

Stakeholders in strategy: their 'invisible' and yet an inevitable presence?

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Abstract

Stakeholders are critical to the strategy process, but in strategy research, they are rarely seen nor heard. The purpose of this paper is to reveal their invisible presence and bring them ‘in from the cold.’ The research reported in this paper set out to explore the significance of stakeholders to members of a senior management team seeking to develop strategy. Each of the authors, had worked with three different management teams (between 7-12 members) in three different public/not-for-profit organisations in the health sector over a similar time period. A starting point for each project was an attempt to identify the initial views of each member of the senior management team about what issues were important in developing strategy. In each project, the initial views were recorded as a sequence of statements and so the resultant dataset was amenable to analysis. These statements were expected to give some clue as to which actors and/or stakeholders were thought to be significant for their discussion about strategy. This paper reports on the analysis and outcome of this empirical research, where the purpose of the research was to understand i) the significance of stakeholders in the initial views of a management team about what matters for the strategic future of the organisation, and ii) the nature of the way in which the role of stakeholders is mentioned. The research shows that stakeholders (and actors in general) are very significant to public/not-for-profit senior managers when thinking about their strategy. So, in strategy development, explicating and exploring the response of stakeholders to proposed strategic action is crucial to the success of the strategy.

Introduction

Stakeholders are critical to the strategy process, but in strategy research, they are rarely seen nor heard. The purpose of this paper is to reveal their invisible presence and bring them ‘in from the cold.’

From the earliest writings on strategic planning (for example, Ackoff, 1970; Simon, 1947) the need to consider the impact of stakeholders on the development of strategy has been evident. However, for much of the literature on strategic planning and strategic management, this consideration is seen as a separate, and relatively marginal, activity rather than an embedded aspect of the strategy making process itself. For example, it might be part of an external analysis undertaken in advance to inform strategy (Ansoff, 1965; Bryson, 2004; Johnson *et al*, 2008) through understanding constraints and/or it could be as a step to assess the feasibility of the proposed strategy in a manner similar to scenario planning (Eden & Ackermann, 1998).

In recent years, those with a specific interest in stakeholder theory have shifted their attention to the role of stakeholders in strategic management (Freeman *et al*, 2010). For example, some researchers in the field of strategic management have given both stakeholder analysis and the strategic management of stakeholders as much attention as other aspects of strategy development (Ackermann & Eden, 2011a; Bryson, 2011; Bryson *et al*, 2002; Eden & Ackermann, 1998). Indeed, research on the nature of emergent strategy has suggested that stakeholders are perhaps the dominant force in driving strategic action (Leimenstoll, 2011).

When exploring stakeholder theory, it is important to differentiate strategic management from strategic planning, particularly. For example, Freeman & McVea, (2001) suggest that the adoption of a stakeholder management approach leans more towards a strategic management process rather than a strategic planning process because the latter seeks to understand possible futures and develop plans that capitalise upon the results of analysis (which may include stakeholders analysis) while the former starts with the determination of a direction and then considers how an organisation can influence its environment and vice versa. In each case, the stages appear to be independent. They go on to note that the idea of stakeholder management, as it has come to be known in strategic management, largely emanates from managers who were being “buffeted by unprecedented levels of environmental turbulence and change” (2001: 189).

In a comparable fashion, research on the role of stakeholders within the realm of corporate social responsibility (Guibert & Roloff, 2017; Sciarelli & Tani, 2015), policy making (Sova *et al*, 2014), corporate governance (Donaldson & Preston, 1995; Freeman & Evan, 1990) and organizational theory and systems theory (Ackoff, 1970; Kumar *et al*, 2017) has burgeoned. Unfortunately, although recognising their contribution of strategy management and stakeholder management to each other, these two areas have not been combined until recently (see, for example, Wicks & Harrison, 2017). Much further research is required that seeks to explore the differing assumptions and choices, that would herald the development of an integrative approach that recognises the needs of managers.

In summary, we may conclude that a) stakeholder theory and strategy are relatively separate; b) the contribution stakeholders play when considering the strategic future of the organisation can depend on whether the organization is undergoing strategic planning or strategic management, and c) that the development of stakeholder theory goes beyond considerations of strategic management or strategic planning.

The research reported in this paper set out to explore the significance of stakeholders to members of a senior management team seeking to develop strategy. Wicks & Freeman (1998) call for a pragmatist perspective to the study of management and a detailed study of concrete business situations. This research aims to meet this call and explore how stakeholders feature when top management teams get together to develop the strategy of the organization. As such, the paper aspires to augment the work of researchers such as Bierbooms *et al* (2016).

The three authors of this paper have each worked extensively with a wide variety of senior management teams in the development of strategy. As a result of that work, we suspected that thinking about stakeholders was a much more significant and pervasive aspect of strategy making in practice than is suggested by the literature on strategic management. Particularly, this was the case in the public sector: “in public sector and not-for-profit organisations over 100...stakeholders... is usual... Stakeholder management is invariably more complex, problematic and uncertain in the public sector” (Ackermann & Eden, 2011a: 234).

In their role as researcher/consultants, each of the authors, had worked with three different management teams (between 7-12 members) in three different organisations over a similar time period. Whilst each intervention was idiosyncratic, all three were situated in health (two in public health, one private). Two of the interventions were based in Australia and the other in the UK. A starting point for each project was an attempt to get at the initial views of each member of the team about what needed to be discussed in developing a strategy. After this initial data gathering, each of the consultants took different approaches to managing the development of a strategy with the management team. In each project, the initial views were recorded as a sequence of statements and so the resultant dataset was amenable to analysis. It

is these three datasets that were expected to give some clue as to what the management team initially thought to be significant for their discussion about strategy.

This paper reports on the analysis and outcome of this empirical research, where the purpose of the research was to understand i) the significance of stakeholders in the initial views of a management team about what matters for the strategic future of the organisation, and ii) the nature of the way in which the role of stakeholders is mentioned (for example, levels of aggregation, location of stakeholder, etc.). The analysis of the data was undertaken through an inductive and emergent process, where the codes used to analyse the data were gradually developed and refined through cycles of data exploration (Miles & Huberman, 1994).

The research suggests that stakeholders (and actors in general) are very significant to senior managers when thinking about their strategy. The research suggests that strategy development needs to pay more attention to stakeholders, and in particular that explicating and exploring the response of stakeholders to proposed strategic action is crucial.

This research is exploratory, in the sense that it focuses on data from only three of the strategy making episodes. However, the data is privileged in the sense that it is from work with real management teams – elites – in three different organisations, and so represents an interesting and probably significant exploratory view.

The structure of this paper comprises: a presentation of the research method, including details about the nature of the data; discussion on the the development of codes to analyse the data; warning caveats on issues in working with elites; a presentation of the results and a discussion on their significance for strategy development; a prospective account on what the results suggest for strategic management; and finally a summary of the paper, that also addresses its limitations and future research possibilities.

Research Method

As noted above, this research is about the consideration of stakeholders in strategy development. The process of developing strategy utilised by each of the authors varies, with one author focussing on the generation of future scenarios to inform strategy making (McKiernan, 2017); another focussing on the detection of emergent strategy and moving to making strategy (Ackermann & Eden, 2011b); and another focussing on strategic problem solving as a basis for developing strategy (Eden & Huxham, 1988). Thus, in planning the research, we wanted to ensure that we explored the commonality of data collection – the formative stage of strategy development, where each author sought to listen to the concerns and worries of the management team members.

Each of the authors has worked with a variety of organisations across both commercial and not-for-profit sectors over many years, both together and separately. For this project, they chose the health sector to ensure a degree of homogeneity within and across the samples. As a quasi-researcher/consultant, each author had worked recently with organisations in the health sector facilitating strategy development –adopting an Action Research approach (Eden & Huxham, 1996). Although, as noted above, these engagements were in the same sector, two were in Australia and one in the UK. The Australian engagements were with i) public sector, mental health, and ii) a private but not-for-profit hospital group. In the UK, the engagement was with the National Health Service (NHS) improvement organisation. In each case, the data was collected from members of the senior management team in both individual and group settings. These data contained verbatim statements made by members of the senior management team, as they ‘opened up’ about what they regarded as important considerations in the development of a strategy. An open prompt, such as “what major strategic issues face

the organisation in the future?” informed the statements, rather than focussed questions. Thus, the statements were likely to be those that the person thought to be most important – ‘at the front of their mind’. These data represented a small but significant part of a broader data set covering each individual strategy project.

As a quasi-researcher/consultant, working with ‘elites’ presents significant problems in trying to get access to their ‘real’ thinking (Pettigrew, 1992; Ford, 1977). Strict *research* protocols for ‘interviewing’ elite participants are difficult to adhere to (Norburn, 1989). However, working with senior management teams in such a role increases the probability that the researcher gains a close understanding of the context within which data is collected. Also, the researcher gets to know the participants at a personal level. The researcher and participants are both engaged in a task with real consequences for both. Consequently, it becomes more likely that the intuitions of the managers that often drive action can be captured (Dean & Mihalasky, 1974; Mintzberg *et al*, 1976). However, all of these advantages can represent serious disadvantages in undertaking research with elites – the data is idiographic and so more difficult to analyse.

As we stated in the introduction, our interest was in exploring the thinking of managers about stakeholders – not through any requirement or request to do so, but rather as an exploration of how stakeholders emerged ‘naturally’ while the senior managers spoke about what they thought was important in addressing strategy development. Thus, we set out to explore the idiographic data inductively with the exception of a specific interest in the extent to which discussion of stakeholders was a part of strategic thinking. Our starting point for analysis was for each of us to explore the datasets (one for each intervention) independently and with the intention of identifying emergent codes that differentiated the data – but within the context of our interest in the role of stakeholders.

Our dataset consisted of about 120 statements (typically 10-20 words) derived from each of the three organisational data sets. These statements represented the equivalent of the first 30-60mins of what the senior management team had to say about the significant issues facing the organisation. In each case, there were between 7-12 people in the management team. Thus, in total, we had over 300 statements to consider as we each sought to ‘make sense’ of the total dataset. After much clarification and debate amongst the researchers, the first round of exploration led to the discovery of a set of emerging aspects of the data (13 in total). These comprised: i) the level of aggregation/ granularity/ reification of actors; ii) whether the actor leads or is a recipient of strategy/action; iii) whether the reference is to single or multiple actors; iv) whether the actor is internal or external to the organisation; v) whether the actors are mentioned either implicitly or explicitly; vi) whether there are multiple descriptors for the same actor; vii) whether the actor is a stakeholder; viii) whether there is an explicit view about the stake/interests of the stakeholder; ix) whether the power of the stakeholder is explicitly or implicitly stated; x) whether the stakeholder has more than one role; xi) whether the stakeholder is part of a network of stakeholders; xii) whether the stakeholder has no interest in the focal organisation, but is acknowledged to be a powerful player; xiii) whether the stakeholder was part of governance structure.

However, even though each of the researchers believed the discussions had provided adequate descriptors of each of these emerging characteristics, a subsequent attempt at inter-coder reliability made it very clear that there were different interpretations of the data. Three important conclusions arose: a) the descriptors needed tightening; b) the set of characteristics was overly complex - some of the characteristics were relatively unimportant when considering stakeholders; and c) the role of local context knowledge for precise interpretation was critical. This last conclusion signalled a very important difficulty in conducting reliable

research of this sort without deep understanding of context (Pettigrew 1987). In attempts to be more 'scientific' the coding of data is supposed to be reliable through the process of inter-coder reliability checks, and yet data of this sort cannot be understood without contextual knowledge.

A process of refining and tightening the descriptors of the characteristics followed from: i) further attempts at inter-coder reliability through each researcher coding 30% of each of the three datasets; and ii) a continuous cycling of each researcher in coding a sample (10%) of our own dataset and then talking them through. Our resultant final set of characteristics, with a note about our interest in the code result, is as follows:

- Is an actor or stakeholder referred to? And, if so, is a stakeholder referred to or are they just an actor? This distinction was determined through asking whether the actor had a direct interest in the strategy of the organisation (a stake), as this was the primary interest of our research. Thus, whilst all stakeholders are actors, stakeholders are a subset of the full actor set.
 - EXAMPLES: *“we don't know where the new health minister and where the new government will take us”* – illustrating an actor, but not stakeholder. *“How will they [the management team] maintain a corporate memory of keeping the heart and the soul in it”* - stakeholder.
- Is there an appropriate or too high level of aggregation of actor/stakeholder (appropriate related to the implied action to be taken)? Had the proponent thought clearly about who was the target for a strategy?
 - EXAMPLES: *“Increased NGO and private sector access and need to meet criteria (NGO)”* – too high level of aggregation. *“Reduction in funding from MHC impacting on Public MH service provision”* – appropriate level of aggregation.
- Is the actor being 'done to' or 'doing'? or both? When a recipient of a strategy is 'done to', the assumption is that the actor will respond as requested; when an actor is 'doing', then there is a presumption that their action needs to be taken account of; when an actor is both being done to and doing, then the manager is considering that the actor might respond to the intended action.
 - EXAMPLES: *“create something that everyone can use”* – is an example of both 'done to' and doing (giving them something – done to - that they may or may not choose to use - doing). *“Political support for NHS boards to own and use the data collected at a local level”* – 'done to' only (provision of political support). *“Reduction in funding from MHC impacting on Public MH service provision”* – 'doing'.
- Is the actor internal or external to the organisation? This question separates those who might be expected to follow the strategy from those who are not obliged to do so.
 - EXAMPLES: *“our competitors are certainly gearing up for that now”* – external. *“We won't be a Member forever either, when I'm 90 I'm not going to be a Members Rep”* – internal.
- Is the actor recognised as a part of an internal or external network or both? Actors can increase their power through collaboration in, and the formation of, active networks and so influence strategy enactment positively or negatively.
 - EXAMPLES: *“meaningful engagement with carers and patient participation in care”* – external network. *“effective engagement with all collaborative care providers”* – both external and internal network.

- Does the actor have power to influence the strategy of the focal organization? Or, does the power of the actor exist, but it is not explicitly recognised by the manager? Or, does the actor have no power? This is expected to relate to the code about ‘being done to’ or ‘doing’, and so isolates those stakeholders involved in strategy design from those just living that design in their daily work.
 - EXAMPLES: “*I think they have to start telling their own stories that are the patchwork of the mosaic of it too*”; “*Boards need to know they will be supported at all levels (including ministers) when they stop collecting*” – power to influence strategy.

After several cycles of checking our interpretation through sampling, each of the authors coded randomly selected data. Based on this task, we were assured that we understood the meaning of the codes, but became more convinced that local context knowledge was necessary in order to code the statements accurately. Thus, the final coding was undertaken ‘*ab initio*’, but with each researcher coding only their own dataset. The process of establishing codes and doing the coding took place over several months. Given that each of us are experienced researchers, we were surprised at the effort required to satisfy our need for reliable assessments of the data. We were acutely reminded of the need for organisational research to be fully aware of the traps that can arise from some of the unrealistic and inappropriate demands placed on the analysis of data, particularly when it derived from powerful elites.

Results

Stakeholders: Of ubiquitous importance?

From our findings, it is clear that actors are prominent in the mental models of senior managers who grapple with the development of strategy. There were mentions of actors within 50% of the statements in our three datasets. Given that the three datasets consist of questions asked in the early part of the strategy interviews or workshops, and given that these questions do not ask directly about actors, these findings are significant and surprising. In over 40% of the statements, the actor was a stakeholder of the organisation – an actor with a specific interest in the future of the organisation. Significantly, the data sets suggest that the need to consider stakeholders in the context of the future of the organisation is an integral part of an executive mental construct, subconsciously at least. Surprisingly, because our samples were taken from strategy studies that had three different designs for producing a strategy, any *ex ante* expectation would have suggested heterogeneity across the three sets of data rather than homogeneity. Nonetheless, the results are consistent across the data sets.

The majority (over 80%) of the actors across the three data sets are stakeholders – those with a vested interest in the future of the organisation, as opposed to other influential actors whose role may contain only a minor interest, or no interest, in the future of the organisation rather than those of marginal influence. The importance of stakeholders, over other actors, to strategists as they consider the future has important implications for strategy design or development. Stakeholders wish to, and can often, hold sway over parts of the strategy process e.g., in providing vital governance checks and balances and in ensuring and supporting or sabotaging a successful implementation. For instance, major buyers or suppliers, who are also stakeholders, using their power, to squeeze margins is lessened if strategy is co-created with them or at least, if strategy design and development have considered them in a realistic way e.g., their reaction to further health care services or product offerings. By explicitly considering power and interest (Ackermann & Eden, 2011b) and

potentially urgency (Mitchell *et al*, 1997), managers more proactively consider how best to manage their stakeholder landscape.

Stakeholders: Creating or receiving?

From amidst all stakeholders mentioned, a majority (83%) were seen to be on the receiving end of strategy decisions rather than being instrumental in strategy creation or responding to a strategy. Interestingly, a large percentage (32%) of this majority were seen to be involved in both the responsive end and the receiving end, thus recognising the duality. This trend was apparent across the three data sets. Hence, despite half of stakeholders being judged to have a direct hand in the strategic future of the organisation (54%), just under a half of stakeholders mentioned are not seen to be directly involved in responding to strategy, yet they are important enough to be considered when strategists think about the future: they are expected to be in receipt of strategy and not reacting to it. Teasing out this importance is crucial for strategy makers because this result suggests that there are judged to be ‘critical’ and ‘non-critical- stakeholders’ in the strategy process in the public and not for profit sectors. Critical stakeholders could hold the power to make or break strategy depending on their response. However, and further, our analysis suggested that many stakeholders who were critical to the strategy process were not acknowledged as being so. This judgement could be the difference between a creative and a non-creative design of strategy; and yet the strategy development process may not pay enough attention to it.

Stakeholders: Locus of position?

Overall, the stakeholders were spread evenly between those located external to the organisation and those who were internal. In two of the datasets they were mostly internal, but not by large differences. Stakeholder theory in strategy under a hierarchical model of strategy design might expect that an internal role may be more prominent than an external one. Though varied, these results suggest that external stakeholders might have a greater role in strategy design than has been theorised before. However, this result may be sector specific. In healthcare, the influence of Government regulation and policy (both national and regional) and the strength of operating protocols imposed by professional medical bodies make for very powerful external stakeholder influences that are unlikely to be ignored in thinking about the future.

The analysis suggests the network connection of both internal and external stakeholders showed little recognition across these data sets. In two strategy workshop data sets, the results were negligible, with small single percentage figures on network existence, whether internal, external or both. As such, it appears that this aspect of stakeholder management is not considered important across our datasets. The scenario dataset showed the existence of more internal networks. This might be because of the large operational size of the organisation, its broad product range, its faith-based communities and its cross over between the private and public sectors.

Further, internal networks linked to external ones were almost non-existent. This might seem counter intuitive: given the importance of external stakeholders mentioned above, it is thinkable that they might link to internal networks in healthcare more than is evident here. Perhaps an independence of cross frontier networks, that are shaped by silo-like activity, or organisational boundary conditions defined by strong cultures or homogeneity, explain this finding. Alternatively, these networks may not be considered by managers when discussing strategy, it being tacit knowledge that is rarely expounded upon.

Theoretically, stakeholder networks can collaborate to propel or to oppose strategy, if they have a sufficiently unified vision. Collaboration can shift stakeholders from high interest but low power to high interest with increased power through collaboration (Ackermann and Eden, 2011a). This aspect of strategy power was neutral in our samples, though further research in other samples and in more contrasting contexts e.g., in ‘for profit’ sectors, may be more revealing.

Stakeholders: As strategy influencers?

As noted above, actors seem to be ubiquitous in the minds of strategy thinkers as they ponder the future of their organisations. Yet, the actor’ role in strategy making presently appears to be invisible. Our study sheds light on the extent of their power in influencing strategy directly; in having power that is not explicitly recognised; and, in having no power at all. Only 21% of actors were judged to have the power to influence strategy. This is surprising because, in a workshop or setting where strategy is discussed, it might be expected that any mention of actors would be associated with those who were close the strategy action. However, of those actors mentioned, a further 53% had a power that was not stated explicitly. It is possible that some of these had a direct influence on strategy, thus increasing the overall percentage who were close the strategy action. Alternatively, some of the 53% might have a power to influence strategy, thus boosting the 24% who had no power at all. Further research will be required to tease out the nature of these important and direct influencers.

Though, in healthcare, external stakeholders are quite important (see above), their ability to influence business unit or organisational strategy directly might be limited. Executive boards may have certain degrees of freedom but in strategy design, attention has to be paid to the views of some powerful external stakeholders. However, further research will be necessary to confirm this interpretation.

So, what?

The significance of the ‘doing’ and being ‘done to’ analysis may signify a traditional hierarchical approach to strategy making that deifies the role of managers and others in the strategy development process. Many enlightened organisations have sought to move beyond this practice, with strategy making conducted in a more participatory manner (see, for example, the Northern Ireland Prison Service strategy development vignette in Eden & Ackermann (1998) which actively involved all Prison Officers). This approach is currently enhanced by entrepreneurial approaches to ‘circular’ management (see, for instance, Romme, 2016), where the agency for strategy making does not rest in one ‘elite’ place and where, in the abandonment of hierarchical tradition, the ‘doing’ and ‘being done to’ may a) change with different types of strategic decisions (e.g., new 5 year strategic plans versus single hospital investments) and b) through time, as new cohorts of decision makers gain confidence and legitimacy with a more frequent use of a more inclusive decision-making culture. These samples in the public and not for profit sectors may represent a trend towards such inclusivity. Also, collaborations and networks may see this difference.

It is significant that strategy makers need to be clear who is a stakeholder in the organisation. The term ‘stakeholder’ has gained frequency and saliency through both the academic and organisational worlds. The Stanford Research Institute, one of the earliest to consider stakeholders, conceptualised them as “those groups without whose support the organization would cease to exist” (Freeman & Reed, 1983: 89). In this research, the distinction between actors and the sub-set of them that are stakeholders is significant. The distinction is between those who have a stake in the future of the organisation and those who are disinterested actors who can affect the future of the organisation. The distinction matters because whether they

are a stakeholder, or only an actor, affects the ways of thinking about how they affect the development of strategy significantly. In principle, stakeholders might be managed for strategic purposes and, because they are interested in the future of the organisation, they will be likely to respond to any way in which they are managed. Thus, the understanding and managing of stakeholders can be complex because there is likely to be a dynamic between the organisation and the stakeholder – depending, in part, on the power of the stakeholder. In contrast, those without a stake in the future of the organisation are simply acting (actors) in ways that are likely to affect the future of the organisation. Actors need to be monitored as their behaviour may affect the development of strategy. In principle, they are a part of the presumed external environment that cannot be managed. However, a presumption that because they have no interest in the organisation, but rather focus on managing other parts of their own future, can be wrong. Sometimes these actors might be influenced, most particularly by the focal organisation increasing their power base through collaborations with other organisations with an interest in shifting the behaviour of the actor. Stakeholders may have high levels of power to influence the future of the focal organisation, or alternatively may be powerless but extremely interested. Sometimes, it is appropriate for the focal organisation to develop strategies that increase the power base of stakeholders; in other circumstances, the focal organisation may develop strategies to reduce the power of stakeholders.

The need to recognise that it is imperative to consider stakeholder dynamics i.e. the relationships between stakeholders, rather than consider them individually in a discrete fashion is recognised in the literature. For example, Freeman and McVea suggest that the identification of both the stakeholders and their interconnections between them is a critical step (2001 p.193). Others have noted the need to consider stakeholder dynamics noting that: scholars must consider the multiple and interdependent interactions that simultaneously exist in stakeholder environments (Rowley, 1997 p.887).

Different forms of classification of stakeholders have been suggested, for example, Harrison & St.John (1998) consider stakeholders according to the environment separating those who fit within the operating environment from those who fit within the broader environment. What is not considered is whether stakeholders can be both internal and external (16% of our dataset). For example, when considering the workforce in a public-sector setting, it is possible to have those working within the organization contributing as well as those in allied services.

Another form of classification views stakeholders through the lens of power, legitimacy and urgency (Mitchell *et al*, 1997). Likewise, Ackermann and Eden (2011b) consider stakeholders according to their relative power to affect strategic success and interest in the future of the organisation. Each of these lenses have a range of interpretations, for example, “power may be tricky to define but it is not that difficult to recognise” (Mitchell *et al* 1997: p865). These lenses may act as a form of dialectic, encouraging a wealth of different perspectives to be brought to the consideration of stakeholders. As such, this power based classification helps stimulate thinking about stakeholders and the means of managing them.

Classification may be seen as a necessity if we are to take note of the Mitchell *et al* view that the range of stakeholders can be “bewilderingly complex for managers” (1997, p857).

Summary

Strategists and senior managers in public sector and not for profit organisations in our research considered actors extensively and most of these were stakeholders - actors who had a vested interest in the future of the organisation. This result is robust across all three datasets. However, whilst the vast majority of stakeholders are on the receiving end of strategy decisions, a significant proportion is directly engaged at the creative end of strategy. This result suggests a categorisation of stakeholder into critical and non-critical ones (in a form similar to those proposed by researchers in the stakeholder field), though even the non-critical ones will deserve attention in strategic thought. The critical stakeholders are those with a significant interest in the organisation and also the highest power to influence the future of the organisation.

The results of this research are important because they draw attention to the need to think more broadly about the role and types of stakeholders around the strategy process as well as those operating managers directly involved in it.

An interpretative context

At least three important contextual factors should be considered before the general results noted above can be developed to the specific cases. First, in any outer context, each organisation may be at a different stage of an economic cycle. For example, in the UK, the NHS service has endured consistent pressure for adequate funding, especially given a rising population and an ageing one. In Australia, there has not been a significant recession for over 20 years although there are growing pressures on funding and changing to the funding models.

At growth stages of one of our organizations (e.g., increasing demands on a health system or an expanding product portfolio of a not for profit organisation), the urgency of necessary action can often squeeze out longer term strategic thinking and leave strategy as a mere extension or development of its prior incarnation. During such pressures, there may not be sufficient time to contemplate a broad set of actors and only those more directly involved in, and directly affected by, the strategy process are likely to be at the 'forefront of the mind'. During mature phases with minimal growth, organisations have more time to think about their longer-term prospects and give strategy more considered attention. The relatively relaxed trading conditions might allow a more participatory style to flourish, with organisations more likely to extend inclusion in the strategy process to a broader set of stakeholders and to allow a more detailed analysis of their 'action-reaction' to any enacted strategy. So, the elements prevailing on the organisation in these two stages might affect the extent of perceived actor participation in the strategy process. Such inclusivity, which can improve ownership of, and commitment to, the enacted strategy, may shape the manner in which the locus of power moves in organisations and whom the stakeholders or actors are, how many of them are considered within the making of strategy and how committed they might be to its implementation.

Second, each of our organisations has a different governance structure with a different role of agency in the shaping and approval of adopted strategy. For example, one has a complex structure with a dual board – of executives and of trustees, both of which are answerable to the higher voice and influence of the Australian Bishopric. The other two samples are from public sector organisations that are influenced heavily by the strictures of public governance protocols and statutes. Their organisational strategic 'degrees of freedom' (e.g., to merge, to take-over, to downsize etc.) are limited and their business strategy more responsive to shorter time horizons. In the latter cases, it might be expected that fewer actors and stakeholders are considered at the formative period of strategy, especially if the protocols

demand that the strategy process is conducted in a particular way throughout different strategy periods. This might mean that there is a 'stickiness' in thinking about the sorts of actors being considered at each strategy round, with much repetition being present. In complex governance structures, it is likely that many more and different actors have to be considered from the outset. Moreover, the dynamic nature of private sector market operations may demand that more and different sets of actors need to be considered at each strategy round as various policies are deployed e.g., take-overs, downsizing.

Finally, organisational cultures vary across the three organisations. The two public-sector organisations differ amongst themselves from the focussed specialism of mental health to a more general national health service. More focussed organisations may hold more cohesive strategic ambitions than more general ones, thus allowing a more inclusive style to prevail that may result in more stakeholders being engaged. While in the not for profit sector, one organisation is a faith-based organisation, where the word of God is dominant. This helps to form a strong and widely held non-liminal, 'communitas'. Expectedly, inclusivity in strategy is a natural consequence of belief, rather than an expectation of agency in a hierarchical position. In such an organisation, it might be expected that more actors and stakeholders would be at the 'forefront of the mind' when considering strategy.

Where next?

Clearly there are important limitations in the research reported in this exploratory study. The research reports on data from only three cases, and so to generalise, it needs to be extended to include more data from other sectors. In two of our samples, the data was collected in a group format using customised software and in the other, it was collected individually, in a traditional 'paper and pencil' manner. We speculate that none of these points invalidates the results in a serious way, as the focus is on the initial participant thoughts mentioned in each mode.

However, and crucially, getting comparable data from real strategy development is not easy. In this case, it was possible to take data from one sector (health), and the researchers feel that it was important, in the first instance, to use more data from only this sector before extending the study to a wider group of sectors. The researchers have similar data from a variety of private sector organisations, and this data could be interrogated, but perhaps only after exploration within a sector, or at least within public and not-for-profit organisations.

In the development of the research method, the issue of how to code idiographic data became dominant. In the end, final coding by each researcher on their own data helped to manage this process. This means that there is potential for different uses of the codes, even though the researchers expended much energy on validating the codes.

Taken together, contextual forces challenge the assumption that stakeholders and their importance to the strategy process can be seen in a constant juxtaposition, deployed under a *ceteris paribus* assumption. In the development of this work, it will be important to explore the reasons behind the differences between the three datasets, using these contextual conditions as parameters.

Recent work within the realm of health care and mental health, has assessed models for stakeholder management that identify different expectations, and differing views on the salience of different stakeholders for the organization (Bierbooms *et al*, 2016). Our results suggest that this may be an important avenue for further research in a public sector or not for profit environment.

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