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Responding to Stakeholders’ Critical Needs- The Integrative Model of Stakeholders’ Management (IMSM)

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Organizations are increasingly required to enhance their accountability to diverse internal and external stakeholders (Burrows, 1999). Knowing and understanding stakeholders’ expectations increases the ability of an organization to effectively respond to those expectations. Stakeholder relationship management is critical for corporate sustainability (Perrini & Tencati, 2006) or “capacity of a firm to continue operating over a long period of time” (p. 296).

Organizations may benefit from developing collaborative interactions with their stakeholders, integrating their values and views into the formulation and implementation of organizational goals and objectives (Merrick, Parnell, Barnett & Garcia, 2005; Susniene & Vanagas, 2006).

This document contains a proposal of an Integrative Model of Stakeholders’ Needs Management (IMSM) that addresses the following components: (1) identification of organization’ stakeholders, (2) analysis of stakeholders’ needs, stakes and influence, (3) assessment and prioritization of stakeholders’ needs, (4) dialogical or consensus-building process, (5) Integration of stakeholders’ needs to organizational strategy, (6) integrated information and reporting system, and (7) continual organizational learning and growth. The conceptual framework underlying the discussion in this document was extracted from both seminal work (Argyris & Schon, 1978; Freeman, 1984; Burrows, 1999; Mitroff, 1983) and contemporary studies on stakeholders’ needs management (Friedman and Miles, 2002; Kaplan & Norton, 2001; Perrini & Tencati, 2006; Susniene & Vanagas, 2006).

Stakeholder Management as Component of a Master Strategy

Organizations face increasing demands from internal and external constituents to demonstrate stewardship of corporate social responsible values (De Camara, 2009). The
stakeholder-view of the firm purports that “a company can last over time if it is able to build and maintain sustainable and durable relationships with all members of its stakeholder network” (Perrini & Tencati, 2006, 298). Corporate sustainability, defined as the capacity of organizations to operate in the long-run, is then associated with effective stakeholders’ relationship building (Perrini & Tencati, 2006).

The literature offers several definitions of stakeholders. Freeman (1984) considered stakeholders as individuals who contributed to the strategic management of the firm. According to Mittoff (1983, p. 4) stakeholders are “all those interested groups, parities, actors, claimants, and institutions-both internal and external that exert a hold on it” (Mitroff, 1983, p. 4). A broader view of stakeholders purported by Friedman and Miles (2002) includes “any individual or group who can affect or is affected by the achievement of the organization’s objectives” (p. 46). The broader the network of stakeholders the greater the demands on organizations to conciliate the competing values and expectations of these groups (Huse & Rindova, 2002).

The creation of value in a sustainable organization depends on the degree of sustainability of the relationships with their stakeholders (Perrini & Tencati, 2006). Stakeholders’ input becomes a valuable asset given the diversity of opinions (Susniene & Vanagas, 2006), approaches to problem-solving (Agouridas, Winand, & McKay, 2006), and resources (Musun, Baker, & Fulmer, 2006). Stakeholders may have a diverse understanding of the problem and their distinct points of view may contribute to the resolution of problems or the formulation of innovations or initiatives (Susniene & Vanagas, 2006).

Organizations engage in relationships with their stakeholders based on a framework of contracts (Susniene & Vanagas, 2006). Organizations implicitly or explicitly specify how they would meet the expectation of stakeholders. Establishing stakeholders’ relationships is a function
of management that supports collaboration and integration of stakeholders in decision-making and strategy formulation (Susniene & Vanagas, 2006). Employee’s involvement is critical in the development of shared visions and goals (Susniene & Vanagas, 2006) and an element of critical importance for strategy execution (Carpenter & Sanders, 2008).

The Integrative Model of Stakeholders’ Needs Management (IMSM) proposed in this document includes a set of seven activities that ensure the identification, analysis, alignment, integration, and response to stakeholders’ needs. Additionally, modeling allows organizations to formulate and implement comprehensive methodologies that ensure that organization’s strategies respond to the needs of multiple stakeholders and to the organizational strategic intent (Agouridas et al., 2005). Figure 1 presents an illustration of this model with its seven components:

1. Identification of Stakeholders
2. Analysis of Stakeholders' need, stakes, influence
3. Assessment and prioritization of stakeholders' needs
4. Dialogical and consensus-building process
5. Integration of stakeholders' needs into strategy
6. Integrated information and reported system
7. Continual organizational learning and growth

Figure 1. The Integrative Model of Stakeholders’ Needs Management© (Thomson, 2010)
Component 1: Identification of Organization’s Stakeholders

A proper identification of stakeholders is the first step to an effective stakeholder relationship management system. Jerabek and McMain (2002) indicated: “accurately identifying stakeholders can be a difficult task” (p. 390). The seminal work of Freeman (1984) emphasized the importance of a holistic approach in the consideration of all the possible stakeholders of a firm. Although for some authors the legitimacy of certain groups is questionable, for others responding to the demands of all stakeholders regardless of their legitimacy enhances organizational reputation and competitive advantage (Huse & Rindova, 2001).

Buytendijk (2006) posited that most firms recognize customers, owners and employees as their main stakeholders, and focus their goals to satisfying their needs through high-quality products, financial returns, and job stability, respectively. This narrow definition of stakeholders omits managers, public interest groups, activists, government, competitors, unions, and the society at large (Huse & Rindova, 2001; Jerabek & McMain, 2002). In the IMSM model the assumption is that stakeholders’ “emotional make up, cognitive style or general personality” (Mitroff, 1983, p. 394) differs significantly among stakeholders. Additionally, stakeholders may differ in their “location, involvement status, potential for cooperation and threat, and their stake in influence on the organization” (Burrows, 1999, p. 2).

Following Burrow’s (1999) stakeholders’ profiling methodology the identification of stakeholders in the IMSM model is proposed as a tiered process of categories and groups, where categories may include stakeholder-groups specific to each organization. The use of stakeholders’ categories also resolves the problem of identification of future stakeholders that may not be evident or clear at the time of analysis (Burrows, 1999). In this sense, the
development of stakeholders’ profiles is dynamic and is open to adjustment. Table 1 presents an adaptation of Burrows’ (1999) stakeholders’ categories.

Organizations will need to gather, organize, and analyze information extracted from their environment to identify stakeholders appropriately. The identification stage may benefit from the creation of top teams tasked with this activity to provide structure to the stakeholder management process.

Table 1. Stakeholder Categories and Groups in the IMSM Model

<table>
<thead>
<tr>
<th>Stakeholder Category</th>
<th>Stakeholders Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing boards and shareholders</td>
<td>Governing boards, boards of trustees, shareholders</td>
</tr>
<tr>
<td>Administration</td>
<td>President, CEO, top management team</td>
</tr>
<tr>
<td>Employees</td>
<td>Front-office, back-office staff</td>
</tr>
<tr>
<td>Clienteles</td>
<td>Customers, referrals, service partners</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Vendors, logistic firms, material providers, indirect cost providers, contractors.</td>
</tr>
<tr>
<td>Competitors</td>
<td>Direct, potential, and indirect competitors</td>
</tr>
<tr>
<td>Communities</td>
<td>Neighborhood, city, country, donors, supporters, detractors.</td>
</tr>
<tr>
<td>Government regulators</td>
<td>State and federal government entities, government and state tax agencies.</td>
</tr>
<tr>
<td>Non-governmental regulators</td>
<td>Foundations, religious groups</td>
</tr>
<tr>
<td>Partners</td>
<td>Donors, industry allies, international partners.</td>
</tr>
</tbody>
</table>

Adapted from Burrows (1999).

Burrows (1999) recommended the use of the following questions in profiling stakeholders along a continuum between internal and external, active or passive, cooperative or threatening, and stakes and influence (p. 4). Figure 2 illustrates the set of questions and the continuum of location, activity, and collaboration. Each organization may devise its own methodology to identify stakeholders that are specific to the situation and the nature of activities.
developed by the firm. Burrows (1999) contended that the identification is only the initial stage to understanding stakeholders’ expectations.

![Figure 2. Recommended questions to profile stakeholders (Component 1). Adapted from Burrows (1999) ](image)

**Component 2: Analysis of Stakeholders’ Needs, Stakes and Influence**

The second component of the IMSM model is the identification and analysis of stakeholders’ needs. This step addresses the importance of assessing the types of stakeholders needs (Susniene & Vanagas, 2006), the stake and influence of the stakeholders (Burrows, 1999), their requirement of accountability (Perrini & Tencati, 2006), the legitimacy of their demands (Friedman & Miles, 2002) and the level of competition or conflict among stakeholders (Graber & Kilpatrick, 2002). Stakeholders’ expectations inform the behavior of board of directors and their adherence to principles of good corporate governance (Huse & Rindova, 2001).

Understanding the needs and stakes assists in designing approaches to best respond to
Responding to Stakeholders’ needs, as well as defining the type of information reported to each stakeholder group (Agouridas, Winand, & McKay, 2006).

The IMSM model suggests various frameworks to identify stakeholders’ needs. Developing questions that reveal what each organization knows about its stakeholders is essential to the needs assessment process (Jerabek and McMain, 2002). Managers have expectations about firms’ performance of the firm and about the role of their governing boards in providing direction (Huse & Rindova, 2001). Burrows (1999) classified stakes based on the degree of ownership, economic dependence and social dependence on the activities of the organization. The shareholders of a firm will have a higher degree of ownership than the members of the society at large and consequently owners have higher stakes on the long-term sustainability of the firm. The degree of economic dependence relates to how the firm affects the “current and future livelihood” (p. 3) of a stakeholder. Employees, investors, suppliers, and clienteles will have different stakes in the organization. Groups with social stakes on the firm will be more concerned for the degree of corporate social responsibility of the firm (Burrows, 1999; De Camara, 2009). A useful collaborative exercise within the organization would be the preparation of a matrix that lists all the stakeholders identified in component 1 (in rows) along with the type of stake of each group (in columns).

In addition to defining stakes, the IMSM recommends the identification of the degree of influence of each stakeholder in the firm. According to Freeman (1984) stakeholders may exert formal, economic, and political influence on organizations. The contractual agreements between the firm and a stakeholder group (i.e. employees, suppliers) define the formal influence. Stakeholders who influence the wealth creation process or the availability of resources have economic influence on the firm. Stakeholders who exercise activism or negotiating power
demonstrate the political influence on the organization (Argenti, 2004; Burrows, 1999; Freeman, 1984).

In an empirical study, Deaconu, Nistor, and Popa (2009) identified and ranked stakeholders’ needs using content analysis of comment letters submitted by professional associations regarding compliance of financial reporting. Deaconu et al., (2009) extracted themes that reflected stakeholders’ needs and ranked those needs based on criteria defined by the assessment team. An alternative method used by Musun, Baker and Fulmer (2006) relies on a collaborative approach in assessing stakeholders’ needs.

Component 3: Assessment and Prioritization of Stakeholders’ Expectations

The methodology of assessment and prioritization of stakeholders’ expectations derives from an adequate identification of needs, influences, and stakes conducted in component 2. Susniene and Vanagas (2006) proposed a system of matrixes to rank stakeholders’ needs. Each stakeholder would be listed along with the satisfaction attributes they may seek from the organization. Similar process is suggested in Kaplan and Norton’s (2008) BSC methodology, where the indicators of performance are built by top teams based on their assessment of the outcomes that keep people motivated within the organization. In Susniene and Vanagas (2006) methodology each attribute is weighted on a scale of 1 to 10 based on the importance of the attribute for each stakeholder group.

Based on Burrows (1999) and Susniene and Vanagas (2006) the IMSM model proposes the creation of a double-entry matrix that maps the relationship between stakeholders profile and stakeholders’ satisfaction attributes. The matrix would combine stakeholders’ categories, type of stake and influence, and stakeholders’ satisfaction attributes. Table 2 illustrates the ranking
Responding to Stakeholders’ matrix. The list of stakeholders attributes has to be expanded by each organization depending on the profile of stakeholders defined in component 1 and 2.

Table 2 Integrative Analysis of Stakeholders’ Attributes and Needs

<table>
<thead>
<tr>
<th>Stakeholder category</th>
<th>Type of Stake</th>
<th>Type of influence</th>
<th>Satisfaction attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing boards and Shareholders</td>
<td></td>
<td></td>
<td>• Return on investment • Corporate responsibility • Attractive share price</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td>• Profitability • Leadership • Sustainability</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td></td>
<td>• Competitive salaries • Job satisfaction • Safety at work • Motivation</td>
</tr>
<tr>
<td>Clientele</td>
<td></td>
<td></td>
<td>• Product consistency • Competitive prices • Timely delivery</td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td></td>
<td>• Long-term relationship • Timely payment • Significant volume</td>
</tr>
<tr>
<td>Competitors</td>
<td></td>
<td></td>
<td>• Fair pricing strategies • Fair competition</td>
</tr>
<tr>
<td>Communities</td>
<td></td>
<td></td>
<td>• Corporate responsibility • Environmentally-friendly • Social sustainability</td>
</tr>
<tr>
<td>Government regulators</td>
<td></td>
<td></td>
<td>• Compliance with fiscal obligations • Compliance with informational reporting • Corporate governance</td>
</tr>
<tr>
<td>Non-governmental regulators</td>
<td></td>
<td></td>
<td>• Corporate Social Responsibility</td>
</tr>
<tr>
<td>Partners</td>
<td></td>
<td></td>
<td>• Trust</td>
</tr>
</tbody>
</table>

Adapted from Burrows (1999) and Susniene and Vanagas (2006).

As suggested by Deaconu, Nistory & Popa (2009) each stakeholder need should be ranked based on scores defined by the assessment team. The “motivational rationale for stakeholder needs” (Agouridas et al., 2005, p. 1497) must be assessed to assist in the
determination of hierarchy of needs. Agouridas et al. (2005) found that using models to mapping stakeholders motivations provided additional market insights, technical insights, and business insights in product development.

Input for the process may come from different sources. Merrick, Parnell, Barnett, & Garcia (2005) incorporated a multiple-objective decision analysis approach to understand the views of diverse stakeholders. The process included three types of inquiries (p. 45):

1. Interviews with senior stakeholders and decision makers
2. Review of documented strategic planning objectives and goals
3. Interviews with subject-matter experts and stakeholders delegates.

Data from these inquiries were discussed in various facilitated meetings (Merrick et al., 2005). The frequency of meetings with stakeholders must be gauged by each organization. While Susniene & Vanagas (2006) recommended regular meetings, Musun et al. (2006) suggested one general meeting per year and periodic internal meetings within each business unit. Kaplan and Norton (2008) proposed different frequency of meetings at the top management level, middle-management level, and operational management level. In needs assessment, Jerabek and McCain (2002) used a narrow definition of stakeholders to help assessors to target members of those groups, making the assessment process manageable.

Component 4: Dialogical or Consensus-Building Process

As a key element of success in the process, an inviting atmosphere connecting the internal stakeholders with the organizational goals or the initiative under discussion is necessary (Musun et al., 2006; Susniene & Vanagas, 2006). Using external consultants for the assessment process lends credibility to the methodology and reduces the fear of members of the organization to share their insights (Musun, Baker & Fulmer, 2006). The use of measurement tools to examine
the perceptions of internal stakeholders increases the effectiveness and objectivity of the needs assessment and needs articulation process.

Dialogical approaches allow listening to the stories, values, insights, and opinions of multiple stakeholders, without attempting to reach consensus (Yuthas, Dillard, & Rogers, 2004). The process is one that seeks understanding of the diverse views although those views may not be agreed by all parties (Argenti, 2004; Yuthas et al., 2004). The dialogical process increases the ability of the firm to understand the “motivational rationale for stakeholders needs and attributes” (Agouridas, Winand, McKay, & Pennington (2006, p. 1498). Susniene and Vanagas (2006) identified four determinants for a successful outcome in the dialogical approach (p. 85):

1. Stakeholders’ interdependence
2. Dealing with difference in constructive way
3. Group ownership of decisions
4. Consensus building as an emergent process

The desired result is a successful cooperation, characterized by five elements (Johnson, in Susniene & Vanagas, 2006): (1) Authentic desire to work together, (2) strong leadership, (3) shared vision, (4) trust, and (5) inviting cooperating environment.

Component 5: Integration of Stakeholders’ Needs to Organizational Strategy

Organizational change is possible when organizational managers understand and incorporate the values of all stakeholders, especially those from internal stakeholders who closely interact with customers (Graber & Kilpatrick, 2008). Organizations create wealth through the exploitation of their capacities and resources (Susniene & Vanagas, 2006). The relationships that organizations develop with their customers, employees, shareholders, suppliers and government are an expression of wealth (Susniene & Vanagas, 2006). Clarkson (in Burrows,
1999, p. 1) posited: “stakeholders provide both the context for and infrastructure of an organization and, thus, are essential to its continued existence”.

Once the organization completes the stages of exhaustive identification and assessment of stakeholders’ needs, leaders must integrate those expectations into the corporate strategy. Some authors argued that responding to all stakeholders may not be feasible (Martin & Johnson, 2008; Huse & Rindova, 2001) but institutions must at least be aware of their stakeholders’ demands in order to decide how to respond and balance their competing needs (Dawkins & Lewis, 2003; Sims, 2008). The response of the organization to the critical needs of stakeholders may fluctuate within a continuum of active and passive response (Mazutis, 2008) depending on the culture of the organization, the profile of stakeholders, stakes, influence, and importance of the stakeholders’ satisfaction attribute to the strategic goals of the firm.

*Formulation of Strategic Objectives and Goals*

The articulation of stakeholders’ needs into the corporate strategy starts with the formulation of objectives and goals that best address stakeholders’ needs (Susniene & Vanagas, 2006). The process of determination of these objectives relies on the assessment of strengths and weaknesses relative to each stakeholder’s expectation. For instance, in Susniene and Vanagas (2006) model competitive price is a satisfaction attribute of customers-stakeholders. Managers must assess if a gap exists between the expectation and the current pricing strategy and indicate whether high, low, or average efforts of improvement must be implemented. Each attribute is analyzed using the same rationale to translate the objectives of improvement into measurable objectives set at the individual and business-unit level (Susniene & Vanagas, 2006).
This exercise of “objectives hierarchy” (Merrick et al., 2005, p. 47) allows organizations to target stakeholders needs. Table 3 presents the matrix with stakeholder categories, attributes, importance, current market positioning and the existence of gap, ranked as high/low/average.

Table 3 Articulation of Stakeholders Requirements

<table>
<thead>
<tr>
<th>Stakeholder category</th>
<th>Satisfaction attributes</th>
<th>Importance (scale 1-10)</th>
<th>Market positioning (High/Low/Average)</th>
<th>Gap or Need for improvement (High/Low/Average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing boards and Shareholders</td>
<td>• Return on investment&lt;br&gt;• Corporate responsibility&lt;br&gt;• Attractive share price</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>• Profitability&lt;br&gt;• Leadership&lt;br&gt;• Sustainability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>• Competitive salaries&lt;br&gt;• Job satisfaction&lt;br&gt;• Safety at work&lt;br&gt;• Motivation</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Clienteles</td>
<td>• Product consistency&lt;br&gt;• Competitive prices&lt;br&gt;• Timely delivery</td>
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</tr>
<tr>
<td>Suppliers</td>
<td>• Long-term relationship&lt;br&gt;• Timely payment&lt;br&gt;• Significant volume</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Competitors</td>
<td>• Fair pricing strategies&lt;br&gt;• Fair competition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communities</td>
<td>• Corporate responsibility&lt;br&gt;• Environmentally-friendly&lt;br&gt;• Social sustainability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government regulators</td>
<td>• Compliance with fiscal obligations&lt;br&gt;• Compliance with informational reporting&lt;br&gt;• Corporate governance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-governmental regulators</td>
<td>• Corporate Social Responsibility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partners</td>
<td>• Trust</td>
<td></td>
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</tbody>
</table>

Adapted from Burrows (1999) and Susniene and Vanagas (2006).
Implementation or Articulation of Stakeholders’ Needs

A successful integration of stakeholders’ needs into the corporate strategy depends on the adaptability of internal systems and structures to support this new philosophy (Susniene & Vanagas, 2006). According to Carpenter and Sanders (2008) implementation levers of any strategy include systems and processes, structure, and people and rewards. The strategic planning process runs parallel to the stakeholder management process, to ensure appropriate resource allocation and the alignment of all functional units (Agouridas et al., 2005; De Camara, 2009). Employee participation, cross-functional teams, and corporate reward systems are components of an effective integration of internal stakeholders’ expectations (Susniene & Vanagas, 2006).

Values-based leadership underlies the implementation of plans that integrate the competing values of all stakeholders (Graber & Kilpatrick, 2008). Blanchard and O’Connor (in Graber and Kilpatrick, 2008) recommended to include all stakeholders in formulation and institutionalization of company’s values. The competing or differing values upheld by stakeholders are catalyzed by values-based leaders (Graber & Kilpatrick, 2008). An important component in the articulation of stakeholders’ needs is the implementation of a system of rewards that recognizes and showcases members who champion the organization’s values (Graber & Kilpatrick, 2008; Musun, Baker & Fulmer, 2006).

McKnight (2009) emphasized the importance of creating strategic top teams from within the organization, charting their purpose and setting principles for their interaction. Top teams should spend significant time together (i.e. 2 or 3 times per month) to formulate the strategy and to share learning. Without an aligned senior team strategy execution would not be feasible (McKnight, 2009). Similarly, without an alignment between strategic goals and performance
reporting measures, the strategic implementation would lack of a control system and would lack motivation and direction to employees (Iselin, Mia, & Sands, 2009).

Component 6: Integrated Information and Reporting System

An effective management of stakeholders’ expectations requires communication (Greiss & Sharp, 2008; Benjamin, Lewis, & Thompkins, 2009). Stakeholders appreciate staying abreast of the strategies that the organization will undertake and the potential impact on their stakes and influence. Timely communication reduces uncertainty and misunderstandings. The ultimate purpose of the Model of Stakeholders Need Management (IMSM) is to generate balanced stakeholder satisfaction and loyalty (Susnene & Vanagas, 2006), alignment to corporate strategy and compliance with fiscal and social expectations. Wright and Bocarnea (2007) proposed that the evaluation of organizations should be based on how well stakeholders’ expectations were met. A study of The Conference Board (in Colmen, 2004) reported that organizations that implement CSR reporting systems and disclosure practices increase the trust of their stakeholders, improve organizations’ reputation, access sources of capital, manage risk effectively, and increase employees’ organizational commitment.

Perrini and Tencati (2006) emphasized that holistic frameworks for stakeholder management should include appropriate performance management systems that measure and “control their own behavior in order to assess whether they are responding to stakeholder concerns in an effective way and in order to communicate and demonstrate the results achieved” (p. 298). An effective model for reporting and alignment of objectives and goals to organization’s strategy is Kaplan and Norton’s (2008) Balance Scorecard (BSC). Perrini and Tencati (2006) enhanced the BSC framework proposing a comprehensive system of qualitative
and quantitative measures: (1) Annual reports, social reports, environmental reports, (2) integrated information systems, and (3) key performance indicators.

The selection of evaluation measures is conducted in a collaborative manner, following the philosophy of the previous components of the IMSM model. The gaps identified in tables 2 and 3 regarding each stakeholder expectation are translated into indicators of performance in the BSC or any other reporting system. Once the objectives are defined in component 5 of the IMSM model, each organization may formulate specific performance indicators to be included in the four BSC perspectives. Each evaluation measure or performance indicator must be simple and mapped into each strategic objective (Merrick et al., 2005).

Information about performance indicators must be relayed to stakeholders through different mechanisms such as periodic meetings for reporting and dialogue (Kaplan & Norton, 2008) virtual portals (Musun, Baker, & Fulmer, 2006) or briefing meetings. Iselin et al (2008) found that motivation towards achieving certain indicators of performance is positively associated with organizational performance in the strategies for which the indicators were designed. Strategy execution gaps emerge when organizations fail to assess the readiness of their implementation levers or when the level of employee engagement is low (McKnight, 2009).

Component 7: Continual Organizational Learning and Growth

The components of the Integrative Model of Stakeholders’ Needs Management (IMSM) support continuous organizational learning and allows for sufficient adaptability for organizational growth. Yuthas, Dillard, and Rogers (2004) argued that learning is the foundation of the competitive advantage of a firm in dynamic environments. Argyris and Schon (1983) stressed how continuous questioning was essential in the learning process as it challenges assumptions and questions meaning and context. This constant questioning ensures that the
stakeholder management system operates as a “triple-loop learning process” (Yuthas et al., 2004, p. 239) where participants are in constantly reflection about what they learned, the context of learning, and the assumptions that motivated learning itself and learning outcomes.

The IMSM model promotes triple-loop learning. Using a dialogical approach, members of the organization participate in the identification and assessment of stakeholders needs. This self-reflection configures the first loop of learning. By integrating views from diverse and multiple stakeholders, the organization listens to critiques and questioning to the corporate strategy and to the context of the strategy, facilitating the second loop of learning. The third loop of learning occurs when the organization uses the performance management and reporting system to obtain feedback from the members of the organization. In this third loop managers and members of the strategic team are able to question the appropriateness of indicators that might be no longer realistic.

In the model, the set of performance indicators act as a system of control (Iselin et al., 2008) as well as a catalyst of emerging needs or requirements from the business units and stakeholders (Carpenter & Sanders, 2008). Musun, Baker and Fulmer (2006) recommended that needs assessment systems must be open to modifications while emphasizing that assessment is part of the culture of the organization.

Conclusions

This document presented the proposal of an Integrative Model of Stakeholders’ Needs Management (ISMS) that included seven components to identify and assess stakeholders’ needs, integrate stakeholders’ needs to corporate strategy, balance multiple stakeholders’ expectations, facilitate organizational learning and ensure corporate sustainability. The multi-dimensional approach of stakeholder management proposed in the IMSM acknowledges and ranks the
competing expectations of internal stakeholders, identifies gaps between the perceptions of internal and external stakeholders, informing management about initiatives to close the gap or align internal capabilities with external demands.

Organizations with a stakeholder-view of management are open to integrate stakeholders’ values into their corporate strategy to align them to the firm’s values (De Camara, 2009; Perrini & Tencati, 2006), sustain their reputation (De Camara, 2009), face external forces (Burrows, 1999), and promote organizational learning (Yuthas, Dillard, & Rogers, 2004). Organizational learning is a critical component of the IMSM model ensuring continual self-reflection that promotes innovation and change. Performance measurement and reporting systems increase the effectiveness of stakeholders’ management systems that build healthy stakeholders relationships that support corporate sustainability.
References


