Stakeholders In Strategy Making

Abstract

PURPOSE: Conventional wisdom says stakeholders matter to managers as they develop strategy – but do they? If so, what type of stakeholders matter, and what can managers do?

METHODOLOGY: An in-depth exploration of 5 in-depth case studies where senior executive teams embarked upon strategy development. Analysis revealed five significant factors for effectively managing stakeholders.

FINDINGS: These are: determining the nature of a stakeholder, separating those who care about the strategy and its implementation from those who don't but still could impact it; addressing stakeholders at an appropriate level; considering internal as well as external stakeholders; and attending to the stakeholder responses to proposed strategies and the consequent dynamics created.

PRACTICAL IMPLICATIONS: This paper explores these factors and their implications and suggests techniques to address them that are well established and available to promote the effective strategic management of stakeholders.

Keywords: stakeholders, strategy making, stakeholder management, stakeholder power, stakeholder interest, executive teams

Introduction

We analyse the early part of five strategy development activities in public organisations. A detailed exploration of these initial strategy conversations among senior executive team members revealed that they see stakeholders as significant.

This is a peer-reviewed, version of record of the following paper: Ackermann, F., Eden, C., & McKiernan, P. (2024). Stakeholders in strategy making. Journal of Strategy and Management, 35-48. Advance online publication. https://doi.org/10.1108/JSMA-11-2023-0280

Our research reports on the early stage of real-time strategy interventions where the authors were present as participant observers. This direct access to strategy-making allowed us to analyse the statements made by managers as they told us about what was important to them as they thought about the strategic future of their organisation. We have confidence in this data because we were closely involved in helping these senior managers formulate a future strategy. Our contribution seeks to integrate stakeholder theory with the practice of stakeholder management and highlights the need to consider stakeholders carefully to ensure strategy effectiveness. As such it attends to the Strategy-as-Practice call for "a more comprehensive, in-depth analysis of what actually takes place in strategy formulation, planning and implementation and other activities that deal with the thinking and doing of strategy." (Golsorkhi et al., 2015:1)

Empirical data on what happens in senior team discussions is rare because it is difficult to gain access to senior executive teams as they develop their thinking about their strategic future (Pettigrew 1992). The results suggest that senior managers consider stakeholder engagement. Most significantly, we saw that they regarded stakeholders *and* actors as a significant part of strategy formation, where actors were any mention of someone (organisation, group, individual) who could act in response to a strategy, and stakeholders were a subset of actors.

We present the five factors and set them in the context of the academic literature on theories of stakeholders. Additionally, we offer suggestions about techniques that can help manage stakeholders.

We present our research as follows. First, we explain our research method – exploring real-time strategy making, before discussing the five factors emerging from our data. Then, we present the implications of these factors for strategising and the techniques designed to help develop effective stakeholder management strategies. We then conclude with some reflections on how this research extends the extant knowledge pertaining to stakeholder management and some future directions.

Methodology: Exploring Real-time Strategy Making

Getting at real-time data - ‘inquiry from the inside’ (Evered and Louis 1981) - is challenging because it involves getting close to elites Pettigrew (1992). Traditional methods, such as interviews, can be very challenging; for example, adhering to strict research protocols for 'interviewing' elites is difficult (Norburn 1989). We aimed to gain access to the thinking of managers as they are *actually in the process of* making strategy van de Ven (1992) - in the strategy-as-practice interest in “what strategy practitioners themselves regard as consequential for “doing” strategy (Rouleau and Cloutier 2022), and where strategy is something that organisational members do rather than have done to them (Jarzabkowski, 2004; Whittington, 2004). We are thus seeking to contribute to strategy practice which “covers the whole arena of strategy work, including practitioners, different tools and techniques, actuals activities as well as the ways to consume the products of strategizing.” (Korin et, al. 2022:283)

One of the best ways to get this access is by being in a close working relationship with the elite managers. Traditional research approaches such as questionnaires or researcher interviews would not be as reliable as they would not capture “in the process” data. The three authors of this paper are all academic researchers and experienced consultants to senior executive teams as they work on strategy development; thus, they can mix practitioner and scholarly understandings (Gopinath and Hoffman 1995). In each instance, the researcher/consultant and managers engaged in a strategy-making task whose outcomes had real consequences for the executive teams.

In planning multi-sample research, we wanted to ensure the commonality of data collection. Hence, the study focussed on the formative stage of strategy development, where each author elicited the concerns, opportunities and worries of the senior executive team members. After that, each engagement took its different course towards the other strategy-making objectives. We collected strategy data from a simple open-ended prompt designed to start the strategy-making activity: "What are the key issues you face in ensuring strategic success for your organisation?" Thus, there was no prompting for any mention of stakeholders.

The deliberate selection of all of our cases being from the healthcare sector gave a degree of consistency to the research settings. By providing different perspectives within a single industry it is possible to gain literal replication by keeping the context constant (Yin 1994). There was a mix of public and not-for-profit. The senior managers involved were the 'elite' in their organisation (7-12 team members in each case study): either C-suite executives or others close to that echelon.

The studies took place in the U.K. and Australia. We sorted the data to identify which statements noted, implicitly or explicitly, actors who may be stakeholders. We then reviewed these statements to explore whether there were any emergent categories explaining the nature of 'who' they were and 'why' they were significant. This inductive analysis started with each author's independent exploration of the datasets, producing new codes that differentiated the data – but within the context of our interest in the role of stakeholders in strategy making. Each dataset consisted of about 100 statements (typically 10-20 words) from each of the five organisations. These statements represented the equivalent of the first 30-60 minutes of discussion by a senior executive team about the significant issues and opportunities facing the organisation. In total, we had over 500 statements to consider as we each sought to 'make sense' of the total dataset.

After much clarification and extensive debate, the first round of exploration led to the discovery of 13 emerging characteristics used for coding the statements. Managerial intuitions - that often drive action - were captured (Dean et al. 1974); Mintzberg et al. 1976) in our dataset. However, there are disadvantages in researching with such elites as the data is idiographic and context-sensitive, so we carried out a cross-checking process. Although each of the authors believed the discussions had provided adequate descriptors of these emerging characteristics, a test for inter-coder reliability made it very clear that different interpretations of the statements existed among the authors of each case. Here, we note that the role of local context knowledge for precisely interpreting each characteristic is essential (Pettigrew 1987).

Hence, a range of research conversations around the coding of statements followed, with the final coding done '*ab initio*'. Each researcher coded only their dataset. The process of establishing codes and doing the coding took place over several months, with periods of reflection in between. Given that each of us is an experienced researcher, we were surprised at the effort required to satisfy our need for reliable assessments of the data. After several cycles of checking our interpretation through sampling, each researcher coded a standard set of randomly selected data. This task assured the meaning of the codes, but we became even more convinced that local context knowledge was necessary to code the statements accurately. Finally, we concluded the need for organisational research to be fully aware of traps from data coding, mainly when powerful elites generate the data.

Examining these 13 categories, five factors emerged that have implications for practice (see Table 1).

Table 1: Summary of Factors and associated data analysis

Factor	**Data Analysis** ["mention" refers to the content of our 500-plus statements]
1. What is a stakeholder? Carefully consider two different types of stakeholder	• there is a significant difference between those who might act as if they have a stake and those who have a stake but are not aware of their stake • in some circumstances, senior managers may persuade those not familiar with their stake to recognise themselves as a stakeholder
2. Recognise that both stakeholders *and* actors are essential to strategy formation	• explicit or implicit mentions of actors in two-thirds of the statements, with almost all being direct mentions • over two-thirds (of those mentioning actors or stakeholders referred to stakeholders, just under half of all mentions)
3. Manage stakeholders at an appropriate level	• one-third of the mentions had stakeholders described at such a high level of aggregation that their management would be complex (due to differing interests, power, etc.)
4. Consider both Internal *and* External stakeholders	• the stakeholders mentioned were spread evenly between those external and those internal to the organisation
5. Take account of stakeholder responses to proposed strategies and each other’s reactions	• . The data showed that half of the stakeholders were on the receiving end of strategic decisions – passive in their response – 'doing what they are told'; a quarter of stakeholders were ‘potentially responding to strategies’; and a quarter were passive or responsive depending on the strategy (context-sensitive)

	• ; one-third of actors were as having the power to influence strategy, and an additional one-third had implied power

Results and Implications

Factor 1: what is a stakeholder?

Our data shows that the actors mentioned are all people/groups/organisations with potentially interest in the strategy. According to the views of senior managers, some have a declared stake in the organisation's strategic future and might respond, with or without the power to the strategy. Others have the power to influence strategy, but not because they have any interest at present.

Friedman and Miles (2006) present over 50 definitions of stakeholders. Concerning our data, there are two contrasting definitions of stakeholders, and the distinction is essential for this research: i) those with an interest/stake who might need strategic management in the interests of successful strategy implementation and ii) the additional potential stakeholders who will be affected by the strategy even if they do not show any interest currently.

Factor 1: Research Conclusion: Executives are likely to consider stakeholders from an instrumental point of view - those presumed to be interested in the organisation's strategy. They may ignore those stakeholders who are affected by the strategy but who need to be made aware of its potential impact on them.

Factor 1: Implications for strategy-making practice:

In public sector strategy development, the organisation is more likely to have a responsibility to consider all who *should* have an interest, following the most common definition. Stakeholders will be ‘any group or individual who can affect *or is affected by* the achievement of the organisation's objectives' (our emphasis, Freeman 1984: 46) or any person or organisation that has a legitimate interest in a project (El-Gohary et al. 2006).

However, in the private sector, we acknowledge that the management of stakeholders may focus only on those with an interest in the future of the organisation, taking a value creation stance (Barney 2016) and that this might take a shareholder primacy focus (Friedman 1970). However, this profit orientation appears to be changing whereby "stakeholder groups are clearly communicating their expectations, in that modern business practices should go beyond profit maximisation" (Alonso et al., 2018:112).

Factor 1: Techniques to assist the strategic management of stakeholders:

Mendelow introduced the Power-Interest Grid in (1981). It uses power on one axis and interests on the other and has been extended in subsequent years (see Figure 1). Stakeholders are shown in the high-interest band of the Grid, and may or may not have the power to influence the implementation of the strategy. In the low-interest band, there may be actors whom senior management can persuade to take an interest in the strategy if they are likely to support it (instrumentally), and have the power to do so. For management, it may be strategically sensible to develop strategies to raise their interest to gain their support or do so because it is ethically correct to do so or because the organisation's goals require them to do so. The issue of who are stakeholders has become relevant as public services follow a path to privatisation, so there is a risk that senior managers might need to treat legitimate and affected actors as stakeholders (Cannadi and Dollery 2005). Indeed, "it makes strategic sense to design a publicly mandated governance network in accordance with logics of governance that favour decentralized and flexible forms of interaction among *relevant and affected stakeholders* if the goal is to engage operationally independent actors in collaborative problem-solving" (our emphasis, Krogh 2022:634).

The strategic management of stakeholders should consider the option of deliberately seeking to reduce the actors' interest so that they are no longer stakeholders or locate and persuade others to become stakeholders, particularly in the early stage of entrepreneurial activity Alvarez and Sachs (2023): 363).

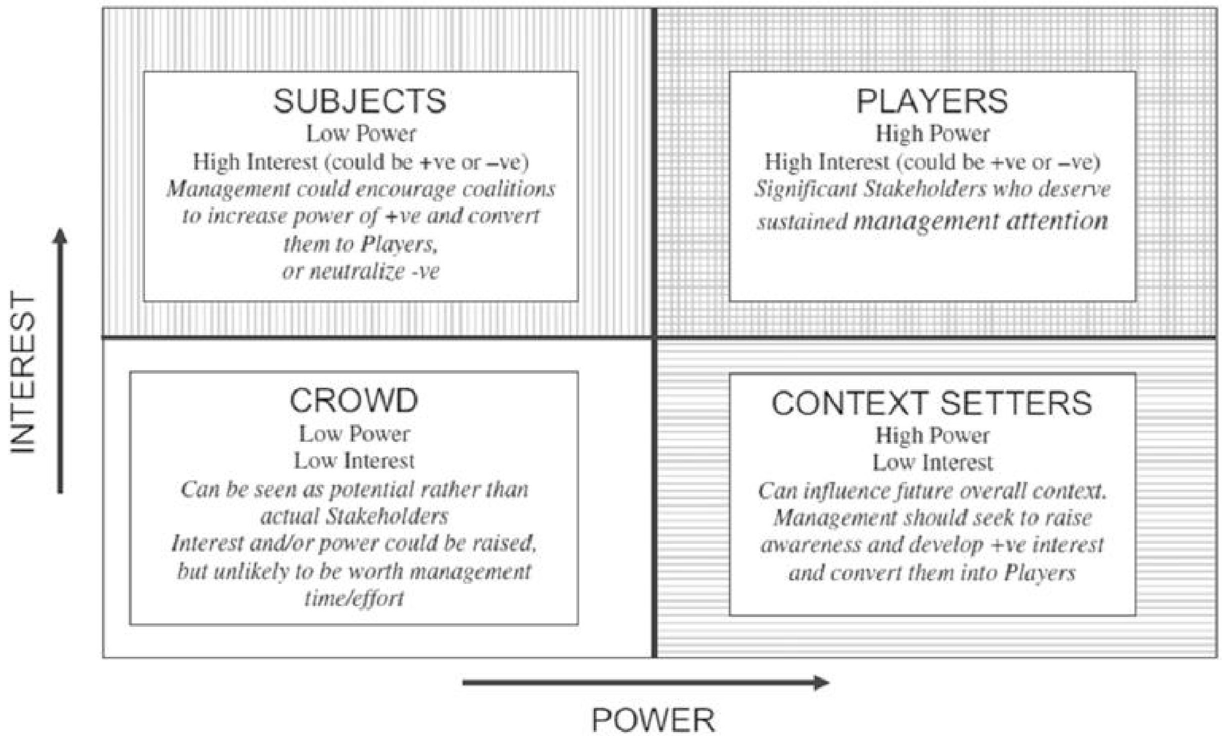

Figure 1: The Power-Interest Grid (from Ackermann and Eden 2011)

Factor 2: Recognise that both stakeholders *and* actors are essential to strategy formation

We found that actors are very prominent in the mental models of senior managers as they grapple with developing a strategy. There were explicit or implicit mentions of actors in two-thirds of over 500 'issue statements' made during the early stages of strategy making, with 91% of these mentions being explicit. Further, a wide range of actors was considered, each with the potential for different responses to and impacts on the strategy.

When senior managers mentioned an actor, they often had a specific interest in the organisation's future. – they had a stake in the organisation. Stakeholders occurred in nearly two-thirds of the statements mentioning actors. In the remaining statements that mentioned actors, the actor could influence the organisation's future without intending to do so (no clear interest noted). For example, "*we do not know where the new **health minister** and where **the new government** will take us*" illustrates two actors but no stakeholders.

These findings show that from the beginning of their strategy-making journey, senior managers consistently consider both stakeholders and actors, particularly stakeholders. The need to consider them in the context of the organisation's future was an integral part of their thinking. Moreover, each of these potentially will require strategic management. Indeed, two-thirds of these actors were also stakeholders and interested in the expressed or implicit strategy of the organisation. This volume presents a potentially daunting task for strategic planners and executives considering devising stakeholder management strategies.

Some academics have argued for the significance of stakeholders in strategy development in terms of, e.g., value creation (Barney, 2016), successful implementation, innovative ideas and risk assessment (Freeman et al. 2007; Freeman et al. 2010). That they are pervasive and have significance in the strategy making activity suggests that strategy makers are advised to proactively manage them.

However, understanding 'why' they are essential to the organisation's strategy-making and *how to manage* these stakeholders needs to be addressed in the academic literature, particularly in strategic management textbooks.

Whilst stakeholder research is widespread and straddles many disciplines, there is a range of different impetuses driving academic efforts. For example, some research explores stakeholder theory primarily from the analysis perspective to focus on stakeholder theory to formulate action (Stoney and Winstanley 2001). Other researchers argue that there are two streams of stakeholder theory – intrinsic versus moral and note that what separates the two streams of stakeholder theory is the question of why stakeholders are considered essential. A further body of literature focuses on the expected returns for the organisation that believes in stakeholders and is called 'instrumental stakeholder theory'. And finally there is a body of literature that focuses on the intrinsic value of taking stakeholders into account and is called 'moral stakeholder theory' (De Gooyert et al. 2017).

Furthermore, as some have noted, stakeholder and actor "attributes are variable, not steady-state" (Mitchell et al. 1997:868). The significance of stakeholder dynamics suggests that a deeper analysis of these dynamics is required. Non-stakeholder actors may be influenced by the focal organisation increasing their power base through collaborations, such that an actor may become a stakeholder. Thus, separating stakeholders from actors is an important and helpful step to managing the array of actors and recognising that this will need to be an ongoing activity.

Factor 2: Research Conclusion:

Actors are *prominent* in the mental models of senior managers while they make strategies, and stakeholders are *the domina*nt part (those with a stake – an assumed active interest).

Factor 2: Implications for strategy-making practice:

Determine which stakeholders should take priority in developing stakeholder management strategies, given it will be challenging to manage all stakeholders carefully. Think about i) encouraging those likely to support and ii) managing those likely to sabotage.

Mitchell, Agle and Wood (1997: 857) argue that if strategy makers do pay attention to stakeholders, then they need to consider which of the many stakeholders to review from often extensive lists. Our research suggests a need to recognise that stakeholders *and* actors are present in strategy formation and that stakeholders are a subset of actors. To manage the potentially extensive array of actors, differentiate between stakeholders and actors, for example, manage stakeholders and monitor actors. Recognise that actors may become stakeholders and vice versa and thus require changes in terms of management.

Factor 2: Techniques to assist the strategic management of stakeholders:

There needs to be more advice detailing good practice and more consideration of who, amid the plethora of stakeholders, must be attended to. A stakeholder requires different management from an actor, and various stakeholders need different management strategies Alvarez and Sachs (2023). Also, there needs to be more discussion about when to perform stakeholder analyses, with some arguing for analysis at the beginning of the strategy development process and others at the end when considering strategy implementation. Few research publications or mainstream strategic management textbooks answer "a fundamental question systematically: *which groups are stakeholders deserving or requiring management attention*, and which are not"? (Mitchell et al. 1997: 855, our emphasis). We refine this advice by asking a second question*: "When should each group be analysed?"*

Again, the Power-Interest Grid is the most widely used technique to help establish stakeholders from among all actors. The power and interest of key stakeholders should be more well-articulated by researchers and managers. Bases of power reflect the actions available to the stakeholder that could be either action to support or block the potential strategies. Freeman (1984) suggests three categories of power – voting, economic and political power, and for interest - owners, customers and government. Our data would argue that it is essential to go beyond these categories and think freely about any actors that have an interest in the future of the organisation. Bases of interest reflect the stakeholder's objectives, and that the aims of other organisations with whom they are linked influence their thinking. Understanding the nature of power and the interest of a stakeholder is a crucial basis for strategically managing them.

The Grid also enables the identification of *key* stakeholders as those with both high power and high interest. Stakeholders who are interested in and monitor the strategy and actions of the organisation require active management. Senior managers should monitor actors who are not stakeholders since they could become interested and have a significant impact. For insightful real-case examples of the use of the Power-Interest Grid, see Bryson et al. (2002), Bryson (2004), and Eden and Ackermann (2021).

Two other analysis tools can be handy. The first classifies stakeholders based on two dimensions: capacity for co-operating and potential for threatening the organisation (Savage et al. (1991). Thus, stakeholders can be supportive, marginal – neither threatening nor supportive, non-supportive, or a mixed blessing stakeholders – could be both supportive and threatening. Secondly, the use of a Participation Planning Matrix and a Stakeholder Issue Interrelationships diagram can each help identify 'key' stakeholders who are in the high power/high-interest quadrant of the Power-Interest Grid: the "players" (Bryson et al. 2011, and Bryson 2004:37).

Factor 3: Manage stakeholders at an appropriate level

In 35% of the mentions, stakeholders were described at such a high level of aggregation that it would take a lot of work to identify an effective stakeholder management strategy. Such stakeholders were described in very general terms and with no acknowledgement that the disaggregated groups would respond to any strategy differently from another. At this early stage of strategic thinking, a high level of aggregation may be inevitable. As strategic thinking develops, meaningful disaggregation may occur, enabling stakeholder strategy to be more appropriate and effective.

The aggregation of stakeholders into groups is often a simple way to reduce the volume of stakeholders. Our analysis revealed such evidence, e.g., “*Increased N.G.O. and private sector access and need to meet criteria* " compared with the more specific and disaggregated “*reduction in funding from MHC [Mental Health Commission] impacting on Public MH [Mental Health] service provision*". In the first instance, many sub-groups are considered in aggregate (an N.G.O. is a Non-Governmental Organisation, for example, a nonprofit organisation operating independently of government), whereas, in the second instance, senior managers consider a particular organisation (MHC). Other examples of the high levels of aggregation from the data include 'patients' or 'customers/consumers'. An aggregated group, such as patients/customers, includes many sub-groups with very different interests and different responses to strategies. As such, they require different managing methods and need to be disaggregated. Similarly, "staff" were usually aggregated, yet the power of various categories of staff to react to the strategy is different, for example, surgeons versus nurses.

Many writers refer to generic stakeholders in such highly aggregated groupings, for example, regulators, competition, and customers (Freeman, 1984). However, the need to *manage* as well as *identify* stakeholders has led some to argue for specificity through disaggregation. For example, considering whether all competitors respond in the same way, have the same power bases, and therefore need to be treated the same is significant. Much of the strategy stakeholder literature identifies stakeholders at high levels of aggregation. For example, Porter's 5 Forces (Porter 1979) industry analysis notes competitors, new entrants, suppliers, customers, and substitutes. Although Freeman (1984:25) expands this list, his early models still exhibit a high level of aggregation, for example, governments, media, consumer advocates, etc. In both cases, there needs to be more recognition of the diversity of potential responses from different members in a cohort. For example, all government departments rarely respond similarly, nor do all competitors. Furthermore, both of these frameworks, mainly Porter's, take an industry/market orientation, and a growing number of authors have argued that it is essential to go beyond these when taking a market-oriented view (for example, Bryson et al. 2002: 568-584, and later Freeman et al. 2010).

Factor 3 - Research Conclusion:

Senior managers must manage stakeholders at an appropriate level.

Factor 3 - Implications for strategy-making practice:

For effective management, stakeholders must be disaggregated to an appropriate level. Neither disaggregated too much - beyond the level of disaggregation where there is no need for differentiated strategies for their management, and so generating unnecessary work in strategy development; or too little where, for example, government should be disaggregated because it comprises of departments and ministers each with entirely different objectives, and so incorrectly expecting a similar response.

Senior managers are thus faced with a paradox – the need to disaggregate for effective management action with the need to manage the complexity of the breadth of the stakeholder landscape (ensuring robustness). The range of stakeholders facing any strategy can "be extensive, and managers must decide which of the many stakeholders to manage if strategy is to succeed" (Mitchell et al. 1997: 855). Disaggregating stakeholders means the number of stakeholders escalates, potentially making strategy-making harder. At the same time, disaggregation makes determining effective stakeholder management strategies easier. A focus on the most critical stakeholders is thus essential.

Techniques to assist the strategic management of stakeholders:

Where appropriate (based on categories, etc.), disaggregate stakeholders to facilitate the identification and application of management strategies designed to ensure successful implementation.

Avoid working at too high a level of aggregation where there are likely to be many different interests and responses to the proposed strategy, thus requiring various management responses. Avoid disaggregating to a low level with slight variance in the response or interest. The crucial stakeholders are specific, unique, and significant to your organisation and the proposed strategies.

Bosse and Coughlan (2016:1197-1222) argue for focusing on persons rather than organisations, each with personal stakes and preferences. Barney and Felin (2013) extend this advice by noting the importance of examining "*single person* relationships – reflecting the call for strategy researchers to examine 'lower-level constituent units when explaining higher levels of 'analysis'" (p144, our emphasis). Managers should move away from generic groupings and, by recognising the uniqueness of their organisation and emerging stakeholder management strategies, disaggregate appropriately.

Bryson et al. (2011) suggest that the techniques of ‘Basic Stakeholders Analysis’, ‘Listing Evaluation Stakeholders’ and ‘Problem-Frame Stakeholder Maps’ (exploring developing coalitions) help with the process of identifying stakeholders at an appropriate level of analysis. Ackermann and Eden (2011b: 184) explicitly discuss the disaggregation process and the use of evaluating informal networks (p187) and the ‘stakeholder management web’ (p188-190, 192-193) as aids to disaggregation.

Factor 4: Consider both Internal and External stakeholders

Whether the actor was internal or external to the organisation emerged as another significant way of distinguishing between them. This distinction is essential when planning strategy implementation because the management of internal stakeholders is likely to involve very different strategies from external stakeholders. The data showed that the stakeholders were spread evenly between those external and those internal to the organisation.

Given that our data are drawn from the public and not-for-profit sectors, this equal balance may not be surprising. However, two of the organisations consider themselves to be operating in a commercial context. For instance, in healthcare, the influence of government regulation and policy (national and regional) combined with the strength of operating protocols imposed by professional medical bodies generates powerful external stakeholder influences that are unlikely to be ignored when senior managers think about strategy and the organisation's future. Thus, even in a commercial setting, government regulation can be significant, private sector organisations are experiencing greater scrutiny from those both in and out of the organisation. Considering both external *and* internal stakeholders is likely to be important in both settings.

Much of the literature takes an externally dominated view (e.g, Porter 1979) with little recognition given to considering internal stakeholders, such as senior executive teams, union members, front-line workers, operating unit teams, etc. Successful strategy implementation will come when internal stakeholders are fully engaged. Internal stakeholders must be motivated by and understand the strategy to engage with it effectively. Hence, some academics argue that it is essential that internal staff are involved in the strategy-making activity – for example "open strategy" - both from the perspective of capturing a range of knowledge and gaining ownership and understanding (MacLennan and Markides 2021). This stems from the fact that open strategy has two dimensions – transparency and inclusion (Hautz et al. 2017; Whittington et al. 2011). Thus, implementing open strategy implies internal stakeholder identification and an approach to creating a commitment to strategy.

In project management, the division between and attention to external and internal stakeholders is essential. Internal stakeholders have direct, strategic and authoritative roles in delivering the service. In contrast, external stakeholders may have no formal contractual relationship to the project, but they have a stake or strong interest in its progress (Cleland et al. 2006).

Factor 4 - Research Conclusion:

Both External *and Internal stakeholders* are essential for strategy making.

*Factor 4 - Implications for strategy-making practice**:***

Including and distinguishing internal and external stakeholders regarding their interests and power is vital for effective strategy-making. Considering both internal and external stakeholders increases the robustness of the strategy. Internal stakeholders know very different things than senior executive teams about the organisation and its operation.

Our analysis shows that when considering internal and external stakeholders, it will be necessary to be open to blurred distinctions between them. For example, surgeons may practice in more than one hospital.

Techniques to assist the strategic management of stakeholders:

Consider the potential responses to strategies of both internal *and* external stakeholders. In particular, address influential and interested internal stakeholders (the use of the Power-Interest Grid) as these stakeholders can sabotage or support the implementation of potential strategies.

Cleland and Ireland (2006) suggest dividing (project) stakeholders into primary and secondary stakeholders. Primary stakeholders are those with control over project resources, and secondary stakeholders are those who have no formal relationship with the project but who have a high degree of interest in the project outcomes (see also Savage et al. 1991).

Factor 5: Take account of stakeholder responses to proposed strategies and each other's reactions

The data showed that managers when considering stakeholders, assumed that most stakeholders were passive recipients of strategies and would only actively respond as planned. They were supposed to have little direct strategy influence (power). There was little consideration of whether they might react vigorously to support or sabotage the strategy. Amongst all the stakeholders mentioned, senior managers considered half as passively receiving the strategy and presumed to be unresponsive; a quarter of stakeholders as possibly responding to the strategy; and the other quarter of stakeholders might mixed, that is they could be both passive and responding depending on the nature of the strategy.

This lack of consideration of the existence of potential power and its potential impact (both in terms of support and negative consequences) is surprising. Analysis revealed that of the actors mentioned as having power, one–third had power that was not stated explicitly but implied. For example, in one case, it was noted that the strategy needed to '*manage the impact of Australian Health Practitioner Regulation Agency on workforce profile'*. It was also evident that some of the stakeholders may influence strategy explicitly.

Often, power was subtle and was seen as coming from many sources (Mitchell et al. 1997: 865) and that "power may be tricky to define, but it is not that difficult to recognise" (Salancik and Pfeffer, 1974).

Factor 5 -Research Conclusion:

When considering stakeholders, assume they can respond by actively supporting or sabotaging the strategy.

*Factor 5 - Implications for strategy-making practice**:***

Stakeholders often have significant power to influence the future success of the strategy – they may "have an interest in the actions of an organisation and can influence it" Savage et al. (1991). It is essential to reflect on whether stakeholders have the power to do something and the interest or motivation to be bothered – both are vital considerations. Nutt (2002: 29-31) provides exciting examples of how not taking proper account of the potential reactions – "forces stirred up" - of stakeholders can lead to the failure of strategy. Other examples can be seen in the energy business where coalitions of small shareholders have succeeded in making an organization alter their strategies to take more account of climate change[1]. Some stakeholders seen as passive and having little power currently may be able to gain power, for example, through forming coalitions.

Those actors with high power and high interest in the development of strategy are apparent candidates for scrutiny and the development of stakeholder management strategies. The use of network analysis can help

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[1] https://www.theguardian.com/business/2021/may/26/exxonmobil-and-chevron-braced-for-showdown-over-climate
https://www.dw.com/en/activist-investor-exxon-mobil-oil-climate/a-58136880

in understanding the power and its nature. The utility of stakeholder network analysis is growing in the stakeholder field (for example, Cummings and Doh, 2000; Park and Rethemeyer, 2014). Galaskiewicz et al. (1994) note that "instead of analysing individual behaviours, attitudes and beliefs, social network analysis focuses on how these interactions constitute a framework or structure that can be studied and analysed in its own right'. Rowley (1997: 887) argues that 'to describe how organisations respond to stakeholders, scholars must consider the multiple and interdependent interactions that simultaneously exist in stakeholder environments. Each firm faces a different set of stakeholders, which aggregate into unique influence patterns'. Recognising that stakeholders are not discrete entities but are part of a system of relationships (some formal, many informal) is essential. Network analysis can reveal important clues about which stakeholder(s) need attending to depending on their position in the network. However, many early models placed the organisation in the centre, thus failing to consider its myriad connections and reducing the usefulness of the network analysis.

*Techniques to assist the strategic management of stakeholders***:**
Establish whether stakeholders: i) can reasonably be presumed to be 'done to' and respond as requested; ii) can unintentionally respond in ways that could influence strategy; or iii) act intentionally in response to the strategy – in support of it or to sabotage it.

For this last group of stakeholders, depending upon their response, these stakeholders could make, slow down or impede strategy implementation. Furthermore, attending to the shifting dynamics between stakeholders is essential as the strategy can trigger stakeholder responses and, in turn, the responses of other stakeholders to the strategy. Eden and Ackermann (2021) present an example of a technique for exploring the dynamics of stakeholder responses. Managers can extend the Power-Interest Grid to provide an initial exploration of the social network (Ackermann and Eden, 2011). It is also worth managers being aware that stakeholders may be unaware of the strategy and therefore may act 'in the wrong way'.

Conclusions

In this paper, we have explored the five key factors that emerged from our research into how executives think about stakeholders in the early strategy formation phase. We have also suggested techniques that can help executives analyse and manage them better.

Our research shows that devising and using ways of helping managers strategically manage their stakeholders is directly relevant to effective strategy making. Building on the five factors and their implications, we have sought to make recommendations to assist strategy-making executives and their support staff. We have focused on providing recommendations that are: a) easy to do rather than those requiring complex mathematical analysis (such as some of the social network analysis techniques and game theory), b) easy to access and c) strategic management oriented.

We have tried to show the techniques as they apply specifically to each emerging factor, but many techniques help address more than one factor. An excellent overview of a range of techniques that help in the analysis of stakeholders, especially within the context of corporate social responsibility, can be found in Bryson (2018:Appendix A) and Nicolescu et al. (2022)

The implications of this work are threefold. Firstly this research attends to the managerial thesis noted by Donaldson and Preston (1995), focusing on how managers operate (Freeman et al., 2004), and as noted by Alsono and colleague (2018) emphasising the needs of practioners.   Through seeking clarity of who is a stakeholder and who is an actor this research attends to one of the characteristics associated with New Stakeholder Theory (McMahan 2023) where she calls for studies “that promote criteria for discerning who is in and who is out’ (pg 2). This enhanced appreciation of the stakeholder landscape helps with ‘stakeholder balancing (Amis, et al., 2020). In addition the work, through its focus the management of stakeholders when strategy making, may provide important insights when considering the realisation of strategy through consideration of relationships (Chakrabarty 2020) – taking cognisance of information flows, where to build relationships and strategic alignment.

Secondly, it builds on the burgeoning field of strategy-as-practice (SAP) through examining the micro practices in the strategic management of stakeholders and taking a finer grained understanding of what managers do while strategy making In particular, the research presented seeks to attend to understanding practice – as SAP "allows researchers to *engage in a direct dialogue with practitioners*. Studying practices enables one to examine issues that are directly relevant to those who are dealing with strategy, either as strategists engaged in strategic planning" (Golsorkhi et al, 2015:1 our emphasis)

Finally, there is also scope for the work to contribute to the new arena of Organizational Listening – which positions itself beyond stakeholder management and seeks to understand "how organizations solicit, consider, and act on stakeholder information" (Fu et al. 2023:2)

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