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An Exploratory Study on Operationalization of Integrated Stakeholder Relationships Management

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This paper offers a new conceptual model, the integrated stakeholder relationships management model based on the principles of systems thinking and integrated management approach. This research is unique in its scope by considering all management functions while trying to integrate the stakeholders into the strategic decisions of the management. The model is tested on a sample with 303 respondents from software companies (175), hardware companies (100) and a sectoral association (28) in Turkey to explore how stakeholder relationships are managed based on the perceptions of the managers and the employees. Whereas the pilot study showed us the feasibility of the model, the main study results indicated how the stakeholder relationships are managed in a group of sample IT organizations when compared to the ideal criteria given by the proposed model. The model may prove to be a managerial guide for the managers at all levels for their attempts to integrate stakeholder interests into the management processes.

Keywords: Stakeholder theory; integrated management approach; integration of stakeholders into management processes.

1. Introduction

Organizations must prioritize their stakeholders' interests in order to survive. Existing literature on *stakeholder relationships* pointed to a need for an integrative framework in the "managerial aspects".

This research aims to develop a model which would act as a tool to help the employees and managers integrate other stakeholders into the decision-making processes at normative, strategic and operative levels. In this paper, stakeholder relationships management perspective is theoretically combined with the integrated management approach. This may give a new direction to the arguments among scholars whether stakeholder theory is still a concept or theory. Second aim of the

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study is to test the model empirically to prove its applicability and discuss the managerial implications of the results.

Stakeholder relationships are still an abstract and complex issue. Revisiting the stakeholder relationships literature and attempting to integrate it into the management processes at all levels will be useful in understanding some of the issues of strategic process. The model is intended to give a bird-eye view to the decision-makers about managing their stakeholder relationships most effectively at the following levels and functions: (i) strategy-structure, (ii) strategy-goals, (iii) strategy-behavior, (iv) normative-structure, (v) normative-goals, (vi) normative-behavior, (vii) operative-structure, (viii) operative-goals, and (ix) operative behavior. A tool will be supplied to enable the managers evaluate and make the best integrations among each cell of the model for more effective stakeholder relationship management. The following questions are sought after to form the model:

(i) Do the company norms, rules, procedures clearly integrate stakeholder interests into the structural, goal setting and behavioral (human resources) functions?
(ii) Does the overall strategy imply the best integration of the stakeholders at the structural, goal setting and behavioral (human) functions of the organization?
(iii) At the operational level, are the stakeholder interests integrated into the structural, goal setting and operational components?
(iv) Do all levels of management, i.e. normative, strategic and operational, reflect the best integration of stakeholder interests?

Our proposed model of Integrated Stakeholder Relationship Management is tested on information technologies sector in Turkey enabling us to make comparisons of the applicability of the model on three different branches, hardware companies, software companies and sectoral associations.

Information technologies sector (Fig. 1) is chosen due to the fact that developments in the information technologies influence the ways organizations interact with their stakeholders. With the latest advancements in technology, it is much easier to reach the stakeholders so that their opinions and interests can be more easily integrated into the managerial functioning of the organizations.

The Turkish information technologies market is dominated by hardware sales. The market has experienced double-digit growth except during crises years. Major players in the hardware market of Turkey are Beko, Asus, Vestel, Escort, Dell, Hewlett Packard, Compaq, Epson and Lenux.

The major software suppliers to the Turkish market include companies like Microsoft, IBM, Oracle, SUN Microsystems, Business Solutions, Likom and Havelsan. Turkish software market comprises applications software, which accounts for 72% of the market and systems software accounting for the remainder of the market.

The findings suggest the feasibility of the model and provide many important contributions. The model gives concrete information on specific problem areas where

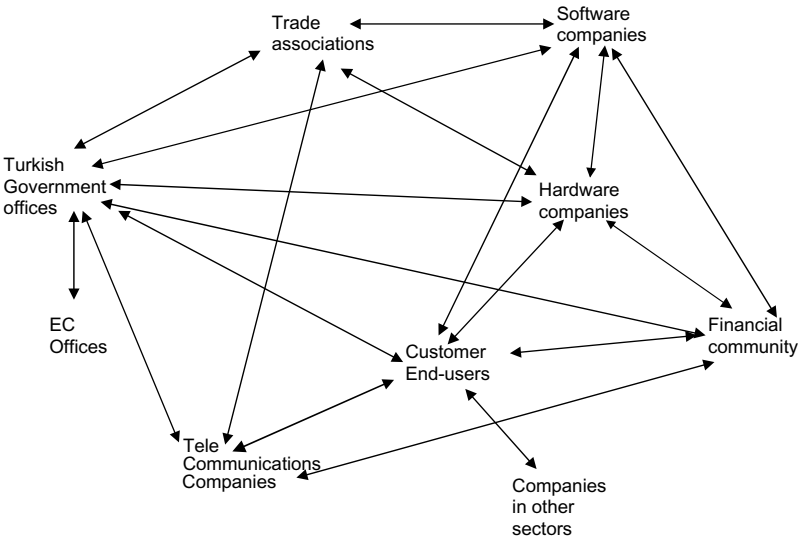

Fig. 1. IT sector actors.

there needs to be done some improvements for better stakeholder-organization relationships management. It thus attempts a wider scope than all the other previous models by taking into consideration and integrating all managerial levels, normative, strategic and operational; and all management components, structures, goals, and behavior.

2. Literature Review

Integrated Stakeholder Relationships Management looks at the organization in the most wholistic way that is possible. Interests of the employees and other stakeholders are systematically tried to be integrated into the policies, procedures and processes of the organization. Since contemporary management is aware of the long-term value creation for survival through engaging in good relationships with all the stakeholders, such an integrative view can be a beneficial tool for managing and evaluating stakeholder engagement in management processes. Existing literature on stakeholder theory propose many models each inspecting from only one side of this integration process. Some of these models are discussed below.

2.1. *Literature on stakeholder management*

Different models have contributed to strategic stakeholder management in stakeholder theory literature. A stakeholder theory with normative, instrumental and descriptive aspects has been argued to be "*managerial*", whereas attitudes, structures, and practices constitute a stakeholder management philosophy [Donaldson and Preston (1995)]. Managerial policies and processes should emphasize the interdependence among all stakeholders and should demonstrably reflect the application

of a common standard of fairness [Clarkson (1995)]. The strategic and operational direction of an organization must address stakeholder perceptions [Frooman (1999)].

The model of social responsibility [Carroll (1979)] was extended by proposing three dimensions of corporate social performance, i.e. *principles* of corporate social responsibility, *processes* of corporate social responsiveness and *policies* regarding social issues management. Each of the components had its distinctive direction and orientation. Yet, in total, they provided an integrated conceptualization of corporate social involvement [Wartick and Cochran (1985)].

Research with the aim of improving corporate social performance introduced a framework to facilitate organizational diagnosis and intervention of a firm's stakeholder management. Key factors that affected corporate citizenship and the stakeholder relationships that existed among those factors were identified through a framework [Miles and Friedman (2004)].

A more recent study by Bonnafous-Boucher and Porcher [2010] associated the concept of civil society with stakeholder theory proposing that stakeholder theory by affording a strategic perspective serves as the foundation of business ethics. The authors [Bonnafous-Boucher and Porcher (2010)] argue that stakeholder theory occupies an intermediate position between strategic management and political philosophy in that it presents a new form of sovereignty, the *sovereignty of big business*.

Helen *et al.* [2013] in their study analyzed how a large Swedish corporation manages conflicting stakeholder interests and rationales in a multi-stakeholder context. The authors hold a communication–information mode perspective for *improved stakeholder dialogues* in stakeholder management.

A recent case study done in Croatia [Tipuric *et al.* (2012)] indicate that there are differences in stakeholder orientation regarding top management changes, and the observed differences are even larger when the change was forced. The results of the study also suggested that managers may engage in active stakeholder management as to protect their own position — *as part of a managerial entrenchment strategy*.

Another study done by Zattoni [2011] contributes to the stakeholder management literature by developing *a contingency model* for the allocation of ownership rights. The model is based on the assumption that corporations increase their chance to survive and prosper if the stakeholders supplying "critical contributions" receive the ownership rights. Critical contributions are defined by the author [Zattoni (2011)] as: (i) contractual problems due to specific investments, long-term relationships, and low-measurability, (ii) the assumption of the uncertainty resting on the company, and (iii) the supply of scarce and valuable resources. The study also presents strategies companies can use to realize an efficient distribution of ownership rights among their stakeholders [Zattoni (2011)].

The *strategic stakeholder management models* [Berman *et al.* (1999)] were developed based on Freeman [1984]. Managers would attend to stakeholders' interests to the extent that those stakeholders could affect the firm financial performance. The idea behind it is that the concerns of stakeholders enter a firm's decision-making processes only if they have strategic value to the firm. According to this instrumental approach the firm is seeking to manage its stakeholders in order to maximize profits.

The *intrinsic stakeholder commitment model* [Berman *et al.* (1999)] was later developed based on normative approach. According to this second broad perspective, managerial relationships with stakeholders are based on normative, moral commitments rather than on a desire to use those stakeholders solely to maximize profits. The interests of stakeholders have intrinsic value, enter a firm's decision-making prior to strategic considerations, and form a moral foundation for corporate strategy itself. The organization shapes its strategy around certain moral obligations to its stakeholders.

The stakeholder management matrix [Johnson-Cramer *et al.* (2003)] summarized the primary aspects of a company's stakeholder management along two dimensions and offered an actionable tool with which managers can assess gaps in their company's stakeholder management approach:

(i) *Locus of action*: A company's stakeholder management includes both managing within each of its stakeholder relationships (within-relationship management) and managing across stakeholder relationships (across-relationship management).
(ii) *Quality of action*: Company behavior toward stakeholders can be understood in either procedural terms (i.e. how managers formulate and implement stakeholder-directed policies) or substantive terms (i.e. the moral quality of those behaviors and policies).

By simultaneously evaluating a company's engagement in each of these components, it becomes possible to assess a company's stakeholder management approach as a whole.

The *typology of organization–stakeholder relations* [Friedman and Miles (2006)] was based on two distinctions:

(i) Whether the relationships are compatible or incompatible in terms of sets of ideas and material interests.
(ii) Whether the relationships between groups are necessary or contingent. Necessary relationships are internal to a social structure (such as an organization, but not exclusively so) or to a set of logically connected ideas. Contingent relations are external or not integrally connected.

Four institutional configurations model propose different contractual organization–stakeholder forms associated with each configuration (explicit recognized contracts, implicit recognized contracts, implicit unrecognized contracts, and no contract) based on the assumption that individuals will play different roles with respect to different institutions and sets of ideas, for example, an employee also being a shareholder [Friedman and Miles (2006)].

Looking at the one-sidedness of the existing stakeholder management models and the important state of the stakeholder engagement concept has reached in the first decade of 21st century, we proposed the following propositions:

(i) Placing stakeholder relations within a wholistic and integrative management framework will result in more satisfied stakeholders.

(ii) Placing stakeholder relations within a wholistic and integrative management framework will guide the managers at all levels in detecting the specific problem areas at different levels and functions of management all at once.
(iii) Placing stakeholder relations within a wholistic and integrative management framework will result in increased company performance.

Based on these propositions, we further decided to empirically test the model on a sample IT organization for the feasibility of the model. Primarily we aimed to explore the second proposition, but before that we had to go over the previous related empirical research.

2.2. *Prior empirical research on stakeholder relationships*

In this section, we will examine earlier empirical work on the stakeholder relationships.

An instrument was developed by Aupperle *et al.* [1985] to measure the degree of orientation to social responsibility, to assess how CEOs viewed their firm's social responsibilities, and to investigate the relationship between orientation toward corporate social responsibility, as measured through the instrument, and profitability. The four components of the model were: economic, legal, ethical and discretionary (or philanthropic) concerns. They labeled the three non-economic components of the model as "*a concern for society*". High score on this factor label indicated a strong orientation toward social responsibility.

Eight dimensions of corporate social performance were used by Ruf *et al.* [2001] to reflect firm relations with stakeholders. These dimensions were identified and assessed in the Kinder, Lydenberg and Domini, Inc. (KLD) database and represented the firm relations with employees, consumers, environment, community and society as a whole. The eight dimensions scored are *product liability*, *community relations*, *employee relations*, *nuclear power involvement*, *military contracting*, *South African involvement*, *women's and minority issues*. Five of the eight dimensions (product liability, community relations, environmental protection, women's and minority issues, and employee relations) are rated on a five-point scale (-2 to $+2$), while the remaining three dimensions are rated on three-point scale (-2 to 0).

The stakeholder orientation of a sample of UK companies to five key stakeholder groups, competitors, consumers, employees, shareholders, and unions, were investigated by Greenley and Foxall [1997]. Measures of company attention to stakeholders were developed in the following areas: research, management judgment, planning, corporate culture, corporate mission. These measures were designed to reflect variation in stakeholder priority and make up of attention to multiple stakeholder groups among companies. The combination of these responses, for each stakeholder group, gave an overall measure of orientation to each group.

The relationship between shareholder value, stakeholder management, and social issue participation were investigated by Hillman and Keim [2001]. Building better relations with primary stakeholders like employees, customers, suppliers and communities could lead to increased shareholder wealth by helping firms develop

intangible, valuable assets which can be sources of competitive advantage. Using corporate resources for social issues not related to primary stakeholders may not create value for shareholders propositions were tested. The authors emphasized *the value created by interactions*, *which are rather relational than transactional*. Relationships involve investments by both parties and thereby include a time dimension: *reputation*, *fair dealing*, *moral treatment* by both parties enhance the *value* of these relationships. This approach to "value" as a variable of effective stakeholder management constitutes one of our sub-constructs. *Shareholder value creation* operationalized as *market value-added*. *Social issue participation* was operationalized by *avoiding nuclear energy*, *not engaging in "sin" industries* (*alcohol*, *tobacco and gambling*), *refraining from doing business with countries accused of human rights violations*, *refusing to sell to the military*. The study concluded that effective stakeholder management leads to improved financial performance. Items used for stakeholder management and social issue participation respectively are partly adapted to our research.

An exploratory study by Strong *et al.* [2001] examined the role of trust in stakeholder satisfaction. Customers, stockholders and employees of financial institutions were surveyed to identify management behaviors that lead to stakeholder satisfaction. The factors critical to satisfaction across stakeholder groups found to be the timeliness of communication, the honesty and completeness of the information, and the empathy and equity of treatment by management. The authors suggest the following to the top managers: always tell the truth, communicate it quickly (before rumors start in the grapevine), tell the same story to all stakeholder groups, and empathetically evaluate alternatives and actions from the viewpoint of each stakeholder group. When executives fostered a sense of community through honest communication, equitable treatment, and personalized attention, they created a system that perpetuated its own satisfaction.

A comprehensive model of determinants of consumer satisfaction were empirically tested by Spreng *et al.* [1996]. The model introduced the notion of *information satisfaction* to the field. The information satisfaction measures asked subjects about their satisfaction with the information for each aspect of the product: "Thinking just about the information from the salesperson, how satisfied are you with this information?" Seven-point scales were used, anchored by "very dissatisfied" and "very satisfied", with "indifferent: neither satisfied nor dissatisfied" as the midpoint.

Literature about stakeholder influence strategies and ecologically sustainable organizations were integrated by Sharma and Henriques [2005]. Based on stakeholder influences [Frooman (1999)] part of the stakeholder theory, they focused attention on certain operational elements of sustainability practices of individual firms. Exploratory interviews with forestry managers and mill managers in six Canadian integrated forest product firms were held and analyzed.

The relationship between the level of proactiveness of environmental strategies and the importance attached to stakeholders was evaluated by Buysse and Verbeke [2003]. The importance attached to different stakeholders was measured by asking managers to rate on a Likert scale of 1 to 5 the impact of various stakeholder pressures on decisions related to environmental management, with 1 denoting no

influence at all and 5 a very strong influence. The paper has a stakeholder approach to *corporate environmental management*. Based on stakeholder salience theory of Mitchell important stakeholder groups are empirically identified. Importance of managerial values in choosing the important stakeholder groups is emphasized.

In their study on the relationship between board characteristics and environmental performance-proxied by environmental litigation, Kassinis and Vafeas [2002] expanded on the relationship between stakeholder influence and corporate decision-making and developed and tested three hypotheses linking stakeholder pressures to the likelihood of environmental litigation. Giving the overlapping nature and origin of the three sources of stakeholder pressures relating to the firms' environmental record, they opted to structure and present these as alternative measures of the same hypothesis.

The theory of planned behavior was integrated with stakeholder theories by Stevens *et al.* [2005] to develop a descriptive model describing the effectiveness of ethics codes as a governance mechanism. Installation of ethics codes is implied as a tool to ensure that executives give appropriate consideration to broad base of stakeholders. Telephone interview responses from senior financial officers are empirically measured. Ethics code use is measured with a five-item scale. Stakeholder pressure measured with one stem item. Perceived benefits by a series of Likert type items and training by three interview questions.

Hung [2011] tried to explore and empirically test the roles of the corporate directors in two major issues: first in managing the interests of organizational stakeholders, and second, in protecting the interests of their organizations as stakeholders in society. Based on a study of 120 corporate directors, the author observed that the more concern that corporate directors have for stakeholders, the more likely that they will perceive the need to perform their corporate social responsibility roles effectively.

The purposes of our research are to find out how stakeholder relationships are managed in our sample organizations based on the perceptions of the managers and the employees. Based on integrated management model of Bleicher [1991], a conceptual model, integrated stakeholder relationship management model is developed hoping that this contribution will be a managerial guide for the managers at all levels for their attempts to integrate stakeholder interests into the management processes.

2.3. *Literature on integrated management*

Integrated management approach creates a sort of synergy, goals are set, structures are designed, human functions are assigned in the most optimum way. The total coordination among all managerial levels and the relationships between goal setting, structure and behavioral aspects are more clearly seen (Fig. 2). Practically, organizations are provided by a tool which they may use to sustain and increase their performances by analyzing the relationships between different managerial and decision-making levels of their organizations.

Bleicher [1991] from St. Gallen University, Switzerland developed the "St. Gallen management concept" of Ulrich [1984] and named it as "the concept of integrated

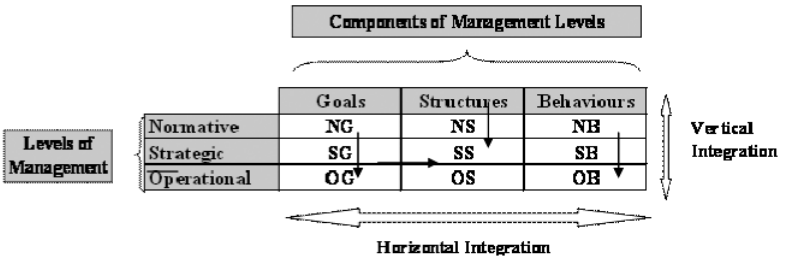

Fig. 2. Integrated management matrix [Alsan and Öner (2003)].

management" based on the functions of management, i.e. forming, steering and development. The purpose of the St. Gallen management concept was to make a multi-dimensional classification of management's decision problems providing a problem-oriented framework and methodology for an integral conceptualization of problem solving approaches, considering contextual and situational factors of corporate development.

On the horizontal integration, the basic elements of management is recognized as structures, goals and behavior. This issue is based on the assumption that the management activities influence the organizational activities in such a way that the structures are influenced, goals are determined and a basic and agreed behavioral pattern is created. The structure covers on the one hand the order of elements in a system and their relationship, and on the other hand the instruments for the generation of such arrangements.

While studying IMM, it is important to realize that while the normative management level fulfills the foundational function (ought to be), the strategic management level executed the orientation function where the operational management level carries the function of realization. Integrated management model emphasizes that the normative, strategic and operative duties are not stratified by one organizational layer, but should be distributed throughout the organization. It is important to remind that the interactions between different logical levels of management within the IMM matrix are very crucial thus repeating itself in every level of organization from corporate to individual levels.

Finally, in every existing social structure, the fields of IMM are always in a state of dynamic tension where each composition exists and changes somewhat independently of the other while at the same time bringing continuous influence on the others.

3. Developing Integrated Stakeholder Relationships Management Model

In this section, first the general descriptions of the *stakeholder theory* constructs of the proposed integrated stakeholder relationships management model are given. Then the constructs/sub-constructs by their authors are stated in Tables 1 and 2.

Based on the principles of systems thinking, stakeholder integration, is the integration of the organizations' stakeholders into each phases of the management

Table 1. Constructs listed based on stakeholder relationships management.

Construct	Sub-constructs	Authors
Conflict prevention	Quality of discourse	Johnson-Cramer *et al.* [2003]
	Participation in decision-making	Johnson-Cramer *et al.* [2003]
	Improved dialogue	Zoller [1999; cited in Friedman and Miles (2006, p. 159)]
Self-awareness	Standards of fairness	Clarkson [1995]
	Recognition of indiv. rights (property or otherwise)	Donaldson and Preston [1995]
	Stakeholder orientation	Greenley and Foxall [1997]
	Social contract	Bouckaert and Vandenhove [1998]
	Addressed stakeholder perceptions	Frooman [1999]
	Organizational identity and stakeholder identification	Scott and Lane [2000]
	Well-identified moral/philosophical guidelines	Goodpaster *et al.* [2003]
	Cultural identity, shared values/ CAUX	Goodpaster *et al.* [2003]
	Corporate stakeholder culture types	Jones *et al.* [2007]
Stakeholder salience	Power based on external actor control over a key resource	Pfeffer and Salancik [1978]
	Power over the resource	Mitchell *et al.* [1997]
	Urgency of the claim	Mitchell *et al.* [1997]
	Legitimacy of the claim	Mitchell *et al.* [1997]
	Criticality of the resource to the firm	Granovetter [1982, cited in Welcomer, Cochran *et al.* (2003)]
Stakeholder satisfaction	Information satisfaction	Spreng *et al.* [1996]
	Org's fostering high level of personalized relationships	Strong *et al.* [2001]
	"resilient" trust	Ring [1996, as cited in Strong *et al.* (2001)]
	Equity	[Adams (1965); cited in Johnson-Cramer *et al.* (2003)]
Social capital	Efficiency and density in network of relationships	Andriof and Waddock [2002]
Munificience	Org's sustaining its stakeholders	Goodpaster *et al.* [2003]
Stakeholders in joint decision-making	Effective collaboration	Gray's guide [1989; as cited in Friedman and Miles (2006)]
Stakeholder management	Keeping score with stakeholders	Freeman [1984]
	Stakeholder management matrix	Johnson-Cramer *et al.* [2003, cited in Andriof *et al.* (2003)]

process, within the integrated management model. *In our model*, we also propose that management process has to have *integration* between the management levels (normative, strategic, operational), and components (goals, structure, and behavior) of ISRMM.

Corporate social performance is conceived as a broad construct comprised of stakeholder management and social issue management [Hillman and Keim (2001)]. Effective *stakeholder management* includes *relations* with primary stakeholders to include customers, employees, suppliers, community residents and the environment.

Table 2. Constructs listed based on stakeholder relationships management.

Constructs	Sub-constructs	Authors
Corporate social performance		
	Social responsibility categories	Carroll [1979]
	Social issues involved	Carroll [1979]
	Philosophy of social responsiveness	Carroll [1979]
	Selecting areas of social involvement	[Sandra Holmes (1976); cited in Carroll (1979)]
	Processes of CSResponsiveness	Wartick and Cochran [1985]
	Policies regarding social issues management	Wartick and Cochran [1985]
	Principles of CSResponsibility	Wartick and Cochran [1985]
	Social responsiveness as: observable outcomes of managerial actions	Wood [1991]
	Corporate social policy: CSR (responsibility) principles	Wood [1991]
	Management of stakeholder issues (RDAP scale)	Clarkson [1995]
	Social issues	Clarkson [1995]
	Social disclosure	Gray *et al.* [1995]
	Social issue participation	Hillman and Keim [2001]
	Long-term value creation	Hillman and Keim [2001]
	KLD's social performance definitions	Ruf *et al.* [2001]
	Quality of responsiveness	Zadek and Raynard [2002; cited in Friedman and Miles (2006)]
	The new economic foundation's social auditing	Zhang *et al.* [2003]
	Social responsibility attained by: social and ethical audit (open dialogue, participatory approach)	Zhang *et al.* [2003]

These *relationships* constitute intangible, socially complex resources that may enhance firms' ability to outperform competitors in terms of long-term *value* creation. *Value created by interactions*, *which are rather relational than transactional.*

Social issue participation is defined by the authors [Hillman and Keim (2001)] *as*, avoiding nuclear energy, not engaging in "sin" industries (alcohol, tobacco and gambling), refraining from doing business with countries accused of human rights violations, refusing to sell to the military. Clarkson [1995] had also distinguished between *social issues* and *stakeholder issues* on the grounds that corporations and their managers manage relationships with their stakeholders and not with society. A particular society (municipal, state, or national) determines, usually over an extended period of time, what is a social issue, when there is no such regulation or legislation, on the other hand, an issue may be a stakeholder issue, but it is not necessarily a social issue. A test of whether an issue has become a social issue is the presence or absence of legislation or regulation. Hence Clarkson [1995] criticized and made clearer Carroll's model on the "social issues" dimension that there needed to develop a systematic method of determining the meaning of "social issues". Based on these, we also differentiated between stakeholder issues and social issues.

Munificence refers to the ability of an organization to sustain stakeholder groups [Goodpaster *et al.* (2003)].

Social capital is another intrinsic construct of relationships. Nahapiet and Ghoshal [1998] define social capital as the sum of the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual or social unit. Andriof and Waddock [2002] define the concept as high levels of social capital in the network of company–stakeholder relationships which can be actualized through *density* and *efficiency* in social interactions.

While looking at the organizations' addressing stakeholder interests, from the point of *stakeholder salience* (degree to which managers give priority to competing stakeholder claims through power, legitimacy and urgency) as Mitchell *et al.* [1997] places the concept in literature, we take the view of the *power*-based models in our research. Organizations do not seek to optimize the satisfaction of stakeholder groups, but instead prioritize their attention to groups, based on their respective power [Greenley and Foxall (1997)].

Organization's *self-awareness* [Goodpaster *et al.* (2003)] develops through the mutual interaction of its managers and stakeholders. Organization gains a sort of stakeholder awareness via *stakeholder orientation* [Greenley and Foxall (1997)], which reflects itself in the organization's identity. *Organizational identity* emerge from complex, dynamic and reciprocal interactions among managers, organizational members and other stakeholders.

Based on the literature, we can say that stakeholder-orientation is a prerequisite for self-awareness, which has a broader definition. Therefore we take *self-awareness* as a broad construct including stakeholder orientation as a sub-construct along with other sub-constructs.

Goals, mission, practices, values and action contribute to shaping organizational identities, in that they differentiate one organization from the other.

Introducing the concept of *addressed stakeholder perceptions*, strategic management enables managers to ensure that the strategic and operational direction of an organization addresses stakeholder perceptions. Frooman [1999] actually points to the identification of organization and its stakeholders which requires mutual interaction of the organization and the stakeholder groups.

Scott and Lane [2000] conceptually frame organizational identity from the perspectives of stakeholders' and managers' joint construction. In our research, we agree that organization's identity is built through both the managers' and stakeholders' joint construction. Thus, organizational identity is an element of mutually formed organizational awareness and is reframed within the context of manager–stakeholder relationships. Interaction among stakeholders must be orchestrated carefully so that attention is continuously focused on the overlap between organizational identity and stakeholder identity. Finding out stakeholder orientation [Greenley and Foxall (1997)] of the organization, that is which group the organization gives prioritization in addressing their interests, is part of this orchestration process.

The notion that the relationship between the management and all other stakeholders is a *social contract* has one clearly sentenced definition in literature: all stakeholders are co-principles [Bouckaert and Vandenhove (1998)]. This is another approach to stakeholder identification. Identification of the stakeholder with the

decision-maker in the sense that stakeholders' interests become integral parts of the strategic decisions and planning.

Conflict prevention is another dimension of stakeholder relationships which leads to stakeholder satisfaction. Prevention of conflict in stakeholder relationships can be actualized by offering channels for mediating conflict within stakeholder relationships [Johnson-Cramer *et al.* (2003)].

Calton and Kurland [1995, cited in Friedman and Miles] supported *joint decision-making* among managers and all other stakeholders by giving Gray's guide [1998, cited in Friedman and Miles (1995)] as a means to effective collaboration.

When executives fostered a sense of community through honest communication, equitable treatment, and personalized attention, they created a system that perpetuated its own *satisfaction* [Strong *et al.* (2001)].

Accordingly, the related sub-constructs of the above main constructs classified by their authors are given in Tables 1 and 2.

4. Methodology

Based on the research questions, the chosen approach for this study is of quantitative nature. Some qualitative methods are also used especially during the development and improvement stages of the model and the related questionnaire.

In this research, first a thorough literature review on stakeholder theory and integrated management models are done. The initial stakeholder theory constructs based questionnaire before making any modifications for adapting to IMM cells, was given to a small group of volunteers, *three subjects in managerial positions*. The subjects' feedback to identify ambiguities and difficult questions were asked. Due to the large amount of sub-constructs too many questions were formed. The time recorded to complete the questionnaire was about two hours. Based on these findings, the questionnaire, items, wording and timing were discussed in a group interview consisting of *four top managers and three academicians*. Distribution and wording of the items, unnecessary repetitions which might lead to skewness in the responses, reverse questions were discussed. Accordingly, modifications were done, some questions were left out, some others reworded and rescaled. All stakeholder theory constructs were placed in the IMM cells.

Questionnaire's internal validity was further questioned by *expert academician's* opinion. Accordingly, wording and number of research questions are revised, made sure that the items in the questionnaire actually measured the related research questions. Some of the constructs were placed in more than one of the IMM cells in order to be able to measure the consistency of the organization's integrity with respect to that particular construct/sub-construct.

All unnecessary, difficult and ambiguous questions were further removed. IMM original questions/constructs were also adapted and mixed with stakeholder theory constructs. Stakeholder types are framed and defined as internal; owners, managers and all other employees as external; customers, suppliers, government bodies, customer advocates. Labelings are completed and the sampling strategy for a pilot study with 30 cases in a software company in the IT sector is decided. Owners/upper

level managers, lower level managers and other employees are classified. Pilot study mainly helped us see the feasibility of the research.

4.1. *Sample and data collection*

In the light of the importance of communications and information technologies within the relations with stakeholders, we have chosen to start with some sample IT organizations to test our integrated stakeholder relationship management model. Hardware companies, software companies and related trade associations are chosen as our main actors in the sector and so they formed our convenient target sample. As defined earlier, we aimed to find out the existing stakeholder relationships management states of our sample organizations from the perceptions of upper level and lower level managers and other employees of those organizations.

Corporate performance is best evaluated on an industry-by-industry basis to reduce the number of variables when making comparisons. The criteria of performance, profit and stakeholder satisfaction should be appropriate to that industry [Clarkson (1995)]. Information technologies sector is chosen due to the fact that developments in the information technologies influence the ways organizations interact with their stakeholders. With the latest advancements in technology, it is much easier to reach the stakeholders so that their opinions, interests can be more easily integrated into the managerial functioning of the organizations. The internet and its associated networks are important tools for unlocking information about stakeholders [Griffin (1998)]. Also technology consists of some themes which reflect the intrinsic stakeholder values [Van Wyke (2002)] in the market, like safety, health, environment, energistics, entropy.

In the main research, 62 organizations are contacted out of which 15 organizations accepted the research. Eight software organizations, seven hardware organizations, six trade associations, a total of 21 organizations were visited. 36 upper level managers, 90 lower level managers, 177 other employees; a total of 303 respondents were given face-to-face personally-administered questionnaires. Usually the reasonable number of respondents for most researches are between 30 and 500 [Sekaran (1992)]. Also as the number of variables that are measured increases the sample size should also increase. In this research, there are many variables tested as stated earlier, but due to budget and timing constraints the number of respondents could not exceed 303. Data were collected in three months.

4.2. *Measures*

Considering the large number of variables being measured due to the nature of the proposed model the most suitable data collection method for the study, is found to be personally-administered surveys [Sekaran (1992)]. A multiple-item method was used to construct the questionnaires. Each item was based on a six-point Likert scale, from "I strongly disagree" to "I strongly agree". Likert scales as generally used tend to underestimate the extreme positions [Allbaum (1997); as cited in Lee and Choi (2003)]. Respondents are reluctant to express an extreme position even if they have it. They tend to please the interviewer, appear helpful, or respond in what they

perceive to be a socially acceptable answer. Resorting to a scale without a midpoint seems to help mollify this social desirability bias without changing the direction of opinion [Garland (1991); as cited in Lee and Choi (2003)]. The six-point Likert scale avoids a midpoint, which prevents respondents from using a neutral default.

Since the primary aim of this research was to develop a conceptual model as a tool for managers based on the integrated management model distribution of *ISRMM scale* items into the ISRMM is based on the nine conceptual factors of the original integrated management model. *Expectation/performance satisfaction* (EPS) items are developed and adapted from Strong *et al.* [2001]. *Stakeholder type preferences* part of the questionnaire ask the respondents to evaluate the importance of their organization's stakeholders by giving each stakeholder group: k114 (owners/shareholders), k115 (employees), k116 (customers), k117 (suppliers), k118 (competitors), k119 (government institutions), k120 (consumer advocates) some scores which would totally add up to 100 points. This section gives the descriptive characteristics of these items.

Descriptive (characterisitcs) and inferential (associational and differences) statistics are used to analyze our proposed integrated stakeholder relationships management model. Relationships with demographic variables are also analyzed. Additionally employee expectation/performance satisfaction survey is analyzed and the correlations with each field of the ISRMM are tested.

5. Results and Discussion

5.1. *Key findings of the pilot study*

The pilot study was done as a kind of feasibility study which was a small scale version, or trial-run, done in preparation for the major study [Polit *et al.* (2001, p. 467)].

This pilot study was conducted on 30 participants from the same information technologies (software) company. The reason for applying the pilot surveys in the same company is due to the nature of our ISRMM questionnaire. Some of the constructs are reworded and placed in different cells of the model in order to find out the degree of integration between the fields with respect to the same constructs in our sample organizations. Three main job levels were coded: (i) as owner/shareholder, (ii) as managers, and (iii) as other employees (technical personnel).

Pilot study mainly helped us see the feasibility of the research. Due to the fact that there are a large number of variables measured with respect to the pilot sample size of 30, deleted items as a result of the pilot study were not reflected to the main study. Second, the internal consistencies of the remaining ISRMM fields respectively, and the total questionnaire was rather high with Cronbach alpha 0.867.

5.2. *Key findings of the main study*

Though Cronbach alpha value of 0.70 is generally accepted, in exploratory research the acceptable alpha value can be 0.50 and above. It is also common to see journal

Table 3. Main study ($n = 303$) internal consistencies.

Conceptual factor labels	# items kept	Cronbach's alpha
NG	8	0.5756
NS	5	0.5873
NB	10	0.6941
SG	8	0.5055
SS	12	0.7108
SB	13	0.7219
OG	3	0.7182
OS	10	0.6795
OB	8	0.7035

articles where one or more scales have values in the 0.60–0.70 range [Morgan and Griego (1998)].

Based on the conceptual factors of the integrated management model, the total alpha value of the ISRMM ($n = 303$, #items = 104) was found to be 0.8769. We looked at the internal consistencies of each field of the model separately (Table 3). After extracting the 27 variables which decreased the internal consistencies in each field of the model, 77 variables with Cronbach alpha value of 0.8917 were left in the model (Table 3).

Tables 4–6 offer some important descriptive statistics on the data.

On the normative level "consensus as art of conflict resolution" indicates the highest mean value (Table 4).

On the strategic level "networking among stakeholders" indicates the highest mean value (Table 5).

On the operational level "long-term measures for consumers as a stakeholder group" indicates the highest mean value (Table 6).

Figure 3 shows us the correlations between the fields of ISRMM for the *total sample* of 303 indicating the level of integration between each component of the model. At this point, it is also important to remind that the ideal state of the model requires significant and high correlations among the fields for perfect integration. Negative correlations draw attention to the areas where management has to do some amendments. Uncorrelated areas may give the researchers some clues for future research in order to further test and improve the model.

Before looking at the correlations among the fields of ISRMM, we needed to compute NG, NS, NB, SG, SS, SB, OG, OS and OB, but first we applied Tukey's

Table 4. Some key findings on the normative management level.

ISRMM field	Items with highest mean values ($n = 303$)	Mean value
Normative goals	*Meeting expectations of stakeholders in mission	4.87
	*Right flow of information	4.84
Normative structure	*Art of conflict resolution/consensus	4.89
	*Inclusivity in dialogue	4.83
Normative behavior	*Ready and open to facilitation of change	4.85
	*Creating shared values in relationships	4.77

Table 5. Some key findings on the strategic management level.

ISRMM field	Items with highest mean values ($n = 303$)	Mean value
Strategic goals	*Networking	4.88
	*Individual stakeholder strategies for problem solving	4.82
Strategic structure	*Open communication channels	4.76
	*Seriousness of social need	4.54
Strategic behavior	*Open dialogue	4.68
	*Focus of desired responsibility/delegation autonomous	4.64

Table 6. Some key findings on the operative management level.

ISRMM field	Items with highest mean values ($n = 303$)	Mean value
Operative goal	*Stakeholder information revisions as goal setting techniques	4.33
Operative structure	*Long-term measures (consumer advocates)	4.96
	*Long-term measures (employees)	4.89
Operative behavior	*Honesty in communication	4.70
	*Training on stakeholder relationships management	4.55

test of additivity for the fields with Cronbach alpha values below 0.70. We applied this testing procedure for the total data ($n = 303$), and then for the software ($n = 175$), hardware ($n = 100$) and associations ($n = 28$) samples, respectively.

We obtained the following results for the correlations between the cells of the total sample:

(i) From low to moderately positive statistically significant correlations between the pairs NB-OB, SS-OS, OS-OB, SB-NB, SB-SS and SB-OB.

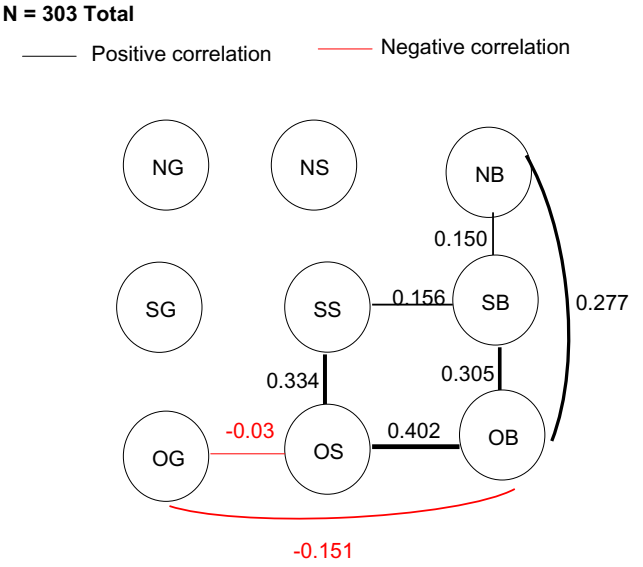

Fig. 3. Findings on the correlations between the fields of ISRMM.

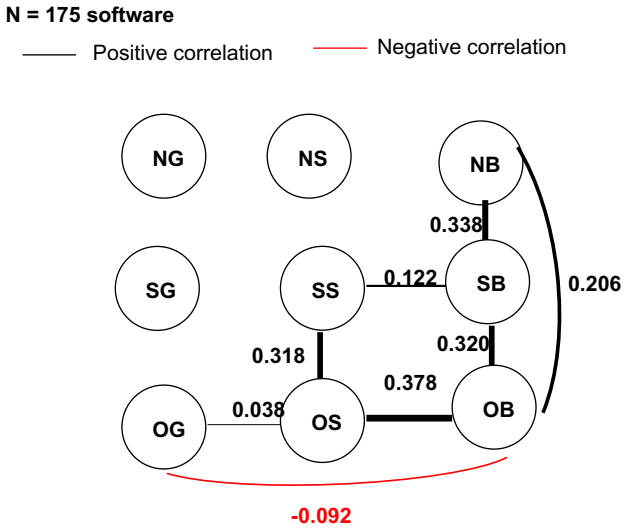

Fig. 4. The summary of the correlations between fields of ISRMM (software sample).

(ii) Weak negative correlation between OG-OS which is statistically insignificant, a weak negative correlation between OG-OB which is statistically significant for the total sample (Fig. 3).

The strongest relation is between operative structure and operational behavior cells (0.402). The weakest relation is between operative goal and operative structure cells (−0.030).

When we looked at the hardware, software and associations samples, respectively, we see that hardware and software companies give very similar results to the above explanations (Figs. 4 and 5). However, associations by themselves differs such that the strongest relationship is between the fields NB-OB (0.594) and NG-NS (0.579). The weakest relation is between SG-SB (0.162) which is insignificant ($p = 0.411$) (Fig. 6).

In the software companies sample (Fig. 4), the strongest relation is between operative structure and operative behavior (0.378). The weakest relation is between operative goals and operative structure (0.038).

In the hardware companies sample (Fig. 5), the strongest relation is between strategic structure and operative structure fields (0.545). The weakest relation is between operative goals and operative structure (−0.113).

In the associations sample (Fig. 6), the strongest relationship is between the fields NB-OB (0.594) and NG-NS (0.579). The weakest relation is between SG-SB (0.162) which is insignificant ($p = 0.411$).

The implications for managers of the differences between the correlation values of the three types of samples are thoroughly discussed in Sec. 5.3.

Tables 7–9 indicate some important interpretations of the analysis results on group differences.

In the nonadditive fields of the model items with highest mean values are measured for group differences (Tables 8 and 9).

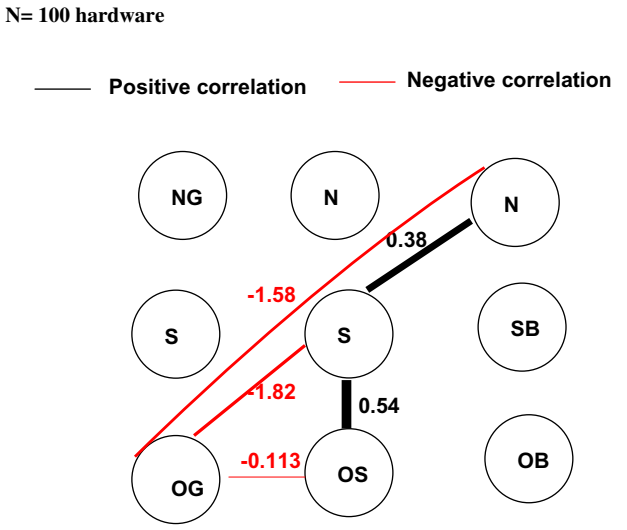

Fig. 5. The summary of the correlations between fields of ISRMM (hardware sample).

Other results indicate that most important stakeholder type is "customers" for software, hardware organizations and associations. For software and hardware organizations "employees" are the second important type of stakeholders and "owners/shareholders" come in the third place. Associations give second importance value to "shareholders/owners", and the third importance value to "employees".

Also, higher scores of perceived normative behavior, perceived strategic behavior, perceived operational structure and perceived operational behavior are associated with higher expectation/performance satisfaction of the employees.

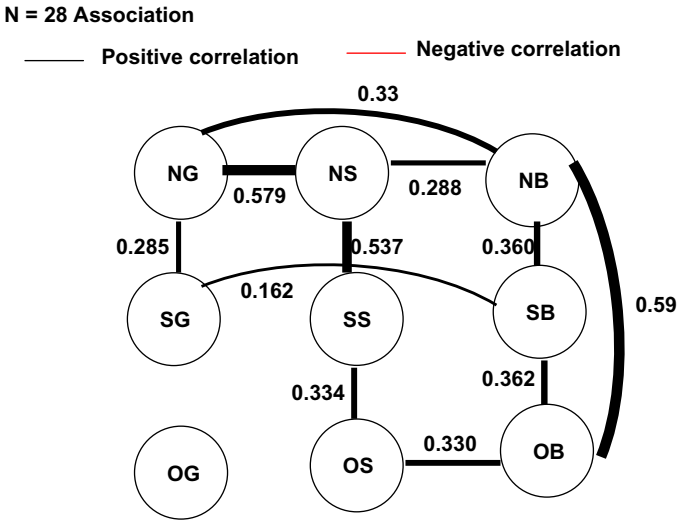

Fig. 6. The summary of the correlations between fields of ISRMM (associations sample).

Table 7. Key findings-1 on group differences ($n = 303$ indivs.).

Variable	Significant differences on
Business activity (hardware, software, assocs.)	OS, SS, NB perceptions
Job level	NB, SS, SB, OG, OS, OB perceptions
Age groups	OS perceptions
Education level	OB, SS, NB, OS perceptions
Total work experience	SS, SB, OS, OB perceptions
Years worked in present org.	SS perceptions
Departments	OS perceptions
Gender	NB, OS perceptions

Table 8. Key findings-2 on group differences ($n = 303$ indivs.).

Business activity	Insignificant differences on perceptions of
Job level	"inclusion of stakeholders' interests in mission" (NG) "flow of information among stakeholders" (NG) "art of conflict resolution/consensus" (NS) "having information strategies for different stakeholder groups" (NS) "meeting expectations of stakeholders defined in mission" "right flow of information" "having strong ecological goals" "art of conflict resolution/consensus" "networking in value creating activities" "individual stakeholder strategies"

Higher scores of "networking as dependency of value-added activities" are associated with higher expectation/performance satisfaction of the employees.

In general, our results can help managers make the necessary adjustments in their management processes at different levels. The nonsignificant findings also bear some implication. The *no relationship between fields* of the model needs special attention by the managers. Managerial implications on the current results are discussed in the following paragraphs.

5.3. *Managerial implications*

5.3.1. *Implications on ISRMM fields*

The *results* indicate that *strategic behavior*, *operative goals* and *operative behavior* perceptions of software, hardware organizations and associations do not differ. On the other hand structural components, *operative structure* and*strategic structure*

Table 9. Key findings-3 on group differences ($n = 303$ indvs.).

Business activity	Significant differences on perceptions of
Job level	"ecological goals' importance" (NG) "networking in value creating activities" (NS) "Having individual strategies for problem solving in stakeholder relationships" (NS) "Information strategies" "Having inclusivity in dialogue"

perceptions of three groups differ. There are also big discrepancies among *normative behavior* perceptions. These discrepancies in normative behavior is probably due to the organizational culture of the specific organizations which is also shaped by the orientation of management. Strategic structures which shape the organizational structures aim to build the organization to support the strategic goals for a long term. It is understandable that the extent of rules, reference points, focus and other aspects of this structure differs for associations and the other organizations.

Owners'/shareholders', managers and other employees' perceptions of each field of the model are different. There are no meaningful differences on perceptions of each field of the model with respect to age groups except *operative structure*. Different age groups perceive the operative structure differently. Organizational development and implementation methodologies for each age group would be different due to their different levels of expertise based on their ages.

Education level and perceptions of the model differs on SB, SS, NB and OS fields. *Strategic behavior* is concerned with the development of the problem-solving skills of the members of the organization in the light of the values and norms supplied by the organizational culture. It is obvious that in information technologies sector where technical knowledge is a defining feature, education level makes a difference in the problem-solving skills of our sample. *Normative behavior* includes the cognitive abilities of an organization and the attitudes of its members toward duties, tasks, products, fellow members, management and organization, which shape the perceptions and preferences against events and developments [Öner and Sarıtaş (2004)]. Our sample's evaluations about their organization cultures differ based on their education levels.

Sample's total work experiences make differences on their perceptions of **SS**, **SB**, **OS** and **OB** fields. Years worked in the present organization make differences on **SS** perceptions only.

Departments perceive **OS** field differently and gender differences vary in **NB** and **OS** perceptions only. The common field which is perceived differently with respect to subgroups in those variables is the operative structure. Bleicher [1991] provides a sample of techniques for the methodological focus according to the objects of operative management. In case of operative structures, the set of techniques could be: (i) survey techniques, (ii) creativity techniques, (iii) implementation methodologies, and (iv) group dynamics. Results give us clues that in those areas management should apply differentiation policies to different subgroups.

Since normative goal, normative structure and strategic goal fields were nonadditive, we had taken the most important items accepted by the sample for those fields and then tested whether there were significant mean differences in the sample's perceptions of these items with respect to demographic subgroups. Business activity, "meeting expectations of stakeholders defined in mission" (NG) tests proved insignificant differences meaning that all three business areas that is hardware companies, software companies and associations give almost equal importance to the inclusion of stakeholders' interests in their company missions. This is also true for "right flow of information" that is, all three business areas believe in the importance of flow of information among stakeholders. On the other hand, the three types of

organizations' perceptions of "ecological goals' importance" are different. "Art of conflict resolution/consensus" (NS) perceptions are also similar in three business areas. On the other hand "networking in value creating activities" and "having individual stakeholder strategies for problem solving in stakeholder relationships" items are perceived differently by three groups. "Having information strategies for different stakeholder groups" is also perceived similarly by hardware, software companies and associations.

Being an owner/shareholder, manager or other employee does not make a difference in "meeting expectations of stakeholders defined in mission", in "right flow of information" and "having strong ecological goals". The differences among owners, managers and employees are also insignificant for "art of conflict resolution" where consensus is preferred by all three groups. The groups' expectation from management on their "stakeholder approaches" are also alike. "Networking in value creating activities", "individual stakeholder strategies for problem solving" perceptions are also similar. However, when it comes to "information strategies" and "having inclusivity in dialogue" there are significant differences between three groups. This result indicates that with respect to communication and information-sharing three groups (owners, managers, other employees) representing actually three levels of the organizations that is, normative, strategic and operational, have clearly cut differences which may result in decreased integration between the levels.

5.3.2. *Implications on integration between normative, strategic and operational components of the model*

These results indicate that integration between the fields is different for the associations and the other organizations. This implies that, in future, associations sample should be treated separately. Their perceptions of the fields differ from the other organizations' perceptions. Also this difference may be due to the fact that some of the items may not mean the same thing for each of the sample groups. In hardware and software organizations, perceptions are very similar and proves weak but significant associations between the fields.

These results confirm our starting point that organizations do not integrate well enough their stakeholders into the management decisions and processes of their organizations.

5.3.3. *Implications on "important stakeholder types"*

Software and hardware organizations' respondents' placing the "owners" in the third place below customers and employees, agrees with the existing stakeholder theory which defined stakeholders as the core of business: "*the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract*" [Jones (1980)]. All stakeholders are co-principals [Bouckaert and Vandenhove (1998)].

Results indicate that the most important stakeholder type is "customers" for software, hardware companies and associations. For software and hardware

organizations "employees" are the second important type of stakeholders and "owners/shareholders" come in the third place. Associations, on the other hand give second importance value to "shareholders/owners", and the third importance value to "employees". Other significant results on stakeholder type preferences indicate that owners, managers and other employees differ at their perceptions on employees, customers, suppliers and consumer advocates.

5.3.4. *Implications on employee expectation/performance satisfaction*

Results indicate that higher scores of perceived *normative behavior*, perceived *strategic behavior*, perceived *operational structure* and perceived *operational behavior* are associated with higher expectation/performance satisfaction of the employees. This implies that behavioral components of these organizations can be improved for more satisfied employees. Human resources management may be improved. This is a process which starts from selection of right people to reinforce organizational culture and management of rewards to shape culture in the normative level. In the strategic level, management of succession policies, design of reward systems, managing appraisal politics can be improved. In the operational level, staffing and development activities, measuring performance, fitting employees to right roles could be revised.

Another significant result indicated that higher scores of "networking as dependency of value-added activities" are associated with higher expectation/performance satisfaction of the employees. This is another area which could be improved by giving more importance to stakeholder relationships. As the theory implies, *the key is for management to be responsive to performance that does not meet expectations* [Strong *et al.* (2001)].

6. Conclusion

The purpose of this paper is to find out how stakeholder relationships are managed in our sample IT sector organizations based on the perceptions of the managers and the employees. The main question is how the stakeholders can best be integrated into the management of the sample organizations. To achieve this aim by using system analysis, a new model, the integrated stakeholder relationship management model is proposed. The study is the first work that combines stakeholder relationships with the management process of a group of information technologies organizations. Conceptually, the model is based on the principles of systems thinking and integrated management approach.

Systems thinking advocates the treatment of systems as wholes, composed of related elements. The functions of the ISRMM are dynamically inter-related. Understanding the dynamic inter-relation between the elements of ISRMM is important in order not to cause any failure in organizational activities because the success of the "stakeholder relationship management" that is produced in the light of ISRMM is not only related with the occurrence of all the elements, but also their integration with each other. However, time dimension is not part of the present work.

A comprehensive examination of the literature on stakeholder theory is done. New definitions and different approaches in the related theories are observed. Stakeholder engagement, i.e. *stakeholder relationships* approach is one of the dominant views in the existing literature. Besides the arguments on whether the "stakeholders" is still a concept or theory, existing literature pointed to a need for an integrative framework in the "managerial aspects".

The normative elements of the organization's *stakeholder orientation* such as social contract, recognition of individual rights, fairness, help the stakeholders identify themselves with the organization. As stakeholders identify with the organization they affect the building up of the corporate identity. Mutual interaction of the organization and its stakeholders are increased, stakeholders identify with the decision-makers, they have common interests and stakeholders become integral parts of the strategic decisions and planning. This mutually constructed cultural identity expresses itself in strategic decisions and strategic planning which is reflected in the operations of the organization.

In the present research, based on the integrative management approach, stakeholder relationship management of the information technologies sector organizations in Turkey is explored. When we examine our results in the context of the earlier empirical literature several key advancements are evident. This new model offers an integrative practical tool for managers to evaluate their stakeholders' integration to their managerial functioning at all levels. Theoretically a conceptual model is offered which is also empirically tested and forms a basis for future empirical studies on the field of stakeholder management.

In this paper, we came up with a new integrative approach in stakeholder relationships management by proposing ISRMM as a tool. This research is unique in its scope by considering all management functions while trying to integrate the stakeholders into the strategic decisions of the management. Our research is a stepping stone for further empirical research on stakeholder relationships management framework that we have been developing based on two mainstream theories: stakeholder theory and integrated management approach. Practically organizations are provided by a tool which they may use to sustain and increase their performances by analyzing the relationships between different managerial and decision-making levels of their organizations.

6.1. *Future research*

ISRMM questionnaire is a major contribution to literature. It should be tested on different sectors, though, for stability purposes. This study reflects the perceptions of owners, managers and other employees. Future research based on the comprehensive framework developed in this study can be adapted to other stakeholder groups such as suppliers, customers, etc. Also, longitudinal studies on the same group of sample would be beneficial. After the management's adjustments on the necessary fields, the same questionnaire can be given to the same sample to see the differences and improvements. Some of the ISRMM fields' wording may be adapted for associations and in future associations can be given a different adjusted questionnaire. In this

research unit of analysis is individual that is employees of the organizations. In future, organizations as cases can be measured and analyzed. This research is a foundation for future empirical study, hypothesis development and testing.

The *subject of a future research* may also consist of a clarification of the differences and commonalities between the *integrated management* and *organizational effectiveness* concepts based on the following theoretical approaches.

Freeman [1984] introduction of multiple stakeholder perspective to strategic management also provided a theoretical framework to more accurately define and measure organizational effectiveness. It is important though not to give way to any suspicion regarding the differences between integrated management approach based on the IMM and the concept of organizational effectiveness.

Integrated stakeholder relationships management concept offered in this research is an integrative and comprehensive concept aiming to increase the overall performance of the company through the optimum integration of all stakeholders into the decision-making and managerial functioning of the companies. It is these power relationships among those stakeholders and the goals and objectives of these stakeholders that influence organizational goals and objectives as well as the strategies pursued by the organization and thus the measures of effectiveness [Way and Johnson (2005)].

Our proposed integrated stakeholder relationship management model and the concept of "organizational effectiveness" coincide in two main approaches:

Strategic constituencies approach (also called stakeholder approach) [Robbins and Barnwell (2002)] to OE views organizations as political arenas where vested interests compete for control over resources. In such a context, organizational effectiveness becomes an assessment of how successful the organization has been in satisfying those strategic constituencies on which the survival of the organization depends. This approach assumes that managers pursue a number of goals and that the ones selected represent a response to those interest groups that control the resources necessary for the organization to survive. No goal or set of goals that management selects is value-free.

Systems approach to OE implies that organizations are made up of inter-related subparts. If any of these subparts perform poorly, it will negatively affect the performance of the whole system. In contrast to the goal-attainment approach, the systems approach focuses on the means necessary to assure the organization's continued survival. Critical systems inter-relationships can be converted into OE variables or ratios. For example, output/input, changes in input over input, etc.

Robbins and Barnwell [2002] add yet another approach to OE "the balanced scorecard approach" which is actually being developed by Kaplan and Norton [1992]. The balanced scorecard is an attempt to integrate all of the previous approaches to OE. In generating the various measures used in the balanced scorecard, one seeks to balance the various demands on the organization with its capabilities. As a result, developing the measures becomes a diagnostic tool — a management technique to align the organization with its environment and a measurement system to identify whether goals are being met. It is also seen as a means of developing and implementing strategy [Robbins and Barnwell (2002)].

Successful integrated stakeholder relationship management concept offers a wider scope. It is important to remind that ISRMM is not a performance measurement system, but it is a comprehensive tool which would increase the self-awareness of the managers of companies so that they would be fully aware of all the constituencies. Joint decision-making results in shared expectations of outcomes and risks. Functional integration adds value to ownership rights, property or otherwise. Successful integrated stakeholder relationships management maximizes the value of the managerial functioning of the company.

6.2. *Potential limitations*

The number of variables measured in the study are very large. This necessitates a very large sample size, but due to budget and time constraints a sample of 303 could be formed. On the other hand as an exploratory study which tries to empirically test the model it has developed, this number is quite descriptive. Also with conceptual modeling, a mental model of the suspected relationships is posited and thus validity may be questioned due to the interpretive nature of modeling. Convenience non-probability sampling method is another limitation.

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