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An empirical examination of the stakeholder strategy matrix

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Abstract

Purpose – This paper seeks to examine whether the stakeholder strategy matrix provides useful guidance for managers in dealing with stakeholders. The matrix suggests that strategies for dealing with stakeholders can be determined based on stakeholder ability to cooperate and threaten organisational outcomes.

Design/methodology/approach – The study uses a hypothetical scenario looking at the development of a new environmentally friendly product, where eight stakeholder groups and their influencing abilities are manipulated. Marketers reviewed one version of the scenario and were then asked the applicability of 13 strategies for each stakeholder group described. Mixed design analysis is then undertaken to examine the direct effects and interactions between the four combinations of influencing abilities, the stakeholder group examined or how the strategy suggested impacted on managers' views.

Findings – The research found that there was an interaction effect suggesting that some strategies were more applicable to stakeholders with certain sets of influencing abilities, as the stakeholder strategy matrix suggested. The specific stakeholder group examined also appeared to impact on managers' views, which is inconsistent with the theory.

Research limitations/implications – The limitations are that the research focused on managers' perceptions of the applicability of strategies, rather than the actual success of strategies examined. Research into the effectiveness of actual behaviours would possibly require more in-depth examination of case studies.

Practical implications – The research suggests that the stakeholder strategy matrix may provide some guidance as to how managers deal with stakeholders. However, it also suggests that managers may be implicitly applying influencing abilities to groups irrespective of their “true” influencing ability. In this case managers are in fact ignoring valuable information when deciding how to interact with stakeholders and therefore possibly using less effective strategies to interact with stakeholders.

Originality/value – The research is unique as it looks at determining whether different types of strategies for dealing with stakeholders are perceived to be more or less effective. This therefore seeks to make stakeholder theory more strategic and applicable in a broader set of contexts. As such the paper would be of interest to managers seeking to understand
better how to deal with stakeholders and to theorists seeking to understand better how stakeholder theory impacts on organisational outcomes.

Introduction

Stakeholder theory suggests organisations that address their stakeholders' interests will somehow perform “better” than firms that do not address these groups' interests (Agle et al., 1999; Berman et al., 1999; Post et al., 2002, Wood and Jones, 1995). In considering this issue, most of the research on stakeholder theory has focused on an examination of the outcomes of addressing different groups of stakeholders (for example Agle et al., 1999; Berman et al., 1999; Berman et al., 1999), rather than explicitly considering the specific strategies that are applied to deal with stakeholders' interests. Understanding the link between the application of given strategies to engage stakeholders and outcomes is critical (Heugens et al., 2002), insofar as improvement in outcomes infers that the correct strategy has been applied and these strategies have been applied successful. It is therefore possible that poor outcomes might reflect incorrect strategic choice in the specific situation or inadequate implementation, rather than a failure in the application of stakeholder theory. If this were the case, different strategies would potentially result in more positive organisational outcomes.

In a seminal work on stakeholder theory, Freeman (1984) defined stakeholders as any group that is affected by, or can affect, organisational activities. While other definitions have been proposed by Clarkson (1995) – those that have something at risk, or Mitchell et al. (1997) – those who have urgency, legitimacy and power, Freeman's definition is still widely used and is the definition applied in this study.

In his early work Freeman (1984) put forward a theoretical stakeholder strategy matrix suggesting that firms should apply a range of generic strategies to address stakeholders' interests based on stakeholder's ability to threaten and cooperate with organisations (i.e. influencing ability). Other authors, such as Savage et al. (1991), Kimery and Rinehart (1998) and Polonsky (1996) have also discussed the stakeholder strategy matrix as a potentially useful tool for explaining individual stakeholders’ interests and for providing managers guidance in regards to strategies that can be used to manage stakeholder relationships, thereby improving organisational performance.

Heugens et al. (2002) has also examined the importance of “generic strategies” for dealing with stakeholders and suggested that correctly targeted strategies could increase organisational learning and organisational legitimacy. This complements the broader strategy literature, which has suggested that generic strategies can be applied in various circumstances (Parnell, 1997). For example, it has been suggested that adopting any one of Porters (see Miller and Friesen, 1986) or Miles and Snow's (see Parnell and Wright, 1993) generic strategies should improve organisational performance.

Within the literature there has been limited empirical work examining the applicability of the proposed generic strategies to stakeholders, even though previous literature (e.g. Freeman, 1984; Savage et al., 1991) has suggested that these strategies should be used to manage stakeholder relationships and the application of the strategies should vary based on
stakeholders' ability to cooperate and threaten organisational activities. It should be noted that more recent works have criticised Freeman's stakeholder strategy matrix as being too restrictive in terms of defining stakeholders' influencing abilities (Mitchell et al., 1997). However, those providing alternative approaches for defining stakeholders, have also suggested that effectively dealing with stakeholders should improve performance (Agle et al., 1999). Although these more recent authors have not suggested how stakeholder relationships should be managed and thus they too have not undertaken empirical research to examine alternative strategies for integrating stakeholders' interests.

The object of this paper is to examine empirically the stakeholder strategy matrix, by determining whether marketing managers perceive that the applicability of the generic strategies, suggested by Freeman (1984), Savage et al. (1991) and others, vary according to stakeholders influencing abilities (i.e. cooperating and threatening potential). As will be discussed latter in this paper other relationships will also be examined in an attempt to address the research's core question of interest.

The stakeholder strategy matrix

Freeman's (1984) stakeholder strategy matrix model suggests that firms will design strategies to address stakeholders' interests, depending on these stakeholders' abilities to threaten and cooperate (i.e. influencing ability) with organisations (i.e. a 2×2 matrix) an idea that is also supported by other authors (Kimery and Rinehart, 1998; Polonsky, 1996; Savage et al., 1991). In other words, a stakeholders' position in the two-dimensional matrix allows the firm to determine the most appropriate strategies for managing firm-stakeholder relationships.

All authors examining the stakeholder matrix have suggested that stakeholder's influences resulted in four categorisations of stakeholders influencing abilities, and that there are strategies appropriate for dealing with each category (see Figure 1). Freeman (1984) suggested that those with high cooperative and threatening abilities were Swing stakeholders, as these stakeholders can either assist or hinder organisational activities. Strategies for dealing with Swing stakeholders should “seek to change or influence the rules of the game that govern stakeholder interactions” (Freeman, 1984, p. 144). Savage et al. (1991) defined this group more positively as Mixed Blessing stakeholders, who firms should collaborate with to maximise their positive influencing abilities and minimise threatening abilities. The marketing focused work of Kimery and Rinehart (1998) chose to focus on the potential positive Mixed Blessing perspective rather than the more ambivalent Swing perspective, which could potentially be considered to have some negative connotations. Polonsky (1996) too focused on the Mixed Blessing type of categorisation, recognising that this stakeholder group needs positive engagement to nurture their positive cooperating potential.

Stakeholders with a high cooperative potential and low threatening potential were classified as Offensive by Freeman (1984, p. 143) who suggested that “the firm should adopt an offensive strategy to bring about the cooperative potential” and thus the stakeholder’s positive orientation is exploited. Savage et al. (1991) focused on this stakeholder's supportive potential (i.e. Supportive stakeholders) and suggested that by involving these
stakeholders in corporate activities their support could be leveraged. Interesting, Kimery and Rinehart (1998) classified these stakeholders as Supportive, but suggested that strategies should exploit rather than involve these stakeholders. From a strategy perspective this subtle difference could have implications in regards to how firms engage stakeholders, especially if stakeholders feel they are being exploited rather than involved (Polonsky, 1996).

Stakeholders with a low cooperative potential, but high threatening potential, were classified as Defensive stakeholders by Freeman (1984). He suggested that organisations should isolate themselves from these groups with defensive strategies. Savage et al. (1991) recognise the non-supportive nature of this group, as well as the need to adopt defensive organisational strategies. Kimery and Rinehart (1998) took a similar view, in suggesting that non-supportive groups should be defended against. These authors have assumed that negative potential will be acted on, which may not be the case. Thus, while defensive strategies might possibly reduce dependence on these groups, Polonsky (1996) suggested that engaging these non-supportive stakeholders might be a better approach to better manage relationships and minimising negative outcomes (Heugens et al., 2002).

The final group of stakeholders have a low cooperative and low threatening potential. Freeman defines these as Holding stakeholders, with whom organisations should seek to maintain current positions, including monitoring them for changes in their position. In this situation Savage et al. (1991) and Kimery and Rinehart (1998) have similar definitions of this group, suggesting they are marginal stakeholders who should be monitored. While not completely disagreeing, Polonsky (1996) suggests that the importance of holding stakeholders might be in their indirect influencing abilities (positive and negative) on organisational outcomes. He suggests that while monitoring is important, other strategies might be used to assist in building support from these stakeholders, ensuring any changes in relationships are positive.

As such the stakeholder strategy matrix would suggest that it is stakeholders influencing ability (i.e. their cooperative and threatening ability) that should guide managers decision making in regards to strategic decision making with regard to managing stakeholder relationships. There is no suggestion that stakeholders in any one quadrant of the matrix are more important than others, but it might be argued that stakeholders with low cooperating and low threatening potential are less important (Freeman, 1984; Savage et al., 1991). However, this would be disputed by Polonsky (1996), who suggests all stakeholder positions within the matrix are equally important. We suggest that there should not be a difference in how stakeholders are viewed: H1. Varying influencing abilities (i.e. positions within the matrix based on cooperative and threatening ability) will not affect manager's views. Table 1 provides Polonsky's (1996) synthesis of 13 “generic” stakeholder strategies as suggested by Freeman (1984) and Savage et al. (1991) [1]. It is worthwhile noting that seven of these “generic” strategies have been suggested to be equally applicable to more than one classification of stakeholders and two strategies have been suggested to be applicable to three classifications of stakeholders. We suggest that individual strategies should each be viewed equally applicable, although given the fact that some strategies seem to be considered relevant to multiple influencing abilities this may not be the case: H2. The strategy will not affect managers' views. Within the previous research on stakeholder
relationships, authors have examined a range of stakeholder groups (Berman et al., 1999; Henriques and Sadorsky, 1999; Greenley and Foxall, 1997). For example, Miller and Lewis (1991) suggested that there are at least 52 marketing-related stakeholders. Some early research has suggested that different stakeholder groups impact organisational decision making more than others (Peattie and Ratnayaka, 1992). It is therefore important to consider whether the specific stakeholder group being considered impacts on managers' views, even though theory suggests this should not be the case: H3. The stakeholder group will not affect managers' views. The key relationship of interest for the stakeholder strategy matrix is the interaction between the strategy applied and the stakeholder's influencing ability. Figure 1 and Table I identify that the applicability of strategies should vary based on these influencing abilities, even though some strategies seem to be applicable across more than one classification in the matrix (see Table I). If stakeholder theory is to be a valuable decision-making tool, then the interaction effect between influencing ability and strategy should be significant. As is discussed within the methodology section this interaction will be examined across the set of strategies and influencing abilities within the matrix, as well across influencing abilities for each individual strategy: H4. The interaction between strategy and stakeholder's influencing ability will affect managers' views. There should not be any interaction effect between the stakeholder group and strategy applied. The reason being that the stakeholder groups' influencing ability is core to the determination of strategic action, not on “who they are”. Thus, any interaction effect between the stakeholder group and strategy would suggest that managers are attributing innate influencing abilities to stakeholders even when these abilities are not defined. As such: H5. The interaction between stakeholder group and strategy will not affect managers' views. In regards to the interaction between stakeholder group and influencing ability, here too stakeholder theory suggests there should not be a statistically significant interaction. Any stakeholder who has a specific influencing ability should be viewed similarity. That is “suppliers” with low cooperative potential and high threatening potential should be treated the same as “owners” with low cooperative and height threatening abilities. Thus: H6. The interaction between the stakeholder group and stakeholder's influencing ability, will not affect managers' views. For completeness, the three-way interaction is also examined across the stakeholder group, influencing ability and strategy. While there should be a significant two-way interaction between stakeholder's influencing ability and strategy, this would not vary based on the stakeholder considered. The final hypothesis is: H7. The interaction between the stakeholder group, their influencing ability and strategy will not affect managers' views. Should empirical results identify managers view the applicability of strategies vary based on stakeholders' influencing abilities, this would move stakeholder theory beyond being normative (i.e. what ought to happen) but would become instrumental (i.e. explain the outcomes of applying strategies for dealing with stakeholders). That is, the application of the stakeholder strategy matrix model would provide justifiable guidance, supported by empirical evidence, to managers trying to address stakeholders' interests. If managers cannot appropriately address stakeholders' interests, it is unlikely that there will be improvements in organisational outcomes, which might explain why there is often a mismatch of interests, resulting in equivocal results relating to financial performance and being stakeholder oriented (Wood and Jones, 1995).

Methodology
The literature suggests that stakeholders' influences are highly context specific (Freeman, 1984; Mitchell et al., 1997) and thus within this study the evaluation of the applicability of generic strategies was carried out in a marketing environment for new products. The literature in this area has identified that firms have to take a number of internal and external stakeholder interests into account (Jones, 1998; McQuater et al., 1998; Peattie and Ratnayaka, 1992; Polonsky and Ottman, 1998). Thus a green marketing context, using a hypothetical scenario related to the new product process was deemed applicable to stakeholder evaluations.

The dependent variable asked respondents to evaluate the perceived appropriateness of the 13 generic strategies (see Table I) for each of eight stakeholders frequently examined in the literature, i.e. there were 104 evaluations per respondent related to testing the matrix and associated hypotheses. A seven point scale was used: 1– very unlikely to be applied; to 7– very likely to be applied. Stakeholders' position within the strategy matrix (i.e. their potential ability to cooperate or threaten the organisation) was varied within the scenario description (this is described in more detail in the next section).

The mixed design analysis determined whether the mean responses varied based on managers' average perceptions of the appropriateness across the three main effects: stakeholder influencing ability – Influence (H1); the strategy being considered – Strategy (H2); and the stakeholder group – Group (H3). There were also three possible two-way interactions: Strategy*Influence (H4), Group*Strategy (H5), and Influence*Group (H6), which could be examined and one three-way interaction – Strategy*Influence*Group (H7).

The mixed design allows the set of variable to be examined, but does not consider the impact of the stakeholder group (Group), influencing ability (Influence), or interaction of these (Group* Influence) on individual strategies. More in-depth analysis is therefore needed, especially if the mixed analysis identifies that there are differences for the Group*Influence interaction. Analyses of variance (ANOVAs) were therefore undertaken to examine the direct and interaction affects on individual strategies as well. This analysis can be used to further evaluate H4 (i.e. Influence*Strategy) H5 (i.e. Group*Influence) and H7 (i.e. Influence*Group*Strategy). The rational for examining these various relationships has been discussed in the previous section.

While all empirical evaluations were of interest, a significant difference in the Influence*Strategy effect in the mixed design would identify that there are indeed differences between the applicable of strategies across influencing abilities, which previous authors have suggested these exist (Freeman, 1984; Savage et al., 1991; Polonsky, 1996; Kimery and Rinehart, 1998). A statistical difference for any of the individual strategies, using the ANOVAs, would identify that there are differences in the applicability of specific strategies (Freeman, 1984; Savage et al., 1991; Polonsky, 1996; Kimery and Rinehart, 1998).

The other main effects and interaction effects, in both the mixed design and the ANOVA tests, were examined for empirical completeness. As will be discussed in regard to the results, there is no suggestion in the literature that these other main effects or interaction effects should be statistically significant.
Scenario and survey design

The scenario used in this study was developed following suggestions in the literature (Wason et al., 2002; Wason and Cox, 1996; Cavanagh et al., 1985; Chonko et al., 1996; Hyman and Steiner, 1996), allowing for specific points of interest to be emphasised (Cavanagh et al., 1985; Hyman and Steiner, 1996). The scenario approach allowed for the control of the independent variables (influencing ability and stakeholder group) as well as placing respondents in a common decision context. It included an unchanging core that broadly set out the decision context (as will be discussed below) and an expanded section where independent variables were manipulated. This approach is superior to a constant variable approach as it is more dynamic than a static scenario (Chonko et al., 1996; Hyman and Steiner, 1996; Wason and Cox, 1996).

The use of a hypothetical scenario placed individuals in a common context and controlled for a range of moderating factors that might complicate managers' evaluation of stakeholders (Cavanagh et al., 1985). This was especially important when examining stakeholder theory, as each firm's stakeholder network may not only involve different stakeholders (Freeman, 1984), but also relationships within each network may vary (Freeman, 1984; Rowley, 1997; Wolfe and Pulte, 2002). The scenario examined a decision context at one point in time and was designed to be as realistic as possible to improve the quality of the data (Wason et al., 2002).

As was identified previously (see Table I), the strategies examined within the scenario were developed based on those suggested by Freeman (1984), Savage et al. (1991) model, Kimery and Rinehart (1998), and summarised by Polonsky (1996). Table I lists the quadrants of stakeholder strategy matrix based on influencing ability and strategies applicable to each quadrant. Eight stakeholder groups were included in the survey – Competitors; Customers; Employees; Government; Owners/Shareholders; Special Interest Groups; Suppliers and Top Management. These groups were included based on a review of the literature, which suggested they were the most salient (for example, in Freeman, 1984; Greenley and Foxall, 1996; Polonsky, 1996).

Ten in-depth pre-test interviews were held with marketing managers, similar to the targeted respondents. The objective of the pre-test was to determine whether the generic strategies identified in the literature were realistic and that no alternative strategies should be considered. The interviewed marketing managers also examined the scenario, to ensure all relevant stakeholder groups were included.

The final questionnaire asked managers their views of stakeholders influencing abilities in regards to an unchanging core situation. It then provided expanded information where respondents were asked their perceptions of the appropriateness of each of the 13 generic strategies for each of eight stakeholders groups. Stakeholder groups’ influencing abilities were varied within the four positions in matrix within versions of the survey (i.e. cooperating and threatening abilities were varied (see Figure 1)). The final section of the survey asked demographic questions.
Lerner and Fryxell (1994, p. 59) suggested that it is “... manager's attitudes about stakeholders that predispose action”. Greenley and Foxall (1997, p. 12) reinforced this view, suggesting that “... managerial decision-making is largely based on managerial perceptions ...”. As such managers' perceptions of the role of stakeholders should identify how they would deal with various stakeholder groups (Agle et al., 1999). Marketing managers' views of a hypothetical scenario involving multiple stakeholders should therefore be sufficient to evaluate the appropriateness of strategies, since their perceptions of the effectiveness of alternate strategies, would determine managerial actions.

Given the complexity of the task (13 strategies for eight different stakeholders), each respondent evaluated only one of the versions of the instrument. An equal number of each version of the instrument, describing stakeholders within the 2×2 matrix, was distributed. This amounted to 343 questionnaires per version, i.e. 1,372 questionnaires in total.

**Sample**

The potential respondents were 1,372 members of the Australian Marketing Institute (AMI) who were classified as Australian Fellows, Associate Fellows and Associate members. According to the AMI, the criteria for being an Associate Member are: a “degree in marketing, or a marketing major, or – Associate Diploma in Marketing and three or more years practical marketing experience, or – Persons with significant practical marketing experience, e.g. 15 years”. These potential respondents were therefore deemed to be experienced marketing managers. This view was supported by an examination of the demographic factors (see Table II) relating to experience, with 19 per cent of the respondents having more than 20 years' experience in their industry and 44 per cent having between six and 20 years' experience. An examination of individuals' titles also suggested they were actively involved in the strategic decision making of their organisations (i.e. 65 per cent were at least national/regional sales/marketing managers).

The survey response rate was 8.9 per cent (119 fully completed surveys), with a relatively even distribution of responses across the different versions, yielding a low of 25 and a high of 34 responses and a median number of 30 responses per version. The questionnaire was distributed with the support of the participants' professional organisation and a reminder about the study, via a brief article on the cover of the organisation's newsletter, was used. Both of these activities should have improved the response rate according to literature (Angur and Natarajan, 1995; Fox et al., 1988; Herberlein and Baumgartner, 1978; Kanuk and Berenson, 1975).

It is recognised that the, lack of a reminder letter, survey length, complexity of the survey and respondent's potential low level of involvement in the topic, may each have contributed to the low response rate (Fox et al., 1988; Herberlein and Baumgartner, 1978; Kanuk and Berenson, 1975). It should be noted that some non-US-based managerial studies have reported even lower response rates when no reminder is used (for example Angur and Natarajan, 1995).

An examination of early and late respondents was undertaken to determine whether bias existed. No statistical difference between the two groups' responses was found, suggesting
non-response bias was not an issue of concern (Kanuk and Berenson 1975, Berdie, 1989). The sample demographics were also not substantially different from those of the AMI membership as can be seen in Table II. According to Herberlein and Baumgartner (1978), if respondents are representative of the sample, a smaller response rate is not problematic. Berdie (1989) in a review of the response rate literature identified that even when there were differences between respondents and non-respondents, a small sample rarely affected overall outcomes. The small sample size was therefore not considered to be a significant issue for this work, given that there was no statistically significant difference between early and late respondents and the sample membership was similar in nature to that of the AMI membership. Furthermore, a small response level would possible have meant that empirical test power would possible be low. While this would have posed problems if evaluations had resulted in there being non-significant findings, i.e. the non-significance could have been a sample size issue. However, according to Denis (2003), the fact that significant results were found (to be discussed below) with a small sample size would indicate that substantial differences did exist.

Results

The first step in the examination of the data was to identify how marketing managers evaluated stakeholders in relation to the common core scenario. Managers' perceptions of stakeholders' influencing abilities were calculated for each stakeholder groups using a high-low dichotomy, which included a neutral point (1–3.5=High, 3.5–4.5=Neutral, 4.5–7=Low). As can be seen in Table III, most stakeholders were generally believed to have a high positive and negative influencing ability. The only exceptions were Suppliers who were believed to have a neutral/threatening ability, Competitors who were seen to have a neutral cooperative ability and Government, which was also seen to have a neutral cooperative ability.

The second step was to determine whether there was support for the appropriateness of using different strategies to address stakeholders' interests based on stakeholders described influencing (i.e. cooperative and threatening) abilities, using the mixed design process – PROC MIXED (SAS Institute Inc., 1997). This SAS PROC MIXED program fits mixed method linear models and allows for the evaluation of fixed effects in models with repeated measures on some variables.

Table IV lists the results of tests for mean differences in respect of H1-H7 based on the mixed design analysis. The test of H1 through H3 examines the direct effects of Influence, Strategy and Group. The results suggest that varying stakeholders influencing abilities (i.e. Influence) did not affect respondents views, thus H1 is not rejected (p>0.05). This suggests that the positions within the stakeholder strategy matrix (based on influencing ability) are seen to be inherently “equally” important and thus no type of stakeholder should be ignored (Polonsky, 1996).

Managers view some strategies differently than others, thus H2 (Strategy) was rejected (p<0.000). This would suggest that some strategies would seem to be seen to be universally “better or worse” than others. An examination of Table I does seem to suggest that some strategies can be used in multiple situations, which might lead to managers considering
these to be “better”, in the sense that they are more widely applicable. The analysis of the ANOVAs for specific strategies will examine whether Group or Influence affects individual views of strategies.

The stakeholder group examined (Group) was found to also affect managers' views, i.e. H3 was rejected ($p<0.000$). This is inconsistent with theory as it suggests that managers view some stakeholders to be more (or less) important than others and thus there seems to be some perceived inherent influencing abilities. This is also supported by respondents' general view of stakeholders to the core scenario (see Table III), which suggests that managers believe stakeholders have differing influencing abilities (that is suppliers and competitors were seen differently, even though no influencing abilities were specified).

In terms of the two-way interaction effects, all three were statistically significant within the mixed design. The fact that the Influence*Strategy (H4) interaction was significant suggests H4 was not rejected, that is managers' views varied based on stakeholders' influencing abilities. This supports the applicability of the matrix for decision-making. The Group*Strategy interaction (H5) was statistically significant, re-enforcing that managers could be attributing different strategies to stakeholders based on who they are rather than their influencing ability.

The significant results from the stakeholder Group*Influence (H6) interaction would seem to suggest that managers perceived some stakeholders to be more likely to have (or are more unlikely to have) some types of influencing abilities (also potentially supported by the results in Table III). Thus H6 was also rejected. While the pre-tests suggested that the stakeholders described influencing abilities were realistic, these results might suggest that there are some positions that some stakeholders do not have, or, at least are not perceived to be able to have.

The three-way interaction of Stakeholder*Position*Strategy examines H7 in the mixed design and was found to be insignificant at the 95 per cent level. This suggests that there were no differences in the applicability of strategies (Strategy) for groups of stakeholders (Group) described within a given influencing ability (Influence), as stakeholder theory would suggest.

Table V provides the results from the ANOVAs examining the impact of stakeholder group (i.e. Group) and their influencing abilities (i.e. Influence) in regards to each of the individual strategies, as well as the interaction effect between these two variables (Group*Influence).

At the 95 per cent level, the stakeholder Group effect was found to be significant for each individual strategy. That is, the strategy to be applied was viewed differently based on the stakeholder being considered, further supporting the rejection of H5. Thus the stakeholder group examined seems to impact on managers' perception of the appropriateness of the strategy used. As was suggested previously this is inconsistent with stakeholder theory, and suggests that the marketing managers were not determining how stakeholders should be addressed based on their actual influencing abilities, but were using a preconceived view of a given stakeholder's general influencing role and were ignoring the information provided potentially resulting in an inaccurate perception of the stakeholders' ability to impact on
organisations as has been also suggested by Friedman and Miles (2002). The implication of this empirical result is extremely important, for it might identify that managers are applying the wrong strategies, simply because they do not understand stakeholders' influencing abilities. In such situations it would not be surprising to then find that the strategy applied did not work, as it was possibly the wrong strategy in the first place.

There was a statistically significant difference ($p<0.05$) between the mean perceived values of the appropriateness of five of the 13 strategies examined based on stakeholders influencing ability (i.e. Influence), with a further three strategies being significant at the 0.10 level. These results suggested that there is some support for the view that stakeholders' influencing abilities did affect the perceived appropriateness of some strategies further supporting $H4$. As such the stakeholder strategy matrix model does seem to have some degree of validity in terms of directing managerial action in regard to dealing with stakeholders based on their influencing abilities.

A closer examination of where differences existed for individual strategies identified some important results. Firstly it was noted that stakeholder theorists suggested that there were two generic strategies that could be applied across three groups of stakeholder (see Table 1). It was therefore not necessarily surprising that there were no significant differences based on their influencing ability (i.e. Position was non-significant). If these strategies were to be excluded, the results would more strongly support the usefulness of the matrix for determining how strategies should be applied (i.e. statistical differences exist for eight out of 11 strategies based on position).

A second important result was that none of the strategies identified in the literature as being applicable for stakeholders with low cooperative and low threatening ability were found to be significantly different across groups. This suggested that the strategies for dealing with these low influencers were not uniquely applicable. While one might suggest that managing relationships with these groups is not seen to be important, this view might not consider stakeholders' ability to change influence over time or the fact that these groups might influence others (Polonsky, 1996). The results did seem to suggest that the generic strategies for this group needed more consideration.

In examining the interaction between the stakeholder group and their influence for individual strategies, it was identified that there were statistical differences ($p<0.05$) in the managers' views for of six of the 13 strategies, with another strategy being statistically different at the 90 per cent level. This result further supports the idea that marketing managers were differentiating their strategies based on who the stakeholder was rather than their influencing role. The strategies that could be applied to three groups and all those targeting low threat and low cooperation groups again seemed to be equally applicable to all stakeholders.

The results suggested that the stakeholder strategy matrix, as it stands, gives marketing managers some guidance as to how they should deal with stakeholders, although there is also evidence that additional work needs to be undertaken to develop strategies for stakeholders with specific influencing abilities, particularly those with a low threatening and low cooperative potential.
Discussion and conclusions

The significant results for the direct and interaction effects (i.e. H1-H7) showed that some aspects of stakeholder strategic matrix did hold. Thus there was partial support for using the matrix to guide managerial decision making in terms of applying strategies based on stakeholder's influencing characteristics. While there were differences in the appropriateness of some strategies based on stakeholders' influencing abilities, other strategies appear to be equally applicable across types of stakeholders. As such, some of the strategies would appear to be appropriate for all situations.

If this is the case it might suggest that there are in fact some general stakeholder strategies that can be applied universally applied, as well as some strategies that are appropriate in situations where stakeholders have specific influencing abilities. For example, there do not appear to be any “unique” strategies for dealing with stakeholders who have low cooperative and threatening potentials.

The finding that marketing managers appeared to perceive some strategies to be applicable to specific stakeholder groups irrespective of their influencing ability, suggested that managers might not have been considering the facts before them, but rather developing strategy based on their perceptions of stakeholders' influence as has been suggested by Friedman and Miles (2002). In this situation a marketing manager's perceptions may not reflect the reality of the stakeholders' ability to perform.

The fact that marketing managers perceive stakeholders to have inherent influencing abilities, no matter how they are described, may shed some light on why there are mismatches in firm-stakeholder activities. Such mismatches could result in firms (i.e. managers) having greater difficulty in dealing with stakeholders, as they would not understand their influencing abilities. If this were the case, firms using a stakeholder approach would need to ensure that they implemented clear procedures for evaluating stakeholder-firm relationships before acting. This would in turn allow these organisations to design strategies that address actual rather than perceived views of stakeholders. In this way the value of the network of firm-stakeholder and stakeholder-stakeholder exchanges could be maximised. There might also be fewer shocks to the firm specific business environment, as stakeholder oriented firms would more carefully consider how various stakeholders might act and would therefore act to minimise the potential of firm-stakeholder conflict. Even if these potential negative outcomes eventuated, firms would have had the opportunity to develop contingency programs and would therefore be in a position to modify activities accordingly. This activity could give these firms a competitive advantage over those who had not adopted a stakeholder perspective.
**Table I** Applicable generic strategies identified by Freeman (1984) and Savage et al. (1991)

<table>
<thead>
<tr>
<th>Respondent proportions</th>
<th>AMI proportions (%)</th>
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<tbody>
<tr>
<td>Male</td>
<td>74.8</td>
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<tr>
<td>Female</td>
<td>24.4</td>
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<tr>
<td>Gender not specified</td>
<td>0.8</td>
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<tr>
<td>Age group under 25</td>
<td>3.4</td>
</tr>
<tr>
<td>Age group 25-34</td>
<td>26.1</td>
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<td>Age group 45-54</td>
<td>31.9</td>
</tr>
<tr>
<td>Age group 55-64</td>
<td>7.6</td>
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**Table II.** Comparison of AMI and sample demographics

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
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<tbody>
<tr>
<td>Age group 65-75</td>
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</tr>
<tr>
<td>Age group over 75</td>
<td>0.0</td>
</tr>
<tr>
<td>Age group not specified</td>
<td>0.8</td>
</tr>
</tbody>
</table>

*Figure 1* Freeman (1984) and Savage et al. (1991) stakeholder strategy matrix model
Table III
Mean (variance) scores for stakeholders’ influence

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Direct threat Mean (var)</th>
<th>Direct cooperation Mean (var)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitors</td>
<td>2.5 (1.43)</td>
<td>4.3 (2.15)</td>
</tr>
<tr>
<td>Customers</td>
<td>2.3 (1.60)</td>
<td>2.2 (1.43)</td>
</tr>
<tr>
<td>Employees</td>
<td>3.3 (1.64)</td>
<td>2.3 (1.12)</td>
</tr>
<tr>
<td>Government</td>
<td>3.1 (1.59)</td>
<td>3.5 (1.87)</td>
</tr>
<tr>
<td>Owners/stockholders</td>
<td>3.2 (1.70)</td>
<td>3.3 (1.81)</td>
</tr>
<tr>
<td>Special interest groups</td>
<td>3.2 (1.74)</td>
<td>2.7 (1.50)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>3.6 (1.83)</td>
<td>3.1 (1.67)</td>
</tr>
<tr>
<td>Top management</td>
<td>2.1 (0.33)</td>
<td>2.0 (1.20)</td>
</tr>
</tbody>
</table>

Note: The lower the score, the higher the influence

Table IV
Differences in mean appropriateness scores for hypotheses H1 to H7

<table>
<thead>
<tr>
<th>Source</th>
<th>F</th>
<th>Pr &gt; F</th>
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</thead>
<tbody>
<tr>
<td>ID</td>
<td>8.24</td>
<td>0.0000</td>
</tr>
<tr>
<td>Group</td>
<td>48.38</td>
<td>0.0000</td>
</tr>
<tr>
<td>Influence</td>
<td>2.46</td>
<td>0.0000</td>
</tr>
<tr>
<td>Strategy</td>
<td>55.46</td>
<td>0.0000</td>
</tr>
<tr>
<td>Group * strategy</td>
<td>9.42</td>
<td>0.0000</td>
</tr>
<tr>
<td>Influence * strategy</td>
<td>2.60</td>
<td>0.0000</td>
</tr>
<tr>
<td>Group * influence</td>
<td>5.39</td>
<td>0.0000</td>
</tr>
<tr>
<td>Group * influence * strategy</td>
<td>0.89</td>
<td>0.8713</td>
</tr>
</tbody>
</table>

Table V
Comparisons of mean perceived appropriateness of approaches

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Group * influence</th>
<th>Group</th>
<th>Influence</th>
<th>F</th>
<th>sig.</th>
<th>F</th>
<th>sig.</th>
<th>F</th>
<th>sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Modify the circumstances in which the firm and this stakeholder interact</td>
<td>8.50</td>
<td>0.000</td>
<td>2.92</td>
<td>0.056</td>
<td>4.76</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Change the formal or informal rules under which this stakeholder operates</td>
<td>6.48</td>
<td>0.000</td>
<td>1.72</td>
<td>0.181</td>
<td>2.82</td>
<td>0.005</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>(3) Refocus this stakeholder’s objectives</td>
<td>10.61</td>
<td>0.000</td>
<td>6.06</td>
<td>0.003</td>
<td>2.99</td>
<td>0.003</td>
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<tr>
<td>(4) Informally collaborate with this stakeholder when establishing policy</td>
<td>6.41</td>
<td>0.000</td>
<td>2.36</td>
<td>0.097</td>
<td>2.65</td>
<td>0.009</td>
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<tr>
<td>(5) Reinforce this stakeholder’s beliefs about the firm</td>
<td>8.37</td>
<td>0.000</td>
<td>0.07</td>
<td>0.932</td>
<td>1.54</td>
<td>0.143</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6) Include this stakeholder when developing strategy</td>
<td>11.52</td>
<td>0.000</td>
<td>1.20</td>
<td>0.303</td>
<td>1.31</td>
<td>0.238</td>
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</tr>
<tr>
<td>(7) Modify this stakeholder’s beliefs about the firm</td>
<td>8.55</td>
<td>0.000</td>
<td>7.51</td>
<td>0.001</td>
<td>1.98</td>
<td>0.05</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>(8) Change organisational behaviour to address this stakeholder’s concerns</td>
<td>14.29</td>
<td>0.000</td>
<td>3.00</td>
<td>0.051</td>
<td>1.72</td>
<td>0.094</td>
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<tr>
<td>(9) Continue with existing activities (i.e. ignore this group)</td>
<td>11.91</td>
<td>0.000</td>
<td>3.21</td>
<td>0.042</td>
<td>0.64</td>
<td>0.743</td>
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<td></td>
</tr>
<tr>
<td>(10) Reduce reliance on this stakeholder</td>
<td>6.51</td>
<td>0.000</td>
<td>4.22</td>
<td>0.016</td>
<td>1.65</td>
<td>0.402</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(11) Monitor this stakeholder for change in their beliefs/behaviour/attitudes</td>
<td>7.27</td>
<td>0.000</td>
<td>0.06</td>
<td>0.946</td>
<td>0.46</td>
<td>0.848</td>
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<tr>
<td>(12) Minimise the possibility of this stakeholder-firm relationship changing in any way</td>
<td>2.07</td>
<td>0.047</td>
<td>0.92</td>
<td>0.388</td>
<td>0.92</td>
<td>0.504</td>
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</tr>
<tr>
<td>(13) Link this stakeholder to the firm’s wider objectives</td>
<td>14.20</td>
<td>0.000</td>
<td>4.46</td>
<td>0.0125</td>
<td>4.29</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

References


