Chief Executive Officer, Research site B • Chief Operating Officer of Research site D • Executive Manager, Public Affairs, Research site A
Why Gain competitive advantage	• Verbecke and Tung (2013) • Moura-Leite *et al.* (2014)	5, 44, 49	• Chief Executive Officer, Research site B
When Market entry, growth, change or diversification	• Liu *et al.* (2013)	5, 44, 46, 49, 50	
Who – within the firm Board of Directors, CEO/MD, Executive management, Business unit/divisional "Head of"		5, 44, 46, 49, 50, 55, 56	
Who – stakeholders An amalgam of communications and relationships	• Freeman (1984) • Phillips (2003) • Sternberg (1997) • Waddock *et al.* (2002) • Mitchell *et al.* (1997) • Clulow (2005) • Key (1999)		• Chief Executive Officer, Research site B • Executive Manager, Quality and Regulatory Affairs, Research site B • Executive Manager, Medical Affairs, Research site B • Executive Manager, Supply Chain, Research site A
What An amalgam of communications and relationships		44, 46, 49, 50, 83	
How An amalgam of communications and relationships	• Polonsky and Scott (2005)	5, 44, 46, 49, 50, 56	

4.6 Summary

This chapter provides a discussion of the research findings. It synthesises and triangulates the analysis of multiple data sources. It includes the findings and contributions from prior research found in the practitioner-oriented literature. It brings new insights and interpretations from 28 field-based semi-structured interviews and sense making found in 100 online recruitment notices. Together, these data sources provide compelling evidence for how managers make sense of stakeholder management.

Managers refer to 'stakeholder management' as different things. There are different approaches to stakeholder management, each aimed at achieving different objectives and managing different issues. The challenge remains for not only managers to understand to which approach is being referred when managers talk about stakeholder management, but also for managers to understand the effectiveness of each approach in meeting different objectives and managing different issues. Managers may be applying an inappropriate approach or strategy to managing stakeholders' effects but not realise why it is ineffective.

In summary, this case study provides an explanation of how managers make sense of stakeholder management. While Freeman (1984) initially offered stakeholder theory as a contribution to strategic practice, it has been institutionalised at the process and transactional levels, meaning that managers make sense of stakeholder management deductively as a term for managing stakeholders. For example:

- I <u>manage</u> (relationships and communications with) my boss, colleagues and suppliers by providing regular updates of my progress on various activities through formal and informal meetings, emails and joint decision-making.
- My boss, colleagues and suppliers are <u>stakeholders</u>.
- Therefore, to me as a manager, <u>stakeholder management</u> means that I provide regular updates of my progress to my boss, colleagues and suppliers.

The above example could change to suit public relations managers who manage communications with their publics, government relations managers who manage relationships with governments or human resource managers who manage

communications with employees. The literature review and empirical research infers that different managers consider the terms 'stakeholder' and 'stakeholder management' to mean different things, which is a finding shared by Phillips *et al.* (2003). They are terms that refer to everything and everyone, leaving some managers to ask their relevance or value.

The data collected in the semi-structured interviews show that managers make sense of stakeholder management differently from the concept, as conveyed by Freeman (1984), at the transactional and process levels. Managers' transactional view is parochial and their processual level focuses internally, as managers limit the inclusion and consideration of various stakeholder groups to 'individuals', who are relevant at a given point in time. Managers focus on managing individual relationships to garner resources to deliver projects within defined constraints or issuing communications to manage perceptions and mitigate or negate actual and potential coercive action.

The results outlined in this chapter show that issues determine managerial approaches to stakeholder management. Managers mitigate risks of potential or actual coercive action through the (continued) distribution of communications until they negate the risk. Moreover, managers will stakeholder-manage the individual relationships with the internal divisions of their organisations, and externally to suppliers, to garner resources and bring new projects, products and services to fruition. While the first approach may involve publics, media, governments and industry associations, the second approach is more likely to be limited to internal managers, colleagues and suppliers; that is, the managerial view that predates 'stakeholder management'.

In both of the above instances, 'stakeholder management plans' reinforce these approaches, as they are developed and disseminated amongst (internal) stakeholders. These plans detail the providers of resources, such as approvals, budget and product development. They articulate who provides communications, to whom, along with the time intervals and media for communications. While these documented plans may appear to be project plans and communication plans, stakeholder management has provided them with a new identity.

Each participating CEO cited a need for greater understanding of stakeholders when setting and managing strategic direction, however each respective CEO's management team produced stakeholder management plans that articulated who was responsible for communicating to whom, at which time interval and via which medium. Each CEO expressed a need for a (version of) stakeholder management that assisted in setting strategic direction but suggested that this seemed too difficult and they remained uncertain or unaware of a structured framework that catered for the rational level.

Finally, there are implications associated with adopting each of the stakeholder management approaches. For example, when communications do not reach their intended audience, relationships are not available, and influencing strategies are difficult. However, the participants of the semi-structured interviews were not explicit in recognising these implications, nor did they detail effective alternatives and options for managing stakeholders' issues when an institutionalised approach was ineffective.

5. Conclusions

This chapter discusses the findings of this research, and responds to the research question, in four sections. First, it answers the research question – how do managers make sense of stakeholder management? – by synthesising the responses from multiple data sources. Second, it outlines the way in which this thesis provides a contribution to theory and praxis. Third, it discusses the limitations associated with this research. Fourth, it identifies four areas of stakeholder management that could benefit from further scholarly research.

5.1   How do managers make sense of stakeholder management?

The research finds that individual managers make sense of stakeholder management differently, which is a view shared by other researchers, such as Phillips *et al.* (2003). However, the specific purpose of this research was to explore how managers make sense of the stakeholder concept. Three stakeholder management approaches emerged from the literature review, each aligned to managing different issues, which helped offer a framework for exploring managerial sense making. This research finds that managers will utilise one or more of the three identified approaches, irrespective of their field, based on the particular issue they may be managing but will also rely on institutionalised norms to inform their positioning approach, in the absence of explicit knowledge of the stakeholder literature.

The three stakeholder management approaches are: communications, relationships and positioning.

First, managers refer to stakeholder management as the 'communications' approach where they are promoting, defending or protecting the firm (or its position), such as a threat of coercive action from stakeholders, such as the media, government, industry association or union. Managers attempt to stakeholder-manage the perceptions of their publics by issuing various communications, telling a story or conveying a message. They develop stakeholder management plans that detail which manager

will disseminate different communications or messages at different intervals, depending on the stakeholders' responses. As such, it is common that managers from the field of public relations, legal or marketing adopt this approach.

However, the implications of the communications approach are (i) its one-way nature, (ii) being a defensive mechanism and (iii) it may not reach or be accepted by, stakeholders. The scholarly literature, as detailed in **2.5.1**, and the case study research, detailed in **4.3.1** both identify these implications.

Second, managers refer to stakeholder management as the 'relationship' approach when they are developing new products and services or maintaining existing ones. They view stakeholder management synonymously with managing and nurturing stakeholders' relationships, as a means for garnering resources such as people's time, finances and budgets, materials, plant and equipment required to deliver their products and services. Managers identify their stakeholders as those contributing or utilising resources, such as owners, financiers, suppliers, employees and customers, while omitting other stakeholder groups from consideration. Managers from all disciplines, but particularly those from project management, product development, category management, sales, relationship and account managers adopt the relationship approach.

The implications of the relationship approach are (i) it is internally focused, (ii) based towards individual relationships, and (iii) limited by the lifecycle of the person or project. However, perhaps the most salient implication is managers' inference that stakeholder management constitutes managing personal relationships with individual people within stakeholder groups, which is not feasible for all stakeholder groups and omits consideration of many stakeholder groups.

Third, managers refer to a 'strategic' intent toward stakeholder management, expressed here as the 'positioning' approach, which is applicable at times of creating or entering new markets, or operating in a dramatically changing market. While the literature relating to the managerial branch of stakeholder management describes, in instrumental terms, how managers may create strategies to manage the stakeholder environment, this research finds that, in practical terms, managers adopt a hybrid

model of the communications and relationship approaches. The semi-structured interviews with five different managing directors captured their unanimous calls for a more pragmatically useful stakeholder management approach to managing the stakeholder environment than the hybrid model employed, suggesting they were unaware of the extant literature, or believe the existing literature to be inappropriate.

The implications of the positioning approach are (i) its obfuscation through institutionalised norms, (ii) that it is difficult and poorly understood, and (iii) that it is best suited to providing long-term benefits (whereas managers may have short-term objectives). Instrumental stakeholder theory has been lost, subsumed by connotations that stakeholder management is about managing stakeholders and not their effects, despite this research identifying such explicit calls by all participating managing directors.

5.2   The contribution of this thesis

Corley and Gioia (2011, p. 26) state that a theoretical contribution "has two germane dimensions, originality (classified as either incremental or revelatory) and utility (scientific or pragmatic usefulness)".

First, this thesis makes an original exploration into managerial sense making of the stakeholder concept. It synthesises the researched-based and practitioner-oriented literature to explore and analyse empirical data for how managers interpret stakeholder management. In doing so, it responds to scholarly calls for further empirical research into praxis, while also offering some plausible rationale for why stakeholder management means different things to different people. This theoretical contribution to stakeholder theory may move "scholars in a field or advance our theoretical understanding" (Corley & Gioia, 2011, pp. 15-16) by allowing praxis to inform research.

Second, the three approaches to stakeholder management constitute theoretical constructs, or categorisations, of how managers make sense of stakeholder management. They help to conceptualise how managers align different management activity, objectives and issues commonly referenced in colloquial discussion. While

scholars and managers ubiquitously use the same stakeholder vernacular to refer to different things, which may lead to the cited confusion and complexity, the three approaches presented in this thesis offer an exploration of practitioner sense making. This categorisation and the cited limitations of each approach offer an empirical contribution because the analytical dimension of stakeholder management may be evident in the literature but absent in practice.

5.2.1 Contribution to stakeholder theory

This thesis makes two main contributions to stakeholder theory.

First, in interpreting stakeholder theory, this research incorporates and addresses calls in the academic literature for further research into sense making. Frooman (2010) suggests that researchers be clear on what they mean when using the term 'stakeholder management', so they can be sure of what they are researching. Within this research, Freeman's (1984) original work forms the 'baseline' for identifying models that managers may use (and be familiar with) before expanding to include other seminal contributions, such as the saliency model by Mitchell *et al.* (1997). This process identified five components of stakeholder management, being: stakeholder identification, saliency, wants and needs, metrics and influencing strategies, which informed the development of semi-structured interview questions.

The five components of stakeholder management allowed both the researcher and research participants to be clear throughout the research, while responding to calls for greater clarity of meaning of terms when conducting empirical research. Framing the stakeholder concept by its constituent parts, as opposed to a holistic label, also allowed research participants to 'think through' and conceptualise the utility of each and to talk openly about what worked, and what did not. The identified components and their use in structuring the semi-structured interviews allowed for a richer exchange and investigation into managerial praxis than what other scholarly contributions have detailed.

Second, the conceptual framework of managerial approaches towards stakeholder management, derived from the stakeholder literature, helps to recognise and

consider some of the institutional pressures that influence managerial sense making. Luoma and Goodstein (1999) and Byerly (2012) recommend consideration of institutional pressures (e.g. DiMaggio & Powell, 1983), which include issues (Hoffman, 1999) such as managing perceptions, bringing products to fruition and entering new markets. Additionally, empirical researchers such as Ackermann and Eden (2011) and Schlierer *et al.* (2012) call for more in-depth empirical research to explore managerial sense making. This research and its findings responded to these calls by considering how different fields, such as managerial disciplines, industry and professional bodies consider the stakeholder concept.

This research has found that managers make sense of the stakeholder concept by particular stakeholder issues, but also seemingly by institutional isomorphic mechanisms. For example, managers disseminate communications to defend, protect and promote the firm. The practitioner-oriented literature, such as from public relations, communications and human resources, but also the research-based literature, such as legitimacy theory, and industry associations, such as the stakeholder engagement standard, support and reiterate this finding. Thus, the conceptual framework of classifying stakeholder management by its approaches helps to identify not only what form of stakeholder management is the topic of discussion but also identifies new research opportunities, such as their respective limitations.

Articulation of the limitations associated with each stakeholder management approach is a unique finding of this research. For example, there is a dearth of research that explores managerial 'best practice' stakeholder management. There is a similar paucity of research into stakeholder theory's role or contribution where communications do not reach their audience, where relationships are not available or where strategic networks are too difficult. These limitations present new lines of inquiry for further empirical research and debate.

Both the components of stakeholder management and the identified approaches provide a contribution to stakeholder theory that helps address some of the scholarly criticisms of confusion, while also addressing opportunities for further empirical research. For example, researchers may find respondents have more to contribute

on stakeholder identification than influencing strategies, which also helps researchers identify a lack of knowledge relating to influencing strategies. Alternatively, researchers may wish to focus their research on the communications approach versus the positioning approach, or compare practitioner views between two approaches. The contribution that these two frameworks make is one of further scholarly research of previously unexplored lines of inquiry and advancement of the stakeholder concept.

5.2.2 Contribution to praxis

This research explains what may be termed 'best practice', which Szulanski (1996, p. 28) defines as "practice that is performed in a superior way", for managing particular issues, but also highlights the implications of choosing one stakeholder strategy over another. For example, communications may be the preferred strategy in times of the firm facing coercive action but may not be as effective if the firm is entering, growing or diversifying markets. Thus, practitioners may use these findings and insights to improve their practices and application of stakeholder management through a discussion of what constitutes 'best practice'.

Similarly, an interesting finding of this research was that there is an analytical dimension to stakeholder management found in the literature but absent from managerial practice. For example, the advancements of stakeholder network centrality and density, and influencing strategies, remained absent during the empirical interview process. Instead, research participants conveyed a hybrid of the communications–relationship approaches when faced with strategic issues. While there may be a number of reasons for this, such as institutionalised norms, it remains that the findings of this research open previously unexplored areas for further research into how and why managers are unaware or choose not to embrace advancements to the stakeholder concept.

5.3   Limitations of this research

While statistical samples and populations limit the generalisation of quantitative or positivist research, Yin (2014) says that qualitative research and analytical

generalisation are not bound by the same limitations. "Analytic generalisation may be based on either (a) corroborating, modifying, rejecting, or otherwise advancing theoretical concepts that you referenced in designing your case study; or (b) new concepts that arose upon the completion of your case study" (Yin, 2014, p. 41). However, as Whetten (1989, p. 492) explains, propositions generated from a theoretical model are limited by 'who', 'where' and 'when' conditions and "these temporal and contextual factors set the boundaries of generalisability, and as such constitute the range of the theory … therefore, authors of inductively generated theories have a particular responsibility for discussing limits of generalisability".

Following Whetten (1989), this thesis builds on academic journal articles derived from Western or developed countries, and includes primary research with interview participants, who are predominantly living and/or working in Australia ('who' and 'where'). While some of the academic articles referenced date back to 1984, all field-based research was completed between 2011 and 2015 ('when'). Therefore, the analysis may be generalised for these conditions, however it would be equally interesting to understand the utility of its findings in fields that are different from these, such as Eastern, Asian, Islamic, African or developing countries.

This study researched the managerial branch of stakeholder management and involved the participation of managers who operate in corporate, government and industry associations, which are for-profit and not-for-profit. However, as stakeholder management may equally apply to all organisations, the findings may not equally apply to other types of organisation, such as militaries and religious organisations.

Finally, this study explores the phenomena of stakeholder management praxis. It explores how managers make sense of stakeholder management. It is not prescriptive in the sense of arguing or presenting views of what is right or wrong. Similarly, within this thesis, 'best practice' represents what managers currently believe is best practice, not what can be best practice.

5.4   Opportunities for future research

Stakeholder theory commenced more than three decades ago, with Freeman's book *Strategic Management: A Stakeholder Approach* (1984). Crane *et al.* (2016, p. 788) state "yet another application or refinement of stakeholder theory, may find it harder to trigger that 'Aha!' moment in the reader than venturing out into less explored and thus far under-theorized subjects". However, despite the seemingly improbable task of generating another "Aha" moment, there remain additional opportunities for further research and refinement in the managerial branch of stakeholder management.

5.4.1   Implications of each approach

This thesis aims to provide a unique and pragmatically useful contribution to the managerial branch of stakeholder management, but also to praxis. Dmytriyev *et al.* (2017, p. 391) states "research should be initiated, in the first place, with an intention to solve an important real-life problem, should be aimed to have some practical consequences for the reality, and these consequences should be intended to make people's living better". Thus, the biggest opportunity for further research is in exploring the three approaches, particularly the identified implications associated with each approach, as these have the biggest consequences, in reality.

While the stakeholder literature mentions these implications in disparate research, there is little research into advancing or addressing each implication. The managerial branch of stakeholder management does not specifically address or detail how managers may overcome or otherwise manage these implications. For example, how managers may manage the effects on or by the stakeholder environment where no individual or personal relationships are available. Similarly, stakeholder management does not specifically position each approach as being suitable or 'best practice' in addressing different stakeholder issues, which assumes *a priori* knowledge. While Freeman *et al.* (2017) identify communications and relationships as two of four dimensions of a stakeholder engagement framework, their contribution neither aligns approaches with managing specific stakeholder issues, nor do they address the implications for when these approaches are ineffective in managing stakeholder issues.

Future research may explore each of the identified stakeholder management approaches, their utility in managing different stakeholder issues, and the implications of these approaches, particularly where they are ineffective. Given the nature of stakeholder management, the preference is for pragmatically useful contributions, while acknowledging practising managers read very few scholarly contributions. Researchers may also consider how they disseminate their valuable findings to practitioners, to inform praxis. Without such consideration, any progress or advancement may go unnoticed.

5.4.2   Greater consideration of institutional pressures

Relevant to this research are the isomorphic pressures of institutional theory in explaining how and why managers make sense of stakeholder management. While acknowledging that institutional theory and isomorphism may go a long way to help explaining managerial behaviour, this research did not specifically explore isomorphism. Having said this, this research did note other scholars (Avetisyan & Ferrary, 2013; Luoma & Goodstein, 1999; Oliver, 1991) who also call for further consideration of institutional pressures in stakeholder management.

An analytical lens from institutional theory may provide greater insights into the drivers of, or the reasons why, managers may adopt one stakeholder management approach over another. For example, within this research, a number of the semi-structured interview participants had views informed by their disciplines, accreditation bodies, organisations and/or industries, which all constitute 'fields' in institutional theory. Empirical research of this nature may also be more pragmatically useful in reaching practising managers, and thus better inform praxis.

5.4.3   Identifying the intention–action gap

The Theory of Planned Behaviour (TPB) provides a model for understanding managerial behaviour. The model aims to predict how people intend to behave, which may be compared with how they actually behave, with the resulting difference being the intention–action gap (Ajzen, 2011). According to Ajzen (1991, p. 188) there are three independent determinants of one's intentions: (1) one's attitude toward the

behaviour as (un)favourable; (2) societal subjective norms; and (3) the degree of perceived behavioural control (ease or difficulty). Ajzen (2011, p. 1120) also acknowledges that empirical research shows that "past behavior contributes to the prediction of future behaviour even after the predictors in the TPB have been accounted for" [sic]. This research has shown that managers favour the communications and relationship approaches, which may be partly attributed to institutionalised norms, and consider the positioning approach cited as being 'too difficult'. Thus, the TPB literature and its analytical model may explain why managers do not understand the positioning approach.

5.4.4 Development of the positioning approach

Stakeholder theory, as espoused by Freeman (1984), is a positioning approach. Institutionally, managers, practitioners and academics have adopted a more parochial view of what constitutes stakeholder management, thus the emergence and pragmatic recognition of the communications and relationship approaches. However, executive and senior managers who participated in this research, and researchers like Ackermann and Eden (2011) and Schlierer *et al.* (2012), call for a more robust and structured recognition of how to effectively position the focal firm in the stakeholder ecosystem.

Perhaps the greatest contribution future research can make to praxis is to articulate and disseminate the contribution of the positioning approach, which particularly includes the contributions to 'stakeholder influencing strategies' (see, for example, Freeman, 1984; Frooman, 1999; Frooman & Murrell, 2003; Hendry, 2005; Rowley, 1997; Smith & Fischbacher, 2005). As explained in this thesis, the stakeholder and professional literature has institutionalised the communications and relationship approaches at the expense of the positioning approach. Perhaps the correction of this will also require academics and researchers to recognise their own bias in their research (Antonacopoulou & Méric, 2005).

Annexure A – Ethics approval

21 November 2011

Associate Professor Guy Ford Macquarie Graduate School of Management Macquarie University, NSW 2109

Reference: 5201100667(D)

Dear Associate Professor Guy Ford

FINAL APPROVAL

Title of project: Empirical study into stakeholder management practices.

Thank you for your recent correspondence. Your response has addressed the issues raised by the Faculty of Business & Economics Human Research Ethics Sub Committee, and you may now commence your research. The following personnel are authorised to conduct this research:

Guy Ford - Chief Investigator and Supervisor Brad Sayer - Co-Investigator

Please note the following standard requirements of approval:

1. The approval of this project is conditional upon your continuing compliance with the National Statement on Ethical Conduct in Human Research (2007).

2. Approval will be for a period of five (5 years) subject to the provision of annual reports. Your first progress report is due on 21 November 2012.

If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. If the project has been discontinued or not commenced for any reason, you are also required to submit a Final Report on the project.

Progress Reports and Final Reports are available at the following website: http://www.research.mq.edu.au/researchers/ethics/human_ethics/forms

3. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4. Please notify the Committee of any amendment to the project.

5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that might affect continued ethical acceptability of the project.

6. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at: http://www.research.mq.edu.au/policy

Faculty of Business & Economics Human Research Ethics Sub Committee
MACQUARIE UNIVERSITY
http://www.research.mq.edu.au/researchers/ethics/human_ethics

Information and Consent Form

Name of project: "Empirical study into stakeholder management practices"

The aim of this research is to examine managerial practices as they relate to stakeholder theory, or stakeholder management. The academic literature that relates to stakeholder theory is found to a) have been developed within multiple contexts and conflicting perspectives with little consideration of practical management issues; b) provide little consensus on the outcomes of stakeholder management or empirical research that supports its contribution to issues of value creation, ethics and sustainability; and c) be lacking in the provision of a clear set of measures for stakeholder management. Thus, by examining managerial practices, comparing and contrasting the same against the literature, I can identify any gaps, deficiencies or areas for improvement.

The term stakeholder management has increased in its use since attracting the interests of academics, consultants and managers in 1984. Despite the advancements in the stakeholder related literature, the term "stakeholder management" and its use remains subject to debate as to its meaning, and its use. To some, it sets out rationale for how a firm should conduct business in an ethical, socially responsible and moral manner. To others, it helps to describe how relationships are conducted and managed by an organisation. While for others, it sets a strategic framework for understanding the dynamics that influence the achievement of strategic objectives.

This research asks questions in a semi-structured format whereby the interviewee will be asked open questions that are designed to encourage a discourse of stakeholder related practices and processes. There are six (6) main questions, which should take approximately one (1) hour to complete. Each question is voluntary and the interviewee may elect to exit the survey at any time, although full participation is requested. The questions asked of participants relate to: a) how stakeholders are identified and prioritised, b) how trade-offs and competing interests are managed, c) what metrics are used to assist in managing the stakeholder environment, and d) strategies that the organisation and/or stakeholder organisation may adopt. To aid

the analysis of all interviews, permission will be sought from you for the interview to be recorded using an electronic recording device, which will be provided by the researcher(s). These recordings will be used to produce transcripts to assist in further analysis.

This study is being conducted by Brad Sayer as part of Doctoral studies and will go toward assessment for the award of Doctor of Philosophy (PhD), in conjunction with:
Dr Guy Ford, Deputy Dean
Macquarie Graduate School of Management
Telephone: 02 9850 7813
E -mail address: guy.ford@mgsm.edu.au

If you have any questions regarding the results of the research please contact Dr Guy Ford either by phone or email as listed above.

Any information or personal details gathered in the course of the study are confidential. No individual will be identified in any publication of the results, and all names will be changed in any subsequent publication or report. The data will only be available to those directly involved in the research at MGSM. All records will be kept on the hard drives of the researchers' computers and will only be available to those directly involved in the research at MGSM. Any hardcopies made will be kept in a secure cabinet at MGSM CBD Campus and will only be available to those directly involved in the research. These records will be kept for 5 years from the date of the most recent publication arising from the research. The publications that will arise from the research will be in the form of articles to be published in academic refereed journals, conference presentations and papers, and other academic publications, in which all names and identities will be kept confidential. Non-attributable quotes from interviews may be used in publications and reports.

If you decide to participate, you are free to withdraw from further participation in the research at any time without having to give a reason and without consequence. If you would like to receive feedback on the results of the study you may provide your preferred email address at the conclusion of the interview. The researchers will

provide you with feedback and a copy of any publication that results from this research to your nominated email address. Note, if you provide your email address it will not be used for any other purpose other than to provide you with feedback or a copy of a publication of the research results.

If you decide to participate, you are free to withdraw from further participation in the research at any time without having to give a reason and without consequence. Feedback on the results of the study will be provided at the conclusion of the research to all participants.

I, _____have read and understood the information above and any questions I have asked have been answered to my satisfaction. I agree to participate in this research, knowing that I can withdraw from further participation in the research at any time without consequence. I have been given a copy of this form to keep.

Participant's Name:
(block letters)
Participant's Signature: _____Date:

Investigator's Name:
(block letters)
Investigator's Signature: _____Date:

The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone (02) 9850 7854; email ethics@mq.edu.au). Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome

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