Stakeholder influence strategies
and stakeholder-oriented management

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-- COMMENTS WELCOMED --
Abstract

When paying attention to environmental management and issues of corporate social responsibility, firms are broadening their scope to a range of stakeholders. Therefore, the relevance of different stakeholder interests to firms is growing, requiring these firms to develop and maintain specific organisational capabilities for handling stakeholder issues in order to operate effectively. In stakeholder research, much attention has already been paid to characterising stakeholders and considering their aims, leaving the influence strategies they employ largely unattended. Our aim is to identify strategies that stakeholders could employ to influence firms, as seen from different theoretical perspectives, as well as to explore the effectiveness of such strategies. Therefore, we address the question: “How could stakeholders’ influence strategies be explained, departing from different theoretical perspectives?” Answering this question then could inform us about stakeholder-oriented management, which we see as continuous attention for balancing and managing differences in stakeholder interests, thus guiding strategic decisions. Getting a better insight into the characteristics of stakeholders’ influence strategies is useful to understand managers’ positions in weighing and balancing different interests, thus providing an input for such stakeholder-oriented management.

Instead of taking a firm’s point of view as our vantage point, we focus on non-governmental organizations (NGO’s) as a specific group of stakeholders employing influence strategies. The paper presents a brief overview of stakeholder approaches, combined with social network analysis, to emphasise the focus on the relationships between firms and their stakeholders. Much attention is paid to NGO influence strategies. Three types of such strategies are distinguished: conflict strategies, growth strategies and co-operative strategies. This results in a set of propositions. We then discuss exploratory research in which it was examined what factors, according to NGO’s, are relevant in influencing for-profit organisations. This research provided some first insights on the propositions. As an alternative discussion, these findings then are considered in the light of three perspectives from organisational theory: institutional theory, resource dependence theory and the resource-based view of the firm. Doing this enables us to further embed the relationships between firms and stakeholders in organisation theory. We wrap up our argument with remarks on the implications of our findings from studying stakeholder influence strategies for stakeholder-oriented management, ideas on addressing the effectiveness of influence strategies, and suggestions for further research.
1. Introduction

Firms are broadening their scope when paying attention to environmental management and issues of corporate social responsibility (CSR). Following suit, research has been challenged to adopt a broader conception of the firm, beyond the traditional boundaries of the individual firm. Much attention has already been paid to managing stakeholder relationships regarding environmental management (for example, Fineman and Clark 1996; Sharma and Vredenburg 1998; Harvey and Schaefer 2001; Madsen and Ulhøi 2001). In addition, links between CSR, stakeholder management and competitive strategy or financial performance have been investigated abundantly (for example, McGuire et al. 1988; Waddock and Graves 1997; Ruf et al. 2001). Thus, attention for the relevance of different stakeholder interests to firms is growing. For instance, it has been argued that being able to act effectively on issues of environmental management and social responsibility requires a firm to develop and maintain specific organizational capabilities for dealing with stakeholder issues (Buller and McEvoy 1999; de Bakker and Nijhof 2002). Doing so could contribute to what we call stakeholder-oriented management, which we see as a form of management in which continuously paying attention to balancing and managing differences in stakeholder interests is guiding strategic decisions. Similarly, Svendsen (1998), for example, speaks of stakeholder-focused corporate strategy.

Stakeholder interests could encompass a broad range of issues, such as labour conditions, environmental issues or social responsibility, some of which might be contrary to a firm’s interests. This touches on Frooman’s (1999) suggestion that stakeholder management could be seen as managing potential conflict stemming from diverging interests. In a related debate on corporate responsibility and citizenship, Waddock (2001: 240) argues that becoming a good corporate citizen means “defining, and achieving, responsible operating practices fully integrated into the entire corporate strategy, planning, management, and decision-making processes.” Although such issues are important to achieve a further understanding of stakeholder-oriented management and its applications in business, they do not offer much insight into the relationship between stakeholders and firms. As Frooman (1999) notes, in stakeholder research much attention has already been paid to characterising stakeholders and considering their aims, leaving influence strategies employed by stakeholders largely unattended. Therefore, he aimed “to build a model of stakeholder influence strategies that will address this missing part of stakeholder theory.
and ultimately enable managers to better understand and manage stakeholder behavior” (Frooman 1999: 191).

Building on these ideas, we address the question: “How could stakeholders’ influence strategies be explained, departing from different theoretical perspectives?” Our aim is to identify strategies that stakeholders could employ to influence firms, as seen from different theoretical perspectives, and to look into the effectiveness of these strategies. Getting a better insight into the characteristics of stakeholders’ influence strategies is also useful in understanding a manager’s position in weighing and balancing different interests, thus providing input for stakeholder-oriented management by firms. As a result, our contribution is mainly to instrumental stakeholder theory, but our findings may also have implications for normative stakeholder theory (see also Werhane and Freeman 1999).

To make our point, this paper focuses on non-governmental organizations (NGO’s) as one specific group of stakeholders to study influence strategies on. An NGO is defined as “a voluntary grouping of individuals or organisations which is autonomous, non-political (...) organized (...) for the purpose of enhancing the legitimate economic, social and/or cultural development or lobbying or advocating on issues of public interest or interest of a group of individuals or organisations” (LEAT 2002, emphasis removed). We build on exploratory research (van der Plas 2001) in which factors were examined that, according to NGO’s, are relevant in influencing for-profit organisations. As part of this preliminary investigation of influence strategies, a set of propositions is presented, which we link to different perspectives from organisational theories.

The argument proceeds as follows. First, in Section 2, we present a brief outline of stakeholder approaches to frame our contribution within the broader stakeholder debate. This we combine with a social network perspective to highlight our attention for the complex relationships between firms and their stakeholders. Then, in Section 3, we pay attention to a brief review of NGO’s influence strategies, resulting in a set of propositions. In Section 4, we present results from exploratory research on these propositions. This is followed by an examination of influence strategies as seen from different organisational theoretical viewpoints in Section 5 as an alternative discussion. Section 6 wraps up our argument with closing remarks and suggestions for further research.
2. A brief outline of stakeholder approaches

Over the past few decades, an increasing amount of literature has focused on stakeholders (for example, Freeman 1984; Donaldson and Preston 1995; Mitchell et al. 1997; Jawahar and McLaughlin 2001). Freeman (1984) advanced the stakeholder perspective, sketching out the concept in his seminal book *Strategic management, a stakeholder approach*. In his view “[a] stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman 1984: 46). An organization thus influences its stakeholders, but is also influenced by these stakeholders. Developing an insight in how firms could deal with different stakeholder issues could be pursued along various strains, as has been demonstrated in recent literature. Contributions to stakeholder theory include approaches that build on institutional theory and resource-dependence theory (Svendsen 1998; Frooman 1999), resource-based and capability-building approaches (Litz 1996; Sharma and Vredenburg 1998; Hillman and Keim 2001), organizational life cycle models (Jawahar and McLaughlin 2001), social network analysis (Rowley 1997), or combinations of perspectives. To work towards an investigation of stakeholder-oriented management, based on stakeholder influence strategies, in the first subsection we consider definitions of stakeholders from a firm’s perspective, followed by a look into stakeholder-firm relationships in subsection 2.2.

2.1 Defining stakeholders from a firm’s perspective

Many discussions have focused on what defines a stakeholder. For example, Donaldson and Preston (1995: 67) state that “stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity”, while Clarkson (1995: 106) defines stakeholders as: “persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future.” Finding out characteristics that identify stakeholders is one step, determining the way in which a firm responds to stakeholder claims is yet another. In this respect, Mitchell, Agle and Wood (1997: 854) propose the concept of salience: “the degree to which managers give priority

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1 This section partly draws on de Bakker (2001).
3 Stoney and Winstanley (2001) propose a framework to demonstrate different stakeholder perspectives and assumptions these are based on, arguing that this framework could be used to map contributions to the stakeholder debate, thereby providing a basis for future research. Yet, as we are interested in discussing influence strategies, these distinctions are beyond the scope of this paper.
to competing stakeholder claims.” In their view, stakeholder identification and salience could be seen as based on three stakeholder attributes: power, urgency, and legitimacy. They argue that these attributes are variable and socially constructed, and that a stakeholder may or may not be aware of possessing such an attribute. The notion of salience stresses the role of managerial decision-makers. These issues together thus determine who has a legitimate claim on managers’ attention, and should thus be considered a stakeholder (identification), and who is actually considered a stakeholder (salience), having their claims and demands attended to by management (Mikalsen and Jentoft 2001).

Although such an approach to determining issues of stakeholder identification and salience has been applied in several studies now (for example, Harvey and Schaefer 2001; Mikalsen and Jentoft 2001), this does not address the strategies employed by stakeholders. Many contributions to stakeholder literature are concerned with identifying characteristics of stakeholders, often in combination with presenting alternatives for firms to deal with these stakeholders. Assigning these attributes to stakeholders, for instance, is done by managers who, by definition, are reasoning from a firm’s point of view. Werhane and Freeman (1999) note that such a ranking of stakeholders is rather instrumental, and therefore deals only with part of what is important in stakeholder theory. They state: “the intent of stakeholder theory is to combine normative claims about stakeholders with instrumental and descriptive claims about the best way to manage a corporation” (Werhane and Freeman 1999: 8). Focusing on salience thus might overlook normative claims and the way these are pursued by stakeholders. After all, firms are unlikely to directly fulfil all responsibilities they have towards each legitimate stakeholder (Jawahar and McLaughlin 2001). Taking these ideas one step further draws the attention to the relationships between stakeholders and firms, and to the ways in which stakeholders themselves try to reach their objectives, either being aware or unaware of their possession of the stakeholder attributes. Addressing this issue requires us to look deeper into the relationship between stakeholders and firms.

2.2 Stakeholder-firm relationships

In academic research, attention is increasingly being paid to the relationships between stakeholders and firms. The stakeholder concept allows us to consider the broad range of interests within which firms are operating. One can view stakeholders as having a specific
relationship with a firm, although the exact nature of that relationship is often debated. Freeman (1999) calls the stakeholder concept a pragmatic one, as an effective firm will manage relationships that are considered important anyway. For example, on environmental management strategy, Hooper and Rocca (1991: 30) argue: “[c]orporations that excel in the management of environmental affairs will benefit from constructive relations with consumers, regulators, vendors and other industry players – substantially improving their prospects of success.” Rowley (1997: 890) also highlights the relevance of understanding the relationships between stakeholders and business organisations, noting that firms not only respond to individual stakeholders, but also “to the interaction of multiple influences from the entire stakeholder set”. Thus, a common underlying view is to see firms as operating in a “complex set of relationships” (Clarkson 1995: 107).

Since firms have relationships with many stakeholders, they can be seen as operating within a network of relationships (for example, Clarkson 1995; Waddock 2001). These different stakeholders all have their specific interests. As long as these interests, and the possible conflicts arising from them, are considered individually, they might be quite manageable from a firm’s point of view. Firms then know whom to address and can determine the stakeholders’ salience. This situation is illustrated in Figure 1A and is often recognised in stakeholder literature (for example, Polonsky 1995; Madsen and Ulhøi 2001). Yet, in a network view of relationships, relationships cannot always be treated individually, as interactions between one stakeholder and a firm can influence the relationships between other stakeholders and that firm. As Rowley (1997: 890) illustrated: “Firms do not simply respond to each stakeholder individually; they respond, rather, to the interaction of multiple influences from the entire stakeholder set. Thus explanations of how organisations respond to their stakeholders require an analysis of the complex array of multiple and interdependent relationships existing in stakeholder environments.” This situation is shown in Figure 1B and is increasingly studied in stakeholder research (for example, de Groene and Wijen 1998; Svendsen 1998; Frooman 1999; Kochan and Rubinstein 2000). As Svendsen (1998: 14) notes, firms and their stakeholders can be seen “as being engaged in interdependent relationships that evolve and are mutually defined.”

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4 In debates on the relationships between firms and their stakeholders, often a distinction is made between a ‘power’ perspective and a social justice perspective. Frooman (1999) follows Goodpaster (1991) in distinguishing between the strategic stakeholder (who can affect the firm) and the moral stakeholder (who is affected by the firm). Often, a position in between these extremes is taken (Werhane and Freeman 1999).
Broadly speaking, a stakeholder perspective allows organisations to consider a wide range of possible influencers, and of influenced groups, when developing a strategy (Polonsky 1995). Viewing stakeholder-firm relationships as dyadic ties often would be too simplistic as Rowley (1997) argues, since stakeholders also might influence firms through, or in co-operation with, other stakeholders. Stakeholders share an important characteristic, which is their desire to influence a firm’s behaviour, either because they wish to secure or maximise their share in the firm, or because they wish to minimise the firm’s negative impact on their own interests or on some perceived social good. As an example, in the next section influence strategies of NGO’s are examined.

3. NGO’s and influence strategies

To study stakeholder influence strategies we focus on one specific group of stakeholders: non-governmental organisations (NGO’s). Several recent studies provide insights on the relationship between firms and NGO’s. Yet, before we look at different influence strategies, we first briefly consider different levels from which one could study NGO’s. This we do to clarify our point of departure. Then we discuss different characteristics of NGO influence in subsection 3.2, resulting in a discussion of possible influence strategies in subsection 3.3. We discuss influence strategies in general terms to get an outline of several types of strategies, reasoning from a sociological perspective. To look for a more organisational theory-driven identification of influence strategies, in Section 4 we discuss these strategies from three theoretical stances.

Figure 1 The relationships between a firm and its stakeholders represented as a set of individual relationships (1A) and as a selection of multiple and interdependent relationships (1B)
3.1 A brief characterisation of NGO’s

NGO’s can be studied on different organisational levels: as part of civil society, as an elite in social movement, or as organising collective action (van der Plas 2001). These three levels are nested because collective action is a part of social movement, which in turn can be considered part of civil society. By viewing NGO’s as part of civil society, they could be regarded as operating between government and market forces at large. NGO’s could also be seen as social movement organisations, as discrete social actors that are both the manifestation and the ‘backbone’ of social movement by driving, organising and channelling social movement (Rucht 1999). As such, NGO’s have an important societal role in bringing together and translating unarticulated signals of unease or discontent from specific parts of society into articulated demands (Tieleman 1996). Finally, by viewing NGO’s as organisers of collective action, they could be seen as “collective challenges by people with common purposes and solidarity in sustained interaction with elites, opponents and authorities” (Tarrow 1994: 11).

Because we are concerned with the ways NGO’s exercise influence on firms, the two latter levels seem to be most suitable here. This fits well with the definition of NGO’s presented earlier. That definition highlights the facts that NGO’s are groupings of individuals or organisations, which pursue common purposes through lobbying or advocating on issues of public interest, or of interest to that group of individuals or organisations (LEAT 2002). As Handy (2001: 650) notes, environmental NGO’s “are effectively able to lever relatively small efforts in lobbying and advocacy into substantially larger results.” These characteristics make NGO’s an interesting example to study stakeholder influence strategies on, as an opposite to firms’ stakeholder management strategies on which much research is focused.

3.2 NGO influence

To consider characteristics of NGO influence, it is necessary to first provide a definition of influence. Following Dahl’s (1957) idea of power, NGO A could be said to have influenced company B if A brings about that B makes decisions or changes in its behaviour such that the activities of B become more congruent with the interests or aims of A than otherwise would have been the case. As de Groene and Wijen (1998) note, Knoke (1994) considers influence to occur when one actor provides information to another one with the
intention to alter the latter’s actions. In examining their influence strategies, different aspects of NGO’s can be considered as affecting the chances of success in influencing firm behaviour. Vergouw and den Hond (2000) point at the resources available to an NGO. Here, we will discuss these resources in general terms.

An NGO needs resources to be able to implement a chosen influence strategy (Tieleman 1996). Relevant resources include expertise, support, reputation, financial resources and facilities (Vergouw and den Hond 2000). NGO’s need high levels of both ‘topical’ or substantial expertise that relates to the subject matter of their demand, and of strategic expertise that is required to bring these demands under attention, both with firms and with other stakeholders within the firm’s stakeholder network. For example, NGO’s such as Greenpeace increasingly use mass marketing and subtle marketing-communication techniques, not only to inform their current supporters and to enrol new ones, but also to increase public awareness about a particular issue in order to influence public opinion. Through its topical and strategic expertise, an NGO thus may acquire other resources such as support and reputation, which could assist in getting its demands attended to. Then how are these resources employed? In the next subsection, different influence strategies are discussed.

3.3 NGO influence strategies

To get its demands accepted and enacted by a challenged company, an NGO will develop an influence strategy. Reasoning from a sociological perspective, in her study of NGO influence strategies, van der Plas (2001) identifies three types of such strategies: conflict strategies, growth strategies and co-operation strategies. We consider these types in this subsection, generating several propositions that we discuss in Section 4.

First, conflict strategies such as lobbying, pressure, protest or slander (van der Plas 2001) could be pursued through several tactics. Huberts (1987) distinguishes six different tactics, ranging from low to high degrees of radicality. These are: the provision of information, the provision of arguments, persuasion, litigation, organising demonstrations, and contest. These six strategies are briefly discussed below. NGO’s will have to support their cases by providing information and arguments, because demands based on a poorly or non-grounded case can be refuted quite easily. However, firms will not routinely meet demands relating to a well-grounded case; in most instances, the formulated demands need
to be enforced by deploying one or more of the other strategies. *Persuasion* then involves the use of other means than information and arguments, such as explicit support, promises, bargains and gifts, to convince somebody of something. *Litigation* as a means of fighting out a controversy would seem to be effective only if a relevant, encompassing legal framework is present. The extent to which this tactic can be employed thus is likely to vary across different legal systems. The even more radical strategies of organising *demonstrations* and *contest* might be the most effective ones for pressure groups (Huberts 1987). In doing so, an NGO needs to inform the public and to refrain itself from excessively damaging the company to keep sufficient public support. NGO’s could deploy the tactics of organising demonstrations and contest on the one hand to increase pressure on the firm under attack, and on the other hand to use the generated free publicity as a means of informing the general public about its demands and legitimacy. Examples of the latter are, again, the actions of Greenpeace.

This discussion of tactics points us to two characteristics of the NGO’s demands: *radicality* and *specificity* (Huberts 1987). If there is a large gap between the current, contested behaviour of a firm and the desired behaviour as formulated in the demand of the NGO, the demand is regarded radical. The more radical the demand, the more difficult it will be for a firm to adopt the desired behaviour. The level of specificity refers to how precise an NGO formulates its demands. Demands that are more specific increase the likelihood of success, because in response to a less specific demand a company may easier claim to have met that demand. In addition, more specific demands might also be more credible and appealing to the public. Thus, one could expect that NGO’s that express moderate and specific demands increase their chances of success in getting their demands attended to.

A second type of influence strategies van der Plas (2001) refers to are *growth strategies*, as the growth of an NGO in size might imply an increased influence over firms. As noted by Edwards and Hulme (1992), three general growth strategies can be distinguished. Firstly, they point at *addition* strategies, which involve growth of the organisation in size and in demands. Secondly, *multiplication* strategies increase the organisation’s impact, for example by exercising deliberate influence, training the opposite party under attack, or networking with other stakeholders. The third growth strategy is *diffusion*, encompassing the spontaneous and informal dispersion of the NGO’s ideas. Similarly Uvin, Jain and Brown (2000: 1411) summarise: “NGOs can expand their impact by increasing their size;
taking on new activities; influencing the behavior of other organizations; and assuring their own organizational sustainability.”

The third and final type of influence strategy focuses on **co-operation**. By using such a strategy, an NGO could try to get more direct influence on a firm by developing or maintaining closer contacts. Concerning environmental management, ‘green alliances’ (Hartman and Stafford 1997; Stafford et al. 2000) are an example of such a co-operative strategy. According to Bendell (2000), three forces are stimulating this increasing co-operation between NGO’s and firms. Firstly, due to globalisation governance structures are changing. Secondly, disintegration of traditional ideas about differences between economic and political institutions also stimulates co-operation. Finally, information and communication technology are enabling a further exchange of information.

Co-operation undoubtedly has its benefits to NGO’s as well as firms. Contesting takes time, it may be expensive and often is little productive, whereas successful co-operation depends on shared commitment, could be a source for new, innovative impulses, and might contribute to a company’s positive image and lasting credibility. Nevertheless, it can be argued that co-operation has not replaced conflict strategies (Vergouw and den Hond 2000). For example, there is a limit to the level of compromise that an NGO can reach with a company without alienating itself from the expectations held by its supporters (Tieleman 1996). The credibility of an NGO itself might be endangered when its independence is disputed. Meanwhile, firms cannot engage in co-operative alliances with every single stakeholder. It would be likely that they favour co-operation with larger, reputed stakeholders with high levels of authority and expertise in their areas of interest. Besides, by engaging in a collaborative alliance with an NGO, a firm risks that its goals and plans to become more socially responsible become publicly known and may thus be scrutinised in much more detail. Therefore, co-operation presumes the parties involved agree on the objectives that are to be realised. In line with viewing stakeholder-firm relations as a network, such co-operation could also lead to rather unusual combinations of stakeholders working together. An example is the decision-making process on European fuel standards, where “individual automobile manufactures (...) and (...) automobile associations formed a temporary alliance with their long-standing opponents, the (...) environmental and consumer NGOs” (Friedrich et al. 2000: 602).

Apart from these three main influence strategies, Halal (2001: 30) identifies five factors that make up the relationship between stakeholders and the firm. These are: conflict
resolution, which focuses on destructive effects of conflict between stakeholders and managers; equitable treatment of stakeholders; market competition for stakeholders’ unique resources; political bargaining between different constellations of power centres such as NGO’s and firms; and collaborative problem-solving to focus on the increasing importance of learning and knowledge through dialogue. These factors tie in well with the influence strategies indicated above. Therefore, we don’t discuss them any further. In the next section, we pay attention to an exploratory survey of NGO influence strategies.

4. Exploratory research on NGO influence strategies

The issues discussed in Section 3 should be tested empirically to judge their value for understanding stakeholder influence strategies. As a preliminary attempt to do so, a set of seven propositions has been derived from the previous discussion. In this section, we present results from an exploratory survey of Dutch and Flemish NGO’s that was based on these propositions (van der Plas 2001). In this survey, NGO’s were asked to respond to several items about factors that were assumed important in influencing for-profit organisations. Of the 39 NGO’s approached, 16 responded to the survey. Although this implies a response rate of 41%, the absolute number is still small. Therefore, the findings resulting from the survey can only be seen as indicative. The items included in the survey touched on topics such as level and sort of expertise, support, financial resources, characteristics of the demands, and types of influence strategies employed. In addition to the survey findings, four in-depth interviews have been conducted with representatives from NGO’s. Of course, similar methodological constraints apply here. In spite of these serious constraints, we consider it valuable to report on this exploratory work, as this enables us to take our discussion of stakeholder influence strategies and stakeholder-oriented management some further. For brevity, here only general findings are presented and related to the seven propositions. In these propositions, the terms NGO and stakeholder are used interchangeably.

Following the discussion of NGO influence in subsection 3.2, three propositions are formulated. P1: expertise, support, and financial resources increase the likelihood of stakeholder influence over the firm. P2: strategic and substantial expertise increases the likelihood of stakeholder influence over the firm. P3: financial independence of the NGO from the firm increases the likelihood of stakeholder influence over the firm. Findings from
both the qualitative and quantitative research seem to lend some support to the first proposition. Yet, in its current shape no definitive conclusions can be drawn. There seem to be some links between the three resources, but their individual contributions could not be assessed. Reformulating this proposition into three separate propositions could allow an assessment of the contribution of these resources to the effectiveness of NGO stakeholder influence strategies. The second proposition is supported both from survey and interview data. The line of reasoning we employed in subsection 3.2 was confirmed in the interviews: substantial and strategic expertise can contribute to all three influence strategies as such expertise can generate further support. These different influence strategies are discussed further in the following propositions. The third proposition is wholeheartedly confirmed in both the quantitative and the qualitative part of the research, as NGO financial independence from the targeted for-profit organisation is considered highly important by most respondents.

Based on the discussion of conflict strategies in subsection 3.3 proposition 4 is formulated; \( P4: \) the choice of less radical tactics increases the likelihood of stakeholder influence over the firm. The examination of this proposition shows mixed results, both in quantitative and in qualitative research. This could be explained by pointing at the wide variety in aims of different NGO’s. Some NGO’s aim at a more conflict-oriented approach, for example to get an issue on the agenda. Other NGO’s are working more in co-operation in dialogues. A proposition like this one therefore is too general. A further specification of conditions under which the proposition is expected to be confirmed needs to be given.

After discussing growth strategies in subsection 3.3, proposition \( P5 \) was outlined: the likelihood of stakeholder influence over the firm increases if the stakeholder grows through addition, diffusion, or multiplication. In fact, this proposition has been cut in three parts to separately consider the three growth mechanisms. Firstly, from both the survey and the interviews it could be indicated that if an NGO grows through addition, the likelihood of stakeholder influence over the firm could increase, although there seems to be some adverse effects as well. In one interview, it was noted that too much growth of the NGO in size and/or in demands could turn out to be contra-productive. Secondly, following the results from this exploratory research, growth through multiplication often is not expected to increase stakeholder influence. Such growth strategies aim at increasing the

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5 This proposition might seem to contradict the co-operative strategies as discussed in section 3.3 (see also proposition P6), but co-operative relationships don’t automatically imply dependency.
organisation’s impact. The only multiplication strategy that respondents considered influential is lobbying. In addition, some relations were found between respondents’ opinions on multiplication strategies and the resources their NGO had access to. For example, if public support was considered an important resource, the multiplication strategy of training was seen as influential on for-profit organisations. Finally, concerning growth through diffusion a somewhat mixed view was found. In general, the quantitative research seemed to confirm this proposition. Diffusion involves the spontaneous and informal dispersion of an NGO’s ideas. Opinions in the qualitative part of the research varied, for instance based on the size of the NGO: for smaller or less well-known NGO’s diffusion might be a more important influence strategy.

Proposition P6 follows from the discussion of co-operative strategies in subsection 3.3. It states that collaboration increases the likelihood of stakeholder influence over the firm. Results on this proposition are very mixed. By using such strategies, an NGO could try to get more direct influence on a firm by developing or maintaining closer contacts. As noted by Tieleman (1996) there is a limit to the level of compromise that an NGO can reach with a company without alienating itself from expectations held by its supporters. Collaboration thus might affect an NGO’s ideology. Indications also were found in the exploratory research that respondents that consider public support highly relevant also regard co-operation as dangerous for an NGO to keep to its ideals.

In addition to these six propositions on NGO influence strategies, van der Plas (2001) also examined a proposition that is directly related to stakeholder management literature (Mitchell et al. 1997). P7: urgency, power, and legitimacy increase the likelihood of stakeholder influence over the firm. Based on this preliminary research, these three stakeholder attributes can be regarded important, although some reservations need to be made. In the survey, the variable ‘urgency’ was not tested sufficiently. In the interviews, some respondents noted that ‘urgency’ might also be a disadvantage, especially when an NGO tackles fundamental problems. The sudden urgency might paralyse the targeted for-profit organisation in its response. Yet, overall this proposition is supported.

5. Perspectives on influence strategies from organisational theory

In this paper, we want to develop an idea of stakeholder-oriented management, departing from an insight in stakeholder influence strategies. To provide a context to the propositions
we presented in the previous section, and as an alternative discussion of these preliminary findings, we turn to three perspectives from organisational theory. However, this paper is not intended to provide a full comparison of these perspectives, nor to give detailed reviews of theoretical developments. Rather, we want to gain a further understanding of the stakeholder-firm relationship. Therefore, we restrict ourselves to short characterisations of institutional theory, resource dependence theory, and the resource-based view (RBV) of the firm. These three perspectives have been selected because each of them provides a specific view on the issues we want to consider. The first two perspectives focus more on the firms’ external environment, while the RBV reasons from a firm’s perspective. Commenting in this way on our propositions is useful to examine stakeholder influence strategies. Doing so might also highlight some differences in the way such strategies are seen from these different theoretical points of view. Altogether, this discussion provides input for linking stakeholder influence strategies to stakeholder-oriented management.

5.1 Institutional theory

The first organisational theory from which we address stakeholder influence strategies is institutional theory. In this theory, it is studied “how organizations survive and succeed through congruence between an organization and the expectations from its environment” (Daft 1998: 539). This theory considers issues of legitimacy. As Rowley (1997: 895) notes: “an organization must acquiesce to external pressures, since its survival is contingent on its compliance with expectations from institutional constituents, such as the state, and professional and interest groups.” The institutional environment thus is composed of norms and values from different stakeholders. Organisations have to fit with expectations of their external environment. As Daft (1998: 539) puts it, firms “perform well when they are perceived by the larger environment to have a legitimate right to exist.”

According to institutional theory, to appear legitimate, similarity among organisations in the same field develops, which is referred to as isomorphism. This can take place at three different levels (see, for example, Daft 1998: 541-543). Mimetic isomorphism involves the copying or modelling of successful organisations under situations of uncertainty, thus providing legitimacy. Coercive isomorphism occurs when external pressures are exerted on organisations to adopt structures, techniques, or behaviours similar to other organisations. These pressures can be both formal and informal. Finally, normative isomorphism involves the change of an organisation to achieve standards of
professionalism, living up to norms of the institutional environment. Vergouw and den Hond (2000) briefly apply these insights on isomorphism to firms’ responses towards socially responsible behaviour. A firm might respond to demands for such behaviour because it is forced to do so, for instance by regulation, NGO demands, or by critical consumers (coercive isomorphism); because other companies have adopted a similar behaviour (mimetic isomorphism); or because social norms by which the behaviour of companies is judged have changed (normative isomorphism).

These issues can then be related to our discussion of stakeholder influence strategies and stakeholder-oriented management. Fineman and Clarke (1996: 715) view managers as “crucial mediators of stakeholder influence.” Such a viewpoint is useful when reasoning from a firm’s perspective, as the way firms organise responses to stakeholder demands are likely to be guided by the managers’ perceptions of the issues involved (Madsen and Ulhøi 2001). Over the past few years, in environmental management, several contributions have been made to understanding firms’ behaviour from an institutional viewpoint. Prakash (2000: 1), for example, aimed to understand why firms adopt “beyond compliance” policies, defined as “the ones that are more stringent than the requirements of the extant laws and regulations.” NGO’s may play a role in stimulating companies to adopt this type of policies. Being aware of the different types of isomorphism, and of firm’s possible strategic responses to institutional processes (Oliver 1991) could assist an NGO in selecting an appropriate influence strategy. Conflict strategies for instance could aim for stronger regulation (coercive) or for changing social norms (normative) by using such tactics as the provision of information or arguments. Also through growth strategies such as diffusion of the NGO’s ideas, the normative environment might be dealt with. Finally, in line with the network perspective sketched out before, NGO’s could also make use of mimetic isomorphism by targeting competitors of a focal firm, thereby evoking some peer-pressure on that firm. From a firm’s point of view – which is relevant in considering stakeholder-oriented management – a firm thus might try to get an insight in the ways NGO’s try to exert such influence through institutional isomorphism.

As noted in Section 2, Rowley (1997) examines sources of external pressure from a social network perspective. These sources are central in both institutional theory and resource dependence theory. In general, institutional theory can be seen as more passive, where resource dependence theory implies an active involvement of the firm. This latter theory is discussed in the next subsection.
5.2 Resource dependence theory

Resource dependence theory highlights proactive strategies that organisations can pursue to deal with environmental constraints, challenging them to “gain and secure reliable and dependable access to needed resources that exist in the environment” (Jaffee 2001: 218). Turning this broad description towards stakeholders, Frooman (1999: 195) notes: “it is the dependence of firms on environmental actors (i.e., external stakeholders) for resources that gives those actors leverage over a firm.” In the Section 3, NGO’s indeed were characterised as being “able to lever relatively small efforts in lobbying and advocacy into substantially larger results” (Handy 2001: 650). As stakeholders themselves can also be dependent on a firm to have their claims attended, both sides of this relationship can be contrasted. Frooman (1999) suggests that types of resource control and the types of influence pathways determine the influence strategies available to stakeholders. This results in four types of influence strategies, as noted in Table 1. These strategies could be aligned with some of the influence strategies identified in Section 3.

Table 1 Frooman’s (1999: 200) typology of influence strategies

<table>
<thead>
<tr>
<th>Is the firm dependent on the stakeholder?</th>
<th>Is the stakeholder dependent on the firm?</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>Indirect/withholding (low interdependence)</td>
<td>Indirect/Usage (firm power)</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>Direct/withholding (stakeholder power)</td>
<td>Direct/usage (high interdependence)</td>
<td></td>
</tr>
</tbody>
</table>

Within resource dependence theory, uncertainty is a major concern. Organisations can try to deal with this uncertainty either by using *buffering strategies* to reduce fluctuations and vulnerabilities in resource availability (Jaffee 2001), hence creating resource security. Another way to achieve such security is by using *bridging strategies*, which “involves developing relationships and formal connections with other organisations” (Jaffee 2001: 220). According to Frooman (1999), resource dependence theory implies choosing an influence strategy that is driven by resource relationships, which are influenced by the interplay between stakeholder power and firm power. Compromise solutions might be sought in situations high interdependence. These are situations when “two actors finding themselves in a high-interdependence relationship can be expected to bargain over the
costs involved and eventually agree to share those costs in some manner” (Frooman 1999: 201). Adapting to environmental uncertainty, actively managing or controlling resource flows, and coping with problematic interdependencies are essential to resource dependence theory (Oliver 1991).

From a firm’s point of view, understanding dependency relations, and understanding the possibilities for stakeholders to exert indirect influence (which points at the network perspective), could provide information on the way stakeholder-oriented management could be shaped. Resource dependence theory thus sees firms in a more active role, managing uncertainty. Depending on the mutual relationship, NGO’s could employ different influence strategies as noted above. For example, in collaborative influence strategies, NGO’s could opt for ‘strategic bridging’ (Stafford et al. 2000). As Stafford, Polonsky and Hartman (2000: 122) note, next to “offering environmental, scientific and legal expertise, environmental NGOs can provide linkages to other societal stakeholders, referred to as strategic bridges.” Taking this line of thinking further, such strategic bridges could also be seen as valuable resources, as we discuss in the next subsection.

5.3 Resource-based view of the firm

Within the resource-based view of the firm (RBV), it is argued that valuable, costly to-copy resources and capabilities provide individual firms with sources of sustainable competitive advantage. From this point of view, the way a firm deals with stakeholder issues and responsibility could form such a source of competitive advantage (for example, Hooper and Rocca 1991; Litz 1996; Buller and McEvoy 1999). As Hillman and Keim (2001: 127) note: “[e]ffective stakeholder management (...) can constitute intangible, socially complex resources that may enhance firms’ ability to outperform competitors in terms of long-term value creation.” Both stakeholder-firm relationships themselves, as well as the insights that a firm might gain from taking part in such relationships could form a valuable resource. As Litz (1996: 1360) put it: “[t]o the extent the firm is able to recognize its interdependence, reflect upon the ethical standards appropriate to the situation, and react in a timely and responsive manner, it possesses valuable, rare, inimitable, and non-substitutable assets, that is, it possesses strategic resources.” From a RBV perspective, stakeholder-firm relationships could influence a firm’s competitive position, and firms might see “meeting stakeholder demands as a strategic investment, requiring commitments beyond the minimum necessary to satisfy stakeholders” (Ruf et al. 2001: 144).
The RBV thus is reasoning from a firm’s perspective, looking which resources and capabilities could contribute to obtaining a competitive advantage. For a firm, the relationship with an NGO then might be productive, and valued by the firm, if it is a rather exclusive relationship. From an NGO’s point of view, this would mean that gaining an understanding of the level of salience a firm attached to their mutual relationship could strengthen the NGO’s influence over that firm. At the same time, for an NGO, such a relationship with one firm could turn out contra-productive as the exclusiveness on which the advantages for the firm are based prevents the employment of such strategies to other firms. This requires a careful balancing act by both stakeholders and firms, which can also be related to the dependency relations discussed in the previous subsection. It would be interesting to see whether such stakeholder-firm relationships would have to be exclusive in order to be effective, both from a firm’s and a stakeholder’s perspective. The increasing attention in RBV literature for strategic alliances (for example, Eisenhardt and Schoonhoven 1996) might be helpful in this respect.

6. Closing remarks

In this paper we addressed ways in which firms could deal with stakeholder influence. In our attempt to come to grips with stakeholder-oriented management, we first turned to stakeholder influence strategies. We focused on different influence strategies stakeholders could employ, asking how these strategies could be explained, departing from different theoretical perspectives. Getting a better insight into the characteristics of stakeholders’ influence strategies is useful to understand managers’ positions in weighing and balancing different interests, thus providing an input for stakeholder-oriented management. This type of management we see as a form of management, in which continuously paying attention to balancing and managing differences in stakeholder interests guides strategic decisions.

In discussing stakeholder influence strategies, we focused on NGO’s as one specific group of stakeholders. Three types of such strategies were distinguished: conflict strategies, growth strategies and co-operative strategies. This discussion resulted in a set of propositions, which was examined through an exploratory survey. Together with some interviews, this survey provided some first insights on the propositions. As an alternative discussion, these findings then were examined in the light of three perspectives from organisational theory: institutional theory, resource dependence theory and the resource-
based view of the firm. Doing this enabled us to further embed the relationships between firms and stakeholders in theory and to look for possible links with these theories. In this final section we consider the implications of our findings for stakeholder-oriented management, identify some ideas on addressing the effectiveness of influence strategies, and provide suggestions for further research.

First, there are some comments to make on our approach. Different perspectives have been combined and therefore the extent or the approach had to be compromised. A more thorough examination of the theoretical perspectives applied seems to be useful. This applies both to the (sociological) ideas on NGO influence strategies and on their linkages with organisational theories. In addition, the number of these theories could also be expanded, as there will be more suitable organisational theories. For instance, suggestions have been made to combine stakeholder theory with Transaction Cost Economics (TCE) and the resource-based view of the firm (Hillman and Keim 2001; Ruf et al. 2001). From a TCE perspective, “firms that satisfy stakeholder demands or accurately signal their willingness to co-operate can often avoid higher costs that result from more formalized contractual compliance mechanisms (for example government regulation, union contracts)” (Ruf et al. 2001: 143). Yet, as noted also in Section 5, an in-depth examination of theoretical perspectives is behind the scope of this paper.

Secondly, work on the propositions could be taken forward in several ways. As noted in Section 4, these propositions presented all have their flaws, and the research suffers from some methodological constraints. Reformulating the propositions, informed by the theoretical information provided in this paper, will be a useful next step. An example might be to split up the propositions that were too complex, or providing further specifications on the conditions under which a propositions is expected to be confirmed. Yet, we consider it valuable to report on this exploratory work, as this enables us to elaborate on our discussion of stakeholder influence strategies and stakeholder-oriented management.

Further propositions might well be formulated. De Groene and Wijen (1998), for example, proposed to study a combination of organisational learning and networks from a firm’s perspective. Getting to know more of the ways firms learn from their relationships with stakeholders could contribute to understanding influence strategies as employed by stakeholders. Other recent work focuses on collaborative strategies (Stafford et al. 2000). Firms are increasingly aware of the importance of having good relationships with their most important stakeholders. Therefore, companies are experimenting with stakeholder
management (Svendsen 1998; Kochan and Rubinstein 2000), or engaging in co-operative relationships with NGO’s (Hartman and Stafford 1997; Stafford et al. 2000). It would be interesting to study the influence strategies that NGO’s employ in such collaborative approaches, or the ways NGO’s could make use of firm’s learning efforts in trying to exert influence.

Thirdly, the current propositions already touch upon the effectiveness of influence strategies, but further specification in this respect is required to really test this effectiveness. Doing this might be informed by the growing literature on stakeholder-performance relationships (for example, Ruf et al. 2001) or literature on NGO advocacy (for example, Handy 2001).

Finally, according to Stoney and Winstanley (2001: 623) “the concept of stakeholding remains under-theorized and under-researched and unless both these deficiencies are confronted the stakeholder debate is in danger of becoming increasingly marginalized.” The approach proposed in this paper aims to draw the theoretical discussion beyond the individual stakeholder-firm relationship. By providing a provisional set of propositions, a next step could be to empirically test propositions that are modified for the problems encountered in the present research (van der Plas 2001). This could broaden our understanding of the relationships between stakeholders and firms, which in turn could contribute to a more complete view on stakeholder-oriented management. As noted by Winn and Angell (2000) in a study on environmental management, the types of companies they classify as ‘deliberate proactive’ take systematic approaches to their environmental activities. Firms of this type “possess a general capability for prevention which includes planning, monitoring and anticipating, with systems in place to monitor and respond to internal and external environmental issues” (Winn and Angell 2000: 1130). Gaining a better understanding of the dynamics that surround stakeholder-led issues, and the way a firm could cope with these dynamics, could further shape the idea of stakeholder-oriented management. We think that the current paper provides a useful starting point for studying this sort of issues and that considering stakeholder influence strategies for gaining an understanding of stakeholder-oriented management is a fruitful approach. After all, as Frooman (1999: 203) notes: “knowing how stakeholders may try to influence a firm is critical knowledge for any manager” as it gives them an idea of how others in their environment will act. Still, quite some work is to be done and we would welcome suggestions to advance this approach.
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