

Available online at www.sciencedirect.com

SciVerse ScienceDirect

journal homepage: <http://www.elsevier.com/locate/scaman>

“Like a battalion of tanks”: A critical analysis of stakeholder management^{☆,☆☆}

Sven Helin^a, Tommy Jensen^{b,*}, Johan Sandström^c

^a School of Business, Örebro University, Sweden

^b School of Business, Stockholm University, Sweden

^c Industrial Environmental Management, Luleå University of Technology, Sweden

KEYWORDS

Communication;
Information;
Political;
Responsibility;
Stakeholder
management

Summary This paper contributes to the literature on the political role and responsibilities of corporations. Following Deetz's (1995) critical reading of stakeholder management and a critical methodology, the paper analyses how a large Swedish corporation manages conflicting stakeholder interests and rationales in a multi-stakeholder context. Throughout the case analysis, it is suggested that the corporation reinforces what Deetz (1995) refers to as an information mode, thus effectively hindering it from reaching a communication mode in which more genuine stakeholder dialogues are performed.

© 2012 Elsevier Ltd. All rights reserved.

Introduction

There is an increasing focus in society on the role and responsibilities of corporations, as is evident from the growing popularity of tools and concepts such as corporate social responsibility (CSR), corporate citizenship, sustainability reporting, stakeholder dialogues, codes of conduct and so on (see for example Halme, Roome, & Dobers, 2009, in this journal). Although the discussion about corporate responsibility has intensified, the traditional “division of labour

between economic and political actors” (Scherer & Palazzo, 2007, p. 1111; see also Matten & Crane, 2005; Palazzo & Scherer, 2006; Scherer, Palazzo, & Matten, 2009; Schrader, 2003) is only questioned to a limited extent.

In this paper we assume that corporations are political institutions and that in this respect are like any other social entity. Corporations depend on political influence and have political effects, predominantly because they “provoke *public concern resulting from power*” (Palazzo & Scherer, 2006, p. 78, italics in original) and make “significant decisions for the public” (Deetz, 1995, p. 43). However, previous research that explicitly attempts to acknowledge the politicisation of corporations seem to focus on dilemmas in global supply chains, usually targeting how Western corporations exploit local communities in weak or failed states (Blowfield & Frynas, 2005; Robinson, 2010; Wheeler, Fabig, & Boele, 2002), or at a particular workplace in a Western, liberal, social context, with an emphasis on ‘in-house’ labour as the key stakeholder and its political struggle vis-à-vis management and capital (Deetz, 1995). There is, as we see it, a need for critical, empirical studies on the politicisation of

[☆] This research was financed by the Swedish Council for Working Life and Social Research. The authors would also like to thank the three anonymous reviewers.

^{☆☆} This submission was handled by Associate Editor Per Skålén without any involvement of the Editor-In-Chief Alexander Styhre.

* Corresponding author. Tel.: +46 08 162611.

E-mail addresses: sven.helin@oru.se (S. Helin), tommy.jensen@fek.su.se (T. Jensen), johan.sandstrom@ltu.se (J. Sandström).

corporations that (a) go beyond a single stakeholder focus in favour of having “the discursive quality of the multi-stakeholder arena [–] as the object of the analysis” (Scherer & Palazzo, 2011, p. 917; see also Berry, 2003; Jensen & Sandström, 2011, in press), and that (b) target social settings less characterised by a minimal, weak or failed state, where we can expect high power asymmetries and social inequality, in favour of settings characterised by a modern welfare state (such as in ‘the Nordic model’).

Taking these two aspects as starting points, we seek to bridge the division of labour between economics and politics through a critical engagement with the widely diffused (in both academia and business) vocabulary of stakeholders and stakeholder management; a vocabulary that explicitly expects corporations to open up their decision-making processes by being more sensitive to stakeholders’ interests and rationales (Deetz, 1995; Freeman, 1994; Jensen & Sandström, 2011). The diffusion of the stakeholder vocabulary within management research has been important here, as it has facilitated studies on so-called multi-stakeholder arenas. Despite this, the division between economic and political actors still dominates (for a critique of stakeholder management research, see Berry, 2003; Jensen & Sandström, 2011, in press; Stieb, 2009; Walsh, 2005). In short, the focus is more on how difficult it is for corporations to enhance or secure their legitimacy, image, reputation and trust in multi-stakeholder arenas, than on how they acknowledge and manage their political role and responsibilities.

In the paper we follow Deetz’s (1995) critical framework on stakeholder management and focus on the set-up, carry-through and analysis of a case study of a large Swedish corporation and its stakeholder management in a multi-stakeholder context. The study’s main purpose is to contribute to the discussion about the politicisation of corporations by: (i) providing insights into how a large corporation selects stakeholders with which to engage and on which terms these stakeholders, interests and rationales are represented (or not) in the corporate decision-making processes, (ii) providing a critical reading of how the corporation acknowledges and manages the political dimension in these practices, and

(iii) identifying why new ways of approaching stakeholder management are not opened up.

Theoretical framework

Deetz (1995) suggests that corporate stakeholder management is predominantly based on an *information* orientation, which means that even though the corporation engages in a relation with a stakeholder it has already decided the meaning of the content and merely informs or persuades the stakeholder of this. Although an information orientation might lead to increased involvement with stakeholders, it comes without genuine participation. Stakeholder relations become permeated by the corporation seeking to maintain certain reproductive processes that further its interests (Deetz, 1995, p. 99). Relations are framed ‘politically’ by assuming that the interplay involves autonomous agents “with known self-interests, representational conceptions of language, and free speech” (Deetz, 1995, p. 101), while the corporation simultaneously denies its own political role and responsibilities. An information orientation is basically indifferent to power and power relations (Palazzo & Scherer, 2006).

In order to contrast this orientation, Deetz (1995) suggests an approach to stakeholder management based on a *communication* orientation. He refers to it as “the social processes by which meanings, identities, psychological states, social structures, and the various means of the contact of the organisation with the environment are both produced, reproduced, or changed” (Deetz, 1995, p. 90). A communication orientation “suggests that meaning is always incomplete and partial, and the reason I talk with others is to better understand what I and they mean” (Deetz, 1995, p. 97). In stakeholder terms, such an orientation holds open the questions of what is at stake (which stakes, which values) and who are the holders (who/what is affected and how do we understand the other).

In trying to distinguish between the information and communication orientations, Deetz (1995, p. xiv) uses the terms *forums* (“who should be involved regarding which

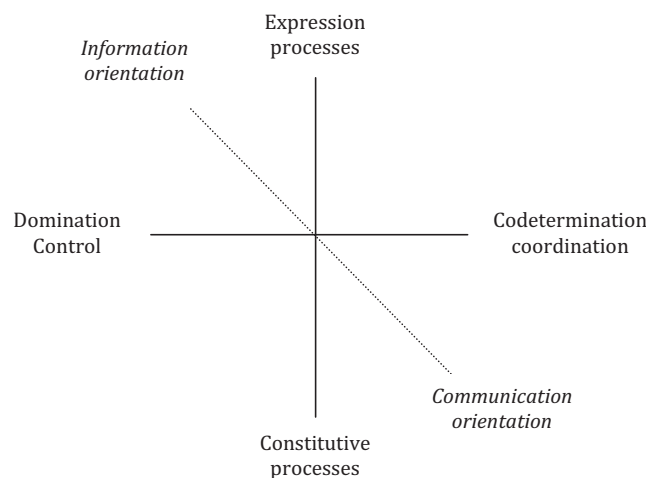


Figure 1 Communication and information orientations.

Source: Adapted from Deetz (1995, p. 98).

issues at what times”) and *voice* (“the openness of the discussion, the processes of meaning formation, and the possibility of forming new social relations”). In the information orientation, both forum and voice are heavily restricted. In the communication orientation, forums are jointly decided upon and stakeholders are involved in the process. Hence, two opposite positions on a continuum have been identified. A stakeholder management permeated by an information orientation basically becomes antithetical to a communication orientation, in that the content of the relation in the information view is predefined (what value creation is, how problems and solutions are defined) and stakeholders are only allowed to engage in an already defined common enterprise. However, according to Deetz, it is only by adopting a communication orientation that the corporation enhances its possibility to acknowledge and manage its political role and responsibilities.

To illustrate his reasoning, Deetz outlines a four-fielder (Fig. 1, below).

The vertical axis is a continuum that highlights the content, or substance (the message), of the engagement. At one end of the continuum the message is primarily formed by *expression* practices and at the other end by *constitutive* practices.

Expression practices imply that language is perceived and used as a way of representing a fixed world, with given meanings and understandings. Language mirrors reality, and the ways in which messages are sent are neutral and transparent – or “at least capable of being made so in an ideal world through definitions or removal of ideology” (Deetz, 1995, p. 98). Framing the message in this way primarily reproduces “meanings, perceptions, or feelings that reside independently somewhere else” (Deetz, 1995). From the corporation’s point of view, taken-for-granted aspects such as efficiency, productivity and profitability are usually reproduced.

Constitutive practices, on the other hand, imply that “messages are an active part of the production of meaning, perceptions, and feelings” and that discursive practices are “active and fundamental” (Deetz, 1995, pp. 98–99). Messages are not pre-defined or taken-for-granted, but are constructed in relations with stakeholders. The questions of how and why the production of messages is carried out matters, because this production frames the world in which to act. To be interested in constitutive processes is to be interested in representational practices (Deetz, 1995).

The horizontal axis is a continuum that highlights how decisions are made. Decision-making processes “can be relatively open and participatory or closed and exclusive” (Deetz, 1995, p. 99). Deetz defines the different practices in a continuum as *control and domination* practices at one end and *negotiation and codetermination* practices at the other. “Domination”, Deetz (1995, p. 91) argues, “occurs when a particular moment of articulation of self-other-world relation is frozen or fixed, so that the singular holds sway over the plurality”. Negotiation and codetermination, on the other hand, are characterised by open, inclusionary and participatory practices in which plurality holds sway over the singular. Interaction is here primarily driven by sensitivity, tolerance and fairness.

Taking these dimensions into account, Deetz develops the matrix further by identifying four different communications and information typifications (A–D).

Deetz provides few empirical examples that highlight the different positions in the matrix, however. The potential in appropriating the matrix to an empirical study of corporate stakeholder management is basically untapped by Deetz, particularly as his analysis does not integrate a multi-stakeholder business context (he supports his critical stakeholder approach with the well-known, US-based case of Saturn Corporation and how its employees were involved in re-arranging the workplace, see also Kochan & Rubinstein, 2000). Below, in a note on research methodology, we outline how we have used these typifications to retell the case study.

Methodology

The case corporation (which remains anonymous as part of the agreement with the corporation) is firmly situated in the context of ‘the Nordic model’; a social setting that is characterised by low power asymmetries, social equality, consensus and negotiations. The corporation is state-owned and has its main operations and facilities in Sweden. It has a long history of providing important service functions for Swedish citizens. The corporation employs several thousand people and is regularly exposed in the media. In recent decades, deregulation has implied that the corporation has lost its monopolistic position in the market.

Using Deetz’s conceptual model to explore and better understand the corporation’s stakeholder management facilitates what Alvesson and Deetz (2000) refer to as a critical methodology. Such a methodology implies considering three aspects (corresponding to the purposes stated in the introduction):

- (i) *Insight* – supporting the use of a variety of interpretations of corporate stakeholder management. Such a discursive openness (or readiness) is acknowledged in the study by means of the four typifications outlined above (see Fig. 2) and the multi-stakeholder case study. We interviewed eleven managers at the corporation (head of communications, head of investor relations and CSR, head of public affairs, two regional managers,

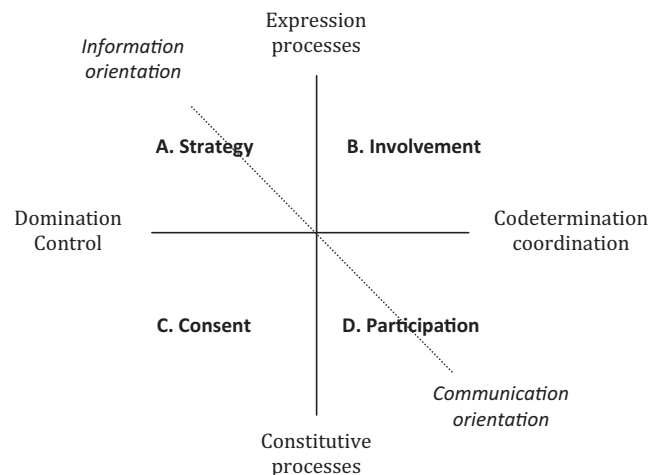


Figure 2 Communication and information typifications. Source: Adapted from Deetz (1995, p. 98).

three district managers and three strategic purchasers) as well as three different types of stakeholder: an *NGO* (an umbrella organisation representing a particular social group), three *politicians* (three mayors representing local citizens as well as certain political ideologies) and three strategic *suppliers*. For each stakeholder, we interviewed the person at our case corporation responsible for managing these dialogues (included in the eleven managers listed above) and their counterpart at the respective stakeholder (a total of seven people). In the case analysis, we coded the interviews based on the four typifications with the aim of highlighting how the different typifications were enrolled, or not, by the corporation. Borderline interpretations were discussed between the authors, especially those related to typification “D. Participation”, which proved to be least represented in the empirical material. In total, three such borderline cases were identified and we decided to include them all in the paper. This also leads us to the second aspect.

- (ii) *Critique* – drawing the researcher’s attention to the political dimensions of stakeholder management. Underpinning this study is the assumption that corporations are political by ‘nature’. Empirically, this has also led to critical, probing questions being posed to respondents, with a view to stimulating critical reflections on corporate stakeholder management (e.g. Who do they consider the corporation’s stakeholders to be, and why? How do they structure and conduct stakeholder dialogues? How are the forums of the dialogues agreed on? What is the purpose of the dialogues and what are the intended and actual outcomes of the dialogues?). Analytically, this has led to a critical discussion about whose interests and rationales actually influence stakeholder engagement (matters of forum and voice).
- (iii) *Transformation* – striving for new possibilities and new ways of approaching stakeholder management that can expand a corporation’s “capacity to represent a larger set of stakeholders and their values” (Deetz, 1995, p. 112; see also Jensen & Sandström, in press). This aspect is not about telling the corporation what it is, or how to manage its stakeholders, but is about engaging in a dialogue with representatives of the corporation about its stakeholder management. We therefore brought our preliminary analysis back to the corporation in a two-hour feedback seminar. During the discussion we used Deetz’s matrix as a way of communicating the insights and critique of the corporation’s stakeholder management. Those taking part from the corporation were the head of communications, the head of investor relations, the head of media relations and an ombudsman representing (most of) the employees.

The case study

An initial observation from the case study is that the corporation divides – although not always explicitly – its stakeholders into two broad categories based on how close the stakeholder is to the core operations. On the one hand there are NGOs and politicians (labelled as stakeholders by the corporation), and on the other there are employees, core customers and suppliers (only labelled as stakeholders in the

sustainability report). The latter type of stakeholder is defined by the nature of their business and the direct impact on the economic value creation process, i.e. the core business processes. We therefore refer to these stakeholders as *core business stakeholders*. The former type of stakeholder is defined by whether or not they severely hinder economic value creation by threatening the corporation’s legitimacy, image, reputation and trustworthiness. We refer to these stakeholders as *risk stakeholders*.

Concerning *core business* stakeholders, the respective functional area (purchase and supply, market and sales and the customers) decides how to stage and define stakeholder dialogues. Not all suppliers are of course of equal importance to the corporation. A strategic purchaser argues that suppliers are divided into two categories, namely strategic and non-strategic suppliers, but that:

As far as I know, there are no formalised criteria [for who becomes a strategic supplier]. It is up to the purchaser if he or she wants to have a dialogue. If you just buy one machine, there is no need to have meetings all the time. But if you continually purchase from a supplier and spend a lot of money, for sure, things happen that you need to discuss. (Strategic purchaser)

Concerning *risk* stakeholders, the corporation’s official position is that “everyone who wants to have a dialogue will have one” (head of public affairs). There is also a formalised stakeholder management programme that structures how some of the risk stakeholders should be engaged, although as a district manager told us regarding the dialogues with politicians, there is still some discretion in how to interact: “Head office does not tell you that ‘now you shall go and see [name of a local politician]’, or whoever it might be. It is more about meeting important politicians, but that we get to do the selection, who it is”.

Given the corporation’s rather rough categorisation of different stakeholders into two groups, we set out to fine-tune how the relations with different stakeholders could be typified following Deetz’s matrix.

A. Strategy – “like a battalion of tanks”

In the top left-hand corner of the matrix, a corporation’s stakeholder management is created so as to promote “dominant group interests” (Deetz, 1995, p. 100). The effect sought for is control of “motivation, attitudes, and action” (Deetz, 1995). In the case, this typification is recognised in the interviews with top management, some of the district managers and the strategic purchasers (how they talk about non-strategic suppliers). The perhaps most evident example came from the head of communications during the feedback seminar, when he framed the corporation’s stakeholder management as based on a “megaphone strategy” and that “we are more like a battalion of tanks ploughing forward”.

The communications department’s formal manual for “stakeholder dialogues” is an illustrative example. All regional and district managers performing stakeholder dialogues must follow this manual. It consists of an instructive flyer, a PowerPoint presentation, a time sheet and some other documents. The PowerPoint presentation tells the stakeholder why the corporation has to implement certain changes in its

operations, thus preparing the ground for already planned changes that might cause negative reactions among some stakeholders. As experienced by a district manager: “The message, the message. It is really about being educated on the message; [–] a mantra that is run”. As explained by a district manager, some local appropriation of the material occurs: “After the first dialogue, I began sorting the [Power-Point] slides that were more relevant, useful”. But the message remains the same.

The message becomes more guarded when a local newspaper approaches the corporation. As journalists usually contact a local representative of the corporation, the communications department has established an explicit policy for media relations:

There should be no uncertainty about who is our point of contact and those who are points of contacts should all be media-trained. A first response to a journalist should always be “I am sorry, but you are calling me at an inappropriate time, can I call you back?”, because then you can call our communications department and ask for advice. It is important to be prepared. This is an important rule, because if we start to answer right away, for example while driving a car, something foolish can be said and you do not always have the facts. It is always necessary to carefully consider the message to be told. This is the way most companies act. (Head of public affairs)

For reasons related to cost-efficiency, the corporation also runs a centrally controlled purchasing process in which formal contracts, as one purchaser framed it, “ensure that their commitments are fulfilled even when they use a subcontractor” and that the “compliance with the purchasing process is monitored by targeting and continuously measuring contractual fidelity”. Clear checklists (including a code of conduct that incorporates principles from the UN and the ILO) are applied in the relation with all suppliers, thereby indicating a relation in which the corporation is in control: “Yes, they [the suppliers] have to conduct a self-evaluation in certain areas. I must say, we give them some material that they have to provide answers to and then return to us” (purchaser). The perhaps most typical example of a stakeholder relation permeated by this typification is the corporation’s relations with small non-strategic suppliers, for whom there is a “take it or leave it” offer on the table.

To summarise this typification, the examples serve to illustrate how the corporation seeks to control stakeholder relations and limit the representation of stakeholders in the decision-making processes by its “megaphone strategy”. Stakeholders are *informed* about the corporation’s position. It is basically a one-sided relation in which the corporation practices a “political *domination* directed by *control*” (Deetz, 1995, p. 99) of what is said and to whom. *No forum has really been created and no voice but the corporation’s is allowed.*

B. Involvement – “the opportunity to explain”

In the top right-hand corner of the matrix, a corporation’s stakeholder management “is seen as based on the better argument, expertise, and ascertaining the better of competing existing positions” (Deetz, 1995, p. 100). The corporation makes sure that the stakeholder is involved, engaged with

and listened to. However, there is no openness in this relation, because the corporation is convinced that it has the better argument and therefore ‘involvingly’ informs the stakeholder of this. A regional manager explains:

The starting point is that we partly want to be accessible, partly to answer questions, but then, of course, we want to remove misunderstandings. We know that when we change things, there is a lot of anxiety. Anxiety can sometimes lead to misunderstandings, that you believe that things will be done in a certain way, you do not really understand because we have not been given the opportunity to explain.

The head of communications even situates societal communication in this typification as a moral issue: “It is important for [the corporation] to talk to society; it is our responsibility. We have specific demands on us to clarify our operations to our surroundings. To be trusted and understood are the base in stakeholder relations”. At a local level, a district manager explained how involving politicians in stakeholder dialogues helps the corporation to get its message across to the citizens:

It is about keeping stakeholders updated about what is happening at [the corporation]. Tell about the upcoming changes. Politicians have a great need for information so that they can answer questions from the citizens. I usually close [the dialogue] by asking if they have the same image of [the corporation] now compared to before the dialogue. Basically everybody says that the image is different compared to before the dialogue. “Now we know and can answer the citizens.”

This is how a politician (a mayor) experienced such a dialogue:

Researcher: Do you feel that you, on some occasions, have been allowed to influence [–]? Have they [the corporation] listened to you?

Mayor: No, it would be presumptuous to say that. No, I cannot see this. As I said previously, usually they come and inform you when the process is so long gone that it will be implemented anyhow. Maybe not today, but within six months. And then they have sort of prepared the ground. [–]

Researcher: So they have in some sense succeeded with the immunisation?

Mayor: Yes, you could say that. I mean, I did not catch a cold in the end. Perhaps I coughed once in the middle, but no, they have succeeded.

The corporation enrolls several strategies in order to achieve an understanding of “necessary changes” (the keyword in the corporation’s information material). Politicians at the local level, as well as the chief editors of local media companies, are contacted by district or regional managers. The purpose of these dialogues is explained by a district manager, in this case related to politicians:

It is to be proactive. To reach out as quickly as possible, since we are facing change. The surrounding world is changing, our volumes are decreasing and competition is increasing [–]. We have to adapt our business. [–] The customers have become aware that we are changing and

many of them talk about it as deterioration. They ask “why are you changing” and we have to explain.

A regional manager argued that: “if we can explain our message, then it is easier to accomplish it”, and continued by saying:

But you always have to be aware of and carefully check whether there are any external risks, or whatever you want to call them. Might any stakeholders be upset or have something to say? [–] Sometimes, if I am a bit open about this, when you face tough economic restrictions, for us out here in the production, the levels above us are very sensitive – they do not want anything to end up in the media. We usually say that “you have to understand that if we are rationalising it must show somewhere, it will be noticed somehow”. There again, I have been to headquarters and been with the head of communications enough to understand that “well well, but the brand, how do we look after it?” It is a balancing act.

Thus, the typification “Involvement” is a matter of expressing the corporation’s standpoints, but in a more participatory fashion. There is no negotiation of the content of the relation, and no creation of a better understanding or any real joint value creation. A typical example from the case is how the corporation approaches stakeholders that are openly critical of the corporation, such as some NGOs. The corporation arranges formal stakeholder dialogues, explicitly labelled as such, but without any intention to actually allow the NGOs to influence the corporation in any way. The aim is merely to find a new way of informing them about the corporation’s standpoints and to use the occasion to enhance its own legitimacy. Two regional managers illustrated this well when referring to the same NGO:

[–] but, I mean, [the NGO], which really, it is a strong organisation, but it is not them, I mean we make our money from the large corporations in Sweden, it is them that we live on, but we have to show tremendous consideration to these other stakeholders.

I think that those who should be strong stakeholders, such as business associations, do not have a lot of comments. First, they understand a world of competition, cost demands and other things. And that means that stakeholders that are important are not always important customers. [The NGO] is not a large customer.

To summarise the corporation’s stakeholder management in relation to this typification, there are strong ties to corporate image and the stakeholder engagements are rather superficial. Deetz argues that a stakeholder management searching for “the opportunity to explain” also “hides the lack of open participation” (1995, p. 105). *A forum has indeed been created, but although the voice of the stakeholder is listened to, it is not allowed to influence the decision-making process.*

C. Consent – “to entice the other side”

In the bottom left-hand corner of the matrix, a corporation creates processes for engaging with stakeholders, but

only as a means to get them to internalise and be loyal to what the corporation wants. An illusion of joint value creation is caused by widely diffused but systematically distorted information; the stakeholder is more or less manipulated. The evident power asymmetries in the two previous typifications are not as explicit here, although power through corporate hegemony is still very strong and effective, since confrontation from a stakeholder usually “appears irrational and ill-formed” (Deetz, 1995, p. 100).

In the following quote a regional manager explains why a stakeholder management characterised by this typification is regarded as valuable to the corporation:

What matters is how much media coverage comes out of it. [–] We always lose out against the “little” citizen. Even when we follow the instructions from the government, a 72-year-old lady says “oh, it is terrible” and that she will suffer from this. Who loses out then? Well, she does not.

In some of the examples, the interests of the stakeholders were in strong conflict with the corporation’s interests, and in these cases merely informing about (A. Strategy) or explaining (B. Involvement) the reasons behind the “necessary changes” did not seem to be sufficient. One example dealt with a conflict between employees’ rights to a safe working environment, the rights of a particular social group to make use of the corporation’s services and the property rights of real-estate owners:

The problem was that this [type of equipment] was bad for the work environment. Our objective was to fix it and thereby improve the work environment. We asked ourselves, how do we deal with this? How will the media report on this? [–] We actually had three stakeholders [the corporation’s own employees, the associations of the particular social group and real-estate owners] at three levels and it was a damned gamble between two of them. We prepared ourselves carefully and decided to view our position from the perspective of the local worker and his work environment. We did not want to be in the position of the big bad wolf, but to entice the other side, the little worker with his worn-out [body] against the large and powerful real-estate owners. You can play this in different directions and we do that quite often. In this case, it is both an economic issue and a work environment issue. If I state that we will save a million [Swedish crowns] on this, it will not do. But if we can get the newspapers, which we have managed to do on occasions, and politicians to walk in the shoes of our workers, then the “small” workers win their sympathy. So, we are just trying to play the tune that everybody else is playing. (A regional manager)

In this case, the corporation finds a way to turn the case in favour of its employees (and their work environment) by avoiding being associated with a large, greedy corporation. Instead, they portray themselves as a caring corporation. It is a counter case to the 72-year-old lady. The corporation here manages to target the right stakeholders, take on the role of the vulnerable, get its story told in the newspaper and succeed in making others come to the conclusion that the necessary changes suggested by the corporation are the best solution for all the parties involved. The regional manager

quoted above also concludes the story by saying that “the attention in the media was splendid”.

The typification “Consent” is also highlighted in the relation with the NGO. The corporation formalised the relation with the organisation by a contract stating that dialogues should be held regularly at central level, that the corporation can state that the organisation is an official partner and that it will receive financial aid from the corporation. Together, the NGO and the corporation promote specific issues in which they have a joint line of argumentation, and on occasions they also send out joint statements. The representative for the NGO argues that the corporation, through the NGO, has “an ear close to the ground” and can pick up on issues before they become problems. The NGO sees itself as a prioritised organisation through this relation, partly due to the contract:

We have local information and can pass that information directly to the company’s headquarters, “just so you know, out in that particular [area], there is critique towards how you act.” This means that the company can speed up the problem-solving process.

This relation is also valuable for the corporation in the event of criticism from the media, because it can state that it has an ongoing dialogue with the NGO, which in turn can have a silencing effect on critics. The story is simply not media-friendly if both sides of the conflict have ongoing, structured stakeholder dialogues that are also advertised on their respective websites. We asked the representative of the NGO if they were not being bought over:

There is always that risk, but our point of view is that it has not been successful to sit high up on a stone and howl. It is more successful to have a dialogue with [the corporation], which is a very important actor regarding these issues, and through this put forward our arguments.

With regard to the contract, the representative said:

Well, the contract is based on the fact that we receive resources in return for participating in these conversations with them. [–] And then they are visible on our website. It is obvious that we would like to be paid for that, and we do receive payments for it through this contract with [the corporation].

The perhaps most common example of this typification in the literature relates to large corporations’ cultural engineering programmes aimed at employees (cf. [Alvesson & Willmott, 2002](#)). Our case corporation does not stage an explicit cultural engineering programme, although bits and pieces of such engineering still exist. Through its current stakeholder management initiatives, some employees seem to internalise the corporate identity and thereby also ‘embody’ the corporation outside of work. A district manager explained:

I mean, I think that all of us who are [a nickname for a person working at the corporation], we are [the nickname] on Friday night as well, when we are at a party, or if we go to a café or something. We must be prepared to talk about [the corporation] in all different types of contexts. So that is why [the corporation’s stakeholder management] is really important. And then you can diffuse a good image of [the corporation], and hopefully the

person you talk to will talk to a number of friends and acquaintances and businesses. [–] It is the same thing if it is something negative. Then you want to try to stop it, the bleeding that occurs.

However, it is also evident that the corporation’s responsibility for its employees has clear limits:

They [the employees] are never told not to answer [journalists calling] because we [the corporation] are not going to end up in the paper for silencing our employees. What we do say is that if journalists make contact [with you] you are free to answer, but that you cannot answer for [the corporation], only for yourselves. (A regional manager)

Compared to the typification “Strategy”, in which employees are told to consult the communications department before engaging in conversations with journalists, the employees are basically on their own.

To summarise the corporation’s stakeholder management related to “Consent”, it is largely a matter of the corporation managing the stakeholders to manufacture a consensus (even by distorting information and manipulating actors) around what has already been decided by, or is clearly beneficial to, the corporation. *A forum exists and the stakeholders have a voice, but the corporation manipulates it.*

D. Participation

In the bottom right-hand corner of the matrix, [Deetz \(1995\)](#) describes a typification that is the only genuine stakeholder orientation in terms of forum and voice. Not only is there a joint agreement on the forums for dialogue and that all the involved parties have a voice, but most importantly, that all the involved actors are sensible in terms of allowing participants to give “voice to difference, negotiation of values and decisional premises” ([Deetz, 1995](#), p. 100).

While recognising the previous typifications in the case study, “D. Participation” is not as straightforward. There are statements resembling this typification in some of the corporation’s more formal communications, such as in the sustainability report, where it is stated that stakeholders should be involved by means of “constructive dialogue” and that the “communication with stakeholders shall be permeated by respect and responsiveness, as well as by openness, credibility and relevance”. These statements indicate that the corporation acknowledges new expectations with regard to its political role and responsibilities, but in comparison to the interviews, these statements come across as belonging more to the corporate propaganda machine.

In the interviews, we found three examples that border to this typification. In the first, one of the corporation’s strategic suppliers stated that:

I believe, or I really believe that they [the corporation] want a partner, an open dialogue. When you are done with a procurement and have chosen the supplier and so on, then that is over and done with, then it becomes a matter of jointly developing it [the relation] and making the best of it. And it has always been like this with [the corporation], [–] it has always been a very, very good cooperation and an open cooperation. But a negotiation is a negotiation. It can be tough and it can be all types of things, right? But then [after the negotiation] you go!

Some kind of “Participation” seems to emerge when the business negotiations are complete and develop into a relation that is seemingly permeated by open and participatory practices. However, this openness is limited by what is stipulated in the business contract and allowed for as long as it does not interrupt or jeopardise the way in which mutual *economic* value is created. This stakeholder relation therefore ultimately resides within “A. Strategy”. A strategic purchaser confirms this by saying:

Our responsibility is to follow what we have agreed upon. That is our responsibility. That is our formal responsibility. Then, there is no outspoken strategy, or the like, that says that we have any other type of responsibility.

The second example relates to a stakeholder acting as a spokesperson for a particular social group. Here the head of public affairs said that:

By tradition, the stakeholders that I deal with are those that have a specific interest in our business. [...] Our company is sensitive to public opinion. [...] The movement for [a particular social group] reacted to our new routines and the media wrote about it. It is hard to perform this form of communication through the media. Therefore, it is better to contact the organisation for [the particular group], sit down and discuss how to deal with this issue in the best possible way.

In this example, a stakeholder with a conflicting interest is identified, there is a willingness from the corporation to meet face-to-face and a forum is decided on. However, this example must be judged from the corporation’s awareness of the power of the media (in connection with the corporation’s new routines and their impact on public opinion). This example therefore shows a power play taking place, in that the stakeholder uses the available means to force the corporation to involve them in the decision-making process. It is a ‘listen to us or else we turn to the newspapers’ approach. The rational relied on by the corporation is to involve them, given the potential *risk* in not doing so. In other words, it is a stakeholder management influenced by managing risks (thus more firmly belonging to the typifications “B. Involvement” and “C. Consent”).

But what is meant by “to deal with this issue in the best possible way”? There is a clue in the third example, which has to do with the corporation’s decision to close down facilities in a small town that led to a handful of people losing their jobs. In this context, a regional manager stated that:

In this case, well, we did not yield. But [name of district manager], he had to visit the municipal management, he had to visit the organisation that was fighting for this and explain [to them] why we were making these changes, but you meet a gut feeling and you try to counter it with brains. But brains tend not to be successful in speaking to stomachs.

In short, the “best possible way” only seems to be achieved when a brain meets a brain (or a stomach meets a stomach). Although the corporation identifies this tension, it does not seem to be able to re-position itself to communicate with “a gut feeling”. However, if a re-positioning does

not take place, the other, regardless of its substantive claims, will be judged along a certain canon, characterised by certain norms, rules and values, and will not be assessed on its own terms. This example shows that the corporation again withdraws to stakeholder management practices that are characterised by “B. Involvement” and “C. Consent”.

Summarising the tentative movements towards “Participation”, the corporation fails to engage in participatory dialogues due to its refusal to give voice to difference, to allow a negotiation of values and decisional premises (Deetz, 1995, p. 100), thereby showing no real interest in re-positioning itself to better understand the other’s viewpoint.

Case analysis

The case study shows that the corporation seems successful in staging an effective stakeholder management apparatus in order to handle a multi-stakeholder arena. Its “megaphone strategy”, firmly positioned in the typification “A. Strategy”, has obviously travelled well into the organisation and has been ‘externally’ successful, although specific methods for getting its message across change between contexts and situations. Sometimes it seems more effective to “entice the other side”, whereas on other occasions it is about identifying a more appropriate “opportunity to explain”, “to clarify our operations”.

Given the size of the corporation, management’s discretion in handling core business stakeholders seems to be great. Relations to core business stakeholders are firmly situated in the typification “A. Strategy”. Here, the “battalion of tanks” permeates the relations with the core business stakeholders because they are all considered to know the name of the game (“a world of competition, cost demands and other things”) and share the aspiration to create and increase economic value. As for these stakeholders, the staging of what might be considered a more open dialogue only takes place once the contract has been signed, although the demarcation lines between what is open or contested in the relation and what is not is still confined to the economic value creation process and to more judicial forms of responsibility. The forum, in which stakes and holders are defined, is already set and voices are limited to those of the corporation and the core business stakeholder (exemplified by the suppliers in our case).

Re-enrolling the classic work by Rhenman (1968, p. 40), the dominant method of conflict resolution used by management in this typification is that “the individual company or stakeholder must either accept the conditions of the market or refrain from cooperating”. What makes this business method so strong in our case is also the increasing marketisation of Swedish society, in which principles such as efficiency, productivity and profitability become norms and to some extent erode the Nordic model. The use of a rational, economic language does not have to be explained or defended against arguments that seek to reframe the role and responsibilities of corporations in society by breaking up the division of labour between economic and political actors (Deetz, 1995; Jensen & Sandström, 2011, in press; Scherer & Palazzo, 2007, 2011; Scherer et al., 2009).

Further, relations with risk stakeholders are similar to those with the core business stakeholders, but at the same

time seem to demand the enrolment of the typifications “B. Involvement” and “C. Consent” in order to resolve conflicts or prevent them from emerging. Top managers working explicitly with stakeholder management talk about risk stakeholders as complex, in the sense that anybody can be a stakeholder (“everyone who wants to have a dialogue will have one”) and that this seems to be the reason for the enrolment of the other two typifications.

In the interviews with those conducting the dialogues with the risk stakeholders, there is a strong tendency to centralise stakeholder management. There are formal guidelines from the central level of the corporation (from the communications department) on how to manage the stakeholder relations. As an employee you can opt out of this management control by, for example, responding to a journalist without first checking with the communications department – and taking full responsibility for that action. Stakeholder management is also about risk management. The corporate brand has to be protected and the corporate message has to be told. Here the focus is on legitimacy, image, reputation and trust. Employees and managers have to be on the lookout for a stakeholder that might threaten how the corporation is perceived; a ‘stakeholder gaze’ permeated by the question ‘are you a threat?’ They also have to be proactive, choose the right allies (as in the cases with the exposed employee in the real-estate example and with the contract with the NGO), so that if anything happens the stakeholder will approach the corporation first rather than the media.

To summarise the main observations of how the corporation manages its core business and risk stakeholders, this study reveals that: (i) the corporation reflects several typifications in its stakeholder management practices, particularly A–C. However, it seems to change its methods of conflict resolution based on the type of stakeholder and the issue at stake, although this changing of methods is not based on ad hoc decisions but is rather a systematic management of contingencies. This is related to the second main observation, which is that: (ii) the corporation never leaves the information mode. In the case, an information

orientation, in which the corporation engages with a stakeholder with a pre-defined message that it either communicates to or convinces the stakeholder of, remains strong. We illustrate this by means of the matrix in Fig. 3, below:

Between strategic stakeholder management and economic value creation on the one hand, and political participation and increased sensitivity to stakeholder interests and rationales on the other, the corporation might, through its stakeholder apparatus and talk of responsiveness, openness etc., be perceived as moving towards participation. However, our case study shows that there is rather a drift towards a strong information orientation, and that this prevents the corporation from taking on the type of readiness that characterises a genuine conversation partner; a readiness to emerge as different after the stakeholder dialogue has taken place (Deetz, 1995; Taylor, 1994; see Jensen & Sandström, *in press*).

Following how the corporation enrolls different typifications in its stakeholder management, the case analysis also suggests that as management’s control of the particular stakeholder relation becomes less bound to the core economic value creation process, and as control over forum and voice are weakened, the less “Strategy” is relied upon and the more “Involvement” and “Consent” are enrolled in order to regain control. Creating a forum is then motivated by the risk of not establishing one, and the voice of the stakeholder is either manipulated or only fleetingly acknowledged. Despite this, the corporation manages to remain within an information orientation.

Through the case it is also possible to observe how the language of the stakeholder – itself a sign of a politisation of corporations (Freeman, 1994) – creates expectations as well as development opportunities for the corporation to be more in tune with its multi-stakeholder context, but that all the talk about stakeholders is not really acknowledged and used until it is embraced by a rational, economic language, which then, ironically perhaps, makes it somewhat obsolete. Arguments based in economic value creation are also those that the corporation understands best – something that seems to force the stakeholders to also speak this language (such as when the stakeholder threatens the corporation’s reputation by turning to the media; see also the analysis by Berry, 2003). This highlights another limitation in stakeholder management that has to be challenged in order to establish a genuine dialogue. A strategic, corporate-centric stakeholder management effectively closes down what was originally opened up. It is to some extent a hijacking of stakeholder relations.

Conclusions

Targeting the first purpose of the paper, namely the *insights* generated on how the corporation selects various stakeholders with which to engage and on which terms these stakeholders, their interests and rationales are represented (or not), this study has shown how the corporation strategically organises risk management in order to handle contingencies (typifications B and C), but that the corporation never leaves an information orientation (Fig. 1). Targeting the second purpose, there are few

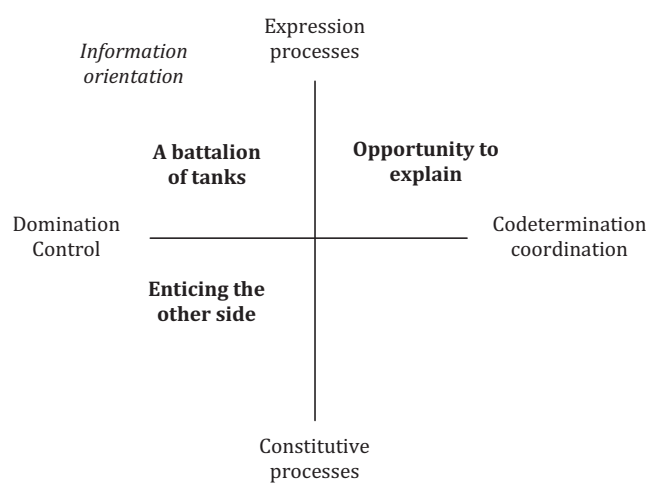


Figure 3 Stakeholder management in an information mode.

signs of stakeholder relations characterised by any form of communicative orientation. This is perhaps not so surprising, given that stakeholder management practices in an information orientation have thus far tended to be more (financially) rewarding for corporations. In stakeholder terms, developing skills in rhetoric, public speaking, expression and advocacy (Deetz, 1995) in order to inform stakeholders about the corporate strategy, has helped corporations to enhance their legitimacy, image, trust and reputation, thereby securing the corporate licence to operate.

Targeting the third purpose, the study has revealed important limitations in stakeholder management. On the one hand, the stakeholder dialogues that we have learned about through the interviews seem like rather nice encounters that both sides are content with. On the other hand, and given the corporation's information-biased orientation, the *critical* question is whether this is a reasonable orientation to hold on to. From a political understanding of the corporation's role and responsibilities in society, the answer is no.

In the case study, the corporation provokes "public concern" (Palazzo & Scherer, 2006, p. 78, italics in original) and makes "significant decisions for the public" (Deetz, 1995, p. 43). However, these decision-making processes are displays of rather sophisticated yet one-dimensional power games, in which the NGO, the politicians and the suppliers are more or less dictated to by the corporation. To put it bluntly, the NGO and the politicians, both crucial actors in a democracy, run the errands of the corporation. Hence, in the case, although the political dimension becomes explicit and is not possible to separate from the economic dimension, the corporation's political role and responsibilities are not acknowledged.

Calling for new ways of approaching stakeholder management that can expand a corporation's "capacity to represent a larger set of stakeholders and their values" (Deetz, 1995, p. 112; see also Alvesson & Deetz, 2000) and that lead to the adoption of corporate political responsibility does not stem from idealised visions of the realisation of Habermasian ideal speech situations (as in Scherer & Palazzo, 2007). The agenda is rather based on the urgent need to embed corporations in communicative processes, with a view to increasing their willingness and capability to also wander outside the information mode in order to become more contextually sensitive to what is at stake (also at a societal level) and to who the relevant holders of such stakes might be (Jensen & Sandström, 2011, in press). Doing this may help them to re-position themselves in order to better understand the other's view. That is to say, to embed corporations in public participation in which responsible ways of action are negotiated in line with Deetz's typification "Participation". As Palazzo and Scherer (2006, p. 79) argue, Deetz's (1995) typifications are a way of sketching out such an "emergent view of organisations as interconnected conversations".

References

- Alvesson, M., & Deetz, S. (2000). *Doing critical management research*. London: Sage.
- Alvesson, M., & Willmott, H. (2002). Identity regulation as organizational control: Producing the appropriate individual. *Journal of Management Studies*, 39(5), 619–644.
- Berry, G. R. (2003). Organizing against multinational corporate power in Cancer Alley. *Organization & Environment*, 16(1), 3–33.
- Blowfield, M., & Frynas, J. G. (2005). Editorial. Setting new agendas: critical perspectives on corporate social responsibility in the developing world. *International Affairs*, 81(3), 499–513.
- Deetz, S. (1995). *Transforming communication, transforming business: Building responsive and responsible workplaces*. Cresskill, NJ: Hampton Press.
- Freeman, R. E. (1994). The politics of stakeholder theory: Some future directions. *Business Ethics Quarterly*, 4(4), 409–422.
- Halme, M., Roome, N., & Dobers, P. (2009). Corporate responsibility: Reflections on context and consequences. *Scandinavian Journal of Management*, 25(1), 1–9.
- Jensen, T., & Sandström, J. (2011). Stakeholder theory and globalization: The challenges of power and responsibility. *Organization Studies*, 32(4), 473–488.
- Jensen, T. & Sandström, J. In defence of stakeholder pragmatism. *Journal of Business Ethics*, in press.
- Kochan, T. A., & Rubinstein, S. A. (2000). Toward a stakeholder theory of the firm: The Saturn partnership. *Organization Science*, 11(4), 367–386.
- Matten, D., & Crane, A. (2005). What is stakeholder democracy? Perspectives and issues. *Business Ethics: A European Review*, 14(1), 6–13.
- Palazzo, G., & Scherer, A. G. (2006). Corporate legitimacy as deliberation: A communicative framework. *Journal of Business Ethics*, 66, 71–88.
- Rhenman, E. (1968). *Industrial Democracy and Industrial Management: A critical essay on the meanings and implications of industrial democracy*. Assen/London: Van Gorcum/Tavistock.
- Robinson, P. K. (2010). Responsible retailing: CSR practice of CSR in banana plantation in Costa Rica. *Journal of Business Ethics*, 91, 279–289.
- Scherer, A., & Palazzo, G. (2007). Toward a political conception of corporate responsibility: Business and society seen from a Habermasian perspective. *Academy of Management Review*, 32(4), 1096–1120.
- Scherer, A., & Palazzo, G. (2011). The new political role of business in a globalized world: A review of a new perspective on CSR and its implications for the firm, governance, and democracy. *Journal of Management Studies*, 48(4), 899–931.
- Scherer, A., Palazzo, G., & Matten, D. (2009). The business firm as a political actor: A new theory of the firm for a globalized world. *Business and Society*, 48(4), 577.
- Schrader, U. (2003). *Corporate citizenship. Die unternehmung als guter bürger?* Berlin: Logos Verlag.
- Stieb, J. A. (2009). Assessing Freeman's stakeholder theory. *Journal of Business Ethics*, 87(3), 401–414.
- Taylor, C. (1994). *Multiculturalism and the politics of recognition*. Princeton: Princeton University Press.
- Walsh, J. P. (2005). Book review essay: Taking stock of stakeholder management. *Academy of Management Review*, 30(2), 426–438.
- Wheeler, D., Fabig, H., & Boele, R. (2002). Paradoxes and dilemmas for stakeholder responsive firms in the extractive sector. Lessons from the case of Shell and the Ogoni. *Journal of Business Ethics*, 39(3), 297–318.