

The Globalization as Challenge for the Stakeholder Management

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ABSTRACT

In a knowledge-based, networked society those corporations which consciously and systematically interact with their various stakeholders in delivering their goods and services in a global context, can be more successful than those enterprises which do not follow a systematic stakeholder policy. While doing so, not only do the corporations profit, but stakeholder groups do as well. Accordingly, from a stakeholder perspective as opposed to a purely financial model, various indispensable resources for creating superior corporate value exist. Considering these diverse relevant resources, a stakeholder management perspective can grasp the complexity of corporate reality more realistically and is therefore able to do greater justice to the demands of Global Governance, than a management concept oriented towards shareholders as the only and ultimately decisive stakeholder group. In this paper we develop this in more detail and give empirical evidence based on in-depth qualitative case studies in the financial services and the telecom industries.

The Stakeholder View we apply embraces the Resource-Based View, the Industry Structure View as well as the social and political environment. In order to cope successfully with the global challenges, firms must acquire three corresponding licenses, i.e. the license to operate, the license to innovate and the license to compete. They are granted by the firm's strategically relevant stakeholders. By granting these licenses, the stakeholders again play the role of contributors to the firm's wealth creation process.

INTRODUCTION

The growing importance of global issues is causing the role of the corporation in society to be increasingly questioned and examined (cf. Author 2000, Post, Preston, & Sachs, 2002b). Strategic management approaches are needed that offer concepts to deal with such settings.

The following case can illustrate this:

“Toy-maker Fisher-Price is recalling 83 types of toys -- including the popular Big Bird, Elmo, Dora and Diego characters -- because their paint contains excessive amounts of lead. (...) The recall is the first for Fisher-Price Inc. and parent company Mattel Inc. involving lead paint.(...) This is particularly alarming since Mattel, known for its strict quality controls, is considered a role model in the toy industry for how it operates in China.” (CNN, 2007)

Given such situations, we have to ask how firms can successfully compete in today’s globalized and networked economy, which resources they need to succeed in the long term and who can provide these resources. Therefore, this paper aims at contributing to the understanding of the basic assumptions of a strategic management approach and the corresponding licenses, taking specifically care of such global network relations in a firm’s value creation process.

The basic assumption of this paper is that in a knowledge-based, networked society those corporations, which consciously and systematically interact with their various stakeholders in delivering their goods and services in a global context, can be more successful than those enterprises which do not follow a systematic stakeholder policy (see also Stiglitz, 2006). While doing so, not only do the corporations profit, but stakeholder groups do as well. Accordingly, from a stakeholder perspective as opposed to a purely financial model (see Asher, Mahoney, & Mahoney, 2005), various essential resources for creating superior corporate value exist. Considering these diverse relevant resources, a stakeholder management perspective can grasp the complexity of corporate reality more realistically and is therefore able to do greater justice to the demands of Global Governance, than a management concept oriented towards shareholders as the only and ultimately decisive stakeholder group.

The paper is organized as follows: First, the overall concept of the Stakeholder View of Strategy is briefly introduced. Second, the underlying assumptions of the concept of the Stakeholder View of Strategy is discussed, which are aligned with the challenges corporations are confronted with in a global context. Third, a license to manage is developed. We conclude with some remarks regarding the benefits and limits of the Stakeholder View of Strategy.

A) STAKEHOLDER VIEW OF STRATEGY (SHV)

This paper is based on the widely discussed (e.g. Bracken, 2003; Buono, 2003; Caldwell, 2004; Jones, Wicks, & Freeman, 2002; Lamont, 2004; Mattingly, 2004; Walsh & North, 2005) “Stakeholder View” framework by Post et al. (2002a) which concerns the firm’s interactions with its constituencies, namely the stakeholders.

The “Stakeholder View” framework by Post et al. (2002a) was first developed by analyzing the cases of three international companies (Shell, Motorola, Cummins), and was developed in more detail by further empirical investigation with qualitative cross-case analyses (see Eisenhardt, 1989; Yin, 1994, Authors 2005, Authors 2006, Authors 2007) in the telecom, the financial services, the pharmaceutical and the energy industries (see Authors 2005, Authors 2007a, Authors 2007b). This empirical research demonstrates how stakeholder interactions contribute to the value creation of firms in situations of knowledge-based, networked conditions. In this way the SHV provides for the integration of stakeholder management in the business model, and therefore the integration of strategic and stakeholder management. It combines the two traditional strategic views (Resource-Based View, RBV and Industry Structure View, ISV), and additionally enlarges them with a socio-political perspective, as the existing approaches focus on a specific (strategically relevant) set of stakeholders, without taking all stakeholders with possible influence on the company into consideration. The corporation is understood as an institution engaged in mobilizing resources for productive uses, in order to create wealth for the benefit of its multiple stakeholders. The fundamental idea is that stakeholders have a "stake" in the operation of the firm. That is, they have something “at risk”, some possibility of gaining benefits or experiencing losses or harm – as a result of corporate operations.

Based on this concept, we will support our further theoretical argumentations by our empirical findings. These empirical findings are the results of our qualitative case studies which are based on Yin’s classification for multiple embedded case studies (Yin, 2003). The cases selected for this paper come from two industries, namely financial services (FS) and telecommunications (Telco). Three firms were selected from each. The selection of the cases was guided by the intention to ensure comparability as well as diversity as conceptualized e.g. by Strauss and Corbin with their “close-in” and “far-out” comparisons in grounded theory (Glaser & Strauss, 1998: 84). As we intend to build, respectively advance, stakeholder theory we refer to Eisenhardt’s (1989) approach of case-study research. The method of hermeneutic-classificatory content analysis (Mathes, 1988; 1992; Roller & Mathes, 1993; Roller, Mathes, & Eckert, 1995) was modified and integrated into Eisenhardt’s design for the single-case phase of the investigation. For the each industry, we interviewed more than 50 top managers and analyzed over 80 internal, partly confidential documents. (For more details on the methodology of our case research in stakeholder management, see Authors 2005).

B) THE BASIC ASSUMPTION OF THE STAKEHOLDER VIEW OF STRATEGY

The underlying assumption of the Stakeholder View of Strategy takes into account that corporations are challenged today by increasingly complex global settings. This confronts them with global issues and with a broader range of possible stakeholders than in the past as already the Fisher-Price example with the safety problem of suppliers illustrated (see Phillips & Caldwell, 2005). If Fisher-Price had neglected these facts they might be confronted not only with problems of reputation, but also with problems that could directly impact a firm's financial bottom line (see Berman, Wicks, Kotha, & Jones, 1999; Margolis & Walsh, 2003). Reflecting critically the understanding of SHV, we can recognize the following four basic assumptions:

1. The Corporation as Economic and Social Institution

The starting point of the Stakeholder View of Strategy and the phenomenon of interest is the corporation as an economic and simultaneously societal institution. The meaning of its role as a societal institution has increasing relevance as a result of globalization. Corporations often largely manage the globalization processes, while political systems are still primarily oriented towards the idea of the nation state. The main duty of the nation states is to regulate and coordinate social issues within the framework of national boundaries; they have a hard time developing solutions for global problems. This gap is filled at least partially on the one hand by NGOs and global institutions like the UN. On the other hand, also the globally active multinational corporations are being increasingly challenged in their societal function (see Author 2000, Matten & Crane, 2005; Scherer & Kustermann, 2003; Scherer & Palazzo, 2007). As a result, corporations are not only faced with economic competition but also increasingly with societal expectations. This broadens a firm's responsibility from a shareholder focus to a stakeholder focus. Also Stiglitz (2006: 203) claims this reorientation in his new book on globalization: "One step in the right direction (note of the author: to improve corporate governance) would be to have companies take into account all stakeholders – employees and the communities in which they operate, not just their shareholders."

Organizations like corporations need to remember that, unlike living organisms, they do not have a right of survival per se, but rather they may make a useful contribution to the societal subsystems through their coordinating activities along with their successful economic activity (see Maturana & Varela, 1987). In this way they are transmitters of meaning (Giddens, 1984; Willke, 1993). The purpose of a corporation is therefore to create value for its economic and social stakeholders. The Stakeholder View emphasizes that the linkages between the corporation and its multiple constituencies in the economic and societal sphere are in many ways important vehicles for creating, sustaining, and enhancing the corporation's wealth-creating capacity. In the following table (top ten out of 29 stakeholder categories) we can see the

highly rated importance of social stakeholders that reflects the perception of the managers in the two investigated industries:

Stakeholders	Ranking ¹		
	Telco	FS	Total
Customers	1	1	1
Employees	2	2	2
Shareholders, Investors, Owners	3	3	3
Society	5	4	4
Regulators	4	7	5
Business Partners	6	6	6
Government	7	5	7
Suppliers	10	9	8
Politicians	9	10	9
Unions	8	18	10

In both industries, of the top ten stakeholders mentioned five belong to the economic and five further to the societal sphere which confirms the firms' economic and societal functions and participants the relevance of socio-political communities in strategic management (see also part C: License to Operate).

2. The Extended Ownership of the Corporation

Based on the thinking of Berle and Means (1932) as well as Friedman (1970), an economic perspective has dominated the field of strategic management in the last decades. Blair and Stout (1999) called this the "Grand Design of the Principal Agent Model" where the owner, in a public corporation represented by the shareholders, is the ultimate instance of control in the firm due to the assumption that the stockholders are the sole claimants of residual risk. The dominance of the importance of the equity owner and therefore of the shareholder is also emphasized by the recently formulated definition of "Strategic Management" presented by Nag, Hambrick, and Chen (2005) at the AOM Meeting. This

¹ The stakeholder rankings are based on the number of mentions. The total is based on all mentions together.

definition is grounded on an empirical investigation, where scholars in the field of business policy had to associate characteristic core words with the field of Strategic Management. Based on this analysis, the authors come to the following definition: “*The field of strategic management deals with the major intended and emergent initiatives taken by general managers on behalf of owners (emphasis by authors), involving utilization of resources, to enhance the performance of firms in their external environment*” (Nag et al., 2005: 21).

In contrast to this and in a property rights perspective of the firm (e.g. Alchian & Demsetz, 1972; Asher et al., 2005; Blair, 2005; Blair et al., 1999), scholars more and more doubt that the dominance of the owner, and therefore the dominance of the “Grand Design of the Principal Agent Model”, is the most effective way to understand strategic management. Ghoshal (2005: 79) also questioned the absolute dominance of shareholder value in strategic management: “As an example of how this pretence of science affects management practice, consider the dictum of Milton Friedman that few managers today can publicly question, that their job is to maximize shareholder value. Where did the enormous certainty that this assertion seems to carry come from? After all, we know that shareholders do not own the company – not in the sense that they own their homes or their cars. They merely own a right to the residual cash flows of the company, which is not at all the same thing as owning the company.”

In the same sense, Stout (2007: 9) wrote: “Not too long ago, it was conventional economic wisdom that the shareholders in a corporation were the sole residual claimants in the firm, meaning shareholders were entitled to all the ‘residual’ profits left over after the firm had met its fixed contractual obligations to employees, customers, and creditors. This assumption suggested that corporations were run best when they were run for shareholders’ benefit alone, because if other corporate stakeholders’ interests were fixed by their contracts, maximizing the shareholders’ residual meant maximizing the total social value of the firm. (Stout at 1192-95 (2002)) Time has been unkind to this perspective. Advances in economic thinking have made clear that shareholders generally are not – and probably cannot be – sole residual claimants in firms.”

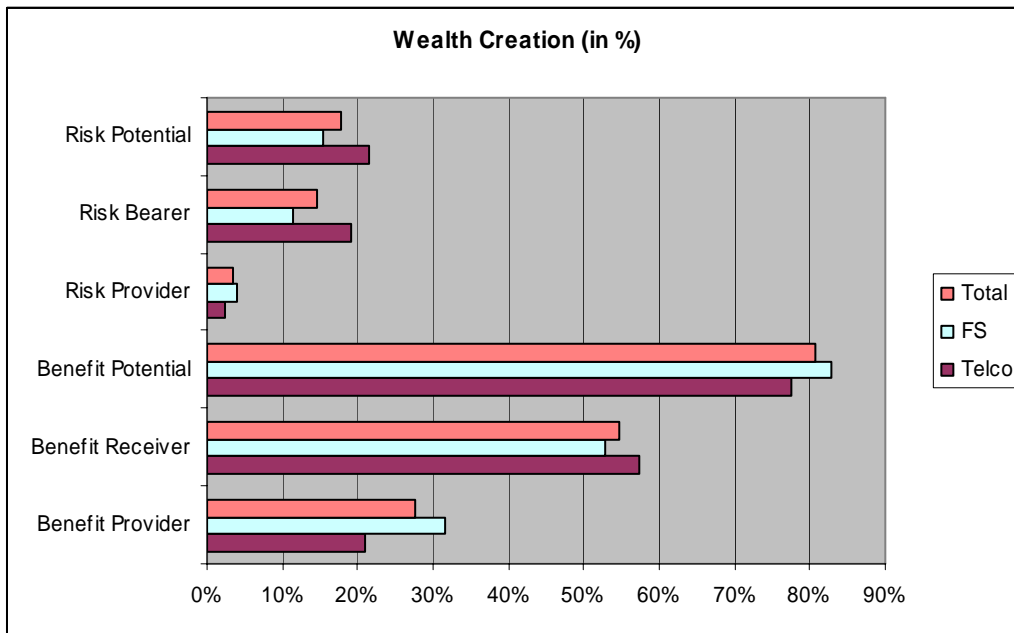
Blair and Stout (1999) also claim to rethink the ownership approach by focusing more on the importance of intellectual capital: “Viewing the firm as a bundle of assets owned by shareholders also seems odd once we recognize that one of the key assets a corporation uses in production is ‘intellectual capital’ – that is, the knowledge and experience residing in the minds of its employees, rather than the hands of its shareholders” (1999: 261). In this line of thinking “*the two fundamental questions in the history of economic thought concern the theories of economic value and the distribution of this value (Schumpeter, 1954). These questions are also – or, arguably should be – the two fundamental questions concerning strategic management*” (Mahoney, 1992: 3).

Within the same sphere of thinking Asher et al. (2005) argue for a stakeholder theory of the firm and consequently for a stakeholder perspective in strategic management. Based on their analysis of the weaknesses of the narrow ownership view of the firm, they conclude that “a stakeholder perspective indicates that it is no longer tenable to regard the shareholders as the only residual claimants, where residual claimants are defined as persons or collections whose relationships to the firm gives rise to a significant residual interest in the firm’s success and failure” (2005: 3) (see also Boatright, 2002 for a similar discussion on the nexus contract view). This has important implications for the understanding of wealth creation and wealth distribution processes in companies, as well as for corporate governance and control, by concluding that both shareholders as well as other stakeholders are relevant: “We maintain, however, that there are potential benefits moving towards the stakeholder view, which we highlight in the text. To balance these potential costs and benefits may require case specific analysis: there may not be a single ‘best’ governance structure. Therefore, we are not arguing that we should abandon the shareholders as an important claimant, but rather we are arguing that we should at least allow the consideration of other claimants” (2005: 10).

In line with these arguments and in the perspective of the Stakeholder View of Strategy a firm is defined as “*an organization engaged in mobilizing resources for productive uses in order to create wealth and other benefits (...) for its multiple constituents, or stakeholders.*” (Post et al., 2002a: 17). Thereby, stakeholders are defined as “*all individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and are therefore its potential beneficiaries and/or risk bearers*” (2002a: 19). Based on this definition, four types of stakeholder roles can be distinguished in the wealth creation:

- Benefit providers
- Benefit receivers
- Risk providers
- Risk bearers

The following graphic illustrates the managers’ perceptions on the different stakeholder roles in the two investigated industries:



From the above chart, it becomes clear that the managers primarily recall the benefit potential of their stakeholders and within this category their role as benefit receivers. But in discussions the managers were often more interested in the stakeholders' contributions to the value creation and their roles as benefit providers or risk bearers. The managers could recognize the stakeholders as owners of relational capital similar to the ownership of shareholders.

This extended ownership term is a basic assumption of the Stakeholder View of Strategy implies a different understanding of the wealth creation by firms (see also part C: License to Operate).

3. Knowledge as a Key Factor in Wealth Creation

The SHV makes the assumption that a majority of the stakeholders contribute to the value creation of corporations. Knowledge, experience, connections etc. are in addition to financial capital strategically relevant resources (compare Dean & Kretschmer, 2007; Foss & Foss, 2005; Hillman & Keim, 2001): Capital is not the only crucial factor for the competitive success of a firm. Depending on the field and the situation, other resources can be of critical importance (Capasso, 2004; Johnson-Cramer, Berman, & Post, 2003; Svendsen & Laberge, 2005). Other empirical studies (e.g. Leitner, 2001) have shown that in today's competition, knowledge is for most firms strategically more important than acquiring capital, in order to distinguish themselves from the competitors and in order to achieve a substantial, defensible edge.

In a globalized world the notion of knowledge receives an even more extended meaning. As the social scientist Beck in his recent work on the world risk society (2007) claims, it is more about what we don't know than what we know. Since almost everything is uncertain and unexpected, we should therefore seek to exclude uncertainties rather than to control

them by means of knowledge. This emphasizes also the importance that we are all possible risk bearers. Multinational corporations that are producers and problem seekers of such uncertainties should involve as many of these risk bearers as possible in order to exchange experiences and to support better strategies for living with uncertainties. The Stakeholder View of Strategy takes this basic assumption into account as it promotes stakeholders as important sources for strategically relevant resources such as knowledge, experiences, networks etc. Strategic management in this sense means combining these resources to core competences to develop better solutions for dealing with global uncertainties (see also part C: License to Innovate).

4. Competition and Cooperation as Basic Types of Corporate Behaviour

The original reason for competition was to overcome agreements between corporations (Sen, 2005; Stiglitz, 2006, both interpreting Adam Smith's invisible hand in a globalized world), seeking to enlarge their returns by monopolistic practices. But it would be misleading to narrow down this idea to the point of saying that the market solves all problems (e.g. Myerson, 1989, the Nobel Prize Laureate 2007). This is especially not true when market failures occur by not taking into account externalized costs, such as for instance pollution due to corporate activities. Stiglitz (2006: 27) also claims: "While markets are the center of any successful economy, government has to create a climate that allows business to thrive and create jobs." Thereby he asks for a better balance between market and government as is taking place in Asia already. Furthermore, partnerships with specific stakeholders, as for instance communities or employees, can lead to better solutions.

Also in evolutionary theory it is a central theme that evolution and therefore development can be enhanced as much by competition as by cooperation (cf. Dawkins, 1986). There are cases in which competition and others in which cooperation lead to better solutions. Corporations therefore need not only to know the rules of competition but also of cooperation (cf. Brandenburger & Nalebuff, 1996). According to the situation and type of business, a balance in the continuum between complete competition and unconditional cooperation needs to be constantly sought. The particular perspective is that the firm is an element of the interconnected components of a stakeholder network and that competitive as well as cooperative relationships in its network provide the causalities of a firm's strategic success. The Stakeholder View of Strategy encourages a firm to think about its position in its stakeholder network, and about the kind of cooperative or competitive potential that can evolve of these relationships (see also part C: License to Compete).

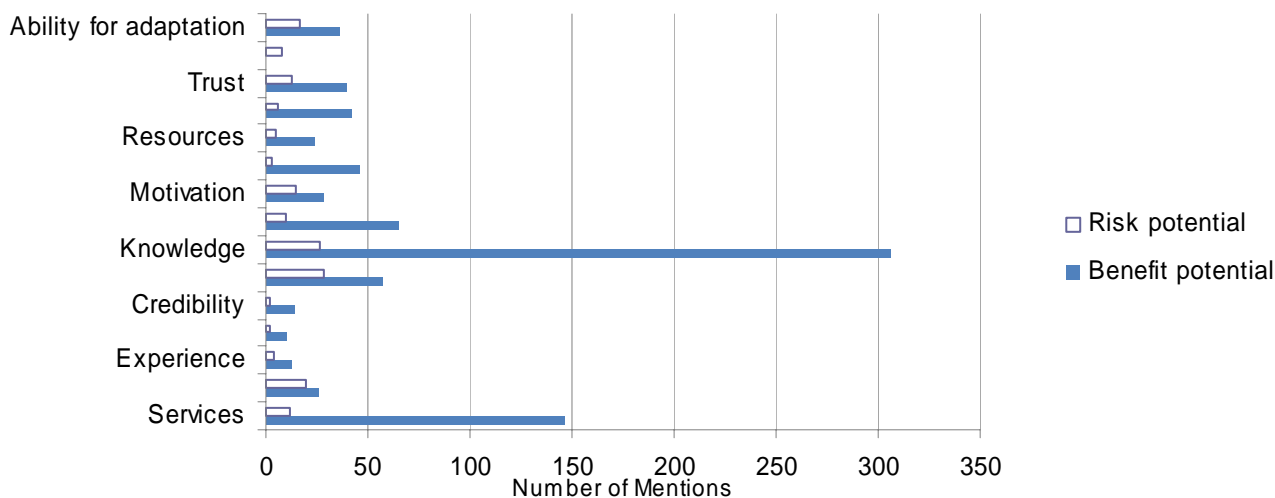
C) The License to Manage

As the Stakeholder View embraces the RBV and the ISV, enhanced by the social and political environment as mentioned in part A, we claim for three corresponding licenses the management has to acquire and maintain to cope successfully with the global challenges we addressed within the scope of the basic assumptions of part B. These licenses are not merely legal licenses that firms need but they are also an entitlement granted by the firm's strategically relevant stakeholders to successfully perform its business activities. By granting these licenses, the stakeholders again play the role of contributors to the firm's wealth creation process.

1. The License to Innovate in the perspective of the Resource-Based View (RBV):

The Resource-Based View of Strategy is connected to the fact that resources are usually limited and therefore unequally available, and that resource asymmetries exist among firms which can be exploited systematically. Therefore it is decisive for a sustainable, competitive advantage that one has broad access to specific, strategically relevant resources, not only to capital but primarily to knowledge, in order to develop unique core competences. These are hard for the competitors to imitate and are therefore the basis for long-term success. Traditionally, this view considers the special meaning of investors and employees as decisive resources. (i.e. Barney, 1991; Colbert, 2004; Grant, 1996; Mahoney & Pandian, 1992; Penrose, 1995; Sirmon, Hitt, & Ireland, 2007; Teece, Pisano, & Shuen, 1997). The SHV draws on the RBV to the extent that all corporate resources are, in some form or other, made available through stakeholder relations (Coff & Rousseau, 2000). We therefore address here the basic assumptions of extended ownership and importance of knowledge (see part B, 2 and 3). Through the systematic and early inclusion of the resources of the relevant stakeholders, the corporation is not solely dependent on the subsequent answer of the market or the society regarding its goods and services. It has proactively included the perspectives and resources of its strategically relevant stakeholders, while developing its products and services as well as its basic core competences. This not only lessens the danger of painful and expensive adjustments later on, but strengthens chances for first mover advantage. Under the aspect of core competences, the stakeholders that contribute important resources will be seen as benefit providers and therefore the supporters of sustainable competitive advantage. In the perception of the managers in the two analyzed industries the following risk and benefit potentials were highly ranked²:

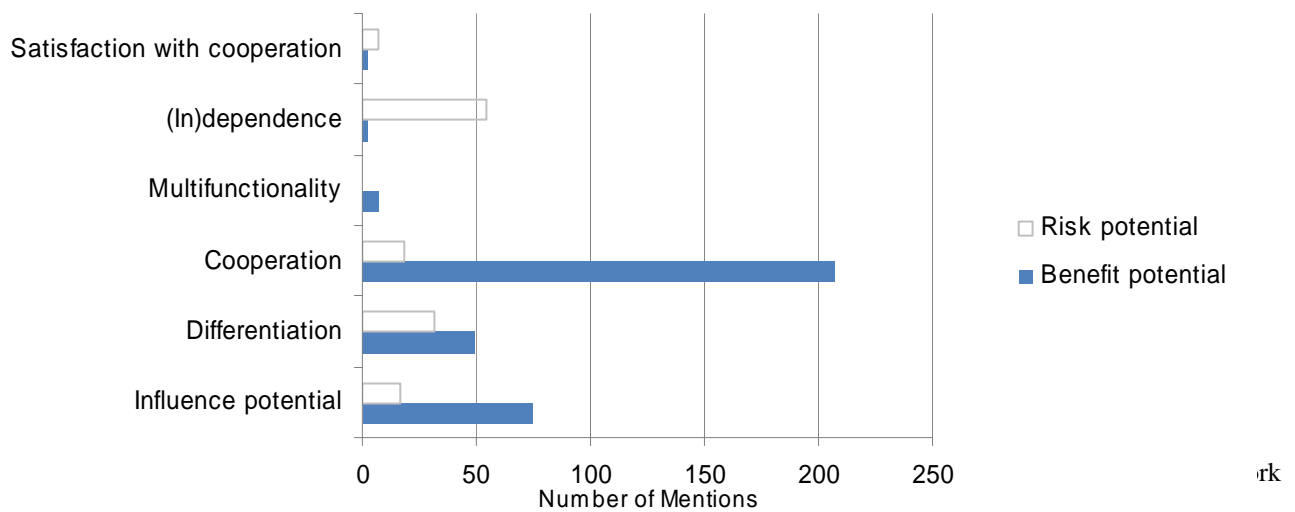
² For a more detailed description of the different dimensions/codes see Appendix 1.



2. The License to Compete from the perspective of the Industry Structure View (ISV)

In the Industry Structure View of Strategy two factors determine strategic success, namely the attractiveness of the industry structures and strategic behaviour in the context of this structure. In order to judge the first factor of market attractiveness, there are, according to the well-known framework of Porter, five major influences to take into account. They are the competitive behavior of the established rival, the possible market entry of new rivals, the power of the suppliers and the buyers, as well as the effect of substitute products. Based on the knowledge about these influential factors, the goal is to find a market area that allows the exploitation of a quasi monopolistic return. In order to be strategically successful with this approach, the firm has to be positioned attractively, that is in relatively uncompetitive markets or niches. It will then have a particularly strong position in its relations to its competitors and customers (see Porter's early work, e.g. 1991; 1996; Porter, 1998) In his recent work Porter includes a broader range of stakeholders in his framework (e.g. Porter & Kramer, 2002). In a particular industry the stakeholders such as customers, suppliers and regulators are more or less competitive or cooperative depending on the relationship that the corporation has built up with them over time. The original idea of the industry structure view of strategic management was that the corporation should find a relatively good competitive position in the relevant sales markets. From an expanded perspective like the Stakeholder View positioning includes not only market but also non-market aspects in which corporations systematically take into consideration the whole stakeholder network. In all its undertakings, it clarifies interdependencies and can broadly judge the consequences for the corporation. In the perception of the managers in the two industries we analyzed the following risk and benefit potentials of positioning were highly ranked³:

³ For a more detailed description of the different dimensions/codes see Appendix 1.



enables the corporation to be recognized or even favoured by the stakeholders. The corporation acquires in this way a “License to Compete”.

With the license to compete we mainly address the basic assumption of cooperation and competition (see part B, 4).

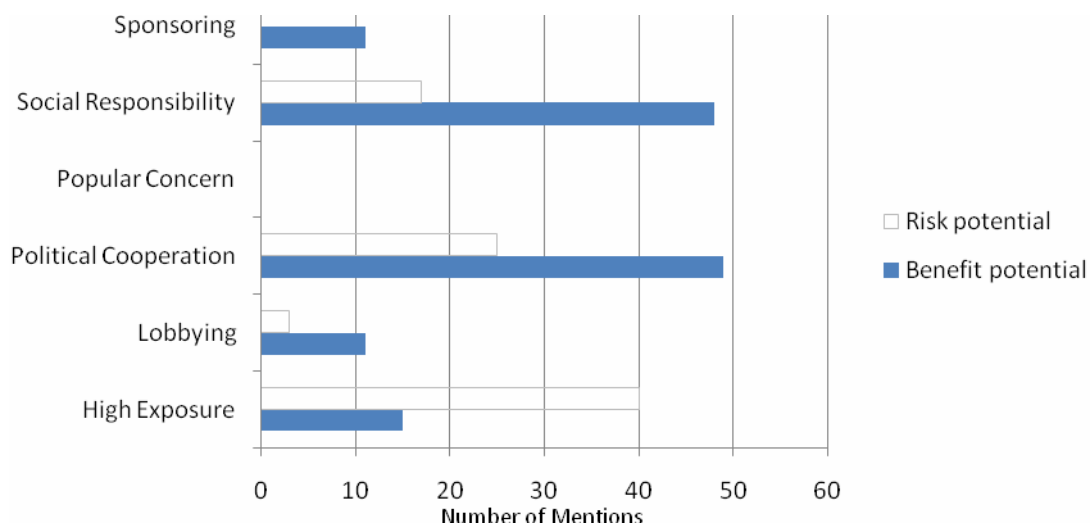
3. The License to Operate from the perspective of the Social and Political Environment (SPV)

In addition to the connection and the expanded view of the RBV and ISV, the Stakeholder View of Strategy also takes into consideration the corporation’s stakeholder relations to its societal and political environment. Thereby, we especially address the basic assumption of the corporation as an economic and social institution (see part B, 1 and 2). The societal and political environment is not only a restriction (context variable) for strategic choices but provides a potential and therefore an additional, important explanation for firms’ strategic success. Walsh and North (2005) point out that the core contribution of the SHV is the insight that “a firm’s ultimate viability is rooted in the trust and goodwill of the larger community in which it sits” (2005: 431). Our understanding of the Social Political View is based on the structuration theory of Giddens (1984) (compare Author 2000). He concerns himself with the role of the corporation, as he basically deals with the origin and the development of organizations in a historical course of time. Every society has to address the issue of integration. In a simple, small society, social integration includes system integration. In developed and increasingly large societies, social and system integration drift apart. Organizations, and therefore also corporations, can or even should accomplish the task of basic integration for a society. They take on an important mediator function in social and system integration. They have the task of developing innovative solutions in cooperation with relevant stakeholders, which support the economy as well as the growth of the society.

Since their conception corporations have been embedded in a legal framework. This legal framework constitutes virtually the core of the “License to Operate”, authorizing corporate action. Today the various communities and political groups

with interests and value systems of their own are of increasing importance. They complete the legal framework with social norms.

In the perception of the managers in the two analyzed industries the following risk and benefit potential in the realm of the SPV were highly ranked⁴:



The benefit of social responsibility and political cooperations as well as the risks of a high exposure are clearly predominant. The “License to Operate” is in this perspective not only a formal, legal instrument, such as the permission to operate an airline or a bank. It is the broad acceptance of company activities and the corresponding benefit and risk potentials by various stakeholders in a society.

CONCLUDING REMARKS

The result of our reflections is that the SHV is based on assumptions which fit the challenges of a global knowledge based, networked society. This is supported by the results from our empirical research. We can also demonstrate that the framework of the three licenses is a management approach corresponding to those assumptions and to the real life situations of global governance. It provides a broad range of causalities supporting strategic success and excludes a narrow, strictly finance-oriented perspective.

Although the essential focus of the Stakeholder View of Strategy is the wealth creation at the firm level for and with its stakeholders, the concept of the licenses promises also gains for overall systems like the health care or the energy supply system in individual countries or at the global level.

⁴ For a more detailed description of the different dimensions/codes see Appendix 1.

We see the following benefits and limits of the Stakeholder View of Strategy for Global Governance of firms at its present state of development:

The benefits:

- Stakeholder-Management strives for a comprehensive view of strategic management. It addresses the complexity of global networked settings, and thereby conforms to the demands of reality. The basic assumptions of SHV correspond more to real life settings than do those of a narrow financial perspective.
- Stakeholder Management does not only consider the risks but also the possible benefit potentials of the different stakeholder relationships. Without a systematic stakeholder orientation, essential sources of potentials for wealth creation are not utilized which, in the end, occurs at the expense of the shareholders and other relevant stakeholders.
- Many customers, authorities and other business partners expect corporations in a global context to encourage good and successful stakeholder relations. The SHV takes care of these expectations.
- Institutional investors and professional agencies are increasingly rating comprehensive stakeholder-oriented management approaches positively. This strengthens the firms' competitive position in general and its access to cheap capital in particular.

The limits:

- Through its comprehensive view, the stakeholder approach draws the whole complexity of the reality of the outside world into a company. The challenges for management rise.
- Due to the comprehensive and sustainable orientation of the SHV, it becomes more difficult to satisfy short-term speculative shareholders and certain analysts who focus narrowly on immediate financial results.

Given the broad range of expectations and strategic chances connected to stakeholder relations in today's complex and knowledge intensive society, it is a duty for managers of firms to decide if or at least to what extent they rely to a Stakeholder View of Strategy and how they will implement it. Our paper may contribute to these decisions in offering transparency in the assumptions and a concept of three licenses.

Appendix 1

The dimensions used in the charts (pages 14, 16, 17) correspond to the codes we used to analyze the documents and interviews. They are based on the one side on theoretical reflections and on the other side are based on our empirical findings.

Term	Benefit	Risk
(In)dependence	Firm has an independent position in its stakeholder network and can freely develop and exploit its capabilities.	Firm depends on stakeholders limiting their activities. Decisions can't be made autonomously.
Ability for Adaptation	Firm can be stimulated for new developments thanks to its stakeholder relations.	New developments can be hindered by stakeholders.
Cooperation	Cooperation with stakeholders can provide chances for the firm.	Cooperation with stakeholders can provide risks.
Credibility	The Stakeholder relation can have a positive influence on the firm's credibility.	The Stakeholder relation can have a negative influence on the firm's credibility.
Differentiation	The stakeholder relation can offer the opportunity to differentiate the firm from its competitors and reach a unique positions in the stakeholder network or the industry.	The stakeholder relation can hinder the firm in differentiating itself from competitors. The development of unique positions in the stakeholder network or the industry can be endangered.
Experience	Positive experiences with stakeholders	Negative experiences with stakeholders can provide risk for the

	can create value for the firm.	firm.
High Exposure	The firm is highly exposed in certain areas (i.e. the public watches the firm and expects „ethical“ behavior). The fulfillment of such expectations can have positive effects on the firm.	The firm is highly exposed in certain areas (i.e. the public watches the firm and expects „ethical“ behavior). The lack of fulfillment of expectations can create negative effects on the firm.
Influence Potential	Thanks to its stakeholder relations, the firm can have a high influence potential from which it can benefit.	The firm has no or little influence potential and therefore can be exposed to negative effects.
Knowledge	Knowledge comprises a supplementary resource which may be accessible through stakeholder relations.	The failure of using knowledge from stakeholder relations may limit the scope of resources available to the firm.
Lobbying	Lobbying can support the firm's activities and its value creation potential.	Lobbying can endanger the firm's activities and its value creation potential.
Motivation	Motivation can result from interaction with stakeholders and provides gains.	Lack of motivation can lead to disadvantages for the firm.
Multifunctionality	The stakeholder has different functions in the relation to the firm (e.g. customer, investor, employee) which can enhance positive effects.	The stakeholder has different functions in the relation to the firm (e.g. customer, investor, employee) which can provide negative effects.
Political Cooperation	Interactions with political institutions can provide gains for the firm.	Interactions with political institutions can provide harms for the firm.
Popular Concern	The firm responds to a societal trend which can open chances for positive	The firm does not responds to a societal trend which can endanger its

	developments.	advantageous development.
Resources	Resources which provide a benefit can be explicitly attributed to stakeholder interactions.	Lack of unanimity that stakeholder interactions provide resources.
Satisfaction with Cooperation	Quality of cooperation with stakeholders is good and has positive effects.	Quality of cooperation with stakeholders is not satisfactory and can be a danger for the firm.
Services	Good services can lead to customer satisfaction and can contribute to a firm's success.	Bad services can provoke customer dissatisfaction with negative effects on a firm's success.
Social Responsibility	The firm accepts social expectations; high return on equity is not the firm's primary (unique) concern	Creation of benefits for society is not a firm's concern; focus on return on equity can create negative effects.
Sponsoring	Sponsoring can create a better image in the public with positive effects for the company (good citizenship).	Sponsoring is not accepted by the public; with the risk of no/negative effects for the company.
Trust	Trust from stakeholder relations can lead to reduced social complexity and provide an economic benefit.	Lack of trust but also too much trust can provide disadvantages for the firm.

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