AN EXAMINATION OF THE APPLICABILITY OF THE EXTENDED STAKEHOLDER STRATEGY MATRIX MODEL TO MARKETING

Submitted by
Michael Jay Polonsky, BS (Towson), MA (Rutgers-Newark), MA(Temple)

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School of Business & Informatics
Faculty of Arts and Sciences

Australian Catholic University
Office of Research
412 Mt Alexander Road,
Ascot Vale, Victoria 3032
Australia

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Statement of Sources

- This thesis contains no material published elsewhere or extracted in whole or in part from a thesis by which I have qualified for or been awarded another degree or diploma.

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- All relevant procedures reported in this thesis received the approval of the relevant Ethics/Safety Committees (where required).

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ABSTRACT

AIMS

This thesis develops and empirically examines whether an expanded stakeholder strategy matrix model holds within marketing. This is achieved by examining Australian marketing managers' perceptions of the appropriateness of approaches to address various stakeholders' interests within a hypothetical "green" new product development situation and determining whether these vary based on the stakeholder group considered, stakeholders' influencing abilities or the interaction between these two factors. In examining this issue, the thesis has two main aims, to: 1) extend the stakeholder theory by developing a model that addresses deficiencies in other models (In doing so, the marketing literature, by more solidly integrating stakeholder theory into it) and 2) empirically test the expanded model developed in this thesis, as well as the original model.

SCOPE

To undertake this examination, the stakeholder literature was reviewed to determine existing approaches for the inclusion of stakeholders' interests in marketing activities. A model was then developed which expanded on a stakeholder strategy matrix model suggested in the stakeholder literature, which had never been empirically tested. This stakeholder strategy matrix model suggests that organisations can address stakeholders' interests by using a set of generic strategies. The appropriate strategies can be determined by identifying stakeholders' ability to cooperate and their potential ability to threaten organisational activities. This model and the associated strategies were, however, deficient as they did not include stakeholders' abilities to indirectly influence organisational activities. An expanded three-dimensional model was posited, which considered stakeholders' ability to directly cooperate, directly threaten and indirectly influence organisational activities.

To empirically test this model, an equal number of eight versions of a hypothetical scenario were distributed to 1376 members of the New South Wales branch of the

Australian Marketing Institute (i.e. 172 of each version of the scenario). The hypothetical scenario placed respondents in the situation of a manager responsible for the development of a new product line of environmental cleaning products within a company that produces competing products. A scenario methodology had the benefit that it placed respondents in a common context and controlled for a range of possible moderating factors.

The scenario had two sections. The first section contained the core scenario, which was constant across the eight versions of the instrument and established the context of the hypothetical situation. Within this section of the survey, respondents were asked to evaluate eight stakeholder groups' general influencing abilities, using seven-point scales. The second section of the instrument contained one of the eight versions of the expanded scenario. Within each version of the expanded survey, different extended descriptions of the eight individual stakeholder groups were provided. These descriptions varied the stakeholders' influencing abilities within the three-dimensional matrix. Respondents were then asked to indicate how appropriate sixteen alternative approaches were for addressing each of the eight groups' interests, using seven-point scales.

The data was analysed to determine whether there was: 1) non-response bias; 2) empirical support for the expansion of the model from two to three dimensions; 3) a preliminary examination of the original model using a subset of the data; and 4) an examination of the hypotheses associated with the expanded model, using mixed Anova's and post hoc testing.

CONCLUSIONS

Besides theoretical support for expanding the stakeholder strategy matrix from two to three dimensions, there was also empirical support for this extension. Using mixed Anova's, the analysis identified that the mean perceived appropriateness of the *set* of approaches varied across stakeholder groups, with their position within the three-dimensional matrix (i.e. their three influencing abilities) and for the interaction between these two factors. Additional analysis focusing on the *individual* approaches found that *some* were affected by the stakeholder group examined and/or the stakeholder's position within the expanded matrix. Post hoc testing was undertaken to examine all pairs of stakeholder groups *and* all pairs of positions. It was found that there were differences between most pairs and no approaches were perceived to be uniquely appropriate for a group or a position within the matrix.

While the overall findings identified that the set of approaches varied between positions of the matrix, it was also found that the specific group examined affects the mean perceived appropriateness for the set of approaches. This finding suggested that marketers may be attributing stakeholders with specific influencing abilities no matter how they were described and might reflect the fact that marketers may not truly understand their stakeholders. Thus, any approaches that might be used to address stakeholders' interests may be less effective than anticipated. No approaches were perceived to be uniquely applicable, but rather, approaches were perceived to be appropriate for a range of positions or stakeholder groups. As such, there was qualified support for the expanded model.

ADDITIONAL PUBLICATIONS AND CONFERENCE PAPERS RELATED TO THE THESIS

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CHAPTER 1
INTRODUCTION

SECTION 1.0 INTRODUCTION TO CHAPTER ONE

Chapter One establishes the thesis' objectives, identifies the importance of the study and summarises what will be examined in the various chapters. The objective of the thesis is to examine an expanded stakeholder strategy matrix model, by examining marketers' perceptions of the appropriateness of approaches to address various stakeholders' interests for dealing with stakeholders in a hypothetical "green" new product development situation.

It is suggested that stakeholders can influence the firm in three ways. They can: 1) directly cooperate with the firm and assist it in achieving its objectives; 2) directly threaten the firm and prevent it from achieving its objectives; and 3) indirectly influence organisational outcomes by motivating others to modify their behaviour towards the firm. The original model, on which the expanded model is based, focused on stakeholders' potential abilities to cooperate and threaten organisational activities and did not differentiate between direct and indirect influence. However, a majority of the literature focuses on stakeholders' direct influencing ability. As such, this literature and the associated models discussed within it, may not adequately incorporate stakeholders' ability to indirectly influence organisational outcomes and an extended model can be used to examine this aspect.

After an examination of the literature a model is developed to examine what approaches marketers perceive to be appropriate to address stakeholders' interests when developing new "green" products, where the stakeholders have differing abilities to influence the firm (direct threatening ability, direct cooperating ability and indirect influencing ability). This model is then empirically examined. The model developed in this thesis extends previous stakeholder work (specifically Freeman 1984 and Savage et al. 1991) and addresses deficiencies with these earlier models. The thesis relies extensively on the previous stakeholder literature, not only as background to stakeholder theory, but to support the development of the expanded model. While not the focus of the thesis, the original model on which the expanded model is based is also empirically examined.

Much of the literature examines the outcomes of "including" stakeholders in organisational activities, this thesis takes a different perspective and examines the inclusion of stakeholders into marketing/organisational strategy. This distinction is important because if stakeholders' interests are not properly addressed, there is no reason to expect that firms will achieve their expected financial objectives (Atkinson et al. 1997, Wood and Jones 1995). As such, when examining stakeholder theory and associated models, more emphasis needs to be placed on the inclusion of stakeholders' interests rather than outcome-based studies.

The literature discussing stakeholder theory recognises this, although there is limited discussion of how stakeholders' interest can be included. There is some literature within the corporate social responsibility area that does touch on what is referred to as Stakeholder Management Devices (SMD), which "...are the mechanisms through which organisations respond to stakeholder concerns." (Morris 1997 p 413). However, these SMD's are narrowly defined (for example public affairs, community relations committees, ethics committees and company news letters) and do not relate to the interests of all types of stakeholders. It is also unclear whether SMD's result in stakeholders' interests being appropriately incorporated into organisational strategy development. This thesis will, therefore, focus on broad-based approaches that can be used to address stakeholders' interests rather than specific tactics, such as forming committees, etc.

This chapter is divided into four sections. Section 1.1 examines the objectives of the thesis. Section 1.2 provides a rationale as to why marketers need to consider a broader cross-section of stakeholders. In doing so, it examines some of the marketing literature to show that marketing theory already draws on a variety of stakeholders, even though most of the previous authors have not identified them as such. Thus, Section 1.2 provides a broad link between stakeholder theory and marketing. Section 1.3 examines what is discussed in the remaining chapters of the thesis and Section 1.4 will make some brief concluding remarks to Chapter One.

SECTION 1.1 OBJECTIVE OF THE THESIS

This thesis seeks to make three contributions to theory. These are, to: a) extend the stakeholder theory by developing a model that addresses deficiencies in other stakeholder theory models; b) extend the marketing literature, by better integrating stakeholder theory into it; and c) empirically test an expanded three-dimensional stakeholder matrix model developed in this thesis and to empirically examine the previously untested original stakeholder matrix model.

The primary objective of this thesis is to develop and test a model that examines whether marketers perceive the various approaches to address stakeholders' interests to vary based on stakeholders' three influencing abilities (i.e. characteristics or positions in the expanded matrix model). The definition of stakeholders is covered in depth in Chapter Two. However, for the purposes of this thesis, stakeholders are defined as, all groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose. This type of definition has been widely used in the stakeholder literature (Clarkson 1995, Freeman 1984, Greenley and Foxall 1996 & 1997, Mitchell et al. 1997, The Toronto Conference 1994) and comprehensively covers the domain of interest.

The stakeholder literature is evaluated to determine how the literature can be harnessed to assist in the development of an appropriate model that can be empirically examined. Any model must consider stakeholders' full potential to influence organisational outcomes. While there are some models suggested in the literature, it is argued that each of these has various deficiencies. The model developed will attempt to overcome these deficiencies. This model is built based on the literature and in particular the work of Freeman (1984) and Savage et al. (1991). It will, however, address all of stakeholders' abilities to influence organisational outcomes, both direct and indirect, and hence extends the previous models which only considered stakeholders' abilities to directly influence organisational outcomes. In developing a model, it is possible that additional approaches may be used to address stakeholders' interests. Freeman and Savage et al. suggested that there are thirteen different approaches that could be used to address stakeholders' interests, which they suggested were unique to specific classifications (i.e. threatening ability and cooperating ability) of stakeholders. (See Polonsky 1995a for a summary of these.)

The thesis tests whether these approaches can be generically applied to address various stakeholders' interests. To do this, five hypotheses are examined using a mixed Anova analysis. The hypotheses examine whether the set of proposed approaches vary, based on stakeholders' influencing abilities, as suggested in the literature, or whether each individual approach varies, based on stakeholders' influencing abilities.

While Freeman and Savage et al. originally suggested that there are generic approaches that can be used to address stakeholders' interests, there have been no empirical tests of this proposition. Most of the empirical stakeholder research has focused on the relationship between organisational outcomes and firms adopting a stakeholder orientation (outcome based research). As such, this empirical work assumes that organisations are addressing stakeholders' interests in an appropriate fashion and that such actions will result in improved organisational performance. The fact that many studies do not find a relationship between organisational behaviour designed to address stakeholders' interests and outcomes, are largely due to the fact that stakeholders' interests have not been appropriately addressed by firms in the first place (Wood and Jones 1995). Organisational behaviour designed to address stakeholders' interests is misdirected or mismatched (Wood and Jones 1995). Considering how stakeholders' interests are addressed is an important initial step, which is essential before any causal examination of the relationship between outcomes and addressing stakeholders' interests can proceed. Assuming that Wood and Jones (1995) are correct, in some cases there has been a mismatch in organisational objectives and stakeholders' objectives. In these cases it is unclear whether managers have appropriately included stakeholders and their interests when designing organisational activities. It is, therefore, important to research the approaches that can be used to address stakeholders' interests, rather than to focus on the outcomes of addressing stakeholders' interests.

Much of the literature has focused on the application of stakeholder theory in examination of the corporate social responsibility area (CSR), with a large proportion of the literature also having a broader organisational strategy perspective. While some of this literature has suggested that marketers can utilise a stakeholder perspective (Greenly and Foxall 1995, Miller and Lewis 1991, Näsi 1995, Polonsky 1995a & 1996, Polonsky and Ottman 1997, Polonsky et al. 1997, Polonsky et al. 1998), there has been limited literature linking these two areas (Polonsky 1996). As will is discussed in Section 1.2, marketers regularly consider a wide set of stakeholders in the business environment when designing strategy, yet there does not appear to be any formal processes discussed in the marketing literature for addressing stakeholders' interests. The thesis proposes that stakeholder theory and the model developed in this thesis provides a mechanism by which marketers can better deal with the wider business environment.

SECTION 1.2 LINKING MARKETING AND STAKEHOLDER THEORY

As far as linking marketing and stakeholder theories is concerned, marketers traditionally consider a broad set of stakeholders when determining strategy, although they are not always referred to as stakeholders. However, it is unclear from the marketing literature how stakeholders' interests are considered in strategy development. Marketers are dependent on a range of internal and external stakeholders who are broadly discussed in the marketing literature examining the business environment. At a basic level, stakeholders in the business environment include, suppliers, customers, government, competitors, investors (Atkinson et al. 1997), although others could be included as well, such as, employees, special interest groups, etc. The material discussed in this section provides a rationale as to why stakeholder theory and the expanded model developed in this thesis, are applicable to marketing theory and practice.

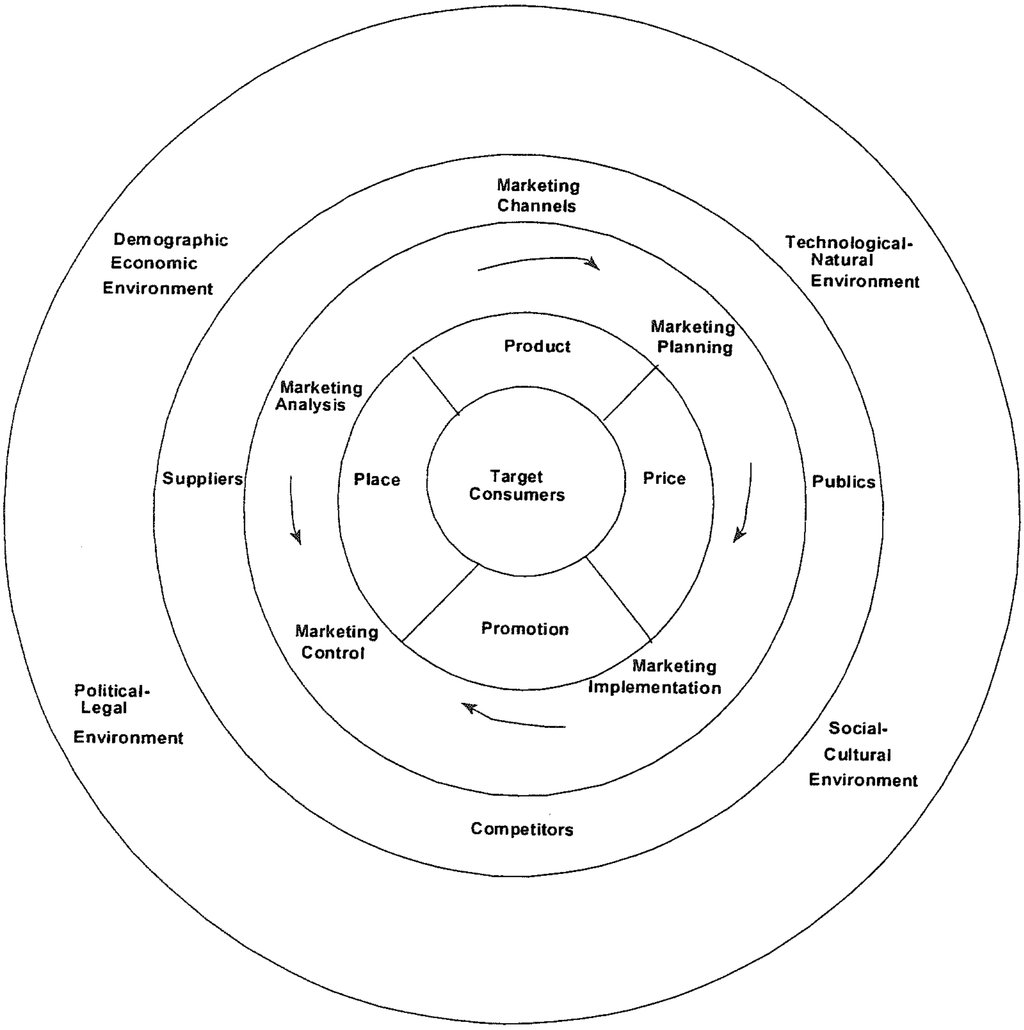
"Marketing's concern with the organizational-environment exchange process and the broadening of the marketing concept have emphasized the importance of the external environment for marketing theorists and managers." (Zeithaml and Zeithaml 1984, p46) Kotler's discussion of megamarketing (1986 & 1987) also suggests that marketing needs to expand the way in which it deals with the business environment. In megamarketing, marketers are required to directly deal with a broader set of forces in the external environment than in the traditional marketing context, including governmental bodies, unions, special interest groups and the general public, in addition to the traditional environmental forces of consumers, distributors, suppliers and intermediaries (Kotler 1987). A megamarketing perspective suggests that marketers have the ability to change or at least influence the external environment to a significantly greater degree than is suggested under the traditional marketing philosophy. That is, marketers no longer need take these external factors purely as constraints on marketing behaviour, but these factors may become "semi-controllable" variables. Anderson (1982) put forward a related view when he suggested that existing theories of the firm were too narrow and failed to enable marketing strategy development to consider all relevant constituencies.

Consideration of the internal and external environment is an essential part of the strategic planning process (Kotler 1993). In many diagrams of this process, these two components are frequently considered independent, suggesting that the external environment is a constraint on the internal environment (Clark et al. 1994). Traditionally, marketers examine the business environment to ensure that any strategies satisfy the consumer or adopt a customer orientation (i.e. adopt a marketing philosophy) while considering the "uncontrollable" external environment (Baker 1992). Only after these groups are "... taken into account and included in the decision making process..." can the firm "...set its goals and allocate resources." (Galbraith 1977, p203) Although, others such as Slater (1997) have identified that firms must consider "... the interests of other key stakeholders..." (p164) as well as consumers.

The basic "marketing philosophy" is built on the premise that the firm's strategies are designed to "...accomplish an organization's objectives by anticipating customer or client needs and directing a flow of need-satisfying goods and services from producer to consumer." (McCarthy and Perreault 1993) Such an approach is often depicted visually as a set of concentric circles, where the consumer is depicted in the centre, surrounded by circle representing the firm's marketing activities, which is then surrounded by a another circle containing company activities, which is finally surrounded by a circle containing the external environment (Schnaars 1991). A similar model is often presented in marketing texts, although in this model the consumer is in the middle followed by a circle containing the firm's internal controllable variables and a third circle containing the external uncontrollable variables, as is depicted in Figure 1.1 (see Zeithaml and Zeithaml 1984, McCarthy and Perreault 1993). This view is not unique to marketing and has been suggested in other literature as well, although in these diagrams the firm rather than the consumer is in the centre (Harrison and St. John 1994, Steadman et al. 1995).

FIGURE 1.1

THE TRADITIONAL MARKETING VIEW OF THE ENVIRONMENT



In terms of examining how marketers deal with the environment three perspectives have been suggested: a) determinism where the environment is taken as given; b) strategic choice where the environment can be changed; and c) a combined approach falling somewhere in between (Clark et al. 1994). Zeithaml and Zeithaml (1984), extending Galbraith's (1977) work, put forward a slightly different perspective suggesting that when dealing with the environment marketers can undertake: a) independent strategies where they deal directly with the environment changing the way the environment relates to the firm; b) cooperative strategies where they work (implicitly or explicitly) with others to change the environment; and c) strategic maneuvering where the firm changes or alters the way in which it deals with the environment in an attempt to overcome environmental constraints (Galbraith 1977, Zeithaml and Zeithaml 1984).

Marketers traditionally adopt a deterministic approach, where they tend to believe that they must design strategy within a given environment that is fixed at a given point in time (Clark et al. 1992, Kotler 1987, Zeithaml and Zeithaml 1984). For some, the external environment is "... the ultimate constraint..." (Baker, 1992, p140), which comprises a range of components that marketers must deal with, including demographic, social and cultural, political, economic and technological factors (Baker 1992, Boyd et al. 1995). Zeithaml and Zeithaml's (1984) perspective suggests that the environment is not wholly predetermined, but that the environment is largely "managed" and thus largely fails to "include" the environment in strategy formulation. As Galbraith suggests, the approach is designed to "... describe ways the organization can change the environment, reduce uncertainty and manage its dependence on others so that its present structure and processes are adequate." (Galbraith 1977, p201)

In developing strategy, marketers extensively consider the influence of the external environment or macro-environment on a firm. For example, much of Porter's (1980) work on competitive strategy considers the influence of various environmental forces and how the firm must address these environmental forces through strategic activities. Porter attempts to develop a process for examining the environment, as well as suggesting that there are generic strategies that can be adopted by marketers depending on the specific forces or stakeholders (although he did not use this term) that the firm faces. Such an approach is, to some extent, consistent with the deterministic perspective. That is, before designing strategy, marketers must first examine the environment and then design strategies that consider the specific situation/constraints they face. The deterministic perspective, therefore, seems to assume that the firm is affected by the external environment/factors, yet the firm cannot influence or change these factors, although most marketers believe that the internal environment/factors are controllable (Boyd et al. 1995, Clark et al. 1992, Kotler 1987, Samli 1993, Zeithaml and Zeithaml 1984).

A deterministic perspective is not universally accepted, for some marketers suggest that the supposedly uncontrollable/deterministic environment can be influenced by the firm, to varying degrees (Clark et al. 1994, Kotler 1987, Samli 1993, Varadarajan et al. 1992). This alternative view is important, for it means that marketers and their firms have the ability to influence macro or external environmental factors, which in turn, influence marketing strategy (Anderson 1982). Thus, the firm and its environment are interdependent (Galbraith 1977, Greenley and Foxall 1996 & 1997 Harrison and St. John 1996, Miller and Lewis 1991, Polonsky 1996, Polonsky et al. 1997, Rowley 1997, The Toronto Conference 1994).

If this is the case, it may be a mistake to believe that marketing, or any functional area in the firm can "manage" the external environment in the same way that they manage the internal environment (Clark et al. 1994, Polonsky 1996, Wood and Jones 1995), but rather, an interdependent relationship is more likely. While this relationship is not deterministic in nature, it still requires the firm to consider the situation at a given point in time before attempting to interact with its stakeholders. However, Wood and Jones (1995) make the point that it is unclear if the firm can or should attempt to totally "manage" the external environment, but rather coexist with it, further recognising the interdependence between the two. Thus, marketers must have a mechanism to fully understand the environment/stakeholders that they are attempting to interact with, before they act, otherwise they miscalculate the environment's/stakeholder's response. If marketers can influence the larger business environment, they "... can create their own futures." (Varadarajan et al. 1992, p39)

Taking an approach that the environment is interrelated with the firm, may shift marketers from adopting a reactive posture to one where they proactively "attack" the environment (Clark et al. 1994, Polonsky 1996, Polonsky et al. 1997, Zeithaml and Zeithaml 1994), but it is not clear whether such a process is truly integrated. There are some authors who suggest that the firm can either "buffer" itself from the environment or "bridge" the environment, i.e. modify organisational behaviour to address environmental forces (Harrison and St. John 1996, Johnson 1995, Meznar and Nigh 1995, van den Bosch and van Reil 1998). The buffering and bridging approaches could be considered more proactive postures because they attempt to modify a firm's behaviour based on anticipated changes in various environmental forces although they are not completely interactive.

While authors such as Clark et al. (1994), Miller and Lewis (1991) and Zeithaml and Zeithaml (1984), point out that marketing facilitates an exchange relationship between the firm and the external environment, the perspective that the external environment can be managed does not necessarily require "exchange", especially *if* there is no interaction. All forces or stakeholders would need to be involved in strategy formulation so that they can shape strategy, as well as change the stakeholders' attitudes towards a firm's given strategic direction. The inclusion of various environmental forces in an interactive fashion, is largely missing from the traditional marketing planning model. Anderson (1982) points this out when suggesting that a constituency based view of the firm needs to be further developed, to enable marketing strategy to be more integrated into overall corporate activities.

There are some marketing perspectives, such as relationship marketing, which seem to incorporate a broader set of environmental variables in strategy development than is traditionally considered. Relationship marketing, while realising the importance of consumers, has also recognised the importance of other environmental forces/marketing stakeholders. This perspective identifies that there is a two-way interaction or relationship between the firm and these broader environmental variables. Grönroos (1991) suggests that the relationship approach to marketing is distinctly different to the traditional transaction approach to marketing and a relationship perspective has significant implications for all facets of marketing strategy formation (Grönroos 1991). As can be seen in Table 1.1, as marketers shift from a one-off consumer transaction perspective to a long-term relationship perspective, a number of changes in strategic behaviour occur, changing the firm-environment interface.

Relationship marketing assumes that these are long-term relationships, shared responsibilities and benefits; and mutual trust; and that there is some coordinated planning between the parties (Dwyer et al. 1987). Adopting a relationship approach, therefore, implies that each partner of the relationship is involved (or shares a stake) in the other's activities and should therefore participate in each other's strategy formulation processes. As these other groups represent forces in the wider business environment, the firm is not only "considering" the environment when formulating strategy, but is actively changing the environment by interacting with it. Thus, there is a two-way interaction taking place rather than just a one way interaction.

Morgan and Hunt (1994) put forward the concept that "relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relationship exchanges." (p22) Adopting a relationship approach means that marketing is concerned with building relationships between a much broader group of environmental factors than just the firm and its consumers. Koiranen (1995) has seized on this point, defining relationship marketing as "a marketing approach to establish, maintain and enhance long-term relationships with customers and other internal and external stakeholders so that the objectives of the parties involved are met." (p84).

TABLE 1.1
GRÖNROOS's (1991) TRANSACTION-RELATIONSHIP CONTINUUM

Strategy continuum	Transaction Marketing <------------------------------	------------------------------> Relationship Marketing
Time Perspective	Short-term focus	Long-term focus
Dominating Perspectives	Marketing matrix	Interactive marketing
Price Elasticity	Customers more sensitive to price	Customers less sensitive to price
Dominating Quality Dimension	Quality of output	Quality of interactions grows in importance and may become dominating
Measurement of Customer Satisfaction	Monitoring of market share	Managing customer base
Customer Information System	Ad hoc customer satisfaction surveys	Real-time customer feedback
Interdependence Between Marketing, Operations and Personnel	Interface of no or limited strategic importance	Interface of substantial strategic importance
Role of Internal Marketing	No or limited importance to success	Substantial strategic importance to success
The Product Continuum	<------------------------------ Consumer Packaged Goods, Consumer Durables	------------------------------> Industrial Goods, Services

In taking this view, Koiranen has identified the dynamic nature of relationship marketing and realised that it needs to incorporate and communicate with factors in both the internal and external environment. This extension seems to remove the distinction between uncontrollable factors and the external environment. Building relationships with external factors to some extent assumes the organisation's behaviour affects, or can affect, these external variables, as well as being affected by them. However, neither Koiranen nor other relationship marketing theorists identifies how firms can or should interact with the environment; they only identify that such interactions need to take place.

Other marketing literature that focuses on marketing orientation also has a broader view of the environment. It not only considers the firm's relationship with its consumers in the "controllable" environment (i.e. a narrow consumer based orientation) but, it also includes a broader set of internal and external forces (or stakeholders) as well. The recent work of Greenly and Foxall (1996 & 1997) was concerned not only with a firm's market orientation (i.e. ability to address customers needs) but also examined the firm's orientation in terms of other stakeholders or environmental forces including; competitors, employees, shareholders and unions. In adopting this perspective they expanded on the work of Miller and Lewis (1991), who suggested that the value of the firm is only maximised when the value of transactions with all constituents or stakeholders (they did not distinguish between the internal and external environment) is maximised, not only those of consumers.

This view is also supported by others in the marketing field, such as Slater who suggests that the firm must place "... the highest priority on the profitable creation and maintenance of superior customer value while considering the interests of other key *stakeholders*... "(Slater 1997 pp. 164-165 emphasis added) Menon and Menon (1997) also suggested that their concept of "...strategic enviropreneurial marketing attempts to integrate the marketing strategy across organizational units within a corporation and across multiple stakeholders... "(p58)

If the above mentioned authors are correct, adopting a customer focus to the detriment of other stakeholders may result in the firm not maximising its value (Millier and Lewis 1991, Slater 1997) or achieving its other objectives. It is likely that such a result would occur when firms adopt the traditional environmental approach put forward in most introductory marketing texts, given the deterministic perspective taken towards the environment. Taking the environment and the associated stakeholders as predetermined does not enable a maximisation of transactions between the firm and these stakeholders, as there are no such transactions. The complex interrelationship or multiple exchange model has also been identified by other authors (see Harrison and St. John 1996, Rowley 1997, Steadman et al. 1995). While not taking a marketing perspective, these other authors also suggest that the firm's value is only maximised when all stakeholder-firm exchanges are considered.

Any theory that can assist marketers in considering various environmental forces or stakeholders as Greenly and Foxall (1996) and Koiranen (1995) called them, can therefore assist marketers in incorporating the wider environments (or stakeholders) into marketing strategy formulation. Such an approach would not take these factors as given, but would rather make them an integral part of the strategy development process where they are incorporated into the strategy development process.

Stakeholder theory takes this type of broader approach towards the evaluation of the environment and therefore may assist marketers in comprehensively evaluating the marketing environment. Adopting a stakeholder marketing approach, should enable marketers to design strategies that consider all environmental factors, by considering how marketers interact with the environment, not just how the environment affects the firm. Such an approach would be consistent with the market orientation and relationship marketing perspective, i.e. building relationships with all groups that facilitate exchanges with the firm, not simply focusing on consumers, as one narrow environmental force.

Yet, to date, it seems that marketers have not readily considered stakeholder theory or explicitly applied it to marketing theory (Miller and Lewis 1991, Näsi 1995, Polonsky 1996, Polonsky et al. 1997). This is not to suggest that none of the marketing literature integrates stakeholder theory (Greenly and Foxall 1996, Petkus and Woodruff 1992, Polonsky 1996, Polonsky 1995a, Polonsky and Ottman 1997, Polonsky et al. 1997). Rather, stakeholder theory has not been applied to its fullest potential within the marketing area.

While stakeholder theory shows promise for marketers wishing to integrate the environment into strategy development (Freeman 1984, Näsi 1995), it is still evolving (Mitchell et al. 1997, The Toronto Conference 1994. Wood and Jones 1995) and there is still some general disagreement as to the specific definition of stakeholder theory and of stakeholders (Clarkson 1994a and 1994b, Donaldson and Preston 1995, Mitchell et al. 1997). However, as was mentioned earlier, Freeman's 1984 definition has been widely accepted and used in the literature (The Toronto Conference 1994). He suggested that stakeholder theory is based on the principle that "...the firm takes into account all of those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose." (Freeman 1984, p46) Such a definition implies that the firm considers all the environmental forces that influence the firm and all those that the firm influences. This definition identifies the two-way direction of the exchange relationship, as well as the fact that the environment is not necessarily a totally uncontrollable force.

Stakeholder theory requires that the firm "... take into account its relationship with specific stakeholder groups as it sets corporate direction and formulates its strategies..." (Roberts and King 1989) By applying stakeholder theory, marketers will follow a process that should allow them to develop marketing strategy that integrates the "concerns" of all stakeholders/environmental forces, thereby forcing the marketer to consider who are its various stakeholders and how these stakeholders interact with the firm. This understanding should enable marketing strategy to address the objectives of the firm and all its stakeholders. A stakeholder marketing perspective that enables marketers to interact with stakeholders so they can develop marketing strategy, should improve the overall performance of the marketing exchange process.

This section of Chapter One has served to link stakeholder theory into marketing theory. Marketers already consider a range of stakeholders when developing strategy and a stakeholder perspective will expand on these groups and there is some marketing literature that already includes a stakeholder focus, which will be examined in Chapter Two. However, before discussing the theoretical development of stakeholder theory, Section 1.3 will overview the structure of the thesis.

SECTION 1.3 OVERVIEW OF THE THESIS

This thesis is divided into six chapters. Chapter One introduces the issues examined in this thesis and identifies the relevance of stakeholder theory to marketers. It is evident from Section 1.2 that marketers attempt to include the interests and needs of a range of stakeholders, within the business environment, when designing strategy. While marketers traditionally considered a very narrow set of environmental factors or stakeholders, they are widening their consideration set to include a broad set of internal and external forces. These are important when determining specific strategy. However, the marketing literature has not suggested an approach to include their needs and wants into the strategy formulation process. Stakeholder theory provides an approach that can be used by all marketers to examine the various environmental forces they face. The application of stakeholder theory provides a mechanism that enables marketers to modify marketing/organisational strategy that should more appropriately address these stakeholders' needs.

Chapter Two undertakes a review of the stakeholder literature. This discussion includes an overview of stakeholder theory, although it focuses primarily on the management literature. The specific literature within the marketing area that has attempted to explicitly integrate the stakeholder concept is also discussed, along with the works that have quantitatively examined various aspects of the stakeholder perspective. The quantitative work in the area is important for while it does not focus on how managers or firms include the interests of stakeholders in the organisational decision processes, it does consider many important issues related to various aspects of stakeholder-firm relationships.

Chapter Three examines the specific processes that are suggested in the literature to examine stakeholders and their interests, and includes them in organisational strategy formulation processes. This material builds on the literature discussed in Chapter Two, in that it examines the processes suggested to evaluate stakeholders and their needs and interests. The expanded model of how marketers and other managers can address stakeholders' interests is developed within Chapter Three. This expanded model, includes all stakeholders' influencing abilities, as well as examines possible methods of ensuring that the firm addresses stakeholders' interests. Prior to developing the expanded model the processes suggested in the literature to consider organisational stakeholders are examined with particular emphasis on the four step stakeholder management process that is the most extensively discussed in the literature.

The existing literature relating to processes that can be used to include stakeholders needs and interests into organisational strategy formulation are not well developed, thus the need to develop a comprehensive model to better address this issue. The stakeholder strategy matrix approach, suggested within the literature serves as a useful base on which this comprehensive expanded model can be developed. The original model suggested in the literature needs modification to overcome its deficiencies, including the fact that it does not cover all stakeholders' abilities to influence organisational outcomes and the range of approaches used by marketers and other managers to address stakeholders' interests do not consider stakeholders indirect influencing abilities.

The expanded model that is developed requires a repositioning of the original two dimensions of the original matrix model, to focus on stakeholders direct potential and the addition of a third dimension to consider stakeholders potential to indirectly influence the firm's outcomes, via influencing others. The expanded model is based on the fact that stakeholders have a broader ability to influence the firm, other than a simple direct stakeholder-firm interaction (Clarkson 1993, Savage et al. 1991, Sharma et al. 1994, Westley and Vredenburg 1991).

Chapter Four develops the methodology that is used to test the model and to assess whether marketers utilise a stakeholder approach to deal with stakeholders' interests. There has not been extensive empirical examination of many stakeholder relationships (Clarkson 1995, Jones 1995, Mitchell et al. 1997), with a large proportion of the literature focusing on the outcomes of adopting a given stakeholder focus. Previous research has not examined approaches that can be used to address stakeholders' interests. As such, the earlier empirical stakeholder literature provides limited assistance. In addition, the methodology applied by other stakeholder authors has been flawed, in that there has often been a mismatch in variables examined, particularly in the outcome based area (Wood and Jones 1995). The methodology in this thesis is therefore designed to examine how firms address stakeholders' interests, rather than examine outcome-based activities.

Testing the model utilises the manipulation of a hypothetical scenario. There are several potential mitigating factors that could influence firm-stakeholder interactions. Any approach used to examine stakeholder relationships needs to somehow measure or control for these variables. As highlighted by Freeman, each specific firm in an industry may face a different set of stakeholders and stakes, thus even examining one industry may not adequately address this problem. A scenario or vignette approach overcomes these problems. The development, selection and manipulation of the scenario are also examined in Chapter Four.

An instrument and appropriate measures are developed based on the literature and traditional scale development methodology, such as that suggested by Churchill (1972). The instrument is piloted and pretested via in-depth interviews to ensure that there are no problems with the design and to ensure no critical issues are overlooked. The independent variables examined, are the perceived appropriateness of the approaches (i.e. would respondents use these approaches) that can be used to address stakeholders' needs and interests. As suggested in the model, the approaches applied by managers should vary by stakeholder classification. There are eight classifications of stakeholders, which are based on the three dimensions in the model, direct cooperating ability, direct threatening ability, indirect influencing ability. (See Table 1.2a.) In addition there are eight groups of stakeholders examined, including: Competitors, Customers, Employees, Government Owners/shareholders, Suppliers, Special Interest Groups, Top Management. These eight groups have been identified in the literature and supported by the pretest, in addition they represent an equal number of external and internal forces. These variables are manipulated within the model as is depicted in Table 1.2b.

Testing of the model is accomplished by means of a survey distributed to 1372 marketers in New South Wales, who were members of the Australian Marketing Institute.

These individuals were selected as it was deemed that they would be in the best position to evaluate what approaches would be most appropriate to address a given class of stakeholder's interests. In addition, using industry bodies is a regularly used methodology in marketing literature and ensures the widest coverage of the profession. The sample group is drawn from practising marketers in only one state in Australia, NSW, which has a diverse range of industries. It is examined to determine whether the sample was representative of Australian Marketers.

TABLE 1.2A
POSITIONS OF EACH STAKEHOLDER WITHIN THE EXPANDED STRATEGY MATRIX MODEL

Position within matrix	Cooperative Potential	Threatening Potential	Influencing Potential
a	High	Low	Low
b	High	Low	High
c	High	High	Low
d	High	High	High
e	Low	Low	Low
f	Low	Low	High
g	Low	High	Low
h	Low	High	High

TABLE 1.2B
VARIATIONS OF STAKEHOLDER POSITIONS WITHIN SCENARIOS

Stakeholder:	SCENARIO MANIPULATION							
	1	2	3	4	5	6	7	8
Competitors	a	b	c	d	e	f	g	h
Consumers	b	c	d	e	f	g	h	a
Employees	c	d	e	f	g	h	a	b
Government	d	e	f	g	h	a	b	c
Owners/Shareholders	e	f	g	h	a	b	c	d
Special Interest Groups	f	g	h	a	b	c	d	e
Top Management	g	h	a	b	c	d	e	f
Suppliers	h	a	b	c	d	e	f	g

Lerner and Fryxell suggest that it is a "manager's attitudes about stakeholders that predispose action." (1994, p59) As such, when examining approaches to deal with stakeholders, it is most appropriate to examine managers' attitudes towards various alternative approaches. The specific quantitative approach taken in this thesis uses a mixed Anova. Given the focus is to determine whether there is a difference in approach based on the stakeholder classification, i.e. position in the expanded matrix model, (eight alternatives) and/or the stakeholder group (eight alternatives), this method is the most appropriate to examine such multiple comparisons. The rationale for this approach is established in Chapter Four.

Chapter Five undertakes the testing of the data. This examination serves several purposes related to developing and testing an expanded model. Section 5.1 examines the sample's demographic characteristics and determines whether there is any non-response bias. To determine whether the sample is representative of the AMI, both at the State and national level, the sample distribution is compared to figures provided by the AMI. Unfortunately, limited empirical examination of sample distributions can be undertaken, as the AMI was unable to provide sufficiently detailed demographic data for their membership. The AMI summary data provided examined all AMI members, including the lower membership levels (Student Member and Affiliate Member) and thus is not directly comparable to the survey sample. The issue of non-response bias is examined in three ways (Manova, Anova and Paired T-tests) comparing Early and Late respondents, using the data common to the core scenario. Should the sample be representative, it can be suggested that the data is representative of the AMI membership.

Section 5.2 examines whether there is empirical support for expanding the stakeholder strategy matrix model from two to three dimensions. This is undertaken by examining respondents perceptions of stakeholders' three influencing abilities (direct threatening ability, direct cooperating ability, indirect threatening ability), in relation to the core scenario. Should marketers' perceive that some, or all, of the stakeholders have a high indirect influencing ability, it would support that the original two-dimensional model is deficient in fully characterising stakeholders influencing abilities. As such, the expanded three-dimensional model is worthy of additional consideration and empirical testing.

Section 5.3 empirically examines the original stakeholder strategy matrix model. Given this is not the primary focus of the thesis, no hypotheses are advanced. In addition, the data used for this examination is a subset of the complete expanded model, data set. Analysis of the original model seeks to establish whether marketers' perceptions of the appropriateness of approaches vary based on the stakeholder group considered; the stakeholders position in the model (i.e. their cooperating and threatening abilities); and the stakeholder group-position interaction. Various relationships are examined, both for the set of approaches and for individual approaches. While the primary focus of the model is the relationship between the perceived appropriateness of approaches (i.e. would respondents use these approaches) and stakeholders' position in the expanded matrix model, the study design requires the stakeholder group and group-position interaction to be examined as well.

Examination utilises a partially repeated design and mixed Anova analysis. In addition, Tukey-Kramer post hoc testing is undertaken to examine whether there are differences in the perceived appropriateness based on paired comparisons of stakeholder groups and positions in the matrix. In this way, it will be possible to determine if there are any differences in the mean values of the perceived appropriateness of approaches between specific pairs of groupings, as well as across variables.

Section 5.4 examines the expanded stakeholder strategy matrix model, to determine if there are differences in the mean perceived appropriateness of approaches between positions of the expanded matrix model. Such differences would provide empirical support for the expanded stakeholder strategy matrix model. To undertake this examination, five hypotheses are examined relating to whether marketers' perceptions of the appropriateness of approaches vary based on the stakeholder group considered; the stakeholders position in the expanded model (i.e. their cooperating and threatening abilities); and the stakeholder group-position interaction. While the primary focus is the relationship between the perceived appropriateness of approaches and stakeholders' position in the expanded matrix model, the study design requires the stakeholder group and group-position interaction to be examined as well. Three hypotheses relate to the set of approaches, and two are examined for the individual approaches. In relation to the individual approaches it would also be possible to suggest a separate hypothesis for each of the sixteen approaches, although these are not formally stated in this way.

The analytical procedures for examining the expanded model are the same as is used for the original model and relies on a mixed Anova analysis and Tukey-Kramer post hoc testing. In this way, it is determined whether the perceived appropriateness of approaches varies across stakeholder groups and positions in the expanded matrix model as well as between individual groups and positions of the expanded matrix model. If differences are identified, it will support the view that approaches can be selected based on stakeholders' position in the expanded matrix model. It will also enable the researcher to determine whether any approaches are uniquely appropriate for specific positions of the expanded model, as is suggested in the literature.

Chapter Six draws together the material discussed throughout the thesis. There are four sections. The first, 6.1, discusses the empirical findings in more detail. The second, 6.2, examines the implications of this thesis in terms of stakeholder theory, marketing theory, and marketing practice. The third section, 6.3, examines the limitations associated with the thesis, because it is important to identify any factors that limit the generalisability of the findings. The last section, 6.4, discusses some of the directions by which future research can proceed to extend this work.

SECTION 1.4 CONCLUSION TO CHAPTER ONE

Chapter One has outlined the rationale for linking marketing and stakeholder theory and has set out the structure of the remaining five chapters. The remainder of the thesis follows the outline described in section 1.3, although the specific components are examined in substantially more detail within each Chapter and within the various subsections.

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CHAPTER 2

THEORETICAL FOUNDATIONS OF STAKEHOLDER THEORY

SECTION 2.0 INTRODUCTION TO CHAPTER TWO

The objective of Chapter Two is to overview and review the stakeholder literature. This material is used as a starting point for the thesis and is extensively referred to throughout. The focus of this chapter is to determine what are the various authors' views regarding the interests and needs of the firm's various stakeholders within the firm's wider business environment. For the purposes of this thesis, stakeholders are defined using a basic Freeman type definition, as this is not only the most frequently used definition in the literature (The Toronto Conference 1994, Mitchell et al. 1997), but it enables the essential core of stakeholders to be considered, as well as being less rigid than other definitions (Section 2.1.2 for a more detailed discussion). That is, stakeholders are all groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose (Clarkson 1995, Freeman 1984, Greenley and Foxall 1997, Savage et al. 1991, The Toronto Conference 1994). This definition will be examined in more detail later in this chapter.

This thesis focuses on how stakeholders' interests can be considered and addressed by marketers within the firm. As was discussed in Chapter One, marketing theory has recognised the importance of addressing the interests of various stakeholders from both the macro and micro environment (Clark et al. 1994, Greenley and Foxall 1996 & 1997, Kotler 1987 & 1991, Polonsky et al. 1997, Zeithaml and Zeithaml 1984). This will be further examined in Section 2.2.

Marketers have begun to emphasise the fact that they (i.e. marketers) do not simply control the environment, but rather interact with it in such a way that marketers and the environment are interdependent (Clark et al. 1994, Zeithaml and Zeithaml 1984). However, within the marketing literature there has been little discussion of how these environmental factors or stakeholder interests can be addressed (Greenley and Foxall 1997). In particular, there has been little examination in the literature of how the interests and needs of these stakeholders should be considered by the firm in strategy formulation, although most planning models' suggest that these groups or stakeholders should be considered (Kotler 1991, Zeithaml and Zeithaml 1984). Stakeholder theory enables the marketer to systematically consider the various stakeholders or environmental forces that are important to it (Freeman 1984, Donaldson and Preston 1995, Jones 1995 Mitchell et al. 1997, Polonsky et al. 1997), which should enable them to be more effectively considered in strategy development.

Within this chapter, five subsections will examine various aspects of stakeholder theory. Section 2.0 summarises the objective of the chapter and outlines what will be covered in the subsections. Section 2.1 provides an overview of stakeholder theory and the literature, focusing primarily on the management literature. Section 2.2 examines the marketing literature that has attempted to explicitly integrate the stakeholder concept. Section 2.3 examines the works that quantitatively examine stakeholder-firm relationships. The quantitative work in the area is important, for while it does not focus on how managers or firms include the interests of stakeholders in the organisational decision processes, it does consider important theoretical and to a lesser extent methodological issues, which are considered in the thesis. Section 2.4 summarises the material discussed in Chapter Two.

SECTION 2.1.0 AN OVERVIEW OF STAKEHOLDER THEORY

Section 2.1 will be divided into several subsections. The first Section (2.1.1) will define what is meant by the term "stakeholder theory". This section assists in the establishment of a common frame of reference in terms of the thesis. Section 2.1.2 of this chapter briefly examines how and why stakeholder theory has evolved. Section 2.1.3 will summarise the material discussed in Section 2.1.

Section 2.1 concentrates mainly on the management and organisation literature as stakeholder theory has been extensively developed and applied in these areas. Section 2.2 focuses on the marketing related stakeholder literature and thus the marketing literature will not be discussed in section 2.1. The stakeholder literature is often disjointed, that is, it often appears that one author does not directly build on another (Mitchell et al. 1997). The development of stakeholder theory relies on a variety of authors who take similar, although not identical perspectives.

SECTION 2.1.1 What is a Stakeholder and Stakeholder Theory

Donaldson and Preston in their 1995 review article of stakeholder theory suggest that there have been over 100 academic articles and about a dozen books that have the stakeholder concept as their primary focus (Donaldson and Preston 1995). Since their work has been published, there have been many other stakeholder works published (Brenner 1995, Carroll 1995, Clarkson 1995, Freeman 1995, Greenley and Foxall 1996 & 1997, Harrison and St. John 1996, Jones 1995, Mitchell et al. 1997. Näsi 1995, Polonsky 1995a, 1995b & 1997, Rowley 1997, Ryan 1995, Steadman et al. 1995, Van den Bosch and Van Reil 1998, Woods and Jones 1995).

Given the amount of attention stakeholder theory has received in the literature, it could be expected that the term would have some generally accepted meaning. However, there does not appear to be one universally accepted definition (Donaldson and Preston 1995, Jones 1995, Mitchell et al. 1997. Ryan 1995, The Toronto Conference 1994, Wood and Jones 1995). As was stated at the 1993 Stakeholder Conference-"Unfortunately anyone looking into this large and evolving literature with a critical eye will observe that the concepts 'stakeholder', 'stakeholder model', 'stakeholder management' and 'stakeholder theory' are explained and used by various authors in different ways, and supported (or critiqued) with diverse and often contradictory evidence and arguments. (The Toronto Conference 1994, p85)"

In his book, Strategic Management: A Stakeholder Approach, Freeman suggests that in 1963, the Stanford Research Institute (SRI) was the first organisation to specifically use the term stakeholder. In this coining of the phrase, Freeman suggests that SRI defined stakeholders as "...those groups without whose support the organisation would cease to exist. (Freeman 1984)" Others, such as Harrison and St. John (1994) use a similar definition, where they define stakeholders as: "Groups or individuals who can significantly affect or be affected by an organization's activities. (p1041)"

Carroll on the other hand defined stakeholders as "...individuals or groups with which the business interacts who have a stake or vested interest, in the firm. (Carroll 1993, p9)" Clarkson, Deck and Shiner (1992) defined stakeholders as "...persons or groups which have, or claim, ownership rights, or interests in a corporation and its activities, past, present or future. (Clarkson, Deck and Shiner 1992 p1)" Clarkson's more recent work has expanded this view, where he now suggests that stakeholders need to have something at risk in order for them to be considered a stakeholder (Clarkson 1994 & 1995). Other researchers have expanded on the term as well, but in a more traditional Freeman-type fashion. For example, Aggarwal and Chandra, (1990) expanded on the broader stakeholder concept defining specific groups that should be included. They suggested that:

> "... SM (Stakeholder Management) simply means that the stockholders are not the only ones who have a stake in the success of a corporation. Quite a few others have a stake including employees, consumers, creditors, suppliers, regulators, and the communities in which the company operates." (Aggarwal and Chandra 1990 p48)

Freeman himself, expanded the SRI definition of stakeholders, saying that stakeholders are "... all of those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose." (Freeman 1984, p46) Freeman's definition implies that it is impossible to summarily generate a generic list of groups that should be considered stakeholders for all organisations, an idea that is supported by other authors (Donaldson and Preston 1995, Mitchell et al. 1997). Under a Freeman type definition, all groups that are affected by and can affect organisational activities need to be considered stakeholders. These groups will depend on the issue examined and the specific firm considered (Carroll 1993). This definition recognises that there is a "... two-way relationship: stakeholders depend on the firm and the firm relies upon its stakeholders. (Steadman et al. 1994)" Furthermore since organisational activities differ between firms and specific issues being examined, each situation may require a unique set of stakeholder needs to be considered. Using a broad definition of stakeholders requires that a firm "... take into account its relationship with specific stakeholder groups as it sets corporate direction and formulates its strategies." (Roberts and King 1989 p64) Mitchell et al. (1997, p858) have undertaken a detailed examination of the definitions of "Who is a Stakeholder." They identify that there has been a range of variations in the use of the stakeholder concept/definition, thus supporting the view that there is no one universally accepted definition.

Any firm that adopts a stakeholder perspective when establishing its "organisational purpose" would include the activities of, organisational strategy development, performance evaluation and even the development of the basic corporate direction (Roberts and King 1989). Using this interpretation of stakeholder theory, an essential link is drawn between the stakeholder management process and the development of corporate strategy. It can be argued that organisational purpose can only be determined after all relevant stakeholders are examined. Thus, applying stakeholder theory would imply that the development of effective organisational strategy should only be undertaken after the organisation has a clear understanding of all relevant stakeholders (Greenly and Foxall 1996 & 1997, Rowley 1997, Wood and Jones 1995).

In their examination of the stakeholder literature, Donaldson and Preston broadly identified three research foci within the literature (Donaldson and Preston 1995, Jones 1995, Ryan 1995, The Toronto Conference 1994). They (Donaldson and Preston) suggest that stakeholder theory is:

1) *descriptive-* it describes the way in which organisations behave including the various interactions amongst stakeholders and the organisation;

2) *instrumental-* it allows for a causal relationship to exist between the practising of stakeholder theory and the achieving of organisational performance objectives;

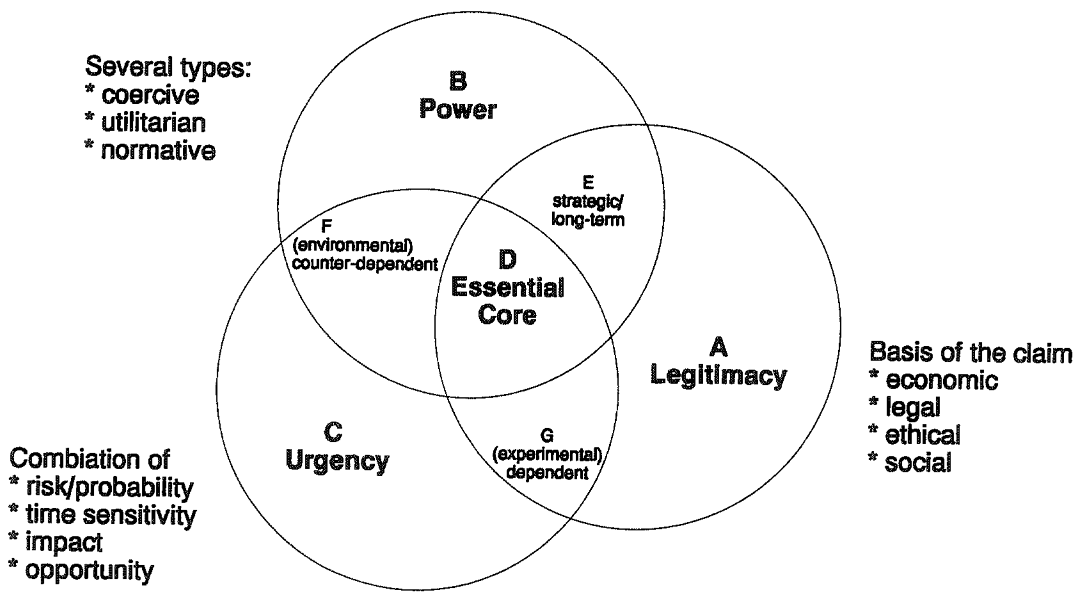
3) *normative-* is based on the idea that individuals or groups in their own right have some legitimate interest in organisations activities.

Donaldson and Preston (1995) identified that a "normative core" is at the centre of stakeholder theory. It has been identified that part of the problem with the generalisability of stakeholder theory is that this normative core has not yet been completely developed or agreed on (Ryan 1995). Some of the debate, in terms of definition, focuses on the normative core of stakeholder theory and stakeholders. For example, Clarkson's definition of a stakeholder requires there to be something at risk in order for a stakeholder relationship to exist and questions the very nature of this core (Clarkson 1994). This definition is not completely consistent with a Freeman type definition.

Other authors, such as Jones (1995), have also focused on examining specific components of stakeholder theory, although without attempting to define it. In his work, Jones (1995) examines the instrumentality of stakeholder theory, which examines the connections between managerial practices and the resulting outcomes (Jones 1995). He emphasises the "contractual" nature (both formal and informal) of stakeholders to each other and to the firm. He suggests that given these "contractual" responsibilities, organisations will be more effective through cooperating with stakeholders and behaving in an "honest fashion", i.e. opportunistic behaviour by the firm will in the longer term reduce performance. The work of Wood and Jones (1995) has questioned much of the existing instrumental research linking outcomes and corporate social responsibility (CRS) behaviour. Within this literature, the results of "adopting" a socially responsible posture, has had inconclusive results in terms of firms' financial performance. However, as suggested by Wood and Jones (1995), the criteria often used for evaluating performance is usually mismatched with the interests of the stakeholders being examined (Wood and Jones 1995) and thus might explain the inconsistent findings in previous empirical research.

FIGURE 2.1

POWER, LEGITIMACY, URGENCY CLASSIFICATION OF STAKEHOLDERS



Clarkson 1995

While no agreement exists between authors as to the definition of a stakeholder, there has been general agreement among the authors about what stakeholder management does for the organisation (The Toronto Conference 1994). An attempt was made at the second stakeholder conference held in Toronto in 1994, to obtain a consensus of experts in the area on the definition of stakeholder theory. No definitive results were forthcoming, although it was reported by Clarkson (1995) that there was consensus relating to the basic role of stakeholders in terms of the organisation. Stakeholders must have Power, Urgency and Legitimacy to be in the essential core (See Figure 2.1). The development of these essential stakeholder characteristics has been further discussed by Mitchell et al. (1997) and is a direct result of the discussions at the 1994 Stakeholder conference. According to Mitchell et al. any group who has any one of the three attributes (Power, Legitimacy or Urgency) is a stakeholder to some degree. This view is not consistent with Clarkson, who suggested that only those groups who have all these characteristics are a "core" stakeholder (Clarkson 1994 & 1995).

A consensus regarding the broad definition of a stakeholder was also reached at the second stakeholder conference, which is: "The corporation is a system of stakeholder groups. The survival and performance (however defined) of the corporation depends upon the relationships between and among these stakeholder groups. (Clarkson 1994)" This broad definition seems to be closely related to a Freeman-type definition. It emphasises the dynamic nature of stakeholder relationships and identifies that corporations are complex networks of stakeholders involving multiple interactions.

SECTION 2.1.2 The Evolution of Stakeholder Management

As suggested earlier, the management literature attributes the coining of the phrase "stakeholder" to a 1963 internal memo at the Stanford Research Institute (SRI) (Freeman 1984, Mitchell et al. 1997, Preston and Sapienza 1990). According to Freeman, the SRI defined stakeholders as "...those groups without whose support the organisation would cease to exist. (Freeman 1984 p34)"

While Freeman's 1984 book is often cited as the first attempt to fully develop a stakeholder perspective, it has been suggested by Näsi that Scandinavian management theorists, in particular Rhenman, developed a stakeholder framework almost twenty years earlier (Näsi 1995a, Näsi 1995b). While Freeman does reference some of this earlier work, it is often not integrated into others' work. This might be attributed to the fact that most of these Scandinavian works are not readily available in English. According to Näsi, Rhenman took a very similar approach to Freeman and other writers in the stakeholder area. Rhenman suggested that "Stakeholders in an organisation are the individuals and groups who are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence. (Näsi 1995b, p98)" This definition is similar to that of many English speaking stakeholder theorists.

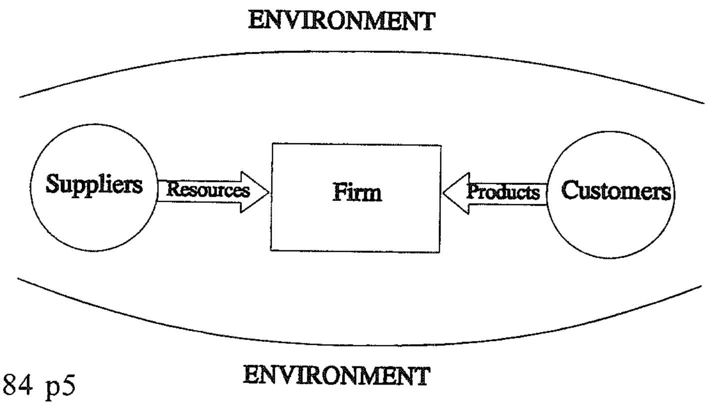
There is general agreement in the management literature that stakeholder theory developed because existing management theories did not provide organisations with a method of integrating the various components of the business environment into the strategy development process (Aggarwal and Gyan 1990, Freeman 1984, Donaldson and Preston 1995, Freeman 1984, Mitroff 1983, Näsi 1995a, Sharpin and Phelps 1989, The Toronto Conference 1994). Evidence of this problem has been highlighted by Freeman, who stated that "Current approaches emphasize the static nature of organisations, and the predictable and relatively certain parts of an organisations environment. (Freeman 1984)" "The SM (stakeholder management) approach to management contends that since the success of a corporation depends on the willing contributions by various stakeholders, a corporation is best managed when it creates value and furthers the long term interests of all its stakeholders. (Aggarwal and Gyan 1990 p48)" Stakeholder theory is a dynamic process, which when appropriately implemented should enable the firm to continually evaluate and address the interests of *all* its stakeholders. Thus, the firm is not simply concerned with one set of stakeholders, such as customers, but is concerned with all its stakeholders. Rowley (1997) has expanded on this point suggesting that stakeholder theory moves beyond simple dyadic firm-stakeholder relationships and adopts more of a network perspective, whereby firm-stakeholder and stakeholder-stakeholder relationships are interdependent on each other.

As suggested by Freeman and others, the inability of the traditional production perspective of the firm to consider the ever changing business environment has resulted in a gap in theory and practice (Carroll 1993, Donaldson and Preston 1995, Jones 1995, Freeman 1984, The Toronto Conference 1994, Sharpin and Phelps 1989). As described in these works, the production perspective results in the firm being part of a linear process, whereby it purchases raw materials from suppliers, processes them into products and then sells these goods to consumers (Freeman 1984, Shepard 1985, Aggarwal and Chandra 1990, Carroll 1993, Donaldson and Preston 1995). (See Figure 2.2) It has been suggested that this simplistic production perspective or input-out orientation historically saw all organisational activities being controlled by the "owner-manager-employee" (Aggarwal and Chandra 1990, Freeman 1984, Mintzberg 1979).

It has been suggested by Aggarwal and Chandra (1990) that this simplistic view of organisations worked because, when the production theory was conceived, the capitalist ethos was based on "... small businesses and firms (proprietary capitalism), where means of production and sale are simple, the capital needs of firms are relatively low and technological changes are slow with rather limited impact. (Aggarwal and Chandra 1990 p49)" In such a situation, there should be little need for organisations to consider methods of integrating changing environmental forces into their strategy formulation process, as these forces would not affect organisational behaviour or would have minimal affect.

FIGURE 2.2

The Production View of the Firm



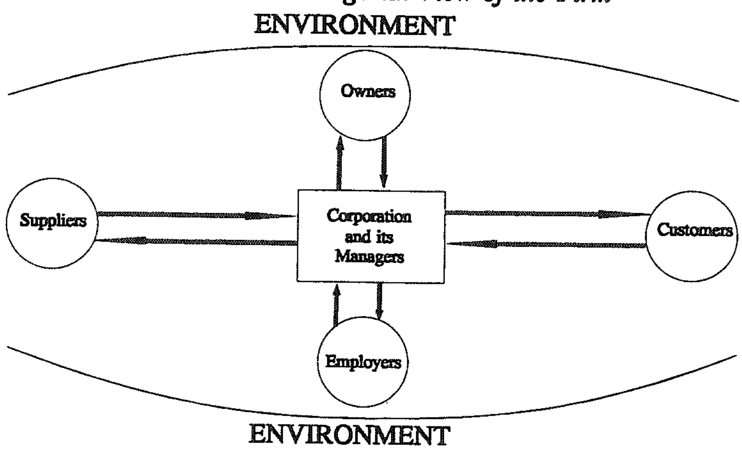
Freeman 1984 p5

The most basic literature, management and otherwise, appears to question the appropriateness of the production perspective (Anderson 1982). It is traditionally suggested that when a firm develops its strategy it must contend with a broad set of micro-environmental and macro-environmental forces, where the macro-environmental forces are beyond the firm's control (Porter 1980, Zeithaml and Zeithaml 1984). As pointed out in Chapter One, there are those that re-examine the idea that macro-environmental variables are beyond the control of the firm and suggest that the firm can influence the wider macro-environment (Clark and Pride 1994, Kotler 1987, Zeithaml and Zeithaml 1984). If this is the case, strategists need to adjust the way in which they consider the environmental variables. That is, the firm and its environment have an interdependent relationship (Polonsky et al. 1997), which may give even more credence to a network perspective of stakeholder relationships, which formally recognises these linkages (Rowley 1997). Stakeholder theory can readily consider all environmental influences in the strategy development process. In terms of organisational action, this means that the way the firm chooses to deal with the environment will change. For, once the macro-environment is controllable, to any extent, managers will need to attempt to involve these forces in decision making as they would any other stakeholder. It is, however, unclear if this means that marketers can "manage" these relationships (Wood and Jones 1995).

Within the management literature, there is additional support for the broadening of stakeholder relationships, through the introduction of the managerial perspective, as a replacement for the production view (Freeman 1984, Carroll 1993, Donaldson and Preston 1995, Sharpin and Phelps 1989). The managerial perspective suggests that, as a firm expands beyond localised spheres of operation, the organisation is no longer easily managed and controlled by owner-operators or their families (Freeman 1984). Furthermore, it suggests that the increased demand of firms on their owners for capital, a necessary input for activities, requires that additional "owners" or stockholders be added (Aggarwal and Chandra 1990, Pfeffer and Salnck 1978, Sharpin and Phelps 1989). As organisations became larger and more complex, a separation of ownership began to emerge (Freeman 1984, Jones 1995, Shepard 1985). It has been put forward that the managerial perspective arose out of the fact that management theorists realised that a complex environment resulted in organisational success or failure being based not simply on the owner-operators' objectives, but on the objectives of all groups that the firm deals with (See Figure 2.3). The managerial perspective requires the firm to consider a broader set of stakeholders than are considered in the production perspective. The responsibility of achieving organisational objectives is no longer solely the domain of its owners or managers (Atkinson 1992, Carroll 1989, Jones 1995, Sharpin and Phelps 1989, Wood and Jones 1995), thus supporting the expansion of the production and management perspective.

FIGURE 2.3

The Managerial View of the Firm



Freeman 1984 p6

Authors have suggested that various groups, other than simply owners and consumers, can pressure organisations to modify their activities, objectives and strategies (Baloff and Douherty 1989, Blair et al. 1989, Blair et al. 1992, Clarkson and Deck 1994, Dill 1975, Hamilton 1992, Ireland and Hitt 1992, Lerner and Fryxell 1994, Maranville 1989, Minow 1991, Mitchell et al. 1997, Patzak et al. 1991, Peattie and Ratnayaka 1991, Polonsky and Ottman 1997, Polonsky et al. 1998a & b, Preston and Sapienza 1990, Rowley 1997, Steadman et al. 1994 & 1995, Suchard and Suchard 1994, Wood and Jones 1995). In fact, business leaders have long been concerned with groups other than stockholders. It is suggested even in the early 1930s that General Electric identified that groups other than stockholders were important to organisational success. These other groups included employees, consumers and the general public (Clarkson 1993, Preston and Sapienza 1990).

Much of the management literature has examined a variety of "pressure" groups and various organisational activities, these include society (Meznar and Neigh 1995, Wood and Jones 1995), consumers (Vandermerwe and Oliff 1990, Copulsky 1991), employees (Baloff and Doherty 1989, Burke et al. 1992, The Stakeholder Conference 1996), the general public (Buckwater and Peacock 1990) and the natural environment (Starik 1995). In general, the literature appears to show that various stakeholder groups are becoming increasingly concerned with all aspects of organisational "performance". Not only are these groups concerned with the firm's financial performance, but these groups are concerned with how the firm affects society, the environment, and the economy (Bernasek 1994, Doyle 1992, Lobar 1996, Vandermerwe and Oliff 1990, Ryan 1993, Starik 1995, Suchard and Suchard 1994, Wood and Jones 1995).

While the managerial view is not perfect, according to Freeman it has the advantage over the production view, that a managerial perspective allows the organisation to interact with the external environment, instead of taking the attitude that the organisation operates within a black box. (See Figure 2.3.) It has been suggested, that to some extent, stakeholder theory's main objective has been to give firms a tool designed specifically to "manage" external forces (Donaldson and Preston 1995, Harrison and St. John 1996, The Toronto Conference 1994, Wood and Jones 1995). The development of stakeholder theory appears to provide a conceptual link between the "new" managerial theory of the firm and an organisation's desire to integrate the various groups into the strategy development process. The stakeholder process allows firms to include various components of the external "business environment" into its strategy formulation (Polonsky et al. 1997).

It has been recognised that the production perspective is deficient, for it is not a realistic vision of the firm. The managerial perspective, while incorporating additional stakeholders, may also be deficient as it may not address all the firm stakeholder interactions (Anderson 1982). Thus, a stakeholder perspective may be more appropriate as it enables each firm to consider the groups that are important to it, rather than some "fixed" model of organisational behaviour. Thus, the network of stakeholder-firm relationships determines how organisations deal with the wider business environment (Rowley 1997, Polonsky et al. 1997).

Tracing the historical roots and developments in stakeholder theory is difficult, and it is this author's opinion that its development is disjointed, which is to some extent supported by Mitchell et al. (1997), who draw on a diverse range of literature. Stakeholder theory has, and continues to be, developed in a variety of contexts simultaneously (Mitchell et al. 1997, The Toronto Conference 1994, Wood and Jones 1995). It could be argued that a diverse examination of strategy development could be worthwhile, allowing one area to build on another. Overall, the literature does not appear to indicate that this building process has occurred. The literature in one area often does not refer to important developments in another area. The lack of a broader integrated perspective has meant that tracing the development of stakeholder theory is not a simple process, as one area has moved forward, others have remained stagnant and some authors appear to be "reinventing the wheel". In addition, the motivations of the development of these areas are often different, thus moving theory development in divergent directions.

Stakeholder theory also overlaps other management theories such as agency theory (Freeman 1984, Hill and Jones 1992). The introduction of stakeholder theory has seen agency theory change the way in which agency-principle relationships are being examined. For example, in the US, the development of stakeholder orientation has resulted in changes to the way in which agency theory has been regulated.

> "An agency relationship is defined as one in which one or more persons (the principle(s)) engages another person (the agent) to perform some services on their behalf which involves delegating some decision-making authority to the agent." (Hill and Jones 1992, p132)

Put another way, agency theory suggests that managers are agents of owners and therefore should act on the behalf of owners by attempting to protect owners' long-term interests in companies. A problem arises in that managers and owners may have different objectives. Traditional economic theory suggests that owners wish to maximise the value of the organisation, i.e. their own wealth. While managers are agents for owners, they are often more concerned with maintaining their position and maximising their income, rather than maximising the owner's wealth. Under the traditional production philosophy, depicted in Figure 2.2, the agency problem did not arise as managers and owners were the same individuals. Once the locus of control moved from owners to managers, the problem of agency arose, as an implicit agency relationship exists between the two parties.

This conflict between stakeholder theory and agency theory has stimulated some innovative responses in practice. In the U.S., the whole question of corporate responsibility has been re-evaluated in the area of corporate governance (Freeman and Evan 1990, Karmel 1993, Meade et al. 1997, Orts 1992, Polonsky and Ryan 1995 & 1996, Ryan 1992). This re-evaluation has resulted in a broader "legal" definition of acceptable behaviour that recognises the need to consider more than just stockholders when making strategy decisions. It is unclear whether these statutes have forced organisations to consider all their broader stakeholder groups (Meade et al. 1997, Orts 1992, Polonsky and Ryan 1995 & 1996).

The agency question might require that we ask whether organisations that modify behaviour, such that they consider all groups that are affected by or affect organisations' abilities to achieve their objectives, maximise an owner's wealth or value? This "dilemma" may seem to imply, that from an agency-principle arrangement, while the organisation is trying to manage all its stakeholders' interests, it is breaching its fiduciary responsibility to its owners. Some literature, however, does suggest that the value of the firm depends on its value to all its stakeholders, not just to owners (Aggarwal and Gyan 1990, Cornell and Shapiro 1987, Greenly and Foxall 1996, Miller and Lewis 1991, Rowley 1997, Steadman and Garnner 1993). Thus, the alternate stakeholder perspective, being adopted in many US states, appears to begin to address this issue, by "reallocating" responsibility to the organisation (Cabot 1991, Goodpaster and Atkinson 1992, Henning 1992, McDaniel 1991, Meade et al. 1997, Minow 1991, O'Connor 1991, Orts 1992, Polonsky and Ryan 1995 & 1996, Ryan 1992). While this may assist in the development of stakeholder theory, it may also cause it to conflict with other more established perspectives of management and organisational governance. The various stakeholder statutes enable managers to consider the interests of non-fiduciary stakeholders. Therefore, managerial actions may not necessarily increase stockholder wealth.

While stakeholder theory has been accepted by some management theorists, there are still those who believe that organisations are solely responsible to owners. Williamson, (as discussed in Freeman and Evan 1990) has suggested that only the owners and possibly the managers and suppliers undertake all the risks associated with the operation of a firm. Therefore, they are the only "stakeholders" that need be considered (Freeman and Evan 1990). Even assuming that those that take this perspective are correct, how would they address the need to consider groups with "informal" involvement (i.e. those not undertaking the risk associated with operations) that may affect the firm's overall performance and therefore might need to be considered when developing strategy (Clarkson 1994)? Thus, stakeholder theory may allow firms to overcome the problem of balancing the many pressures exerted from internal and external sources.

Another management concept related to stakeholder theory is the behavioural theory of the firm. It has been suggested that the behavioural approach lays "... the foundation for the development of constituency-based theory ... (Anderson 1982, p 18)" and thus would have significant relevance to stakeholder theory. "The behavioural theory views the business firm as a coalition of individuals who are in turn members of sub-coalitions (Anderson 1982, p 18)". Thus, behavioural theory attempts to interlink all "coalitions" into one decision process (Cyert and March 1992). It could be argued that the process of incorporating multiple groups into one set of strategies is at the basis of stakeholder theory a view that has also been suggested by Greenley and Foxall (1997). This view also fits directly into a stakeholder network perspective, which is supported by Rowley (1997).

Mintzberg (1979) suggests that behavioural theorists developed a coalition theory of the firm by incorporating "*many goals* and *many actors* (Mintzberg 1979 p 64)". Mintzberg went on to suggest that it is the trade-off of power between the various "actors" that shapes organisational objectives and that external groups wield the most power, especially when they can form coalitions with internal groups. The importance of external groups in the behavioural theory of the firm has been highlighted by Pfeffer and Salanick (1978), who suggest that organisations are dependent on external groups for essential resources necessary to carry out organisational activities. Thus, while not specifically discussing stakeholders or stakeholder theory, it appears that the behavioural theory of the firm also recognised the importance of "others" in the establishing and achieving of organisational objectives. Other authors such as Lamb (1994) appeared to have developed this link, and have specifically tied resource dependency and stakeholder theory together. Lamb (1994) suggested that firms would be more cognisant of those groups controlling vital resources and are therefore more attentive to these groups "needs", although he does not suggest how this can be done.

SECTION 2.1.3 Conclusion to Overview of Stakeholder Theory

The development of stakeholder theory has arisen because existing management theories, as discussed in many different disciplines, are unable to adequately consider the broad range of actors that can influence the organisation. Thus, in an attempt to overcome these deficiencies, stakeholder theory has been developed. It has been suggested by Donaldson and Preston (1995) that an objective of the stakeholder literature has been to assist practitioners and theorists in evaluating organisational strategy. Given the extensive research into stakeholder theory, it is surprising that there has not been more research undertaken to define the core concepts. While the Second Conference on stakeholder theory and the more recent work of Mitchell et al. (1997) did attempt to define the core attributes of stakeholders as having power, urgency and legitimacy, there are still not any comprehensive definitions in the literature (Clarkson 1995). The recent "surge" in stakeholder research published in prominent journals such as *The Academy of Management Review* (Clarkson 1995, Donaldson and Preston 1995, Jones 1995, Mitchell et al. 1997, Rowley 1997), *The Journal of Business Research* (Greenly and Foxall 1995) *Journal of Business Ethics* (Dooley and Lerner 1994, Harrington 1996, Litz 1996, Maranville 1989, Meade et al. 1997) and the *Journal of Management Studies* (Greenly and Foxall 1997), could be considered an indication that there is growing interest in stakeholder theory.

As pointed out earlier, for the purposes of this thesis, a basic Freeman type definition of stakeholders will be used, that is, "... all of those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose. (Freeman 1984)" There are several reasons for using this definition 1) the definition is flexible and includes all salient stakeholder groups and includes the groups in the essential core (See Figure 2.1); 2) given the lack of agreement regarding definitions it seems prudent not to introduce an additional definition into the discussion that does not have tested support; and 3) it is this author's opinion that Freeman's definition is the most appropriate as it is flexible to encompass all types of stakeholders.

As knowledge is developed in one discipline it is often extended into others. However, the extension of stakeholder theory into other disciplines such as marketing is only in its initial stages (See section 2.3), but it is growing. This growth will be stimulated by other disciplines gaining a better understanding of the significance of stakeholder theory to their areas. In section 2.3 the applications of stakeholder theory in marketing will be examined. As will be described, marketers have not yet embraced stakeholder theory (Näsi 1995, Miller and Lewis 1991).

Stakeholder theory, as discussed in section 2.1.1 is a significantly broader perspective than the production or management perspective, in that all environmental forces can be considered. Not only do firms have to deal with these forces, but they must interact with them as well. Such interdependency requires that the firm somehow incorporate, or at least consider, the "concerns" of the wider environment when designing strategy. Such an approach will be developed in Chapter Three.

SECTION 2.2.0 MARKETING LITERATURE'S APPLICATION OF STAKEHOLDER THEORY

Section 2.2 provides a discussion of how stakeholder theory has been explicitly utilised in marketing. It has been suggested that "... it (stakeholder theory) has yet to catch on in marketing. (Miller and Lewis 1991, p55)" Other academics such as Greenley and Foxall (1994 & 1996) suggest that even when marketers consider stakeholders, they (marketers) tend to focus on a much narrower set of stakeholders, than are examined in the management literature. "In the marketing literature the consumer is, of course, the central stakeholder group, with an emphasis on not only orienting corporate decision making to the customer, but on also giving priority to satisfying their needs in preference to those of other stakeholder groups. (Greenley and Foxall 1994, p4)"

While to date there is little explicit discussion of stakeholder theory in the marketing literature, there is some literature that does link these areas. Freeman briefly discussed the applicability of stakeholder theory to marketing (Freeman 1984, p226). Other authors, such as Näsi, have also identified that "...the stakeholder perspective obviously has much to give in purchasing, production, marketing..."(Näsi 1995, p27) The author's previously published work also develops the link between marketing and stakeholder theory and is the basis of this thesis (Polonsky 1995 & 1996 & 1997, Polonsky and Ottman 1997, Polonsky et al. 1998a & 1998b).

Section 2.2.1 will examine the limited marketing literature that explicitly examines marketing and stakeholder theory. This literature covers a broad range of areas within the marketing discipline including social marketing (Altman and Petkus 1994, Carrigan 1995, Gwin 1991, Petkus and Woodruff 1992, Polonsky et al. 1997, Suchard and Suchard 1994, Schlegelmich and Woodruffe 1995), broad strategy development (Greenley and Foxall 1996 & 1997, Miller and Lewis 1991, Polonsky 1995b & 1997, Suchard and Suchard 1994), and relationship marketing (Tuominen 1995, Koiranen 1995). Section 2.2.3 will tie these sections together and add some concluding remarks.

SECTION 2.2.1 Examination of the Marketing Literature that Takes a Stakeholder Perspective

While some marketing literature provides passing mention of stakeholders and stakeholder theory, it has been suggested that stakeholder theory has not gained great acceptance by marketing theorists (Miller and Lewis 1991, Näsi 1995). This is illustrated by the limited literature combining these two areas (Altman and Petkus 1994, Carrigan 1995, Greenley and Foxall 1994,1996 & 1997, Gwin 1991, Koiranen 1995, Miller and Lewis 1991, Petkus and Woodruff 1992, Polonsky 1995b & 1997, Polonsky and Ottman 1997, Polonsky et al. 1997, Suchard and Suchard 1994, Schlegelmich and Woodruffe 1995, Tuominen 1995). Most of the articles, other than this author's work (Polonsky 1995b & 1996, Polonsky and Ottman 1997, Polonsky et al. 1997, 1998a & 1998b, and Greenley and Foxall 1994, 1996 & 1997), have a very broad stakeholder focus. That is, stakeholder theory is not the core focus of the argument, but rather it is included, sometimes briefly within the argument. For the most part the normative core of stakeholder literature discussed in Section 2.1 is ignored in the marketing literature. The limited marketing literature "assumes" the reader understands the basic tenets of stakeholder theory, as most of this literature does not discuss the theoretical stakeholder basis. For example, Slater and Narver (1995) suggested that market orientation requires a "... culture that (1) places the highest priority on the profitable creation and maintenance of superior customer value while considering the interests of other key stakeholders..." (p.67). In another example, Menon and Menon (1997) suggested that their concept of "...strategic enviropreneurial marketing attempts to integrate the marketing strategy across organizational units within a corporation and across multiple stakeholders... "(p58) However, neither set of authors provided a discussion of how the interests of these other stakeholders could be considered.

In other cases it is unclear whether the authors themselves have a firm understanding of stakeholder theory, as many works, such as Freeman 1984 are not referenced. While there is a limited amount of marketing literature explicitly applying a stakeholder theory approach, the works that exist are even more divergent than the works solely within the stakeholder theory area. There is minimal linking together of the marketing literature, with Greenly and Foxall (1996) relying heavily on the work of Miller and Lewis (1991) and this author's previous work (Polonsky 1995b& 1996, Polonsky et al. 1997, Polonsky and Ottman 1997, 1998a & 1998b) referring to the limited other marketing-stakeholder research.

The literature linking marketing and stakeholder theory first appears with the work of Gwin (1991) and Miller and Lewis (1991), with the most recent work linking these areas being Greenley and Foxall (1996, 1997), Polonsky (1996), Polonsky et al. (1997) Polonsky and Ottman (1997) and Polonsky et al. (1998a & b). As suggested most of the work takes a very broad view regarding stakeholder theory and often does not refer to the management literature at all or to a very limited degree.

Gwin linked these two areas by attempting to develop a "...paradigm for the definition and management of not-for-profit organisation constituent groups and means of managing those relationships in a way that will increase marketing effectiveness of the not-for-profit organisation. (Gwin 1991, p43)" In this work, Gwin attempts to differentiate the not-for-profit (NFP) organisation's stakeholders from for-profit organisations stakeholders. In doing this, Gwin suggests that NFP's face five broad constituent groups (Resource Generators, Service Users, Regulators, Managers, Staff Members), rather than the seven constituents of profit based organisations (Shareholder/Stockholders, Management, Union/Employees, Customers, Suppliers, Community and the Public, Government). Gwin goes on to suggest that these five types of constituents interact with the firm on a direct and indirect level. The evaluation of interactions, is very similar to designing the stakeholder map and identifying each group's stake (i.e. Step 1 and 2 of the stakeholder management process discussed in Chapter Three). Applying existing stakeholder theory to NFP organisations may enable them to go further than Gwin has suggested. Gwin's process for evaluating stakeholders is not systematically structured and thus may overlook important stakeholders. For example, in listing potential stakeholders, Gwin does not include competitors. Such groups can have a significant impact on both profit and NFP organisations. In the NFP area, organisations are often competing for limited funds. Thus, in order to attract scarce resources, each NFP may need to have some "competitive advantage" over other NFP's.

Miller and Lewis's (1991) work directly attempts to link marketing and stakeholder theory together, via an examination of the various types of exchange that takes place in any marketing transaction. Miller and Lewis's work is important, for it serves to explain the benefits or potential benefits to marketers of adopting a stakeholder perspective. They suggest that firms undertake exchanges with their various constituents because such exchanges create value for both parties. As such, understanding what the individual constituent's value and how those values can be maximised, will enable marketers to apply a stakeholder approach to the marketing management process. Miller and Lewis state that there are a number of value exchange subsystems operating within the marketing process, such as firm-consumer, firm-supplier and employee-employer. As such, their work appears to also link stakeholder theory into the relationship literature, although they do not identify this link. It also appears to agree with Rowley (1997) that markets need to be concerned with their networks of exchanges. The relationship marketing literature also identifies that such subsystems operate (Grönoos 1991) and, as was discussed briefly in Chapter One, may be broadened to consider "additional" stakeholder groups.

Miller and Lewis see marketing activities as an exchange of values between many stakeholders. This type of analysis was suggested in the management literature, where it was suggested that the organisation's "total" value is dependent on the values received by all organisational stakeholders (Aggarwal and Gyan 1990, Cornell and Shapiro 1987, Steadman and Garnner 1993). Jones (1995) supported this view, by suggesting that organisations are a network of relationships, and managers attempt to coordinate these relationships and ensure they operate smoothly.

It is suggested that many of these exchanges "control" important resources. The idea that stakeholders control vital resources builds indirectly on the behavioural approach put forward by Pfeffer and Salanick (1978), which suggests that organisations are dependent on external bodies for the provision of resources, including financial capital and human capital and that these resources were essential for the firm's operation. This perspective has been echoed by Greenley and Foxall (1997), Polonsky et al. 1997, and

Polonsky and Ottman 1997. Within the stakeholder literature the control of key resources has also been identified as important (Clarkson and Deck 1992, Savage et al. 1991). Thus, exchange systems have been well addressed in the management stakeholder literature, although Miller and Lewis did not explicitly integrate this literature into their research.

Miller and Lewis provide a listing of seven broad stakeholder groups that each organisation should consider. These include both internal and external groups. In addition, they suggest that various direct and indirect exchanges take place, both within a given group and between groups. In total, Miller and Lewis suggest that there are 52 different stakeholders involved in the marketing process, 23 external and 29 internal. The process put forward by Miller and Lewis to evaluate stakeholders is somewhat different from traditional stakeholder theory in that they place consumers rather than the firm at the centre of the process and do not use the "typical wheel-and-spoke stakeholder model" (such as the one presented in Figure 3.1). Other stakeholder theory authors support this view, suggesting that if managers could take an alternative view of the stakeholder relationship (i.e. with another stakeholder in the middle), managers might be able to better understand the motivations of their stakeholders (The Toronto Conference 1994, Wood and Jones 1995). While focusing on the consumer rather than the firm may facilitate a customer focus, there may be other key stakeholders that should be considered if the firm is to have a market orientation (Slater and Narver 1995). Similarly, as Greenly and Foxall (1996) suggest, focusing on consumers may disadvantage other equally important stakeholders.

Miller and Lewis's (1991) work incorporates many of the foundations of stakeholder theory, yet it appears that they "assume away" much of the traditional stakeholder management process (to be discussed in Chapter Three). They do not suggest a method of examining the value systems of the various groups, they simply suggest that these value systems should be considered in determining an appropriate distribution strategy. In addition, they do not discuss how marketers can determine which stakeholders should be considered in a given situation. Their work is important as it does suggest that stakeholder theory does have relevance for marketing, which is an essential first step for the integration of stakeholder theory into marketing. However, their work is deficient in providing marketers with an actionable strategy for evaluating stakeholders, determining their stakes, or integrating stakeholders into the strategy development process.

Carrigan (1995) takes a broad stakeholder perspective when considering the impacts of social marketing, considering both the negative and positive aspects. Harrington (1996) supports this view, suggesting that any government policy, social or otherwise, needs to consider how the policy impacts on all stakeholders, if it is to be effective. Carrigan considers the specific case of the tobacco industry and examines how by attempting to "protect" society, individual stakeholders may be harmed. She goes as far as to suggest that when using a monetary approach to measure performance, society may be worse off as a result of the banning of the industry. This approach considers only the costs of health-care and loss of revenue and income, it does not attempt to quantify the economic value of saving of lives that banning the industry would bring about. As such Carrigan is not incorporating all social "costs" into the evaluation process and thus may be falling into the mismatch problem suggested by Jones and Wood (1995). It is suggested that the POSIT 82555[1] approach enables a clear evaluation of the tobacco industry in a social marketing context. Such an analysis is undertaken by Carrigan, although no final "result" is put forward.

While recognising that there are many important stakeholders, Carrigan does not specifically apply any of the stakeholder literature to the POSIT process. There are extensive similarities between her work and the underlying principles of stakeholder theory, although she does not explicitly discuss stakeholder theory. For example, she suggests that in relation to the tobacco industry or any social marketing issue marketers need to "... research the opinions of their stakeholders and try to develop some framework to identify which issues carry the most importance, and as such have a greater influencing role on the actions of those stakeholders. (Carrigan 1995, p482)" In another passage she states "The important aspect for marketing managers is to identify important players (long-term and short-term) and the weight of decision-making power they carry." (Carrigan 1995, p482). While she did not suggest that an organisation should undertake a stakeholder management type process (see Chapter Three) and use the information obtained in strategy development, it can be inferred from her work, that she does believe such a process needs to be undertaken. Such a view is supported by the stakeholder literature preceding

[1] POSIT 82555 is an acronym that is designed to cover the core concepts of marketing. Each step/letter has a number of components. P- Philosophy, Product, Planning, Price, Promotion, Power, Place, People; O- Organisation, Objectives; S- Situation, Systems, Style, Specialisation, Strategy; I- Involvement, Implementation, Innovation, Institutions, Information; and T- Timing, Targets, Transactions, Techniques, Tactics.

Carrigan's research (for example, see Freeman 1984 or Savage et al. 1991), however she did not refer to these earlier researchers' work.

Also related to the NFP area is Petkus and Woodruff's (1992) work, which examines stakeholders and marketing decisions in the context of organisations acting in a socially responsible fashion. Their work puts forward a model whereby, prior to acting, marketers evaluate alternative organisational actions, considering how the promotion and implementation of socially responsible activities affects internal and external stakeholder groups. An approach, such as that suggested by Gregory and Keeney (1994) (to be discussed in section 2.3), would be undertaken in that extensive consultation would take place between representatives of the various stakeholders to define the issues of concern and consider the implications of adopting various alternatives. Petkus and Woodruff put forward seventeen propositions within their model, although, none of these are tested.

The focus of their paper is an examination of how firms evaluate whether to undertake socially responsible activities and, as such, which internal and external stakeholders could be influenced by a firm's activities. Petkus and Woodruff develop a typology for classifying stakeholders that is slightly different to those used by management theorists. Petkus and Woodruff classify stakeholders as active or passive.

> "Active stakeholders can, in addition to being affected by the firm's actions, have significant influence on the future socially responsibility considerations of the firm."; ...and,
>
> "Passive stakeholders, in contrast, will not have a reciprocal effect on the firm as it has influenced them." (p158)

These definitions imply that "active" stakeholders have a stronger influence on organisational outcomes than "passive" stakeholders. While this suggestion may generally be considered true, it does not consider the dynamic nature of stakeholder theory, which identifies that both the stakeholder's stake and their influence change over time. Passive stakeholders may become active and active stakeholders may become passive. The relationship between the firm and these stakeholders can also change over time. In addition, the degree of a stakeholder's "activity" within a given category may change over time. This dynamic nature of stakeholder theory is a main reason that continual monitoring of stakeholders is required in order for strategy to be effective. While the dynamic aspect of stakeholder theory has been discussed in much of the management literature (Donaldson and Preston 1995, Freeman 1984, Mitchell et al. 1997, Polonsky 1995a, Polonsky et al. 1997, Rowley 1997, Savage et al. 1991, The Toronto Conference 1994), it has been ignored in much of the marketing-stakeholder literature.

Petkus and Woodruff suggest that the degree of consideration given to a stakeholder is solely dependent on their ability to affect organisational goals and objectives. They furthermore suggest that firms may overlook passive stakeholders, unless there are active stakeholders willing to protect the interests of passive stakeholders. The importance of active stakeholders representing passive stakeholders' interests has also been identified in the management literature (Clarkson 1994, Starik 1995). For example, Starik (1995) pointed out that environmental groups often serve to protect the interests of the natural environment, which cannot exert its influence on its own.

According to Petkus and Woodruff, passive and active stakeholders may be either internal to the organisation or external to the organisation. This view would also be consistent with the management literature, which shows that stakeholders could be classified in several different ways at once. (To be discussed further in Section 3.3.) In their examination of stakeholders, Petkus and Woodruff focus their attention on active stakeholders of both types, as they suggest that these groups have the ability to influence organisational outcomes.

Petkus and Woodruff suggest that a stakeholder's "response" determines organisational outcomes. As such, stakeholders' influence may occur in a number of ways. For example, internal stakeholders may benefit both monetarily or psychologically from the firm undertaking socially responsible activities. These positive stakeholder responses "... may result in a tendency toward future socially responsible decision making. (p159)" by marketing decision makers. It appears that Petkus and Woodruff assume that there may also be potentially negative influences on internal stakeholders from socially responsible behaviour (although they do not specifically discuss this subject). This view is recognised in the management literature and supported in the marketing area by Carrigan (1995). A possible example of such a negative influence might be the closing of a production facility that operates in an environmentally irresponsible fashion, forcing some workers to lose their jobs. While this may be a socially responsible action, it could potentially result in a strike by workers at the firm's other facilities in protest. Socially responsible behaviour in one area, may therefore be detrimental to overall organisational outcomes using traditional financial measures of performance.

In examining external stakeholders, Petkus and Woodruff suggest that one positive action might be that consumers will patronise socially responsible organisations more frequently and, therefore, directly improve organisational performance. Thus, they suggest that it is possible that "social responsibility and organisational performance ... are not mutually exclusive criteria for evaluating decision alternatives. (Petkus and Woodruff 1992)" The suggestion that multiple objectives might be achieved with one set of strategies is at the heart of stakeholder theory, in that organisations attempt to achieve multiple goals of many stakeholder groups with one strategy and thus the statement that the two groups are interrelated is implicit for them to be discussed as stakeholders. However, as highlighted by Wood and Jones (1995), in most situations, the "criteria" used by firms to promote their socially responsible actions are based on what they believe are an appropriate indication of responsible behaviour, not criteria that stakeholders use to evaluate organisational performance.

As described above, while Petkus and Woodruff do integrate stakeholders in the marketing decision process, it is done in the very narrow context of socially responsible decision making. However, their analysis may be a basis for expanding this examination into other marketing areas. Their incorporation of stakeholders into the overall decision process is somewhat limited in that it does not discuss the process by which stakeholders are identified, how their stakes are determined, or how they should be incorporated into the evaluation of alternate strategies. Similar policy development approaches have been taken in other stakeholder works such as Gregory and Keeney (1994), discussed in Section 2.3.

Following on from the work of Petkus and Woodruff is the work of Altman and Petkus (1994). This work also examines social marketing, although focusing more narrowly on how social marketing can assist in developing environmental policy. Their work examines the public policy development process, suggesting that, by using a social marketing perspective, stakeholders can be better integrated into environmental policy formulation. Their work examines the importance of external stakeholder groups and while they mention various internal bodies, these are considered part of the policy process, rather than being stakeholders in their own right.

The assumption that all internal groups act as "one" has also been questioned by Jones, who suggested that, at times, there will be conflict among internal stakeholders as they will have different needs and objectives (Jones 1995). Other authors have suggested that stakeholder theory should concentrate on external groups rather than internal groups, although most of the literature includes both internal and external groups in the stakeholder process (Donaldson and Preston 1995).

It does appear that Petkus and Woodruff found "... in addition to helping policy-makers develop the best possible public policies, social marketing is offered as a strategy to help policy-makers minimise the real or imagined adverse impacts of public policy. (Altman and Petkus 1994, p40)" This statement explicitly states that in their view of the social marketing process the general objective of stakeholder theory is achieved, i.e. that of achieving multiple outcomes with one strategy. Thomson and St. John (1996) also point out that by addressing stakeholders' concerns organisations reduce turbulence in the environment. This may, therefore, assist with the implementation of the policy developed, using Altman and Petkus's approach.

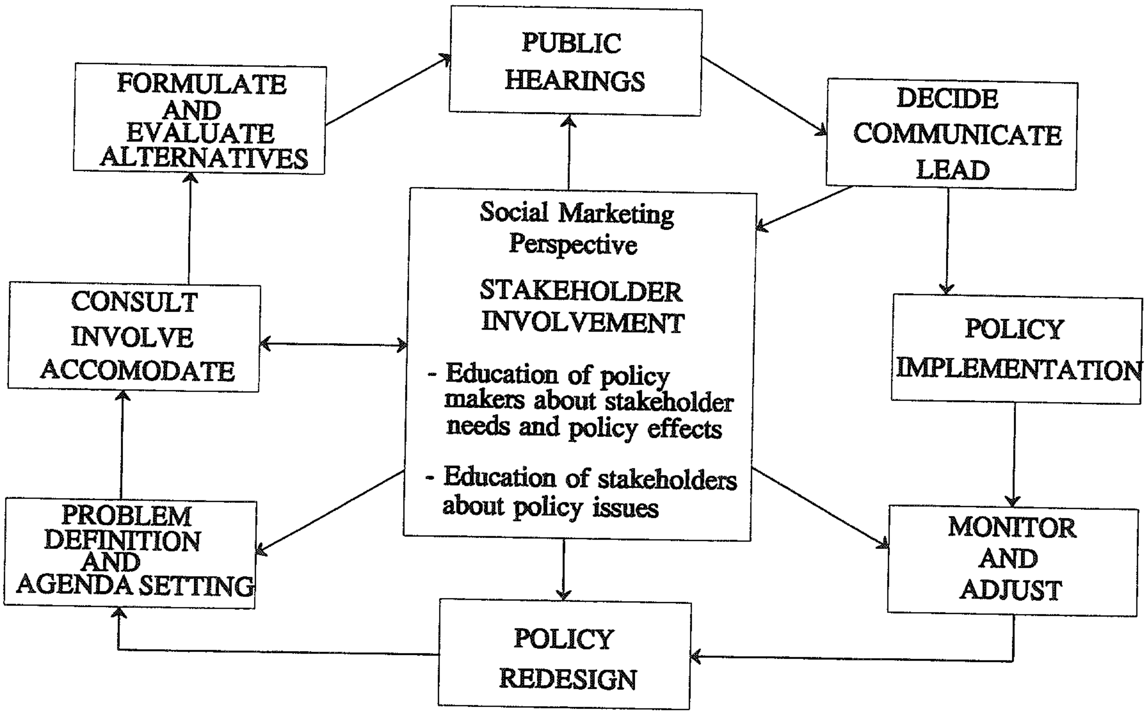
The process put forward by Altman and Petkus (1994) "Emphasizes both the influence of the stakeholders on environmental policy development and the education of stakeholders on potential effects of policy. (p38)" Thus, they identify both the development of policy and the acceptability of policy regarding a specific target group, but they fail to integrate the total stakeholder philosophy, as pointed out above, as they restrict the relevant consideration set to external stakeholder groups. Harrington (1996) also suggested that a broad stakeholder approach is essential for effective public policy development and implementation. While not suggesting such a detailed process, Gregory and Keeney (1994) used a similar approach to develop governmental environmental policy, although they did not link this process to social marketing in general.

While Altman and Petkus (1994) attempt to tie policy development, social marketing, and stakeholder theory together, the primary focus of their work is to "... extend traditional concepts of the policy process by advancing social marketing as the 'hub' around which the process revolves. (p49)" Therefore, stakeholder theory and marketing are not a primary focus of their work, although these issues are an integral component of it. The stakeholder policy perspective proposed (See figure 2.4) incorporates seven stages to the policy process, with stakeholders "being involved" to various degrees at each stage. This process will be discussed in more detail in Chapter Three.

Altman and Petkus's proposed process does loosely tie stakeholders and marketing together, although it focuses more on public policy development. The work ignores much of the stakeholder literature, with minimal stakeholder literature being cited including the foundation work of Freeman. They also overlook other works that specifically tie stakeholder theory to public policy. For example, Roberts and King (1989) discussed how the stakeholder management process could be applied to all types of public organisations and policy development processes. A better integration of stakeholder theory, marketing and the public policy process might have allowed the authors to provide a more solid theoretical foundation. It may have also ensured that a more systematic stakeholder evaluation process was developed.

FIGURE 2.4

A STAKEHOLDER BASED POLICY PROCESS



Altman and Petkus 1994 p39

In terms of individual organisational policy, there are also marketing works that attempt to incorporate a stakeholder focus. For example, Suchard and Suchard suggest stakeholders should be incorporated into the planning process (Suchard and Suchard 1994). They extend the individual based reason action model and suggest that corporate environmental marketing (green marketing) policy must consider the importance of a subjective norm, which is based on the influence of stakeholders' and the corporation's motivation to comply with these stakeholders expectations. As was mentioned earlier Menon and Menon (1997) also identify that stakeholders need to be considered when developing strategic enviropreneurial marketing. Even though stakeholders were not the core focus in either of these works, the approach suggests that all types of stakeholders, internal and external, should be considered. Firms designing environmental marketing strategy to address the concerns of various stakeholders will have differing degrees of success. However, as was mentioned earlier, the relationship between stakeholder satisfaction and performance does not always exist in the literature (Atkins and Lowe 1993, Brown and Butler 1995, Dooley and Lerner 1994, Johnson 1995, Judge and Krishana 1994, Huse 1994, Greenley and Foxall 1996, Lerner and Fryxell 1994, Preston and Sapienza 1990, Wood and Jones 1995).

This author's work (Polonsky 1995b & 1996, Polonsky et al. (1997), Polonsky et al. 1998 a & b, Polonsky and Ottman 1997) has also expanded on this issue, by suggesting that stakeholders need to be actively involved in environmental marketing strategy development and in the broader environmental policy formulation. Polonsky (1995b) explained the four stage stakeholder management process, in terms of marketing strategy development. These works are broadly based on the material discussed in relation to the stakeholder management process discussed in Chapter Three. As such, this discussion of the underlying material will be focused on in Chapter Three. Broadly, Polonsky suggests that there needs to be a process by which the firm considers its various stakeholders when developing environmental marketing strategy. He suggests that the stakeholder management process can be extended and that this extended version is one method that can be used to evaluate all stakeholders in the wider business environment. In this work he examines twelve stakeholder groups (Consumers, Competition, Courts/Legal, Employees, Financial Institutions, General Public, Government, Interest Groups, Media, Owners, Scientific Community, Suppliers/Channels) and three types of stakeholder-firm interaction, direct cooperation, direct threatening behaviour, indirect influencing other stakeholders. While Polonsky (1995b) does provide a link between stakeholder theory and marketing, he does not provide a prescriptive framework as to how the firm can address stakeholders' interests when designing environmental strategy.

In later work, Polonsky (1996) begins to develop some proscriptive approaches that marketers can use to include stakeholders' interests when designing strategy. This work is based on the model developed in this thesis and is discussed in more detail in Chapter

Three. While this model is presented in Polonsky's 1996 work, there is no attempt to quantify these relations or provide any concrete suggestions about how these relationships can be tested in either of these works. These issues are considered in Chapter Four and Five of this thesis.

More recently Polonsky and Ottman (1997 & 1998) and Polonsky et al. (1998) undertook an exploratory examination of the inclusion of stakeholders in green new product development. This work examined samples of marketers from the US and Australia. The US sample involved marketing managers who had been involved in the development of new green products. It was found that they did not believe that many of the thirteen stakeholders examined were important to the green new product development process and even those that were important were not formally integrated into the process. The Australian data examined marketers' attitudes towards stakeholders in a hypothetical scenario. This data forms the basis of part of this thesis and therefore will not be discussed here (see Chapter Five). Some of the authors' more recent work also examines developing more effective strategic alliance relationships with stakeholders (Polonsky et al. 1998b) and these developments arose as a result of the material developed in this thesis.

Other work such as Schlegelmich and Woodruffe also loosely tie stakeholder theory and marketing together in relation to strategy formulation (Schlegelmich and Woodruff 1995). In their work they examine "key" stakeholders' involved in a specific social marketing activity, the acceptance of Affinity Cards. "Affinity cards generally call for a bank to contribute to a not-for-profit organisation, a percentage of the amounts charged to the card and/or a certain amount for each card issued to members of the affinity group. (Schlegelmich and Woodruffe 1995, p3)" The main focus relates to examining the various relationships between the various pairs of stakeholders, i.e. Charity-Bank, Charity-Cardholders, Bank-Cardholders, Bank-Credit Card Marketers, Credit Card Marketers-Cardholders. It could be argued that this dyadic "pairwise" type of analysis is similar to that of Miller and Lewis (1991) in their examination of the Value Exchange Model and these exchanges are part of a larger interactive exchange process. Yet Schlegelmich and Woodruffe fail to look at the entire exchange process or network, as was suggested by Rowley (1997), but rather they focus on the various dyadic exchanges.

Schlegelmich and Woodruffe's study indicates that, overall, stakeholders examined in the U.S. and U.K. have similar views towards affinity cards, although there are some differences that relate to the key stakeholders "point of view". While they explicitly discuss various stakeholders, there is no integration of basic stakeholder theory into any part of their work. In terms of strategy development, they imply that understanding the various groups can assist in the success of affinity programs, yet it does not provide direction as to how this "understanding" can be achieved or how they can be integrated into the program development. The use of the term stakeholders is made referring to groups at the most general level, i.e. the key participants in the process. While this basic perspective is correct, i.e. these groups are stakeholders, an integration of the stakeholder theory would have made it more clear why groups were included, what was their stake, how effective was the program and how could it be changed to be more effective. It may have also considered whether other key stakeholders were omitted.

Other than this author's work (i.e. Polonsky and Ottman 1997 & 1998, Polonsky et al. 1998a & 1998b), the recent work of Greenley and Foxall (1996) is the only other attempt found in the marketing literature to quantitatively examine stakeholder relationships. While Section 2.3 focuses on the quantitative stakeholder literature in more detail, Greenley and Foxall's 1996 work needs to be discussed in regard to developing marketing strategy as well. Greenley and Foxall identify that marketers focus their energies on the customer, sometimes to the exclusion of other stakeholders, which is consistent with Miller and Lewis (1991). Greenley and Foxall's work is closely aligned with that of Koili and Jaworski (1990), in that they attempt to determine whether firms have a stakeholder orientation, as distinct to a marketing orientation, and how a stakeholder orientation relates to other market environment factors. As such they provide four hypotheses that they attempt to test:

Ho_1 "There will be no significant difference between the extent of orientation that companies give to their stakeholder groups. (Greenley and Foxall 1996, p108)"

Ho_2 "There will be associations among the orientations that are given to stakeholder groups. (Greenley and Foxall 1996, p108)"

Ho_3 "Company orientation to nonconsumer stakeholder groups will be dependent on their consumer orientation. (Greenley and Foxall 1996, p108)"

Ho_4 "Consumer orientation will be positively associated with marketing environment variables, measured as market growth, competitive hostility, ease of market entry, and technological change.(Greenley and Foxall, 1996 p109)"

The authors examined the firm's stakeholder orientation for five groups (competitors, customers, employees, shareholders/stockholders and unions). To determine the firm's stakeholder orientation, CEO's were asked to evaluate each stakeholder on six criteria. The composite score was used to determine the organisation's orientation towards that group. These variables were:

"*Research*: the importance of Formal research for understanding the needs of each stakeholder group. Scale: 1 not important through to 7 important.

Management judgement: the importance of management judgement for understanding the needs of each stakeholder group. Scale: 1 not important through to 7 very important.

Planning: the extent of development of plans for addressing the needs of each stakeholder group. Scale: 1 not developed through to 7 very developed.

Corporate culture: the extent of open discussion about each stakeholder group when addressing corporate culture. Scale: 1 no discussions through to 7 extensive discussions.

Corporate mission: the relative importance of each stakeholder group in the corporate mission. Scale: 1 not important through to 7 very important.

Relative importance: the order of priority that is given to addressing the needs if stakeholders. Scale: 1 low priority through to 7 high priority. (Greenley and Foxall 1994, p109)"

They also examined the market environment using five measures based on previous research in the area. These included:

Market turbulence: the extent to which consumer needs have changed over the last three years (Miller, 1987; Narver and Slater, 1990). Scale: 1 little change, through to 7 extensive change.

Market growth: a measure of the average annual rate of change in market size, over the last three years (Narver and Slater, 1990; Hooley et al., 1990). Scale: Measured on a percentage scale.

Competitive hostility: the extent to which the marketing operations of key competitors have changed over the last three years (Day and Wensley, 1988; Narver and Slater, 1990; Hooley et al., 1990). Scale: 1 little change, through to 7 extensive change.

Ease of market entry: a prediction of the possibility of new entrants earning satisfactory profits in the short-term (Scherer, 1980; Jaworski and Kohli, 1992). Scale: 1 extremely low, through to 7 extremely high.

Technological change: the extent to which the technological base has changed over the last three years (Bennett and Cooper, 1981; Hooley et al., 1990). Scale: 1 little change, through to 7 extensive change. (Greenley and Foxall 1996, p109)"

Greenley and Foxall surveyed 1000 CEOs of UK companies with more than 500 employees and received 230 usable surveys. They found that organisations consider stakeholders differently depending on the given activity examined. As marketers might, however expect, consumers were given the most attention. Greenley and Foxall also found a high association between the various types of stakeholder orientation. In terms of their third hypothesis, they found that competitor and employee orientation were dependent on customer orientation. The only hypothesis that they could not find support for was Ho_4, i.e. there was no association between customer orientation and market environment.

While this study does begin to formally tie stakeholders into marketing there are several deficiencies that should be noted, although these were not highlighted by Greenley and Foxall. In terms of the importance to stakeholder theory, this work supports the view that stakeholders have different stakes for different firms and different situations.

Examining the role of "all" stakeholders in all situations may therefore help explain why problems with measurement arise. Customers may tend to have a similar stake in activities, or are at least are perceived to have a more similar stake in various industries. The stakeholder variables examined by Greenly and Foxall (1996 & 1997) were broadly defined, whereas the market environment variables were somewhat more narrowly defined "... with respect to their principle market... (p109)" Even if the same statement was used for the stakeholder variables, the specific context for each variable might be significantly different for each firm and thus a more contextual scenario might have been useful in minimising variance. Even with these limitations, this is one of the few attempts to quantitatively examine stakeholders in relation to marketing.

Greenly and Foxall has further extended their work in this area, focusing on the influence of stakeholder orientation and performance (Greenley and Foxall 1997). They found that once market growth is controlled for, competitive hostility is a moderating factor in the relationship between orientation and performance. The implications of this work will be discussed in Section 2.3, as the findings and scope of their extended paper are more closely related to the management literature than the marketing literature.

Relationship marketing has also utilised stakeholder theory (Koiranen 1995, Tuominen 1995), as discussed in Chapter One. Relationship marketing assumes that marketers address all groups involved in the exchange process (Grönoos 1991). This perspective is supported by Miller and Lewis (1991), in their examination of the various exchanges that take place in marketing activities. That is, marketing activities are most effective when the value of all exchanges is maximised. Koiranen and Tuominen, as part of a 1994 Danish symposium on stakeholder thinking, examined stakeholder theory and relationship marketing (Näsi 1995).

Koiranen's work examined stakeholder theory in the context of firm-customer relationships and relationship marketing, which he suggests is different from a pure transaction approach often considered in marketing (Koiranen 1995). He defines relationship marketing as "...a marketing approach to establish, maintain and enhance long-term relationships with customers and other internal and external stakeholders so that the objectives of the parties involved are met. (Koiranen 1995, p184)" This definition suggests that a relationship approach may be similar to a value exchange approach, such as the one put forward by Miller and Lewis (1991).

According to Koiranen, the focus of building relationships is to keep existing customers rather than to obtain new customers. As such, it is the responsibility of the whole organisation, rather than just one functional area. In examining the expansion of relationship marketing to include stakeholder theory, Koiranen adds to Grönroos's Transitional - Relationship marketing continuum. These extensions are listed in Table 2.1 below (Grönroos's listing appears in Table 1.1 in Chapter One).

As can be seen in Tables 2.1 and 1.1, relationship marketing is concerned with both internal and external relationships and should benefit from taking a stakeholder perspective. Koiranen points out that firms are concerned with more than just consumer markets. They are also concerned with suppliers, labour, financial, "influencer" and internal markets (p187).

TABLE 2.1
KOIRANEN'S TRANSACTION-RELATIONSHIP CONTINUUM

Strategy continuum	Transaction Marketing	Relationship Marketing
Primary Goal	Getting New Customers	Keeping Old Customers
Customer Contacts	Not Very Noticeable	Noticeable
Customer Commitment	Limited Customer Commitment	High Customer Commitment

Koiranen 1995 (pp186-188)

Besides developing a rationale for linkage relationship marketing and stakeholder thinking, Koiranen discusses the concept of Custopreneurship. He defines custopreneurship as "...arrangements under which the owner of a product, a process, a service or even just a name having certain connotations (for example, a sports hero or another celebrity) activates another to make or use something in exchange for some form of benefit (normally a payment). (p188)" Several marketing examples are provided, such as distributorships, franchising and mail order activities. The link between custopreneurship and stakeholders is that both these relationships involve some form of firm-intermediary interaction, i.e. the two are mutually dependent on each other. As such, the custopreneurship concept, or coalition as Koiranen calls it, does not fit neatly in the transaction-relationship continuum as it has aspects of both a transaction and a relationship, depending on the specific custopreneurship coalition.

Tuominen's (1995) work, on the other hand, focuses on how organisations can manage their relationship with corporate investors, thus narrowing the scope of the stakeholder-firm relationship under investigation. Tuominen suggests that "Relationship marketing is considered to revolve around customer and other stakeholder relationships where the objectives of the stakeholders involved are met through exchange. (Tuominen 1995, p166)" As such, it is important to obtain new stakeholders (Stakeholder Catching) as well as keep existing stakeholders (Stakeholder Keeping).

Tuominen puts forward that stakeholders have varying degrees of support for the organisation and its activities, which can be depicted in a ladder of stakeholder loyalty (see figure 2.5). It may be possible to develop strategies that increase stakeholder loyalty, i.e. move stakeholders up the ladder. This stakeholder keeping concept is consistent with the relationship marketing concept, as it focuses on maintaining long term relationships. In addition, it suggests that as stakeholders move up the ladder they are likely to more strongly "support" organisational activities.

FIGURE 2.5
THE LADDER Of STAKEHOLDER LOYALTY

	Low ^	Advocating Stakeholders	High ^	Maintain and enhance stakeholder relationships (Stakeholder Keeping)
	:	Supporting Stakeholders	:	
	:	Regular Stakeholders	:	
Identify and establish stakeholder relationships (Stakeholder Catching)	:	New Stakeholders	:	
	v High	Potential stakeholders	v Low	

Tuominen 1995, p167

In focusing on the stakeholder relationships with investors, Tuominen (1995) suggests that the objective of managing these relationships "...is to increase trust and create a common long term interaction between the companies and their current and potential investors and the investment experts serving them. (p170)" In doing this, he identifies three external stakeholders, existing investors, potential investors, and investment advisers/experts. The objective of creating trust between the firm and these various stakeholders requires trust generating strategies. This is a view supported in the wider relationship literature that highlights the importance of trust in building long-term relationships (Morgan and Hunt 1994). The flow of information from the firm to the stakeholders can provide a basis for this trust. Thus, Tuominen's work deals primarily with the development of trust between the firm and its financial stakeholders. It is unclear from this work whether such an approach may be generalised to other types of stakeholders or how the firm would implement an approach to move stakeholders along the ladder of stakeholder loyalty.

SECTION 2.2.2 Conclusion to Marketing Literature's Application of Stakeholder Theory

The conclusion from the literature discussed in this section is that some marketers have begun to realise that there is a linkage between stakeholder theory and marketing theory. While there is a limited amount of such literature, much of what has been written fails to fully benefit from or incorporate a large proportion of the stakeholder literature. Not only does it seem that much of this literature is overlooked by marketers, but it appears that they are attempting to "reinvent" some literature, rather than build on it and extend it into marketing. Such an approach results in a less than comprehensive discussion of stakeholder theory in marketing. Most of the works discussed in Section 2.2 have a very narrow focus and do not address the broader stakeholder question of how to ensure that strategy considers the widest possible set of stakeholders.

SECTION 2.3 IMPLICATIONS OF THE QUANTITATIVE STAKEHOLDER LITERATURE

This section broadly examines the quantitative literature examining stakeholder-firm relationships and considers the implications of this work for this thesis. It does not focus on the methodology used in these other studies, but rather on the relationships that were examined. While little literature focuses on how managers or firms include the interests of stakeholders into organisational decision processes, it does consider theoretical, and to a significantly lesser extent, methodological issues of importance to this thesis. Stakeholder relationships have been examined from four broad perspectives, degree of stakeholder involvement, comparisons of stakeholders' perceptions, determination of appropriate organisational objectives and the outcomes of adopting a stakeholder perspective. Most of these quantitative works have focused on outcomes, that is whether firms that "address" a given stakeholder's interests perform "better" than those that do not.

The most basic quantitative research focused on the "involvement" of stakeholders in the strategy development process. Atkins and Lowe (1993), Polonsky and Ottman (1997, 1998a & 1998b) Polonsky et al. (1998a) and Posiner and Schmidt (1984) asked managers which stakeholders they involved in strategy development. Posiner and Schmidt examined whether managerial levels within large firms resulted in different perceptions of stakeholders' involvement (sixteen stakeholder groups were considered). Polonsky and Ottman (1997, 1998a &1998b) and Polonsky et al. (1998) asked two samples of managers to evaluate the importance of various stakeholders in the green new product process. Whereas Atkins and Lowe examined small business managers' attitudes towards a predetermined set of eight stakeholder groups.

The work of Posiner and Schmidt and Atkins and Lowe also examined a variety of possible moderating factors. Posiner and Schmidt examined the manager's level in the organisation, and various demographic factors (gender, age, education level, salary and years of experience) and found that none of these factors were significant in influencing managers' attitudes. Atkins and Lowe examined the degree of strategy development, firm size, perception of external turbulence, management quality and expected technological change. They found that strategy development and managers' expectations of technological change increased the number of stakeholders involved in the strategy development process.

Polonsky and Ottman (1997, 1998a & 1998b) and Polonsky et al. (1998a) did not examine moderating factors and their analysis was, for the most part, descriptive although some comparisons between groups were undertaken. They did, however, ask a subset of managers studied to describe what strategies had been used to involve their stakeholders in the green new product development process. While this aspect was not "quantitative" it did provide insight into the approaches used to include stakeholders in strategy. Unfortunately, their findings appear to indicate that managers did not aggressively involve stakeholders in this green new product development process. The attempts that were used to include stakeholders were basic and did not appear to be structured into organisational processes.

Kreiner and Bhambri (1991) examined the involvement of stakeholders and organisational information processing using LISREL, to model the relationship between the business environment (Complexity, Conflict, Dynamism and Interdependence), stakeholder power, various stakeholder groups, and information generating activities. Their research focused on how nine stakeholder groups assisted in policy development in the insurance industry. Using a LISREL model for each of the nine stakeholder groups, they found that there were some differences in relationships across the groups. Overall, there was a relationship between information sought and the stakeholder's influence. More specifically they found that across the nine groups:

- The more attributed power the stakeholders have, the more executives' perceived their organisation to be concerned with that stakeholder's public policy concerns;

- The greater the attributed power of a stakeholder, the more executives' perceived their organisation's were involved in nonroutine information collection activities; and

- Top staff professionals perceived that staff professionals are used more frequently in nonroutine information collection activities from institutional stakeholders than did top line executives.

Other work examined and compared the perceptions of stakeholders towards the firm and its performance. Clarkson et al. (1992) asked 11 managers in one Canadian telecommunications company to identify and rate organisational performance on key stakeholder issues and identify relevant external stakeholder groups (23 issues were identified). The second phase of their study involved interviewing 20 external stakeholders and having them evaluate organisational performance for the 23 issues identified and rated by managers. Comparison of the two sets of respondents highlighted inconsistencies between the managers' and stakeholders' responses, with managers having a more favourable perception of the firm's performance.

Using a different approach, Huse (1994) examined the role of Boards of Directors regarding a variety of issues. Huse surveyed a Norwegian company's Board, which included representatives from five stakeholder groups: Owners, Managers, Employees, Local Society and Customers. The structure of the company surveyed was such that there were regional boards and a national board, resulting in 243 "... members and deputy members of the board and of the parent company...", who were surveyed (Huse 1994, p353). Inconsistencies between the various stakeholder groups' perceptions of the firm's performance on various issues were found. The results of Clarkson et al. (1992) and Huse (1994) might reflect that stakeholders use different criteria to measure a firm's performance as was suggested by Jones and Wood (1995).

The quantification of concepts related to stakeholders has also been examined in relation to establishing policy. Gregory and Keeney (1994) used a combination of qualitative and quantitative processes to determine appropriate governmental policy regarding the usage of a natural resource in Malaysia. Their work is significant, for it examined how stakeholders can be involved in the initial stages of strategy development, i.e. determining what should be done, rather than involving stakeholders after a given course of action was started. Such pre-startup involvement of stakeholders is desirable for it will ensure stakeholders' interest are considered in the initial development of strategy. However, in most situations, firms are examining modifications of existing strategy and thus such a green-fields approach is not possible. Theoretically, using such an approach would result in active stakeholder participation in strategy/objectives development. Such involvement should result in more effective outcomes, assuming it is effectively implemented. This is consistent with the work of Miller and Lewis, that is, by including all stakeholders in the initial stages of strategy development all exchanges can be maximised. However, there is no quantitative research to support this and the outcome based research does not consider stakeholder involvement in the development of strategy/objectives.

In their work, Gregory and Keeney (1994) ran workshops with stakeholder groups to identify key issues of concern to each group. Attempts were then made to identify similarities in stakeholders' objectives. A list of objectives/issues was identified and stakeholders were then asked to quantitatively rate each activity. As a result, alternatives were developed and discussed in the context of the ratings of the objectives. The authors suggested that this process enabled policy makers to consider the interests of all the stakeholder groups. However, it could be argued that since each group was assigned an equal weight in the rating process, some "views" could be outweighed by sheer numbers. In addition, this process does not identify that various groups have differing abilities to influence outcomes, thus a "democratic" type process might not reflect stakeholders' influencing abilities.

As mentioned earlier in this section, most of the quantitative work in relation to stakeholder-firm relationships examined whether considering various stakeholders has resulted in positive outcomes, i.e. better performance (Wood and Jones 1995). One of the most basic quantitative studies in this area was undertaken by Clarkson and Deck (1994), who examined 37 firms that "... sought protection from creditors under Chapter 11 of the

American Bankruptcy law or the Companies Creditor Arrangement Act (CCAA) in Canada that had gone into receivership, or had been liquidated. (Clarkson and Deck 1994, p1)" Clarkson and Deck identified that when a primary stakeholder withdraws support for the firm, organisational failure may occur. Within their sample the firms failed as a result of a number of groups withdrawing support, including: creditors or suppliers (23 instances); consumers (5 instances); public stakeholders (5 instances); controlling shareholders/stockholders (3 instances). Thus, they showed that "satisfying" key stakeholders' objectives was extremely important, although Clarkson and Deck (1994) did not examine how these stakeholder objectives could have been better satisfied. Other studies, such as Savage et al. (1991) and Polonsky et al. (1998b) also found that the withdrawal of key stakeholder support resulted in organisational failure, although this work was based on a case study analysis, rather than broad based empirical examination of stakeholder relationships.

In another outcome based study Brown and Butler (1995) examined the time involved in stakeholder networks and outcomes of such involvement (Brown and Butler 1995). They asked 100 managers how much time their organisation spent involved with various stakeholders as compared to their competitors. Using a regression analysis they tried to determine whether the time involved in various types of stakeholder "networks" increased performance as measured by profitability or growth. They found that firm involvement in stakeholder networks with the wider community (publicity) or competitors influenced sales (publicity had a negative effect and competitor involvement had a positive effect).

Johnson (1995) on the other hand, attempted to model various aspects of the stakeholder-firm relationship, although his work was not as detailed as Kreiner and Bhambri (1992). Johnson examined how a firm's internationalisation affected its public affairs' activities that targeted specific stakeholders. Johnson suggested that through public affairs activities, organisations attempt to incorporate stakeholders' interests (bridging) or minimise the impact of stakeholders (buffering). In this work, Johnson found that there are five important external stakeholder groups (political, social, technical, economic and ecological), although he did not examine all these in his study. He examined: a) political stakeholders using Public Action Committees' (PAC) contributions as a measure of buffering and attempts to comply with legislation before its enactment as a measure of bridging; and b) social stakeholders, where public relations spending was used as a measure of buffering and environmental scanning activities were used as a measure of bridging.

Data was collected from public affairs officers in the 400 largest US firms. He analysed the data using Partial Least Squares (PLS) which he suggests is better than LISREL, as it explains relationships in a model, rather than tests whether a suggested model holds (Johnson 1995, p250). Johnson found that there were different relationships for the four PLS "models" examined. He found that internationalisation (as measured by number of foreign countries operated in, percentage of foreign employees and percentage of foreign sales) was positively associated with both buffering and bridging activities. He also found weak support for economic performance (as measured by ROA, ROS, and EPS growth) being positively associated with bridging activities. Thus, outcomes in terms of dealing with various stakeholder groups may not be consistent across all stakeholders and thus further supports the idea that stakeholders "value" outcomes differently.

One of the more recent attempts to quantitatively examine stakeholder orientation and outcomes was undertaken by Greenley and Foxall (1994, 1996 & 1997). They used multiple item measures to define and identify a firm's stakeholder orientation. The variables used included research, management judgement, planning, corporate culture, corporate mission and relative importance. (See section 2.2.1 for a complete description of these variables.) In their survey of 1000 British CEO's, Greenley and Foxall found that organisations give "... the most attention to consumers, followed by competitors and shareholders, then employees, and finally unions... (P111)" They found that consumer orientation is a predictor of employee and competitor orientation. They also found no relationship between consumer orientation and the market environment. Their work is therefore more comprehensive than the work of Atkins and Lowe (1993), Butler and Brown (1995) and Posiner and Schmidt (1984). It also identifies the possible interdependence between the various stakeholder orientations. This suggests that a firm may forgo satisfying the needs of one group when satisfying another.

In later work Greenley and Foxall (1997) extended this research using their existing data (described above and in section 3.2) to focus more on the relationship between performance and stakeholder orientation and examined various moderating factors. In this work they did not focus on individual stakeholders, but rather whether the firm addressed a set of five stakeholders (Consumers, Competitors, Employees, Unions, Shareholders/stockholders). They suggest that focusing on one specific stakeholder group may not enhance financial performance. While they found some support for the concept that firms adopting a broad stakeholder perspective performed better financially, they also found that competitive hostility and market growth moderate this relationship.

Three other sets of authors also examined stakeholder orientation, Preston and Schmidt (1990), Lerner and Fryxell (1994), and Dooley and Lerner (1995). (See Table 2.2 for a comparison of the approaches.) Preston and Sapienza utilised secondary data to examine the impact of stakeholder performance for Shareholders/stockholders, Employees, Customers, Community, Management on the economic performance of some of Americas largest organisations (Preston and Sapienza 1990). They found that there was a statistically significant relationship between the various stakeholder orientations and performance. The lowest correlation between stakeholder groups was for the Community and Managers, but it was still 64 percent. They also found that there were differences in the various indices across industries, an issue not examined by Greenley and Foxall (1996 &1997).

Preston and Sapienza found that there were statistically significant correlations between the stakeholder performance measures and most of the financial measures. However, these were of a lower magnitude than the stakeholder correlations, the highest was 49 percent and the lowest was 18 percent. Thus, while Preston and Sapienza relied on an examination of secondary data they seem to quantitatively show that there was a relationship between stakeholders groups, as well as a financial benefit to adopting a stakeholder orientation, i.e. outcomes can be influenced by a stakeholder orientation.

Lerner and Fryxell (1994), and Dooley and Lerner (1994) also examined stakeholder orientation. Both of these works focused on CEO's attitudes towards stakeholders, rather than an attempt to generalise wider organisation behaviour. They suggested that CEO's attitudes are essential to the strategy process and as such, "... top management attitudes towards individual stakeholder groups might influence corporate activities on behalf of those groups. (Lerner and Fryxell 1994, p59)" Lerner and Fryxell (1994) found that specific types of stakeholder orientation affect specific types of social activities, more specifically a Community (Stockholder) orientation positively (negatively) affects Charitable donations, a Stockholder orientation positively affects Return on Equity, and a Stockholder influence positively affects HRM programs. They also found several statistically significant correlations between types of stakeholder orientations, which supports the findings of both Greenley and Foxall (1996), and Preston and Sapienza (1990).

TABLE 2.2
QUANTITATIVE WORKS EXAMINING STAKEHOLDER "ORIENTATION"

Authors	Focus	Shareholders /Stockholders	Employees	Customers	Community	Management	Government	Competitors	Unions	Analysis and Outcome Variables examined
Preston and Schmidt (1990)	Stakeholder performance and financial performance	3 items -financial soundness -Long-term soundness -use of corporate assets	1 item -ability to attract and keep talented people	1 item -quality of products and services	1 item Community and environmental responsibility	1 item Quality of Management	No items	**No Items**	**No Items**	Correlations used between Orientation measures and the outcomes of : -Sales -10 year ROR -5-years sales growth

Authors	Focus	Shareholders /Stockholders	Employees	Customers	Community	Management	Government	Competitors	Unions	Analysis and Outcome Variables examined
Lerner and Fryxell (1994)	CEO's Stakeholder orientation	5 items -pursue investments that will maximise earnings per share -perform in a mannor that leads to high stock market valuation. -Invest in opportunities that promise to maximise stockholders' ROI - Meet expectations of high future earnings -Allocate resources to activities that promise to maximise ROI	4 items -provide programs for employees to cope with work and family stress -provide training and employment for hard core unemployed -provide programs & services for mentally or physically handicapped employees -provide ongoing training opportunities	5 items - improve G&S in response to customer expectations. -Provide quality G&S -Provide G&S with value reputation. -Programs to protect customers from faulty products -respond to customer complaints	4 items -Financial support for charity and Philanthropic activities -Support the arts and cultural activities -Financially support higher education -respond to requests for support from social service agencies	No items	5 items -Cooperate with gov and regulatory bodies - Maintain staff to ensure compliance with regulations. - Develop mechanisms and technical expertise to deal with regulations relating to the environment -Voluntary support enforcement of regulatory agencies. -Publicly support gov regulations	No Items	No Items	Regressions used . Various dependent variables including: - Product/ service rating -Charitable contributions -Return on equity -PAC contributions -Washington CD offices -HRP program

Authors	Focus	Shareholders /Stockholders	Employees	Customers	Community	Management	Government	Competitors	Unions	Analysis and Outcome Variables examined
Dooley and Lerner	CEO's orientation, firm profitability and pollution performance	Same as Lerner and Fryxell 1994	Same as Lerner and Fryxell 1994	Same as Lerner and Fryxell 1994	Same as Lerner and Fryxell 1994	**No Items**	Same as Lerner and Fryxell 1994	**No Items**	**No Items**	Regressions were used where the dependent variable was a measure of pollution, In addition to the direct orientation terms, ROI-Orientation terms were also included.
Greenley and Foxall (1996)	Examination of consumer and non-consumer orientation	4 Items -Use of formal research in understanding groups interest -extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	4 items -Use of formal research in understanding groups interest -extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	4 items -Use of formal research in understanding groups interest -extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	**No items**	**No items** Reported factor used but later dropped from the study.	**No items**	4 items -Use of formal research in understanding groups interest -extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	4 items -Use of formal research in understanding groups interest -extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	Correlations between orientations, paired t-tests, Regression analysis with independent variables Environmental "factors" of : -Market turbulence -market growth -competitive hostility -Ease of market entry -technological change

Authors	Focus	Shareholders /Stockholders	Employees	Customers	Community	Management	Government	Competitors	Unions	Analysis and Outcome Variables examined
Greenley and Foxall (1997)	Examination of relationship between stakeholder orientation and performance, including moderating effects.	5 Items -Use of formal research in understanding groups interest -Importance of management judgement for understanding interests -Extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	5 items -Use of formal research in understanding groups interest -Importance of management judgement for understanding interests -Extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	5 items -Use of formal research in understanding groups interest -Importance of management judgement for understanding interests -Extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	**No items**	**No items**	**No items**	5 items -Use of formal research in understanding groups interest -Importance of management judgement for understanding interests -Extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	5 items -Use of formal research in understanding groups interest -Importance of management judgement for understanding interests -Extent of plans to address groups interests - Importance of corporate culture in understanding the group -The relative importance of each group in the corporate mission.	Cluster analysis to determine orientation. Proportion tests within clusters and Anova and Manova tests to examine performance measures and interactions between moderating variables of: - competitive hostility -market turbulence -market growth -technological change.

Dooley and Lerner's (1994) work is somewhat different to that of Lerner and Fryxell, as they look at how stakeholder orientation affects a firm's pollution performance. In this work, they not only examine orientation towards stakeholders, but an interaction term with orientation and return on assets (ROA). They found that there was no direct relationship between stakeholder orientation and pollution performance, but there was a positive direct ROA-pollution relationship. When the interaction terms were considered they found that there was a statistically significant positive relationship between ROA-Government orientation and pollution and there was a statistically significant negative relationship between ROA-Community orientation and pollution.

In terms of other quantitative outcome studies, there was only one study that attempted to identify the implication of adopting a given corporate strategy and its relationship to stakeholder performance (Judge and Krishnan 1994). In this work, Judge and Krishnan (1994) undertook an examination of secondary data to determine if an enterprise's strategy scope, the degree to which they satisfy stakeholders, was influenced by types of organisational strategy (Stability, Internal Development, External Growth and Retrenchment) or other firm variables (Size, Environmental Munificence, Prior Profitability and Tenure Homogeneity). While this work is important, all the data was secondary in nature, where all strategy and stakeholder variables were based on the result of a content analysis of information contained in "news reports".

An enterprise's strategy scope was based on individual stakeholders' degree of satisfaction with the firm's activity, as reported in a media report. The content analysis examined four stakeholders (Owners, Customer, Employee and the Community), where the coders assigned each stakeholder with a 0 (Stakeholder not mentioned), 1 (Stakeholder satisfied) or -1 (Stakeholder dissatisfied). All these evaluations where then summed to obtain the dependent variable, Enterprise Strategy Scope. In terms of the independent strategy variables, the coders used a dichotomous 1-0 evaluation of the given strategy.

Through regression, Judge and Krishnan (1994) found that the only variables to statistically influence Enterprise Strategy Scope were prior profitability (0.08), external growth (-1.33) and retrenchment (-2.00). No other variables were found to be significant. Overall, Judge and Krishnan suggested that enterprise strategy is related to corporate strategy and choosing a specific enterprise strategy may affect the stakeholder group's satisfaction with organisational behaviour.

It is difficult to summarise or pull together the implications of all the quantitative research, as there is little consistency across studies. This makes direct comparisons between studies extremely difficult, if not impossible. Most of the works focus on managements' perception of stakeholders' concern and relate it to some performance criteria. As such, they do not specifically examine how firms involve stakeholders in the process, but rather rely on managers perceptions of stakeholders involvement (other than Gregory and Keeney 1994, and Huse 1994 to some degree). While it may be more accurate to incorporate stakeholders' views when designing strategy, it is a "...manager's attitudes about stakeholders that predisposes action... (Lerner and Fryxell 1994, p59)" This view is supported by Greenly and Foxall who suggest that "...managerial decision making is based on managerial perceptions. (p12)" As such, examining managers' perceptions may be appropriate in terms of quantitatively examining organisational behaviour regarding stakeholder relationships. Even so, there are a diverse range of issues that have been quantitatively examined, with the studies defining and measuring stakeholder relationships differently. These differences make a direct comparison of results and approaches impossible.

There has also been quantitative work that has examined these relationships from the stakeholder's perspective, rather than the manager's or firm's perspective. For example, Gregory and Keeney (1994) examined a process of establishing policy, based on issues stakeholders defined as important, whereas Huse (1994) asked members of a Norwegian bank's board, representing various stakeholders, to evaluate the board's involvement in a given set of activities. Lastly, Clarkson et al. (1992) asked internal and external stakeholders to evaluate organisational performance, based on criteria determined to be important. Again, these studies took differing approaches in identifying specific relationships to be studied, as well as the specific stakeholders under examination.

The overriding results of this section are that there has not been a common approach to evaluate stakeholders and their relationships with the organisation. Thus while these earlier works identify useful ideas, both in terms of methodology and instrument design, they do not give a clear indication of the most appropriate approach.

SECTION 2.4 CONCLUSION TO CHAPTER TWO

Chapter Two has examined the evolution and theoretical foundations of stakeholder theory in the management literature, the marketing literature that incorporates stakeholder theory and the implications of the quantitative stakeholder literature. It is possible to conclude that stakeholder theory has evolved because pre-existing theories of the firm did not adequately incorporate all the forces in the wider business environment. The production view has long been criticised for being over simplistic, with the managerial perspective also not reflecting reality. Alternative views such as agency theory and the behavioural theory of the firm have attempted to expand these earlier views, but they also do not represent all the intricacies and interrelationships the firm experiences with its environment. Stakeholder theory is an alternative view that recognises the firm-environment interdependency. As such, the firm is part of the environment and to some extent shapes the wider business environment.

To a limited extent, marketers have attempted to apply stakeholder theory to various marketing activities/areas. While in broader marketing theory there has been a general understanding of the importance of stakeholders, for the most part, the marketing literature has not effectively included stakeholder theory. Furthermore, most of the existing works fail to fully grasp the interdependent nature of the firm and its environment. Marketers who have applied stakeholder theory tend to assume that the environment is something that can be managed and is separate from the firm (see discussion in Chapter One). Such an approach highlights the lack of understanding of stakeholder theory. While some areas, such as relationship marketing, identify the necessity to address the needs of various stakeholders, most other areas are not up to date with this extended view of the firm-stakeholder interaction.

In terms of commonalities within the quantitative stakeholder literature, it appears that most of the literature has been concerned with the financial outcomes of addressing stakeholders' interests. In taking this approach, it has been suggested that the measures of performance, i.e. outcomes, do not match the interests of stakeholders. This mismatch in variables means that researchers do not truly understand the role stakeholders play in the organisation. For the most part, researchers appear to be stuck in a stockholder or owners mindset, that is the managerial perspective of the firm. While this is a problem, it highlights the fact that stakeholder's interests may not be adequately addressed by organisations, at least if researchers are using criteria that the firm believes addresses stakeholders' interests. If organisational performance is evaluated solely on financial criteria, non-financial stakeholders may have little chance of having their interests addressed and thus the firm does not understand the interdependent nature of the firm-stakeholder interaction.

The processes or approaches used to address stakeholders' needs, will be examined in Chapter Three. On a theoretical and empirical level, there has been limited work to examine how stakeholders' interests are addressed by firms. This process is important, as firms must not simply collect information on stakeholders, they must interact with them. The literature discussed in Chapter Two highlights that this may not be the case.

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CHAPTER 3
AN EXPANDED MODEL FOR ADDRESSING STAKEHOLDERS' INTERESTS

SECTION 3.0 INTRODUCTION TO CHAPTER THREE

The objective of Chapter three is to examine the specific processes that managers can use to address stakeholders and their interests. In Chapter Two it was found that if a marketing stakeholder perspective is to be successful, then all stakeholder interests must be adequately considered and addressed. Only after this has been appropriately undertaken can any evaluation of the effectiveness and/or benefits of adopting a stakeholder orientation be examined. It is necessary to examine models that can be used to identify stakeholders, as well as approaches that can be used to address their interests.

In Chapter Three the previous stakeholder literature is examined and in particular work of Freeman (1984) and the extensions of his work by Savage et al. (1991) are focused on. While there are several models proposed in the literature to address stakeholders' interests, each of these (including Freeman 1984 and Savage et al 1991) has deficiencies that prevents its widespread use within marketing. An expanded model is posited within this Chapter to address these deficiencies. The proposed expanded model is linked to marketing practice such that it enables all types of managers, including marketers, to address stakeholders' needs and interests when formulating organisational strategy. As was previously identified in Chapter Two, to date, marketers have not extensively used a stakeholder approach when developing strategic direction (Greenley and Foxall 1996, Miller and Lewis 1992, Polonsky 1996).

Section 3.1 examines and evaluates the broad processes that can be used to consider organisational stakeholders. Section 3.2 undertakes a more comprehensive examination of the four step stakeholder management process. Section 3.3 examines and evaluates the original stakeholder strategy matrix model. This original model was initially posited by Freeman (1984) and is put forward as a structured mechanism in which specific approaches are suggested to address stakeholders needs/objectives when formulating organisational strategy. The matrix model is prescriptive in nature, positing that there are generic approaches that can be used to address specific categories of stakeholders based on their position on two dimensions, stakeholders' potential to cooperate and their potential to threaten (Freeman 1984, Savage et al. 1991). The main advantage of this approach is that it is not firm specific and is generalisable across firms, industries and situations.

Section 3.4 discusses the deficiencies associated with the existing stakeholder strategy matrix model approach, making it less than optimal for implementation by marketers. Section 3.5 develops an extended model that overcomes the original model's deficiencies by addressing all stakeholders' influencing abilities. While the literature, other than the author's previous works, has not examined this issue previously, there is strong theoretical support for the repositioning of the original two dimensions of Freeman's matrix model to focus on stakeholders' direct potential to cooperate and threaten, and the addition of a new third-dimension that considers stakeholders' potential to indirectly influence organisational outcomes, via modifying other stakeholders' behaviour. The expansion of the model is based on the fact that, within the stakeholder literature, there is some suggestion that stakeholders have a broader ability to indirectly influence the firm, rather than a simple direct stakeholder-firm interaction (Clarkson 1993, Polonsky 1996, Polonsky et al. 1997, Polonsky et al. 1998, Savage et al. 1991, Sharma et al. 1994, Westley and Vredenburg 1991). It appears that this influencing ability is not adequately included in the original model suggested by Freeman (1984) and Savage et al.(1991).

As such, Freeman's original model, presented in Section 3.3, has limited applicability for marketers as it does not truly reflect stakeholders' overall ability to influence marketing activities. In addition, the original model does not consider the ways in which marketers can address all their stakeholders' interests. As identified in Chapter One, marketers face a number of environmental pressures that need to be considered. The expanded model developed in this chapter, addresses these deficiencies by incorporating an additional indirect influencing dimension, thereby making the model applicable to marketing theory and practice. Section 3.6 summarises the material discussed in this chapter.

SECTION 3.1 AN EXAMINATION OF THE PROCESSES SUGGESTED TO EVALUATE STAKEHOLDERS

Within Chapter Two, the broad foundations of stakeholder theory were examined. The objective of stakeholder theory is to ensure that the firm considers all relevant stakeholders in the business environment and that this consideration will result in more effective organisational outcomes (Atkinson et al. 1997). While there is no universally accepted definition of a stakeholder, a variety of authors in the management area have defined processes by which stakeholder objectives or interests can be considered by the organisation (Mitchell et al. 1997).

As was discussed in Section 2.3, various authors have considered a broad range of stakeholders and associated interests. Authors such as Clarkson (1991) and Kraft and Jaunch (1992) have suggested that there are a predetermined range of issues and stakeholders that should be considered by firms. Clarkson, in his work related to corporate social responsibility, suggests that there are six broad stakeholder groups (Company, Employees, Shareholders, Customers, Suppliers, Public Stakeholders) which need to be considered. Table 3.1 provides a list of Typical Corporate and Stakeholder Issues that Clarkson put forward (Clarkson 1991 & 1993). However, these issues may not be generalisable to other organisational concerns and it is not clear that they in fact cover all facets of the corporate social responsibility domain.

Kraft and Jaunch (1992) have suggested that stakeholders can be evaluated with a similar generalisable list of activities. In their Organisational Effectiveness Menu (See Table 3.2), firms would respond to this list in relation to a number of different stakeholders. However, in their work, Kraft and Jaunch's focused primarily on internal stakeholders (Personnel, Service/Production, R&D, Marketing, Finance, Organisation, Society). Kraft and Jaunch further suggest that firms can calculate a weighted factor score for each stakeholder group (W) that is based on the gap between stakeholder expectations and firm performance (D), the importance of the stakeholder (I) and the relative degree of power of each group in influencing outcomes or goals (P), which is $W = (D \times I \times P)$. Their measure of "importance" is an ordinal ranking of stakeholders compared with one another. They do not elaborate on how stakeholders' power would be measured. A composite weighted factor or subscores for the various subcomponents could be calculated. Organisations would then have to determine an appropriate method of addressing the most "important" stakeholders.

The lists developed by Clarkson (1991) and Kraft and Jaunch (1992) are not directly comparable as they evaluate different criteria, even though, in both these cases, generic checklists are used to evaluate stakeholders "concerns" or the organisations "performance" in terms of its various stakeholder groups. A checklist approach is not necessarily generalisable to all stakeholder issues. Thus, it would not be applicable to marketers, for as identified in the literature, the specific issue of concern will determine the stakeholder and their stake (Freeman 1984, Savage et al. 1991, Wood and Jones 1995). If marketers were to use a checklist type of approach they would need to ensure that the list included stakeholders and activities associated with all types of marketing activities. It is however, unclear whether such a list could be developed to cover ***all*** marketing-stakeholder interactions.

Table 3.1
CORPORATE AND STAKEHOLDER ISSUES

1 The Company	1	2	3	4	nr
1.1 Company History					
1.2 Industry Background					
1.3 Organisational Structure					
1.4 Economic Performance					
1.5 Competitive Environment					
1.6 Mission or Purpose					
1.7 Corporate Codes					
1.8 Stakeholder & Social issues Management Systems					

2. Employees	1	2	3	4	NR
2.1 general Policy					
2.2 Benefits					
2.3 Compensation & rewards					
2.4 Training & Development					
2.5 Career Planning & Devlop.					
2.Employee Assistance Prog.					
2.7 Health Promotion					
2.absenteeism & Turnover					
2.9 Leaves of Absence					
2.10 Relationships with Unions					
2.11 Dismissal & Appeals					
2.12 termination, Layoff & Redundancy					
2.13 Retirement & Termination Counciling					
2.14 Employment Equity & Discrimination					
2.15 Women in Management and on the board					
2.16 Daycare & Family Accom.					
2.17 Employee comm.					
2.18 Occ. Health & safety					
2.19 Part-time, temp or contract employees					
2.20 Other employee or H.R issues					

3 Shareholders	1	2	3	4	nr
3.general Policy					
3.2 Shareholder comm. & complaints					
3.3 Shareholder advocacy					
3.4 Shareholder Rights					
3.5 Other Shareholder Issues					

4 Customers					
4.1 General Policy					
4.2 Customer communications					
4.3 Product Safety					
4.4 Customer complaints					
4.5 Special customer services					
4.6 Advertising & Marketing					
4.7 Customer Service & Quality					
4.8 Other Customer Issues					

5 Suppliers					
5.1 General Policy					
5.2 Relative Power					
5.3 Other Supplier Issues					

6 Public Stakeholders					
6.1 Governments					
6.2 environment. and public health protection					
6.3 Environmental assessment					
6.4 Other environmental issues					
6.5 Community relations					
6.6 Social investment and Donations					

Clarkson 1993, p83.

TABLE 3.2
ORGANISATIONAL EFFECTIVENESS MENU OF FACTORS AND CRITERIA

	Importance Lo<----------->Hi	NA
Personnel		
Work Hours	1 2 3 4 5 6	7
Worker Productivity	1 2 3 4 5 6	7
Working Conditions	1 2 3 4 5 6	7
Safety and Health	1 2 3 4 5 6	7
Job Security	1 2 3 4 5 6	7
Employee Justice	1 2 3 4 5 6	7
Compensation	1 2 3 4 5 6	7
Training	1 2 3 4 5 6	7
Right to Privacy	1 2 3 4 5 6	7
Special Services	1 2 3 4 5 6	7
Job Satisfaction	1 2 3 4 5 6	7
Other Criteria?	1 2 3 4 5 6	7
Service/Production		
Output Quantity	1 2 3 4 5 6	7
Output Quality	1 2 3 4 5 6	7
Production Costs	1 2 3 4 5 6	7
Support Services Costs	1 2 3 4 5 6	7
Cots of Resources	1 2 3 4 5 6	7
Other Criteria?	1 2 3 4 5 6	7
Research and Development		
Production Innovations	1 2 3 4 5 6	7
Process Innovation	1 2 3 4 5 6	7
R & D Efficiency	1 2 3 4 5 6	7
Other Criteria?	1 2 3 4 5 6	7
Marketing		
Market Share	1 2 3 4 5 6	7
Revenue Growth	1 2 3 4 5 6	7
Promotion Efficiency	1 2 3 4 5 6	7
Product/Service Intros	1 2 3 4 5 6	7
Other Criteria?	1 2 3 4 5 6	7
Finance		
Income Growth	1 2 3 4 5 6	7
Asset Growth	1 2 3 4 5 6	7
Dividend Policy	1 2 3 4 5 6	7
Stock Price	1 2 3 4 5 6	7
Liquidity Ratios:		
-Current Ratio	1 2 3 4 5 6	7
-Quick Ratio	1 2 3 4 5 6	7
Activity Ratios:		
-Receivable Turnover	1 2 3 4 5 6	7
-Inventory Turnover	1 2 3 4 5 6	7
-Asset Turnover	1 2 3 4 5 6	7

	Importance Lo<----------->Hi	NA
Profitability Ratios:		
-Profit Margin	1 2 3 4 5 6	7
-Return on Assets	1 2 3 4 5 6	7
-Return on Equity	1 2 3 4 5 6	7
-Earnings per Share	1 2 3 4 5 6	7
-Price Earnings Ratio	1 2 3 4 5 6	7
-Payout Ratio	1 2 3 4 5 6	7
Coverage Ratios:		
-Dept - Total Assets	1 2 3 4 5 6	7
-X Interest Earned	1 2 3 4 5 6	7
-Share Book Value	1 2 3 4 5 6	7
-Cash Flow per Share	1 2 3 4 5 6	7
-Other Criteria?	1 2 3 4 5 6	7
Organization		
Public Image	1 2 3 4 5 6	7
Company Philosophy	1 2 3 4 5 6	7
Risk Assumption	1 2 3 4 5 6	7
Organization Structure	1 2 3 4 5 6	7
Development	1 2 3 4 5 6	7
Flexibility	1 2 3 4 5 6	7
Planning Effectiveness	1 2 3 4 5 6	7
Planning Efficiency	1 2 3 4 5 6	7
Survival	1 2 3 4 5 6	7
Other Criteria?	1 2 3 4 5 6	7
Society		
Ethical Conduct	1 2 3 4 5 6	7
Equal Opportunity	1 2 3 4 5 6	7
Consumerism	1 2 3 4 5 6	7
Ecology	1 2 3 4 5 6	7
Industrial Welfare	1 2 3 4 5 6	7
National Welfare	1 2 3 4 5 6	7
Community Welfare	1 2 3 4 5 6	7
Community Service	1 2 3 4 5 6	7
World Welfare	1 2 3 4 5 6	7
Other Criteria?	1 2 3 4 5 6	7

Other Categories?
:
:
:
:

Kraft and Jaunch 1992, p19

TABLE 3.3
STAKEHOLDER VALUE AND INFLUENCE MATRIX

Stakeholders (S_i)	Influence (R_i)	Value Concerns (V_j) V_1	V_2....	V_n
Investor Owners	(R_1)	$W_{1,1}$	$W_{1,2}$....	$W_{1,n}$
Employee Owners	(R_2)	$W_{2,1}$	$W_{2,2}$....	$W_{2,n}$
Customer Owners	(R_3)	$W_{3,1}$	$W_{3,2}$....	$W_{3,n}$
Suppliers	(R_4)	$W_{4,1}$	$W_{4,2}$....	$W_{4,n}$
Employees	(R_5)	$W_{5,1}$	$W_{5,2}$....	$W_{5,n}$
Community	(R_6)	$W_{6,1}$	$W_{6,2}$....	$W_{6,n}$
. . .	.	.	. ....	.
. . .	.	.	. ....	.
. . .				
Other Stakeholders	(R_m)	$W_{m,1}$	$W_{m,2}$....	$W_{m,n}$

Where: V_j = stakeholder value concerns (j= 1, 2, ..., n)

V_1 = dividend value
V_2 = stock price value
V_3 = worker safety value
V_4 = job security value
V_5 = product safety value
V_6 = product quality value
V_7 .... V_m = other stakeholder values

W_{ij} = value weight of the ith stakeholder for the jth value concern

R_i = relative influence of the ith stakeholder (i= 1, 2, ..., m)

R_1 = relative importance of investor owners
R_2 = relative importance of employee owners
R_3 = relative importance of customer owners
R_4 = relative importance of suppliers
R_5 = relative importance of employees
R_6 = relative importance of communities
R_m = relative importance of other stakeholders

* Hosseini and Brenner 1992, p114

Another process, the Stakeholder Value and Influence Matrix, was posited by Hosseini and Brenner (1992) and Brenner (1995) for the quantitative evaluation of stakeholders. In these articles, it is suggested that by using the stakeholder values and influence matrix (See Table 3.3), it may be possible to determine which stakeholders are most important and which issues are of most concern. To some extent, this process is similar to the work of Kraft and Jaunch (1992), although Hosseini and Brenner (1992) do not put forward a predetermined list of issues. Thus, as a broad process for examining a stakeholders' value and influence, it may be more generalisable across issues and industries, than is Kraft and Jaunch's work.

The process posited requires multiple stage data collection and analysis, which would rely extensively on the Analytic Hierarchy Process (AHP) for data analysis (Brenner 1995). Data on the Stakeholder's Influence would be collected in a pair-wise fashion from the individuals within the organisation. The data on the Values would also be collected in a pair-wise fashion from various members of stakeholder groups. These would then be combined to obtain a composite stakeholder value matrix, which would provide a hierarchical ranking of concerns for the issues provided. This overall value of concerns indicates the importance of particular issues compared with others, where the total sums to 1.00.

There have not been any reported applications of the Value Matrix Weights and thus, it is not possible to determine the effectiveness of using this process in evaluating stakeholders or in incorporating their interests in organisational strategy development. In addition, it would be extremely difficult to determine if a firm following this process and adjusting organisational strategy would be more effective than one which does not follow it. For as Hosseini and Brenner (1992) suggest, to test this empirically requires researchers to study "... actual organisations. The history of decision making within these organisations and the effect of their decisions on organisational performance must be addressed" (Hosseini and Brenner 1992, p116). As such, it may be difficult for researchers to quantitatively examine decision making and determine the "success" of this approach, especially with a cross-section of firms or industries as there are many moderating factors that need to be considered.

Another complex stakeholder evaluation process, the MAUT Process (Multiattribute Utility Technology) has been suggested, although no tests have been reported (Ryan 1992). The MAUT process enables strategists to attempt to maximise stakeholder value via a calculation of utility maximisation. The MAUT process involves seven steps.

"1) Identify the *objectives of evaluation*, including, when appropriate, the status quo among alternatives;

2) Identify the *stakeholders* affected by the decision;

3) Elicit, from stakeholder representatives, the relevant *value dimensions or attributes* implicated by the decision, and (often) organize them;

4) Assess the *relative importance* for each stakeholder group identified in Step 3, and resolve any significant value conflicts into a unified weighting;

5) Ascertain how well each object of evaluation identified in Step 1 serves each value identified in Step 3. This *single-attribute utility or location measure* is a numerical

assessment on a common scale, and makes use of measures, expert judgements, or both; 6) Aggregate the location measures from Step 5 with importance measures from Step 4. This *aggregation* produces the numerical summary from which the choice can be made; 7) Perform a *sensitivity analysis.*" (Ryan 1992, p560-561)

The MAUT process is firm specific, requiring that each firm make extensive assumptions and collect large amounts of data from multiple stakeholder groups who often do not have a consensus view. It also assumes that those undertaking the analysis, have the ability to "forecast" the appropriate situations that may arise. Thus, if there are possible outcomes that are overlooked, the process itself will be ineffective, as it will not consider the complete set of realistic situations. The MAUT process does have the advantage that once all the information is collected by a firm, it may be possible to examine alternate hypothetical situations to determine how the organisation can maximise utility, via addressing all stakeholder interests. Unfortunately, most work in this area is proprietary in nature (Ryan 1992) and as such, MAUT is not extensively discussed in the stakeholder literature as a mechanism for evaluating stakeholders or designing organisational strategy. From a marketing perspective, it might not be possible to utilise a MAUT-type process as there would be too many stakeholders involved in the organisation's marketing activities, many of whom have multifaceted influencing abilities. Thus, it might be unrealistic or even impossible for marketers to collect all the necessary information to comprehensively run the MAUT process.

Another suggested structured process is Altman and Petkus's Stakeholder Policy Process (Altman and Petkus 1994). The process is designed with public policy development in mind, but there is no reason to suggest that it could not be extended to assist marketers to incorporate stakeholders' interests into the development of all organisational strategy. It comprises eight steps (See Figure 2.4). These steps are:

1) Define the problem and set the agenda.
2) Consult, involve and accommodate various external stakeholders.
3) Formulate and evaluate alternatives policies.
4) Hold public meetings to allow additional stakeholder input.
5) Decide, communicate and lead, that is form policy and communicate it to the stakeholders.
6) Implement policy.
7) Monitor and adjust the policy.
8) Policy redesign.

The eight step process focuses on developing policy by having ongoing communication and monitoring of stakeholders. More importantly it identifies that organisational activities should constantly be readjusted to address any gaps that may remain between stakeholder expectations and firm performance, or new gaps that may occur. This point is important for it recognises the dynamic nature of firm-stakeholder relationships.

One aspect, highlighted by the Altman and Petkus model, is that the implementation of policy might in fact be the cause of gaps in expectations and performance. That is, even though policy is designed effectively it may not be appropriately implemented. Such a view is consistent with the services marketing literature that suggests that one cause of the gap between expectations and services delivered is the inability of top management to turn objectives into action, i.e. gap three in the Zeithaml et al. model (Zeithaml et al. 1988).

This issue has important implications for this thesis and stakeholder theory in general, in that Altman and Petkus suggest that even if marketers "understand" their stakeholders, they might not translate this understanding into appropriate action. The work of Wood and Jones (1995) is also related to this issue, in that if there is a mismatch between the firm's marketing activities and stakeholders' needs and interests, desired organisational outcomes will not be achieved. Thus, marketers may not be effectively identifying what criteria stakeholders use to evaluate organisational behaviour. Step seven of Altman and Petkus's process suggests that policy may not actually address stakeholders' concerns. In this situation a mismatch between policy and issues would occur. If this arises, Altman and Petkus's step eight would identify any remaining gap and bring about additional change in terms of marketing policy or behaviour. This additional shift will not reduce any gap that exists between the stakeholder and the firm, unless the firm understands the stakeholder and their expectations and modifies its behaviour accordingly.

Gregory and Keeney (1994) also suggest a broad process for developing policy by considering stakeholders' interests. In their process there are three interdependent steps, 1) set the decision context, 2) specify the objectives, and 3) identify alternatives. Stakeholders are involved in all phases of the process, which ensures that the policy is developed in conjunction with stakeholders. The process involves holding several workshops (or focus groups) with representatives of the appropriate set of stakeholder groups. Thus, if an important group were omitted, the process would not bring about the best policy alternative. The workshops involve stakeholder-stakeholder interaction and require communication between all internal and external groups. Marketers and other managers using this approach would need to ensure that the resulting policy addressed all groups' interests, by determining objectives and examining alternatives with stakeholders. Marketers frequently run focus groups and therefore might find a Gregory and Keeney type process desirable. Unfortunately, to be truly effective, stakeholders must be involved in the process before a given marketing decision is initiated, rather than when the firm is involved in fine tuning strategy or tactics associated with a given decision. It is possible that the process might be especially useful for greenfield (i.e. start-up) activities.

TABLE 3.4
STAKEHOLDER MANAGEMENT PROCESS

STEP 1 Identify the relevant stakeholder groups in relation to the issue being addressed.
STEP 2 Determine the stake and importance of each stakeholder group.
STEP 3 Determine how effectively the "needs" or "expectations" of each group are presently being met.
STEP 4 Modify corporate objectives and priorities to consider stakeholder interests.

The last process to be discussed in this section is chronologically the first presented in the literature. Freeman in his original work suggested a four-step stakeholder management process. (See table 3.4) While this process is not quantitative in nature it includes many activities suggested by MAUT, Stakeholder Value and Influence Matrix, the Stakeholder Policy Process and to a lesser extent, activities associated with the Organisational Effectiveness Menu.

The stakeholder management process can be utilised in all aspects of organisational decision making. While it has not been extensively used by marketers, they could also benefit from its application, as all areas need to deal with their stakeholders. This point was highlighted in Chapter One. That is, to be effective, marketers should not attempt to "manage" their stakeholders but rather, they should interact with them. While Freeman's term "stakeholder management process" is used in this thesis, it is assumed that it is applied more broadly than simply considering stakeholders to be deterministic in nature. Rather, the stakeholders and marketers/managers are interdependent.

Freeman's stakeholder management process (1984) has received significantly more attention in the academic literature than other stakeholder processes discussed in this section (Carroll 1991, Polonsky 1995a 1995b, 1996 & 1997, Roberts and King 1989, Savage et al. 1991). This attention may be attributed to the fact that Freeman's process is generalisable to all situations, industries and functional areas. Other approaches such as the Organisation

Effectiveness Menu or the Typical Corporate and Stakeholder Issues are limited by the list of activities put forward. Approaches such as the MAUT and the Stakeholder Value and Influence Matrix processes require extensive data collection and analysis, and may be well beyond most firms. The policy processes suggested by Altman and Petkus (1994) and Gregory and Keeney (1994) have been developed in the public policy area and have not been applied to broader corporate strategy development. In addition, these policy-based models tend to focus on stakeholders' direct influence with the firm, making complex firm-stakeholder interactions extremely difficult to examine or model.

The application of Freeman's four step process by marketers enables them to consider all relevant stakeholder groups. Given the complexities of stakeholder interactions related to marketing (for example Miller and Lewis (1991) suggested that there are over 51 stakeholders that marketers need to consider), both direct and indirect, any process to determine marketing and organisational direction needs to be flexible to address the specific situation that each firm faces. The four generalisable steps enable all stakeholders' influencing abilities to be considered. The lack of a complex mathematical model makes it better suited to all situations and firms, even those with limited direct firm-stakeholder interaction.

The flexibility of the process is a benefit and a constraint, as the four steps might not be readily actionable by marketers. However, this criticism could be laid against all the other processes as well. None of the approaches discussed in this section posit concrete mechanisms to address stakeholders' concerns into corporate actions, only that the firm's behaviour should change to address these concerns. This issue is important and will be examined in Section 3.3. One other potential deficiency with Freeman's process is that it seems to imply that stakeholders should be managed rather than interacted with. As was highlighted in Chapter One, any process that is used to examine stakeholders' interests, needs to recognise that marketers and their stakeholders are interdependent and neither group behaves in a predetermined (i.e. deterministic) fashion.

SECTION 3.2 THE STAKEHOLDER MANAGEMENT PROCESS

The objective of this section is to discuss the stakeholder management process in the marketing context. This process can be applied to all types of marketing situations in which stakeholders need to be evaluated and their interests addressed. In examining stakeholder theory and the stakeholder management process, it is necessary for decision makers to focus on one issue at a time (Freeman 1984, The Toronto Conference 1994). As this thesis is designed to examine stakeholder theory in marketing, the examples used, are based on marketing situations. For the purposes of Section 3.2 each of the four steps in the stakeholder management process will be discussed in its own separate subsection.

The diagrammatic development of the stakeholder management process incorporated in this section of the thesis has not been presented in the literature, other than by the present author (Polonsky 1995a, Polonsky 1995b, 1996). It does draw on the existing literature, although most of these earlier works have stopped with the development of a stakeholder map and the interrelationship between stakeholders (For example, Freeman 1984, Carroll 1993, Savage et al. 1991). However, similar diagrammatic presentations of various groups' expectations have been used in literature relating to organisational behaviour (Doyle 1992 & 1994), but these have not been expanded to stakeholder theory.

SECTION 3.2.1 Step One: Stakeholder Identification

Freeman (1984) suggests that in step one of the stakeholder management process, stakeholders are identified and a stakeholder map is constructed. Stakeholders may differ for each specific issue examined by the marketer and may vary across firms (Freeman 1984). Furthermore, different issues may cause different interactions between groups. To determine which stakeholder groups are relevant, the marketer must analyse the firm's behaviour and consider how it relates to the business environment. If marketers can determine which groups can influence the firm's activities or are affected by the firm's activities, they have by definition identified the relevant stakeholder groups.

Some research in the stakeholder area suggests that there are only four primary stakeholder groups that all organisations have to deal with, owners, customers, employees and local communities (Judge 1994). On the other hand, other authors such as Clarkson (1991 & 1993), in his examination of the social performance of organisations, identified six stakeholder groups that should be considered when evaluating organisational performance, that of Employees, Shareholders, Customers, Suppliers, Public Stakeholder and Competitors. Three of Clarkson's six stakeholder groups have been considered by Porter (1980) in his discussion of the business environment (supplier, competitors, consumers), although Porter did not call them stakeholders. It seems management theorists realise the importance of various forces within the business environment. Marketers should also readily accept that there are a number of stakeholders who make up the business environment and are worthy of consideration. For example, as was discussed earlier, Miller and Lewis (1991) suggested that there are at least 52 marketing related stakeholders.

In undertaking an analysis of stakeholders, marketers should ensure they consider how a range of factors affects all the firm's various stakeholder groups. For example when evaluating environmental marketing strategies, it has been suggested that activities such as, product development, promotional mix, support services, manufacturing and production processes, R&D, material purchasing and waste disposal activities (Bhat 1993, McDaniel and Rylander 1993, Polonsky and Ottman 1997, Polonsky et al 1998, Vandermerwe and Oliff 1990), affect numerous groups, all of which need to be considered in strategy development. Any determination of the firm's stakeholders should attempt to evaluate which groups are influenced by the activities under consideration.

It may sometimes be difficult to identify all stakeholders in marketing given their multiple roles and broad scope of potential influence. Wood and Jones (1995) found that stakeholders play three roles regarding corporate performance: a) they are a "...source of expectations about what constitutes desirable and undesirable firm behaviour. (p231)"; b) they "... experience the effects of corporate behavior (p231);" and c) they "... evaluate how well firms have met expectations and/or how firms' behaviors have affected the groups and the organizations in their environment. (p231)"

To identify or categorise stakeholders, marketers can utilise a variety of subjective evaluations. The literature has put forward six ways to identify or describe stakeholders. These methods include: 1) an examination of a group's position in relation to the organisation; 2) the type of interest or stake the group has; 3) the type of power they have relative to organisational outcomes; 4) the formality of their relationship with the organisation; 5) the risk associated with each stakeholder; and 6) the degree of activity of the stakeholder in relation to the firm. There may be interrelationships between some of the classifications. For example, Savage et al. (1991) collapse two groupings, interest and power, to form formality (Savage et al. 1991). Table 3.5. provides the stakeholder classifications as well as the subcategories for each classification. As will be discussed, determining the categorisation of stakeholders extensively overlaps with Step 2 of the stakeholder management process. Without some formal process, such as the six types of criteria, it may be difficult for marketers to ensure all stakeholder groups are considered.

One of the most basic methods of classifying stakeholder groups is by their position relative to the organisation. Simply stated, stakeholders can be identified as internal or external to the formal organisational structure (Freeman 1984, Savage et al. 1991, The Toronto Conference 1994). Internal stakeholders are individuals and groups within the organisation, whereas external stakeholders are outside the formal organisational structure. The groups' position, by itself, may not be of ultimate consequence to marketers and their organisations.

Freeman suggested that the issue of concern when examining a stakeholder's position should be each group's power and not necessarily their position, i.e. internal or external (Freeman 1984). Adopting this view would mean that while stakeholders can be classified on this criterion, it is not uniquely beneficial when attempting to address stakeholders' concerns.

TABLE 3.5
METHODS OF CATEGORISING STAKEHOLDERS

Stakeholder Position	Interest of Stakeholder	Power of Stakeholder	Formality of Stakeholders	Activity Level of Stakeholder	Risk Associated with each Stakeholder
Internal	Equity	Formal or Voting	Primary	Active	Voluntary
External	Economic	Economic	Secondary	Passive	Involuntary
	Influencers	Political			

Freeman (1984) also identified that stakeholders could be categorised by their interest or stake in the organisation and in one another's activities. Identification of a stakeholder's stake is also a core component of Step 2 of the stakeholder management process. In making this distinction, Freeman (1984) identified three types of influence that a given stakeholder can have, Equity, Economic and Influence. These are defined as:

1) *Equity or Ownership* "... having equity interest in the firm. (Freeman 1984, p62)" Some examples of these might be stockholders or directors;

2) *Economic* having a market stake in the operations. Some examples of these might include consumers, suppliers, debt holders, unions and local governments;

3) *Influencer* "... someone who has an interest in what the firm does because it affects them in some way, even if not directly in marketplace terms. (Freeman 1984, p62)" Some examples of these include, special interest groups, government agencies, industry associations.

Having an equity interest results when there is some type of ownership involved, i.e. the financial performance of the organisation impacts on the financial well being of the stakeholder.

These stakeholders are most often considered internal to the organisation. Economic involvement refers to the ability of the marketer and stakeholder to directly influence each other's market performance, though not having any ownership relationship. These groups have significant implications for the organisational operations and may be internal or external. The "influencers", or kibitzers as they have been called by Dill (1978), are predominantly external groups and could often be classified as Special Interest Groups (SIG'S). As the name "influencer" suggests, these groups indirectly influence the firm's behaviour.

Another method of categorising stakeholders is by the power that they can exert on the organisation. Power or "... the ability to use resources to make an event actually happen" (Freeman 1984) will be one factor of utmost concern to the organisation when evaluating the importance of various stakeholder groups, as it directly affects marketing and organisational performance. Identifying a stakeholder's power should be emphasised, for the withdrawal of support of a key stakeholder may even lead to the ultimate organisational failure, bankruptcy (Clarkson and Deck 1994, Litz 1996, Savage et al. 1991). Power is also an important variable in Kraft and Jaunch's (1992) organisational effectiveness menu and Mitchell et al. (1997) suggest that it is an essential core stakeholder characteristic. Freeman identified three types of power; 1) formal or voting, 2) economic, or 3) political.

Formal or voting power is where those who have equity in the organisation through share ownership have the ability to affect corporate direction. Economic power is where stakeholders have the ability to affect the dollar performance of the organisation through their behaviour. Political power is a situation where a stakeholder can influence the business environment. Phrased another way, political power is where a stakeholder has the ability to use various activities "... outside the organisational hierarchy for the purpose of obtaining one's preferred outcomes. (Barney and Griffin 1992, p609)" An example of this might be SIGs' lobbying of a governmental body to regulate specific marketing activities, such as banning cigarette sponsorship of sporting activities.

A fourth method of categorising stakeholders is the formality of their relationship with the organisation, these can be classified as either primary or secondary (Clarkson 1993, Savage et al. 1991). "Primary stakeholders are those who have formal, official, or contractual relationships and have a direct and necessary impact upon the organisation. Secondary stakeholders are diverse and include those who are not directly engaged in the organization's economic activities but are able to exert influence or are affected by the organization. (Savage et al. 1991)" This classification appears to collapse Freeman's interest and power typologies into one classification schema. While this type of categorisation may be beneficial, it may lose some robust information achieved by using multiple criteria.

A fifth method of classifying stakeholders was suggested by Petkus and Woodruff (1994) as being active or passive. "Active stakeholders can, in addition to being affected by the firm's actions, have significant influence on the future socially responsibility considerations of the firm."; and "Passive stakeholders, in contrast, will not have a reciprocal effect on the firm as it has influenced them. (p158)" This classification focuses on the direction of the relationship, with there being a two-way relationship (Firm<=> stakeholder) for active stakeholders and a one-way relationship (Firm=>Stakeholder) for passive stakeholders. Such an analysis might suggest that passive stakeholders should not be considered as they cannot influence organisational outcomes. Although, some writers such as Starik (1994) and Clarkson (1993) have suggested that passive stakeholders often have others who take responsibility to protect their interests or that these groups may have an indirect influence on organisational activity. In keeping with the spirit of stakeholder theory and the interactive nature of the relationship, it might be suggested that there are no purely "passive" stakeholders.

The last method of classifying stakeholders is by the risk associated with each stakeholder group. Clarkson has suggested that all stakeholders "... are at risk, voluntarily or involuntarily, as a result of having something to gain or lose by the turn of events (Clarkson 1994)." More specifically, stakeholders are "... *voluntary*, as a consequence of an active transaction on the part of a person or group that results in holding, taking or placing, a stake of some kind in a firm". They are "... involuntary, as a consequence of a firm's operations or activities that expose persons or groups unknowingly to risks through no choice of their own. (Clarkson 1994)" To some extent this classification broadens the definition of a "stake" to identifying that it is comprised of two components, the potential to gain and to lose by each stakeholder group. Although Clarkson has argued that risk, actually limits who is or is not a stakeholder (Mitchell et al 1997).[1]

Clarkson (1994 & 1995) suggests that voluntary stakeholders willingly take on a given risk and that there are market mechanisms designed to protect these "voluntary" stakeholders. Involuntary stakeholders on the other hand do not know that they are at risk from firms' activities. Should the detrimental effects of these risks be realised, the involuntary stakeholders would bear the "cost" of the firm's actions. Clarkson's analysis of stakeholders confirms that of Goodplaster, who has suggested that stakeholders hold either a fiduciary or a non-fiduciary relationship to the firm (Goodplaster 1991) and those with a fiduciary relationship are protected via the legal system.

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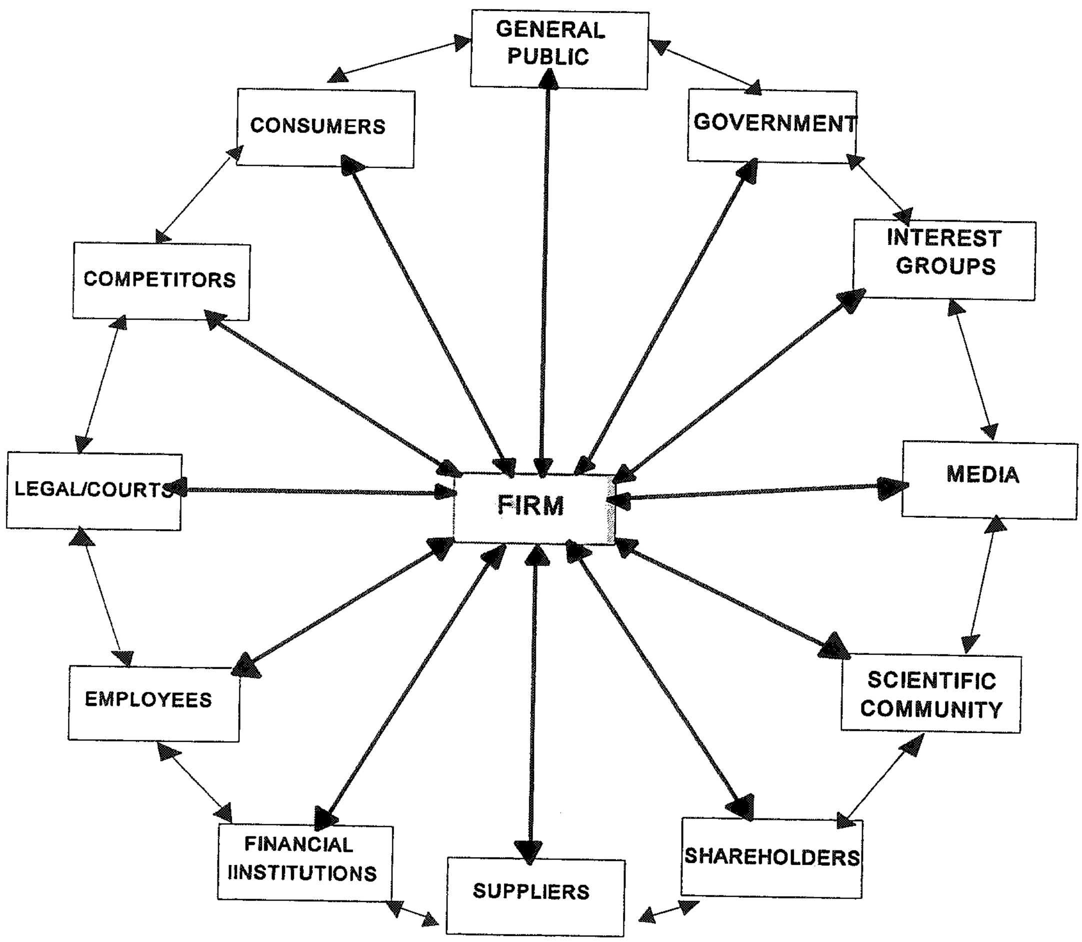
[1] Also based on verbal communication with Clarkson at the Fourth Stakeholder Theory Conference, May 1996.

Clarkson's "involuntary" classification also seems to be similar to Petkus and Woodruff's (1994) passive categorisation of stakeholders, in that there is a one way direction of effects, i.e. firm=> stakeholder.

It is evident from these six classification systems that marketers can examine stakeholders in several different ways. None of the authors have identified exactly what the benefits were to examining stakeholders in a given way. That is, it was not suggested that the firm only need to deal with one type or another. Thus, the full implications of these various systems have not been developed. However, to be within the essential core of stakeholder theory, as defined at the second Toronto conference on Stakeholder theory (See Figure 2.2), requires that a stakeholder must have power, urgency *and* legitimacy (Clarkson 1994 & 1995). Although, Mitchell et al. (1997) have argued that any group that has any one of these characteristics is a stakeholder. All six classifications discussed fall within these three domains, however, some may fall outside the essential core.

FIGURE 3.1
A Basis Stakeholder Map



The determination of stakeholders, no matter how they are classified, is essential for the remainder of the process to be effective. It is therefore necessary that marketers utilise some systematic approach to determine who the relevant stakeholders are. Using the six criteria discussed above is one way of doing this, but to some extent it may compress Steps One and Two of the stakeholder management process together. According to Freeman (1984) and others (Roberts and King 1989, Savage et al. 1991, Carroll 1993), after all relevant stakeholders have been identified, the marketer would then construct a stakeholder map of the firm stakeholder relationships. A simplistic example of such a map is depicted in Figure 3.1 and could be redeveloped with twice as many stakeholder groups, and extremely complex interactions as is suggested by Rowley (1997). A traditional stakeholder perspective is taken where the firm is in the centre of the diagram rather than to adopt a perspective with the customer in the centre as suggested by Miller and Lewis (1991). Marketers might be tempted to place the consumer in the middle of the diagram. While such a move might suggest all activities are designed to have a customer focus, it fails to identify that marketers are concerned with addressing all their stakeholders' needs, not just consumers. As was mentioned earlier, Greenly and Foxell (1996) suggested that taking such a consumer oriented approach may result in other important stakeholders being omitted.

SECTION 3.2.2 Step Two: Determining the Stakes

Marketers must determine each stakeholder's "stake" in respect of the issue being examined. Given the diversity of marketing activities, it may be difficult to effectively analyse all stakeholders' expectations (or perceptions) of marketing and organisational behaviour. Occasionally, it may be impossible to consider how changes in marketing behaviour will directly affect all stakeholder groups or how particularly sensitive activities are viewed by various stakeholder groups. Not only will different groups be concerned with different marketing issues, they may also have different stakes in each issue (Freeman 1984, Polonsky 1995a & 1996, Roberts and King 1989).

As highlighted in the Chapters One and Two, most of the stakeholder-firm relationships are multi-directional in nature, i.e. "active" according to Woodruff and Petkus (1994). That is, stakeholders' influence marketing behaviour and marketing activities' influence stakeholders' behaviour. Figure 3.1 depicts this relationship, as well as shows that there are direct and indirect links between stakeholder groups. These links are suggested in the categorisation of stakeholders using the Interest, Power and Secondary classification, all of which suggest an indirect relationship between the stakeholder and organisational outcomes. The strategic bridging work of Sharma et al. (1994) and Westley and Vredenburg (1991), to be discussed in Section 3.4, also highlights the fact that stakeholders may have an indirect influence on the organisation. It is possible that the interactions and indirect effects may be more important than the group's direct effect on marketing activities (Polonsky 1995b & 1996, Polonsky et al. 1998b). For example, an environmental Special Interest Group (SIG) that protests about a firm's involvement in logging may have little direct impact on logging operations. However, the same group of protesters shown on TV chained to trees or blocking the path of bulldozers may have a significant impact on the general public's image of the firm, resulting in a change in the firm's behaviour.

When considering a stakeholder's stake, it is important for marketers to consider all potential stakeholder-firm interactions, not just those that exist today. Each stakeholder group has the ability to influence outcomes by direct cooperative behaviour (i.e. positive influence), direct threatening behaviour (i.e. negative influence) (Freeman 1984, Maranville 1989, Savage et al. 1991), and indirectly through influencing others to act (Westley and Vredenburg 1991, The Toronto Conference 1994, Polonsky 1995a, 1995b & 1996, Polonsky and Ottman 1997, 1998a & 1998b, Polonsky et al. 1998a & 1998b).

The accurate determination of stakes is essential, as it affects the evaluation of gaps and strategy development. However, determination of a group's stake is difficult (Polonsky 1996, The Toronto Conference 1994) and may force marketers to forecast stakeholders' expectations or behaviour. If the specific stake cannot be determined directly from the stakeholder group, a scenario-type analysis might be used to define its importance (Ryan 1992). The completion of Step two (and Step three for that matter) is more difficult without communication between the organisation and the stakeholder group. It has been suggested that communication allows stakeholders to arrive at a consensus about how they see the given situation (Feyerherm 1994). Unfortunately, in many situations, marketers may not be on favourable terms with all stakeholders, requiring the firm to develop communication channels, or, less desirably, estimate the stakes of the groups and how well they are met (Polonsky 1995b & 1996). The literature has not suggested a method to determine the accuracy of these estimates until corporate strategy is "changed" and firms collect feedback on stakeholders' new behaviour (Atman and Petkus 1994, Mitchell et al. 1997).

Even if there are open channels of communication, in some situations, stakeholders will not have clearly established policy statements indicating their expectations or needs on specific issues. For those groups that do "state" their objectives, their specific objectives may not be quite straight forward (Lober 1997, Polonsky 1995a). For example, a given group may desire a reduction in emissions of a given pollutant to a specific level, or they may be more subjective, i.e. they may have a general desire to reduce the negative influence on the environment arising from various production processes. Another confounding factor is that most "groups" are made up of smaller competing subgroups with different objectives (as suggested by Mintzberg 1979). Take for example, the process of high temperature incineration, while society as a whole may believe that this is the most appropriate method of disposing of toxins, the NIMBY (Not-In-My-Back-Yard) syndrome may mean that no one wants the incineration plant in their community. Thus, society is made up of a number of small interest groups, each with a different stake in a given activity.

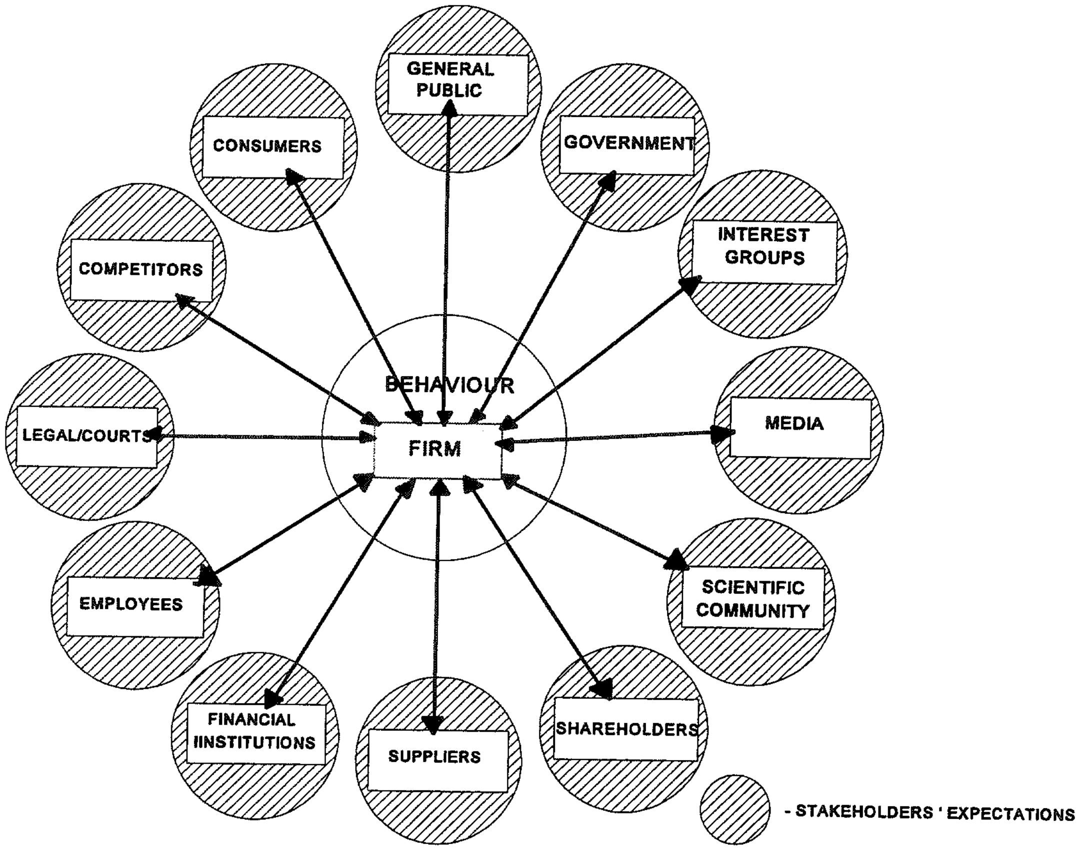
SECTION 3.2.3 Step Three: Determine how well expectations are met

Determining how effectively the needs or expectations of the various stakeholder groups are being met requires that marketers first determine what stakeholders' needs or expectations are (as discussed in Step two). One way to visualise Step three is to think of each stakeholder group as having a set of expectations relating to a given set of organisational behaviours. Figure 3.2 is a simplified version of this, where a gap exists between each stakeholder group's sphere of expectations and the firm's marketing behaviour.

Gaps between stakeholders' expectations and organisational performance have previously been discussed as one method to evaluate organisational outcomes by Doyle (1992 & 1994) and by Altman and Petkus (1991). Doyle suggests that there is a zone of tolerance and as long as the gap is not too large (i.e. within this zone), stakeholders will "tolerate" a given set of organisational behaviours. In terms of Doyle's analysis, a firm's behaviour that lies within the "tolerance zone" implies that stakeholders are satisfied with organisational behaviour. However, it might be more accurate to suggest that stakeholders are not dissatisfied with an organisation's behaviour. In regards to “stakeholder satisfaction" this would mean that the area representing stakeholder's expectations, overlaps the area representing organisational behaviour, which does not occur in Figure 3.2. If there were overlaps between stakeholder expectations and marketing performance, it would mean that the given stakeholder and the organisation have shared interests or objectives (Finlay 1986).

Stakeholder theorists have also suggested that stakeholder theory is concerned with managing expectations, for example, it was suggested that "... the essence of the firm is coordinating *changing* stakeholder expectations and demands, which represent *changing* perceived stakeholder interests. (The Toronto Conference 1994, p116)" Wood and Jones (1995) put forward a similar view, that stakeholders: 1) establish expectations; 2)experience the effect of corporate behaviour; 3) evaluate these affects; and 4) act accordingly. Thus, marketers must understand stakeholders' expectations if they are going to be able to satisfy these expectations.

FIGURE 3.2
Stakeholder Map Incorporating Organisational Behaviour and Stakeholders' Expectations

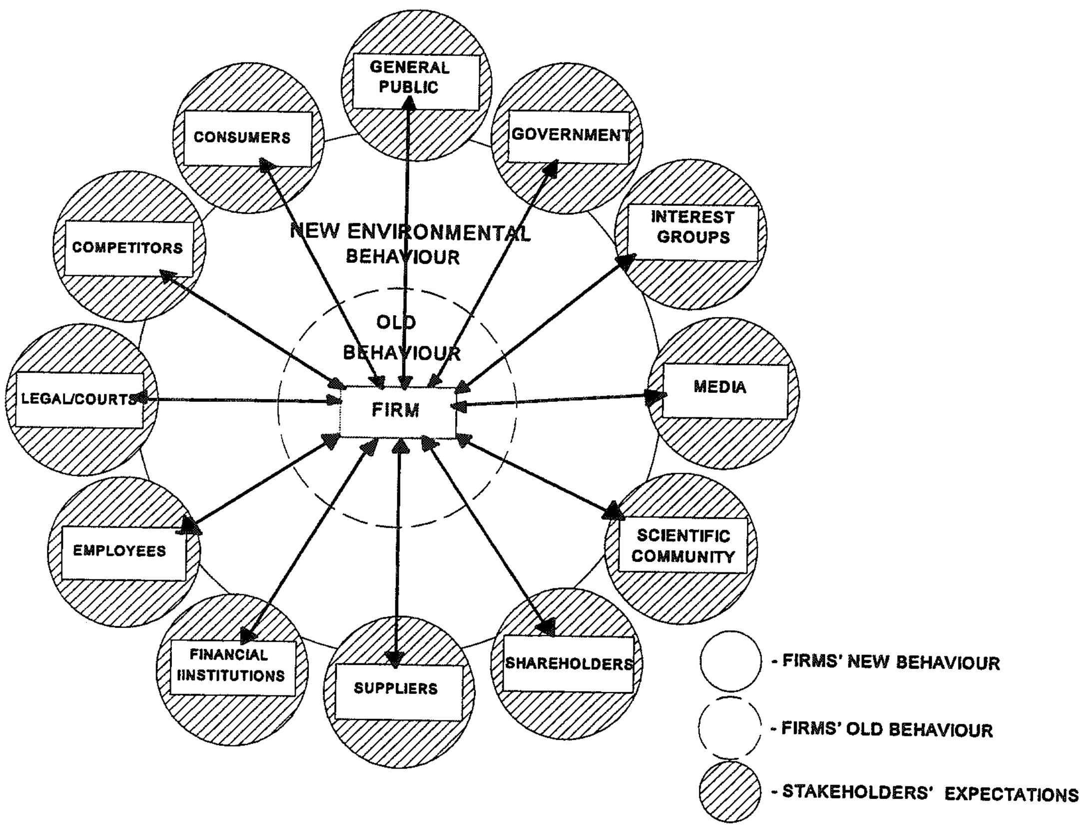


One way in which marketers can continually monitor changes in stakeholders' expectations and organisational performance, is to periodically undertake stakeholder audits (Freeman 1984, Ostapski and Isaacs 1992). However, unless these audits accurately identify stakeholders' expectations, there is limited scope for the marketer to proactively minimise gaps that exist, or develop effective strategies to deal with potential gaps. Often the lack of communication distorts the marketer's interpretations of the stakeholders' expectations as well as the stakeholders' understanding of organisational behaviour (The Toronto Conference 1994).

SECTION 3.2.4 Step Four: Adjusting Organisational Strategy

After marketers have determined how well stakeholder expectations are being met, they must attempt to formulate or reformulate marketing strategy and action programs, such that they integrate stakeholders' expectations in line with organisational priorities. It will be improbable that a marketer can address all stakeholders' expectations at once, given that some stakeholders may have conflicting expectations and objectives (Freeman 1984). In cases where marketers cannot address all groups' expectations, stakeholder management allows marketers to take a contingency approach to the potential problems that may arise, i.e. they can develop strategies and programs "...to address those that cannot be integrated or reconciled. (Roberts and King 1989)" In this case, the main concern of a marketer should be to "decide" which stakeholder's expectations will not be met. To do this effectively, the firm must consider the information collected in the first three steps of the stakeholder management process. Unfortunately stakeholder management processes, such as MAUT, the Stakeholder Policy Process, and the Value Matrix Weight process, do not provide a mechanism or guidelines as to how stakeholders' needs/expectations should be addressed.

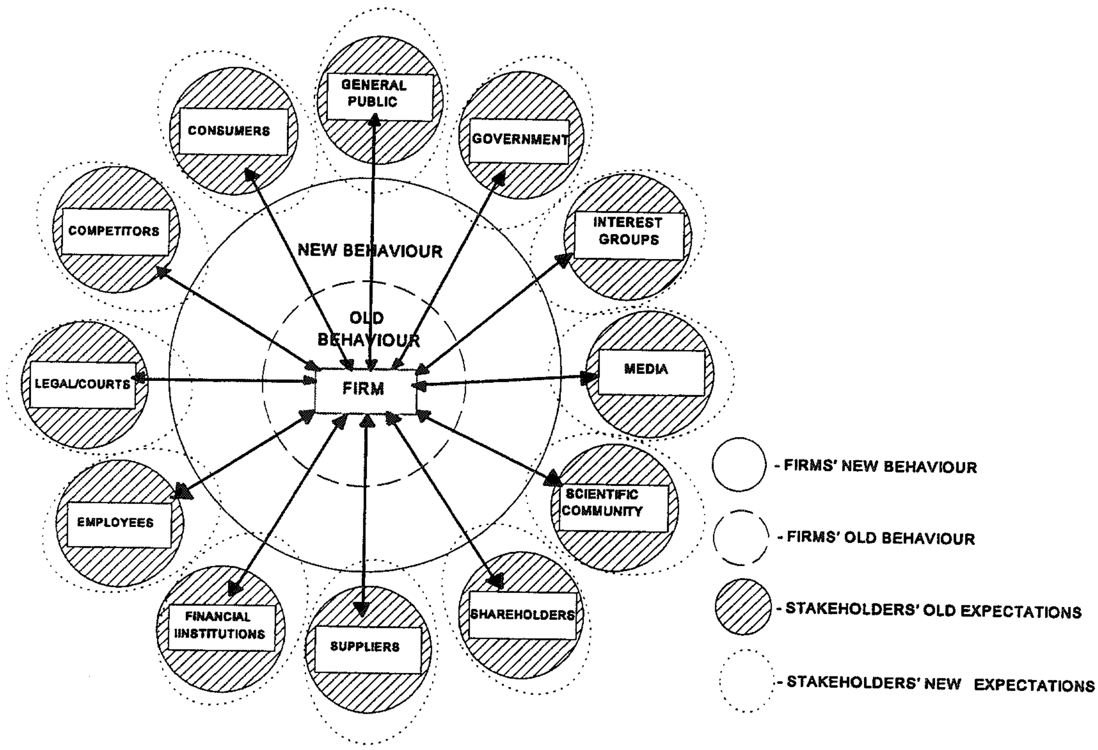
FIGURE 3.3
Modified Stakeholder Map Incorporating New Organisational Behaviour and Stakeholders' Old Expectations



Step four may appear to imply that "change" is the sole responsibility of the marketer and their organisation, as is depicted in Figure 3.3. Here the expectations of the various stakeholders remain unchanged, with the marketer modifying behaviour such that it effectively meets all stakeholders' expectations. While marketers may attempt to modify their behaviour such that they "address" all stakeholders' expectations, it is highly unlikely that marketers will be able to achieve this objective, given the divergent expectations that exist.

An alternative solution is to change stakeholders' expectations, through firm-stakeholder interaction or stakeholder-stakeholder interaction. However, to expect all stakeholder groups to spontaneously modify their expectations, such that they believe existing marketing behaviour is acceptable, is also highly unlikely. What will most likely happen, in practice, is that the firm modifies its behaviour and stakeholders modify their expectations, as is depicted in Figure 3.4 In this case, the gap between performance and expectations is reduced (Polonsky 1995a, 1996). Unlike Figure 3.3, in this case (Figure 3.4) both the marketer and its stakeholders narrow the gap, in terms of performance and expectations.

FIGURE 3.4
Modified Stakeholder Map Incorporating New Organisational Behaviour and Stakeholders' New Expectations



In reality, some stakeholder groups may still experience a gap between their expectations and the organisation's behaviour, although Figure 3.4 depicts the "ideal" situation (i.e. all stakeholders are satisfied). The objective of stage four in the stakeholder management process is for the marketer to develop strategies that minimise the gap between stakeholders' expectations and organisational performance. This ultimately results in the firm addressing the potential for negative stakeholder reactions and their potential for positive reactions (Freeman 1984, Polonsky 1995a, 1995b, & 1996, Polonsky and Ottman 1997, 1998a & 1998b, Savage et al. 1991).

SECTION 3.3 INCORPORATING STAKEHOLDERS' INTERESTS AND NEEDS

The various models discussed in the preceding sections highlighted the need to develop marketing policy, which considers the organisation's various stakeholders. Altman and Petkus's (1994) stakeholder policy process specifically incorporates two steps to evaluate the policy designed with stakeholder input and then evaluate and redesign organisational behaviour, if necessary. The Stakeholder Value and Influence Matrix also has as its ultimate goal the modification of organisational action to consider stakeholders needs and wants (Hosseini and Brenner 1992). Freeman's stakeholder management process is designed not only to evaluate stakeholders, but to modify organisational activities to reduce the gap between stakeholders' expectations and organisational performance. The inclusion of stakeholders in organisational strategy development has been highlighted by other authors as well. Hill and Jones have suggested that "... it is incumbent upon managers to make strategic decisions and allocate resources in the manner most consistent with the claims of the other stakeholder groups. (Hill and Jones 1992, p133)" Gregory and Keeney suggest that "... stakeholders should have a substantial early input, helping to specify and guide the entire decision process as well as identify objectives that should be considered. (Gregory and Keeney 1994, p1036)" Harrison and St. John suggest that the firm and its stakeholders are interdependent and as such, all strategic decisions should consider various stakeholders (Harrison and St. John 1996). As was mentioned in previous chapters, marketers also suggest that stakeholders need to be considered in strategy development (Slater 1997, Menon and Menon 1997)

While marketers and other managers need to address the firms' stakeholders' interests, there are no empirical studies that examine how this should be done (Greenley and Foxall 1996). However, all the above-mentioned models suggest that firms should somehow "change" their behaviour to address stakeholder interests. Yet the processes discussed do not expand on what approaches can be used to bring about appropriate change or ensure the change reflects stakeholders' interests. Mathematical models such as MAUT, examine how all possible outcomes and interactions might be applied if sufficient data were available and realistic assumptions could be made, however, such processes are beyond the capabilities and the expertise of many marketers and their organisations.

A viable approach that has been suggested specifically to deal with stakeholders' interests and somehow include them in marketing/organisational policy and action is the stakeholder strategy matrix model (Freeman 1984, Polonsky 1995b & 1996, Savage et al. 1991). This approach has the advantage that it is generalisable across situations, organisations and industries, whereas all the other processes discussed in section 3.1 were limited to a single organisation and were not generalisable. That is, even after a firm undertook all the steps associated with a given process, there were no generalisable approaches or strategies suggested and each firm had to identify a case specific solution. While stakeholder theory suggests that each situation is unique, it is possible that there are generalisable approaches that can be used across firms.

The stakeholder strategy matrix model overcomes this problem, as it focuses on an approach designed to address stakeholders with a given set of characteristics, rather than to concentrate on a given organisation. The characteristics of stakeholders vary in regard to the organisation being examined. Thus, each solution would be firm specific, however, the overall set of approaches would be generalisable. This model therefore enables generic approaches to be developed to address stakeholders' interests, while recognising the fact that stakeholders vary by firm and issues that are considered. While the stakeholder strategy approach suggests how stakeholders' interests can be involved in strategy development, there has not been any quantitative research to examine the appropriateness or effectiveness of the generic approaches posited in any area including marketing. One objective of this thesis is to address this deficiency and to quantitatively examine the model in its expanded form. However, ***no*** attempt will be made to examine the effectiveness of the generic approaches posited.

The stakeholder strategy matrix model enables the classification of stakeholders by influencing abilities, which in turn enable marketers to determine how these stakeholders' interests can be addressed. The stakeholder strategy matrix approach has the benefit that it provides marketers with an actionable mechanism that is generalisable across issues and stakeholder groups. This link between theory and practice is one that requires additional academic examination (Donaldson and Preston 1995). Based on the examination of the literature, the stakeholder strategy matrix emerges as the most effective model to examine marketing and managerial usage of various approaches to address stakeholders' interests. It is similar to other models (BCG or Porter's five forces model) that suggest specific courses of action based on a specific set of circumstances or factors.

While the stakeholder strategy matrix approach is seen as the most appropriate method of addressing stakeholders' interests, it is unclear if the model, as suggested in the literature, examines all stakeholder influences or managerial options available. Within the management and marketing field, this model has received limited theoretical attention (Freeman 1984, Polonsky

1995b, 1996 & 1997, Savage et al. 1991). Freeman's early work suggested that the stakeholder strategy matrix could be used to address all stakeholders' interests. The model enables managers to undertake activities that reduce the gaps between stakeholders expectations and organisational performance, by providing specific approaches that modify stakeholders expectations, organisational behaviour or a combination of the two. Savage and his coauthors have specifically applied the stakeholder strategy matrix to the health care industry (Blair et al. 1989, Blair et al. 1992 Whitehead et al. 1989). However, they also have not quantified the various relationships. Polonsky's (1995a, 1995b, 1996, 1997) examination of the stakeholder strategy matrix model is largely a result of the discussions included in this thesis and will therefore not be discussed separately. Polonsky has undertaken a preliminary quantified examination of the model (Polonsky and Ottman 1997, 1998a & 1998b, Polonsky, Polonsky et al. 1998a), although he has previously suggested its expansion (Polonsky 1995b, 1996, 1997 & 1998).

FIGURE 3.5
FREEMAN'S GENERIC STAKEHOLDER STRATEGY MATRIX MODEL

Relative Cooperative Potential	Relative Competitive Threat: HIGH	Relative Competitive Threat: LOW
HIGH	SWING (Change the Rules)	OFFENSIVE (Exploit)
LOW	DEFENSIVE (Defend)	HOLD (Hold Current Position)

Freeman (1984)

Freeman (1984) and Savage et al. (1991) have suggested that, by using a matrix approach, organisations and therefore marketers as well, can evaluate the strategic forces that occur as a result of a stakeholder's influence on the organisation. The proposed axes of the matrix are stakeholders potential to cooperate with the organisation and stakeholders' potential to threaten organisational activities. By understanding these relationships, marketers and other managers will be able to deal with each stakeholder group (Freeman 1984, Greenley and Foxall 1996 & 1997, Savage et al. 1991). It is further suggested that there are a set of generic approaches that could be applied to the various classifications of stakeholders based on their position within the matrix

(Freeman 1984, Polonsky 1995b, 1996 & 1997, Savage et al. 1991).

FIGURE 3.6
SAVAGE ET AL'S GENERIC STAKEHOLDER STRATEGY MATRIX MODEL

Relative Competitive Threat

Relative Cooperative Potential	HIGH	LOW
HIGH	MIXED BLESSING-(Collaborate)	SUPPORTIVE (Involve)
LOW	NONSUPPORTIVE-(Defend)	MARGINAL-(Monitor)

Savage et al. (1991)

Figure 3.5 provides Freeman's generic stakeholder strategy matrix model (Freeman 1982, p143) and Figure 3.6 provides Savage at al.'s (1991) stakeholder strategy matrix model (Savage et al. 1991, p65). While the basic structure of the diagrams is the same, there are some subtle differences in the two diagrams. The two sets of authors use different names for the four quadrants (see Table 3.7), with Freeman taking a more "negative" approach towards stakeholders and their involvement with the firm. It appears that he focuses on the potential adversarial relationship between the firm and its stakeholders. This may reflect that, traditionally, firms may have been more "concerned" with stakeholders' threatening behaviour, rather than their cooperative behaviour. This perspective does not identify that cooperative support can be withdrawn (Clarkson and Deck 1992, Mitchell et al. 1997, Savage et al. 1991) and that the potential to withdraw this support is independent of a stakeholder's negative potential.

For example, Freeman suggests that organisations should attempt to "change the rules" when dealing with SWING stakeholders (High cooperative potential-High threatening potential) and does not appear to recognise that, although these stakeholders may have a high threatening potential, they may choose to be supportive of the firm. Freeman's approach for addressing OFFENSIVE stakeholders (High cooperative potential-Low threatening potential) appears to carry a similar negative connotation, i.e. that these stakeholders should be "exploited". It therefore appears that Freeman believes stakeholders can be managed and are not necessarily interacted with, i.e. two way flows of influence is limited. The managed or deterministic perspective has been questioned by various authors, who suggest that the firm needs to interact with its stakeholders, rather than manage its stakeholders (Harrison and St. John 1996, The Toronto Conference 1994, Wood and Jones 1995). As was pointed out in Chapter One, to be effective, marketers need to interact with the environment, rather than manage it. Thus, Freeman's perspective may be too deterministic in nature and thus may not depict marketing realities.

Table 3.6
COMPARISON OF STRATEGY MATRICES DEVELOPED BY SAVAGE ET AL. AND FREEMAN

Category	Freeman NAME-Strategy	Savage et al Name/Strategy
High Cooperate/ High Threaten	SWING- Change the Rules	MIXED BLESSING- Collaborate
High Cooperate/ Low Threaten	OFFENSIVE- Exploit	SUPPORTIVE- Involve
Low Cooperate/ High Threaten	DEFENSIVE- Defend	NONSUPPORTIVE- Defend
Low Cooperate/ Low Threaten	HOLD-Hold current Position	MARGINAL-Monitor

Savage et al. take a more balanced perspective regarding approaches to address various stakeholder groups (see Table 3.6), consistent with the view that the firm and its stakeholders are interdependent. Savage et al. call the High potential cooperative-High potential threat stakeholders a "MIXED BLESSING", thus identifying the potential for positive as well as negative behaviour from this group. The same comparison could be drawn from their High cooperative potential-Low threatening potential classification. Rather than use Freeman's "OFFENSIVE" categorisation, Savage et al. used the more positive "SUPPORTIVE" stakeholder terminology.

Savage et al. further extend Freeman's work by pointing out that there are moderating factors that managers and marketers should consider when evaluating stakeholders potential to cooperate with and threaten the organisation. Savage et al. identify twelve factors in four broad groupings (Control of Key Resources, Relative Power, Likelihood of Action, Likelihood of Forming Coalitions) that will either increase or decrease the stakeholders potential to cooperate or threaten the organisational outcomes (See Table 3.7). However, they do not quantitatively test the impact of these factors to determine if their influence is as posited. Greenley and Foxall (1996 & 1997) also suggest that there are various moderating factors that may influence stakeholders' "importance" to the firm (market turbulence, market growth, competitive hostility, ease of market entry, technological change, and consumer orientation). While in their 1996 work Greenley and

Foxall do not find any quantitative support that the business environment moderates a firm's orientation regarding a specific stakeholder (Greenley and Foxall 1996), their 1997 work suggests that some environmental forces may influence the firm's overall orientation to a broad set of stakeholders (Greenley and Foxall 1997).

TABLE 3.7
FACTORS AFFECTING STAKEHOLDERS' POTENTIAL FOR THREAT OR COOPERATION ACCORDING TO SAVAGE ET AL. (1991, P 64).

	Impact on Stakeholders Potential for Threat	Impact on Stakeholders Potential for Cooperation
Stakeholder controls key resources needed by the organisation.	Increases	Increases
Stakeholder does not control key resources	Decreases	Either
Stakeholder is more powerful than the organisation.	Increases	Either
Stakeholder is as powerful as the organisation.	Either	Either
Stakeholder is less powerful than the organisation.	Decreases	Increases
Stakeholder is likely to take supportive action	Decreases	Increases
Stakeholder is likely to take nonsupportive action	Increases	Decreases
Stakeholder is unlikely to take any action	Decreases	Decreases
Stakeholder is likely to form coalition with other stakeholders	Increases	Either
Stakeholder is likely to form coalition with the organisation	Decreases	Increases
Stakeholder is unlikely to form any coalitions	Decreases	Decreases

Harrison and St. John (1996) also show that there are moderating factors that influences a stakeholder's strategic importance, 1) Contribution of the stakeholder to environmental uncertainty, and 2) Ability of the stakeholder to reduce environmental uncertainty. They suggest that the firm's choice of strategy plays an important role in determining the stakeholder's importance. This is important, for it further highlights the interdependency of the firm and its stakeholders.

Savage et al., also point out that "... (1) the specific context and history of the organization's relations with that stakeholder and (2) other key stakeholders, influence the organization. (Savage et al. 1991 p65)" These two points are important, as the first emphasises the long term nature of the firm-stakeholder relationship, suggesting that it is something that evolves over time. This is a view supported by Tuominen in his ladder of stakeholder loyalty, where firms try to move stakeholders from one rung to the next (see Figure 2.5). As such, the firm does influence a given stakeholder's importance as suggested by Harrison and St. John (1996). Mintzberg also suggests that the firm's relationships with stakeholders (although he did not use this term) and strategy develop naturally over time. He suggested that "...strategies need not be deliberate- they can also emerge... (Mintzberg 1987, p68)" As such, stakeholder-organisational interactions are not necessarily planned for, they simply "emerge" or evolve, resulting in a lack of development of predetermined approaches to address stakeholders' interests. The importance of the historical relationship between stakeholders and the firm has also been identified by Hosseini and Brenner (1992) as influencing the firm-stakeholder interaction. Hosseini and Brenner point out that the historical relationship between the firm and the stakeholder needs to be considered when attempting to address their interests.

The second point, that "...other key stakeholders influence the organization..." highlights the complex network of interactions that exist amongst the firm and its stakeholders. The view that the firm is really a set of interconnecting networks was suggested by Miller and Lewis (1991), Greenley and Foxall (1996 & 1997), Rowley (1997) and Polonsky et al. (1998). These complex interactions have been depicted in some stakeholder maps, which examine specific firms in relation to specific issues (for example, see Savage et al. 1991, Freeman 1984, Rowley 1997). In these complex stakeholder maps there are stakeholders that only have a direct influence on the firm, others have both a direct and indirect influence and still others that only have an indirect influence on organisational outcomes. All three types of relationships must be considered when developing marketing strategy.

Besides the development of the stakeholder strategy matrices depicted in Figures 3.5 and 3.6, Freeman and Savage et al. each suggested that there are a set of generic approaches that can be used to address the interests of various stakeholder classifications identified within each of their matrices (Polonsky 1995b). (See Table 3.8) The idea that there is a set of generic approaches or strategies that can be applied to business situations or set of environmental forces is not necessarily new. Porter (1980) in his examination of organisational strategy suggested that there are three generic strategies (Cost Leadership, Differentiation, Focus) that could be applied by organisations to cope with his five forces model (Porter 1980). Porter's work examined strategy in relation to a product or organisation, whereas the stakeholder strategy matrix model focuses on approaches that the firm can use to address the interests of stakeholders. While various authors have extended Porter's work to examine the appropriateness of these generic strategies, there have not been any such attempts to examine the appropriateness of approaches put forward in the stakeholder strategy matrix model.

TABLE 3.8
GENERIC STAKEHOLDER APPROACHES

GENERIC APPROACH	Author
High Cooperative potential-High Competitive threat	
<u>Collaborate/Change the Rules</u>	
- Change the formal rules governing the firm or stakeholder relationships.	F
- Change the decision forum.	F
- Change the types of decisions that are made, i.e. refocus the stakeholder.	F
- Collaborate with this group	S
- Undertake activities to reinforce stakeholders' positive potential.	S
- Change the transition process.	F
High Cooperative potential-Low Competitive Threat	
<u>Involve/Offensive</u>	
- Modify stakeholder's beliefs or expectations regarding firm behaviour.	F
- Modify organisational behaviour.	F
- Modify stakeholder objectives.	F
- Adopt stakeholders' objectives regarding the issue of concern.	F
- Tie the issue of concern to broader stakeholder strategy, in an attempt to show stakeholders that their support is consistent with other objectives.	F
- Attempt to have more stakeholder input	F
- Involve stakeholders in strategy development.	S
- Change the transaction process.	F
Low Cooperative Potential-High Competitive Threat	
<u>Defend/Defensive</u>	
- Reinforce stakeholders' positive position.	F
- Continue with existing organisational activities.	F
- Tie organisational activities to other issues that stakeholders are pursuing.	F
- Reduce organisational reliance on this stakeholder	S
- Attempt to change the status of the stakeholder.	S
- Modify corporate behaviour, i.e. do what stakeholders' "require".	S
- Let stakeholders drive the transaction process.	F
- Include stakeholders in the decision process.	F
Low Cooperative Potential-Low Competitive Threat	
<u>Monitor/Hold</u>	
- Don't change organisational behaviour, but monitor stakeholders for changes in behaviour.	F, S
- Involve the stakeholder in strategy development.	S
- Reinforce stakeholders' existing beliefs about the firm.	F
- Attempt to minimise the possibility that rules governing firm activity will change.	F

Polonsky (1995a)

TABLE 3.9
GENERIC APPROACHES APPROPRIATE TO VARIOUS TYPES OF STAKEHOLDERS

APPROACH	POSITION IN THE STRATEGY MATRIX			
	Swing/ Mixed Blessin g	Offensive/ Supportive	Defensive/ Non-supportive	Hold/ Marginal
Modify the decision forum in which stakeholders and the firm interact.	YES			
Change formal or informal rules by which stakeholders operate.	YES			
Attempt to refocus the stakeholders' objectives.	YES	YES		
Collaborate with stakeholders when establishing policy.	YES			
Attempt to reinforce stakeholders' beliefs regarding the firm.	YES		YES	YES
Integrate stakeholders into the strategy process		YES	YES	YES
Modify stakeholders' beliefs regarding the firm.		YES		
Change organisational behaviour to address stakeholders' concerns.		YES	YES	
Continue with existing activities.			YES	
Reduce reliance on a given stakeholder group.			YES	
Monitor stakeholders for change in beliefs/behaviour/attitudes.				YES
Minimise possibility of change in stakeholder-firm relationship.				YES
Attempt to link stakeholders to the firm's wider objectives.		YES	YES	

Rather than deal with organisational strategy (i.e. how the firm deals with the market), the stakeholder strategy matrix model focuses on approaches that marketers and managers can use to address stakeholders interests (i.e. how the firm deals with its constituents/ stakeholders). Thus, the stakeholder strategy matrix model is concerned not with final organisational strategies, such as cost leadership, differentiation, etc., but rather it is concerned with how the marketers and thus the organisation can consider and include its various stakeholders in its strategy development processes. To distinguish these two concepts, the "strategies" used to address stakeholders will be referred to as "approaches", rather than strategies. It is possible that in some situations these approaches may also be suitable organisational strategies, but this is not the context in which they are being discussed within this thesis.

On closer examination, the approaches suggested by Savage et al. and Freeman (See Table 3.8) appear to extensively overlap across stakeholder classifications. The approaches suggested by Freeman and Savage et al. can further be condensed to thirteen different approaches (See table 3.9). Many of the approaches appear to be appropriate for more than one classification of stakeholder, i.e. the approaches suggested may in fact not be truly "unique" for a given classification (Gregory and Keeney 1994, Polonsky 1995b, 1996, 1997 & 1998). Using one approach for more than one classification makes that approach no less appropriate to address stakeholders' interests but rather it suggests that there may be fewer unique approaches than were originally suggested by Savage et al. and Freeman.

There is evidence in the literature that the stakeholder strategy matrix model can be improved to more comprehensively address all stakeholders' influencing abilities and possibly include alternative approaches, thus making the matrix model useful for marketers. Freeman points out that potentially there are additional strategies, such as joint ventures and strategic alliances that do not fit within the original stakeholder strategy matrix model. Based on the six methods of classification of stakeholders (See table 3.5) it is also unclear if the original matrix model addresses all stakeholders' abilities to influence organisational outcomes. For example, stakeholders' "influencing" or "political" role, as described under the influencing and power classifications respectively, may not be adequately addressed in a two-dimensional model. Section 3.4 will examine the matrix in more detail to identify deficiencies and solutions suggested by the literature.

SECTION 3.4 RATIONALE FOR EXPANDING THE STAKEHOLDER STRATEGY MATRIX MODEL

Although there has not been extensive research undertaken to examine the stakeholder strategy matrix model, there is some evidence put forward in the literature that it does not adequately address all types of stakeholders or all types of approaches. If this is the case, it implies that: a) the generic approaches developed by Freeman and Savage et al. to address stakeholders' interests may not enable marketers to deal with all types of stakeholders; and b) more importantly, the original two-dimensional matrix structure used to describe stakeholders' influence is not comprehensive and can be improved.

Deficiencies relating to the suggested approaches were identified by Freeman at the time he proposed the strategy matrix model. He suggested that "... there are other strategies (to deal with stakeholders) which are possible.... Joint ventures are an intriguing possibility, and it is not clear when strategic positions of stakeholders require joint ventures. (Freeman 1984, p114)" The recent work of Harrison and St. John specifically focuses on firms and stakeholders forming partnering types of arrangements (Harrison and St. John 1996). They suggest that the firm can work with its stakeholders in many ways. These can be formal integrated structures such as the kieretsu's in Japan or more loose collaborations, a view supported by others, such as Steadman et al. (1996). It may also be that alternative approaches could be applied to address stakeholders' interests.

More importantly, there is strong evidence that a two-dimensional structure is insufficient to address all types of stakeholder influences. In discussing "Marginal" stakeholders, Savage et al. suggest that this group may have the ability to "...influence key stakeholders ... to join their cause. (Savage et al. 1991, p66)" Thus, in reality "Marginal" stakeholders may be more important than a two-dimensional model would indicate, for these stakeholders have both a direct and indirect ability to influence organisational outcomes. Yet the matrices, as put forward by Freeman and Savage et al., are unable to comprehensively address this indirect importance. There is additional support for the view that stakeholders' indirect influencing ability is important and should be considered by firms. When Freeman (1984) discussed the "interests" of stakeholders as a way of categorising stakeholders, one of his three categories was that of a stakeholder's influence, that is, someone who has an indirect ability to impact organisational outcomes. Within the power classification, the political category also emphasises that stakeholders can move outside traditional channels to influence organisational outcomes (Barney and Griffen 1992, Clarkson and Deck 1994, Mitchell et al. 1997).

Clarkson's "Secondary" stakeholder classification also may not readily fit within Freeman's original stakeholder strategy matrix model. According to Clarkson, secondary stakeholders are "... groups who are defined as those who influence or affect, or are influenced or affected by, the corporation, but are not engaged in transactions with the corporation and are not essential for its survival. (Clarkson 1993, p80)" This type of group may not interact with the firm directly but may rather interact with the firm indirectly, through other stakeholders. Within their discussion of possible mitigating factors (See Table 3.8) Savage et al. also point to the importance of indirect influence of stakeholders through their ability to collaborate with others.

The literature discussing the role of bridging groups also appears to suggest that there may be deficiencies with the original stakeholder strategy matrix approach. Westley and Vredenburg (1991) defined bridging groups, using Brown's definition, as groups that "... span the social groups among organizations and constituencies to enable coordinated action. (Westley and Vredenburg 1991, p65)" As such, bridging groups are external to both the firm and the stakeholder, yet they are actively involved in the given issue and facilitate commitment building through collaborative negotiation. Westley and Vredenburg (1991), and Sharma et al. (1994) both suggest that bridging groups are most effective when; a) they are linked to stakeholders who are unlikely to collaborate directly without the bridge; and b) when the domain of the problem is not clear and stakeholders may not even realise they are stakeholders. In addition, it is suggested that bridging is different to other types of third party involvement.

> "Bridging is characterized by the presence of a third party as a stakeholder, which is separate and distinct in terms of resources and personnel from the "island" organizations it serves to link. Bridges do not result in the creation of a third party as communal focus, as in the case of joint venturers or multiparty task forces. Unlike mediators, bridges enter collaborative negotiations to further their own ends, as well as to serve links among domain shareholders. An important difference between strategic bridging and other forms of collaboration is the need for the bridge to obtain "back-home" commitment from its constituents- because it remains at all times an independent entity with its own agenda. (Westley and Vredenburg 1991)" (Sharma et al. 1994, p461)

Bridging groups have a two pronged role in organisational outcomes. Firstly, they are stakeholders in their own right, having an interest in some aspect of organisational behaviour that directly affects organisational outcomes. Secondly, they have the ability to significantly influence other stakeholders, that is, they indirectly affect organisational outcomes. While the bridging literature does not explicitly identify which role is more important, given it focuses on the group's influencing role, this appears to suggest that these authors believe that the bridging group's indirect role is more significant than its direct influence.

Westley and Vredenburg (1991) describe bridging groups as distinctly different to strategic alliances. It may, however, be the case that bridging groups may form joint ventures or strategic alliances with the firm or other stakeholders to help in achieving all three groups' objectives (Harrison and Steadman 1996, Mendleson and Polonsky 1995, Polonsky 1996 & 1997, Polonsky and Ottman 1997, 1998a & 1998b, Polonsky et al. 1998a). In this context, a strategic alliance is an approach that can be used to deal with stakeholders rather than an organisational strategy. Thus, bridging groups also would need to be considered in the stakeholder strategy matrix model and generic approaches just as Freeman suggested, although he did not identify it in his set of generic approaches.

As deficiencies have been examined, the question arises of how can the original stakeholder strategy matrix model be modified in order to correct for or address these deficiencies. Focusing on the structural deficiencies, it appears that the two-dimensional matrix (potential to cooperate and potential to threaten) is not sufficiently robust to evaluate stakeholders' true potential to influence all organisational outcomes. Secondly, it appears that there may be additional strategies that may be used by marketers to address stakeholders interests. The limited range suggested in Table 3.9 fails to include strategic alliances or joint ventures, nor do the strategies address the use of a firm's strategic bridging role to influence other stakeholders.

Additional support for the expansion of the matrix model comes from the other stakeholder articles that examine case studies of firm-stakeholder interactions (Maraniville 1989, Savage et al. 1991 Polonsky et al. 1998b). These authors suggest that the interrelationships between stakeholders can have a significant impact on organisational outcomes, via modification of "other" stakeholders' behaviour. The original stakeholder strategy matrix model does not address these relationships but, rather it focuses on a stakeholder's direct impact on the firm. Harrison and St. John also suggested that firms should consider how they can "partner" with external stakeholders. Thus, various types of partnering approaches need to be added to those suggested by other authors. All the information in this chapter leads to the proposition that the stakeholder strategy matrix model should be expanded to incorporate both stakeholders' direct and indirect ability to influence the firm, as well as to broaden the range of approaches considered for each stakeholder classification.

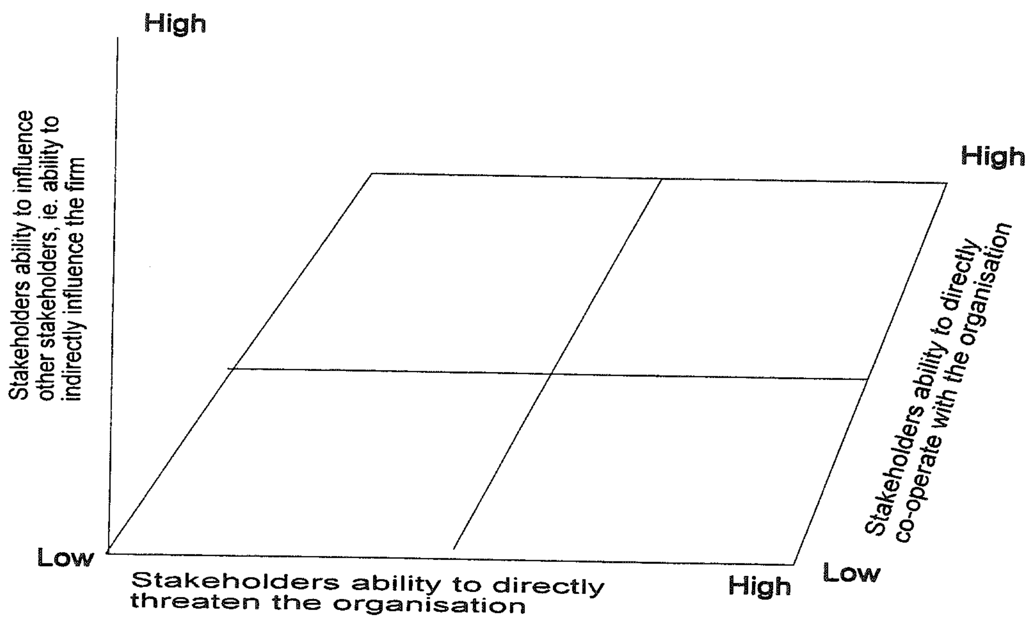
SECTION 3.5 THE EXPANDED STAKEHOLDER STRATEGY MATRIX MODEL

The expanded model is based on the two original dimensions of stakeholders' potential to directly cooperate and their potential to directly threaten organisational outcomes. It also includes a third dimension to measure stakeholders' indirect influencing ability. Figure 3.7

depicts this extended strategy matrix, which has not been previously suggested in the literature, other than by Polonsky (1995a, 1995b, 1996, 1997), Polonsky and Ottman (1997, 1998a & 1998b), and Polonsky et al. (1998a & 1998b). While the two-dimensional structure has deficiencies, the broad categorisations of stakeholders suggested by earlier authors would still apply, as stakeholders still have the basic ability to directly cooperate with and threaten the firm. In addition, the approaches suggested for dealing with stakeholders who have a low ability to influence others will not necessarily change, although it may be possible to utilise another stakeholder group to influence the stakeholder in question (i.e. Group X has a low ability to influence others, but Group Z may be used to influence Group X).

The rationale behind this supposition is based on the fact that, just as with organisational activities, stakeholders have limited financial and non-financial resources, to expend (Mitchell et al.1997). Those stakeholders that have limited ability to influence a given stakeholder group would be unlikely to expend resources attempting to modify other group's behaviour, given the resource constraint and the low potential for success.

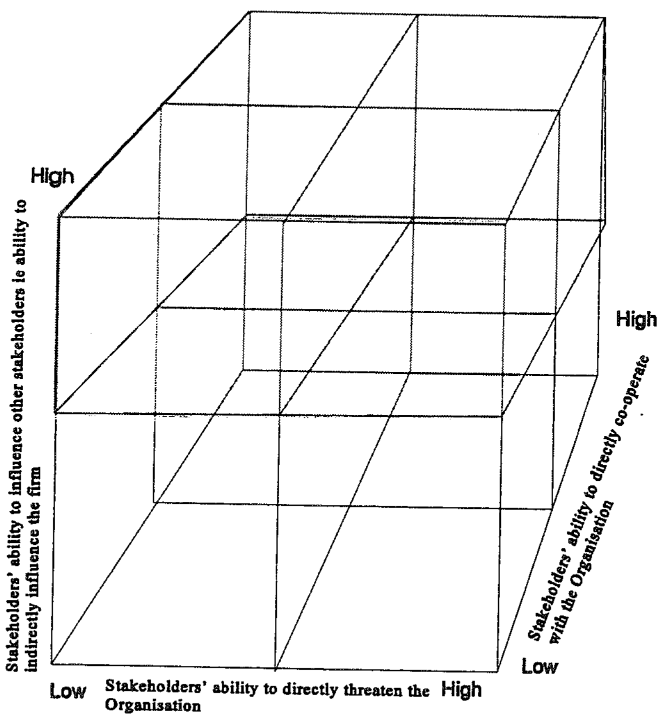
Fig 3.7
Three-Dimensional Stateholder Strategy Matrix Model



In terms of organisational approaches to address stakeholders interests, the influencing dimension could be divided into segments as well, using a low and high influence similar to the axes suggested by Savage et al. and Freeman for their original two-dimensional stakeholder strategy matrices. This may require specialised approaches for stakeholders with a high level of influence on others, and would not require additional strategies for those with a low level of influence, (see Figure 3.8).

The expanded stakeholder matrix model provides for a stakeholder's ability to influence other stakeholders. The addition of the influencing continuum (Z axis) makes the diagram more complex when placing stakeholders within the three-dimensional space. While the X and Y space represent the stakeholder's direct influence with the firm, the Z space represents the influencing ability of the stakeholder on others. For example, assume that there are three stakeholders for a firm for a given issue, S1, S2, S3 and in two-dimensional space they occupy the positions depicted in Figure 3.9.

Fig 3.8
Expanded Strategy Matrix Classification



The addition of a third dimension enables each stakeholder to impact both on the firm and multiple "other" stakeholders. For example S2 may have a high potential to influence S3 and S2, S1 has a low potential to influence S2 and S3, and S2 has a low potential to influence S1 and a high potential to influence S3. Figure 3.10 provides a visual depiction of these hypothetical relationships. When determining the most appropriate approach, it may be more appropriate to sum stakeholders' influencing abilities. However, an aggregation of the individual stakeholders' potential to influence other stakeholders is outside the scope of this thesis and further research will be needed to examine this issue.

While the discussion thus far in this section has resulted in a suggested structural expansion of the stakeholder strategy matrix, it is necessary to extend the set of generic approaches as well. These can be extended by an examination of the literature discussed in previous sections and the incorporation of the bridging literature.

Fig 3.9
Stakeholders Positioned in the Origional Two-Dimensional Matrix Model

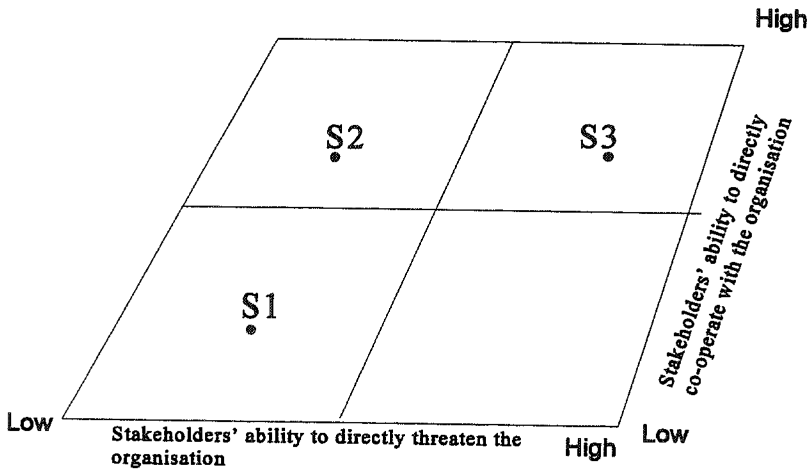
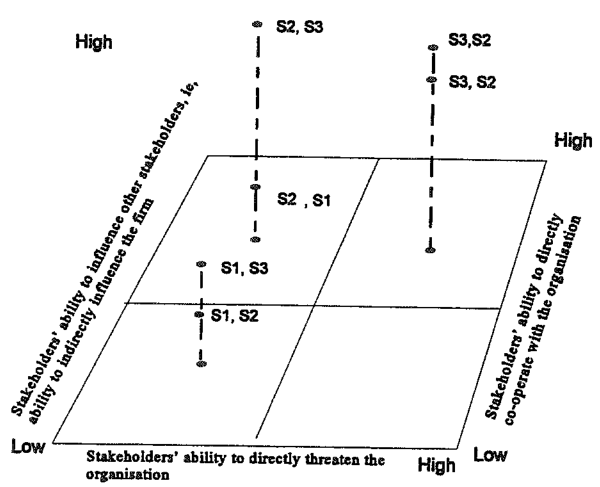


Fig 3.10
Stakeholders positioned in the Expanded Three-Dimensional Matrix Model



The additional strategies suggested are specifically designed to address the new dynamic, added by the inclusion of a third dimension to the stakeholder strategy matrix. The generic approaches suggested by Freeman and Savage et al. are still applicable. While these strategies were put forward to deal with the firm-stakeholder interaction at the direct level, they may also have relevance for the stakeholder-stakeholder influencing ability. For example, authors have suggested that rather than consider the firm at the centre of the stakeholder map it may be possible to consider a stakeholder group, for example customers (Gregory and Keeney 1994, Miller and Lewis 1991, Mitchell et al. 1997, Wood and Jones 1995). In this situation, the firm would be one of the consumer's many stakeholders, rather than the other way around.

The material discussed in the introduction relating to approaches to deal with the external environment might provide some guidance when developing additional strategies to deal with stakeholders influencing abilities. Both Zeithaml and Zeithaml (1984) and Galbraith (1977) suggested that, when dealing with the external environment, firms and marketers can adopt: a) independent approaches where the firm deals directly with the environment changing the way the environment relates to the firm; b) cooperative approaches where the firm works (implicitly or explicitly) with others to change the environment; and c) strategic manoeuvring where the firm changes or alters the way in which it deals with the environment in an attempt to overcome environmental constraints. The influencing approaches for the expanded stakeholder strategy matrix relate to cooperative and strategic manoeuvring approaches that are not simple firm-stakeholder interactions.

Table 3.10
TYPES OF BRIDGING

Egoistic	Altruistic
Voluntary	Design or mandated
Self-serving	Problem focused
Maintenance-based	Transformative

Westley and Vredenburg 1991, p70

Other authors assume that the environment is deterministic, but rather than attempt to change the environment they suggest that marketers minimise (or "buffer") the impact of the environment on the firm's activities (Johnson 1995, Mezner and Neigh 1995, van den Bosch and van Riel 1998). Alternatively, they also suggest that marketers can attempt to incorporate stakeholders' objectives. This philosophy is different to Galbraith and Zeithaml and Zeithaml, in that, the firm does not attempt to interact or change the environment but rather, to solely modify organisational activities to address environmental forces.

The approaches used to deal with stakeholders' bridging abilities also partly arises out of the motivations for stakeholders to undertake this role. The stakeholder's specific motivation to serve as a bridge may assist marketers in designing an approach to gain their "assistance" in influencing another stakeholder in a desired direction. Westley and Vredenburg (1991) suggest that organisations take on the bridging role either for, a) *egoistic reasons* where the organisation has involved itself to assist it in achieving its own objectives, or b) *altruistic reasons* where the organisation has involved itself because of a desire to improve the wider environment.

Table 3.10 shows that the bridging group's motivation for involvement may be further broken down and thus provide additional guidance for developing an appropriate approach to address their interests or to obtain their support to act as a bridge with another stakeholder. Under egotistic motivations there are three alternative rationales for taking this perspective.

> *Voluntary-* where the bridging organisation feels it has the ability to ensure that the specific outcomes are achieved and no other organisations can fill this role.
>
> *Self-serving*-where the organisation wants to "... defend or improve its own strategic position. (Westley and Vredenburg 1991, p70)"
>
> *Maintenance orientated-* where the organisation establishes an ongoing structure that will ensure that a given problem is permanently solved.

The altruistic motivations can be categorised by the following three sub-groupings.

> *Designed or Mandated*-there is a need in society for some organisation to ensure that specific outcomes are achieved, i.e. the organisation feels it has a mandate/obligation to operate.
>
> *Problem focused*-there is a problem that needs to be addressed.
>
> *Transformative-* the organisation attempts to modify social structures to enable collaboration between stakeholders to take place.

If marketers can identify the motivation of the specific stakeholder to act as a bridging group, they (the marketer) can appeal to that motivation and engage that stakeholder in constructive bridging activities. If marketers do not interpret the group's motivations correctly, they will either; a) not be able to engage their support, or b) they will engage their support in a way that will not be effective in shifting other stakeholder's actions/expectations in the desired direction.

The addition of the influencing dimension may not require any additional approaches to be developed for a given classification using the original two-dimensional matrix approach. For example, involving a stakeholder in organisational strategy development, as discussed under the "Involve/Offensive" categorisation of Table 3.9 may still be an appropriate method of addressing these stakeholders, even though they have a high ability to influence others. In addition, the approaches used to influence stakeholders' direct actions may be reinforced by using influencing stakeholders. For example, influencing groups could be used to help in changing stakeholders objectives and thus fall within the "Collaborative/Change the rules" strategies identified in Table 3.9. Thus, there may be a need to use multiple strategies for a given group, which is inconsistent with the use of generic approaches. As Freeman suggested, it may be possible to use multiple generic approaches to address a given stakeholder (Freeman 1984).

Table 3.11 expands the listing of generic approaches and is designed to incorporate stakeholders' potential to indirectly influence the firm via influencing other stakeholders. This requires that new strategies be added to those listed in Table 3.9. As suggested by the bridging and stakeholder literature, stakeholders may collaborate to change the environment, that is one group of stakeholders may be used to change the expectations and perceptions of another stakeholder group. Thus, not only might a given group be "used" as a bridging stakeholder, but the firm might attempt to using bridging stakeholders to change another group's expectations.

It is difficult to incorporate the stakeholders' ability to influence others within the original two-dimensional model. In some situations, a given bridging group may be perceived differently by various stakeholders, thus requiring careful application of this approach. The success of using an influencing stakeholder will depend on the ultimate target group. For example, the ability of an external community group to influence regulators may depend on the issue under consideration and the community applying the pressure (Mendleson and Polonsky 1995, Stafford and Hartman 1996). The importance of the firm developing an approach to address the community group's influencing ability would need to be evaluated in this context. This will require more detailed consideration of the group's influencing ability as well as its ability to directly influence the organisational outcomes.

TABLE 3.11
GENERIC APPROACHES FOR ADDRESSING THE INTERESTS OF VARIOUS TYPES OF STAKEHOLDERS

APPROACH	STAKEHOLDER POSITION IN THE STRATEGY MATRIX				
	Swing/ Mixed Blessing	Offensive/ Supportive	Defensive/ Non-supportive	Hold/ Marginal	Bridging/ Influencing #
Modify the decision forum in which stakeholders and the firm interact.*	YES				
Change formal or informal rules by which stakeholders operate.*	YES				
Attempt to refocus the stakeholder's objectives.*	YES	YES			YES
Collaborate with stakeholders when establishing policy.*	YES				YES
Attempt to reinforce stakeholders' beliefs regarding the firm.*	YES		YES	YES	YES
Integrate stakeholders into the strategy process*.		YES	YES	YES	YES
Modify stakeholders' beliefs regarding the firm.*		YES			YES
Change organisational behaviour to address stakeholders concerns.*		YES	YES		YES
Continue with existing activities.*			YES		YES
Reduce reliance on a given stakeholder group.*			YES		
Monitor stakeholders for change in beliefs/behaviour/attitudes.*				YES	YES
Minimise possibility of change in stakeholder-firm relationship.*				YES	YES
Attempt to link stakeholders to the firm's wider objectives.*		YES	YES		YES
Form Strategic alliance or joint venturers with stakeholders.	YES	YES	YES	YES	YES
Use other groups to modify this stakeholder's beliefs.	YES	YES	YES	YES	YES
Use this group to modify other group's beliefs.	YES	YES		YES	YES

* This strategy was suggested by Freeman (1984) or Savage et al. (1991).

\# Strategies for the Bridging group are dependent on their position in terms of the other two axes. All strategies could be applied to groups with high ability to influence others.

SECTION 3.6 CONCLUSION TO CHAPTER THREE

Chapter Three has examined the processes suggested in the literature to examine stakeholders and the approaches that can be used to address stakeholders' interest. This chapter has also examined how these can be extended and applied to marketing. The processes, suggested in the literature for examining stakeholders, all suggest that stakeholders' interests should somehow be considered and/or addressed. Yet, there is little discussion in the literature about how the firm and marketers within the firm should undertake this activity. An appropriate process suggested, that enables marketers to address stakeholders' interests, is the stakeholder strategy matrix. According to the literature it appears that this process is not comprehensive.

The structural limitations in the original Freeman/Savage et al. model relate to the limited nature of their two-dimensional matrix, which can be overcome by developing an expanded model that includes a third dimension, stakeholders' ability to indirectly influence the firm via influencing the other stakeholders' behaviour. The two original dimensions can be repositioned to concentrate on stakeholders' direct ability to influence organisational outcomes, which is their potential to directly cooperate and their potential to directly threaten. This modification while enabling the original Freeman/Savage et al. stakeholder strategy matrix model to be broadened, also makes the evaluation of stakeholders more realistic for marketers as it examines stakeholders' full potential to influence organisational outcomes.

The expansion of the Freeman/Savage et al. stakeholder strategy matrix model also requires additional generic approaches to be suggested to deal with stakeholders. These expanded approaches not only consider the expanded matrix structure, but address the deficiencies suggested by Freeman and Savage et al. when they developed their original matrix. These additional approaches are also supported by the work of Westley and Vredenburg (1991) who formalised a bridging role for stakeholders. The importance of bridging or influencing groups is that stakeholders can be approached directly by the firm and indirectly through other stakeholders. The work of Harrison and St. John (1996) also highlights the various ways in which a firm can work with or partner its stakeholders. In terms of generic approaches to address stakeholders interests this means that stakeholders may be more integrated into organisational processes, similar to strategic alliances or joint ventures, than Freeman or Savage et al.'s original approach would allow for. While the comprehensive development of the model as discussed in this chapter has important implications, it is essential that it is quantitatively tested before it can be construed as being valid.

The objective of Chapter Four will be to provide a discussion of the process by which this model can be quantitatively tested and to design an appropriate method for this process. This will examine whether marketers would apply the approaches posited to address stakeholders' interests, for if this is not so it will mean that either a) the model is inappropriate, or b) managers do not address the interests of their various stakeholders in the way that they should.

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CHAPTER 4
RESEARCH METHODOLOGY

SECTION 4.0 INTRODUCTION TO CHAPTER FOUR

This chapter develops the methodology used in the thesis to examine and test the extended model developed in Chapter Three and determines whether it is applicable to marketing practitioners (i.e. are there differences in the perceived appropriateness of approaches across the positions of the model). The material discussed in Chapters Two and Three has implications for the methodology and assists with the determination of the appropriate research design. To a lesser extent, this earlier material also has relevance for the development of the survey instrument.

Section 4.1 provides an overview of the methodological approach taken. As was identified in the review of the literature, in Chapters Two and Three, there has not been sufficient quantified examination of firm-stakeholder relationships (Clarkson 1995, Jones 1995, Mitchell et al. 1997). Within the research that has been undertaken, there has often been a mismatch in variables examined, leading to inconclusive results (Wood and Jones 1995). Most of the previous research has examined the outcomes related to considering a given set of stakeholders. For the most part, these authors did not necessarily reflect stakeholders' evaluations of organisational outcomes, but rather they focused on the perceptions of a limited number of stakeholders. There are some authors that examine both the firm and stakeholders' evaluations of performance (Clarkson et. al. 1992, Huse 1994). However, these authors did not examine the outcomes of adopting a stakeholder focus, rather they simply compare stakeholders' evaluations of performance.

While the original and expanded stakeholder strategy matrix model, discussed in Chapter Three, proposes approaches that can be used to address stakeholders' interests, there have not been any quantitative or qualitative research that examines how marketers, or managers more widely defined, address stakeholders' interests when formulating organisational strategy. This thesis focuses on this issue and tests the expanded model developed in section 3.4. However, it should be noted that, the extended model tested in this thesis does not examine the outcomes of including various stakeholders. The relationship between approaches and outcomes is a topic that can be examined in future research (See Chapter Six).

Theory suggests, as posited by Freeman (1984) and Savage et al. (1991), that the stakeholder strategy matrix model can be used to categorise stakeholders based on their influencing abilities and that for each category there are a set of "generic" approaches that can be used to address stakeholders' interests. The original stakeholder strategy model has deficiencies, which were addressed in Chapter Three and are incorporated in the expanded model. Chapter three also provides theoretical justification for the expansion of the model, ensuring that it considers all stakeholders' influencing abilities and it is relevant to the marketing context (the latter are discussed in Chapter 2). To test this expanded model, a number of hypotheses have been developed which examine whether respondents would use the suggested approaches (i.e. how appropriate are these approaches). Stated more formally in the null form, these are:

Ho_1: There will be no significant differences in the perceived appropriateness of ***the set*** of approaches that would be used by marketers to address the eight stakeholder groups.

Ho_2: There will be no significant differences in the perceived appropriateness of ***each*** of the approaches that would be used by marketers to address the eight stakeholder groups.

Ho_3: There will be no significant differences in the perceived appropriateness of ***the set*** of approaches that would be used by marketers to address stakeholders in the eight classifications of stakeholders.

Ho_4: There will be no significant differences in the perceived appropriateness of ***each*** of the approaches that would be used by marketers to address stakeholders in the eight classifications of stakeholders.

Ho_5: The perceived appropriateness of approaches used will not be affected by a stakeholder group-stakeholder classification interaction.

Section 4.2 examines the application of the scenario approach used in this thesis. As identified in Chapter Two, there are several potential moderating factors that influence the firm-stakeholder relationship. Thus, any approach used, needs somehow to measure or control for these variables. As highlighted in the literature, each specific firm within an industry may face a different set of stakeholders and stakes (Freeman 1984, Wood and Jones 1995). Therefore, even choosing to examine one industry, may not enable the consideration of a generalisable set of stakeholders or stakes. To overcome this problem a scenario or vignette approach is used in this thesis. Using a hypothetical scenario enables the researcher to control for all moderating factors as well as ensure all respondents are in the same frame of reference (Hyman and Steiner 1996). Section 4.3 examines development, selection and manipulation of the independent variables included in the scenario. The independent variables relate to the position of the stakeholder on the three dimensions of the expanded matrix, as well as the specific stakeholder groups examined.

Section 4.4 examines the development of the dependent variables. The specifications of variables included in the scenario are based on the stakeholder literature discussed in Chapters Two and Three and were confirmed in pretesting and in-depth interviews with marketing practitioners. The dependent variables consider the various approaches that can be used to address stakeholders needs and interests. As was discussed in Chapter Three, there are sixteen possible approaches that can be applied to address stakeholders' interests. Thirteen of these are based on Freeman and Savage et al.'s original work and the other three are related to the theory underlying the expansion of the model. (See Table 3.11 or the complete survey in Appendix 4.1 for a listing of the sixteen approaches.)

Section 4.5 discusses the pilot study and pretest of the instrument, which involved in-depth interviews with eleven marketing executives. The interviews not only examined the instrument, but were designed to ensure that participants had the opportunity to comment on the various components of the model, thus ensuring that no issues/factors were overlooked. Section 4.6 discusses the sample frame, sampling procedures and factors that may affect the responsee rate. The objectives of the thesis are to determine whether the model is applicable and would be applied by marketers, i.e. do stakeholders position in the model affect marketers' perceptions of the applicability of the approaches for addressing stakeholders interests. As such, the sampling frame is a cross-section of practising marketers. To obtain an appropriate sample, the survey was distributed through the Australian Marketing Institute (AMI), which is the largest marketing association in Australia. The survey was distributed to 1376 members of the AMI in New South Wales, which has a broad coverage of all industry groupings.

To ensure that respondents fell within the frame, only AMI members who had formal training in Marketing or significant industry experience[1] were sampled. These individuals were chosen, as they would be in the best position to evaluate which of the approaches would be most appropriate to address stakeholders' interests within a given classification. Lerner and Fryxell (1994) suggest that it is a "... manager's attitudes about stakeholders that predispose action. (p59)" Greenly and Foxall (1997) reinforced this view, suggesting that "... managerial decision making is largely based on managerial perceptions... (p12)" As such, when examining approaches to deal with stakeholders, it is most appropriate to examine managers' attitudes towards various alternative approaches, as these attitudes and perceptions will determine managerial action. For the purposes of testing the model, an equal number (172) of the eight versions of the survey were distributed to the target frame, i.e. experienced marketing managers who had an understanding of organisational decision making processes.

Section 4.7 briefly discusses the quantitative approaches that were undertaken to test the model and associated hypotheses. In this thesis, an analysis of the data relies on mixed design Anovas, which are well suited to experimental design (Hair et al. 1995) and have been used in some of the limited quantitative stakeholder literature. Given the focus of the expanded model is to determine whether there are differences in the appropriateness of the approach (i.e. would respondents use these approaches) based on the stakeholder classification (eight alternatives) and/or the stakeholder type (eight alternatives), Anovas are the most appropriate techniques to examine such multiple comparisons (See Hypotheses above). Section 4.8 summarises the material discussed in Chapter Four.

SECTION 4.1 METHODOLOGY OVERVIEW

As discussed in Chapter Two, the quantitative research examining stakeholder-firm relationship has not applied a consistent approach towards the definition of variables examined, the quantitative techniques used or the study's specific focus. Research to date has used a broad range of quantitative approaches including; Anovas and Manovas (Greenley and Foxell 1997, Huse 1994, Posner and Schmidt 1984), cluster analysis to group organisations (Greenley and Foxell 1997), correlations (Brown and Butler 1995, Greenley and Foxell 1996,

[1] The survey was distributed to Fellows, Associate Fellows and Associate members of the AMI. The criteria for being an Associate Member are: "- Degree in marketing, or a marketing major, or -Associate Diploma in Marketing and three or more years practical marketing experience, or - Persons with significant practical marketing experience, e.g. 15 years. (AMI 1996)"

Preston and Schmidt 1990, factor analysis (Greenley and Foxell 1996 & 1997), LISREL (Kreiner and Bhambri 1991), partial least squares (Johnson 1995), regressions (Brown and Butler 1995, Dooley and Learner 1994, Greenley and Foxell 1996, Judge and Krishnan 1994, Lerner and Fryxell 1994, Morris 1997) and T-tests (Atkins and Lowe 1992, Greenley and Foxell 1996, Polonsky and Ottman 1997, 1998a & 1998b).

In addition, there are several moderating factors that may influence the firm-stakeholder relationship. Moderating factors include the: market environment (Atkins and Lowe 1993, Judge and Krishnan 1994, Greenley and Foxell 1996, Harrison and St. John 1996); industry type/classification (Atkins and Lowe 1993, Greenley and Foxell 1996, Lerner and Fryxell 1994 Preston and Sapienza 1990); firm's size (Atkins and Lowe 1993, Dooley and Lerner 1994, Johnson 1994, Judge and Krishnan 1994, Lerner and Fryxell 1994, Preston and Sapienza 1990); firm's age (Atkins and Lowe 1993, Brown and Butler 1995); firm's profitability (Brown and Butler 1995, Dooley and Lerner 1994, Johnson 1994, Judge and Krishnan 1994, Preston and Sapienza 1990); and respondents' demographic characteristics (Posner and Schmidt 1984). Any quantitative study needs to be cognisant of potential moderating factors and address them in the research design.

Thus, comprehensive research into all aspects of stakeholder-firm relationships would require an extremely complex design and would need to measure or control for all the various moderating factors as well as ensure performance was measured in an appropriate fashion. An alternative approach might be to examine a narrowly defined industry containing firms with a common set of stakeholder groups and organisational characteristics, for example as was done by Brown and Butler (1995) and Kreiner and Bhambri (1991). Even if a narrow industry is examined, differences in each firm's stakeholder environments may result in inconsistencies in moderating variables across the sample.

To overcome the problem of differing contexts, respondents in this research were asked to respond to survey questions, but their responses were sought in relation to a hypothetical scenario/vignette, rather than responding based on their individual experiences. Such an approach has the advantage that it holds "... the stimulus constant over a heterogeneous respondent population, the survey research gains a degree of uniformity and control over the stimulus situation approximating that achieved by researchers using experimental designs... (Alexander and Becker 1978, p93)" Experimentation, where variables are manipulated in a controlled fashion has been increasing in use in marketing research since the early 1970s (Green et al. 1978, Holland and Cravens 1973). (A detailed discussion of the scenario process to be used in this thesis occurs in Section 4.2.) As such, the hypothetical scenario provides a useful vehicle to examine the phenomenon of interest, while controlling other moderating factors.

The scenario methodology places all respondents in a similar context (Cavanagh et al. 1985, Hyman and Steiner 1996). Such a perspective is necessary for, as has been mentioned earlier, each firm will face a different set of stakeholders and a different set of external forces (Freeman 1984, Carroll 1993). Typically, without utilising a hypothetical scenario approach, all respondents will be responding to a survey instrument while in a different context. An experimental design, manipulating variables within a hypothetical scenario, enables the researcher to control potential moderating variables and places the respondents in the same context. (See Appendix 4.1 for a copy of the survey and detailed scenario.) Such an approach removes most of the moderating factors, although potentially there still may be individual respondent differences based on things such as demographics or individual experience.

As identified in Chapters Two and Three, a variety of approaches have been undertaken in quantitative stakeholder research, both in terms of method and the stakeholder-firm interaction studied. Even if one chooses to examine an outcome-based aspect of stakeholder-firm relationships, as is done in most of the studies, there is no clear indication of how outcomes or performance should be defined or measured (Clarkson 1995, Wood and Jones 1995).

This thesis will examine the model developed in Section 3.4, which is designed to determine whether marketing managers deem a set of generic approaches appropriate to address the interests of various categories of stakeholders and whether these vary according to stakeholders' position in the expanded model. As such, the thesis will *not* examine outcomes, i.e. the success of applying these approaches. To examine managers' perceptions of outcomes in a hypothetical scenario is well beyond the scope of this thesis. While it would be possible to ask managers to "predict" the success of a given behaviour, this does not reflect actual outcomes and thus would not be appropriate for a hypothetical scenario. In addition, any forecast of outcomes cannot identify whether a given set of practices to address stakeholders' interest will be successful. Even if a firm adopts a specific approach, it is not clear that the approach will successfully integrate the targeted stakeholders' interests.

Therefore, this thesis does not attempt to examine outcomes and in this way, sidesteps the problems associated with measuring outcomes based on firm-stakeholder relationships. Such a focus is supported in the literature for, as Judge and Krishnan (1994) and Greenley and

Foxell (1997) suggest, it would be appropriate to examine whether specific approaches or strategies ***would*** be chosen by managers. For, if managers believe they would undertake an activity, than they would most likely apply it (Judge and Krishnan 1994, Greenley and Foxell 1997).

SECTION 4.2 SCENARIO AND VIGNETTES

When undertaking research many disciplines have used hypothetical scenarios or vignettes, as they are often called (Cavanagh et al. 1985, Kreiner and Bhambri 1991, Webber 1992). These include; Sociology (Finch 1987, Webber 1992), Marketing (Wason and Cox 1996), psychology (Burstin et al. 1980), Business Ethics (Cavanagh et al. 1985, Chonko et al. 1996, Hyman and Steiner 1996, Peek et al. 1994, Weber 1992) to name but a few. "Vignettes are short descriptions of a person or social situation that contain precise references to what are thought to be the most important factors in the decision-making or judgement-making processes of respondents. (Alexander and Becker 1978)" "Scenario's are stories which present hypothetical situations requiring action or judgement from respondents. (Wason and Cox 1996, p155)" For the purposes of this thesis, the term's scenarios and vignettes will be used interchangeably.

As mentioned in section 4.1, scenarios enable the researcher to control the variables under examination as well as to place respondents in a common context. In addition, they enable specific points of interest to be emphasised (Cavanagh et al. 1985, Hyman and Steiner 1996). There are two different methods that have been used with scenario studies, that of constant variables, or manipulating variables within a scenario (Cavanagh et al. 1985, Hyman and Steiner 1996, Webber 1992). Much of the scenario/vignette research focuses on the strategies for manipulating the variables within each scenario, rather than the application of a scenario approach (for example, see Alaxender and Becker 1978 or Kreiner and Bhambri 1991). Weber (1992), in his review of scenarios in business ethics research found that out of twenty-six studies examined, twenty-three used multiple scenarios where variables were manipulated within the scenario. However, Hyman and Steiner (1996) in their study of ninety-four scenario studies, found that only twenty studies manipulated the variables within the scenario. This thesis uses a multiple scenario approach, which, according to the literature is superior to a constant variable method (Hyman and Steiner 1996, Wason and Cox 1995).

While there is an extensive examination of the application of scenarios and vignettes in research, there is relatively little discussion of a process for designing them (Wason and Cox 1995, Chonko et al. 1996). Three of the reviews of scenario research provide useful recommendations for the use of scenarios, but these studies do not provide suggestions on the design of a scenario for research purposes (Cavanagh, et al. 1985, Hyman and Steiner 1996, Weber 1992). Wason and Cox's (1995) work is the only business/marketing oriented work that focuses on developing a generalisable process for scenario construction. They focused on the development and implementation of multiple scenarios. Wason and Cox suggest a seven-step process for developing a scenario (See Table 4.1). Other authors, such as Chonko et al. (1996) also look at scenario design, but in a very narrow context related to ethical issues involved with personal selling. Chonko et al.'s work is not easily generalisable to all types of scenario development, although it may be generalisable in the business ethics area.

Table 4.1
STEPS IN SCENARIO CONSTRUCTION

1	Define the issues you wish to examine
2	Make a list of the elements that will affect the variables of interest. A diagram may be developed to show interlinkages and causal relationships.
3	Identify a population who would have an interest in these.
4	Construct two scenarios, one that contains all treatments at the high level and one with all the treatments at the low level. Consider the application of the research when designing the approach.
5	Assess the internal consistency and plausibility of these scenarios.
6	Eliminate combinations that are impossible or implausible.
7	Test to see if manipulation is effective in communicating differences to subjects.

Watson and Cox (1996)

The scenario used in this thesis has two components, an unchanging core that broadly sets out the situation and an expanded section where independent variables are manipulated. A sequenced scenario method, where respondents respond to a set of questions based on a basic version, which is then followed by an expanded scenario and associated questions, is more dynamic than providing the respondents with one static scenario (Chonko et al. 1996, Hyman and Steiner 1996) and this process is used in the thesis. The core scenario asks some general questions regarding the basic "situation", while the expanded scenario describes the situation in more detail and asks questions regarding the appropriateness of various approaches that can be used to address stakeholders' interests.

The scenario asks respondents (i.e. practising marketers) to place themselves in the position of a marketing manager, responsible for the development of a new brand of less environmentally harmful (i.e. "environmentally friendly") cleaning product, which will compete with the firm's other brands. The core scenario sets out the basic marketing mix variables in the context of the hypothetical situation and is designed to briefly cover all relevant issues. The expanded scenario is where the independent variables are manipulated. Within the expanded scenario, stakeholders influencing abilities are described based on the three dimensions of the expanded model. (See Appendix 4.1 for the full survey and Appendix 4.2 for the manipulations of the independent variables related to the model.)

One requirement of a scenario is that it appears realistic (Wason and Cox 1995). The firm's development of competing brands has been examined in the literature (Reddy 1994, Sharp 1993, Sullivin 1992) and the development of environmental products in addition to existing "non-green" products have also been considered (Anonymous 1990, Anonymous 1991). Thus, the scenario provides a realistic context in which marketing managers can respond. In addition, examining a situation in which a new product is to be developed provides a "greenfield" situation. That is the proposed new brand has minimal, if any, previous involvement with the firm's stakeholders. Having stakeholder involvement in the initial stages of policy development was suggested in the literature examining public policy development using a stakeholder approach (Altman and Petkus 1994, Gregory and Keeney 1994, Harrington 1996, Petkus and Woodruff 1992). Such an approach enables policy to comprehensively consider all stakeholders' interests.

All research methods have potential pitfalls and several are associated with scenario research. One potential problem, is that no matter how realistic a scenario is intended to be, it may place respondents in an unfamiliar situation. It may, therefore, be difficult for individuals to respond and/or respondents may also add idiosyncratic facts to the scenario information provided (Cavanagh et al. 1985, Hyman and Steiner 1996). It is also possible that the specific phraseology used within a scenario (i.e. framing of the issues) may impact on an individual's response (Hyman and Steiner 1996). While these limitations are important, the scenario approaches' ability to control a diverse range of moderating and situational factors outweighs these potential pitfalls. Thus, a scenario methodology is most appropriate for empirically examining complex stakeholder relationships.

SECTION 4.3 SCENARIO MANIPULATION

Within the scenario there are two important independent variables that require discussion. They are the stakeholder groups to be examined and the variables that specify the position of that stakeholder on the three dimensions of the stakeholder strategy matrix model. (See Appendix 1 for a copy of the survey instrument used.) The selection of specific stakeholder groups was determined by an examination of the stakeholder literature and in-depth discussions with marketers participating in the pretest. The thesis examined eight groups. In alphabetic order these were: Competitors; Customers; Employees; Government; Owners/Shareholders; Special Interest Groups; Suppliers and Top Management. (See Section 4.5 for a discussion of the pretest/in-depth interviews.) Other than suppliers, all these groups were examined within the stakeholder orientation literature (See Table 2.2).

While employees and unions have each been used in the stakeholder literature, in this thesis only employees are examined, as the majority of the previous studies used employees, rather than unions (Preston and Schmidt 1990, Lerner and Fryxell 1994, Dooley and Lerner 1994, Greenley and Foxell 1996 & 1997). In addition, within the pretest, respondents did not believe that including both groups was warranted.

The thesis also uses the classification of special interest groups as a proxy for the local community and there are several reasons for this approach. First, the "local" community is often a heterogeneous group, which does not have a common view or set of objectives and sometimes these larger organisations are formed to specifically protect what they perceive to be the community's interests (Lober 1997, Starick 1995), i.e. there are a number of broad special interest groups concerned with various environmental issues that normally interact with firms. Second, given the specific scenario provided, there was limited opportunity to identify the impact of the local community, as this would be dependent on where the organisation was located and environmental outputs. It was therefore deemed that special interest groups would serve as a suitable proxy for the local community. This view was also supported by the pretest respondents.

The stakeholders examined in this thesis have been identified by other researchers as being important. According to Judge and Krishnam (1994), these eight stakeholder groups include the primary stakeholders that all organisations deal with, owners, customers, employees and local communities. Clarkson focused on six of these eight stakeholder groups in his work (employees, shareholders, customers, suppliers, public stakeholders and competitors). However, he did not examine the role of government or owners (Clarkson 1991 & 1993). Greenly and Foxell (1996 & 1997), in their stakeholder orientation research, considered competitors, consumers, employees, management, shareholders and unions. Within their 1996 empirical analysis, however, they omitted management as a relevant stakeholder and in later work (1997) omitted any discussion of this group (Greenly and Foxell 1997). On the other hand, researchers such as Posner and Schmidt (1990) did include management as an important stakeholder in their stakeholder orientation research.

The government also has not consistently been considered by previous researchers to be an important stakeholder. However, researchers such as Dooley and Learner (1994) and Learner and Fryxell (1994) did include this group in their work. In terms of stakeholders examined in this thesis, suppliers are the only group that were not examined in the stakeholder orientation literature. However, they were included by other stakeholder researchers such as Clarkson (1991 & 1993) and Polonsky and Ottman (1997, 1998a & 1998b). In addition, their inclusion was supported by the pretest respondents.

In terms of manipulating independent variables, this is done in the second section of the scenario where stakeholders are described in different positions within the expanded stakeholder strategy matrix model (See Tables 4.2a & 4.2b which are identical to Tables 1.1a & 1.1.b). This positioning is done through manipulating the stakeholders on the three dimensions of the expanded stakeholder strategy matrix, Direct Threatening Ability, Direct Cooperating Ability, Indirect Influencing Ability. As suggested by Wason and Cox, each group's position, in terms of the three dimensions of the model are manipulated at high and low levels, which is also consistent with Freeman and Savage et al.'s high-low dichotomy. This results in eight (2^3) manipulations per stakeholder group. The thesis will attempt to determine if perceived appropriateness of the approach used to address the stakeholders' interests are affected by the stakeholders' position in the expanded model, or the specific stakeholder group, both for the set of approaches (Ho_1 & Ho_3) or for individual approaches (Ho_2 & Ho_4). An examination of the inter-relationship between the group and position is also examined (Ho_5).

TABLE 4.2A
POSITIONS OF EACH STAKEHOLDER WITHIN THE EXPANDED STRATEGY MATRIX MODEL

Position within the matrix	Direct Cooperative Ability	Direct Threatening Ability	Indirect Influencing Ability
a	High	Low	Low
b	High	Low	High
c	High	High	Low
d	High	High	High
e	Low	Low	Low
f	Low	Low	High
g	Low	High	Low
h	Low	High	High

Sixty-four (64=8*8) manipulations would be required if each scenario examined only one stakeholder at a time. Organisations must deal with a set of stakeholders in any one situation. As such, the inclusion of only one stakeholder per scenario would not be realistic and having scenarios that are realistic is an essential requirement of the scenario research approach (Wason and Cox 1995). To make the scenario more realistic, each manipulation included all eight stakeholder groups. By manipulating stakeholders' position (i.e. characteristics), as is described in Table 4.2b, a set of eight scenario treatments were required. Since this was a full factorial design, for each individual group a reduction technique, such as that used in fractional factorial experiments, was therefore not required (Holland and Cravens 1973, Green et al. 1978).

The interrelationship among stakeholders (i.e. the influence of one stakeholder vis-a-vis another) and approach appropriateness was not examined in this study. If all such interactions were examined, including complex stakeholder-stakeholder interactions, this would require a full factorial study of all possible combinations, i.e. 2^{24} or 16,777,216 scenarios. As the thesis was not examining these complex stakeholder-stakeholder interrelationships, but only examining the appropriateness of the approaches managers could use to address stakeholders' interests, only 2^3 or eight manipulations per stakeholder group were required, which is a full factorial examination for each individual stakeholder group. Table 4.2a lists the possible combinations that can arise from the three independent variables for each stakeholder.

TABLE 4.2B
VARIATIONS OF STAKEHOLDER POSITIONS WITHIN SCENARIOS

Stakeholder:	SCENARIO MANIPULATION							
	1	2	3	4	5	6	7	8
Competitors	a	b	c	d	e	f	g	h
Consumers	b	c	d	e	f	g	h	a
Employees	c	d	e	f	g	h	a	b
Government	d	e	f	g	h	a	b	c
Owners/Shareholders	e	f	g	h	a	b	c	d
Special Interest Groups	f	g	h	a	b	c	d	e
Top Management	g	h	a	b	c	d	e	f
Suppliers	h	a	b	c	d	e	f	g

One criterion was used to describe each of the three dimensions of the matrix model. Given that each version of the scenario was to be as realistic as possible, it was determined that simple nondescript explanations would not be sufficient to create an understanding of stakeholders position on a given dimension. Therefore, more specific issues were used to describe each dimension. (See criterion manipulations in Appendix 4.2 for the specific issues used for each stakeholder group.) However, given the complex nature of stakeholders indirect influencing ability, a more generic approach was used for this dimension. The following statement was used: "Overall stakeholder X has a low (high) ability to influence others' actions".

The reason for selecting a generic type of statement for the indirect influencing dimension is that stakeholders' indirect influences can occur in many ways and may even vary in accordance with the group that they influence. Thus, the specific type of influencing ability might in itself affect the responses towards specific dependent variables. To examine all stakeholders' influencing abilities would have required an extremely complex study design. In addition, because the objective of this thesis was not to examine specific stakeholder-stakeholder interactions, it was determined that a generic indirect influencing variable would be most appropriate.

Combining variables, resulting in eight manipulations for each stakeholder group, enables a full factorial representation of each stakeholder group (See Table 4.2a and 4.2b for the various manipulations). Each scenario manipulation included eight stakeholders, with each group placed in a different position/classification within the model. As discussed earlier in this Chapter, stakeholder interactions were not examined so a fractional factorial design of all possible interactions was unnecessary. Appendix 4.2 lists the variations of the expanded descriptions of each stakeholder's influence.

SECTION 4.4 SCALE DEVELOPMENT

Three sets of scales were developed. These included a set of scales to examine respondents: a) general perception of various stakeholder groups; b) perception towards the appropriateness of the various approaches for each stakeholder group; and c) respondents' demographic characteristics.

Churchill (1979) suggested an eight-step process for scale development. (See Figure 4.1) (Churchill 1979, Mintu et al. 1994). In this thesis Churchill's steps have been broadly followed. That is the domain of the research has been identified, the literature has been searched for possible questions for examination, the instrument has been pretested via in-depth interviews with "respondents" to ensure that the scales and scenarios used were appropriate, and necessary improvements were made.

The first set of scales were designed to broadly determine how managers perceived stakeholder groups in terms of their ability to directly and indirectly influence organisations. An examination of these perceptions was however useful, for if respondents had perceived that stakeholders varied in their ability to indirectly influence organisational outcomes, it would have provided additional support for the models expansion (See Chapter 5).

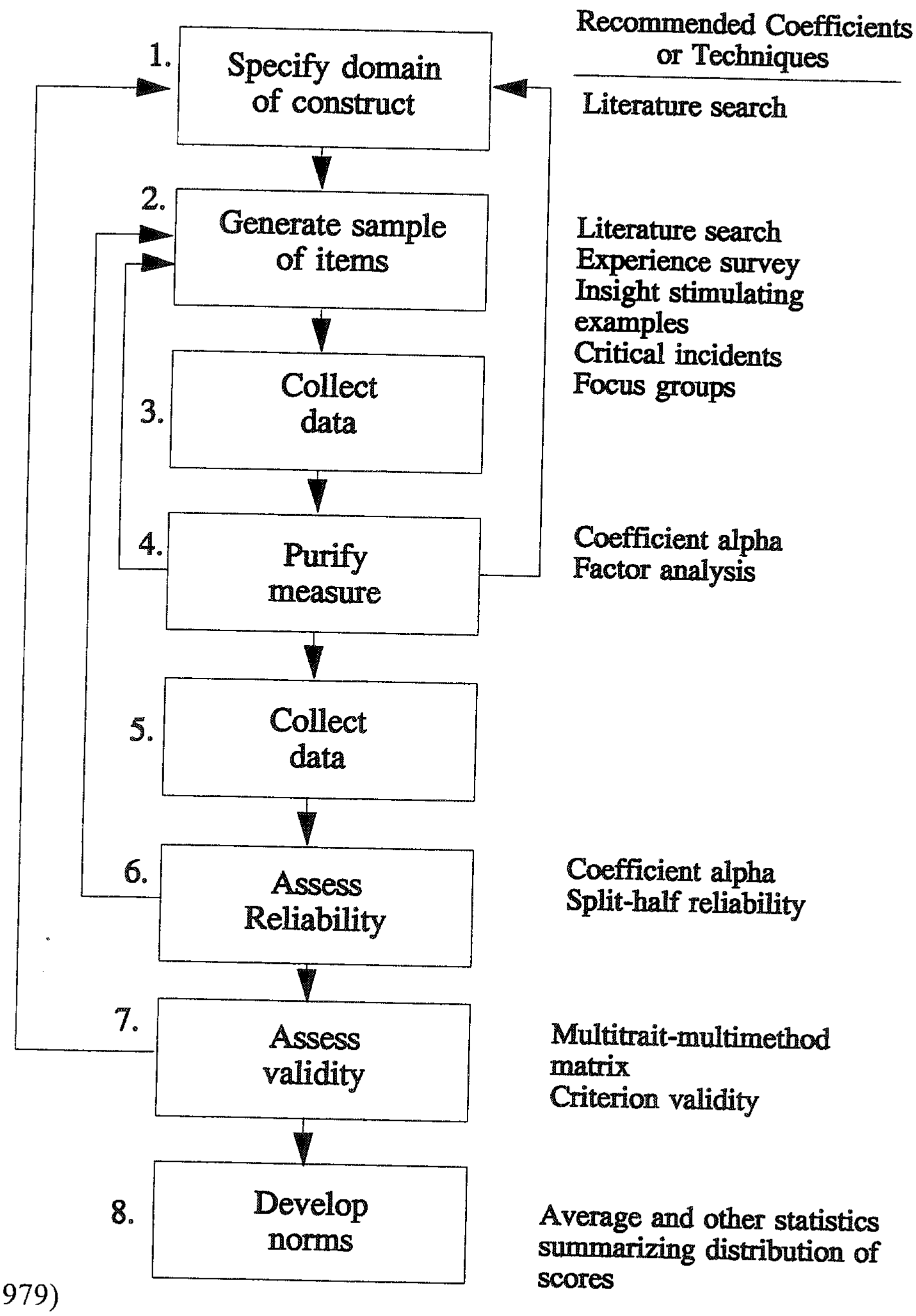
In terms of overall influencing abilities, a question was developed corresponding to each of the three dimensions of the model. These questions were based on the work of Kreiner and Bhambri (1991) who attempted to model stakeholder influence and its relationship to various influencing factors. The question they asked was a single item measure related to a stakeholder's "Attributed Power". To measure this variable they asked the question "To what extent can the decisions or actions of the following groups directly disrupt the operations of plans of your company? (p15)" For the purposes of the broad examination of managers' perception of stakeholders' possible influencing abilities this question was modified to:

a) In your opinion to what extent can the actions of each group directly disrupt the operation of marketing plans for this product.

b) In your opinion to what extent can the actions of each group directly assist in the operation of marketing plans for this product.

c) In your opinion to what extent can this group influence the behaviour/attitudes of others in such a way as to modify others' behaviour towards the product.

Figure 1
SUGGESTED PROCEDURE FOR DEVELOPING BETTER MEASURES



Churchill (1979)

The second set of scales developed, related to the dependent variables examined in the thesis. These items examined the sixteen approaches that could be used to deal with stakeholders. Thirteen of these approaches arose out of an examination and distillation of Freeman (1984) and Savage et al.'s (1991) discussion of the original stakeholder strategy matrix model, the other three arose out of the extension of the expanded matrix model discussed in Chapter Three. While traditionally multiple item measures are superior to single item constructs (Churchill 1979), in this thesis, single item measures are used to measure the applicability of the approaches suggested for the following reasons.

The dependent variables in this study related to the appropriateness of a given approach, not a complex behaviour/attitude/perception, making multiple item measures for each item unnecessary. Given the complexity of the design, multiple item measures would have also made the instrument substantially more complex, as well as having increased the length, thus further supporting the use of single item measures. In the quantitative stakeholder literature many of the studies used single item measures for at least one of the dependent variables examined (Atkins and Lowe 1993, Butler and Brown 1995, Johnson 1994, Kreiner and Bhambri 1991, Posner and Schmidt 1984, Preston and Sapienza 1990). However, there have also been attempts to develop multiple item scales to examine various aspects of the firm-stakeholder relationship (Greenley and Foxell 1996, Huse 1994). In addition, some studies have used both single and multiple item measures (Preston and Sapienza 1990). Thus, the literature supports the use of either approach.

Respondents were asked to rate each approach in terms of the manager's perception of its appropriateness. The question asked was: "For each stakeholder group how likely would you be to attempt <Various Approach>." These were measured on a seven-point scale, where 1 was very likely and 7 was very unlikely. Each respondent was asked the same question eight times, once for each stakeholder group within their particular version of the scenario. The fact that this item was asked for each of the eight stakeholder groups, causes the repeated measure complication of the study (Huck et al. 1974, Littell et al. 1996). However, since not all measures were repeated, that is each respondent did not address all possible combinations of stakeholders and positions within the expanded matrix model, a mixed Anova analysis was undertaken (Littell et al. 1996).

The third set of scales related to respondent demographic characteristics. Issues examined included, Industry in which you are employed, years in industry, position, organisation size, gender and age. To determine whether the sample was representative of the

AMI membership the scales used were the same as those used by the AMI. AMI members were chosen because the AMI is the largest marketing association in Australia and as there are no comprehensive listings of Australian marketers. The sample was therefore representative of AMI members and is not necessarily representative of all Australian marketers (as will be discussed in Section 5.1).

As will be discussed in Chapter Five, it was initially hoped that the sample characteristics could be quantitatively compared to the characteristics of the NSW AMI membership. Detailed demographic figures for the AMI membership were unavailable. Summary statistics that were collected in a 1996 survey of AMI members was available, however, these statistics covered all categories of membership, including those excluded in the sample frame, and substantially summarised many demographic categories used by the AMI (for example there is only one category for manufacturing rather than the eight listed in the survey demographics). As such, detailed statistical comparisons were limited, although broad comparisons of distributions were possible and are discussed in Chapter 5.

SECTION 4.5 PRETEST/IN-DEPTH INTERVIEWS

To ensure that the model covered all relevant issues and that there were no errors or omissions a combined pilot and pretest of the survey was undertaken, utilising in-depth interviews. Potential respondents were sent a copy of the survey materials that were to be distributed as well as a letter explaining how they were chosen to participate in the pretest and a request for an appointment to discuss the project. To obtain a list of possible pretest participants a local member of the New South Wales State Council of the AMI was contacted. The project was explained and a request was made for the contact details of a number of local marketing professionals who could be contacted to participate in the pretest of the instrument. Including the AMI councillor, thirteen individuals were contacted across a number of industries. These included, Manufacturing (2), Retail (2) Services (1), Media (3), Financial/Insurance institutions (2), Non-For-Profit (1), Tourism (1) and Government Bodies (1). Of the thirteen individuals contacted eleven agreed to participate in the pretest interviews.

The interviews took between 30-90 minutes and varied by participant. The areas discussed in the interview were, the expanded model, the scenario, survey design issues, stakeholder groups, approaches and other issues. Overall, there was no criticism of the expanded model. That is, all respondents felt that stakeholders could influence, to varying degrees, the organisations on the three criteria described. In terms of the scenario and survey there were some criticisms relating to the phrasing of specific items and other minor corrections. The respondents indicated that the scenario was generally clear and the scene was well set out. However, there were some concerns raised about the questionnaire structure. In particular, several respondents felt that the structure of question four (see Appendix 1), dealing with the appropriateness of approaches required extensive concentration. Alternative designs were discussed, including repeating the various items included in question four for each stakeholder group, i.e. eight times. While respondents suggested that the pretest format was complex, they believed that repeating the questions for each stakeholder group would make the instrument more difficult to complete, because it would become too lengthy and too repetitive. In addition, it was felt that the matrix structure used in the survey was such that it would be easy to refer back to the information in the expanded scenario, whereas repeating the questions would make it difficult for the respondents to refer back to the expanded scenario.

Pretest respondents were asked to comment on the list of stakeholder groups discussed throughout the survey. The original instrument included seven groups, with suppliers originally being omitted. Respondents suggested that suppliers were an important group for organisational outcomes and should be added. This view was supported in the literature by authors such as Clarkson (1993) and thus suppliers were added to the list of stakeholders in the final instrument. One respondent suggested that the media should also be added. Interestingly, participants working in the media did not believe that this was necessary. While the media can have a high indirect influence on organisational activities, they have limited direct influence and the literature did not suggest that the media was an important stakeholder group. Thus, in the final instrument, the media was not included in the list of stakeholder groups. The only other comment related to the list of stakeholder groups, was that some respondents suggested that several groupings could be segmented even further. For example, government could be considered at the federal, state, local and even statutory level. Such an approach would be more realistic, but would make the instrument even more complex, especially for a hypothetical scenario, and thus this additional segmentation was not used in the final instrument.

Further segmentation of larger stakeholder groups would be more suited to examine specific processes that have been used. This approach was applied by Polonsky and Ottman (1997, 1998a & 1998b), who asked US marketing managers who had been involved in the green new product process how they dealt with various stakeholder groups when developing their products. Polonsky and Ottman segmented government stakeholders into; a) federal; and b) state and local government. They suggested that, given the respondents had experience developing green products, it was important to include the broadest set of possible stakeholders. Such a broad set of stakeholders would be inappropriate for a hypothetical scenario.

In terms of the approaches suggested in the survey, all respondents felt that they were comprehensive and covered all possible options. There was some confusion between some approaches, with respondents feeling that the phrasing was very similar. In these cases, modifications were made to ensure that the approaches were clarified while still maintaining their intent. In terms of other suggestions, there were two made regarding the demographic characteristics. First, it was suggested that the organisational size question could be adjusted to accommodate smaller firms. The original smallest category was "less than 50" employees and this was adjusted to less than 25 employees. The other suggestion related to industry classification. The AMI list did not have a Not-For-Profit category, which was added.

There were also some minor suggestions relating to layout and phrasing. All suggestions deemed to be relevant were incorporated into the final instrument. (See Appendix 1 for the full survey.) For example, one such comment related to how the survey should be presented. It was suggested that by using a landscape format with the pages stapled in a booklet type format, respondents could easily refer to the expanded description of the stakeholders. Overall respondents were positively disposed towards the survey and the study and suggested that they would have responded if the survey had "appeared" on their desk.

SECTION 4.6 SAMPLE FRAME AND SAMPLING

Lerner and Fryxell suggest that it is a "... manager's attitudes about stakeholders that predispose action. (Lerner and Fryxell 1994 p59)" As such, when examining strategy it is appropriate to examine marketing managers' attitudes towards stakeholders. This thesis examined what approaches marketing managers would apply to different classifications of stakeholders (i.e. test the model) rather than the position of stakeholders within the three dimensions. The accuracy of marketers' perceptions of stakeholders will, however, influence the effectiveness of given strategy choices. This was overcome given the hypothetical nature of the scenario's presented and was not a relevant concern in the thesis. The hypothetical nature of the scenario also enabled a broader sample of marketing mangers to be targeted. In this thesis, 1376 members of the Australian Marketing Institute at the Associate Fellow level or above were selected, resulting in the distribution of 172 copies of each of the eight scenario treatments. Managerial respondents are often selected in the application of scenarios, with 44% of scenario based, business ethics studies using managerial respondents (Weber 1992). In addition, since the focus of the thesis was to determine the acceptability of various approaches to address stakeholders' interests, "upper level" marketing managers who could be expected to be actively involved in corporate strategy development as well as in determining how to address stakeholders' interests, were targeted.

For a nominal fee, the NSW branch of the AMI provided 1376 address labels for all appropriate members within the state. Surveys were randomly distributed to minimise any potential bias. That is, eight alphabetically consecutive individuals, each received a different version of the survey. The State AMI branch also included a reminder notice for the study in their October/November newsletter (See Appendix 4.3). This was included in the AMI newsletter distributed to all AMI members approximately 10 days after the survey was distributed. The reminder not only brought the study to the participant's attention, but also encouraged them to respond. The literature on mail surveys has suggested that reminders improve the overall response rate (Angur and Nataraajan 1995, Diamantopoulos et al. 1991, Dillman et al. 1993, Linsky 1975, Fox et al. 1988, Herberlein and Baumgartner 1978, Kanuk and Berenson 1975, Yammarino 1991). Malhotra et al. 1996 has suggested that mail survey response rates typically have a response rate of less than 15% when there is no pre-notification or post notification (Malhotra 1996, p170). In addition, some non-US based industrial marketing studies have reported even lower response rates when no reminder is used (Angur and Nataraajan 1995). However, using a newsletter reminder may have been less effective in stimulating responses than more directed reminder approaches. Reviews of the response literature have focused on individual reminders and have not examined reminders published in newsletters and this issue might be examined in the future.

The useable response rate for the thesis was 8.9% of the respondents, or 119 surveys, which was consistent with Malhotra et al. (1996) and Angur and Nataraajan (1995). While small, the sample is deemed to be representative to the NSW AMI membership (See Section 5.1 for a detailed discussion of comparisons) and of the National AMI membership as well. As was noted earlier, there are some differences between the sample and NSW AMI demographic figures and these can be explained by the fact that the AMI figures include

"Affiliate" members, the lowest level of entry into the AMI.

An examination of Early and Late respondents (discussed in more detail in Chapter 5) identified that there was no non-response bias (Kanuk and Berenson 1975, Berdie 1989). Herberlein and Baumgartner suggest, that if respondents are representative of the sample, a smaller response rate is not an insurmountable problem (Herberlein and Baumgartner 1978). Berdie (1989) suggests that the real question is "...whether estimates based on data with lower response rates lead to different decisions than do estimates based on data with higher response rates. (p62)" In his study of previous research he found that even when there were differences between respondents and non-respondents, it was rarely significant enough to affect overall outcomes. Given that there was no difference between respondents and non-respondents the small sample size is not considered to be a significant issue for this thesis.

Several factors were identified in the literature, which may explain the low response rate. These include survey length, complexity and respondent involvement (Dillman et al. 1993, Linsky 1975, Fox et al. 1988, Herberlein and Baumgartner 1978, Kanuk and Berenson 1975, Yammarino 1991). While each of these factors may not be individually significant, there may be a cumulative effect that explained the low response rate.

In examining survey length, the literature is not conclusive and there are contradictions amongst studies (Fox et al. 1988, Kanuk and Breenson 1975, Linsky 1975). However, there is evidence that substantially increasing survey length does decrease the response rate (Fox et al. 1988, Herberlein and Baumgartner 1978, Yammarino et al. 1991). The issue is not just one of the number of pages but is related to the number of questions as well (Herberlein and Baumgartner 1978). The survey used in this thesis was structured such that it was only four pages long (See Appendix 1). However, the matrix structure involved answering over 150 individual questions. Respondents in the pretest felt that the matrix structure was better than alternatives involving repetitive questions and having significantly more pages. Thus, while remaining shorter in terms of pages, the complexity was increased. According to Dillman et al. (1993) increased complexity results in a lower response rate.

The fact that this thesis involved a hypothetical scenario, which *may* not have been of particular interest (i.e. low involvement) to all participants, may also have negatively affected the response rate. Yammarino et al. (1991) and Herberlein and Baumgartner (1978) suggest that if topics under examination were not important to respondents, then researchers should expect a lower response rate than if the topics were particularly salient (i.e. high involvement). While not examined in the literature, the relevance and complexity issues, may in fact interact in a cumulative fashion. If this is the case, it may further explain the low response rate in this research.

The complexity of the expanded model, required a complex survey design. There were some discussions, during the design stage, of methods that could be used to improve the response rate, however, these were not implemented for the following reasons. A reminder notice was included in the AMI newsletter, to encourage responses. Follow-up phone calls were also considered, but member confidentiality precluded such an approach being used. Lastly, there was some discussion of incorporating some monetary compensation, either directly to respondents or to a third party organisation, such as a charity, however, this was not utilised. While it was always expected that the response rate would be low, it was anticipated that it would have been between 15-20%. The AMI reported that with previous private research among their members the response rate had been approximately 30%.[2]

SECTION 4.7 DATA ANALYSIS

In terms of determining the most appropriate data analysis, it is necessary to consider the hypotheses and the structure of the data. In terms of the structure of the analysis it is necessary to consider that the data is a 2x2x2 structure, where there are three dimensions to the expanded matrix each with a high and low level. Additionally, there is a group variable that has a repeated variable structure that must be considered. However, the structure is not a fully repeated structure. In addition, there were varied and limited numbers of each of the versions of the survey (Version 1-10, Version 2-15, Version 3-13 Versions 4-20, Version 5-11, Version 6-16, Version 7-17, Version 8-17). The thesis hypotheses listed in Section 4.0 related to examining differences between stakeholder classifications, between stakeholder groups, and simple first order interactions. A mixed Anova analysis was undertaken to examine this combination of repeated and non-repeated measures. This ensures that all error terms were adjusted accordingly (Littell et al. 1996). These relationships are discussed in more detail in Chapter Five, which deals with a more comprehensive discussion of the techniques of analysis and the actual data analysis.

As was discussed earlier in this section, there were eight different classifications that were based on the three dimensions of the expanded strategy matrix. Besides the eight

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[2] This figure was provided in discussions with the NSW-AMI Branch Manager and might reflect the fact that these other studies did not involve a complex survey design.

classifications, there were also eight stakeholder groups examined, that were manipulated through the eight classifications. Thus, the hypotheses examine not only whether there were differences between the eight groups (Ho_1 & Ho_2) or eight classifications (Ho_3 & Ho_4), but whether there was any interaction between the classification and the stakeholder group examined (Ho_5). Therefore, there were a number of groupings of independent variables that needed to be considered. In terms of dependent variables, there were sixteen different approaches that managers could use to address stakeholders' interests. These needed to be examined as a set across the classifications and groups, as well as being examined individually across the classifications and groups.

The analysis method(s) used to examine the data therefore needed to be flexible enough to examine all the intricacies of the dependent and independent variables. The data analysis in the thesis relied on Anovas, which were well suited to experimental designs, such as the one used in this thesis (Bray and Maxwell 1985, Hair et al. 1995, Harwell 1988, Littell et al. 1996). Anovas, (Analysis of Variance) is used to examine one dependent variable across multiple groups. Anovas "...test for differences between three or more means. (Tull and Hawkins 1990, p573)"

In addition, a number of post-hoc tests were used to examine how the approaches differed by individuals, groups and classifications. Anova only identifies that there are differences between groups and does not identify where these differences occur. Tukey-Kramer post hoc tests enable a determination of which classifications are similar to others (Bray and Maxwell 1985). For example, it is possible that Anova differences could result from one approach being different for only one classification, although, it does not identify the classification or classifications for which differences arise. In terms of determining whether there were different approaches for different classifications, Tukey-Kramer post hoc tests were essential.

While the thesis did not examine all complex interactions in the model, it did examine the relationship between stakeholder group and classification. In the recent literature there has been criticism of some techniques used to examine complex interactions between variables (Ping et al. 1996, Umesh et al. 1996). It has been suggested that in some situations, what appears to be complex interactions may not exist. This phenomenon is known as type four error (Umesh et al. 1996). In this thesis, relevant interactions were identified by Anova analysis and given that complex interactions were not examined, Umesh et al's. (1996) validation methods were not required to be employed.

SECTION 4.8 CONCLUSION TO CHAPTER FOUR

The methodology used in this thesis was deemed to be the most appropriate to examine the model developed. Chapter Five will discuss the specific analysis, in more detail. To examine the expanded stakeholder strategy matrix model this thesis uses a quantitative examination of marketing managers' perceptions of a hypothetical scenario, describing stakeholders' influencing abilities. This approach built on the previous literature, both in the stakeholder field, as well as the broader marketing and management literature. The fact that stakeholder situations are context specific required a methodology that enabled moderating variables to be either measured or controlled. The application of a hypothetical scenario for testing the model across marketers was therefore well suited, as it places individuals in a similar context and thus controlled potential moderating factors.

In terms of examining models of stakeholder theory, within the literature there have been no previous tests of general models. In addition the research has not focused on examining approaches for dealing with organisational stakeholders. To date, research has focused on outcomes and thus the majority of quantitative methods that have been applied are not applicable. This thesis used Anovas, which enabled an analysis of the mean values across multiple groups. These methods were well suited to determine whether specific approaches were perceived to be applicable for multiple stakeholders with specific characteristics. Some of the other stakeholder literature had also used Anovas to examine differences in other stakeholder relationships (Greenley and Foxell 1997, Huse 1994, Posner and Schmidt 1984).

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CHAPTER 5
DATA ANALYSIS

SECTION 5.0 INTRODUCTION TO CHAPTER FIVE

The analysis of the data is described in five subsections of this Chapter. While the primary focus of the thesis is the examination of the applicability of the expanded model (developed in Chapter Three), additional aspects are also examined. Section 5.1 examines the demographic characteristics of the sample and investigates whether non-response bias occurs. Section 5.2 examines marketers' broad perceptions of stakeholders' influencing abilities (i.e. the questions, Q1 - Q3, relating to the core scenario). The examination of marketers' perceptions in this area will determine if there is empirical support for the expanded model. Should support for the expansion exist, it will demonstrate that, in general, marketers perceive stakeholders to have varying levels of all three dimensions of the expanded model (direct cooperation, direct threat and indirect influence).

In Section 5.3 a preliminary empirical examination of the original stakeholder model is undertaken. While not the focus of this thesis, this preliminary examination will determine whether the limited relationships suggested by Freeman (1984) Savage et al. (1991) hold. Such an examination is necessary as the original model has never been empirically examined to determine whether there are indeed generalisable approaches that can be used to address stakeholders' interests, even though such approaches have been suggested in the literature. Therefore, a preliminary empirical evaluation is warranted. However, there are no specific hypotheses suggested for the examination of the original model. The techniques used to examine the original model are the same as those used to examine the expanded model and involve mixed Anovas and Tukey-Kramer post hoc testing of differences between all the paired groupings of stakeholders, based on the group examined and their position in the original model.

Section 5.4 examines the expanded model, by testing the five hypotheses (Ho_1-Ho_5). As with the original model, the examination of the expanded model involves mixed Anovas and Tukey-Kramer post hoc testing of differences between all the paired groupings based on the stakeholder's group examined and their position in the original model. Section 5.5 draws together the analysis undertaken in the chapter and makes concluding remarks. Detailed discussions of the findings and associated implications are presented in Chapter 6.

SECTION 5.1 DEMOGRAPHIC CHARACTERISTICS AND RESPONSE RATE

The survey used in this study was distributed to 1372 members of The Australian Marketing Institute in NSW. One hundred and seventy-two (172) copies of each of the eight versions of the survey were distributed (1372 in total). One hundred and nineteen (119) useable responses were received (i.e. an 8.96% response rate). The response rate per version of the survey varied (See Table 5.1). As was discussed in Chapter Four, there are several reasons that the response rate might have been low and included: a) the use of a non-traditional reminder (Diamantopoulos et al. 1991); b) survey length (Heberlein and Baumgartner 1978); low respondent involvement with the topic (Yammarino et al. 1991); and the complex design (Dillman et al. 1993). Mail surveys not using prenotifications or reminders frequently have response rates of less than 15% (Angur and Nataraajan 1995, Malhotra 1996).

TABLE 5.1
SURVEY REPLIES BY VERSION OF THE SURVEY
(119 per Version Distributed)

Version of Survey	Completed responses (Response Rate)
1	10 (5.89%)
2	15 (8.7%)
3	13 (7.6%)
4	20 (11.6%)
5	11 (6.4%)
6	16 (9.4%)
7	17 (9.9%)
8	17 (9.9%)

The characteristics of the sample are described in Tables 5.2 through 5.4. Respondents within the sample were employed in a diverse range of industries and various sized firms (Table 5.2). Having a broadly distributed sample was important for it supported the fact that the sample was representative of the NSW AMI population. A statistical comparison of the sample to the membership of the NSW branch of the AMI was not possible as the AMI was unable to provide a comprehensive detailed demographic breakdown of its membership. They, however, were able to provide some summary statistics based on a 1996 national survey of members. Complicating matters further, the information provided by the AMI aggregated some of the AMI's various demographic categories.

Tables 5.2 through 5.4 provide summary demographic data from the thesis as well as the aggregated AMI National and NSW figures. An examination of these statistics indicates that the distributions are "similar" to the sample, although no statistical testing of this similarity was undertaken because of the incompleteness of the AMI data. There were some differences between the distributions. These differences are partially related to the fact the AMI data is for *all* AMI members, whereas the survey data did not include "Affiliate" or "student" members who represent 8% of the AMI membership. In terms of organisational size, 52.1% of the respondents worked for organisations that had more than 100 employees and on average, respondents have been employed in their industry for 12.04 years.

A majority (69.9%) of the survey respondents were in senior positions within their firm, as would be expected given only Fellows, Associate Fellows and Associate members of the AMI were surveyed [1](See Table 5.3). As can be seen in Table 5.4 the gender distribution of the sample was almost identical with the NSW AMI membership (AMI male:76% - Female:24%; Sample Male:75% - Female:25%). The age distributions were not identical, with the sample having fewer members under 25 than did the AMI. This could be expected, given the fact that the entry levels of AMI membership, Affiliate and Student members, were not included in the thesis' sampling frame. Based on these comparisons, the sample is representative of the State and National AMI membership, and is thus considered representative of marketing managers in general.

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1 The criteria for being an Associate Member are: "- Degree in marketing, or a marketing major, or -Associate Diploma in Marketing and three or more years practical marketing experience, or - Persons with significant practical marketing experience, e.g. 15 years." [AMI 1996]

TABLE 5.2
INDUSTRY AND FIRM DEMOGRAPHICS

INDUSTRY	Thesis-Sample	AMI-Nation	AMI-NSW
Agriculture*	1 (0.8%)		
Electricity, gas & water*	3 (2.5%)		
Construction*	2 (1.7%)		
Wholesale trade	14 (11.8%)	13%	13%
Retail trade	3 (2.5%)		
Transportation & storage	4 (3.4%)	4%	3%
Communications*	19 (16%)		
Insurance	3 (2.5%)	11%	9%
Finance, investment & banking	14 (11.8%)		
Business services & Property	18 (15.9%)	12%	15%
Recreation & personal services*	5 (4.2%)		
Education	11 (9.2%)	6%	6%
Non-profit*	4 (3.4%)		
Food, beverages & tobacco	4 (3.4%)	21%	25%
Clothing & textiles	1 (0.8%)		
Chemicals & coal	1 (0.8%)		
Building materials	2 (1.7%)		
Metal products	2 (1.7%)		
Transportation Equipment	1 (0.8%)		
Other machinery & equipment	2 (1.7%)		
Misc. (advertising, research, etc.)	1 (0.8%)	7%	6%
Others*	4 (3.4%)	28%	22%
FIRM SIZE	SAMPLE	AMI-Nation	AMI-NSW
1000 or more	33 (27.7%)	23%	23%
500-999	6 (5.0%)	9%	9%
100-499	23 (19.3%)	20	16%
50-99	13 (10.9%)	7%	7%
49 -25	7 (5.9%)	40	44%
24 or less	35 (29.4%)		

* Categories included in AMI "other" category

TABLE 5.3
RESPONDENTS' DEMOGRAPHIC ATTRIBUTES

YEARS IN THE INDUSTRY	Thesis-Sample	AMI-Nation	AMI-NSW
1-5	42 (35.3%)		
6-10	27 (21.0%)		
11-15	14 (11.7%)		
16-20	14 (11.7%)		
21-25	10 (8.4%)		
26-30	6 (5.1%)		
31-35	2 (1.7%)		
36-40	4 (3.4%)		
No response	2 (1.7%)		
POSITION			
Chief Executive Officer	23 (19.3%)	18%	22%
Marketing Director/ Divisional Manager	21 (17.6%)	9%	10%
Marketing Manage/ Regional Marketing Manager/ Sales Director	27 (22.7%)	27%	23%
Group Product Manager/ National Sales Manager/Group Account Director	6 (5.0%)	3%	3%
Product Manager/ Brand Manager/ State Sales Manager/ Account Director	21 (17.6%)	11%	11%
Individual Client/ Territory Executive/ Manager	1 (0.8%)	3%	3%
Marketing Assistant	4 (3.4%)	5%	6%
Other	16 (13.4%)	24%	22%

It is important to identify whether any non-response bias exists. This was done by comparing the Early and Late respondents as suggested in the literature (Kanuk and Berenson 1975, Berdie 1989). Given the scenario structure and the fact that there were not late respondents for all eight versions of the survey, the Early-Late analysis was only undertaken for the questions evaluating marketers' perceptions of stakeholders' influencing abilities, i.e. questions Q1-Q3 relating to the core scenario. (These questions will be discussed in more detail in Section 5.2 and are listed in Appendix 4.1.)

The deadlines for returning the survey allowed respondents approximately seven weeks to respond. Completed surveys received during the first four weeks were identified as Early and those received during the last three weeks were defined as Late. In total there were 93 Early responses (78.2% of the sample) and 26 (21.8% of the sample) Late responses. The comparison between Early and Late respondents was undertaken in three ways to determine whether non-response bias exists.

TABLE 5.4
RESPONDENTS' DEMOGRAPHICS ATTRIBUTES (Cont)

GENDER	Thesis-Sample	AMI-Nation	AMI-NSW
Male	89 (74.8%)	77%	76%
Female	29 (24.4%)	23%	24%
Not-specified	1 (0.8%)		
AGE			
under 25	4 (3.4%)	5%	6%
25-34	31 (26.1%)	32%	32%
35-44	36 (30.3%)	31%	31%
45-54	38 (31.9%)	24%	26%
55-64	9 (7.6%)	8%	6%
65-75	0 (.0%)		
Over 75	0 (0.0%)		
Not Specified	1 (0.8%)		

A Manova analysis was undertaken to examine whether there was a difference in mean values of Early-Late responses in relation to marketers' perceptions of stakeholders' three influencing abilities. It was found that overall there was no significant difference (F=.4197, df=3/470, p>.7389) between the mean values of the groups (Wilks' Lambda, value=0.998). Secondly, an Anova examination of the mean value for each of the three influencing abilities (i.e. Direct Threatening Ability, Direct Cooperating Ability, Indirect Influencing Ability) was undertaken. An examination of the Tukey-Kramer test in Table 5.5 shows there is a direct stakeholder effect for all three influencing variables. That is, the stakeholder group being considered affects the mean value of perceived influence. However, there is no significant direct effect for the timing of the response (Late), nor is there an interaction between the mean value for stakeholder group and the timing of the response (Late*Stake).

The third test of non-response bias, involved a paired T-test of the mean values comparing Early and Late responses for the twenty-four individual items (i.e. the three dimensions of the expanded model for each of the eight stakeholder groups). As can be seen in Table 5.6, there are no statistical differences for twenty-three of the twenty-four paired comparisons. At the .05 level it is expected that for twenty-four paired comparisons that differences would randomly occur for 1.2 items. When undertaking multiple t-tests, it is usually suggested that it is appropriate to use a Bonferroni t, which adjusts for multiple comparisons (Howell 1992). The Bonferroni test uses a *p/n* adjustment to modify the significance level, where *n* is the number of paired comparisons and very large differences in t-values are required if significant differences are to be identified. The Bonferroni t is, therefore, an extremely conservative adjustment and should be used when one is attempting to reduce the probability of Type I error. The results presented in Table 5.6 are the unadjusted results. However, in a situation where one is considering possible differences as a "negative" aspect of the research, the minimisation of a Type II error is the important criterion and thus is better addressed by using a more conservative approach, i.e. using the unadjusted values. Taken together these three tests indicate that there is no statistical difference between Early and Late respondents, i.e. the sample is free of non-respondent bias.

TABLE 5.5
COMPARISON OF MEAN SCORE FOR EARLY AND LATE RESPONDENTS
(Type 1 SS)

Variable	Source	DF	F Value	PR.F	Tukey-Kramer on Late
Direct Threat	Stake	7	15.18	.0001	
	Late	1	0.27	.6051	Not Sig.
	Late*Stake	7	1.27	.2626	Not Sig.
Direct Cooperate	Stake	7	25.26	.0001	
	Late	1	0.50	.4794	Not Sig.
	Late *Stake	7	0.76	.6207	Not Sig.
Indirect Influence	Stake	7	26.76	.0001	
	Late	1	0.62	.4314	Not Sig.
	Late *Stake	7	0.73	.6478	Not Sig.

TABLE 5.6
COMPARISON OF INDIVIDUAL MEAN SCORES FOR
EARLY AND LATE RESPONDENTS
F Value (Pr>F)

Stakeholder	Direct Threat	Direct Cooperation	Indirect Influence
Competitors	0.33 (.693)	0.81 (.369)	1.01 (.317)
Customers	3.96 (.049) **	0.05 (.817)	3.72 (.056)
Employees	0.50 (.481)	1.48 (.226)	0.04 (.844)
Government	1.05 (.316)	0.40 (.528)	2.49 (.118)
Owners/Stockholders	0.98 (.324)	1.38 (.242)	0.06 (.806)
Special Interest Groups	0.88 (.351)	0.06 (.813)	0.28 (.601)
Suppliers	0.17 (685)	0.85 (.359)	0.00 (.975)
Top Management	1.43 (.234)	1.09 (.298)	0.38 (.549)

** Significantly different at the .05 level

SECTION 5.2 EXPANDING THE MODEL

Section 5.2 examines the data associated with the core scenario, i.e. the first three questions of the survey. The examination of these questions determined whether there was empirical support for expanding the model to include a third-dimension, reflecting stakeholders' indirect influencing ability. In this component of the research, stakeholders' influencing characteristics were not discussed. (See Appendix 4.1 for the complete instrument.) As such, it was left to each respondent to identify how they believed stakeholders could influence organisational outcomes in the hypothetical setting. Using a seven-point semantic differential scale (1-very high; 7-very low), marketers were asked to evaluate stakeholders' ability to:

DIRECTLY THREATEN- In your opinion to what extent can the actions of each group directly disrupt the operation of marketing plans for this product.

DIRECTLY COOPERATE-In your opinion to what extent can the actions of each group directly assist in the operation of marketing plans for this product.

INDIRECTLY INFLUENCE- In your opinion to what extent can this group influence the behaviour/attitudes of others in such a way as to modify others' behaviour towards the product.

As was discussed in Chapter Four, these three items are based on a question used by Kreiner and Bhambri (1991) in their examination of stakeholders' attributed power. In this thesis, a single item was used to evaluate managerial perceptions of stakeholders' influencing abilities, one for each of the three dimensions of the model. Table 5.7 shows' the mean, standard deviation and level, using a high-low dichotomy, which includes a neutral range as well (1-3.5=High, 3.5-4.5=Neutral, 4.5-7=Low), for the three items across the eight stakeholders identified in Section 4.3 (Competitors; Customers; Employees; Government; Owners/Shareholders; Special Interest Groups; Suppliers and Top Management). Within the survey, respondents were given the opportunity to record additional stakeholders and evaluate them. In total nine other stakeholders were identified by respondents, however none of these groups was mentioned by more than five respondents (media-5, "others"-5) and because of the small number of responses these other groups were not included in the analysis.

The categorisation of mean influencing abilities of the three dimensions using a high-low dichotomy is consistent with the approach applied by Freeman (1984) and Savage et al. (1991), as they defined stakeholders as being able to have a high or low cooperative and threatening potential. The use of dichotomous characterisation of scenario variables is also consistent with the suggestions relating to scenario design (Wason and Cox 1996). The high-low dichotomy was also extended to the proposed third dimension of the expanded model, although as is identified in Table 5.8 the mean values do not necessarily represent a consensus across respondents. Within the study the midpoint response for these items was "Four" ("neither high nor low"), while this could be used for a cut off value for High and Low levels of influence, it was believed that any values 3.5-4.5 would be better classified as a neutral range (i.e. NEUTRAL) and would remove any potential ambiguity. That is, mean values of less than 3.5 are classified as "High" and those greater than 4.5 are "Low" (See Table 5.7).

The mean values of the three influencing dimensions were calculated for each stakeholder group. The total mean influencing abilities (Total) may be somewhat misleading, as it included respondents who indicated that a given stakeholder had "neither high nor low" influencing ability (i.e. responded 4). However, if these indeterminate responses are omitted (no 4'S), there would only be changes to two individual influencing values, which move from Neutral to High (Employees Direct threat and Owners Direct Cooperation.

Table 5.7
MARKETERS' PERCEPTIONS OF STAKEHOLDERS' INFLUENCE
PRIOR TO THEIR READING THE EXPANDED SCENARIO
[Mean (Std) and Level]

Stakeholder Group	INFLUENCING ABILITIES Less than 3.5= "HIGH" 3.5-4.5" NEUTRAL" Greater than 4.5-"LOW"					
	Direct Threat		Direct Cooperation		Indirect Influence	
	Total	No 4's	Total	No 4's	Total	No 4's
Competitors	2.6 (1.44) HIGH	2.5 (1.43) HIGH	4.2 (1.95) NEUTRAL	4.3 (2.15) NEUTRAL	2.4 (1.25) HIGH	2.3 (1.23) HIGH
Customers	2.5 (1.60) HIGH	2.3 (1.60) HIGH	2.3 (1.45) HIGH	2.2 (1.43) HIGH	2.0 (1.03) HIGH	1.8 (0.84) HIGH
Employees	3.5 (1.50) NEUTRAL	3.3 (1.64) HIGH	2.6 (1.22) HIGH	2.3 (1.12) HIGH	3.4 (1.56) HIGH	3.2 (1.74) HIGH
Government	3.3 (1.46) HIGH	3.1 (1.59) HIGH	3.6 (1.65) NEUTRAL	3.5 (1.87) NEUTRAL	3.0 (1.44) HIGH	2.8 (1.50) HIGH
Owners/ Stockholders	3.3 (1.59) HIGH	3.2 (1.70) HIGH	3.5 (1.61) NEUTRAL	3.3 (1.81) HIGH	3.9 (1.59) NEUTRAL	3.9 (1.91) NEUTRAL
Special Interest Group	3.3 (1.59) HIGH	3.2 (1.74) HIGH	3.0 (1.44) HIGH	2.7 (1.50) HIGH	2.5 (1.36) HIGH	2.3 (1.32) HIGH
Suppliers	3.7 (1.66) NEUTRAL	3.6 (1.83) NEUTRAL	3.2 (1.57) HIGH	3.1 (1.67) HIGH	3.8 (1.67) NEUTRAL	3.7 (1.89) NEUTRAL
Top Management	2.2 (1.37) HIGH	2.1 (1.33) HIGH	2.2 (1.26) HIGH	2.0 (1.20) HIGH	2.8 (1.67) HIGH	2.6 (1.72) HIGH

When using a mean cut-off value of 4.5 for characterising marketers' perception of stakeholders' as having a high indirect influence ability, all but two groups (Suppliers and Owners) were perceived to have a high indirect influencing potential. The other mean value of indirect influence for the other two groups was Neutral, i.e. between 3.5 and 4.5). Although as was mentioned earlier, Table 5.8 suggests that not all respondents held this view.

The results suggest that, in terms of the expanded three-dimensional matrix, the majority of respondents did not perceive any of the stakeholders to be positioned in the "lower" four quadrants of the expanded eight quadrant matrix (refer to Figure 3.3), i.e. most of respondents did not perceive any stakeholders to have a low indirect influencing ability. The original matrix, proposed by Freeman and Savage et al. did not explicitly incorporate stakeholders' indirect influencing abilities nor strategies associated with addressing stakeholders' ability to indirect influence organisational outcomes. It was therefore deficient as the indirect influencing ability was overlooked.

TABLE 5.8
DISTRIBUTION OF STAKEHOLDERS WITHIN THE EXPANDED MODEL
Number in Cell and Proportion of stakeholder group placed

		THREAT			
Influence	Cooperate	High		Low	
HIGH	High	Competitors	40 (44.9%)	Competitors	0 (0.0%)
		Customers	75 (79.8%)	Customers	9 (9.6%)
		Employees	46 (70.8%)	Employees	8 (12.3%)
		Government	42 (58.3%)	Government	5 (6.9%)
		Owners	30 (44.8%)	Owners	1 (1.5%)
		SIG	54 (71.1%)	SIG	11 (14.5%)
		Suppliers	39 (56.5%)	Suppliers	3 (4.3%)
		Top Mngt	70 (76.1%)	Top Mngt	6 (6.5%)
	Low	Competitors	37 (41.6%)	Competitors	5 (5.6)
		Customers	5 (5.2%)	Customers	3 (3.1)
		Employees	1 (1.5%)	Employees	0 (0.0%)
		Government	8 (11.1%)	Government	3 (4.2%)
		Owners	3 (4.5%)	Owners	2 (3.0%)
		SIG	5 (6.6%)	SIG	2 (2.6%)
		Suppliers	2 (2.9%)	Suppliers	3 (4.3%)
		Top Mngt	2 (2.2%)	Top Mngt	0 (0.0%)
LOW	High	Competitors	1 (1.1%)	Competitors	0 (0.0%)
		Customers	1 (1.1%)	Customers	1 (1.1%)
		Employees	3 (4.6%)	Employees	4 (6.2%)
		Government	0 (0.0%)	Government	2 (2.8%)
		Owners	11 (16.4%)	Owners	1 (1.5%)
		SIG	0 (0.0%)	SIG	1 (1.3%)
		Suppliers	8 (11.6%)	Suppliers	7 (10.1%)
		Top Mngt	9 (9.8%)	Top Mngt	1 (1.1%)
	Low	Competitors	4 (4.5%)	Competitors	2 (2.2%)
		Customers	0 (0.0%)	Customers	0 (0.0%)
		Employees	1 (1.5%)	Employees	2 (3.1%)
		Government	5 (6.9%)	Government	7 (9.7%)
		Owners	6 (9.0%)	Owners	3 (4.5%)
		SIG	0 (0.0%)	SIG	13 (17.1%)
		Suppliers	2 (2.9%)	Suppliers	5 (7.2%)
		Top Mngt	3 (3.3%)	Top Mngt	1 (1.1%)

However, an examination of the disaggregated data in Table 5.8, suggests that not all respondents placed stakeholders in the same quadrants and in fact there were no completely empty quadrants. For example, according to table 5.7, the mean perception of top management was that it had a High direct threatening ability, High direct cooperative ability and High indirect influencing ability, yet Table 5.8 identifies that at least one respondent believed that this group had a Low direct threatening ability, Low direct cooperative ability and Low indirect influencing ability. In fact, there were twenty-two (22) respondents who did not place

Top Managers in the H,H,H position. In undertaking the evaluation in Table 5.8 any stakeholder rated with a four (i.e. neither high nor low) on any of the three dimensions was omitted. As such, each respondent did not necessarily "cleanly" place all eight stakeholders (i.e. no 4's were given for that stakeholder on any of the three dimensions).

In terms of the percentages of stakeholders being "cleanly" placed within Table 5.8, the figures vary and are listed in Table 5.9. While on average most stakeholders were "cleanly" placed (i.e. not evaluated for a stakeholder that was rated with a 4 on any of the three influencing dimensions) within the matrix by respondents, there was some ambiguity. For example, owners were not cleanly placed by 43.7% of the respondents, i.e. 43.7 % of the respondents believed that owners were "neither high nor low" on at least one of the three influencing dimensions.

TABLE 5.9
STAKEHOLDERS CLEANLY PLACED BY INDIVIDUAL RESPONDENTS

Stakeholder Group	Number of Respondents (Percentage)
Competitors	89 (74.8%)
Consumers	94 (79%)
Employers	65 (54.6%)
Government	72 (60.5%)
Owners	67 (56.3%)
SIG's	74 (62.2%)
Suppliers	69 (58.0%)
Top Management	92 (77.3%)
TOTAL Cleanly Placed (Maximum-119*8= 952)	624 (65.5%)

The data presented in Table 5.8 provides empirical support for the inclusion of the indirect influencing dimension to the model, as a majority of the stakeholders who were cleanly classified (553 of the 624 or 86%), were perceived to have a high indirect influencing ability. Thus, not only is there theoretical support for the model to be expanded to include an indirect influencing dimension in addition to direct cooperation and direct threatening abilities (as was discussed in Chapter Three), but there is empirical support as well. Additional research might need to be undertaken to determine if there are any individual demographic characteristics that influence individual responses in regard to stakeholders' influencing abilities.

SECTION 5.3 EXAMINING THE ORIGINAL MODEL

As was demonstrated in Chapter Three and empirically supported in Section 5.2, the original stakeholder strategy matrix could be expanded to include a third dimension reflecting stakeholders' indirect influencing ability. Within this section of Chapter Five, a preliminary empirical examination of the original model will therefore be undertaken, although no hypotheses were suggested in relation to this model. The quantitative techniques used in this process are also used in Section 5.4 when the expanded model is empirically examined. While these processes will be described within this section, they will be discussed in more detail in Section 5.4.

In undertaking the preliminary examination of the original stakeholder strategy matrix model, a subset of the larger data set collected for this thesis was used. The data was collected from respondents' answers to thirteen questions (approaches) for the eight stakeholders, where the stakeholders were manipulated within the matrix, using the four versions of the scenario for which stakeholder groups had a low indirect influencing ability.

The survey included the thirteen (one through thirteen) approaches suggested in the literature and these are listed in Table 5.10 (these are also listed in Table 3.11). While not examined in relation to the original model, Table 5.10 also includes the three additional strategies (fourteen through sixteen) examined in relation to the expanded model. The rationale for limiting the data in this way was that the original model did not emphasise indirect influence, nor did it suggest the expanded approaches. Given the original model was examined using a subset of the larger more comprehensive database, there was also no attempt to extensively compare the original model with the expanded model, although some brief comparisons are made later in this Chapter.

As Chapter Four discussed, the experimental design was not a full repeated structure, therefore each individual was not asked to evaluate the full range of possible combinations. However there was a repeated component that might affect overall relationships (Girden 1992, Little et al. 1996). As such, the analysis utilised a mixed repeated measure design, where some variables were repeated and others were not. In the first stage of the preliminary analysis a mixed Anova was used to examine the mean differences in the perceived appropriateness of the approaches in relation to the different stakeholder groups (Stake[1]), stakeholder's position in the matrix (Position[1]) and the approach considered (Approach[1]). In addition the mean differences in the perceived appropriateness of the approaches were examined taking into consideration the associated two and three way interactions.

TABLE 5.10
APPROACHES EXAMINED IN RELATION TO ADDRESSING STAKEHOLDERS' INTERESTS

1) Modify the circumstances in which the firm and this stakeholder interact. (Change circumstances)
2) Change the formal or informal rules under which this stakeholder operates. (Change rules)
3) Refocus this stakeholder's objectives. (Refocus)
4) Informally collaborate with this stakeholder when establishing policy. (Informal collaborate)
5) Reinforce this stakeholder's beliefs about the firm. (Reinforce)
6) Include this stakeholder when developing strategy. (Include)
7) Modify this stakeholder's beliefs about the firm. (Change Beliefs)
8) Change organisational behaviour to address this stakeholder's concerns. (Change Behaviour)
9) Continue with existing activities, i.e. ignore this group. (Ignore)
10) Reduce reliance on this stakeholder. (Reduce reliance)
11) Monitor this stakeholder for change in their beliefs/ behaviour/attitudes. (Monitor)
12) Minimise the possibility of this stakeholder-firm relationship changing in any way. (Minimise change)
13) Link this stakeholder to the firm's wider objectives. (Wider objectives)
14) Form a formal strategic alliance or joint venture with this stakeholder. (JV)
15) Use **other** stakeholder groups to modify **this** stakeholder's beliefs. (Bridgee)
16) Use **this** stakeholder group to modify **other** stakeholders' beliefs. (Bridger)

Table 5.11 presents the summary of the fixed effect differences, which were accessed in order to examine the original model. In terms of main effects, at the 95% significance level it appears marketers' average perceptions of an approach's appropriateness differed in accordance with the stakeholder group (Stake[1]) and the approach examined (Approach[1]). It also appears that the position of the stakeholder in the original matrix (Position[1]) affected

marketers' average perception of the appropriateness of the approaches at the 93% significance level. Examination of the two-way interactions showed that marketers' average perception of the appropriateness of an approach varied significantly at the 95% level for all three of the two-way interactions (Stake[1]*Approach[1], Position[1]*Approach[1], Stake[1]*Position[1]). The three-way interaction of Stakeholder[1]*Position[1]*Approach[1] was found to be insignificant at the 95% level.

TABLE 5.11
TEST OF FIXED EFFECTS FOR ORIGINAL STAKEHOLDER STRATEGY MATRIX MODEL

Source	F	Pr > F
ID	8.24	0.0000
Stake[1]	48.38	0.0000
Position[1]	2.46	0.0608
Approach[1]	55.46	0.0000
Stake[1]*Approach[1]	9.42	0.0000
Position[1]*Approach[1]	2.60	0.0000
Stake[1]*Position[1]	5.39	0.0000
Stake[1]*Position[1]*Approach[1]	0.89	0.8713

In terms of the evaluation of the original model, these results showed that there were differences between the average perceived appropriateness of approaches examined, which would be expected given that they examined the broad range of possible methods for addressing stakeholders' interests. In addition, the specific group examined also affected marketers' perceptions. That is, the mean value of the perceived appropriateness of approaches was not the same across the eight stakeholder groups examined. There is nothing in theory to suggest that the specific group considered should influence the approach, but rather that the applicability of an approach should be determined by stakeholders' influencing abilities. This finding may suggest that marketers implicitly assign specific stakeholder groups with a stereotypical set of attributes.

The fact that the stakeholders' positions in the original matrix resulted in differences in the average perceived appropriateness of approaches by marketers is consistent with stakeholder theory. That is, the average perceived appropriateness of the approaches differed in accordance with a stakeholder's influencing characteristics (direct cooperative potential, direct threatening potential). This finding suggests that there may be different approaches that are more appropriate for addressing the interests of specific classifications of stakeholders.

An examination of the interaction effects showed that there was a statistically significant interaction between the average perception of the appropriateness of an approach according to the stakeholder group and the approach (Stake^{1}*Approach^{1}), as well as between the stakeholders' position and the approach (Position^{1}*Approach^{1}). This shows that marketers' average perception of the appropriateness of the set of approaches, differed across the range of positions and stakeholder groups, i.e. the approaches were not the same for all stakeholder groups ***or*** positions. Marketers perceived the appropriateness of approaches in relation to stakeholders differently within different positions of the original matrix. That is, different stakeholder groups, who had the same influencing characteristics were perceived differently in respect of the average appropriateness of these approaches. This further supports the idea that marketers attribute specific influencing abilities to stakeholder groups regardless of the scenario descriptions. For example, marketers may have always perceived customers to have a high direct threatening potential, even though in two of the four versions of the scenario, related to the two-dimensional model, customers were described as having a low threatening potential. However, it might also suggest that marketers do not believe that some stakeholders could have a set of influencing attributes, as described in the expanded scenario.

While the above analysis examined the set of approaches, in-depth examination also needed to be undertaken on the thirteen individual approaches to determine whether these differences or similarities were consistent across individual approaches. This examination used a mixed Anova for each of the thirteen approaches. Within this analysis there was a focus on both the one-way (Stake^{1} or Position^{1}) and two-way interactions (Stake^{1}*Position^{1}).

Table 5.12 provides a summary of these mixed Anovas, focusing on the one-way and two-way interactions for the approaches. Appendix 5.1 provides the detailed information for each of the individual Anovas. As can be seen in Table 5.12, at the .0001 level the stakeholder group examined appears to influence the mean difference in the perceived appropriateness for twelve of the thirteen approaches. At the .05 significance level the stakeholders' position within the original matrix appeared to result in differences in the perceived appropriateness for six of the thirteen approaches. The interaction between stakeholder and position within the original matrix (Stake^{1}*Position^{1}), also identified differences in the perceived appropriateness of approaches for six of the thirteen approaches at the .05 significance level or higher.

TABLE 5.12
SUMMARY OF ANOVA EFFECTS
FOR THE ORIGINAL MODEL

Approach[1]	Stake[1]	Position[1]	Stake[1]* Position[1]
1) Modify the circumstances in which the firm and this stakeholder interact. (Change circumstances)	****		****
2) Change the formal or informal rules under which this stakeholder operates. (Change rules)	****	**	**
3) Refocus this stakeholder's objectives. (Refocus)	****	****	**
4) Informally collaborate with this stakeholder when establishing policy. (Informal collaborate)	****		**
5) Reinforce this stakeholder's beliefs about the firm. (Reinforce)	****		
6) Include this stakeholder when developing strategy. (Include)	****		
7) Modify this stakeholder's beliefs about the firm. (Change Beliefs)	****	****	**
8) Change organisational behaviour to address this stakeholder's concerns. (Change Behaviour)	****		
9) Continue with existing activities (i.e. ignore this group). (Ignore)	****	**	
10) Reduce reliance on this stakeholder. (Reduce reliance)	****		
11) Monitor this stakeholder for change in their beliefs/ behaviour/attitudes. (Monitor)	****		
12) Minimise the possibility of this stakeholder-firm relationship changing in any way. (Minimise change)	*	***	*
13) Link this stakeholder to the firm's wider objectives. (Wider objectives)	****	**	****

**** PR>F .001 *** PR>F.01 **PR>F .05 * PR>F .10

While Table 5.12 indicates that there are differences in the perceived appropriateness of approaches based on the one-way and two-way interactions, it is also important to undertake Tukey-Kramer post hoc testing to examine exactly where those differences occurred in relation to specific positions in the matrix or specific stakeholder groups. A summary of the paired tests by stakeholder position is provided in Table 5.13 and the stakeholder group post hoc tests are summarised in Table 5.14. (Appendix 5.2 provides the detailed results for both sets of post hoc tests.)

TABLE 5.13
SUMMARY OF SIGNIFICANCE OF TUKEY-KRAMER POST HOC TESTS COMPARING APPROACHES BY STAKEHOLDERS' POSITION IN THE ORIGINAL MODEL

Perceived appropriateness of approaches listed differed at the .05 level between these positions

	Coop-H Threat-L	Coop-H Threat-H	Coop-L Threat-L
Coop-H Threat-H	Refocus (3), Change Beliefs (7)		
Coop-L Threat-L	Refocus (3), Reinforce (5), Change Beliefs(7)	Ignore (9), Reduce Reliance (10)	
Coop-L Threat-H	Change Rules (2), Refocus (3), Change Beliefs(7), Minimise Change (12)	Refocus (3), Change Beliefs(7), Minimise Change (12), Wider Objectives (13)	Refocus (3), Change Beliefs(7)

Numbers in brackets refer to the full description of the approaches that are listed in Table 5.12.

As can be seen in Table 5.13 the mean difference in perceived appropriateness of an approach did vary between some positions, however individual approaches did not appear to vary for all positions. For example, the mean value of appropriateness of approaches 3, 5 and 7 (Refocus-3, Reinforce-5, Change Beliefs-7) differed between the High-cooperative/Low-threatening position and the Low-cooperative/Low-threatening position. This suggested that the model had some validity, because there were differences in the perceived appropriateness of approaches across quadrants. However, the theorists proposing the original model suggested that the approaches would be unique for individual quadrants and this did not appear to be the case.

In examining the approaches for which the mean appropriateness differed between positions it is worth noting that two of these approaches, Refocus this Stakeholder's Objectives (3) and Modify this Stakeholder's Beliefs About the Firm (7), were different across five of the six pairs of positions. These two approaches focus on changes to stakeholders rather than changes to organisational activities or behaviours. As such, it might be suggested that firms would rather maintain their position and modify "external" forces.

Table 5.14 examined mean differences in marketers' perceptions of the appropriateness of approaches among the eight different stakeholder groups (Stake[1]) within the original model.

As was mentioned earlier, the rationale for including multiple stakeholders was to make the scenario more realistic. However, once multiple groups were included, additional examination was required to determine whether these groups would influence the appropriateness of the various approaches. There is nothing in theory to suggest that there should be a group influence and thus it was interesting to find that one did exist. This finding appears to indicate that marketers may attribute influencing values to these groups in spite of the scenario description, i.e. marketers may perceive employees to have a high cooperative potential, even though they were described as having a low cooperative potential in half the scenarios. The individual Anovas (See Table 5.12) showed that the mean score for perceived appropriateness of some approaches differed between the stakeholder groups (Stake[1]). The post hoc tests, summarised in Table 5.14, showed for which pairs of groups the mean scores of perceived appropriateness of approach varied.

In Table 5.14 it can be seen that there were extensive differences between the mean scores of the perceived appropriateness of approaches between various stakeholder groups. For example, marketers perceived the appropriateness of eleven of the thirteen approaches [Change Circumstances (1), Change Rules (2), Refocus (3), Informal Collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce Reliance (10), Wider Objectives (13)] to be different for Competitors as compared to Suppliers. However, there are several pairs of groups where there appear to be fewer differences in marketers' perceptions. For example, for Employees - Consumers and Owners - Governmental bodies, only three approaches are perceived differently; Management - Owners only two approaches are perceived differently; Suppliers - Consumers only one approach is perceived differently; and for Suppliers - Employees and Management - Owners there are no differences in the perceptions of any approaches' appropriateness.

In examining the individual approaches, there are statistical differences in the perceived level of appropriateness for most approaches between at least one pair of groups, other than Monitor this Stakeholder for a Change in Their Beliefs/Behaviour/Attitudes (Approach 11), and Minimising the Possibility of Changes in the Stakeholder Relationship (Approach 12). In fact, Approach 12 is perceived to be equally appropriate across the stakeholder groups and Approach 11 is only perceived differently for 3 pairs of groups; Owners - Consumers, Management - Customers and Special Interest Groups - Customers. This might suggest that approaches are not "uniquely" applicable to a given stakeholder, but rather that they are selectively appropriate to a set of stakeholders. This issue needs to be further considered in future research.

Lastly, Table 5.12 indicates that there were significant interactions between the stakeholder group and the stakeholders' position (Stake[1]*Position[1]). However, given the small number of different versions of the survey instrument, it was not possible to undertake a post hoc examination of the interaction effect. The finding suggested that within a given position the mean value of the perceived appropriateness of the approach varied by stakeholder group. This finding was inconsistent with stakeholder theory and re-enforced the view put forward earlier, that marketers may have perceived a stakeholder group to have "attributes" other than those described in the scenario and will be discussed in more detail in the Chapter Six.

The mixed Anova analysis of the original model identified that there were differences in the mean values of the perceived appropriateness of approaches between the stakeholder groups, stakeholder positions and the group-position interaction. The analysis of the individual approaches found that for some approaches these relationships held and for others they did not. For example, an examination of Table 5.12 revealed that all the mean values of the perceived appropriateness for the approaches differed between the stakeholder groups, six of the thirteen mean values of the perceived appropriateness of the approaches differed between positions and seven of the thirteen differed for the Stake[1]*Position[1] interaction. There is support for the suggestion that some of the approaches were perceived differently between the various groupings and suggests that the approaches are not perceived to be "uniquely" appropriate for one position in the original matrix (See Table 5.13). Based on an examination of mean values of appropriateness of approach by position, some of the approaches are "equally" appropriate for multiple positions (i.e. are not perceived differently). The fact that the original model did not hold provides some support for the need to examine an expanded model that takes all stakeholders' influencing abilities into consideration. The examination of the expanded model is undertaken in Section 5.4 and used the same techniques discussed in this section, although they are described in more detail.

TABLE 5.14

TUKEY-KRAMER POST HOC TESTS FOR MEAN DIFFERENCES IN APPROPRIATENESS OF APPROACHES FOR WHICH THERE ARE DIFFERENCES BETWEEN STAKEHOLDER GROUPS

	Competitor	Consumer	Employees	Govern	Owners	SIG's	Mngt
Consumers	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Wider objectives (13)						
Employees	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13)	Change circumstances (1), Informal collaborate (4), Monitor (11)					
Govern.	Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13)	Change circumstances (1), Change rules (2), Refocus (3), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Wider objectives (13)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Wider objectives (13)				

	Competitor	Consumer	Employees	Govern	Owners	SIG's	Mngt
Owners	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13)	Change circumstances (1), Change rules (2), Refocus (3), Include (6), Change Beliefs (7), Reduce reliance (10), Monitor (11)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Include (6), Change Beliefs (7), Ignore (9), Minimise Change (12)	Reinforce (5), Change Behaviour (8), Wider objectives (13)			
SIG's	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13)	Change circumstances (1), Reinforce (5), Include (6), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11) Wider objectives (13)	Informal collaborate (4), Reinforce (5), Include (6), Change Behaviour (8), Reduce reliance (10)	Change rules (2), Refocus (3), Include (6), Change Beliefs (7), Minimise Change (12)	Change rules (2), Refocus (3), Reinforce (5), Reduce reliance (10), Minimise Change (12)		
Mngt.	Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13)	Change circumstances (1), Change rules (2), Refocus (3), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Wider objectives (13)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Change Beliefs (7), Change Behaviour (8), Ignore (9), Wider objectives (13)	—	Reduce reliance (10), Wider objectives (13)	Change circumstances (1), Change rules (2), Refocus (3), Include (6), Change Beliefs (7), Change Behaviour (8), Minimise Change (12), Wider objectives (13)	
Supply	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13)	Informal collaborate (4)	—	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Wider objectives (13)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Include (6), Ignore (9)	Informal collaborate (4), Change Behaviour (8), Reduce reliance (10), Wider objectives (13)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Include (6), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13)

SECTION 5.4 THE EXTENDED STAKEHOLDER STRATEGY MATRIX MODEL

Having examined the theoretical and empirical evidence for developing an extended stakeholder strategy matrix model, the research next examined whether, on average, marketers believed that the sixteen approaches put forward were perceived to be appropriate by stakeholders in different positions of the expanded model. This was tested by varying the three dimensions (direct threatening potential, direct cooperating potential, indirect influencing potential) in the expanded scenario and then examining any differences in the mean value of perceived appropriateness of the approaches. As was described in Chapter Four, the thesis utilised an experimental design in which respondents were provided with an identical core scenario. In addition, there were eight versions of an extended scenario, where stakeholder groups were manipulated through the eight cells of the expanded matrix. Respondents were then asked to evaluate the appropriateness of sixteen different approaches that could be utilised to address stakeholders' interests for each specific stakeholder group.

The questionnaire was designed so that each respondent answered the set of sixteen questions (i.e. the individual was the repeated component) for the eight stakeholder groups. However, the design was not a full repeated structure. Each of the eight versions of the survey described only one stakeholder in each of the eight different positions within the model. Thus, there was a need to analyse the data in a mixed format to take into consideration the fact that respondents' attitudes were repeatedly measured and might affect overall relationships (Girden 1992, Little et al. 1996). Little at al. go further and suggest that almost all research involves repeatedly measuring one respondent's attitudes and thus adjustments for these repeated measures need to be made (Little et al. 1996). While there was a repeated component, it related to the variance within each individual's response and was therefore not reported in the analysis.

When using a scenario approach, it is important to make the scenarios as realistic as possible. Multiple stakeholders were included in the scenario given that organisations face multiple stakeholders when developing strategy. However, inclusion of multiple stakeholders resulted in there being two different main effects in the model, stakeholder position and stakeholder group. While theory does not make any suggestions regarding the specific stakeholder group, as with the examination of the original model it was essential to determine whether this variable affected marketers' perceptions of an approach's appropriateness. To examine this, two specific hypotheses were examined:

Ho_1: There will be no significant differences in the perceived appropriateness of ***the set*** of approaches that would be used by marketers to address the eight stakeholder groups.

Ho_2: There will be no significant differences in the perceived appropriateness of ***each*** of the approaches that would be used by marketers to address the eight stakeholder groups.

The rationale for having two separate hypotheses, was in order to examine whether the perceived appropriateness of approaches would vary as a ***set*** across the stakeholder groups or whether the mean perceived appropriateness of the ***individual*** approaches would vary across stakeholder groups. The model suggested that the set of approaches would vary between different positions of the matrix (i.e. the three influencing characteristics: direct threatening ability; direct cooperating ability; and indirect influencing ability), however to make the scenario approach used in the instrument more realistic, as was suggested in the scenario methodology literature by Wason and Cox (1996), it was necessary to include multiple stakeholder groups. The inclusion of an additional factor (stakeholder group, i.e. Group) to the study, required additional empirical examination to determine if the inclusion of this factor significantly influenced the perceived appropriateness of approaches.

The primary focus of the thesis was to examine whether the perceived appropriateness of the approaches considered in relation to the expanded model would vary in accordance with the stakeholder's characteristics, i.e. their position within the expanded matrix. Freeman (1984) and Savage et al. (1991) suggested that the approaches did vary, however more recent works by the writer (Polonsky 1995a 1995b, 1996 and Polonsky and Ottman 1997, 1998a & 1998b) had suggested that some of these approaches might, in fact, not be unique for a specific position.

Two hypotheses were used to examine whether the mean value of the perceived appropriateness of each approach varied across the stakeholder positions in the matrix (or classifications), as well as whether the mean value of the perceived appropriateness of each approach varied across the stakeholder groups. These additional hypotheses were:

Ho_3: There will be no significant differences in the perceived appropriateness of ***the set*** of approaches that would be used by marketers to address stakeholders in the eight classifications of stakeholders.

Ho_4: There will be no significant differences in the perceived appropriateness of ***each*** of the approaches that would be used by marketers to address stakeholders in the eight classifications of stakeholders

.

Given that sixteen different approaches were examined, it could have been possible to posit a hypothesis for each approach, i.e. there would be 16 sub-hypothesis for Ho_3 and Ho_4. Sub-hypothesis are not explicitly posited, although the analysis did indirectly examine this issue. To be completely correct, differences would have to occur in the perceived appropriateness of all sixteen approaches for Ho_3 and Ho_4 to be rejected.

As the study design includes two factors (stakeholder group and stakeholder position), possible interaction effects were also considered (Stake*Position). As was described in Chapter Four, complex interactions among stakeholders were not examined, thus only first order interaction effects needed to be considered. There was one hypothesis to examine this interaction effect:

Ho_5: The perceived appropriateness of approaches used will not be affected by a stakeholder group-stakeholder classification interaction.

The specific examination of the hypotheses was undertaken in several stages. Within Section 5.4.1 the use of analysis of variance (Anova) is described. This section examines the overall variation of the main effects on the "set" of sixteen approaches (Ho_1 & Ho_3). That is, did the set of dependent variables vary across either stakeholder groups (Ho_1), across the stakeholder position (Ho_3) or the interaction of the groups and position (Ho_5)? Where differences were found, it was necessary to identify whether there were differences in individual dependent variables (Ho_2, Ho_4) and this is described in section 5.4.2. Where differences in individual approaches were found, it was necessary to examine which groups and positions were similar to one another. This post hoc testing of paired differences is described in Section 5.4.3.

SECTION 5.4.1 The Anova Analysis for the *Set* of Approaches

In examining the expanded model, the first task was to determine whether the perceived appropriateness of the set of approaches varied across either the set of stakeholders (Stake) or positions of the model (Position). The model included within individual variation to statistically adjust the error terms and is therefore not discussed or reported. Table 5.15 presents the summary of the main effects examined in the model. In terms of main effect, marketers' responses differed in accordance with the stakeholder group (Stake), position within the matrix (Position) and the approach being examined (Approach). The examination of the two-way interactions found that all were statistically significant, i.e. the mean value of marketers' responses were different for all three two-way interactions (Stake*Approach, Position*Approach, Stake*Position). The three-way interaction of Stakeholder*Position*Approach, however, was insignificant.

TABLE 5.15
TEST OF FIXED EFFECTS FOR THE EXPANDED STAKEHOLDER STRATEGY MATRIX MODEL

Source	F	Pr > F
ID	17.36	0.0000
Stake	119.83	0.0000
Position	6.30	0.0000
Approach	92.61	0.0000
Stake*Approach	13.04	0.0000
Position*Approach	3.86	0.0000
Stake*Position	1.61	0.0001
Stake*Position*Approach	0.99	0.5592

In terms of the evaluation of the expanded model, the results suggested that there were differences between the mean values of the perceived appropriateness of the approaches. In addition the mean values of the perceived appropriateness of approaches appeared to differ based on the specific group examined. As was suggested in relation to the original model, which used a subsample of this data, such a finding was inconsistent with stakeholder theory and might suggest that marketers' attribute specific characteristics to stakeholder groups in spite of the scenario description. However, as was mentioned in relation to the original model, it might suggest that marketers do believe that some stakeholders could have a set of influencing attributes. Within the expanded model, the mean value of marketers' perceived appropriateness of an approach does appear to differ at the .05 level of significance in accordance with the stakeholder's position. The finding in relation to the expanded model appeared to be consistent with stakeholder theory, that is the appropriateness of approaches used, varied by position. Thus, Ho_1 and Ho_3 were rejected and the alternative hypotheses that there were differences between the perceived appropriateness of the set of approaches and: a) the stakeholders' position; *and* b) the stakeholder groups, were supported.

The fact that the Stake*Approach and Position*Approach interactions were also significant lends further support to the rejection of Ho_1 and Ho_3, by suggesting that the perceived appropriateness of the set of approaches varied across the positions and groups. The examination of Table 5.15 also showed that there was a statistical difference for the Stake* Position interaction. Thus, Ho_5 could also be rejected and the alternative hypothesis that there were differences in the perceived appropriateness of the approaches based on the Stake*Position interaction was supported. The existence of a statistically significant stakeholder group and stakeholders' position interaction was inconsistent with stakeholder theory. A statistically significant interaction showed that marketers perceive stakeholder groups differently within a given position of the matrix. Phrased another way, even though stakeholders were described as having the same set of influencing characteristics, marketers varied in their perception of the appropriateness of the approaches. Such a finding provides support for the view that marketers may attribute specific influencing abilities to stakeholder groups no matter how they are described, although as will be discussed in Section 5.4.3 there are differences in the mean perceived appropriateness.

TABLE 5.16
SUMMARY OF ANOVA RESULTS IDENTIFYING SIGNIFICANT DIFFERENCES IN THE EXPANDED MODEL FOR THE PERCEIVED APPROPRIATENESS OF THE INDIVIDUAL APPROACHES BY STAKEHOLDER GROUP, POSITION WITHIN THE EXPANDED MATRIX MODEL AND POSITION X GROUP INTERACTION

Dependent Variable	Stake	Position	Stake* Position
1) Modify the circumstances in which the firm and this stakeholder interact. (Change circumstances)	****		**
2) Change the formal or informal rules under which this stakeholder operates. (Change rules)	****		
3) Refocus this stakeholder's objectives. (Refocus)	****	****	****
4) Informally collaborate with this stakeholder when establishing policy. (Informal collaborate)	****	**	*
5) Reinforce this stakeholder's beliefs about the firm. (Reinforce)	****		
6) Include this stakeholder when developing strategy. (Include)	****		
7) Modify this stakeholder's beliefs about the firm. (Change Beliefs)	****	***	
8) Change organisational behaviour to address this stakeholder's concerns. (Change Behaviour)	****		
9) Continue with existing activities (i.e. ignore this group). (Ignore)	****		
10) Reduce reliance on this stakeholder. (Reduce reliance)	****		
11) Monitor this stakeholder for change in their beliefs/ behaviour/attitudes. (Monitor)	****		
12) Minimise the possibility of this stakeholder-firm relationship changing in any way. (Minimise change)	*	***	**
13) Link this stakeholder to the firm's wider objectives. (Wider objectives)	****	***	**
14) Form a formal strategic alliance or joint venture with this stakeholder. (J)	****		
15) Use **other** stakeholder groups to modify **this** stakeholder's beliefs. (Bridgee)	****	**	
16) Use **this** stakeholder group to modify **other** stakeholders' beliefs. (Bridger)		****	

**** PR>F .001 *** PR>F.01 **PR>F .05 * PR>F .10

SECTION 5.4.2 The Anova Analysis for the Individual Approaches

The material discussed in section 5.4.1 focused on an examination of the average perceptions of appropriateness of the set of sixteen approaches. While this examination found differences in these mean values, the examination did not consider whether there were differences in the average perceptions in regard to the appropriateness of individual approaches. More detailed examination of the perceptions of the appropriateness of individual approaches was needed to identify whether there were mean differences for various positions within the expanded matrix (Positions) and/or stakeholder group (Stake) and/or the Stake*Position interaction.

A mixed design Anova was used to examine the one-way (Stake or Position) and two-way interactions (Stake*Position) for the perceived appropriateness of each of the sixteen approaches. Table 5.16 summarises the findings of these Anovas and the detailed results for each Anova are found in Appendix 5.3.

Table 5.16 showed that there were statistically significant differences in perceived appropriateness for some approaches based on Stake, Position and Stake*Position. The individual stakeholder (Stake) exhibited significant differences at the .001 level or higher of the average perceived appropriateness for fourteen of the sixteen approaches. While Ho_2 cannot be rejected, the results showed that there were differences in the perceived appropriateness of approaches based on the group considered for 87.5% (14 out of 16) of the approaches. Thus, if sixteen sub-hypotheses had been posited, a majority would have been rejected.

In terms of the Position effect for individual approaches, at the .05 level or higher, the average perceived appropriateness of seven of the sixteen approaches differed by stakeholder position within the expanded matrix. Thus Ho_4 could not be rejected, as the perceived appropriateness of approaches did not differ regarding a stakeholder's position in the matrix for all approaches. While Ho_2 cannot be rejected, the results showed that there are differences in the perceived appropriateness of approaches based on the stakeholders position for 43.75% (7 out of 16) of the approaches. Thus, if sixteen sub-hypotheses had been posited seven would have been rejected.

There was no explicit hypothesis for the interaction effect in relation to the average perceived appropriateness of the individual approaches. If such a hypothesis had been posited, it would not have been rejected across all individual approaches. However, there were four of the sixteen approaches where the interaction between Group and Position effect did result in significant differences in the average perceived appropriateness of individual approaches (i.e. 25%). As was identified in Section 5.3.1, the interaction effect was supported by the overall Anova model in Table 5.15 and Ho_5 was rejected and the alternative hypothesis that the perceived appropriateness of the approaches was affected by the significant Stake*Position interaction effect was supported.

SECTION 5.4.3 Post Hoc Testing of Paired Differences

The analysis of mean differences in the scores of perceived appropriateness of approaches undertaken in Section 5.4.2, used multiple group comparisons to examine each of the approaches. There were differences in the mean values of the perceived appropriateness of approach for fourteen of the approaches across the eight stakeholder groups, six of the approaches across the eight positions in the expanded model, and for four of the approaches taking into consideration interactions. In addition, there were two approaches where both Position and Group were significant, at the .05 level or greater, in affecting the perceived appropriateness of the approaches (9-refocus, 13-wider objectives). Within this section, a further aspect of the expanded model was examined, to determine whether there were differences in the average perceived appropriateness of approaches between the individual sets of stakeholder groups or individual sets of positions within the matrix.

Tables 5.17 and 5.20 provide a summary of the Tukey-Kramer post hoc tests, which examined the differences in mean scores of the perceived appropriateness of approaches between the various pairs of stakeholder groups and stakeholder positions. (Complete results of these tests can be found in Appendix 5.4.) Comparisons of stakeholders' positions (Table 5.17) indicated that there were differences in the mean scores of the perceived appropriateness of some approaches across various pairs of positions. However, the specific approaches differed for different pairs. For example, when comparing positions C2 (Coop-H; Thrt-L; Indir-H) and C4 (Coop-H; Thrt-H; Indir-H), the only approach for which there was a difference in perceived appropriateness was the Bridgee (15) approach. However, when comparing C2 (Coop-H; Thrt-L; Indir-H) and C7 (Coop-L; Thrt-H; Indir-H) the only approach for which there was a difference in the mean perceived appropriateness was the Minimise Change (12) approach. Table 5.18 summarises the results, by listing the aggregate numbers of approaches where differences in mean values were found for each pair of positions. These ranged from six approaches (Positions-C4:H,H,H - C1:H,L,L,; C8:L,H,L - C2:H,L,H) to zero approaches (Positions-C6:L,L,H - C3:H,H,L C7:L,H,H - C8:L,H,L; C7:L,H,H - C4:H,H,H; C7:L,H,H - C6:L,L,H; C7:L,H,H - C3:H,H,L).

TABLE 5.17

INDIVIDUAL POSITION COMPARISONS: APPROACHES WHERE THE MEAN VALUE OF THE PERCEIVED APPROPRIATENESS DIFFERED BETWEEN THE POSITIONS IN THE EXPANDED MODEL ARE LISTED IN THE CELLS OF THE TABLE.

	C1 Coop-H Thrt-L Indir-L	C2 Coop-H Thrt-L Indir- H	C3 Coop-H Thrt-H Indir-L	C4 Coop-H Thrt-H Indir-H	C5 Coop-L Thrt-L Indir-L	C6 Coop-L Thrt-L Indir-H	C7 Coop-L Thrt-H Indir-H
Coop-H Thrt-L Indir-H	Change Beliefs (7), Bridger (16)						
Coop-H Thrt-H Indir-L	Change Beliefs (7), Bridgee (15)	Minimise change (12), Bridger (16)					
Coop-H Thrt-H Indir-H	Change rules (2), Refocus (3), Change Beliefs (7), JV (14), Bridgee (15), Bridger (16)	Bridgee (15)	Minimise change (12), Bridger (16)				
Coop-L Thrt-L Indir-L	Change Beliefs (7)	Informal collaborate (4), Bridger (16)	Ignore (9), Reduce reliance (10)	Informal Collaborate (4), Bridgee (15), Bridger (16)			
Coop-L Thrt-L Indir-H	Refocus (3), Change Beliefs (7), Minimise change (12), Bridgee (15)	Wider objectives (13)	—	Informal collaborate (4), Bridger (16)	Reduce reliance (10), Bridgee (15)		
Coop-L Thrt, H, Indir-H	Change rules (2), Refocus (3), Change Beliefs (7), Bridgee (15), Bridger (16)	Minimise change (12)	—	—	Informal Collaborate (4), Ignore (9), Reduce reliance (10), Bridger (16)	—	
Coop-L Thrt-H Indir-L	Change rules (2), Refocus (3), Change Beliefs (7), Bridgee (15)	Refocus (3), Reinforce (5), Include (6), Change Beliefs (7), Wider objectives (13), Bridger (16)	Refocus (3) Include (6),Wider objectives (13)	Refocus (3), Reinforce (5), Include (6), Monitor (11),	Refocus (3) Include (6)	Inclide (6), Bridger (16)	—

An examination of Table 5.17 identified that two of the sixteen approaches (1-Change Circumstances; 8-Change Behaviour) did not vary across any of the pairs of positions within the matrix and seven others only varied between three or fewer pairs of positions. There was, however, no discernible pattern in how the approaches differed across the pairs of positions. The specific position did not appear to influence the perceived appropriateness of all approaches (i.e. approaches 1 & 8) and thus some approaches appear to be perceived equally applicable for given pairs of positions. Thus, as was mentioned earlier if there were sub-hypotheses for Ho4 some would have been rejected and others would have not been rejected.

The four approaches that varied most frequently between pairs of positions (i.e. these differed for eight pairs or more) related to changing the stakeholder (Refocus this Stakeholder's Objectives - Approach 3), changing the organisation (Change Organisational Behaviour to Address this Stakeholder's Interests - Approach 8) and utilising stakeholders' indirect influencing abilities (Use Other Groups to Modify This Stakeholder's Beliefs - Approach 15; Use This Group to Modify Other Stakeholder's Beliefs - Approach 16). Thus, all broad types of approaches appear to differ between some positions. However, a closer examination of pairs of positions, involving a high indirect influencing ability and a low indirect influencing ability, revealed that these groups account for a larger proportion of differences in the perceived appropriateness of approaches, i.e. the level of indirect influence matters.

Of particular interest are the two indirect influencing approaches, which are generally deemed to be more appropriate for positions with a high indirect influencing ability. This finding not only supports the expansion of the model, but also supports the use of the approaches related to the stakeholders' indirect influencing ability and might suggest these types of approaches warrant further investigation in the future.

While the focus of the thesis was not to compare the original and expanded models, some comparisons were undertaken. Table 5.19 presents a detailed examination comparing the mean scores of perceived appropriateness for the approaches examined in the "original" quadrants of the matrix (i.e. those with a low indirect influence) to their "new" counterpart (i.e. those with a high indirect influence). There were some statistically significant differences in the perceived appropriateness of specific approaches, particularly for the indirect influencing approaches, which again seems to support that these approaches are potentially a valuable management tool.

The results of these preliminary comparisons of the original and expanded model and those of the larger set of paired comparisons appear to suggest that the expanded model provides additional information to marketers wishing to address stakeholders with a high indirect influencing ability. The fact that there are some approaches that do not appear to differ for high and low indirect influencing abilities is also supported by Polonsky's (1996, 1997 & 1998) suggestion that some approaches are not uniquely appropriate for individual positions. This may suggest that these approaches could be used to address a broader set of stakeholders, no matter what their influencing abilities.

TABLE 5.18
INDIVIDUAL POSITION COMPARISONS (COOPERATE, THREAT. INDIRECT) FOR THE EXPANDED MODEL
Cell Counts Represent the Number of Approaches where Mean Values Differed Between Positions

	C1 Coop-H Thrt-L Indir-L	C2 Coop-H Thrt-L Indir- H	C3 Coop-H Thrt-H Indir-L	C4 Coop-H Thrt-H Indir-H	C5 Coop-L Thrt-L Indir-L	C6 Coop-L Thrt-L Indir-H	C7 Coop-L Thrt-H Indir-H
C2 Coop-H Thrt-L Indir-H	2						
C3 Coop-H Thrt-H Indir-L	2	2					
C4 Coop-H Thrt-H Indir-H	6	1	2				
C5 Coop-L Thrt-L Indir-L	1	2	2	3			
C6 Coop-L Thrt-L Indir-H	4	1	0	2	2		
C7 Coop-L Thrt, H, Indir-H	4	1	0	0	4	0	
C8 Coop-L Thrt-H Indir-L	4	6	3	4	2	2	0

Table 5.20 shows the pairs of stakeholder groups for which post hoc tests identified statistically significant differences in the perceived appropriateness of approaches. The rationale for this examination was that there might be a significant overall difference in the average perceived appropriateness of approaches between stakeholder groups (Table 5.15), but that these differences may only occur between some of the pairs of groups. For example, the appropriateness of approaches differed for fifteen of the sixteen approaches for the pair Competitors - Consumers, and there were no statistically significant differences in the perceived appropriateness of approaches between Government and Management.

TABLE 5.19
COMPARISON OF POSITIONS FOCUSING ON HIGHT-LOW INDIRECT INFLUENCE
Number Represents the Approaches that Differed Between the Positions

	C1 Coop-H Thrt-L Indir- L	C3 Coop-L Thrt- H Indir-L	C5 Coop-L Thrt- L Indir- L	C7 Coop-L Thrt- H Indir- H
C2 Coop-H Thrt- L Indir- H	Change Beliefs (7), Bridger (16)			
C4 Coop-H Thrt- H Indir- H		Minimise change (12), Bridger (16)		
C6 Coop-L Thrt- L Indir- H			Reduce reliance (10), Bridgee (15)	
C8 Coop-L Thrt- H Indir- L				No Differences

The results suggest that for the most part marketers' perceive the applicability of approaches to be different for the various stakeholder groups. For as Table 5.21 shows there are only five pairs of groups for which less than half of the approaches (i.e. less than eight approaches) are perceive to be equally applicable (Owners - Government; SIG's - Government; Management - Government; Suppliers - Consumers; Management - Owners) and three of these involve the Government. This might suggest that there are "groups" of stakeholders for whom managers could possible equally apply approaches across these "similar" groups. However from the post hoc analysis it is unclear whether such "sets" of stakeholders exist and this issue warrants further investigation.

In examining the approaches across stakeholder groups, there are few that seem to be equally appropriate across stakeholders. On average the approaches are perceived to be different in terms of appropriateness for fifteen of the twenty-eight pairs of stakeholders. In fact, there are only three approaches that are perceived to be different for less than half of the twenty-eight pairs of stakeholder groups, Reinforce-Approach 13 (13 pairs) Monitor-Approach 11 (11 pairs) and Minimise Change-Approach 12 (8 pairs). These approaches seem to be more reactive in nature and this might be suggesting that reactive types of approaches are more applicable across a diverse range of stakeholders

TABLE 5.20

INDIVIDUAL GROUP COMPARISONS AND APPROACHES THAT DIFFERED BETWEEN THE STAKEHOLDER GROUPS AT THE .05 LEVEL

	Competitor	Consumers	Employees	Govern	Owners	SIG's	Mngt
Consum	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)						
Employ	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)	Change circumstances (1), Refocus (3), Change Beliefs (7), Reduce reliance (10), Monitor (11), Bridgee (15), Bridger (16)					
Gove	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Wider objectives (13), Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13), JV (14)				

Own	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Minimise change (12), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Include (6), Change Beliefs (7), Ignore (9), Minimise change (12)	Include (6), Change Behaviour (8), Reduce reliance (10), Minimise change (12), Wider objectives (13)			
SIG	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)	Change circumstances (1), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Minimise change (12), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)	Reinforce (5), Include (6), Change Behaviour (8), Ignore (9), Reduce reliance (10), Minimise change (12), Wider objectives (13), JV (14), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Include (6), Change Beliefs (7), Wider objectives (13), JV (14),	Change circumstances (1), Change rules (2), Refocus (3), Change Beliefs (7), Change Behaviour (8), Reduce reliance (10), Minimise change (12), JV (14)		
Mngt	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Reinforce (5), Include (6), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Wider objectives (13), Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5) Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13)	—	Change Behaviour (8), Reduce reliance (10), Minimise change (12), Wider objectives (13), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Include (6), Monitor (11), Wider objectives (13), JV (14), Bridger (16)	

Supply	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Reinforce (5), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13), JV (14), Bridgee (15)	Refocus (3), Informal collaborate (4), Ignore (9), Reduce reliance (10), Monitor (11), JV (14),	Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Include (6), Change Beliefs (7), Change Behaviour (8), Ignore (9), Bridgee (15), Bridger (16)	Informal collaborate (4), Include (6), Change Behaviour (8), Ignore (9), Reduce reliance (10), Monitor (11), Minimise change (12), Wider objectives (13), JV (14), Bridgee (15), Bridger (16)	Change circumstances (1), Change rules (2), Refocus (3), Informal collaborate (4), Include (6), Change Behaviour (8), Ignore (9), Reduce reliance (10), Wider objectives (13), JV (14), Bridgee (15)

TABLE 5.21

NUMBER OF APPROACHES WHERE THE MEAN VALUE OF THE PERCEIVED APPROPRIATENESS DIFFERED BETWEEN THE PAIRS OF STAKEHOLDER GROUPS AT THE .05 LEVEL

	Compet	Consum	Employ	Govern	Owners	SIG's	Mngt	Supply
Compet	15							
Consum	14	8						
Govern	15	13	12					
Owners	15	11	8	5				
SIG's	15	13	9	7	8			
Mngt	14	12	9	0	5	8		
Supply	14	6	2	13	10	11	11	

While the Anova analysis failed to reject Ho2, post hoc testing revealed that there were in fact a number of differences in the perceived appropriateness of some approaches across a majority of paired group comparisons. This appears to provide additional support, that had there been sub-hypotheses posited in relation to the individual approaches, some of these may have been rejected. However, as was suggested earlier, the literature suggests that such a finding is inconsistent with stakeholder theory, as the applicability of an approach should be based solely on the influencing characteristics of a group. Thus, the results in relation to stakeholder groups may infer that marketers implicitly attribute influencing characteristics to various stakeholders. If stakeholders do not have these characteristics, then the approaches applied to address groups' interests may not be appropriate (i.e. they may not address their interests) and thus the desired outcomes would most likely not be achieved.

SECTION 5.5 CONCLUSION TO CHAPTER FIVE

The overall objective of Chapter Five was to determine whether there was support for the expanded model and then to test it. However, additional analysis was also necessary, including the determination of whether there was non-response bias and a preliminary examination of the original model. The results showed that there were some statistically significant differences in the mean values of perceived appropriateness of the approaches, both as a set of approaches and as an individual approach; in terms of the stakeholder group examined; their position within the expanded matrix; and the Position-Group interaction. Thus, there is support for some aspects of the expanded model in respect of the inclusion of an additional dimension and the fact that position within the matrix and stakeholder group affects the perception of the appropriateness of the approaches. The implications of these findings will be discussed in more detail in Chapter Six.

The chapter also examined whether the sample used in this survey was indeed representative of the NSW-AMI membership. The overall distributions relating to industry, size, respondent occupation level, gender and age were similarly distributed. The fact that there were some differences was attributed to the sampling frame. That is, the survey used in this thesis did not include entry level AMI members and thus the sample drawn was slightly older and employed at a higher level in their firms than was the State and National AMI membership. Section 5.1 examined whether there was any non-response bias. This was done by using Manova, Anovas and paired t-tests. The results of each of these showed that, on average, the perceptions of those responding to the survey during the first four weeks (Early) were no different to those responding to the survey during the last three weeks (Late). Thus, it appears that the sample was representative of the NSW and National AMI membership.

Section 5.2 empirically examined whether respondents perceived that there was a third-dimension to the stakeholder strategy matrix, i.e. whether there was empirical support for the expanded model. This analysis suggested that the majority of respondents believed all stakeholders examined had a high indirect influencing ability. There is, therefore, support for its inclusion in the model, thus expanding the original model from two to three-dimensions.

Given that the original model had not been previously examined, Section 5.3 undertook a preliminary empirical examination of this model and served as a foundation for looking at the expanded model. The examination of the original model involved using a subset of the data collected, using only the original thirteen stakeholder approaches and stakeholders who were described as having a low indirect influencing ability. While this analysis was not the main focus of the thesis, as was mentioned earlier, its examination was considered to be warranted, given it had not been previously empirical examined. Although no specific hypotheses were advanced, the analysis identified that the mean value of the perceived appropriateness of the approach varied with the stakeholders' position in the matrix. The mixed Anova analysis of the broader original model examining differences in eight stakeholder group ($Stake^1$), four positions within the matrix ($Position^1$) and the thirteen approaches ($Approach^1$), identified that other than the $Stake^1$*$Position^1$*$Approach^1$ interaction all effects were significant, although $Position^1$ was only significant at the .1 level (See Table 5.11).

A more detailed mixed Anova analysis of the mean differences between $Stake^1$ and $Position^1$, in respect to each of the thirteen approaches provided additional insight into the original model. This indicated that the mean value of the perceived appropriateness of six of the sixteen approaches varied significantly across stakeholders' position in the matrix ($Position^1$). The examination of the individuals Anovas indicated that the mean value of the perceived appropriateness of twelve of the sixteen approaches varied significantly across stakeholder groups ($Stake^1$). Thus, there was general support for the validity of the original model, in that the positions did affect the perceived appropriateness of some of the approaches, even though the approaches might not be "unique".

Further post hoc examination of pairs of positions and pairs of stakeholder groups, identified that there were differences in the perceived appropriateness of some approaches across some of the pairs of groups and positions. However, these did not appear to be consistent across all paired comparisons and in some cases (Employees-Suppliers Government-Management) there were no differences in the mean values of the perceived appropriateness of any of the approaches. This suggested that within the original model, some approaches were more appropriate for individual positions or stakeholder groups, but they did not appear to be unique.

Section 5.4 examined the expanded model in detail. This examination followed the process described in section 5.3, however, in section 5.4 specific hypotheses were examined. The first aspect (examined in sub-section 5.4.1), focused on the mixed Anova analysis of the expanded model examining differences in eight stakeholder groups (Stake), eight positions within the matrix (Position) and the sixteen approaches (Approach). This analysis identified that all effects appeared to significantly affect the perceived appropriateness of the set of approaches, other than the Stake*Position*Approach (See Table 5.15). The fact that Position and Position*Approach was significant suggested that Ho_3 could be rejected and the alternate hypothesis that the mean values of the perceived appropriateness of the set of approaches varied based on stakeholders position was supported. Thus, the expanded model had some degree of empirical validity.

The fact that the Stake and Stake*Approach effects were significant suggested that the individual group considered did affect the overall perceived appropriateness of the approach selected. This was consistent with the empirical results associated with the original model. Thus, while Ho_1 was rejected and the alternative that there were differences in the mean value of the perceived appropriateness of the set of approaches in relation to the eight stakeholder groups was supported, it was not consistent with the stakeholder literature. As was mentioned earlier this result needs further examination and might suggests that marketers are attributing specific influencing attributes to individual stakeholder groups no matter how they are described.

Section 5.4.2 undertook a more detailed mixed Anova analysis of the relationship for each of the sixteen individual approaches between Stake and Position. The associated analyses provided additional support for the expanded model. The results indicated that Position was significant in affecting perceptions of appropriateness for six of the sixteen approaches. Thus, while Ho_4 could not be rejected, it could be suggested that if there were sixteen sub-hypotheses six would be rejected. That is, the alternative sub-hypothesis, there were differences in the mean perceived appropriateness of six of the sixteen approaches would be supported. Thus, the position does affect the perceived appropriateness of some of the individual approaches. However, this affect was inconsistent across approaches and the suggestion by Freeman (1984) and Savage et al. (1991) that there were unique approaches for specific positions was not found to be true.

The more detailed analyses also indicated that the specific stakeholder group examined affected perceptions of approaches for fifteen of the sixteen individual approaches. Ho_2 could not be rejected, as the mean value of the perceived appropriateness of all the approaches did not differ across the stakeholder groups. However, if there were sub-hypotheses for each approach the alternate hypothesis that the mean value of the perceived appropriateness of the fifteen of the approaches would differ at the .10 level or higher across groups, would be supported. Such a finding was inconsistent with broader stakeholder theory and has significant implications for stakeholder theory, to be discussed in Chapter Six.

Based on the overall Anova analysis the Stake*Position effect, discussed in 5.4.1, was significant in affecting the mean perceived appropriateness of the set of approaches and Ho_5 could be rejected, thus supporting the alternative hypothesis, that there was a significant interaction effect. The analysis of the interaction in relation to the individual approaches found that Stake-Position was significant in affecting the perceived appropriateness of approaches for four of the sixteen individual approaches. Thus, it did not significantly differ across all approaches.

While there were some differences in the mean perceived appropriateness of approaches based on stakeholders' Position in the matrix and stakeholder Group examined, this did not appear to indicate that all groups were different from each other. Section 5.4.3 undertook Tukey-Kramer post hoc tests to compare mean values of the perceived appropriateness of each of the approaches across all pairs of Groups and Positions. This analysis indicated that there were many differences in the mean perceived appropriateness of approaches across pairs of Groups and Positions of the expanded matrix. The findings suggested that there were differences in the mean values of the perceived appropriateness of some approaches, for some pairs of positions and groups. However, these differences did not appear to be consistent for any given approach and supported the idea that the perceived appropriateness of some approaches were different for some groupings, although they were not necessarily unique for a given position or group. This implication questioned some of the assumptions made by Freeman and Savage et al., in their development of the stakeholder strategy matrix, i.e. approaches to address stakeholders may not be unique. These, as well other implications, will be discussed in Chapter Six.

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CHAPTER 6
CONCLUSIONS

SECTION 6.0 INTRODUCTION TO CHAPTER SIX

The focus of this chapter is to draw the material discussed in this thesis together. This is undertaken in following four sections. The first (6.1) discusses the findings from Chapter Five in more detail. The second (6.2) examines the implications of this thesis in terms of stakeholder theory, marketing theory, and marketing practice. The third (6.3) examines the limitations associated with the thesis and the last section (6.4) discusses some of the directions by which future research can proceed to extend this work.

SECTION 6.1.0 DISCUSSION OF FINDINGS

In this section the findings, examined in Chapter Five, will be discussed in more detail. The review of and evaluation of the stakeholder literature supported the expansion of the stakeholder model from two to three dimensions. There was also broad empirical support for expanding the model. That is a stakeholder's position in the matrix model (i.e. their three influencing characteristics- direct threatening ability, direct cooperating ability and indirect threatening ability) affects marketers' perceptions of the appropriateness of approaches (i.e. how appropriate are these approaches), although the approaches were not necessarily perceived to be unique for specific positions. In addition, it was found that there was an interaction between the specific group considered and the stakeholders' position, which affected marketers' perceptions of the appropriateness of approaches.

There was empirical support for the rejection of the three hypotheses relating to the set of approaches, i.e. the perceived appropriateness of the set of approaches varied between Positions, Stakes and Position*Stakes. The two hypotheses examining the perceived appropriateness of individual approaches regarding Position and Stake, could not be rejected. However, if there had been sixteen sub-hypotheses, one for each approach, a number could have been rejected (fourteen for Stake and seven for Position). Thus, there was some support for the concept that the individual approaches were not uniquely applicable for a given position in the matrix or stakeholder group.

SECTION 6.1.1 Expanding the Model

Stakeholder theory is designed to enable firms to design strategy that considers the interests of those whom the firm affects or those who affect the firm (Freeman 1984, Brenner 1995). However, as was identified in Chapter Three, firms often do not include stakeholders' interests or key measures of involvement that are compatible with the criteria these groups use to evaluate organisational behaviour (Wood and Jones 1995). In such cases, any organisational strategy will be ineffectual, as it will not appropriately consider stakeholders' full influencing potential.

Within stakeholder theory Freeman (1984) and Savage et al. (1991) suggested that there are a set of generic approaches that can be used to address stakeholders' interests and that these approaches were dependent on stakeholders' ability to directly cooperate and directly threaten organisational outcomes. However, an examination of the literature in Chapter Three identified that there were a number of theorists, including Freeman and Savage et al. themselves, who suggested that stakeholders' influencing abilities were more complex than just direct cooperation and direct threatening abilities, but rather that they could influence organisational outcomes indirectly as well as directly (Rowley 1997, Sharma et al. 1994, Westley and Vredenburg 1991). If this were the case, the determination of appropriate approaches to address stakeholders' interests using a two-dimensional matrix model would be deficient, as the approaches would not consider stakeholders' overall influencing abilities. Based on an examination of the literature a three-dimensional matrix model was posited to include all stakeholders influencing abilities (direct cooperating ability, direct threatening ability and indirect influencing ability). This information could be used to determine the appropriate organisational actions such that stakeholders' interests were appropriately addressed.

To examine whether there was empirical support for the expansion of the model, respondents were asked to evaluate each of the eight stakeholder groups, based on the three influencing dimensions. It was found that most of the respondents perceived that all stakeholders had a high level of indirect influencing ability (see Table 5.8). As such, there was both empirical and theoretical support for the expansion of the original model from two to three dimensions.

If stakeholders have the ability to indirectly influence organisational outcomes, and such abilities are not considered, firms may not design effective approaches to address these groups' interests. This, in-turn, may result in organisational under-performance and may partially explain why the results of research examining the financial relationship between addressing stakeholders and organisational performance have been ambiguous (Wood and Jones 1995). That is, approaches used to address stakeholders interests might have been ineffective because managers did not fully understand and/or consider stakeholders' influencing abilities.

SECTION 6.1.2 Examining Whether the Perceived Appropriateness Varied for the Set of Approaches

When advancing their original model of stakeholder management, stakeholder theorists suggested that there were generic strategies that could be used to address different categories of stakeholders based on their ability to cooperate and threaten organisational activities (Freeman 1984, Savage et al. 1991). Furthermore, it was suggested that these might be considered to be generic approaches that could be utilised to address stakeholder groups with specific influencing characteristics, i.e. positions in the matrix model. However, empirical examination and support for this argument are lacking.

Within the original two-dimensional model it was suggested that these generic approaches could be classified into thirteen distinct approaches (Polonsky 1995b). However, the expansion of the model to three dimensions required additional approaches to be included. An examination of the literature resulted in three additional approaches, or sixteen approaches in total, being considered. Whether these sixteen approaches were uniquely applicable to one Position, i.e. position within the expanded matrix model, or whether some approaches are simply *more* applicable for some positions within the expanded model has been questioned by Polonsky (1995b, 1996). However, this issue had not been previously empirically examined in the literature.

This thesis examined whether the perceived appropriateness of approaches differed between stakeholder groupings. To do this, three hypotheses were advanced, which considered whether the set of approaches differed across the specific stakeholder groups, stakeholder positions in the expanded model or whether there was an interaction between the stakeholder group and stakeholder position. Stated in the null form the hypotheses put forward were as follows:

Ho_1: There will be no significant differences in the perceived appropriateness of ***the set*** of approaches that would be used by marketers to address the eight stakeholder groups.

Ho_3: There will be no significant differences in the perceived appropriateness of ***the set*** of approaches that would be used by marketers to address stakeholders in the eight classifications of stakeholders.

Ho_5: The perceived appropriateness of approaches used will not be affected by a stakeholder group-stakeholder classification interaction.

Within these hypotheses the main issue of interest was Ho_3, (i.e. whether there were differences in the average perceived appropriateness of the set of approaches in relation to the Stakeholder's Position), the other two hypotheses were necessary to examine effects introduced in the expanded model because of the study's design. To evaluate these three hypotheses a mixed Anova was used. The results were presented in Table 5.14 and are reproduced in Table 6.1. The findings suggested that all the effects were significant other than the Stake*Position*Approach interaction term. In terms of the three hypotheses, the results suggested that the perceived appropriateness of the set of approaches did vary across: a) the set of positions (Positions); b) the set of stakeholder groups (Stake); and c) the interaction of these two (Stake*Position). Thus, all three hypotheses could be rejected.

TABLE 6.1
TEST OF FIXED EFFECTS FOR THE EXPANDED STAKEHOLDER STRATEGY MATRIX MODEL

Source	F	Pr > F
ID	17.36	0.0000
Stake	119.83	0.0000
Position	6.30	0.0000
Approach	92.61	0.0000
Stake*Approach	13.04	0.0000
Position*Approach	3.86	0.0000
Stake*Position	1.61	0.0001
Stake*Position*Approach	0.99	0.5592

Regarding the Position variable, this appeared to support the expanded model, in that the perceived appropriateness of all approaches differed, depending on the stakeholder's position, i.e. their specific influencing characteristics. In addition, there was a significant Position*Approach effect that, also suggested that the perceived appropriateness of approaches varied according to position considered. The determination of whether the approaches were unique will be discussed in the next section, although the Position*Approach interaction suggests there are differences within given positions.

There was no suggestion in theory, that the specific group examined would significantly affect the perceived appropriateness of approaches. Theory suggested, that the appropriateness of approaches would only vary based on a stakeholder's specific influencing characteristics, i.e. their position in the matrix. However, in order for the scenario design to be realistic (Wason and Cox 1996) eight different stakeholder groups were examined. This introduced a second main effect in the expanded model, which had to be examined, For completeness a null-hypothesis was put forward to determine whether this effect (i.e. Ho_1) and the interaction between the stakeholder group examined and their position in the expanded matrix model was significant (i.e. Ho_5), although, as was suggested earlier, based on stakeholder theory, there was no reason to expect that these hypotheses would be rejected.

Table 6.1 suggested that the specific stakeholder group considered did have an impact on the perceived appropriateness of the set of approaches. There was also a Stake*Approach interaction, which suggested that the specific stakeholder group influences the perceived appropriateness of the approach considered. A possible interpretation of this finding could be that marketers may assign influencing characteristics to stakeholders no matter how they are described. If this were the case, marketers would select approaches to deal with stakeholders, not based on the stakeholder's actual characteristics, but on a particular stereotype. For example, marketers might believe that customers should be dealt with in a given way, no matter how they were described, in terms of influencing abilities. This might result in ineffective outcomes as marketers would not consider how a given set of stakeholders could influence organisational outcomes and therefore act inappropriately. The implication of this finding will be discussed in more detail in Section 6.2.

It was also found that there was a significant Stake*Position interaction and Ho_5 was therefore rejected. As with the Stake effect, there was no theoretical reason to expect that this hypothesis would be rejected. In fact, according to theory, it would be expected that all stakeholders having the same set of influencing characteristics (direct cooperate, direct threat, indirect influence) could be addressed using the same approach, i.e. the perceived appropriateness of the approaches would not differ. However, the hypothesis testing this effect needed to be added to consider the fact that the scenario had been expanded to look at both the stakeholder group and their position in the expanded matrix model. This reinforced the view that marketers might attribute differing characteristics to some stakeholder groups, no matter how they were described.

These findings suggested that there was theoretical and empirical support for the use of stakeholder theory in marketing. However, in practice, marketers might not be able to effectively apply this theory because they might have a predisposed perception of an individual group's influencing abilities (i.e. perceive them to have some "fixed" influencing abilities) or believe that approaches were more appropriate for specific groups. This issue has important ramifications that will be examined in the following sections.

SECTION 6.1.3 Does the Perceived Appropriateness Vary for Individual Approaches?

Section 6.1.2 identified that there appeared to be differences between the average perceived appropriateness of the set of approaches based on the specific group (Stake) considered and their influencing abilities (Position). That is, if the perceived appropriateness of any one approach differed from another, regarding any of the effects, there would be a statistically significant difference. Thus, it was important to identify whether the individual approaches were perceived to differ based on stakeholders' influencing abilities (Position) and the stakeholder group considered (Stake). Should such differences have arisen, it would then be possible to identify whether specific approaches were deemed to be more appropriate for specific stakeholder positions or stakeholder groups. Two hypotheses were developed to address these issues:

Ho_2: There will be no significant differences in the perceived appropriateness of ***each*** of the approaches that would be used by marketers to address the eight stakeholder groups.

Ho_4: There will be no significant differences in the perceived appropriateness of ***each*** of the approaches that would be used by marketers to address stakeholders in the eight classifications of stakeholders.

An examination of the mean value of the perceived appropriateness of each approach, by stakeholder group (See Table 5.15), suggested that at the .05 level or higher there were differences for fourteen of the sixteen approaches across the stakeholder groups. As such, it appeared that Ho_2 on the whole could not be rejected, although it appeared that there were some differences in the perceived appropriateness of individual approaches based on the stakeholder group considered.

Post hoc testing compared the perceived appropriateness of approaches for all the individual pairs of stakeholder groups. Analyses revealed that for all pairs of positions, the average perceived appropriateness of at least one approach differed, other than for government and management where there appeared to be no difference in the average perceived appropriateness for any of the approaches. Overall, there did not appear to be any discernible pattern (See Table 5.19) across groups. Future research should consider whether there are subgroups of stakeholders who are perceived similarly and for whom strategies would be equally applicable. Thus, in the strictest sense Ho_2 could not be rejected, as there were some cases where the perceived mean values of the appropriateness of an approach were not different across positions. However, there were also no approaches that appeared to be perceived to be uniquely applicable to one stakeholder group, supporting the idea that some approaches may be applicable to several stakeholder groups. There was no theoretical reason to suggest that this would occur, for, as was suggested earlier, stakeholder groups were added to make the scenario more realistic.

An examination of the perceived difference in the appropriateness of approaches based on their position in the matrix identified (See Table 5.15) that, at the .05 level or higher, the mean value of the perceived appropriateness varied for seven of the sixteen approaches. As such, it appears that Ho_4 cannot be rejected. If Ho_4 had been broken into sixteen different sub-hypotheses (one for each approach) seven could have been rejected, thus there were some differences in the mean values of perceived appropriateness of these approaches across positions in the expanded matrix model. Some approaches might be equally applicable across positions of the expanded model and thus approaches were not unique, as has been suggested by early stakeholder theorists. However, this did not suggest that these approaches were equally effective in addressing all stakeholders' interests. The effectiveness of these approaches across stakeholders in the different positions in the expanded model needs to be considered in future research and some approaches may be generalisable across all or a subset of positions in the expanded matrix model.

A more detailed post hoc examination of the perceived appropriateness of approach based on paired comparisons of stakeholders' positions was undertaken (See Table 5.16). It was found that there were five pairs of positions for which there were no perceived differences in the average appropriateness of approaches. Future research may need to be undertaken to examine whether, if there are sets of positions that are so similar, all or a subset of approaches available to address these stakeholders' interests do not differ. There were also two approaches (1-Change Circumstances, 8-Change Behaviour) that appeared to be perceived to be equally applicable to all pairs of positions, i.e. they were not perceived differently for any paired comparison. Thus, while Ho_4 appeared not to be rejected, there was some evidence that support for this was not unequivocal and if there were separate hypotheses for each approach, some would have been rejected.

While appearing to be inconsistent with the proposition that there were generic approaches suitable for specific classifications of stakeholders, this did not invalidate the applicability of stakeholder theory to marketing or other areas. The results appeared to suggest that some approaches were perceived to be more appropriate than others when addressing stakeholders with specific influencing characteristics, i.e. positions in the expanded model. If this were the case, organisations would still benefit from applying a stakeholder perspective, in that these groups' interests would be better integrated into organisational decision making. These results might suggest that the early stakeholder theorists were overly prescriptive and as with other models, the categories can guide organisational decision making and not dictate it.

SECTION 6.2 IMPLICATIONS

While the thesis has empirically examined five hypotheses, the ramifications of the study can be further discussed in terms of their relevance for theory and practice. This section examines the implications of the findings in terms of: stakeholder theory; marketing theory; and marketing practice.

SECTION 6.2.1 Implications for Stakeholder Theory

Stakeholder theory is still evolving (Mitchell et al. 1997. Näsi 1995, The Toronto Conference 1995, Donaldson and Preston 1995). While there are a growing number of works developing stakeholder theory, a small proportion of these empirically examine these developments and other tenets of stakeholder theory. This fact has been recognised in some of the more recent work (Mitchell et al. 1997) which called for further empirical examination of stakeholder issues. This thesis has to some extent answered this call, as it has not only extended stakeholder theory but has empirically examined the extension, thus heeding the call for more rigorous development of stakeholder thinking.

The premise that, by addressing stakeholders' needs, organisations will better be able to achieve their objectives, is not new and lies at the core of stakeholder theory (Hosseini and Brenner 1992, Kraft and Jaunch 1992, Harrison and St. John 1996). However, there has been little examination of how managers, marketers and others, should include stakeholders and their interests in organisational decision making. For as has been pointed out by Jones and Wood (1995), there is often a mismatch between how stakeholders evaluate firm performance and how firms believe stakeholders' evaluate performance. As such, it will be difficult to effectively consider whether stakeholders' interests are appropriately addressed. Thus, before measuring the outcomes of addressing stakeholders, it is essential that their interests are in fact appropriately addressed and included in organisational and marketing strategy. This thesis examined whether marketers' perceived that the appropriateness of approaches to differ in relation to a stakeholder's positions in the expanded matrix, i.e. their ability to influence organisational outcomes. That is, were there some approaches that were more applicable for certain stakeholders? Several stakeholder theorists have suggested that organisations can undertake a range of approaches to include stakeholders' interests in organisational strategy (Aggarwal and Chandra 1990, Brenner 1995, Goodplaster and Atkinson 1992, Greenley and Foxall 1996, Harrison and St. John 1996, Ryan 1991). Even, Freeman (1984) and Savage et al. (1991) argued that there were generic approaches that could be used by firms to address stakeholders' interests. Yet there has been no empirical research as to whether these approaches exist (Brenner 1995, Mitchell et al. 1997). Rather, researchers have focused on examining the benefits of adopting a stakeholder "orientation" (Greenley and Foxall 1996 & 1997, Wood and Jones 1995).

This thesis focused on ensuring that, when designing approaches to address stakeholders' interests, all stakeholders' influencing abilities were considered. This resulted in the expansion of the stakeholder strategy matrix from two to three dimensions, taking in to consideration stakeholders' indirect influencing ability. As the expanded model could better enable stakeholders' interests to be addressed. As such it represents an extension of stakeholder theory.

The expanded model was empirically examined and in doing so, the original model was also empirically examined. The analysis of the expanded three-dimensional model found that the stakeholder's influencing characteristics, did, to a limited extent, affect the perceived appropriateness of approaches to address stakeholders' interests. This supported the validity of the expanded and original model, although examining the original model was not the primary focus of the thesis. However, it was also found that in neither case were the approaches perceived to be uniquely appropriate for stakeholders in specific positions of the expanded model (i.e. stakeholders' influencing abilities), as was originally suggested in the stakeholder literature. Thus, the expanded model might serve more as a guide to identifying appropriate approaches to address stakeholders' interests, rather than to prescriptively direct corporate actions. In this way the expanded model might be seen more broadly in terms of organisational and marketing decision making.

The extended model examination also found that there were some differences in the average perceived appropriateness of individual approaches based on the stakeholder group considered. This result has important implications for practice and will be discussed in Section 6.2.3. It may imply that while there is theoretical and empirical support for the expanded model, marketers and other managers have difficulty in objectively evaluating stakeholders influencing abilities and attribute influencing characteristics to specific types of stakeholders. For example, approaches may be perceived to be applicable to customers ,no matter what influencing characteristics they actually have.

SECTION 6.2.2 Implications for Marketing Theory

As was identified in Chapter Two, to date, marketing theorists have not embraced stakeholder theory (Miller and Lewis 1991, Greenley and Foxall 1996, Polonsky 1996), although stakeholder theorists have identified that there are extensive applications in marketing, which could better incorporate stakeholder theory (Freeman 1984, Näsi 1995). This thesis examined whether an expanded stakeholder strategy matrix model was perceived to be applicable in a specific marketing context. It was found that marketers average perceived appropriateness of approaches was affected by the stakeholder's influencing characteristics (i.e. position in the expanded matrix model).

At a more basic level, the thesis has identified that marketers and their stakeholders are interdependent by identifying additional influences that marketers need to take into account. Marketers may, therefore, need to broaden the way in which they deal with the wider business environment. Marketers must identify how they can interact with their stakeholders, which may enable them to seek out additional opportunities to further organisational outcomes by working with stakeholders. This is consistent with the stakeholder network perspective, put forward by Rowley (1997), whereby stakeholder networks form interconnecting links between the firm and its stakeholders (direct influence), as well as between stakeholders (indirect influence). This perspective has already been suggested by some marketing theorists (Greenley and Foxall 1996 & 1997, Miller and Lewis 1991, Polonsky 1995b & 1996, Polonsky et al. 1998), but has not been embraced by most.

SECTION 6.2.3 Implications for Practice

The implications of this thesis for marketing practice, relates to the fact that marketers perceive that there are differences in terms of the average applicability of approaches to addressing the interests of stakeholders with specific influencing characteristics. Assuming that marketers are correct, this suggests that there may be some approaches that are more applicable to address the interests of some types of stakeholders, based on their influencing characteristics. Therefore, by using the "better" approaches, marketers should more effectively address stakeholders' interests, which theory suggests will improve, directly or indirectly, organisational performance.

If the process is effective, the value of the network of stakeholder exchanges can be maximised. There *should* also be fewer unexpected shocks to firms, from their specific business environment, as stakeholder oriented firms will have more carefully considered how various stakeholders (i.e. environmental forces) might act and will then minimise the potential of firm-stakeholder conflict. Even if potential negative outcomes eventuate, they will not be totally unexpected and firms will have had the opportunity to develop contingency programs and therefore will be able to modify activities accordingly. This should give them a competitive advantage over those firms which have not undertaken a stakeholder marketing/network perspective.

The other major finding in relation to practice is that marketers believe some approaches are applicable to stakeholder groups no matter what influencing attributes these groups may have. This may mean that marketers do not always objectively evaluate stakeholders and have a specific stereotypical perception of their influencing abilities. As such, marketers might fail to accurately identify stakeholders' actual influencing abilities in relation to organisational outcomes. If this is the case, it might result in organisational strategies that are less effective, when marketers do not fully understand their various firm-stakeholder relationships. From a practical perspective, organisations will possibly waste resources undertaking activities that are unnecessary or undertake activities that do not appropriately reflect stakeholders' interests. In these cases, organisational activities may not be as effective as possible. Thus, future research may need to examine the effectiveness of using specific types of approaches to address stakeholders' interests, although it may need alternative research approaches such as those identified in Section 6.4.

SECTION 6.3 LIMITATIONS

This thesis's objectives were threefold, that is to extend stakeholder theory, apply it in a marketing context and test whether the extended model held empirically and theoretically. There are some limitations that should be noted. Several of these limitations related to the hypothetical scenario design. As was identified within section 4.2, scenarios do potentially have limitations such as they may place respondents in an unfamiliar situation, respondents may add idiosyncratic facts to the scenario provided and the specific phraseology may impact on an respondents' answers (Hyman and Steiner 1996). However, the benefits of allowing researchers to place respondents in a common context and control moderating factors are seen to outweigh the limitations with a scenario approach.

It might also be suggested that the complex design and hypothetical context might have negatively impacted on the response rate, which could be considered as a limitation. However, as was discussed in Sections 4.6 and 5.1, the resulting responses are sufficient to allow valid conclusions to be drawn. As will be discussed in the Future Research Section, alternative approaches for examining stakeholder issues could be applied, but these are more narrowly focused in nature.

The scenario used was limited in scope and only examined one specific decision context within Australia. As such, more empirical work could be undertaken to broaden the marketing situations under examination as well as examining marketing situations in other countries. In general, there has been limited international examination of stakeholder theory (see Polonsky 1996b, Polonsky and Ottman 1997, Polonsky et al. 1998, Steadman et al. 1995, Steadman et al. 1994, Steadman and Garrison 1993) and future research could consider these issues in a broader global context.

In broadening the context it may also be worthwhile to include additional situational factors, such as organisational objectives and/or the importance of the decision being considered. It might be suggested that the approach applied to address the interests of a given stakeholder group, could in fact vary if the decision being undertaken was critical to the firms success. That is, in critical situations firms might in fact deal with a stakeholder having specific influencing characteristics differently, than when dealing with the same stakeholder (having the same influencing characteristics) in a less critical situation. Thus, contextual factors may also impact on appropriateness of the approaches applied and needs to be examined further in future research.

While not explicitly part of this thesis there are several limitations in regard to development and or expansion of stakeholder theory. In examining the perceived appropriateness of the various approaches for addressing stakeholders' interest this thesis relied on those strategies suggested within the literature. It did not attempt to extensively develop additional approaches. As such, more work could be undertaken to examine alternative approaches for addressing stakeholders' interests. Additionally, the thesis did not attempt to examine the effectiveness of individual approaches, for either an individual stakeholders group (i.e. Consumer, Competitor, etc.) or for any position within the matrix. More work needs to be undertaken in this area, especially given the fact that some of the literature has suggested organisational effectiveness can be improved by addressing stakeholders' interests (For example, see Wood and Jones 1995). The thesis also did not examine the implementation of approaches to address stakeholders' interests. That is, the appropriate approach might be ineffective because of inadequate implementation.

The research design also did not allow for the examination of complex interactions between individual stakeholders as has been described within the expanded model. The addition of an indirect influencing dimension does move beyond dyadic exchanges and the network of stakeholder exchanges can be extremely complex (Rowley 1997). As such, it may be somewhat simplistic to simply aggregate indirect and/or direct influencing abilities, as has been undertaken within this thesis. Incorporating these complex exchanges would be extremely difficult, especially in relation to examining a hypothetical scenario. However, future research could examine this issue.

The issue of stakeholders evaluating activities differently (Wood and Jones 1995) was also not addressed within the thesis and thus could potentially be considered a limitation. It is not clear how organisations would combine differing measures of performance to evaluate the overall network of exchanges. As such, organisations may have difficulty developing the most appropriate set of approaches, such that the full network of exchanges is maximised. These issues may be critical, if a positivist approach is to be used to examine stakeholder issues and thus warrants further examination as well.

Finally, while the thesis has suggested that a stakeholder approach to marketing more effectively considers marketing realities, it does not explicitly discuss how organisations would operationalise of implement a stakeholder marketing approach. Thus, all of the "general" limitations identified in relation to stakeholder theory are equally applicable to applying a stakeholder approach to marketing and thus this thesis as well.

SECTION 6.4 FUTURE RESEARCH

Research into stakeholder theory is still evolving within both the management and marketing literatures and while much of the existing work focuses on corporate social responsibility there is a growing literature that considers stakeholder theory in a broader organisational strategy, for example Greenley and Foxall (1996 &1997). The major deficiency with most existing work relates to the lack of discussion and development of approaches to address stakeholders' interests, as well as the implementation of these approaches. That is, how can firms' operationalise a stakeholder perspective and incorporate stakeholders and their interests in organisational activities. As such, future research needs to focus on this area.

While this thesis identified a range of approaches for addressing stakeholders and their interests, future research needs to determine if the existing approaches, suggested in the literature, are in fact all encompassing. For example, there may be a range of innovative approaches for addressing stakeholders' indirect influencing abilities which have not been examined, simply because this type of influencing ability has not been extensively considered within the literature. In addition, it might be worthwhile examining whether these approaches can be "grouped" into broader strategic directions as has been suggested by the generic names within the original stakeholder strategy matrix (see Table 3.6).

This thesis examined one specific decision within Australia and it would be appropriate for future research to examine whether these relationships are indeed consistent across decisions and countries and/or cultures. Cultural differences may be significant both in the strategies selected and relationships that exist. For example, Steadman and Garrison (1993) and Steadman et al. (1994) suggested that in Japanese organisations there is a high degree of firm-stakeholder inter-connectivity and thus less external stakeholder pressure. Given the Japanese desire for harmony, minimising stakeholder conflict may be manifest differently than in western organisations and thus so may the appropriateness of approaches for addressing various stakeholders' interest.

Not only should cultural factors be considered in future stakeholder works, but it might also be beneficial to develop more complex scenarios that vary other contextual factors, such as the importance of the decision being undertaken. In this way future research can attempt to determine the generalisability of the results beyond a single experimental setting, as well as, identifying if there are any moderating factors that influence the applicability of an approach to address a stakeholder's interests.

Future research also needs to revisit the effectiveness of addressing stakeholders' interests. As has been mentioned several times within this thesis, most literature has focused on measuring the corporate outcomes of organisational investments in addressing stakeholders' interests. If however, firms and their stakeholders measure things differently (Wood and Jones 1995), complex non-financial measures of organisational effectiveness will need to be developed, such as those proposed by Brenner (1995) and Ryan (1992). In developing these complex measures, it is essential that firms receive accurate input from their stakeholders and do not simply base organisational decisions on corporate perceptions of stakeholders' evaluations. Future research therefore can examine the measurement of these issues, mechanisms for aggregating the data, as well as systems that enable the ongoing collection of stakeholders' evaluations.

In extending research into stakeholder issues, there are a range of approaches that could be undertaken. One approach that might enable more detailed analysis would be to focusing on firms within the same industry and face the same set of stakeholders with the same set of influencing characteristics. Such an analysis would enable researchers to focus on firms who have selected different approaches and identify which has been more effective. This approach would also require input from stakeholders. Selecting one industry would hopefully enable researchers to survey all relevant stakeholders. There may, however, still be some variation in stakeholders' influencing abilities and these would have to be measured, as would other organisational factors (for example organisational size, experience with the stakeholder, organisational direction, etc.).

Rather than undertake a broad based empirical study it may also be possible to use a case study approach and focus on successful and less-successful firms (however measured) operating in the same business context to determine whether their success can be attributed to specific approaches used to address stakeholders' interests. A detailed case analysis would enable researchers to at least identify if there were differences in the way the organisations dealt with their stakeholders. The existence of such relationships would provide support for the proposition that appropriately addressing stakeholders' interests improved organisational performance within a given case. This approach would also enable researchers to identify how the firm-stakeholder and stakeholder-stakeholder relationships develop and evolve.

A third approach might be to identify key stakeholders within one industry and ask them to evaluate all the firms within that industry in relation to how well these firms address the individual stakeholder's interests and any associated approaches used. This data could then be compared with appropriate performance data for the firms to determine if there is indeed a relationship between performance and how well they actually address stakeholders' interests. Another component might include information on how marketers or other organisational decision makers to evaluate their firms' performance in relation to addressing these stakeholders' interests. In this way, it would be possible to identify if stakeholders and organisations perceive the relationship differently and if so how it affects organisational outcomes. This would enable researchers to better understand the relationship between stakeholder interests and organisational performance from both the firm and organisational perspective.

Within this section of the thesis a number of directions for future research have been discussed. These areas have not been extensively examined within management literature nor have they been considered within the marketing literature. As such, they should provide fruitful developments that enable a better understanding of how organisations can address the interests of various stakeholders, which in turn will, hopefully, allow firms to better understand how stakeholder theory can be used in improving organisational decision making.

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APPENDIX 4.1

SETTING THE SCENE: The Hypothetical Situation

Your firm is a large consumer goods manufacturer of fast moving household cleaning products. It is considering the production of a line of less environmentally harmful (i.e. "environmentally friendly") products. If it proceeds you will manage the new line. The proposed products will be produced alongside the firm's existing range of products. If it gets the go ahead the new line will utilise a new brand and will be produced by a subsidiary. This will "disassociate" the new range from exiting products. The company has undertaken extensive R&D to find the least environmentally harmful production process. In an attempt to maintain secrecy, there has not been any consultation with any outside bodies or groups.

According to the firm's technical experts, the proposed new product will be less environmentally harmful than existing products and will perform as well as existing products. While there will still be some harmful by-products from the production process, overall the new production process will be less environmentally harmful than existing technologies.

It is envisaged that the new product will be targeted at a wide cross section of the population and is not designed to solely target environmentally conscious (i.e. green) consumers. Any promotional information will emphasise both the product's effectiveness and environmental superiority. The product will be distributed through normal distribution channels. It has however been determined that should it proceed, it will have a 5 % price premium over competing brands. Such an approach will result in the product being positioned against your firm's most popular brand, the market leader. Therefore there is a potential for this new product to take away market share from your firm's existing products.

When finalising the marketing strategy for the product you have identified that there are at least eight groups/stakeholders that need to be considered (Competitors, Consumers, Employees, Government, Owners/Shareholders, Special Interest Groups, Suppliers, Top Management). These groups may influence organisational outcomes or are influenced by organisational outcomes and thus need to be considered.

SECTION 1
PERCEPTIONS OF STAKEHOLDERS POSITION

1) In your opinion to what extent can the actions of each group directly disrupt the operation of marketing plans for this product. (**Please rate each group.**)

	Very High			Neither High or Low			Very Low
a) Competitors	1	2	3	4	5	6	7
b) Customers	1	2	3	4	5	6	7
c) Employees	1	2	3	4	5	6	7
d) Government	1	2	3	4	5	6	7
e) Owners/Stockholders	1	2	3	4	5	6	7
f) Special Interest Groups	1	2	3	4	5	6	7
g) Suppliers	1	2	3	4	5	6	7
h) Top Management	1	2	3	4	5	6	7
i) Any Other Group (Specify) ________	1	2	3	4	5	6	7

2) In your opinion to what extent can the actions of each group directly assist in the operation of marketing plans for this product. (**Please Rate each Group.**)

	Very High			Neither High or Low			Very Low
a) Competitors	1	2	3	4	5	6	7
b) Customers	1	2	3	4	5	6	7
c) Employees	1	2	3	4	5	6	7
d) Government	1	2	3	4	5	6	7
e) Owners/Stockholders	1	2	3	4	5	6	7
f) Special Interest Groups	1	2	3	4	5	6	7
g) Suppliers	1	2	3	4	5	6	7
h) Top Management	1	2	3	4	5	6	7
i) Any Other Group (Specify) ________	1	2	3	4	5	6	7

3) In your opinion to what extent can this group influence the behaviour/attitudes of others in such a way as to modify other's behaviour towards the product. (**Please rate each group.**)

	Very High			Neither High or Low			Very Low
a) Competitors	1	2	3	4	5	6	7
b) Customers	1	2	3	4	5	6	7
c) Employees	1	2	3	4	5	6	7
d) Government	1	2	3	4	5	6	7

	Very High			Neither High or Low			Very Low
e) Owners/Stockholders	1	2	3	4	5	6	7
f) Special Interest Groups	1	2	3	4	5	6	7
g) Suppliers	1	2	3	4	5	6	7
h) Top Management	1	2	3	4	5	6	7
i) Any Other Group (Specify) ________	1	2	3	4	5	6	7

THE EXPANDED SCENARIO

After additional research, you have identified that there are indeed eight groups/stakeholders who can possibly influence your firm's actions in regard to this new product or who are influenced by your firms actions. Listed below is a brief discussion of each stakeholder's attitudes/behaviours towards your firm.

COMPETITORS:

- Competitors are willing to cooperate on new innovations when it is legally possible to do so.
- Competitors are slow to imitate innovation.
- Competitors' ability to influence other stakeholders' actions is low.

CUSTOMERS

- Customers believe that new products should be developed.
- Customer actions have little ability to harm the firm.
- Customers' ability to influence other stakeholders' actions is high.

EMPLOYEES

- Employees support new product developments.
- Employees often undertake industrial action that disrupts the firm's activities.
- Employees' ability to influence other stakeholders' actions is low.

GOVERNMENT

- Governmental funding for specialised R&D required for this project is likely.
- The Government is likely to regulate marketing activities related to the new product.
- The Government's ability to influence other stakeholders' actions is high.

OWNERS/SHAREHOLDERS

- Owners have no desire to change corporate direction.
- Owners are uninvolved in day-to-day management activities
- Owners' ability to influence other stakeholders' actions is low.

SPECIAL INTEREST GROUPS (SIG'S)

- SIG's do not generally communicate with your firm.
- SIG's are not confrontational or publicity seeking.
- SIG's ability to influence other stakeholders' actions is high.

SUPPLIERS

- Suppliers are not interested in forming long-term relationships with the firm.
- There is one supplier of essential inputs and these inputs are frequently out of stock.
- Suppliers' ability to influence other stakeholders' actions is high.

TOP MANAGEMENT

- Top management is not overly supportive of the new product idea, nor does it have the ability to provide additional funding.
- Individual business units have a low degree of autonomy and top management often involves itself in day to day activities.
- Top management's ability to influence other stakeholders' actions is low.

Based on this information about the eight stakeholders and the scenario situation provided on page 1, please answer the following questions regarding possible approaches that can be used to address these stakeholders. You can refer back to both parts of the scenario as you complete section 2. Please make sure that you fill in all the boxes provided.

4) On a scale from 1-7 (where ***1=very unlikely*** and ***7=very likely)*** please rate how likely you would be, as the marketing manager for these new products, to apply ***each*** of the sixteen approaches listed below to ***each*** of the eight stakeholder groups as described in the expanded description on page 2. **Please make sure that you fill in all of the boxes.**

APPROACHES	**STAKEHOLDERS**							
How likely would you be to attempt to:	Competitors	Consumers	Employees	Government	Owners/ Shareholder s	Suppliers	SIGs	Top Managemen t
1) modify the circumstances in which the firm and this stakeholder interact.								
2) change the formal or informal rules under which this stakeholder operates.								
3) refocus this stakeholder's objectives.								
4) informally collaborate with this stakeholder when establishing policy.								
5) reinforce this stakeholder's beliefs about the firm.								
6) include this stakeholder when developing strategy.								
7) modify this stakeholder's beliefs about the firm.								
8) change organisational behaviour to address this stakeholder's concerns.								
9) continue with existing activities (i.e. ignore this group).								
10) reduce reliance on this stakeholder.								
11) monitor this stakeholder for change in their beliefs/ behaviour/attitudes.								
12) minimise the possibility of this stakeholder-firm relationship changing in any way.								
13) link this stakeholder to the firm's wider objectives.								
14) form a formal strategic alliance or joint venture with this stakeholder.								
15) use **other** stakeholder groups to modify **this** stakeholder's beliefs.								
16) use **this** stakeholder group to modify **other** stakeholders' beliefs.								

SECTION 3
DEMOGRAPHICS

5) What is the ***main*** business activity of your company? **(Circle one only)**

a) Agriculture
b) Resources
c) Electricity, gas & water
d) Construction
e) Wholesale trade
f) Retail trade
g) Transportation & storage
h) Communications
i) Insurance
j) Finance, investment & banking
k) Business services & Property
l) Government
m) Recreation & personal services
n) Education
o) Non-profit

MANUFACTURING OF:

p) Food, beverages & tobacco
q) Clothing & textiles
r) Paper & Print
s) Chemicals & coal
t) Building materials
u) Metal products
v) Transportation Equipment
w) Other machinery & equipment
x) Miscellaneous(advertising, research, etc.)
y) Others (specify) ____________

6) How many employees are in your firm (Full-Time Equivalent). **Circle the best answer.**

a)	1000 or more	b)	500-999	c)	100-499
d)	50-99	e)	49 -25	f)	24 or less

7) How many years have you been in this industry? **(Please state in years.)**

____________ Years

8) What is your position within your Organisation? **(Circle the best answer.)**

a) Chief Executive Officer
b) Marketing Director/ Divisional Manager
c) Marketing Manage/ Regional Marketing Manager/ Sales Director
d) Group Product Manager/ National Sales Manager/Group Account Director
e) Product Manager/ Brand Manager/ State Sales Manager/ Account Director
f) Individual Client/ Territory Executive/ Manager
g) Marketing Assistant
h) Other (specify level) ____________

9) Gender

a) Female b) Male

10) Age:

a)	under 25	b)	25-34	c)	35-44
d)	45-54	e)	55-64	f)	65-75
g)	Over 75				

THANK YOU VERY MUCH FOR YOUR ASSISTANCE WITH THIS PROJECT. IT IS GREATLY APPRECIATED

PLEASE POST THE SURVEY IN THE REPLY PAID ENVELOPE BY NOVEMBER 22ND.

Your completion of this survey will be taken as consent of your willingness to participate in this study.

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APPENDIX 4.2
VARIATION OF STAKEHOLDER CHARACTERISTICS

Stakeholder	Influence	High Level	Low Level
Competitors	Threaten	Competitors are quick to imitate innovation.	Competitors are slow to imitate innovation.
	Cooperate	Competitors are willing to cooperate on new innovations when it is legally possible to do so.	Competitors are unwilling to cooperate on new innovations even when it is legally possible to do so.
	Indirect	Competitors' ability to influence other stakeholders' actions is high.	Competitors' ability to influence other stakeholders' actions is low.
Consumers	Threaten	Customer actions have a great ability to harm the firm.	Customer actions have little ability to harm the firm.
	Cooperate	Customers believe that new products should be developed.	Customers are unsure that new products should be developed.
	Indirect	Customers' ability to influence other stakeholders' actions is high.	Customers' ability to influence other stakeholders' actions is low
Employees	Threaten	Employees often undertake industrial action that disrupts the firm's activities.	Employees are disinterested in developing new products.
	Cooperate	Employees support new product developments.	Employees rarely undertake industrial action that disrupts the firm's activities
	Indirect	Employees' ability to influence other stakeholders' actions is high.	Employees' ability to influence other stakeholders' actions is low.
Government	Threaten	The Government is likely to regulate marketing activities related to the new product.	The Government is not likely to regulate marketing activities related to the new product.
	Cooperate	Governmental funding for specialised R&D required for this project is likely.	Governmental funding for specialised R&D required for this project is unlikely.
	Indirect	The Government's ability to influence other stakeholders' actions is high.	The Government's ability to influence other stakeholders' actions is Low.

Stakeholder	Influence	High Level	Low Level
Owners/ Shareholders	Threaten	Owners have grave concerns about management's abilities.	Owners are uninvolved in day-to-day management activities
	Cooperate	Owners support new developments even if they results in lower profits.	Owners have no desire to change corporate direction.
	Indirect	Owners' ability to influence other stakeholders' actions is high	Owners' ability to influence other stakeholders' actions is low.
Special Interest Groups	Threaten	SIG's are confrontational and publicity seeking	SIG's are not confrontational or publicity seeking.
	Cooperate	SIG's are supportive of the new product idea and can potentially endorse it	SIG's do not generally communicate with your firm.
	Indirect	SIG's ability to influence other stakeholders' actions is high.	SIG's ability to influence other stakeholders' actions is low.
Suppliers	Threaten	There is one supplier of essential inputs and these inputs are frequently out of stock.	There are many suppliers of essential inputs and these inputs are readily available.
	Cooperate	Suppliers are very interested in forming long-term relationships with the firm.	Suppliers are not interested in forming long-term relationships with the firm.
	Indirect	Suppliers' ability to influence other stakeholders' actions is high.	Suppliers' ability to influence other stakeholders' actions is low.
Top Management	Threaten	Individual business units have a low degree of autonomy and top management often involves itself in day to day activities.	Individual business units have a high degree of autonomy and top management does not involve itself in their day-to-day activities.
	Cooperate	Top management supports the new product idea and has the ability to provide additional funding.	Top management is not overly supportive of the new product idea, nor does it have the ability to provide additional funding.
	Indirect	Top management's ability to influence other stakeholders' actions is high.	Top management's ability to influence other stakeholders' actions is low.

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APPENDIX 4.3

REMINDER NOTICE INCLUDED IN NSW AMI NEWSLETTER OCTOBER/NOVEMBER (P2)

Organisational Stakeholders Survey

Towards the end of October many of you will be receiving a survey from Michael Polonsky, AAMI. The survey examines how marketers deal with organisational stakeholders. Michael is a lecturer in Marketing at the University of Newcastle and undertaking this study as part of his PhD at the Australian Catholic University.

The Results of his study will assist marketers in designing strategy that consider the interests of all relevant groups and will be made available to the AMI and may be published in the Australian Professional Marketing magazine. We would encourage you to complete this survey and return it to Michael by the cut-off date of **November 22.**

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APPENDIX 5.1

ANOVA TESTS OF FIXED EFFECTS FOR THE ORIGINAL MODEL

Depend Variable	Source	DF	Type 3 F	Pr>f
Change circumstances (1)				
	ID	116	1.99	.
	Stake	7	8.50	.0001
	Position	2	2.92	.0557
	Stake*Position	8	4.76	.0001
Change rules (2)				
	ID	116	2.45	
	Stake	7	6.48	.0001
	Position	2	1.72	.1811
	Stake*Position	8	2.82	.0053
Refocus (3)				
	ID	116	2.83	
	Stake	7	10.61	.0001
	Position	2	6.06	.0027
	Stake*Position	8	2.99	.0033
Informal collaborate (4)				
	ID	115	1.99	
	Stake	7	6.41	.0001
	Position	2	2.36	.0966
	Stake*Position	8	2.652.65	.0086
Reinforce (5)				
	ID	115	2.10	
	Stake	7	8.36	.0001
	Position	2	0.07	.9324
	Stake*Position	8	1.54	.1433

Include (6)				
	ID	116	1.76	
	Stake	7	11.52	.0001
	Position	2	1.20	.3032
	Stake*Position	8	1.31	.2382
Change Beliefs (7)				
	ID	116	2.44	
	Stake	7	8.55	.0001
	Position	2	7.51	.0007
	Stake*Position	8	1.98	.0499
Change Behaviour (8)				
	ID	116	2.77	
	Stake	7	14.29	.0001
	Position	2	3.00	0.51
	Stake*Position	8	1.72	.0937
Ignore (9)				
	ID	114	2.90	
	Stake	7	6.51	0001
	Position	2	4.22	.0159
	Stake*Position	8	1.05	.4022
Reduce reliance (10)				
	ID	115	1.74	
	Stake	7	11.91	.0001
	Position	2	3.21	.0423
	Stake*Position	8	0.64	.7425
Monitor (11)				
	ID	116	1.52	
	Stake	7	7.27	.0001

	Position	3	0.06	.9463
	Stake*Position	8	0.46	.8840
Minimise change (12)				
	ID	116	2.98	
	Stake	7	2.07	.0471
	Position	2	0.92	.3984
	Stake*Position	8	0.92	.5044
Wider objectives (13)				
	ID	116	2.35	
	Stake	7	14.20	.0001
	Position	2	4.46	.0126
	Stake*Position	8	4.29	.0001

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APPENDIX 5.2
TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 1
EXAMINING THE POSITION AND GROUP EFFECT
Modify the circumstances in which the firm and this stakeholder interact. (Change circumstances)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-H Indir-L
P3 Coop-H Thrt-H Indir-L	-1.21 (.2268)		
P5 Coop-L Thrt-L Indir-L	-0.032 (.7517)	0.99 (.3241)	
P8 Coop-L Thrt-H Indir-L	-1.47 (.1413)	-0.28 (.7794)	-1.32 (.1865)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-3.88 (.0010)						
Employ	*-5.47 (.0001)	0.21 (.8343)					
Gov	-1.41 (.1584)	*4.34 (.0001)	*2.25 (.0250)				
Owner	*-2.05 (.0414)	*3.40 (.0007)	*3.32 (.0010)	0.04 (.9707)			
SIG's	*-2.48 (.0136)	*2.33 (.0201)	1.13 (.2591)	-1.91 (.0573)	-1.49 (.1370)		
Mngt	-1.20 (.1737)	*4.60 (.0020)	*2.44 (.0152)	0.36 (.7165)	0.25 (.8012)	*2.15 (.0324)	
Supply	*-6.40 (.0001)	-0.51 (.6076)	-1.08 (.2798)	*-2.92 (.0037)	*-4.23 (.0001)	-1.83 (.0688)	*-3.08 (.0022)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 2
EXAMINING THE POSITION AND GROUP EFFECT

Change the formal or informal rules under which this stakeholder operates. (Change rules)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	-1.08 (.2827)		
P5 Coop-L Thrt-L Indir-L	-0.64 (.5251)	0.52 (.6040)	
P8 Coop-L Thrt-H Indir-L	*-2.49 (.0131)	-1.52 (.1287)	*-2.13 (.0336)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-2.44 (.0151)						
Employ	*-5.65 (.0001)	-1.35 (.1773)					
Gov	-1.02 (.3079)	*2.50 (.0129)	*2.76 (.0060)				
Owner	-1.36 (.1752)	*2.07 (.0387)	*4.18 (.0001)	0.14 (.8905)			
SIG's	*-3.16 (.0017)	-1.34 (.1822)	0.57 (.5690)	*-3.76 (.0002)	*-13.00 (.0029)		
Mngt	-0.91 (.3616)	*2.62 (.0092)	*2.84 (.0047)	0.18 (.8567)	0.01 (.9960)	*3.73 (.0002)	
Supply	*-5.04 (.0001)	-1.00 (.3173)	0.49 (.6269)	*-2.38 (.0176)	*-3.56 (.0004)	0.24 (.8103)	*-2.45 (.0146)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 3
EXAMINING THE POSITION AND GROUP EFFECT
Refocus this stakeholder's objectives. (Refocus)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	*-2.16 (.0314)		
P5 Coop-L Thrt-L Indir-L	*-2.11 (.0353)	0.20 (.8430)	
P8 Coop-L Thrt-H Indir-L	*-5.01 (.0001)	*-3.07 (.0023)	*-3.41 (.0007)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-4.75 (.0001)						
Employ	*-7.37 (.0001)	0.20 (.8416)					
Gov	*-2.28 (.0203)	*4.34 (.0001)	*2.66 (.0081)				
Owner	*-3.99 (.0001)	*2.80 (.0054)	*3.28 (.0011)	-0.57 (.5699)			
SIG's	*-4.74 (.0001)	-0.13 (.8983)	-0.12 (.9011)	*-4.36 (.0001)	*-2.78 (.0057)		
Mngt	*-2.05 (.0412)	*4.63 (.0001)	*2.86 (.0044)	0.40 (.6928)	0.89 (.3760)	*4.50 (.0001)	
Supply	*-7.82 (.0001)	-0.60 (.5471)	-0.61 (.5408)	*-3.01 (.0028)	*-3.73 (.0002)	-0.53 (.5994)	*-3.19 (.0015)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 4
EXAMINING THE POSITION AND GROUP EFFECT

Informally collaborate with this stakeholder when establishing policy. (Informal collaborate)

T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	-0.35 (.7253)		
P5 Coop-L Thrt-L Indir-L	1.38 (.1680)	1.78 (.0760)	
P8 Coop-L Thrt-H Indir-L	-0.13 (.9003)	0.24 (.8071)	-1.60 (.1104)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt	Supply
Consum	*-3.11 (.0020)							
Employ	*-7.87 (.0001)	*-2.21 (.0278)						
Gov	*-2.65 (.0085)	0.81 (.4174)	*2.66 (.0081)					
Owner	*-4.65 (.0001)	-0.08 (.9341)	*3.12 (.0020)	-0.71 (.4765)				
SIG's	*-2.84 (.0048)	0.38 (.7054)	*2.40 (.0170)	-0.41 (.6787)	0.37 (.7145)			
Mngt	*2.20 (.0297)	1.56 (.1205)	*3.08 (.0022)	0.77 (.4428)	1.33 (.1851)	1.11 (.2660)		
Supply	*-8.41 (.0001)	*-2.65 (.0084)	-0.72 (.4692)	*-3.09 (.0022)	*-3.68 (.0003)	*-2.84 (.0047)	*-3.48 (.0006)	

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 5
EXAMINING THE POSITION AND GROUP EFFECT
Reinforce this stakeholder's beliefs about the firm. (Reinforce)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	-0.01 (.9885)		
P5 Coop-L Thrt-L Indir-L	-0.15 (.8771)	-0.14 (.8879)	
P8 Coop-L Thrt-H Indir-L	1.55 (.1211)	1.69 (.0923)	1.91 (.0564)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-3.51 (.0005)						
Employ	*-6.73 (0001)	-1.00 (.3157)					
Gov	*-2.22 (.0268)	*2.25 (.0249)	*2.29 (.0226)				
Owner	*-5.62 (.0001)	-0.41 (.6854)	1.03 (.3030)	*-2.16 (.0311)			
SIG's	*-2.22 (.0269)	*2.13 (.0336)	*2.22 (.0268)	-0.07 (.9447)	*2.02 (.0446)		
Mngt	*-2.47 (.0138)	1.76 (.0798)	*2.01 (.0453)	-0.45 (.6545)	1.82 (.0700)	-0.35 (.7228)	
Supply	*-5.42 (.0001)	-0.20 (.8413)	1.18 (.2381)	-1.46 (.1455)	0.13 (.8971)	-1.41 (.1595)	-1.19 (.2361)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 6
EXAMINING THE POSITION AND GROUP EFFECT
Include this stakeholder when developing strategy. (Include)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	-0.62 (.5371)		
P5 Coop-L Thrt-L Indir-L	0.57 (.5657)	1.24 (.2140)	
P8 Coop-L Thrt-H Indir-L	1.40 (.1610)	*2.18 (.0300)	0.97 (.3335)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-7.15 (.0001)						
Employ	*-10.62 (.0001)	-0.02 (.9878)					
Gov	*-4.20 (.0001)	*5.20 (.0001)	*2.96 (.0032)				
Owner	*-8.19 (.0001)	*2.16 (.0313)	*2.33 (.0204)	-1.87 (.0616)			
SIG's	*-5.65 (.0001)	*2.41 (.0166)	1.39 (.1642)	*-2.68 (.0078)	-0.25 (.8056)		
Mngt	*-4.28 (.0001)	*4.92 (.0001)	*2.85 (.0047)	-0.16 (.8710)	1.76 (.0798)	*2.38 (.0177)	
Supply	*-10.72 (.0001)	-0.24 (.8110)	-0.34 (.7358)	*-3.13 (.0019)	*-2.56 (.0109)	-1.59 (.1118)	*-2.99 (.0029)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 7
EXAMINING THE POSITION AND GROUP EFFECT
Modify this stakeholder's beliefs about the firm. (Change Beliefs)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	*-2.93 (.0035)		
P5 Coop-L Thrt-L Indir-L	*-2.17 (.0306)	0.97 (.3320)	
P8 Coop-L Thrt-H Indir-L	*-4.00 (.0001)	-1.14 (.2569)	*-2.20 (.0283)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-5.65 (.0001)						
Employ	*-8.80 (.0001)	-0.24 (.8094)					
Gov	*-2.90 (.0040)	*4.85 (.0001)	*2.98 (.0031)				
Owner	*-5.64 (.0001)	*2.48 (.0137)	*2.97 (.0032)	-1.29 (.1992)			
SIG's	*-4.49 (.0001)	1.87 (.0623)	1.31 (.1926)	*-2.87 (.0044)	-0.96 (.3396)		
Mngt	*-3.31 (.0010)	*4.04 (.0001)	*2.55 (.0111)	-0.71 (.4751)	0.73 (.4654)	*2.05 (.0409)	
Supply	*-7.58 (.0001)	0.45 (.6513)	1.04 (.2983)	*-2.23 (.0265)	-1.88 (.0616)	-0.60 (.5487)	-1.81 (.0715)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 8
EXAMINING THE POSITION AND GROUP EFFECT
Change organisational behaviour to address this stakeholder's concerns. (Change Behaviour)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	-1.89 (.0592)		
P5 Coop-L Thrt-L Indir-L	-0.93 (.3530)	1.10 (.2704)	
P8 Coop-L Thrt-H Indir-L	-1.38 (.1691)	0.56 (.5765)	-0.57 (.5700)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-7.39 (.0001)						
Employ	*-10.97 (.0001)	0.02 (.9805)					
Gov	*-4.56 (.0001)	*4.98 (.0001)	*2.80 (.0054)				
Owner	*-9.29 (.0001)	1.50 (.1349)	1.56 (.1189)	*-2.36 (.0187)			
SIG's	*-4.77 (.0001)	*4.38 (.0001)	*2.48 (.0135)	-0.50 (.6195)	1.88 (.0604)		
Mngt	*-4.35 (.0001)	*5.19 (.0001)	*2.96 (.0032)	0.34 (.7375)	*2.64 (.0086)	0.79 (.4324)	
Supply	*-11.41 (.0001)	-0.43 (.6651)	-0.69 (.4917)	*-3.19 (.0015)	*-2.16 (.0317)	*-2.90 (.0040)	*-3.34 (.0009)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 9
EXAMINING THE POSITION AND GROUP EFFECT
Continue with existing activities (i.e. ignore this group). (Ignore)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	1.63 (.1032)		
P5 Coop-L Thrt-L Indir-L	-0.53 (.5988)	*-2.30 (.0220)	
P8 Coop-L Thrt-H Indir-L	0.05 (.9616)	-1.72 (.0864)	0.61 (.5417)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*4.68 (.0001)						
Employ	*7.05 (.0001)	0.07 (.9467)					
Gov	*2.77 (.0059)	*-3.36 (.0009)	*-1.97 (.0492)				
Owner	*4.86 (.0001)	-1.89 (.0617)	*-2.08 (.0382)	0.75 (.4558)			
SIG's	*3.38 (.0008)	*-2.12 (.0350)	-1.28 (.2010)	1.16 (.2483)	0.18 (.8590)		
Mngt	*2.73 (.0067)	*-3.35 (.0009)	*-2.00 (.0464)	-0.07 (.9462)	-0.81 (.4200)	-1.16 (.2461)	
Supply	*7.12 (.0001)	0.21 (.8350)	0.21 (.8302)	*2.07 (.0389)	*2.21 (.0281)	1.40 (.1622)	*2.09 (.0375)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 10
EXAMINING THE POSITION AND GROUP EFFECT
Reduce reliance on this stakeholder. (Reduce reliance)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	1.30 (.1934)		
P5 Coop-L Thrt-L Indir-L	-0.83 (.4072)	*-2.25 (.0250)	
P8 Coop-L Thrt-H Indir-L	-0.04 (.9696)	-1.45 (.1481)	0.84 (.4037)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*6.79 (.0001)						
Employ	*8.53 (.0001)	-1.05 (.2933)					
Gov	*4.28 (.0001)	*-4.44 (.0001)	-1.46 (.1442)				
Owner	*7.72 (.0001)	*-2.07 (.0389)	-0.67 (.5058)	1.38 (.1678)			
SIG's	*3.64 (.0003)	*-5.31 (.0001)	*-2.00 (.0464)	-0.97 (.3345)	*-206 (.0406)		
Mngt	*3.75 (.0002)	*-5.21 (.0001)	-1.95 (.0516)	-0.88 (.3774)	*-209 (.0372)	0.09 (.9294)	
Supply	*8.84 (.0001)	-0.64 (.5224)	0.58 (.5618)	1.82 (.0697)	1.19 (.2350)	*2.35 (.0192)	*2.28 (.0230)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 11
EXAMINING THE POSITION AND GROUP EFFECT

Monitor this stakeholder for change in their beliefs/ behaviour/attitudes. (Monitor)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	0.01 (.9888)		
P5 Coop-L Thrt-L Indir-L	-0.13 (.8936)	-0.15 (.8807)	
P8 Coop-L Thrt-H Indir-L	0.15 (.8779)	0.15 (.8804)	0.31 (.7535)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-2.61 (.0093)						
Employ	-0.61 (.5451)	*2.21 (.0280)					
Gov	0.32 (.7460)	*5.15 (.0001)	0.73 (.4670)				
Owner	0.42 (.6771)	*3.95 (.0001)	1.00 (.3164)	-0.06 (.9538)			
SIG's	1.08 (.2820)	*6.40 (.0001)	1.49 (.1383)	1.32 (.1885)	1.07 (.2873)		
Mngt	0.32 (.7475)	*5.06 (.0001)	0.72 (.4704)	-0.00 (.9964)	0.06 (.9559)	-1.26 (.2081)	
Supply	-0.94 (.3464)	1.93 (.0549)	-0.35 (.7229)	-0.95 (.3443)	-1.30 (.1937)	-1.70 (.0909)	-0.94 (.3495)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 12
EXAMINING THE POSITION AND GROUP EFFECT

Minimise the possibility of this stakeholder-firm relationship changing in any way. (Minimise change)

T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	1.49 (.1365)		
P5 Coop-L Thrt-L Indir-L	1.91 (.0570)	0.32 (.7516)	
P8 Coop-L Thrt-H Indir-L	*3.42 (.0007)	*2.08 (.0387)	1.84 (.0671)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	-0.72 (.4710)						
Employ	0.79 (.4320)	1.25 (.2124)					
Gov	-0.56 (.5749)	0.28 (.7787)	-1.09 (.2777)				
Owner	-1.44 (.1500)	-0.35 (.7269)	*-2.19 (.0290)	-0.57 (.5703)			
SIG's	0.92 (.3582)	*2.89 (.0045)	0.40 (.6867)	*2.57 (.0106)	*2.50 (.0127)		
Mngt	-046 (.6429)	0.44 (.6607)	-0.98 (.3264)	0.17 (.8685)	0.70 (.4824)	*-2.28 (.0233)	
Supply	-0.32 (.7479)	0.49 (.6242)	-1.10 (.2700)	0.33 (.7396)	1.06 (.2901)	-1.13 (.2613)	0.24 (.8136)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 13
EXAMINING THE POSITION AND GROUP EFFECT

Link this stakeholder to the firm's wider objectives. (Wider objectives)

T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P3 Coop-H Thrt-H Indir-L	P5 Coop-L Thrt-L Indir-L
P3 Coop-H Thrt-H Indir-L	-1.51 (.1325)		
P5 Coop-L Thrt-L Indir-L	0.02 (.9825)	1.65 (.0999)	
P8 Coop-L Thrt-H Indir-L	0.77 (.4396)	*2.46 (.0144)	0.85 (.3978)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-5.54 (.0001)						
Employ	*-8.96 (.0001)	-0.48 (.6307)					
Gov	*-3.27 (.0012)	*3.98 (.0001)	*2.74 (.0065)				
Owner	*-8.44 (.0001)	-0.25 (.8045)	0.44 (.6628)	*-3.34 (.0009)			
SIG's	*-4.28 (.0001)	*2.04 (.0424)	1.64 (.1015)	-1.86 (.0642)	1.78 (.0756)		
Mngt	*-2.96 (.0033)	*4.41 (.0001)	*3.01 (.0028)	0.52 (.6004)	*3.78 (.0002)	*2.25 (.0250)	
Supply	*-9.50 (.0001)	-0.97 (.3336)	-0.75 (.4552)	*-3.17 (.0016)	-1.13 (.2594)	*-2.11 (.0357)	*-3.43 (.0007)

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APPENDIX 5.3
ANOVA TESTS OF FIXED EFFECTS FOR THE EXPANDED MODEL

Depend Variable	Source	DF	Type 3 F	Pr>f
Change circumstances (1)				
	ID	116	3.84	.
	Stake	7	18.42	.0001
	Position	7	1.22	.2895
	Stake*Position	40	1.53	.1076
Change rules (2)				
	ID	116	1.72	.
	Stake	7	14.68	.0001
	Position	7	1.51	.1600
	Stake*Position	40	1.30	.1076
Refocus (3)				
	ID	116	1.53	.
	Stake	7	24.81	.0001
	Position	7	3.91	.0003
	Stake*Position	40	1.91	.0007
Informal collaborate (4)				
	ID	115	3.16	.
	Stake	7	28.87	.0001
	Position	7	2.45	.0175
	Stake*Position	40	1.34	.0811
Reinforce (5)				
	ID	115	.42	.
	Stake	7	22.10	.0001
	Position	7	1.67	.1130
	Stake*Position	40	1.04	.4055

Include (6)				
	ID	116	2.68	.
	Stake	7	42.24	.0001
	Position	7	1.67	.1143
	Stake*Position	40	.79	.8200
Change Beliefs (7)				
	ID	116	3.94	.
	Stake	7	31.55	.0001
	Position	7	2.92	.0051
	Stake*Position	40	1.21	.1761
Change Behaviour (8)				
	ID	116	4.08	.
	Stake	7	43.41	.0001
	Position	7	1.00	.4310
	Stake*Position	40	1.00	.4748
Ignore (9)				
	ID	114	5.14	.
	Stake	7	22.84	.0001
	Position	7	1.57	.1403
	Stake*Position	40	.92	6126
.				
Reduce reliance (10)				
	ID	115	3,43	.
	Stake	7	29.17	.0001
	Position	7	1.26	.2653
	Stake*Position	40	1.28	.1162
Monitor (11)				
	ID	116	7.60	.

	Stake	7	11.02	.0001
	Position	7	1.38	.2107
	Stake*Position	40	1.01	.4481
Minimise change (12)				
	ID	116	8.43	.
	Stake	7	1.55	.1485
	Position	7	2.75	.0079
	Stake*Position	40	1.60	.0120
Wider objectives (13)				
	ID	116	5.96	.
	Stake	7	46.84	.0001
	Position	7	2.59	.0121
	Stake*Position	40	1.50	.0262
JV (14)				
	ID	116	6.54	.
	Stake	7	15.71	.0001
	Position	7	.98	.4465
	Stake*Position	40	.95	.5520
Bridgee (15)				
	ID	116	6.52	.
.	Stake	7	14.80	.0001
	Position	7	2.37	.0210
	Stake*Position	40	.90	.6429
Bridger (16)				
	ID	116	6.51	.
	Stake	7	17.25	.0001
	Position	7	5.42	.0001
	Stake*Position	40	.95	.5621

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APPENDIX 5.4

TUKEY-KRAMER POST HOC TESTS FOR THE EXPANDED MODEL-APPROACH 1
EXAMINING THE POSITION AND GROUP EFFECT

Modify the circumstances in which the firm and this stakeholder interact. (Change circumstances)
T-Statistic and (Pr>T) *significant at the .05 level

	P1Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6Coop-LThrt-LIndir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-1.23 (.2179)						
P3 Coop-H Thrt-H Indir-L	-0.71 .(4808)	0.51 (.6131)					
P4 Coop-H Thrt-H Indir-H	-1.94 (0.522)	-0.78 (.4367)	-1.24 (.2147)				
P5 Coop-L Thrt-L Indir-L	-0.15 (.8827)	1.14 (.2551)	0.60 (.5482)	1.87 (.0614)			
P6 Coop L Thrt-L Indir-H	-1.60 (.1092)	-0.42 (.6752)	-0.87 (.3830)	0.37 (.7130)	-1.50 (.1341)		
C7 Coop-L Thrt-H Indir-H	-1.96 (0.506)	-0.98 (.3288)	-1.37 (.1709)	-0.30 (.7640)	-1.87 (.0620)	-0.62 (.5387)	
P8 Coop-L Thrt-H Indir-l	-1.27 (.2060)	-0.08 (.9351)	-0.59 (.5556)	0.70 (.4857)	-1.22 (.2231)	0.33 (.7403)	0.90 (.3671)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-10.44 (.0001)						
Employ	*-7.74 (.0001)	*2.53 (.0115)					
Gov	*-5.50 (.0001)	*5.14 (.0001)	*2.53 (.0116)				
Owner	*-4.29 (.0001)	*5.99 (.0001)	*3.44 (.0006)	0.97 (.3321)			
SIG's	*-7.52 (.0001)	*2.80 (.0053)	0.24 (.8111)	*-2.29 (.0223)	*-3.14 (.0018)		
Mngt	*-5.38 (.0001)	*4.99 (.0001)	*2.42 (.0158)	-0.06 (.9514)	-1.03 (.3017)	*2.15 (.0317)	
Supply	*-8.81 (.0001)	1.46 (.1460)	-1.07 (.2837)	*-3.58 (.0004)	*-4.39 (.0001)	-1.29 (.1966)	*-3.43 (.0006)

TUKEY-KRAMER POST HOC TESTS FOR EXPANDED MODEL-APPROACH 2
EXAMINING THE POSITION AND GROUP EFFECT
Change the formal or informal rules under which this stakeholder operates. (Change rules)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7 Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-1.07 (.2870)						
P3 Coop-H Thrt-H Indir-L	-0.69 (.4914)	0.35 (.7237)					
P4 Coop-H Thrt-H Indir-H	*-2.20 (.0282)	-1.20 (.2300)	-1.51 (.1306)				
P5 Coop-L Thrt-L Indir-L	-0.52 (.6-26)	0.57 (.5681)	0.20 (.8410)	1.77 (.0778)			
P6 Coop-L Thrt-L Indir-H	-1.81 (.0707)	-0.80 (.4221)	-1.09 (.2748)	0.42 (.6718)	-1.34 (.1814)		
C7 Coop-L Thrt-H Indir-H	-0.94 (.3488)	-0.07 (.9420)	-0.36 (.7213)	0.90 (.3661)	-.052 (.6015)	0.57 (.5716)	
P8 Coop-L Thrt-H Indir-l	*-2.24 (0.253)	-1.33 (.1851)	-1.64 (.1008)	-0.02 (.9813)	-1.89 (0.597)	-0.46 (.6444)	-0.96 (.3385)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-7.77 (.0001)						
Employ	*-7.81 (.0001)	-0.20 (.8424)					
Gov	*-4.95 (.0001)	*2.89 (.0040)	*3.05 (.0024)				
Owner	*-3.20 (.0014)	*4.45 (.0001)	*4.60 (.0001)	1.64 (.1018)			
SIG's	*-8.30 (.0001)	-0.69 (.4919)	-0.48 (.6303)	*-3.53 (.0004)	*-4.97 (.0001)		
Mngt	*-4.31 (.0001)	*3.43 (.0006)	*3.57 (.0004)	0.59 (.5558)	-1.06 (.2906)	*3.99 (.0001)	
Supply	*-7.55 (.0001)	0.08 (.9335)	0.29 (.7754)	*-2.75 (.0062)	*-4.23 (.0001)	0.76 (.4482)	*-3.26 (.0012)

TUKEY-KRAMER POST HOC TESTS FOR EXPANDED MODEL-APPROACH 3
EXAMINING THE POSITION AND GROUP EFFECT
Refocus this stakeholder's objectives. (Refocus)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7 Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-0.98 (3286)						
P3 Coop-H Thrt-H Indir-L	-1.38 (.1683)	-0.47 (.6404)					
P4 Coop-H Thrt-H Indir-H	*-2.75 (.0060)	-1.85 (.0641)	-1.38 (.1684)				
P5 Coop-L Thrt-L Indir-L	-1.66 (.0972)	-0.72 (.4734)	-0.23 (.8190)	1.21 (.2276)			
P6 Coop-L Thrt-L Indir-H	*-2.83 (.0040)	-1.96 (.0503)	-1.41 (.1595)	-0.03 (.9795)	-1.24 (.2136)		
C7 Coop-L Thrt-H Indir-H	*-2.10 (.0358)	-1.34 (.1812)	-0.94 (.3467)	0.23 (.8200)	-0.77 (.4443)	0.25 (.7998)	
P8 Coop-L Thrt-H Indir-l	*-4.21 (.0001)	*-3.58 (.0004)	*-2.99 (.0028)	-1.44 (.1510)	*-2.83 (.0048)	-1.44 (.1493)	-1.45 (.1465)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-11.50 (.0001)						
Employ	*-9.14 (.0001)	*2.17 (.0305)					
Gov	*-5.77 (.0001)	*5.85 (.0001)	*3.59 (.0003)				
Owner	*-5.65 (.0001)	*5.66 (.0001)	*3.48 (.0005)	-0.05 (.9594)			
SIG's	*-9.73 (.0001)	1.60 (.1096)	-0.58 (.5628)	*-4.18 (.0001)	*-3.97 (.0001)		
Mngt	*-6.05 (.0001)	*5.41 (.0001)	*3.18 (.0015)	-0.36 (.7216)	-0.30 (.7610)	*3.70 (.0002)	
Supply	*-9.21 (.0001)	*2.10 (.0310)	-0.05 (.9596)	*-3.62 (.0003)	*-3.45 (.0006)	0.53 (.5995)	*-3.20 (.0014)

TUKEY-KRAMER POST HOC TESTS FOR EXPANDED MODEL-APPROACH 4
EXAMINING THE POSITION AND GROUP EFFECT
Informally collaborate with this stakeholder when establishing policy. (Informal collaborate)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-1.02 (.3086)						
P3 Coop-H Thrt-H Indir-L	-0.03 (.9733)	1.00 (.3174)					
P4 Coop-H Thrt-H Indir-H	-1.63 (.1035)	-0.67 (.5029)	-1.60 (.1095)				
P5 Coop-L Thrt-L Indir-L	1.35 (.1760)	*2.49 (.0129)	1.42 (.1553)	*3.05 (.0024)			
P6 Coop-L Thrt-L Indir-H	0.36 (.7180)	1.42 (.1571)	0.39 (.6970)	*1.99 (.0499)	-0.99 (.3230)		
C7 Coop-L Thrt-H Indir-H	-0.90 (.3711)	-0.07 (.9445)	-0.87 (.3826)	0.48 (.6346)	*-2.03 (.0428)	-1.19 (.2354)	
P8 Coop-L Thrt-H Indir-l	-0.25 (.8024)	0.80 (.4217)	-0.23 (.8181)	1.40 (.1609)	-1.69 (.0905)	-0.62 (.5332)	0.69 (.4895)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-11.11 (.0001)						
Employ	*-12.56 (.0001)	-1.70 (.0896)					
Gov	*-10.39 (.0001)	0.79 (.4298)	*2.48 (.0132)				
Owner	*-9.74 (.0001)	1.13 (.2606)	*2.79 (.0054)	0.36 (.7220)			
SIG's	*-11.14 (.0001)	-0.22 (.8246)	1.47 (.1413)	-1.00 (.3179)	-1.30 (.1930)		
Mngt	*-10.00 (.0001)	1.04 (.2981)	*2.70 (.0071)	0.26 (.7915)	-0.09 (.9253)	1.22 (.2219)	
Supply	*-14.06 (.0001)	*-3.16 (.0017)	-1.50 (.1351)	*-3.95 (.0001)	*-4.16 (.0001)	*-2.94 (.0034)	*-4.11 (.0001)

TUKEY-KRAMER POST HOC TESTS FOR EXPANDED MODEL-APPROACH 5
EXAMINING THE POSITION AND GROUP EFFECT
Reinforce this stakeholder's beliefs about the firm. (Reinforce)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-0.87 (.3820)						
P3 Coop-H Thrt-H Indir-L	0.01 (.9911)	0.90 (.3678)					
P4 Coop-H Thrt-H Indir-H	-0.99 (.3244)	-0.15 (.8805)	-1.00 (.3187)				
P5 Coop-L Thrt-L Indir-L	-0.25 (.8006)	0.65 (.5141)	-0.27 (.7868)	0.77 (.4403)			
P6 Coop-L Thrt-L Indir-H	0.50 (.6197)	1.41 (.1596)	0.48 (.6330)	1.48 (.1405)	0.76 (.4452)		
C7 Coop-L Thrt-H Indir-H	-0.55 (.5843)	0.17 (.8682)	-0.56 (.5748)	0.28 (.7794)	-0.35 (.7279)	-0.95 (.3408)	
P8 Coop-L Thrt-H Indir-l	1.32 (.1870)	*2.37 (.0178)	1.39 (.1647)	*2.32 (.0205)	1.70 (.0893)	0.85 (.3963)	1.67 (.0945)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-11.71 (.0001)						
Employ	*-11.53 (.0001)	-0.07 (.9472)					
Gov	*-8.95 (.0001)	*2.86 (.0044)	*2.88 (.0040)				
Owner	*-10.50 (.0001)	0.96 (.3388)	1.01 (.3116)	-1.84 (.0654)			
SIG's	*-8.65 (.0001)	*2.91 (.0037)	*2.95 (.0033)	0.08 (.9333)	1.86 (.0635)		
Mngt	*-9.24 (.0001)	*2.39 (.0173)	*2.14 (.0162)	-0.43 (.6696)	1.42 (.1549)	-0.49 (.6223)	
Supply	*-10.18 (.0001)	1.35 (.1785)	1.44 (.1514)	-1.45 (.1483)	0.38 (.7029)	-1.52 (.191)	-1.00 (.3190)

TUKEY-KRAMER POST HOC TESTS FOR EXPANDED MODEL-APPROACH 6
EXAMINING THE POSITION AND GROUP EFFECT
Include this stakeholder when developing strategy. (Include)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-0.42 (.6722)						
P3 Coop-H Thrt-H Indir-L	-0.51 (.6123)	-0.11 (.9149)					
P4 Coop-H Thrt-H Indir-H	-0.20 (.8439)	0.21 (.8316)	0.31 (.7567)				
P5 Coop-L Thrt-L Indir-L	0.65 (.5153)	1.13 (.2608)	1.20 (.2287)	0.85 (.3938)			
P6 Coop-L Thrt-L Indir-H	-0.66 (.5093)	-0.26 (.7962)	-0.14 (.8865)	-0.45 (.6513)	-1.33 (.1844)		
C7 Coop-L Thrt-H Indir-H	0.35 (.7230)	0.71 (.4750)	0.79 (.4297)	0.51 (.6113)	-0.18 (.8584)	0.90 (.3697)	
P8 Coop-L Thrt-H Indir-L	1.79 (.0736)	*2.41 (.0162)	*2.44 (.0147)	*2.00 (.0461)	1.26 (.2091)	*2.50 (0.125)	1.16 (.2444)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-15.27 (.0001)						
Employ	*14.22 (.0001)	0.76 (.4473)					
Gov	*-9.14 (.0001)	*6.29 (.0001)	*5.44 (.0001)				
Owner	*-11.21 (.0001)	*3.76 (.0002)	*2.98 (.0030)	*-2.40 (.0165)			
SIG's	*-11.74 (.0001)	*3.35 (.0008)	*2.56 (.0108)	*-2.87 (.0042)	-0.44 (.6571)		
Mngt	*-9.59 (.0001)	*5.59 (.0001)	4.75 (.0001)	-0.60 (.5497)	1.81 (.0707)	*2.20 (.0283)	
Supply	*-15.83 (.0001)	-0.38 (.4084)	-1.61 (.1084)	*-7.00 (.0001)	*-4.45 (.0001)	*-4.12 (.0001)	*-6.25 (.0001)

TUKEY-KRAMER POST HOC TESTS FOR EXPANDED MODEL-APPROACH 7
EXAMINING THE POSITION AND GROUP EFFECT
Modify this stakeholder's beliefs about the firm. (Change Beliefs)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-0.94 (.3471)						
P3 Coop-H Thrt-H Indir-L	*-2.52 (.0118)	-1.71 (.0871)					
P4 Coop-H Thrt-H Indir-H	*-2.10 (.0356)	-1.23 (.2199)	0.41 (.6833)				
P5 Coop-L Thrt-L Indir-L	*-2.05 (.0407)	-1.16 (.2456)	0.59 (.5566)	0.15 (.8818)			
P6 Coop-L Thrt-L Indir-H	*-2.44 (.0148)	-1.59 (.1127)	0.12 (.9053)	-0.29 (.7725)	-0.45 (.6510)		
C7 Coop-L Thrt-H Indir-H	*-2.07 (.0384)	-1.34 (.1818)	0.06 (.9483)	-0.27 (.7838)	-0.41 (.6813)	-0.04 (.9711)	
P8 Coop-L Thrt-H Indir-L	*-3.73 (.0002)	*-3.09 (.0021)	-1.26 (.2067)	-1.60 (.1092)	-1.89 (.0586)	-1.34 (.1804)	-1.08 (.2821)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*14.21 (.0001)						
Employ	*-11.16 (.0001)	*2.80 (.0052)					
Gov	*-8.94 (.0001)	*5.37 (.0001)	*2.49 (.0130)				
Owner	*-8.40 (.0001)	*5.53 (.0001)	*2.72 (.0066)	0.28 (.7795)			
SIG's	*-11.12 (.0001)	*2.91 (.0037)	0.08 (.9347)	*-2.41 (.0162)	*-2.59 (.0098)		
Mngt	*-10.16 (.0001)	*3.97 (.0001)	1.15 (.2523)	-1.33 (.1829)	-1.61 (.1072)	1.05 (.2941)	
Supply	*-10.72 (.0001)	3.26 (.0012)	0.49 (.6261)	*-2.00 (.0463)	*-2.20 (.0282)	0.40 (.6909)	-0.66 (.5081)

TUKEY-KRAMER POST HOC TESTS FOR EXPANDED MODEL-APPROACH 8
EXAMINING THE POSITION AND GROUP EFFECT
Change organisational behaviour to address this stakeholder's concerns. (Change Behaviour)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-LThrt-LIndir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-0.14 (.8858)						
P3 Coop-H Thrt-H Indir-L	-1.56 (.1180)	-1.51 (.1310)					
P4 Coop-H Thrt-H Indir-H	-1.20 (.2322)	-1.08 (.2804)	0.36 (.7167)				
P5 Coop-L Thrt-L Indir-L	-0.82 (.4100)	-0.71 (.4750)	0.82 (.4100)	0.42 (.6718)			
P6 Coop-L Thrt-L Indir-H	-0.66 (.5112)	-0.54 (.5896)	0.92 (.3590)	0.55 (.5811)	0.15 (.8802)		
C7 Coop-L Thrt-H Indir-H	-1.03 (.3011)	-0.94 (.3480)	0.29 (.7694)	-0.02 (.9866)	-0.37 (.7110)	-0.48 (.6295)	
P8 Coop-L Thrt-H Indir-L	-1.25 (.2127)	-1.21 (.2251)	0.35 (.7270)	-0.04 (.9699)	-0.49 (.6251)	-0.61 (.5423)	-0.01 (.9884)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-15.97 (.0001)						
Employ	*-13.85 (.0001)	1.85 (.0647)					
Gov	*-9.88 (.0001)	*6.26 (.0001)	*4.32 (.0001)				
Owner	*-11.92 (.0001)	*3.74 (.0001)	1.89 (.0587)	*-2.39 (.0173)			
SIG's	*-9.51 (.0001)	*6.34 (.0001)	*4.43 (.0001)	0.14 (.8883)	*2.44 (.0151)		
Mngt	*-8.90 (.0001)	*6.97 (.0001)	*5.05 (.0001)	0.83 (.4055)	*3.22 (.0013)	0.67 (.5048)	
Supply	*-14.12 (.0001)	1.61 (.1082)	-0.23 (.8169)	*-4.52 (.0001)	*-2.07 (.0385)	*-4.63 (.0001)	*-5.22 (.0001)

TUKEY-KRAMER POST HOC TESTS FOR THE ORIGINAL MODEL-APPROACH 9
EXAMINING THE POSITION AND GROUP EFFECT
Continue with existing activities (i.e. ignore this group). (Ignore)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	0.82 (.4114)						
P3 Coop-H Thrt-H Indir-L	1.51 (.1304)	0.77 (.4410)					
P4 Coop-H Thrt-H Indir-H	1.19 (.2355)	0.41 (.6807)	-0.32 (.7464)				
P5 Coop-L Thrt-L Indir-L	-0.67 (.5024)	-1.57 (.1170)	*-2.31 (.0214)	-1.90 (.0572)			
P6 Coop-L Thrt-L Indir-H	-0.11 (.9093)	-0.96 (.3396)	-1.63 (.1040)	-1.30 (.1933)	0.56 (.5783)		
C7 Coop-L Thrt-H Indir-H	1.50 (.1347)	0.85 (.3951)	0.21 (.8300)	0.47 (.6351)	*2.08 (.0376)	1.58 (.1143)	
P8 Coop-L Thrt-H Indir-L	-0.00 (.9973)	-0.88 (.3814)	-1.63 (.1032)	-1.21 (.2263)	0.70 (.4819)	0.11 (.9104)	-1.52 (.1283)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*11.40 (.0001)						
Employ	*9.37 (.0001)	-1.82 (.0689)					
Gov	*6.23 (.0001)	*-5.28 (.0001)	*-3.38 (.0008)				
Owner	*6.69 (.0001)	*-4.49 (.0001)	*-2.66 (.0080)	0.67 (.5054)			
SIG's	*7.03 (.0001)	*-4.24 (.0001)	*-2.38 (.0177)	0.98 (.3270)	0.30 (.7619)		
Mngt	*5.64 (.0001)	*-5.70 (.0001)	*-3.81 (.0002)	-0.50 (.6138)	-1.17 (.2417)	01.43 (.1519)	
Supply	*9.20 (.0001)	*-2.01 (.0452)	-0.20 (.8393)	*3.15 (.0017)	*2.41 (.0163)	*2.16 (.0311)	*3.57 (.0004)

TUKEY-KRAMER POST HOC TESTS FOR THE EXPANDED MODEL-APPROACH 10
EXAMINING THE POSITION AND GROUP EFFECT
Reduce reliance on this stakeholder. (Reduce reliance)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	0.30 (.7676)						
P3 Coop-H Thrt-H Indir-L	0.89 (.3764)	0.64 (.5227)					
P4 Coop-H Thrt-H Indir-H	-0.49 (.6210)	-0.80 (.4263)	-1.38 (1.679)				
P5 Coop-L Thrt-L Indir-L	-1.19 (.2357)	-1.56 (.1192)	*-2.16 (.0314)	-0.67 (.5043)			
P6 Coop-L Thrt-L Indir-H	0.88 (.3785)	0.62 (.5354)	-0.02 (.9841)	1.36 (.1734)	*2.09 (.0368)		
C7 Coop-L Thrt-H Indir-H	1.07 (.2846)	0.85 (.3953)	0.32 (.7488)	1.45 (.1474)	*2.07 (.0387)	0.33 (.7396)	
P8 Coop-L Thrt-H Indir-L	-0.44 (.6567)	-0.80 (.4235)	-1.42 (.1568)	0.06 (.9542)	0.77 (.4429)	-1.35 (.1776)	1.46 (.1447)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*12.73 (.0001)						
Employ	*9.69 (.0001)	*-2.86 (.0043)					
Gov	*5.93 (.0001)	*-6.95 (.0001)	*-3.99 (.0001)				
Owner	*9.28 (.0001)	*-3.18 (.0015)	-0.34 (.7324)	*3.62 (.0003)			
SIG's	*5.32 (.0001)	*-7.32 (.0001)	*-4.40 (.0001)	-0.47 (.6388)	*-3.93 (.0001)		
Mngt	*5.82 (.0001)	*-6.84 (.0001)	*-3.92 (.0001)	-0.02 (.9839)	*-3.65 (.0003)	0.43 (.6639)	
Supply	*9.63 (.0001)	*-2.87 (.0043)	-0.04 (.9680)	*3.90 (.0001)	0.29 (.7683)	*4.33 (.0001)	*3.83 (.0001)

TUKEY-KRAMER POST HOC TESTS FOR THE EXPANDED MODEL-APPROACH 11
EXAMINING THE POSITION AND GROUP EFFECT
Monitor this stakeholder for change in their beliefs/ behaviour/attitudes. (Monitor)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-1.04 (.2965)						
P3 Coop-H Thrt-H Indir-L	0.31 (.7571)	1.39 (.1651)					
P4 Coop-H Thrt-H Indir-H	-1.55 (.1225)	-0.56 (.5783)	-1.86 (.0635)				
P5 Coop-L Thrt-L Indir-L	0.02 (.9805)	1.12 (.2631)	-0.30 (.7611)	1.63 (.1038)			
P6 Coop-L Thrt-L Indir-H	-0.43 (.664)	0.61 (.5406)	-0.73 (.4633)	1.12 (.2620)	-0.47 (.6407)		
C7 Coop-L Thrt-H Indir-H	-0.49 (.6226)	0.36 (.7153)	-0.76 (.4472)	0.80 (.4248)	-0.52 (.6028)	-0.13 (.8953)	
P8 Coop-L Thrt-H Indir-L	0.48 (.6319)	1.63 (.1030)	0.18 (.8590)	*2.05 (.0408)	0.49 (.6213)	0.93 (.3532)	0.91 (.3654)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*4.89 (.0001)						
Employ	1.85 (.0648)	*6.76 (.0001)					
Gov	*2.03 (.0427)	*7.00 (.0001)	0.13 (.8928)				
Owner	1.83 (.0672)	*6.71 (.0001)	-0.01 (.9919)	-0.14 (.8851)			
SIG's	*3.59 (.0004)	*8.59 (.0001)	1.76 (.0792)	1.63 (.1036)	1.71 (.0876)		
Mngt	1.20 (.2306)	*6.09 (.0001)	-0.67 (.5051)	-0.82 (.4151)	-0.67 (.5030)	*-2.37 (.0181)	
Supply	0.21 (.8351)	*5.04 (.0001)	-1.68 (.0927)	-1.80 (.0728)	-1.60 (.1100)	*-3.40 (.0007)	-0.97 (.3333)

TUKEY-KRAMER POST HOC TESTS FOR THE EXPANDED MODEL-APPROACH 12
EXAMINING THE POSITION AND GROUP EFFECT

Minimise the possibility of this stakeholder-firm relationship changing in any way. (Minimise change)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	0.69 (.4919)						
P3 Coop-H Thrt-H Indir-L	1.07 (.2839)	*2.90 (.0038)					
P4 Coop-H Thrt-H Indir-H	1.73 (.0848)	0.44 (.6621)	*2.45 (.0145)				
P5 Coop-L Thrt-L Indir-L	1.59 (.1130)	1.09 (.2767)	0.66 (.5121)	1.93 (.0535)			
P6 Coop-L Thrt-L Indir-H	*2.70 (.0062)	0.94 (.3453)	0.48 (.6312)	-0.21 (.8316)	1.17 (.2443)		
C7 Coop-L Thrt-H Indir-H	0.73 (.4639)	*2.17 (.0306)	1.63 (.1034)	0.97 (.3301)	1.23 (.2183)	-1.54 (.1228)	
P8 Coop-L Thrt-H Indir-L	0.73 (.4639)	0.18 (.8589)	-0.18 (.8593)	-0.71 (.4761)	-0.57 (.5706)	0.18 (.8552)	1.73 (.0847)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	-1.73 (.0836)						
Employ	-0.93 (.3520)	0.78 (.4363)					
Gov	-1.05 (.2953)	0.70 (.4836)	-0.09 (.9277)				
Owner	*-3.07 (.0022)	-1.40 (.1614)	*-2.16 (.0313)	*-2.10 (.0360)			
SIG's	0.63 (.5319)	*2.38 (.0174)	1.58 (.1149)	1.68 (.0935)	*3.64 (.0003)		
Mngt	-0.12 (.9059)	1.61 (.1083)	0.81 (.4154)	0.92 (.3559)	*3.03 (.0026)	-0.73 (.4650)	
Supply	-1.71 (.0877)	-0.01 (.9939)	-0.79 (.4280)	-0.69 (.4875)	1.35 (.1768)	*-2.35 (.0191)	-1.57 (.1166)

TUKEY-KRAMER POST HOC TESTS FOR THE EXPANDED MODEL-APPROACH 13
EXAMINING THE POSITION AND GROUP EFFECT
Link this stakeholder to the firm's wider objectives. (Wider objectives)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7 Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-1.77 (.0768)						
P3 Coop-H Thrt-H Indir-L	-1.61 (.1071)	0.09 (.9267)					
P4 Coop-H Thrt-H Indir-H	-0.68 (.4981)	1.04 (.2984)	0.93 (.3503)				
P5 Coop-L Thrt-L Indir-L	-0.15 (8843)	1.71 (.0883)	1.57 (.1168)	0.56 (.5760)			
P6 Coop-L Thrt-L Indir-H	0.16 (.8731)	*1.97 (.0494)	1.77 (.0771)	0.84 (.4038)	0.31 (.7566)		
C7 Coop-L Thrt-H Indir-H	-0.80 (.4257)	0.66 (.5106)	0.57 (.5659)	-0.22 (.8289)	-0.69 (.4903)	-0.92 (.3565)	
P8 Coop-L Thrt-H Indir-L	0.47 (.6400)	*2.39 (.0172)	*2.22 (.0266)	1.16 (.2480)	0.66 (.5090)	0.32 (.7515)	1.20 (.2291)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-15.24 (.0001)						
Employ	*-15.05 (.0001)	-0.12 (.9084)					
Gov	*-10.01 (.0001)	*5.36 (.0001)	*5.41 (.0001)				
Owner	*-14.18 (.0001)	0.71 (.4764)	0.82 (.4126)	*-4.56 (.0001)			
SIG's	*-12.92 (.0001)	*2.10 (.0359)	*2.19 (.0286)	*-3.20 (.0014)	1.32 (.1878)		
Mngt	*-9.67 (.0001)	*5.46 (.0001)	*5.48 (.0001)	0.19 (.8486)	*4.76 (.0001)	*3.27 (.0011)	
Supply	*-15.88 (.0001)	-0.91 (.3619)	-0.81 (.4174)	*-6.17 (.0001)	-1.58 (.1150)	*-2.98 (.0030)	*-6.21 (.0001)

TUKEY-KRAMER POST HOC TESTS FOR THE EXPANDED MODEL-APPROACH 14
* EXAMINING THE POSITION AND GROUP EFFECT
Form a formal strategic alliance or joint venture with this stakeholder. (JV)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7 Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-1.69 (.0910)						
P3 Coop-H Thrt-H Indir-L	-1.95 (.0513)	-0.35 (.7275)					
P4 Coop-H Thrt-H Indir-H	*-2.25 (.0246)	-0.64 (.5205)	-0.30 (.7627)				
P5 Coop-L Thrt-L Indir-L	-1.46 (.1442)	0.24 (.8098)	0.59 (.5586)	0.88 (.3773)			
P6 Coop-L Thrt-L Indir-H	-1.32 (.1884)	0.35 (.7285)	0.66 (.5117)	0.96 (.3384)	0.11 (.9107)		
C7 Coop-L Thrt-H Indir-H	-1.60 (.1097)	-0.23 (.8173)	0.05 (.9575)	0.30 (.7635)	-0.42 (.6750)	-0.50 (.6177)	
P8 Coop-L Thrt-H Indir-L	-1.83 (.0676)	-0.21 (.8307)	0.14 (.8851)	0.44 (.6586)	-0.45 (.6509)	-0.54 (.5910)	0.06 (.9504)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-3.57 (.0004)						
Employ	*-6.25 (.0001)	*-2.80 (.0052)					
Gov	*-3.99 (.0001)	-0.41 (.6819)	*2.41 (.0163)				
Owner	*-5.21 (.0001)	-1.76 (.0793)	1.02 (.3091)	-1.37 (.1724)			
SIG's	*-10.54 (.0001)	*-7.20 (.0001)	*-4.33 (.0001)	*-6.76 (.0001)	*-5.18 (.0001)		
Mngt	*-4.43 (.0001)	-0.90 (.3691)	1.87 (.0618)	-0.50 (.6185)	0.87 (.3837)	*6.05 (.0001)	
Supply	*-7.04 (.0001)	*-3.55 (.0004)	-0.79 (.4292)	*-3.17 (.0016)	-1.75 (.0802)	*3.52 (.0005)	*-2.61 (.0091)

TUKEY-KRAMER POST HOC TESTS FOR THE EXPANDED MODEL-APPROACH 15
EXAMINING THE POSITION AND GROUP EFFECT

Use **other** stakeholder groups to modify **this** stakeholder's beliefs. (Bridgee)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	-1.73 (.0832)						
P3 Coop-H Thrt-H Indir-L	*-2.47 (.0138)	-0.85 (.3958)					
P4 Coop-H Thrt-H Indir-H	*-3.63 (.0003)	*-2.00 (.0453)	-1.17 (.2435)				
P5 Coop-L Thrt-L Indir-L	-1.56 (.1187)	0.18 (.8553)	1.03 (.3016)	*2.22 (0.268)			
P6 Coop-L Thrt-L Indir-H	*-2.63 (.0086)	-0.98 (.3271)	-0.12 (.9019)	1.04 (.2975)	-1.14 (.2540)		
C7 Coop-L Thrt-H Indir-H	*-3.29 (.0010)	-1.92 (.-550)	-1.21 (.2268)	-0.21 (.8366)	*-2.06 (.0400)	-1.09 (.2775)	
P8 Coop-L Thrt-H Indir-L	*-3.32 (.0010)	-1.79 (0740)	-0.88 (.3809)	0.35 (.7243)	-1.96 (.0504)	-0.72 (.4733)	0.51 (.6082)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-8.89 (.0001)						
Employ	*-4.69 (.0001)	*4.10 (.0001)					
Gov .	*-5.66 (.0001)	*3.31 (.0010)	-0.85 (.3975)				
Owner	*5.14 (.0001)	*3.60 (.0003)	-0.47 (.6395)	0.37 (.7129)			
SIG's	*-4.88 (.0001)	*3.95 (.0001)	-0.19 (.8522)	0.66 (.5101)	0.28 (.7807)		
Mngt	*4.45 (.0001)	*4.41 (.0001)	0.30 (.7680)	1.15 (.2500)	0.78 (.4361)	0.47 (.6367)	
Supply	*-7.51 (.0001)	1.24 (.2157)	*-2.87 (.0042)	*-2.00 (.0456)	*2.29 (.0223)	*-2.64 (.0084)	*-3.07 (.0022)

TUKEY-KRAMER POST HOC TESTS FOR THE EXPANDED MODEL-APPROACH 16
EXAMINING THE POSITION AND GROUP EFFECT
Use **this** stakeholder group to modify **other** stakeholders' beliefs. (Bridger)
T-Statistic and (Pr>T) *significant at the .05 level

	P1 Coop-H Thrt-L Indir-L	P2 Coop-H Thrt-L Indir- H	P3 Coop-H Thrt-H Indir-L	P4 Coop-H Thrt-H Indir-H	P5 Coop-L Thrt-L Indir-L	P6 Coop-L Thrt-L Indir-H	C7Coop-L Thrt-H Indir-H
P2 Coop-H Thrt-L Indir- H	*-2.68 (.0074)						
P3 Coop-H Thrt-H Indir-L	-0.28 (.7777)	*2.43 (.0154)					
P4 Coop-H Thrt-H Indir-H	*3.44 (.0006)	-0.89 (.3732)	*-3.17 (.0016)				
P5 Coop-L Thrt-L Indir-L	0.27 (.7873)	*3.10 (.0020)	0.58 (.5641)	*3.85 (.0001)			
P6 Coop-L Thrt-L Indir-H	-0.91 (.3648)	1.78 (.0750)	-0.61 (.5422)	*2.55 (.0108)	-1.20 (.2298)		
P Coop-L Thrt-H Indir-H	*-1.98 (.0485)	0.21 (.8338)	-1.75 (.0805)	0.92 (3567)	*-2.23 (.0258)	-1.21 (.2267)	
P8 Coop-L Thrt-H Indir-L	0.93 (.3511)	*3.86 (.0001)	1.29 (.1965)	4.42 (.0001)	0.73 (.4659)	1.87 (.-612)	*2.79 (.0054)

	Compet	Consum	Employ	Gov	Owner	SIG's	Mngt
Consum	*-10.35 (.0001)						
Employ	*-7.37 (.0001)	*2.81 (.0050)					
Gov	*-6.95 (.0001)	*3.49 (.0005)	0.62 (.5352)				
Owner	*-6.10 (.0001)	*4.07 (.0001)	1.26 (.2093)	0.66 (.5110)			
SIG's	*5.23 (.0001)	*5.06 (.0001)	*2.19 (.0286)	1.59 (.1130)	0.89 (.3733)		
Mngt	*-8.17 (.0001)	*2.11 (.0353)	-0.70 (.4867)	-1.33 (.1831)	*-1.99 (.0471)	*-2.82 (.0049)	
Supply	*-9.42 (.0001)	0.75 (.4509)	*-2.07 (.0387)	*-2.67 (.0078)	*3.21 (.0014)	*-4.21 (.0001)	-1.31 (.1907)

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