

UNIVERSITY OF TAMPERE  
School of Management

**STAKEHOLDER RELATIONSHIPS IN A NON-PROFIT  
NETWORK ORGANIZATION**  
CASE: EUROPEAN BUSINESS ETHICS NETWORK

Responsible Business  
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## ABSTRACT

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This Master's thesis studies the stakeholder relationships of a non-profit network organization, the European Business Ethics Network (EBEN). The objective of this study is to gain insight on stakeholder relationships that exist between a non-profit network organization and its stakeholders. The research aims to identify the case organization's stakeholders, describe the relationships between the actors and analyze the issues that the stakeholders advocate.

The research is carried out by conducting a qualitative case study of the organization. The research data is collected from semi-structured interviews, open-ended surveys and internal documents, which are then analyzed in an abductive nature using methods of content analysis. The theoretical framework of the study focuses on the stakeholder theory and the elements of stakeholder analysis. The theoretical framework identifies four important elements of stakeholder analysis: *stakeholder interests*, *dependencies between the organization and its stakeholders*, *relationship contributions* and *stakeholder advocated issues*. These elements are used to guide the analysis process.

The findings of the research are presented as four propositions. (1) The stakeholders of a non-profit network may be classified by their contribution to the stakeholder relationship, attributes of power and influence and by their size and level of activity. (2) The interests of non-profit network stakeholders are projected onto the objectives of the network organization. (3) Non-profit network stakeholder relationship contributions are mostly intangible and include knowledge, ideas, networking, financial resources and an input of voluntary work. (4) The issues that are advocated by the stakeholders of a non-profit network emphasize the practical operations of the organization. Issue salience may be evaluated by the level of deviation in the stakeholder perceptions.

This study contributes to the body of stakeholder literature by describing stakeholder relationships and their dimensions in the context of non-profit network organizations. The study concludes in proposing that due to the congruent interests of stakeholders, stakeholder relationships in a non-profit network organization contribute substantially to the agenda that is promoted by the whole organization.

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# 1 INTRODUCTION

## 1.1 Non-profits - from being a stakeholder to having stakeholders

The societal development from an industrial economy to a webbed field of economic actors has made way for a society where collaboration is favored over control and relationships are held at a great level of importance. To follow these developments, academic literature, which has focused broadly on the conceptualizations of the purpose of the firm, have shifted their focus from Milton Friedman's (1970) idea of maximizing profit for the shareholders to the concepts of corporate citizenship, shared value and stakeholder value creation (Wheeler, Colbert & Freeman 2003; Porter & Kramer 2011.)

According to these views, single organizations are no longer isolated hubs of power, wealth and knowledge, but rather a part of a network society that contribute to common wellbeing. An organization operates in and affects an environment, which in turn shapes the organization itself. In order to understand how the organization's goals may be achieved, it is important to understand the environment, the actors that operate alongside the organization; what are the impacts and interests of these actors. The stakeholder theory aims to bring more understanding to these dynamics.

The stakeholder theory has been presented as a challenger for the prevailing views on the purpose of the firm (Wheeler et al. 2003). The theory has offered a contrasting approach to conceptualizing the organization solely through an input-output function and a hub of resource trade. The seminal work of Freeman in *Strategic Management: A Stakeholder Approach* published in 1984 is seen as a cornerstone for the justification and later development of stabilizing the position stakeholder management as a perception of organizational activity. The stakeholder research and management tradition includes elements of philosophy, ethics, economics and organizational social sciences (Freeman et al. 2010). In its broader sense and applied form, the stakeholder approach is supported by the idea that businesses should be accountable to others (philosophic approach) and the practical advantages of using stakeholders as a unit of analysis to describe the social effects of business (organizational social sciences approach). (Wheeler et al. 2003, 15.)

The stakeholder theory revolves around the concept of stakeholders. The most commonly adopted definition of stakeholders has been introduced by Freeman (1984, 46) to be “any group or individual who can affect or is affected by the achievement of the organization’s objectives”.

Alongside the development of the stakeholder approach, the ever growing emphasis on sustainable business conduct has also brought organizations of all sizes under public, organizational and governmental examination. In the last two decades, the third sector of voluntary, non-profit (NPO) and non-governmental organizations (NGOs) have played a prominent role in engaging the business society in more ethical ways of operations. Differing from the for-profit organizations, the main objectives of NPOs may include attending a specific moral or politic cause whereas the aims of for-profit organizations focus evidently on profit generation (Hasnas 2013, 53–54). As the number of NGOs as well as their power to influence has increased from the 1980s, the overall influence of NGOs has had a significant role in promoting corporate social responsibility in the for-profit society from early strategies of confrontation to collaboration. (Carroll 1991; Arenas, Lozano & Albareda 2009; Skouloudis, Evangelinos & Malesios 2013.)

As NPOs evidently operate on different grounds and purposes, the key stakeholders of non-profits differ greatly from typical stakeholders of for-profit companies (Leroux 2009). Whereas the general classification of a for-profit organization’s normative stakeholders includes financiers, employees, customers and local communities (Freeman et al. 2010, 207), the implications of the stakeholder theory to non-profits and public organizations are commonly left at the level of identifying a few key stakeholders, either funders or clients of the organization. For example, Leroux (2009, 160–161) identifies the key stakeholder groups of non-profits as clients or financiers, such as sponsors or funders, but does not describe the relationships further. The NGOs and NPOs are commonly noted as stakeholders of for-profit corporations and research has focused on the demands posed on corporations by these actors (e.g. Rowley 2007; Mitchell, Agle & Wood 1997; Frooman 1999; Donaldson & Preston 1995). Although a variety of scholars have focused on developing stakeholder approaches to organizational management, the implication of the stakeholder theory from the perspective of third sector actors has been quite scarce in academic literature. Moreover, this scarcity in studies of stakeholder relationships of the third sector organizations provides an

interesting phenomenon to study further and provides insight on how these traditionally perceived stakeholders of for-profit organizations operate.

## **1.2 Research objective**

The objective of this research is to describe and create understanding about the stakeholder relationships of a non-profit network organization. The study is conducted as a stakeholder analysis of a case organization and the topic is approached with two research objectives, which aim to identify the characteristics of stakeholder relationships of non-profit organizations and the contributions that are made to the relationships between the actors. Furthermore, the research strives to describe the issues that are raised in non-profit organization stakeholder relationships.

The research questions of the study are:

- 1) Who are the stakeholders of a non-profit network organization and how can they be classified?*
- 2) What kinds of interests do the stakeholders hold in the case organization?*
- 3) What kinds of stakeholder relationship contributions are these interests translated into?*
- 4) What kind of issues are expressed by the stakeholders and how can their salience be evaluated?*

The first research question aims to gain insight the non-profit organization by identifying the stakeholders and their roles. In this research the *stakeholders* are assessed according to Freeman's definition of the term stakeholders as parties that "can affect or are affected by the achievement of an organization's objectives" (1984, 24). Following the traditions of stakeholder theory (see Freeman 1984; Bryson 2006; Tashman & Raelin 2013), the data collection process of this study focuses on collecting managerial views from the case organization and its regional network actives to identify and classify the stakeholders. The stakeholder identification is done by analysis of the empirical data and it is supported by a theoretical framework of influence relationships

(Mainardes, Alves & Raposo 2012) and a framework of the extended enterprise (Post, Preston & Sachs 2002). The analysis aims to assess elements of stakeholder relationships that arise from the empirical data and view these observations through different frameworks of the stakeholder theory.

Stakeholder analysis is based on evaluation of stakeholder relationships, which consist of interests, values, contributions and expectations (Donaldson & Preston 1995) as well as relationships based on property rights and ownership (Sachs & Rühli 2011, 15–17). Each stakeholder is involved with an organization because of distinct interest (Rhenman 1964), concerning an economic, technological, political, social or managerial aspect (see Freeman 1984, 91–94). In this study, the term interest is discussed as a synonym for stake and expectation. The second research question aims to identify the interests of the identified stakeholders.

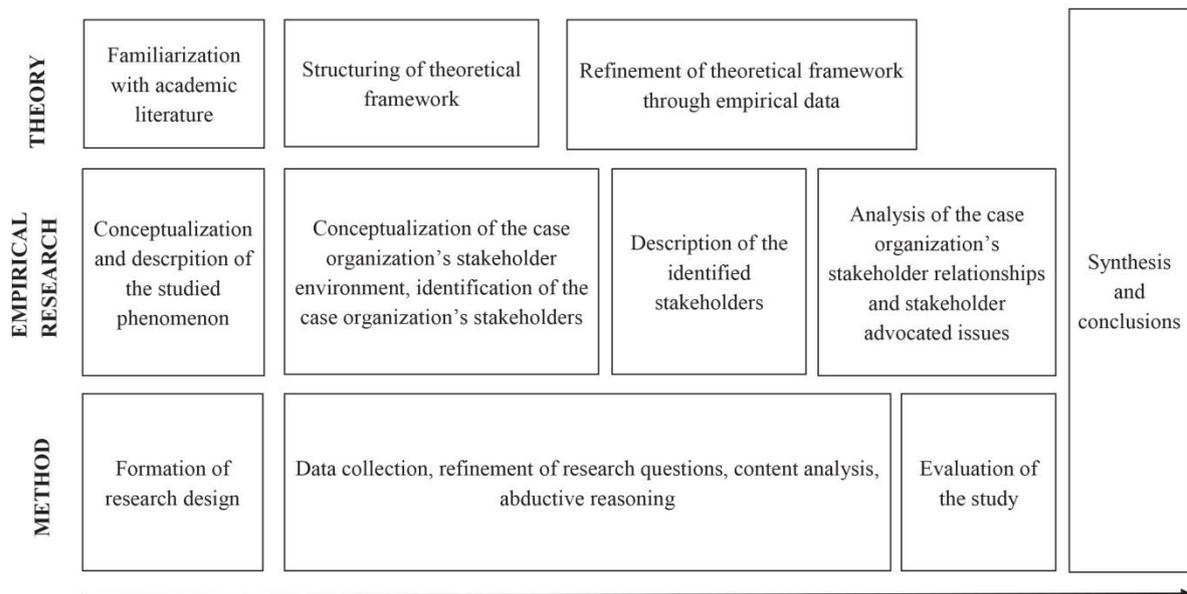
The identified interests are analyzed further through the third research question to clarify the types of contributions that are made in a stakeholder relationship. These contributions may be understood as resources (e.g. financial resources, goods or services) or intangible resources (e.g. knowledge, ideas, willpower) that are exchanged - and in some cases generated - in a stakeholder relationship. The contributions are a source of benefits and risks that are embedded in a stakeholder relationship. The contributions and issues in the relationship are identified by a systematic analysis of the empirical data, which is reflected on prior academic research on the topic (e.g. Sachs & Rühli 2011, Freeman 1984 and Bundy, Shropshire and Buchholtz 2013).

The frameworks that are built around the stakeholder theory also view the causalities that exist in the relationships. The conceptualization of these elements of cause and effect within the relationships provides more understanding of the organization and its responsibility as well as the value creation mechanisms in stakeholder relationships (Sachs & Rühli 2011; Freeman, Harrison, Wicks, Parmar & de Colle 2010, 8). The fourth research question aims to describe the issues that the stakeholders advocate and to view the congruency between the stakeholders' objectives and the organization's objectives. Furthermore, the fourth research question examines the expressed issues and their salience from a strategic and identity-based view to understand how the stakeholder interests (as expressed through issues) can be satisfied.

### 1.3 Research design

This Master's thesis assesses a case organization, the European Business Ethics Network, to identify its stakeholders, describe their characteristics, interests and expectations and contributions to the stakeholder relationships. The case organization is a cross-European network that aims to promote the discussion and research among the academics and practitioners of business ethics.

This study was initiated in September 2014, as the case organization called for research proposals on a stakeholder analysis. Stakeholder literature was then assessed with a focus on stakeholder analysis and network organizations and simultaneously the case organization's website and other public material examined. After familiarization with the case organization and the research phenomenon, a data collection plan was drawn out. Data was collected during a seven month period from October 2014 to April 2015. This data was analyzed throughout the period and a theoretical framework was simultaneously compiled to build a more thorough understanding of the researched phenomenon. Figure 1 illustrates the structure of the research process.



**Figure 1. Research process**

After most of the data had been generated, a draft of the stakeholder environment of the case organization was formed and presented to the management of the case organization. This step influenced further refinement in the research design and research questions. The final parts of research data were generated by April 2015, after which a second round of analysis was conducted for the whole set of data. The research was finalized by the formation of a synthesis and conclusions.

The structure of this report follows the structure of the research process. The first chapter introduces the research and its objectives as well as identifies the research questions and central concepts of the study. Chapter 2 forms the theoretical framework for the study. The chapter comprises the basic concepts of the stakeholder approach and elements of stakeholder analysis, methods for stakeholder classification and the stakeholder value creation process. The chapter also brings insight to network views of stakeholder environments, stakeholder relationships and structures of network organizations. Chapter 3 comprises of the research methodology and a description of the research and analysis process, which utilizes the central elements of the stakeholder approach that are described in chapter 2.

Chapters 4 and 5 present the findings of this study. Chapter 4 comprises a description of the case organization's stakeholders and presents typologies of the stakeholders and the stakeholder relationships. Chapter 5 describes the identified stakeholder advocated issues and evaluates their salience. Finally, chapter 6 presents the conclusions and the synthesis of the study. These include a comparative between prior academic research and the findings of the study, managerial implications and an evaluation of the study.

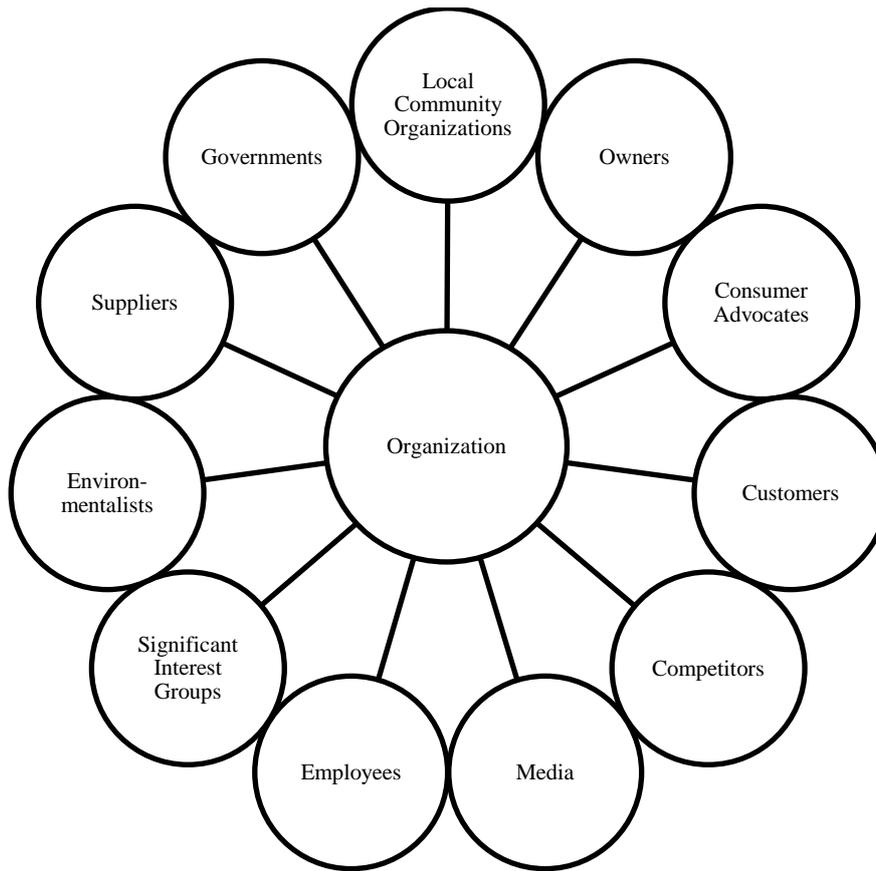
## **2 STAKEHOLDER APPROACH**

### **2.1 Stakeholder theory and management**

The traditional neoclassical perception of an organizational strategy aims primarily for profit maximization, financial benefits and generating value for shareholders. A distinct approach on stakeholder theory, collaboration, management and value creation within the stakeholder network has been developed alongside this neoclassical theory to provide an alternative view to the organization's operating environment. (Freeman 2014; Harrison, Boesso & Kumar 2009; Noland & Phillips 2010; Harrison & Wicks 2013; Sachs & Rühli 2011.)

The most commonly presented model of an organization is the input-output model, which stresses the traditional focus on transactions and on creating economic wealth and value for shareholders. To counter this view, Freeman's presentation (1984, 25) of the stakeholder view of the organization and strategic management diverts attention from internal corporate functions, profit generation and benefits to shareholders and strives to describe an organization, which is depended on its environment and its stakeholders. In his book, Freeman introduces management concepts and processes, which aim to create effective organizational strategy in a dynamic and turbulent environment. (Freeman 1984; Harrison & St. John 1996.)

Stakeholder thinking is a means of perceiving the actions of an organization through its stakeholders. These groups have stakes in the organization and thereby make the organization's activities possible. (Näsi 1995, 19.) The theory emphasizes a multi-perspective view of an organization as an object of influence while assessing the organization's field of influence. According to the theory, the assessment and management of the stakeholders is critical for the success of an organization. The theory states that for sustainable and successful business, attention should be paid to all parties, and only to parties, which influence and are influenced by the organization's activities. The stakeholder theory strives to produce an effective organization strategy, which is primarily a reflection of the key stakeholders' interests. (Freeman 1984; Donaldson & Preston 1995; Carrol & Buchholtz 2006; Harrison & St. John 1996.)



**Figure 2. Stakeholder view of firm (Freeman 1984, 25)**

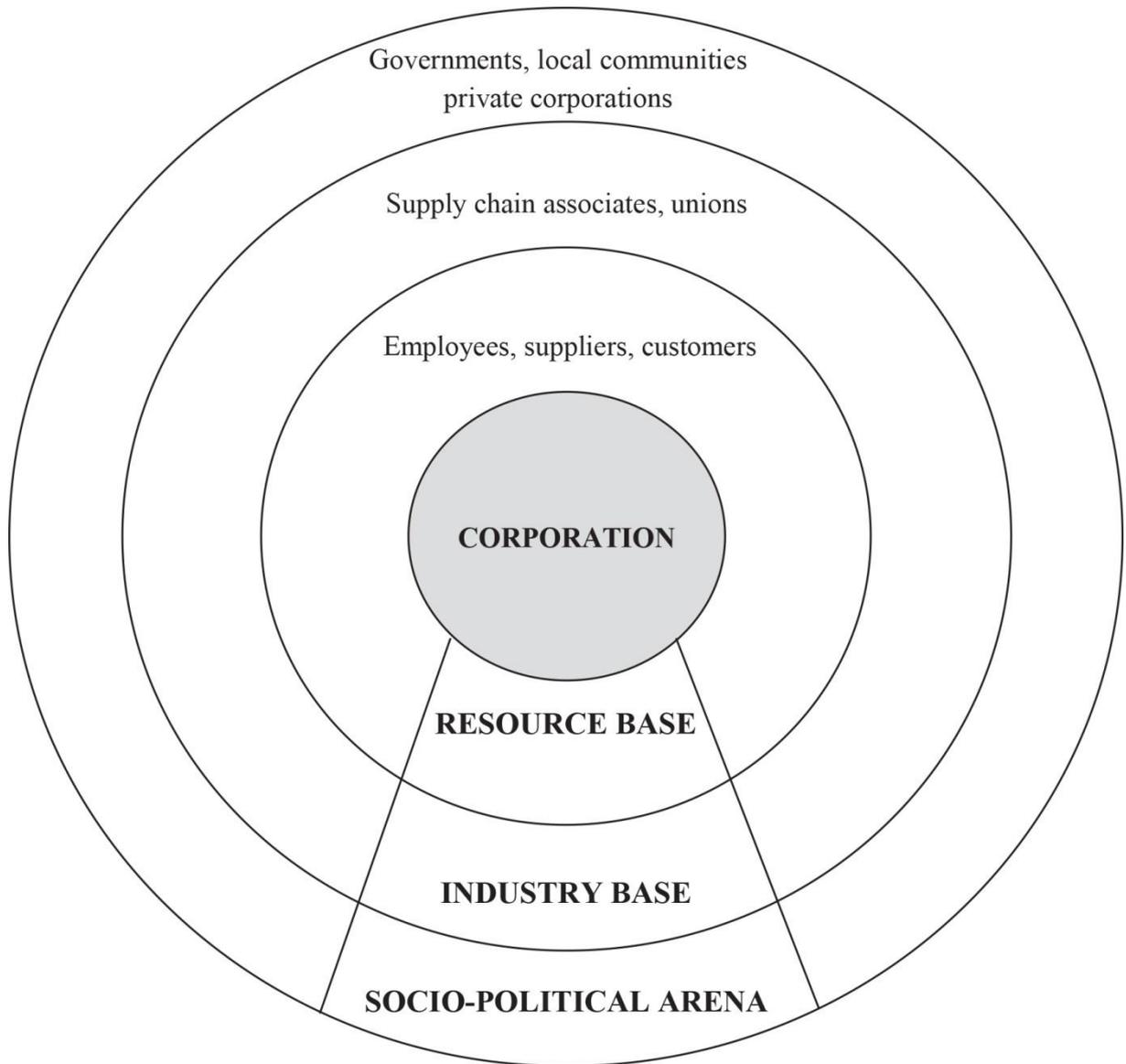
Figure 2 illustrates Freeman's (1984, 25) conceptualization of the organization. The ties, illustrated as lines between the focal organization and the surrounding stakeholders, symbolize different kinds of relationships between the actors and are only hypothetically displayed in congruent shape and size. The figure is not comprehensive in portraying all stakeholders and thus, it provides a hypothetical example of the organization's ties to its stakeholders. Traditionally, a stakeholder map of the firm displays shareholders or owners, suppliers, customers, employees and other significant groups which affect or are affected by the firm's activities (Donaldson & Preston 1995; Freeman 1984, 2010).

Donaldson and Preston (1995) have presented three approaches to the stakeholder theory: the *descriptive*, *instrumental* and *normative* aspect. Firstly, in the *descriptive* sense, the theory is used to explain or describe the characteristics and the behavior of an organization. Secondly, the *instrumental* approach emphasizes the identification of stakeholders and the means of stakeholder management to achieve organizational

objectives and finally, according to the *normative* aspect, the theory is used to observe the function of the organization. (Donaldson & Preston 1995, 70–74, 87–88.) The three aspects to the theory are not always differentiated. The approaches are partially interconnected and overlapping approaches to the theory, where the normative aspect is perceived as the basis for the other two aspects of the theory. (ibid.)

Stakeholder management is a form of strategic management, which is based on the stakeholder theory. Stakeholder management is a complex set of practices including the tasks of identifying stakeholders and their salience, managing relationships, communication and signing contracts. (Freeman 1984; Boesso & Kumar 2009, 65–66.) There are various approaches to justifying stakeholder thinking and management. Harrison and John (1996) suggest that stakeholders require managerial attention due to interdependencies between the organization and its stakeholders. They justify the claim by refining the normative and instrumental perspectives. On the one hand, the instrumental perspective refers to stakeholder collaboration contributing to benefits that may be gained from the relationship such as higher levels of trust, greater ability to control and predict changes in the operating environment and higher levels of operating efficiency. On the other hand, the normative perspective argues that stakeholder collaboration is supported by utilitarian views of how an organization should act in a moral manner. (Harrison & St. John 1996, 48–51.)

Building upon Freeman's (1984, 25) view of the firm of a focal organization, Post, Preston and Sachs' (2002, 8–11) model strives to include more of the economic, social and environmental aspects by extending the organization by the ties to other actors that involve practical operation and value creation. The model, the stakeholder view of the corporation, illustrates the organization and its extended nature as a three-layer circle as shown in Figure 3. In the conceptualization, the stakeholder groups are divided into a resource base layer, industry structure layer and a socio-political layer. In the framework, the organization itself is a nodal actor that connects to several other interconnected stakeholders, which in turn facilitate the value creating capacity of the organization. The three layers of the concentric circle diagram present different kinds of roles for the stakeholders. The layers illustrate, whether the stakeholders' impact on the organization is resource based (innermost layer), related to the structure of the industry or to the socio-politic arena (outermost layer). (ibid.)



**Figure 3. The stakeholder view of the corporation (Post et al. 2002, 10)**

Although the layers are presented in a concentric circle diagram, the importance of the actors in each layer should not be perceived as levels of importance or power when moving outwards from the diagram's innermost resource based layer. On the contrary, the figure aims to illustrate how the interconnected stakeholder relationships create basis for long-term value creation between the stakeholders and the organization, which are embedded in a network. (Post et al. 2002, 8–11; Roloff 2008.) The list of stakeholders in each concentric level is incomprehensive.

In the conceptualization of Post et al. (2012), the resource base comprises stakeholders, which have an input of social, financial or material capital in the organization or receive

such an input through the organization's activities. These stakeholder groups also contribute to collaborative problem-solving capabilities and play a role in the management and risk bearing of capital cost. The resource base of a for-profit organization generally comprises stakeholder groups of shareholders, employees, suppliers and customers or users of the organization and its goods or services. The stakeholder groups may be characterized by attributes of ownership, financial network, employment and training and product distribution. (Post et al. 2002, 11.)

The industry base can include actors such as supply chain associates, unions, regulatory authorities and partners. The industry base provides physical, informational or financial links to the supply chain as well as forms information networks. The impact that the industry base have on the organization relate to the network's efficiency. The industry base improves the organization's own capacity and resources and creates diverse incentives in the network. In the industry base, the organization is challenged to maintain its position with regard to other actors as well as apply the changes of the regulatory systems into practice. (Post et al. 2002, 11, 22.)

The socio-political arena of the extended enterprise influences the organization by creating possibilities of conflicts or adaptive integration and co-operation with the United Nation's agencies (governmental actors), or by supporting or opposing the organization in the form of public acceptance (local communities and institutions). NGOs are classified as actors of the socio-politic arena due to the possibilities that they create for impacting the organization's reputation, involvement in voluntary standards as well as possible conflict resolutions (Post et al. 2002; Mitchell et al 1995.) The model suggests that the social and political arena should be assessed in order to identify important issues and actors. This identification allows the organization to adapt to future developments and avoid conflicts or harm. (Post et al. 2002, 11, 22.)

Although Post et al. (2002) describe their extended enterprise conceptualization views the organization in a more dynamic and network structure, the figure still perceives the firm as the focal point of attention (see Roloff 2008). The figure is successful in creating a broader view of the organization's operating environment and role-based classification of stakeholders, but does not necessarily view the stakeholders through their relationship merits and interests.

## 2.2 Stakeholder analysis

### 2.2.1 Stakeholder identification and classification

Stakeholder analysis aims to identify the key stakeholders and map them out to grow better understanding of the environment, in which the organization is operating in. The analysis also aims as well to describe the dynamics between the identified stakeholders (Carroll & Buchholtz 2006, 71).

According to the stakeholder theory, the identification of stakeholders, which builds a basis for stakeholder management, is an essential part of organizational understanding of how to run a successful business (Freeman et al. 2010, 9–11, 29). The flow of unfiltered information throughout the stakeholder network should be considered the basis for ethical organizational strategy as it is naturally connected to the organization's interests: The goals and purposes of an organization affect and are affected by the parties that participate in the operations of an organization (Noland & Phillips 2010, 48). Stakeholder management utilizes this knowledge and strives to balance between the conflicting expectations and interests of multiple stakeholders (Fassin 2012, 88). The instrumental perspective of the theory supports the claim in that attending to the interests of a broader group of stakeholders, rather than a few primary actors, the overall impact on the organization's performance is higher (Donaldson & Preston 1995). Harrison and St. John (1996) emphasize the importance of stakeholder partnerships in stakeholder management and point out that as opposed to juggling with the needs and expectations of different stakeholders, organizations should focus on fostering the common goals between their stakeholders.

The effects of the organization's activities as to each relevant actor and vice versa may be defined by analyzing the interests or *stakes* in each stakeholder relationship. The identification of the stakes may then be used to understand the cause and effect of the relationships between an organization and its stakeholders. Freeman (1984, 91–94) distinguishes between five different types of stakes: *economic, technological, political, social and managerial*. Stakeholders holding the *economic* dimension of stakes may affect profitability or cash flow of the firm and from the stakeholder's perspective, a firm's actions may directly influence a stakeholder's economic well-being. The *technological* dimensions of stakes may involve barriers to developing or using specific

technology. A stakeholder with *social* stakes may affect the organization's level of public acceptance or social status, which may also be due to a more *political* stake. Moreover, stakeholders may become involved in a political process to achieve a social purpose. The *managerial* stakes of stakeholders may have impact on an organization's management processes, values or attitudes towards certain groups. (ibid.)

Academic literature on stakeholder theory has introduced various criteria for the classification of stakeholders. These derive mainly from the position of the stakeholders from the organization's perspective as well as the nature of the issues, which the stakeholders are promoting. Models for classification vary from evaluating the stakeholders' roles or power to co-operate or threaten the organization to analyses of network structures and their centrality of focus (e.g. Freeman 1984; Savage et al. 1991; Rowley 1997; Mitchell et al. 1997). The traditional classification by Clarkson (1995) revolves around prioritization of stakeholders by dividing them into groups of *primary* and *secondary* stakeholders. The *primary* stakeholders have contractual, formal or official ties to the firm and contribute to the success of the firm. The *secondary* stakeholders comprise all other stakeholders, such as media or special interest groups. The distinct difference between primary and secondary stakeholders is that primary stakeholders are essential to the organization's survival and success, whereas secondary stakeholders are not (Clarkson, 1995, 106–107).

Mitchell et al. (1997) have brought about a popularly noted criterion for analyzing stakeholder salience based on three attributes: the stakeholders' power to influence the firm, a legitimate relationship with the firm and an urgent claim on the firm. The framework is dynamic and suggests that stakeholders should be prioritized with respect to the number of attributes that each stakeholder holds at a given time. The stakeholders that possess one of the attributes are labeled *latent stakeholders* and should be given only little attention. The *expectant stakeholders* possess two of the attributes. Stakeholders, who possess all three of the attributes are labeled *definite stakeholders* and should receive immediate attention. (Mitchell et al. 1997, 875.)

Frooman (1999) highlights the importance of resource control in stakeholder relationships and introduces a typology for classifying stakeholders by their influence power and resource dependencies, i.e. to what extent are stakeholders empowered by their access to resources that are vital to the organization and vice versa. The typology is

based on a matrix of two factors, firm dependence on the stakeholder and stakeholder dependence on the firm, where the matrix quadrants are labeled as firm power, stakeholder power, low interdependence and high interdependence. The level of interdependencies or power positioning affects the relationships between the organization and its stakeholders, as the higher the interdependency, the more dependent the organization and the stakeholder are on mutual welfare. With lower interdependencies, the theory suggests that stakeholders use their power and withhold the necessary resources to influence the firm. (Frooman 1999, 195, 199–201.)

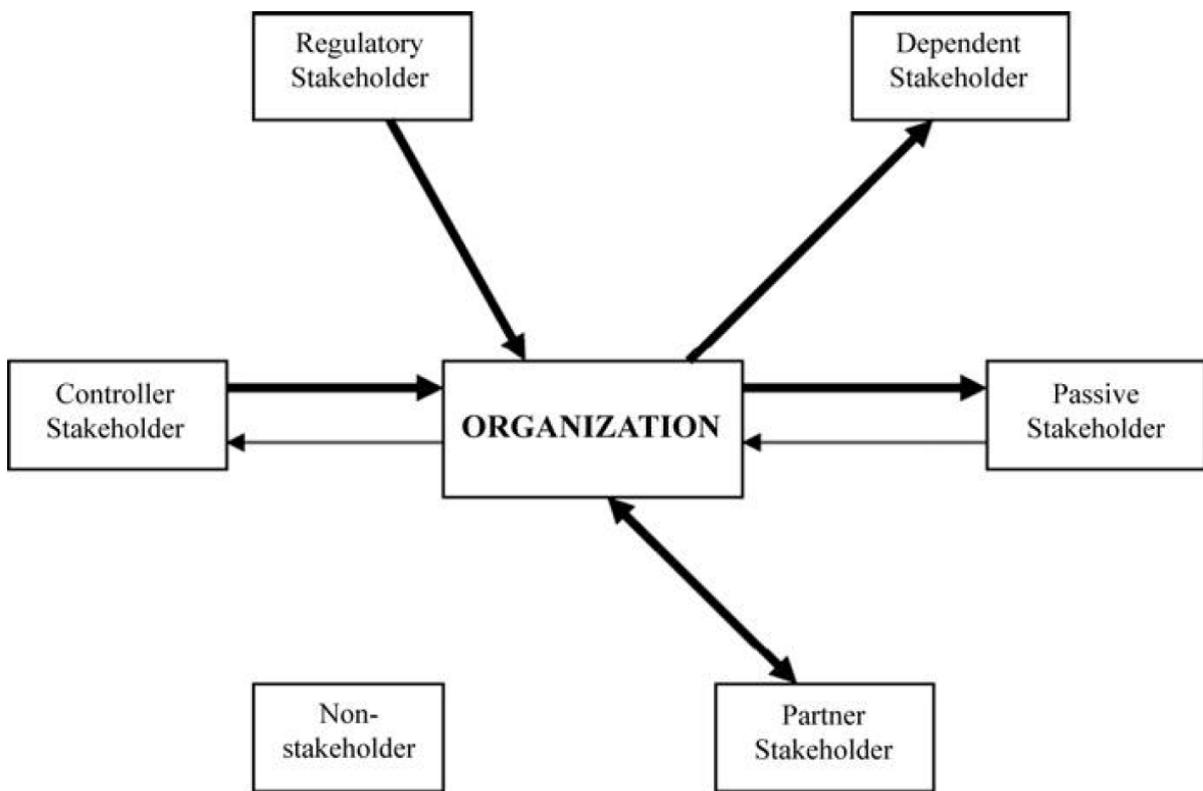
Phillips (2003) divides the stakeholder groups into normative and derivative stakeholders, where normative stakeholders refers to groups to whom the organization has moral obligation and derivative stakeholders are perceived as groups, to whom the organization is not morally obligated, but the stakeholder may be affected by the organization's actions (Phillips 2003).

Contrary to Fassin's (2012) and Mitchell, Agle and Wood's (1997) idea that stakeholder interests should be prioritized and balanced in the organization's strategy, Freeman (2014) states that the stakeholder theory does not explicitly aim to balance between contrasting interests of stakeholders: the stakeholder field should be assessed with the aim of finding a harmony between the different interests. Moreover, stakeholder interest are not be streamlined, one should rather look for intersecting interests. Conflicts, on the other hand should be seen as an instant where more value can be created. (Freeman, lecture 24.11.2014; Freeman et al. 2010, 27.)

### *2.2.2 Stakeholder relationships*

Stakeholder identification by itself does not yet mean that the stakeholder perspectives are integrated into organizational strategies. In addition to identifying significant stakeholders, it is important to assess the nature of the stakeholder relationships, stakeholders' expectations, needs and interests. (Mainardes, Alves & Raposo 2014, 1875; Post et al. 2002.) Building upon Mitchell, Agle and Wood's (1997) model of stakeholder salience, Mainardes, Alves and Raposo (2012) have extended the vision of needs-satisfaction in stakeholder relationships to distinguish six types of stakeholders. Their research on public sector actors implies that three factors – relevance, mutual

influence and participation – are important in determining the nature and strength of stakeholder relationships. The influence power and its direction are used to distinguish between the following types of stakeholders, whose influence power over the organization is listed in a descending order from the most influential to the least influential: the regulator, controller, partner, passive, dependent and non-stakeholder. (Mainardes et al. 2012, 1871–1873.) The stakeholder types are illustrated in Figure 4 below, where the direction and strength of influence are symbolized by the direction and thickness of the arrows.



**Figure 4. Illustration of the organization and stakeholder relationships of influence (Mainardes, Alves & Raposo 2012, 1874)**

In the relationship and influence model (Mainardes et al. 2012) the regulatory stakeholder possesses influence power over the organization, whereas the organization is perceived to hold no power over the stakeholder. The controller stakeholder and the organization are described by mutual influence relationship, where the influence power

of the stakeholder over the organization is still perceived to be stronger than the influence power of the organization over the stakeholder. The relationship between the organization and the partner stakeholder is described by mutual, but equal and balanced, influence, in which the parties act in association with one another. The passive stakeholder and the organization influence each other mutually, but the organization is perceived to hold more influence power over the stakeholder. The dependent stakeholder is seen to have no – or only little – influence of the organization, whereas the organization possesses influence power over the stakeholder. Finally, the non-stakeholders and the organization are perceived to have no influence over one another. (Mainardes et al. 2012, 1871–1873.)

Due to the dynamic nature of stakeholder relationships, a stakeholder analysis will never be final or definite, but rather varies according to the observed time frame and the purpose of the analysis. How stakeholder identification and analysis is carried out is always subject to the underlying purpose of the study as well as the dynamics of the organization at a given time. These elements will form the framework for who will be involved in the analysis process and how. (Bryson 2006, 27.) The identification and analysis of stakeholders is traditionally left to managerial actors, who then attribute salience to subjectively chosen stakeholders and differentiate between the interests of these groups. Due to this subjectivity and assumption-based analysis, it may be necessary to carry out a validation of the individual interests of stakeholders by interviews, surveys or interest groups. (Freeman 1984, 95; Mainardes, Alves & Raposo 2012, 1874; Tashman & Raelin 2013)

Whereas studies on stakeholder identification of for-profit companies emphasize the transactional and resource-based relationships (including tangible or intangible resource contributions) between the organization and its stakeholders and the externalities that occur through the firm's operations (e.g. Mitchell et al. 1997; Frooman 1999; Freeman 1984), the third sector stakeholder analyses point out that stakeholder mappings commonly include the members, funders, the executive board, employees and beneficiaries. These groups may include diverse actors, such as individual persons, institutions, private donators or local governmental actors. (Yaziji & Doh 2009, 6.) This research acknowledges that the contributions made within the non-profits' stakeholder relationships are mainly financial (in terms of funding or money directed at

beneficiaries) and in the form of human capital input (volunteer work, sharing knowledge).

### *2.2.3 From dyadic ties to a network structure*

Network oriented approaches to the stakeholder theory suggest that rather than viewing separate relationships between two actors, a network image may be more appropriate to understand the organization and its stakeholder environment (Rowley 1997; Post, Preston & Sachs 2002; Wheeler et al. 2003; Maak 2007; Roloff 2008; Cots 2011).

Wheeler et al. (2003, 3) introduce the term value-based networks (VBNs) to acknowledge that stakeholders may group themselves in communities of interest; communities that share a common sense of what is valuable and how this value is created. The networks (also referring to business nets and multi-stakeholder networks) are structures that reach beyond national or regional boundaries and are based on a voluntary nature. These organizations' objectives and actions are agreed on by all network actors. (Roloff 2008, 237.) Networks and network organizations have features that are similar to those of any other organization. The networks may be characterized by providing mutual interests or goals, a basis for membership, a sense of collective endeavor, agreed means of communication and a means of coordinating activities. (Ottewill, Riddy & Fill 2005, 139.)

The network structure on an abstract level is described as a group of nodes (network actors) that are interconnected by threads, which represent the relationships between the nodes. These relationships are always a part of the larger network context and cannot be examined without the understanding of the history of the relationship, the expectations of all of the actors and their future interactions. Although interactions between two parties in a network may be realized in a dyadic relationship with positive or negative effects, these interactions always have effects on the larger network; most of the times, effects are minor, but they may also be more substantial. All the actors in a network gain benefits or incur costs from the actions of any actor in the network. (Håkansson & Ford 2002, 133–134; Cots 2011, 329.)

The network structure provides both limitations and opportunities for the actors that are embedded within the network. The investments that are made by a single organization,

whether directed at the organization's internal capabilities or as a resource provided to a particular relationship, have an indirect influence on the whole network. This creates opportunities for innovation as the relationships between the actors may be developed by a variety of combined resources. However, as the relationships are interconnected, the actors cannot operate in isolation, and the changes, that one actor may want, are always dependent on the approval of other actors in the network. These interconnected dependencies in a network limit the view that networks may be perceived to be controlled by one single organization. (Håkansson & Ford 2002, 135.)

When modeling a firm, the organization is generally placed in the center of its stakeholder map, where most of the influence power is perceived to be vested. However, the network view emphasizes that the organization's influence power is equal or sometimes even less than that of its stakeholders. Rather than acting on a solitary role towards a specific goal, stakeholders may combine their mutual interests to act as groups or networks to gain more influence power over the organization (Zietsma 2008; Frooman 1999). The nature of stakeholder influence from stakeholders towards the organization and vice versa is described by processes of building influence chains, directing influence flows and shifting influence chains (Zietsma 2008).

#### *2.2.4 Issue-based stakeholder analysis*

As opposed to identifying stakeholders based on their sole interest and the links to the economic contracts, approaches to stakeholder analysis have increasingly integrated aspects of social-psychology and group dynamics into frameworks to recognize stakeholders by their humane characteristics and social identities (e.g. Roloff 2008; Crane & Ruebottom 2012; Bundy, Shropshire & Buchholtz 2013) The social identities that the stakeholder groups represent often raise salient issues that are advocated by an individual stakeholder or a broader stakeholder network. These issues can be recognized and their salience evaluated by issue, not necessarily only by the advocating stakeholder (Bundy et al. 2013; Roloff 2008). Issue salience may be divided into *instrumental salience*, which spawns from the strategic importance of the issue, and *expressive salience*, which is driven by the need of the organization to form its identity by reacting to these issues (Bundy et al. 2013, 364; Rowley & Moldoveanu 2003, 211–212).

Crane and Ruebottom (2012) propose a framework of stakeholder identification that connects diverse stakeholder identities and economic roles. The authors argue that earlier applications are too concentrated on the traditional contract-based stakeholders, such as the employees and suppliers, and state that this accentuation of contracts builds barriers for richer stakeholder identification. The acknowledgement of stakeholders with regard to a social identity, such as political, issue based or location-based groups also presents stakeholder ties that may be stronger than the purely economically oriented ties that are more commonly considered in stakeholder identification (Rowley & Moldoveanu 2003, 211; Crane & Ruebottom 2012, 80–85).

Roloff (2008, 238) presents a new definition of a stakeholder that applies to the issue-focused stakeholder management and states stakeholders to be “any group or individual who can affect or is affected by the approach to the issue addressed by the network”. Roloff (2008, 233–236) suggests that Rowley’s (1997) idea of a stakeholder network is too concentrated on achieving an organization’s goals. She divides stakeholder management into organization-focused stakeholder management, which addresses the organization’s welfare, and issue-focused stakeholder management, which addresses the issue that affects the relationships between an organization and other actors. In organization-focused stakeholder management, the stakeholders are distinguished by the relations between the actors and the organization (consumers, suppliers, employees etc.) and other groups that have a stake in the organization, such as the civil society. It is suggested, that organization-focused management with, the aim of reaching the organization’s objectives through stakeholder management, tends to lead to paying more attention to those stakeholders, who affect the organization rather than the potentially smaller and less powerful stakeholders that are affected by the organization. (ibid.)

Focusing on the social issues and developments of the surrounding society is, however, not purely a theme of the 2010’s as these themes have also been presented in Freeman’s (1984) earlier ideas of the stakeholder analysis. Freeman (1984, 91–92) divides the strategy process of an enterprise to consist of the stakeholder analysis, assessment of the organization’s and stakeholders’ core values and the analysis of societal issues, which can affect the organization or its stakeholders.

In analyzing the societal issues, Freeman proposes an issues matrix (see table 1 below) to evaluate the salience of the issue with regard to how important each issue is to each stakeholder group by combining the level of concerns of the key stakeholders with issues such as financial returns or product service (Freeman 1984, 113–115). The simplified matrix aims to create a more external view of the organization, but revolves mostly around the strategic issues and acts as an instrumental tool to acknowledge the sensitivity of the issues with regard to the stakeholders.

**Table 1. Issues/stakeholders matrix (hypothetical example). Simplified from Freeman (1984, 114).**

<b>ISSUES</b>	<b>STAKEHOLDERS</b>			
	Employees	Unions	Stockholders	Government
Product safety	3	3	NA	1
Truth in advertising	1	1	NA	1
Pricing policies	3	3	NA	1
Product service	3	3	NA	1

3 - high level of concern

2 - moderate level of concern

1 - low level of concern

NA - stakeholder is not concerned with the issue

Bundy et al. (2013) introduce a framework, where issue salience can also be evaluated using a matrix with two factors: the salience of the issue considered from a strategic point of view and the importance of the issue as to the organizational identity. The issues are evaluated by three levels of interpretation: consistent (positive), conflicting (negative) and unrelated. (Bundy et al. 2013, 354–355.) Figure 5 illustrates the cross-table of this typology.

		Relationship with strategic frame		
		Consistent	Conflicting	Unrelated
Relationship with organizational identity	Consistent	<b>True opportunity-</b> Substantive	<b>Frame conflict-</b> Substantive	<b>Expressive opportunity-</b> Symbolic
	Conflicting	<b>Identity conflict-</b> Substantive	<b>True threat-</b> Substantive	<b>Expressive threat-</b> Symbolic
	Unrelated	<b>Instrumental opportunity-</b> Symbolic	<b>Instrumental threat-</b> Symbolic	<b>Nonissue</b>

**Figure 5. Strategic cognition, issue type and responsiveness  
(Bundy et al. 2013, 364)**

Figure 5 divides the assessed issues into three levels and categories of salience. The darker the box, the higher the salience. The issues with high salience (dark grey) or *substantive issues*, are characterized by having both instrumental and expressive salience. (Bundy et al. 2013, 364–365.)

Moderate salience issues (light grey) that hold only instrumental or expressive salience are characterized to be *symbolic issues*. These issues are described to pose or offer an opportunity or threat to the organization. As the issue conflicts with the strategic frame (expressed threat), but is unrelated to the organizational identity, the issue is typified as an instrumental threat. Vice versa, the issue is typified as an expressive threat. If an issue is consistent with one factor, but unrelated to another, the issue is perceived as an opportunity, either an instrumental or expressive one. (Bundy et al. 2013 364–365.)

According to this framework Bundy et al. (2013, 365) argue that only those issues, which are characterized to have high salience, will receive managerial attention and response.

### **2.3 Stakeholder engagement and value creation**

The focus in stakeholder management research has been shifting towards stakeholder relationships and long-term value-creation. Value is perceived to be created by developing mutual relationships as opposed to generating immediate profit or benefit. Stakeholder management has traditionally been perceived as a means of controlling risks and controlling the stakeholder relationships of an organization through different practices (e.g. Freeman 1984, 144–146; Savage et al. 1991; Mitchell et al. 1997; Harrison & St. John 1996), but the perception as such may be seen outdated, and more recent studies on stakeholder theory perceive firm performance by the utility - or value - that is generated for and recognized by stakeholders (Harrison & Wicks 2013).

In the later 2000's research literature assessed the topic by observing the nature of stakeholder management and stakeholder engagement (Morsing & Schultz 2006; Roloff 2008; Burchell & Cook 2008; Sloan 2009). Stakeholder engagement itself can be understood as multiple processes conducted by the organization in any of its activities that involve its stakeholders in a positive matter. The engagement strategies occur in different levels of involvement that consist of establishing, developing or maintaining stakeholder relationships. (Greenwood 2007, 318–321) Stakeholder engagement may be defined as “processes of consultation communication, dialogue and exchange” (Greenwood 2007, 322). Moreover, the practices include collaborative interaction, dialogue and partnerships that strive to generate strong social performance. (Burchell & Cook 2008; Sloan 2009.)

Sloan (2009) differentiates between two levels of stakeholder engagement: control and collaboration. The more traditional control model aims to assess the risks and problems that stakeholder interests may pose on the organization. The controlling approach to stakeholder engagement is usually carried out alongside the organizational strategy rather than incorporated into the strategy. On the contrary, the collaboration model focuses on the opportunities that stakeholder relationships offer with the aim of

partnering with stakeholders to provide the basis for innovation and transformation of the organization. (Sloan 2009.)

The growing importance of intangible assets in organizational performance has driven the research to also view value creation through the stakeholder relationships as opposed to resource exchange and contractual ties. Value is perceived to be generated primarily through relational interaction, which may have developed from individual transactional interactions (Myllykangas 2009, 59; Post et al. 2002, 6–7). The relationships that exist between organizations and their stakeholders are displayed in and through the organization's daily operations, which have an impact on the stakeholders. The relationships may be constructive and develop new practices and be mutually beneficial and respectful towards the worth of each stakeholder, but they may also be destructive (Waddock & Smith 2000, 49; Sachs & Rühli 2011, 60). The strength of the relationship should also correlate with the strategic importance of the stakeholder (Harrison & St. John 1996, 58). The input of stakes in the relationship creates stakeholder expectations. Näsi (1995) argues that only if these expectations are met through compensations or rewards, the co-operation between the stakeholder and the organization may continue. These rewards can include money, goods, information, status prestige or power. (Näsi 1995, 99–100.)

Sachs, Maurer, Rühli and Hoffmann (2006, 509) state that the existence of an organization can be legitimized only if the organization creates value for and with its stakeholders. Building upon the framework by Post et al. (2012), the authors have refined the idea of a stakeholder network and the roles and impacts of stakeholders to specific four roles of network contributors. They divide the roles of these contributors of a stakeholder network to *benefit providers*, *benefit receivers*, *risk bearers* and *risk providers*. For the *benefit providers*, the contributions to value creation may come in a variety of forms ranging from emotional contributions to sharing resources. The *benefit receivers* may then benefit by the gain or enhancement of resources. The *risk bearers* in the network make specific contributions and thus bear a specific risk in the network value creation process. The contributions made in the network may, for example, be of very little (if even of any) use outside the network. Lastly, the risk providers may pose a threat to the interactions in the network and potentially destroy value. Although the authors emphasize the importance of interaction in a network as a basis for value creation, it is also noted that all interactions in a network do not necessarily intensify the

value creation contributions made in the network. Furthermore, certain interactions between participants may act in the opposite way and weaken or destroy value creation contributions. (Sachs et al. 2006, 509; Sachs & Rühli 2011, 60.)

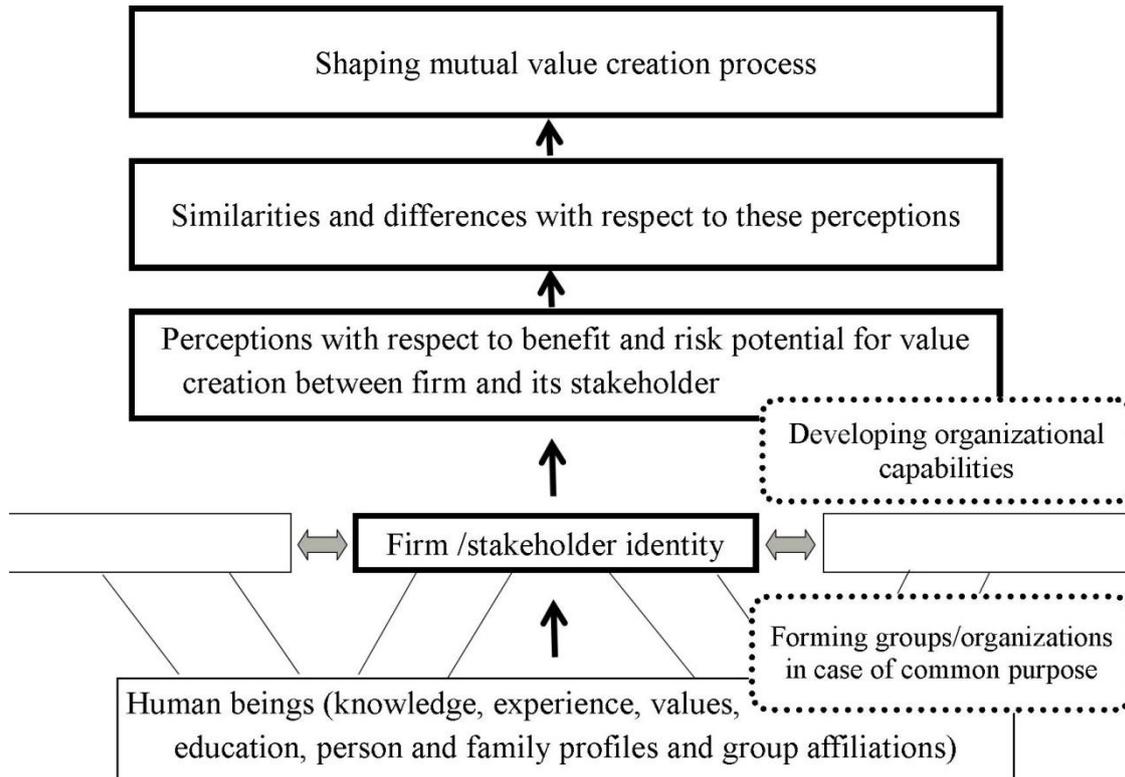
Wheeler et al. (2003) establish a connection between the elements of sustainability (social, ecological and economic) and value creation in stakeholder engagement to create a navigation tool for characterizing organizational behavior. Value creation can be conceptualized into three levels of organizational cultures. The levels classify the organizational cultures according to their influence on value creation ranging from do minimum harm to do maximum good, in other words, from avoiding the destruction of value (level 1) to creating maximum value (level 3). In the first level, *the compliance culture*, the organization does not specifically engage with its stakeholders, but follows societal norms so that it avoids the destruction of value. Level two, *the relationship management culture*, is characterized by the organization realizing the potential of good stakeholder relationship and trying to provide tailored value to each primary stakeholder. Value is created, but traded off; level two is identified as a value neutral level. In the third level, *the sustainable organization culture*, the organization recognizes the interdependencies between its stakeholders, the society and value based networks and seeks to utilize the synergistic elements in value creation. (Wheeler et al. 2003, 9–12.)

Value creation and its distribution is a prominent element in stakeholder research. According to Clarkson (1995, 112), value should be created for all primary stakeholders equally, to an extent where one stakeholder is not favored at the expense of another. Refining Freeman's definition of stakeholders, Post et al. (2002, 8) have added the element of value into their understanding of the term and state that stakeholders "...are individuals and constituencies that contribute, either voluntarily or involuntarily, to its [the organization's] wealth-creating capacity and activities and who are therefore its potential beneficiaries and/or risk bearers." Post et al. (2002) state that value creation is not limited to the immediate or primary stakeholders, but that it is scattered throughout the extended enterprise. This statement is also supported by Bosse, Phillips and Harrison (2009, 454) who propose that after all, the value created by the firm is the accumulation of the value created in each of the organization's stakeholder relationships. Harrison et al. (2010) agree that organizations that distribute value and decision making power across their pool of stakeholders (i.e. organizations that manage

for their stakeholders), but add that the organizations often allocate more than the necessary amount of resources to satisfy their stakeholders. Managing for stakeholders holds potential for further value creation; when organizations understand the experienced value, the value creation process may be modified to attend the interests of the stakeholders. (Harrison et al. 2010, 60–63; Sachs & Rühli 2011, 62.)

The welfare that is induced from stakeholder engagement and collaboration can be conceptualized as a *utility function* of what activities contribute to value creation. Supporting Sachs & Rühli's (2011) conceptualization of value creation (Fig. 5, p.24), Harrison et al. suggest that understanding the two factors that facilitate or obstruct the utility function as well as how the utility functions are weighted by the stakeholders is an important element in facilitating value creation. The first factor that facilitates obtaining information about the utility functions is a history (and expectation) of justified and equal distribution of value to the stakeholders. The second factor is a common history of managers hearing the stakeholders when strategic decisions are made. (Harrison et al. 2010, 60–63; Sachs & Rühli 2011, 62.)

Figure 6 illustrates the key assumptions of the stakeholder paradigm (Sachs & Rühli 2011, 62), where stakeholders are seen as a group of human beings, and the different and similar perceptions lead to mutual value creation. Stakeholder theory attends value creation from the viewpoints of social justice, stability and the role of business in society (Wheeler et al. 2003). Value is not to be seen only as an economic benefit as it may also be generated in the form of intellectual, organizational or other social value, intangible or tangible outcomes (Sachs & Rühli 2011, 59; Harrison, Bosse & Phillips 2010, 62; Post et al. 2002). In the case of NPOs, where the organization performance is attained through attending a moral or politic cause, the value that is created may be realized by raised levels of subjective well-being or experienced levels of satisfaction among the advocated social groups (Hasnas 2013; Kroeger & Weber 2015).



**Figure 6. Perceptions of firms and stakeholders (Sachs & Rühl 2011, 62)**

As illustrated in the bottom stages of the value creation perception in figure 6, stakeholder behavior and engagement is stated to arise from stakeholder identity and interest (Sachs & Rühl 2011, 62). The identity of the stakeholder groups or the organization is strongly a result of the existing dyadic relationships, or the assumed existence of relationships. The figure indicates that no single stakeholder or organization is in complete control over the mutual value creation, as firms and stakeholders play multiple roles that may change over time, leading to changes in perceptions of value creation possibilities (Sachs & Rühl 2011, 62). On the one hand, interaction occurs when the stakeholders find their purpose and interests threatened or on the other hand, when they intend to identify with new stakeholder groups. However, this interaction is limited due to multiple different interests, values and expectations that exist within the stakeholder groups. (Rowley & Moldoveanu 2003; Brickson 2007.)

By illustrating the stakeholder paradigm as a process, the illustration by Sachs and Rühl (2011, 62) also conceptualizes the variables that are examined in a stakeholder analysis. Values, knowledge and group profiles are primary factors, which connect

individual actors and define these groups through a common purpose and interest. As the groups develop in their organizational capabilities and activities, the focus is shifted to the causalities between the risk and potential that each stakeholder relationship holds. Thus, the stakeholder analysis primarily stems from understanding the stakeholder identities, goals, interests and perceptions of values creation.

## **2.4 Summary of the theoretical frame of reference**

The stakeholder approach perceives organizational functions through their effects on individuals or groups, or the effects of these groups on the organization. The stakeholder approach emphasizes that organizations operate as a part of a stakeholder network, which comprises multiple interconnected actors. The stakeholder approach can be characterized by elements of morality and utilitarian conduct and it emphasizes that the organization is not necessarily a focal point, to which all the stakeholders connect to, but rather one link in a larger grouping of actors. (Freeman 1984; Wheeler et al. 2003; Post et al. 2002.)

The stakeholder theory revolves around the purpose of the firm: to create value for all of its important, or primary, stakeholders (Clarkson 1995). Stakeholder management is the practical implication of the stakeholder approach and is built upon a stakeholder analysis. According to the theory, an organization may be evaluated and understood through its stakeholder relationships beginning with the identification of the stakeholders. The underlying objective of applying stakeholder approaches to organizational activities is to legitimize the organization's actions and to create value for the stakeholders and ensure the success of the operations through stakeholder engagement (Freeman et al 2010; Harrison et al. 2010; Sachs & Rühli 2011).

The stakeholders of an organization may be classified, prioritized and analyzed through several different frameworks: the stakeholders may be grouped according to interests, resource access, contribution type or the influence power of the stakeholder (Post et al 2002; Mainardes et al. 2012). In addition, a prominent element of stakeholder analysis lies in understanding the social identities that are represented by the stakeholders and the issues, which these stakeholders may advocate on the basis of their identity. In analyzing an organization, stakeholder views highlight that stakeholders group

themselves in a network according to their interests, identities and goals, and it is essential to note that these factors are in no case static, but under constant change, creating a dynamic operating environment (Crane & Ruebottom 2012; Shropshire & Buchholtz 2013).

Whereas the earlier research supported views of controlling stakeholders and their influence power, scholars have more recently suggested that more importance should be placed on the relationship attributes and the value creation process, such as factors that may limit or facilitate the creation of mutual value (Sachs & Rühli 2011; Harrison et al. 2010). In assessing the value creation process it is important to recognize the different perspectives of stakeholders on what kind of value is appreciated, how value is distributed and how it is created with and for them.

Research among the stakeholder theorists has presented multiple approaches to identifying, classifying and understanding stakeholder relationships, but only a few have focused on a non-profit organization. In this research, the case organization's stakeholder relationships are identified and studied primarily by observing the dependencies between the stakeholders (e.g. Frooman 1999) and the classification is aided by the frameworks of Mainardes et al. (2012), Post et al. (2002) and Sachs and Rühli (2011). This study also strives to take a perspective that acknowledges the role of issue salience (see Freeman 1984, Bundy et al. 2013) within the stakeholder network.

## **3 RESEARCH METHODS**

### **3.1 Research methodology**

This research is conducted as a qualitative intensive case study of the European Business Ethics Network. The objective of this research is to study the stakeholders of the organization; furthermore, this thesis aims to identify the stakeholders of the case organization, and describe the attributes and the interests of these identified stakeholders to form an understanding of the stakeholder relationships. In this study, the stakeholders and their advocated issues are analyzed through data, which comprises the perspectives of the case organization's management and the researcher's own observations that are drawn from the collected data.

A central feature of qualitative research is to describe complex phenomena as entities without dividing them into separate variables (Koskinen, Alasuutari & Peltonen 2005, 31–32). Intensive case study as a research method emphasizes the comprehension and the different interpretations of the specific case at hand and aims to develop understanding of the topic by using the perceptions of those involved in the case. In a case study the role of the researcher may be seen as an interpreter, who constructs and analyzes a case using perspectives, understandings, experiences, sense-making processes and interactions of people who are involved in the case. (Eriksson & Kovalainen 2008, 116–118.)

The use of multiple sources enables case study research to be perceived more accurate, rich and convincing. Case studies may combine existing empirical data, such as minutes, documents, and media text with empirical data created for the research project, such as open ended interviews and focused mini surveys. (Eriksson & Kovalainen 2008, 125–126.)

This study was conducted with an abductive approach. Abductive reasoning is a combination of deductive reasoning, which revolves around forming hypotheses from the theory and testing these through empirical data, and inductive reasoning, which aims to form new theoretical frameworks from the systematically collected data. The abductive approach is characterized to be driven by a practical case, which is then analyzed through combining the existing theory to new observations and perceptions.

As the inductive and deductive approaches are described as linear processes, the abductive approach is commonly drawn in a spiral shape to symbolize the process of moving between the theoretical framework and the observations. (Dubois & Gadde 2006; Eriksson & Kovalainen 2008, 23.)

Following the nature of stakeholder research, a majority of the data includes the views of the organization's management (i.e. Freeman 1984; Bryson 2006; Tashman & Raelin 2013). It is important to note, that the issues that are described are derived from the perceptions of the ExCom members (ExCom interview data) and the perceptions of the National Network (NN) representatives (open-ended survey data). Moreover, the views of the stakeholders regarding their level of concern towards each issue are based on the interpretations of the ExCom and NN representatives, and some interpretations may need verification from the stakeholder groups. These issues emerged primarily from the perceptions of stakeholder concerns. Most of the identified issues were also presented from a strategic perspective in the organization's own mission and objectives and in the ExCom interviews.

## **3.2 Research process and data generation**

### *3.2.1 Multistep data generation*

The data generation process followed the nature of a case study as the research utilized both existing empirical data and aimed to create new data using the people involved in the case as main sources of information. The empirical data was generated in a multistep data collection process consisting of gathering existing internal documents, such as minutes and webpages, conducting interviews of the ExCom members and sending an open ended survey which was sent to the chairmen of the eighteen National Networks of EBEN. An additional request for stakeholder maps was also sent to the five members of the ExCom.

The data was generated in the following order. Internal documents were first retrieved after which the interviews of the ExCom members were conducted. After this, an open-ended questionnaire was sent to the chairment of the National Networks, and finally, drawings and listings of stakeholder maps were retrieved from the ExCom members.

### *3.2.2 Internal documents*

The existing empirical data that was used in this research consisted of minutes, the articles of association of the organization, the organization's webpages and the data that was available in the extra-net of the organization.

Minutes were collected from the years 2011–2013. The meetings included semi-annually occurring exclusive meetings of the ExCom, semi-annually occurring meetings with the ExCom and the organization's National Networks and annually occurring General Assemblies, which were open to all members for EBEN. In total, the data comprised transcriptions of 16 meetings, which had been transcribed and summarized into 64 pages of minutes. A table of the collected pre-existing empirical data is summarized in Appendix 4.

The webpages and minutes were used to achieve a preliminary understanding of the organization, which in turn helped in formulating the question sheet for the semi-structured interviews to follow.

### *3.2.3 Semi-structured interviews*

The second part of data collection included interviewing the ExCom members of EBEN using the method of semi-structured interviews. The ExCom members' views and opinions on the subject were considered valuable data for the research, due to the nature of stakeholder analysis as a management-led phenomenon in addition to the level of involvement of the ExCom members in the organization's activities (see Tashman & Raelin, 2013; Eriksson & Kovalainen 2008, 116–118).

Semi-structured interviews have become very popular due to the flexibility of the method, which allows the researcher to control the direction of the interview, but at the

same time, the method does not prevent the researcher from extending or altering the subject and the interview questions from the predetermined structure and themes (Koskinen et al. 2005, 105). The method of conducting semi-structured interviews was chosen due to the qualitative nature of the research, which aimed to create a thick and rich base of data on the subject in order to produce a comprehensive understanding of the phenomenon that was being examined.

Following the character of a semi-structured interview, the interview questions were open-ended to encourage speech and a combination of several simple questions were used in order to decrease the possibility that the interviewee will find the questions too complex and difficult to answer. On the one hand, the questions strove to stimulate descriptive answers with “what” questions and on the other hand, the “how” questions aimed to find understanding in the nature of the constructed meanings. The semi-structured interviews were used to generate information, which was later be interpreted using the chosen theoretical framework. (Eriksson & Kovalainen 2008, 80–83; Koskinen et al. 2005, 109.)

In a semi-structured interview, the interview questions may vary in wording or sequence (Eriksson & Kovalainen 2008, 80–82). Moreover, the predetermined perspective for the semi-structured interviews is flexible and can alter in each interview (Hirsjärvi & Hurme 2011, 47). In this study, the diversity, and applicability as well as reliability of the interviews were aided by a few guiding predetermined questions and themes that also gave room for relevant topics or concerns that were raised by the interviewee.

In this research, interviews were conducted for five members of ExCom between November 20 and December 4, 2014. A deliberate choice was made early on in the research process to interview only five of the six ExCom members, because the supervisor of this thesis was also a current member of ExCom. The exclusion was done in order to minimize the effects of the overlapping roles of supervising and acting as client representative of the project.

The interviews were conducted via Skype or telephone and the length of the interviews ranged between 37–67 minutes. The interviews are listed in table 2 below. The interviews were given labels, which are used to reference to the interviews in the description of the results.

**Table 2. EBEN ExCom member interviews**

<b>ExCom member</b>	<b>Date of interview</b>	<b>Length of interview</b>	<b>Label</b>
ExCom member 1	20.11.2014	42 min	Ex1
ExCom member 2	28.11.2014	47 min	Ex2
ExCom member 3	1.12.2014	38 min	Ex3
ExCom member 4	3.12.2014	67 min	Ex4
ExCom member 5	4.12.2014	37 min	Ex5

### *3.2.4 Open ended survey for National Networks*

An email survey with open ended questions (see appendix 2) was sent to the chairmen of the eighteen National Networks in December 2014 via email. In the survey, the chairmen were asked to discuss the topics with their network actives and reply by January 12, 2015. The survey questions were designed to collect information about the National Networks' views on EBEN and its practices as well as create understanding about the interests and current operations of each network. The survey was intended to help identify the issues that each network and their members advocate and the current issues that the networks were challenged with.

Most replies were received after the initial deadline and reminder emails. Replies were received between December 8, 2014 and March 2015 from 15 National Networks (Scandinavian, Dutch, Irish, Israeli, Polish, Finnish, Swiss, Italian, Greek, Cypriot, Belgian, German, Turkish and Spanish Networks) and one reply from the Portuguese Network implying a deliberate choice not to participate in the study. Two networks (Austria and Hungary) did not reply at all.

The collected survey replies varied greatly in term of length and form, from one sentence answers per question to a more informal 4 page account of the networks' views on the operations of EBEN. Few replies were stressed to be only the perception of one individual network active (for most cases the chairman of the network). For most cases, the process of how the reply was generated - and by whom - was not explicitly

described in the survey reply. In total, the replies were compiled into 18 pages of text. The replies from each network are listed in appendix 4. Data from the survey replies is referenced to according to the assigned labels (e.g. NN7, see appendix 4) in the following sections of the study.

### *3.2.5 Stakeholder maps from ExCom members*

The ExCom members were asked to draw stakeholder maps of the organization to support the interviews that were held in the end of year 2014. The stakeholder maps were aimed to support the identification of stakeholders as well as collect the ExCom members' perceptions of the organization and its ties to the stakeholders.

The request was sent on December 17, 2014. The stakeholder maps varied between describing stakeholder groups in a broader sense and to illustrating specific individual stakeholders. One stakeholder map divided the stakeholders into two categories. The procured stakeholder maps were in the form of sketches and as non-illustrative listings. The stakeholder maps were received in January 2015.

## **3.4 Analysis of data**

Qualitative content analysis was chosen as a suitable approach as the method is especially convenient for the logical reasoning of text-form data. Qualitative content analysis may be described as a systematic and flexible method of reducing data and analyzing it to create a concise description, which connects the studied phenomenon to prior research results and a broader context. (Tuomi & Sarajärvi 2009, 105; Schreier 2014, 170.)

Content analysis can be divided into three separate approaches; the directive, conventional or summative content analysis. The main difference between the approaches revolves around the development of the coding frame of analysis. The directive content analysis examines the observations of the research with prior theoretical information and whereas the conventional is mainly used to describe a phenomenon, on which the resource literature or existing theory is limited. The

summative approach may be described as a combination of the directive and conventional approach. Summative content analysis may use keywords or codes that are derived from prior research literature or from the observations or the interests of the research. (Tuomi & Sarajärvi 2009, 108–118; Hsieh & Shannon 2005.)

In this research, the data analysis was carried out with an inductively oriented and summative approach. Furthermore, the hypotheses were not predetermined, but rather developed and altered as the research proceeded. The procedure of the conventional content analysis consists of three steps: summary, explication and structuring. The summary aims to reduce the data to a more manageable mass. The reduced data should still include all text, which is recognized to be essential for the study. In practice, the summary is done by building a coding frame of main categories and subcategories. The main categories are derived from the theoretical framework whereas the subcategories derive from the research data. The aim of explication is to then group the categories into themes to observe similarities and differences between the themes. Finally, the structuring step is used to identify the essential concepts. The steps are repeated until a coherent view of the research phenomenon is formed. (Tuomi & Sarajärvi 2009, 108–113.)

In this research, the analysis was divided into four steps of stakeholder identification and mapping, stakeholder classification in terms of contribution, role and interest and thirdly analysis of the stakeholder relationships. The fourth step was to identify and analyze the stakeholder advocated issues.

The analysis procedure began by reading through transcribed interviews and the internal documents (see Appendix 4) several times. After familiarization with the data, a set of questions were created from the research literature. These questions guided the analysis and coding of the collected material, firstly, to identify EBEN's stakeholders and their attributes, and secondly, to describe the relationship between EBEN and its stakeholders.

**Stakeholder identification**

- Which actors are mentioned in the data?

**Roles and impacts, contribution, value creation**

- In what context are the actors mentioned? How are they referenced to? What resources link the stakeholders to the organization and vice versa?
- What are the benefits or risks that are generated through interaction between the stakeholders and the organization?

**Stakeholder relationships**

- What kinds of activities, attitudes or forms of interaction are linked to the actors who are mentioned?
- What kinds of dependencies exist between the organization and its stakeholders?

**Salience of advocated issues**

- What kinds of issues are advocated by the stakeholders?
- How do these concerns resonate with the organization's identity and strategy?

In the first stages of analysis, all mentioned actors were first highlighted from the text. The actors were then listed and grouped into categories by similarity. A count of the references to each stakeholder group category was then done to identify how many times each group is mentioned. The acknowledgements of these groups representing the different stakeholders were collected from the text to find descriptions of the relationship, contributions made in the stakeholder relationship, dependencies and attitudes between the organization and the identified stakeholders.

The formation of the stakeholder map of the organization was supported by the extended enterprise model of Post et al. (2012), where the stakeholders were divided into three levels: resource base, industry base and the socio-politic arena of the organization. The theory was applied onto a non-profit context by analyzing the characteristics and roles of the stakeholders rather than the explicit illustrative groups (i.e. shareholders, suppliers, supply chain associates). At this point, a rough sketch of a stakeholder model of EBEN was drawn to include groups of stakeholders, and a couple

individual ones, that were mentioned specifically by name several times. This sketch was then compared to stakeholder maps of EBEN that were procured from three members of ExCom.

When analyzing the stakeholder relationships and the positioning of the actors, verbs and nouns that described the co-operation or interaction between the parties were highlighted. These highlighted sections were then compiled in their context to one file in order to describe the nature of each relationship and to find similarities and differences between the stakeholder relationships. The contributions of the actors were separated into benefits and risks (Sachs & Rühli 2011) and grouped under themes of different kinds of contributions of resources (such as financial, knowledge, volunteer work - see sections 4.1 - 4.6) to describe the relationship by the exchange of reso

After this first round of analysis, the data was assessed again and issues that connect the stakeholders to the organization and issues that are advocated by the identified stakeholders were drawn out. Applying Freeman's (1984) views on stakeholder analysis, the key concerns of each stakeholder group were evaluated by drawing out an issue salience evaluation matrix (table 7, p. 66). This analysis utilized the perspectives of the ExCom members as well as perspectives of the actual stakeholders, whose views could be deduced from internal documents. In addition, the immediate views of the National Networks were utilized from their respective comments found in the meeting minutes and the survey replies that were collected in spring 2015.

After the identification and description of the repetitively expressed issues, the issues were analyzed with regard to the level of stakeholder concern by each themed issue. The following analysis of stakeholder concerns excluded the stakeholder groups of affiliates and other stakeholders. The research data does not provide evidence of what the concerns of these stakeholders are and therefore this section focuses on evaluating the issues from the perspective of the National Networks, EBEN members, companies and similar organization (as described by the ExCom and the National Network representatives). The National Networks are divided into smaller and larger groups due to the differences in interests and contributions as described in later sections of this thesis.

## **4 EBEN'S STAKEHOLDERS**

### **4.1 Case organization: European Business Ethics Network**

This research process was initiated in September 2014 as the European Business Ethics Network (EBEN) sent out a call for proposals for a stakeholder analysis. The purpose of the study is to form a stakeholder analysis of the organization by identification, classification and analysis of the stakeholders and stakeholder relationships.

The European Business Ethics Network is a cross-European organization, which aims to generate awareness of ethical global issues and raise dialogue on the role of business in the society. The European Business ethics network was founded as an actor to connect the practitioners and academics to foster the discussion about business ethics. The non-governmental organization has been founded in Brussels in 1987 and is currently based in Leuven, the Netherlands. The network promotes and conducts research of topics related to business and ethics on a European level and aims to distribute the collected information and experience by the means of hosting events and collaborating with academic actors as well as the international business world. EBEN also supports the establishment of regional and national networks to further promote the exchange of expertise and other information. (E1, 1–2; EBEN GR 2014.)

The main activities of the organization include hosting annually two research conferences, doctoral workshops and promoting the work of EBEN's interest groups. The aim of the Annual Conference is to bring together both academics and practitioners to network and share experiences for collective learning purposes. The EBEN Research Conference, is more academic in its nature with participants mainly consisting of academics. The Research Conference is organized to share new approaches and ideas in the field of business ethics. The doctoral workshops are attended by students, to whom the workshops give support in the students' research. These activities are mainly attended by members and occasionally by corporate or individual non-members. (Ex3; Ex5; EBEN 2014.)

The organization is perceived as a network as it links both academic actors, corporate actors and eighteen networks and active non-governmental groups in over 40 countries through EBEN's National Networks. The Networks may organize local or regional activities that support the organization's mission. EBEN has 18 established networks:

Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Israel, Italy, Poland, Portugal, the Netherlands, Scandinavia, Spain, Switzerland, Turkey and Ukraine. A few of these networks operate with a more international focus, whereas others are more active on a national level. EBEN is also affiliated with twelve other networks, which operate with a similar mission. (EBEN 2014.)

EBEN is governed by a selected Executive Committee (ExCom), which is comprised of three to eleven members. The duties of the ExCom include management representation of the organization and currently the EBEN ExCom consists of 6 members. The highest form of power in the organization is vested in the meetings of the General Assembly, which are open for all non-suspended members of the association. The General Meeting is, among other practices, hosted to appoint members of the ExCom and to approve any notable changes in the strategic or operative practices as suggested by the ExCom. (E1 1–6, EBEN 2014.) During the current decade, the network has organized approximately 7 annual meetings: one General Meeting, three exclusive meetings of the ExCom and two annual meetings, which are open for the members of the ExCom and the National Networks' chairmen (E1, 6–8).

## **4.2 Stakeholder identification**

Analysis of the research data resulted in the following list of identified stakeholders:

- National Networks (see Appendix 4 for listing)
- Members (through National Networks and independent members of EBEN Europe)
- Companies (Partners, sponsors, conference participants)
- Similar organizations (e.g. ABIS, SBE)
- Affiliates
- EU
- Media
- Local governments and legislative bodies
- Schools
- Non-member institutes

These stakeholders were divided into six different groups, the *National Networks* (NN), *EBEN members*, *companies*, *similar organizations*, *affiliates* and a broader grouping of stakeholders, which are grouped under the label *other stakeholders*. The stakeholders and their contributions to the stakeholder relationships are described in the following sections. Firstly, they are viewed through the framework of Post et al. (2002) and divided into the three layers of the extended enterprise: the resource base, the industry base and the socio-political arena. The classification is aided using Sachs and Rühli's model (2011), through which the stakeholders' contributions were identified through sections 4.1-4.6.

#### *4.2.1 National Networks*

There are various roles, which the eighteen different nationally operating networks play, depending on the size and activeness of these chapters. The networks can be seen as internal stakeholders of the organization that may assist the organization's ExCom and act as a consulting body, instead of a deliberative body, for the whole organization. Most strategic plans, made by the ExCom, are first presented to the National Networks in order to "seek agreement with the National Networks" (E8) and involve and gain the support of the chairmen, before presenting the ideas to the actual decision making body of the organization, the General Assembly.

The National Networks are an essential stakeholder group of EBEN. The National Networks may be perceived as EBEN's agents, who act with a similar purpose and connect local members to the head organization and its goals and practices in addition to carrying out activities on a national or regional level.

In the research data, the networks were referenced to in 95 clauses, either by the whole group of the eighteen networks or as individual networks. Table 3 divides these remarks further into two categories of contributions of the stakeholder relationship, benefit and risk based contributions (as introduced by Sachs & Rühli 2011, 60). The table also separates the German, UK and French network from the larger mass of networks, due to several individual references to these specific networks.

**Table 3. National Networks and their contributions**

National Networks	Number of times referenced to				
	Total <sup>1</sup>	Benefit provider/receiver		Risk provider	
National Networks as a group	52	24	Shared knowledge, providing a local presence and activities, financial support, execution of network strategy	16	Different expectations, structures, hard to find strategy to suit all
EBEN Germany	24	4	Largest and most diverse member base, political influence	20	Different interests, erosion of EBEN's financial basis
EBEN UK	12	2	Contributions to local conferences	8	UK EBEN members passive and uninvolved, no contribution to network
EBEN France	7	0		4	Different expectations

Because the networks are a close stakeholder group and a large part of the organization itself, the National Networks are not analyzed in the sense of where the benefit is actually directed (compare Sachs & Rühli 2011, 60; Håkansson & Ford 2002). In the

<sup>1</sup> Because the acknowledgements of each stakeholder were analyzed as longer clauses, some acknowledgements were classified into several categories of contributions. The data extracts also included clauses, which were not classified into any category, because they were more neutral in nature. Hence, the number of benefit based references and risk based references will not add up to the total number of references in tables 3-6.

study the contributions made by and to the networks were simplistically seen to benefit the network as a whole as they were described to occur inside the immediate network.

The data implies that there exists a definite dependency between EBEN and its National Networks: EBEN Europe is a provider of a platform of European wide discussion and academic research for business ethics in form of conferences and doctoral workshops. The operations of the two differ with the European wide focus (EBEN Europe) and the regional/local focus (National Networks). Moreover, the National Networks arrange activities to share knowledge and exchange ideas between the members on a local level, whereas EBEN Europe organizes two conferences per year, to do this on a more international level. (Ex3.)

On the one hand, smaller networks depend on the structure of the international organization and benefit from the conferences that are organized in their specific regions to attract members from across Europe. On the other hand, EBEN is greatly dependent on the networks for the practical arrangements of the conferences as well as connecting to new members to share knowledge and expertise more locally.

The resources that are shared and exchanged in the relationship between EBEN and the National Networks can be divided into financial resources, knowledge based resources and human capital resources. Financial resources may be allocated for distinct research or interest groups. The knowledge based resources are realized in the local activities organized by the National Networks and the conferences that are organized on a larger scale within the network. The National Networks contribute by providing information and expertise. The human capital comprises of all the voluntary work that is done by the National Network actives as well as the ExCom members to run the organization.

The National Networks are operating independent of EBEN Europe and according to their own agendas, which contributes to the lack of a uniform structure of EBEN Europe. The lack of a strict strategy allows for varied operations for the National Networks, which also shows in the interests of the National Networks.

*So there is this aim to bring together academic and business people on the one hand and the second difference is that there is no willingness to have a centralized organization - - and the mission of the ExCom is not really clear, it is just keeping together the network. (Ex5.)*

Even though EBEN Europe is built on academic grounds, some networks have adopted a business or political focus for their activities. The data refers to practical and financially sustainable activities, which are carried out independently and successfully by the National Networks. This indicates that the Networks are much more agile than the main organization, which gives room for faster development and achievement of goals as well as a stronger basis for local presence and influence on a National Network level.

*[The Greek network] is probably one of the most profitable associations, because they have involved companies -- [they] have a couple of good sponsors. So [they] have the opportunities to spend the money and do a lot of things - - writing articles almost every two weeks in one of the biggest newspapers. (Ex1.)*

*On the level of national chapters you could really create something and have connections with business people --- You really have these activities with the business world, people who try to improve their business practices and also listen to academics and debate with them. (Ex5.)*

As the National Networks provide many types of resources for the organization, the data indicates that they also present a risk for EBEN should they consider leaving the network or shift their focus too far away from the mission of EBEN Europe. The potential risks were mentioned in the data with reference to the larger networks, such as the German and the French network. Although the National Networks are all operating in the area of business ethics, the different aims of the regional actors create obstacles for managing the network. The lack of structure and different aims of the network is perceived as a definite risk that hinders the progress and influence power of EBEN.

*- - EBEN did not really define a strategy - - and I feel that, at least partially, the National Networks would not subscribe to [EBEN's] goal to a full extent. Not all... I guess that for example for the Germans, nowadays politics have become more important than for the rest of [the networks]. They want to play a different role. The French people are more interested in contacts with business people. But I think especially with regard to the Scandinavian network, the newly funded Eastern networks, they are interested in getting information and being therefore exchange on conferences so I would say they are more into our goals. (Ex2.)*

*As long as we stay a network and as long as we remain dependent on the national chapters let's say for organizing a conference, we have not a strict structure that would allow us to influence people (Ex2).*

*The profile of the different networks is so different. As soon as you propose something half of the countries just don't see how they could participate, because they are in totally different situations. (Ex5.)*

The role of the national networks on average is subordinate to the head organization. The data suggests that networks, which are more active in terms of network size and activeness, have great influence power over the head organization and may pose a potential threat to the organization. This indicates that the dependencies and the influence relationships between the National Networks and EBEN are defined by the size of the National Networks to the size of the network. For the smaller networks, the main organization is an important provider of an organizational structure and knowledge and much of the support is directed towards the networks themselves. The larger networks are an important financial support for the head organization, which give them the position to place demands on the head organization.

#### *4.2.2 EBEN Members*

The European Business Ethics Network has over a thousand members from over 40 countries across Europe. The stakeholder group of EBEN members includes members that have joined the organization through a National Network and direct members of EBEN Europe. The members of the organization include individual members, students, institutional members (universities and research institutes), and corporate members. In the years 2011 to 2013, the corporate and institutional members have made up for about 15% of the total number of members, at the most.

The members are referenced to in 41 separate clauses. These clauses also include remarks of GA (General Assembly), researchers, students, academics and EBEN members. Table 4 illustrates how the members are discussed in the data.

**Table 4. EBEN Members and their contributions**

Members	Number of times referenced to				
	Total	Benefit provided/received		Risk provided/born	
	41		Academic knowledge, will to promote business ethics, voluntary work, networks	3	Interests unknown, members form the highest decision making body, level of engagement varies

When the members are mentioned in data, for the majority of occurrences (coherent with the structure of the member base), they are soon referred to as academics or professors.

*The majority of members are from academy: professors, academics and a couple which are managers of different companies (Ex1).*

*We are a group of academics basically and most members are academic (Ex2).*

The members are mentioned in the context of the organization's activities and the majority of the remarks are made when speaking about conferences and workshops. The members are hence mainly linked to the organization by their attendance at the Annual Conference and the Research Conference. The organization itself is described as an organizer of two academic conferences, in which the members come together to discuss business ethics:

*[EBEN] is a bunch of people who come together under the umbrella of EBEN once in a while, and that is like any other type of grouping of professionals -- The conferences are the cornerstones [of the organization]. That's where the people meet and get together and where they join the group. (Ex3.)*

In addition to several references to the academic nature of the organization's member base, the internal documents emphasize the role of the members as the highest decision making body of the organization. Seventeen of the forty-one remarks made of the members include verbs that express the exchange of information or the request for approval, such as ask, suggest, inform, approve or similar nouns, such as draft, suggestions, consent and approval.

Overall, most of the interaction between the members is done at the General Assemblies and at the conferences and workshops. The minutes of the assemblies on the one hand include clauses, which show the members' interest of practical applications of business ethics, as one member would not like to take emphasis away from links with the business world:

*If we change something to the term in dealing with Global Ethics, I still think we lose the aim to business ethics and to the practitioners'. EBEN will be much more linked to the academic level and it will be a little bit in tension with the image of EBEN as dealing with business ethics comprising academics but with the ambition of having business people on board. (E11.)*

#### 4.2.3 Companies

The stakeholder group of companies includes actors that were referred to as the business world, corporations, practitioners, CEOs, sponsors, business representatives and executives. The business world as such was referred to as an environment to influence, but also as the environment that acts as the direct influence for the academic discussion.

EBEN states that its mission is to foster the discussion of business ethics. The primary actors, who are mentioned when discussing the goals of the organizations, are academics and practitioners:

*The purpose of EBEN is to stimulate the discussion of business ethics between different types of actors, especially academics and business professionals and politicians (Ex3).*

Some perceptions that are presented question EBEN's current practices with regard to the business world. These perceptions may imply that, in fact, the mission of the organization is only guiding the academic activities of the organization - the research conferences and seminars:

*So the ultimate aim is of course improve business practices. The question is whether or not teaching or research actually has an impact on business practices, but that is what was intended in the beginning. (Ex5.)*

These actors are referenced to in a total of 61 clauses. Table 5 shows how the clauses are classified in the groups of benefits and risks that are contributed into the relationship between EBEN and the stakeholder group of companies.

**Table 5. Companies and their contributions**

Companies	Number of times referenced to				
	Total	Benefit provided/received		Risk provided/born	
	61	42	Funding, “fruit for thought”, sponsoring,  Share knowledge, educate	12	Corporate interests, which are not met in EBEN’s current practices.  EBEN making an involuntary statement about a company’s ethical conduct

The companies are referred to in terms of what should be done in the future using auxiliary verbs. 22 of the clauses are directly linked to monetary terms relating to sponsoring, funding and stabilizing the organization’s finance by receiving financial support from the corporations. Although the aim of the organization may be to interact with the surrounding business world, the main interaction with the companies is at a resource based level, where companies contribute financially and in return, benefit in terms of knowledge. Regardless of the vital role of the companies as “fruit for thought” and a source of financial support, the research data implies that the current involvement of companies in EBEN’s activities are mostly local and minor in scale, especially in the case of the smaller National Networks .

Evidently, although EBEN strives to move its focus in the direction of the business world, the effects do not show as high or even mediocre levels of interaction with these

actors. Hence, the constant will to extend and strengthen the relationships between EBEN and the business world is conveyed throughout the data:

*A future goal for EBEN would be to reach a position as a kind of main reference in BE for MPs and experts from private and public organizations (E6).*

*[EBEN] should have some input financially from European companies to have a better organization, better followers - - try to create activities for the business people and academics. At this stage it is very difficult. (Ex5.)*

#### 4.2.4 Similar organizations and affiliates

Similar organizations including the Academy of Business in Society (ABIS), the Society of Business Ethics (SBE), Academy of Management and CSR Europe are mentioned 25 times. The remarks that are made of the similar organizations are summarized in table 6 and divided into categories of contributions that provide benefit or risk. The benefits provided by these stakeholders may be divided into co-operation opportunities as well as information based contributions (to be used in benchmarking etc.). The risks and benefits that are presented in the data relate to competition over the same resources (academic members, conference participants, interest of companies). The benefits and risks are displayed to be similar for all competitors, as the data does not imply that the competitors present distinctively contrasting contributions to the stakeholder relationship.

**Table 6. Similar organizations and their contributions**

Similar organizations	Number of times referenced to				
	Total	Benefit provider		Risk provider	
ABIS	11	3	Co-operation (publications and other activities), opportunity to replicate practices, similar minded members	8	Competition for conference participants, interest of public and political actors, academics and media presence
SBE	7	2		6	
CSR Europe	3	2		0	
Academy of Management	4	2		1	

Most remarks relate to the identity of EBEN and its mission and practices, where EBEN is juxtaposed with the similar organizations. The data implies that similar organizations or competitors are used for benchmarking purposes to develop EBEN's practices in addition to striving to differentiate from them to build a unique identity for EBEN:

*There is another organization, ABIS. The ABIS is more connected with companies, it is more practical. They said a lot about documents of organizations and it is good. We are more, I think, better from the cultural and the academic and also scientific point of view, but we have the problem to be more known by the world of business.”(Ex4.)*

*In EABIS the problem [of unclear relationship between practitioners and academics] is the same and the result is not much better than that of EBEN For instance, EBEN would like to be more like EABIS or more like Academy of Management, because they are two different models and EBEN needs to define to choose its own. (E3.)*

*In some [National Networks] there are [activities involving] business people, which Society of Business Ethics does not have, it is an advantage. But it is something that not all [National Networks] have (Ex5)*

Relating to the differentiation between the similar organizations, two ExCom member interviews specifically stress that although the organizations have similar purposes and mission, ABIS, CSR Europe or SBE are not directly competing with EBEN for the same resources. In this case, EBEN is interpreted as an academic group who emphasize the academic research and discussion rather than the practical applications of business ethics:

*In principle [CSR Europe] should be our competitor, but I think they have been much smarter in positioning themselves in a market that is much more profitable than what we are doing. So on what we are doing actually - running conferences - they are not our competitor -- We should be a competitor of them, but we are not. (Ex3)*

On the contrary, in some cases, the organizations are referred to as direct competition. The data suggests that above all, EBEN is competing for conference participants, the interest of renowned academic influencers, the visibility among the corporate actors and visibility in a political environment. The interviews of ExCom members indicate that the same activities are carried out by other organizations and EBEN's activities could potentially be replaced by the competing actors:

*[If EBEN were to dissolve] then maybe occasionally [the members] would meet each other in other business ethics, social responsibility or academic conferences (Ex3).*

EBEN's webpages display a list of thirteen affiliated networks. The affiliates include the following networks: Australasian Business Ethics Network, World Anticorruption Forum, AZ International, Cercle d'Éthique des Affaires, Institute of Business Ethics, Ethics & Compliance Officer Association, International Society for Business Economics and Ethics, Business Ethics Network of Africa (BEN-Africa), Héraclite, Globethics.net Library, European Foundation for Management (EFMD) and lastly, the Society of Corporate Compliance and Ethics.

Regardless of the extensive listing of the affiliates, only a couple of these networks were specifically mentioned to imply that the relationship is mainly contract based. These stakeholders were referenced to when speaking of individual conferences that were held. Hence, the research data does not imply that a very rich or versatile relationship would exist between the organization and the affiliates.

#### *4.2.6 Other stakeholders*

The data includes occasional remarks of actors who are not directly involved in or affected by EBEN's activities. These actors were grouped under the label Other stakeholders to consist of the media, the civil society, the public sector, schools, and the EU. These actors were mentioned 37 times in the data, of which the EU was mentioned 11 times. Similar to the acknowledgments of companies, the interaction with these actors are characterized by a dominant use of auxiliary verbs, such as should, could, might and would to express the desire or possibility to interact with these groups. These are emphasized in clauses such as "we should react to EU and political development" (Ex2) and "- - it is important to bear in mind, that there are many other important actors, such as media, NGOs, politics, etc. and they would require a specific approach" (E6). The European Union, in particular, is mentioned several times when defining the influence, which EBEN should have in the future. The EU is also referred to when describing the environment in which EBEN is operating.

Moreover, the role of EBEN in politics and media is not recognized and EBEN is not seen to be present in media. The Irish network notes that even on a national level it is "hard to find real interest from politics and/or media." One ExCom member indicates that the organization is currently not large or important enough to influence or even

provoke interest in the political actors or media (Ex5) .Hence, the actors are seen as potential groups, which could and should be influenced by the organization, but which cannot be described as actual stakeholders at the moment. The effects of the organization on this stakeholder groups were questioned several times in the research data:

*We are all private persons. And who do we influence? Maybe academics, maybe young researchers, a little bit maybe (if we are lucky) policies, and maybe a little bit one or two companies. That's it. (Ex2.)*

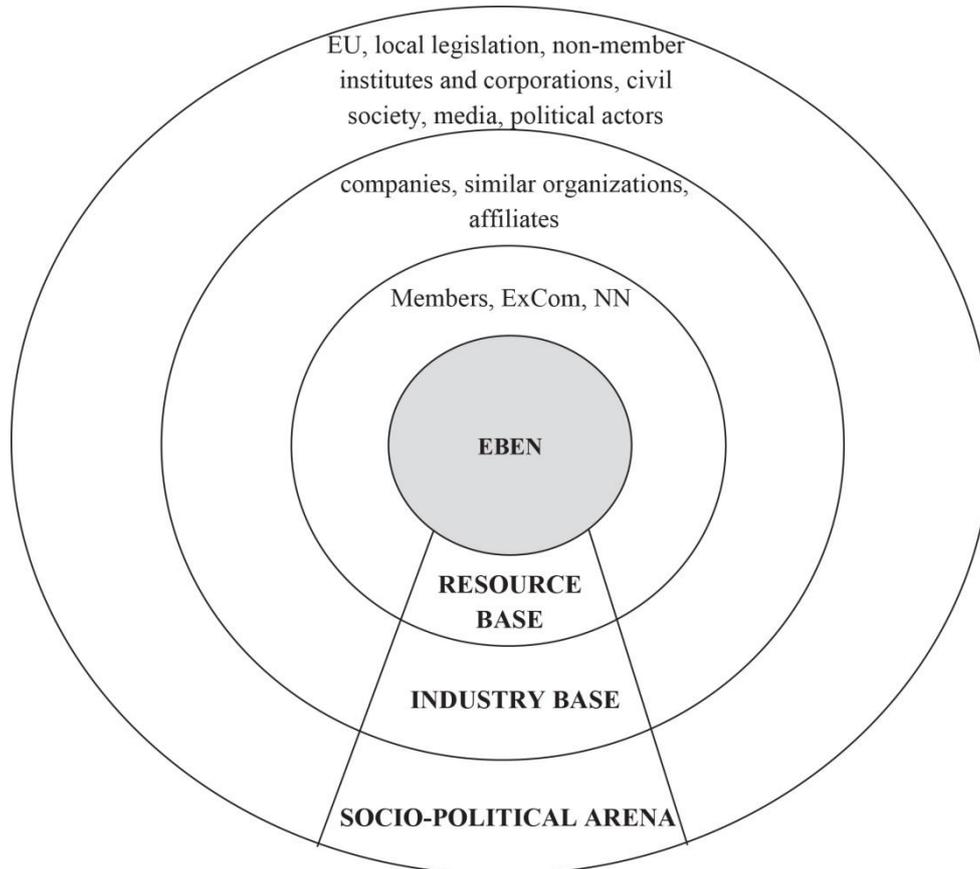
Rather than forming a group of actors, the ambiguous stakeholders form an operating environment and a context for the network and they are not specifically seen as individual actors in the data. Although data implies that the relationships between EBEN and these actors is quite vague, the local community as well as the media were noted in practical activities in the context of smaller projects on a national or regional level as pointed out in section 4.1.

*So [the media presence] we have is from National Chapters, their activities which are reported in the newspaper. For example the annual award of the Greek chapter, it is a huge festival there. The media is there, tv-channel is there, they make interviews there. That's a great big event. Or the German prize of Business Ethics, it's the same like that. (Ex2.)*

This may indicate, that on a local level, the actors, especially media, politics and the society, can be described as stakeholders that contribute to the network's activities on a local basis. However, as a majority of the research data concerns EBEN and its international focus, this hypothesis of the local stakeholders would need more support in form of data from the National Networks and their activities

## 4.2 Stakeholder mapping of EBEN

The identified stakeholders are conceptualized in a stakeholder view model as illustrated in figure 7 below.



**Figure 7. Stakeholder view of EBEN, applying Post et al. (2002)**

As indicated in figure 7, the resource base consists of EBEN's decision making bodies (*members and NN*) which may be classified as primary stakeholders, with contractual and economic ties to the organizations (see Clarkson 1995). These stakeholders are seen to contribute to the essential resources: contributions in the form of voluntary-based work and financial input in terms of member fees. These stakeholders are primarily operating with a similar identity and strategic goals. As a great part of the decision making power in the organization is vested within these two stakeholder groups, the ExCom is also portrayed as an equally powerful body in the organizational structure of EBEN.

The industry base holds two stakeholder groups, *companies* and *similar organizations*. The companies are contractually tied to the organizations whereas the similar organization share identity based traits with the case organization. These two stakeholders are grouped in the industry base, as they are both important actors in the field of business ethics, the companies represent the immediate actors, whom the case organization aims to influence, and the similar organizations represent actors, which operate in the same field as the case organization and are perceived as competitors.

The socio-political arena consists of the *other stakeholders*, which are not currently seen as significant or urgent (see Mitchell et al. 1997) stakeholders for the case organization. These stakeholders hold potential for future operations, but do not currently hold contractual ties towards the organization, nor are they significantly noted in the research data as current actors in the network's field of operation. This group of stakeholders provides primarily an operating environment for the case organization.

### 4.3 Summary of EBEN's stakeholders

Table 7 summarizes the descriptions of EBEN's stakeholders. The stakeholder groups are classified according to 3 frameworks of classification applying Post et al. (2002), Sachs & Rühli (2011) and Mainardes et al. (2012).

**Table 7. Summary and classification of EBEN's stakeholders**

<b>Stakeholder</b>	<b>Noted actors</b>	<b>Classification (Post et al, 2002)</b>	<b>Classification (Sachs &amp; Rühli 2011, 60)</b>	<b>Influence Relationship (Mainardes, Alves &amp; Raposo 2012)</b>
National Networks	a)Smaller networks  b)Larger networks	Resource base	a)Benefit receiver  b) Benefit and risk provider	a) Dependent  b) Controller /Regulatory
Members	Academics, students, institutions, companies	Resource base	Benefit provider and receiver	Controller
Companies	Member/ non-member companies	Resource / Industry base	Benefit provider and receiver (Risk provider)	Controller / non-stakeholder
Similar organizations	ABIS, CSR Europe, SBE, Academy of Management	Industry base	Benefit and risk provider	Controller
Affiliates	Springer, GEI, AUSBEN	Industry base	Benefit provider and receiver	Partner
Other stakeholder	Local communities, institutions, teaching, affiliates, media, EU and political actors	Socio-political	Risk provider, benefit provider	Non-stakeholder , Regulatory, Controller

The table indicates that all stakeholders play various roles in the network and the contributions made by these stakeholders may be very multifaceted and not explicitly unidirectional.

The classification of these stakeholders by viewing the benefits and risks (Sachs & Rühli 2011) implies that the organization itself may be described as a stakeholder network. The contributions that are made in the relationships provide somewhat mutual benefits or risks for the relationship, and their effects are not necessarily limited to the dyadic relationship between the stakeholder and the case organization. The primary stakeholders (see Clarkson 1995) for the organization are the National Networks and the Members, which contribute to the organization's operations as well as act as the end users and participants of the organization's activities, whether dealing with publications or actual events. Without these stakeholders the organization would not exist. A similar observation can be made from the analysis through of influence relationships (Mainardes et al. 2012), where the organization is seen to have various controlling stakeholders that hold the organization together.

## 5 STAKEHOLDER ADVOCATED ISSUES

### 5.1 Issue identification

Seven issues - business ethics research, ethical business conduct, business ethics education, financial stability, network as a social hub, political impact and public awareness and strengthening EBEN - were identified. As the collected data was rich in internal documents and managerial views, the identified issues revolve mainly around the case organization's operations. These issues are introduced in the following sections. Different elements and aspects of these issues are described further in each section. The salience of the identified issues is then evaluated from the perspective of stakeholder concerns and to conclude, the strategic cognition of the issues is analyzed.

#### *Business ethics research*

In line with one of the objectives of the case organization - to “conduct and promote research relating to the ethical dimension of business at a European level” (E1) – concerns relating to this objective were highly stressed by the stakeholders. The practical actions that are taken towards this goal include carrying out the organization's activities and include academic conferences, doctoral workshops, academic publishing opportunities and seminars as well as academic publications. This issue is mainly presented in the views of the National Networks and their regional agendas and achievements. Seven of the open-ended survey replies state that the most important activity of the network is to organize conferences and these conferences are stressed as the greatest achievements of the networks:

*Important activity: Annual conference and meeting of business ethics scholars (NN1).*

*The most important activity: the annual [national] conference” (NN4).*

*We have an annual meeting for members and businesses – we discuss research and practice of business ethics and CSR (NN2).*

*Our most important activity is the Annual Conference [of the National Network]. It is the main activity, provides visibility to our members, and opportunity to present and publish their research. We are proud of More than 20 years organizing an annual conference. Another achievement is keeping the network active, in spite of its voluntary-based organization. (NN12.)*

Regarding the organization of the conferences and seminars, research data implies that the network may have lost some of its appeal to the academics of the field, as conference participation levels have decreased along with the number of members of the National Networks. These remarks are linked to the similar organizations that are in some cases believed to be more attractive than EBEN and the concern is mainly expressed by the smaller National Networks:

*Many important academics in Europe the people, who are known in the field of business ethics that are not present at the conference. These people prefer to go to the Academy of Management or to Society of Business ethics than to EBEN. That is a bit problematic if you see that the big names in the field are not attending. (Ex5.)*

*We did not manage to attract new members for the last couple of years. In fact, we saw the number of members reduced. (NN8.)*

This concern of carrying out these activities is expressed in a more abstract manner. The goal is described as attracting more academic actors to the organization in order to promote the common goal of fostering the business ethics discussion and sharing information:

*Our aim is to attract more academics to the wonderful field of business ethics and its related disciplines. In that regard we are similar to the other chapters, inspiring and supporting great writing and teaching. (NN6.)*

In the research data, the issue of promoting business ethics research is mainly presented with expressed interest in sustaining the current academic activities. The academic activities are highly valued by the members and National networks, which in turn reflects a great level of importance on this issue and implies that the stakeholders expect the organization to support these activities on an international and regional level.

### *Ethical business conduct*

The second issue involves spreading the academic expertise that is held by the network actors into a broader business environment. The organization intends to influence the business world as well as academic research with the perspective on ethical business, and the concerns relating to this issue may be characterized by interests to involve the actors of the business world in EBEN's activities. As described in section 4.3, the current relationship between the organization and its stakeholder group of companies

can be described to be somewhat local and occasional, but the research data suggests that there is an increasing interest towards expanding and deepening the level of activities in these Company-EBEN relationships.

The research data implies that one underlying issue in the relationship between the organization and the stakeholder group of companies is balancing between improving the ethical conduct of businesses and simultaneously avoiding a sense of verifying the ethics of the partnering company. The data suggests that co-operation with companies should not be based on only looking for financial support from these actors:

*[EBEN should aim] to educate companies, and also public to be ethic, not only collect money (Ex4).*

*If you featured a corporate name on the EBEN website implicitly you make a statement about the moral quality of the company (E9).*

Another concern, which was expressed with regard to the issue, is whether the core mission, to promote academic discussion of business ethics, actually improves the business practices that are carried out in the European environment.

### *Business ethics education*

Deriving from the academic ambitions to promote business ethics research and discussion, the organization's goals in the articles of the association also include the aim of influencing business ethics teaching and education. This issue is moderately expressed in the ExCom interview data and the National Network survey replies.

Two National Networks specify schools and teachers as a member type, but do not stress the issue of teaching any further. Other two NN representatives specify business ethics education in their local missions: "supporting business ethics teaching; education of the business community and the public" (NN6) and "discussing the concepts of teaching Business Ethics" (NN3). The data highlights that the quality of teaching should also be attended:

*They have to improve the presence courses in business ethics and a special way in business schools and have teachers and professors who believe in business ethics (Ex4).*

In the research data, these missions are accompanied by criticism on the explicit theory-based teaching focus, implying that teaching should involve more examples of practical experiences and business cases. The issue is raised from the interest to not only promote the agenda of teaching business ethics, but also from the interest to develop business ethics teaching by incorporating a practitioner aspect to it. Naturally, this interest is strongly intertwined with the aims to become generally more involved with the business actors and practitioners.

The data implies that the teaching is perceived to be indirectly influenced by the focus on academic research, but it is in the interest of the stakeholders to take further actions and a stronger stance with regard to business ethics teaching. However, the issue is perceived to be problematic for the organization because similar organizations with larger influencing power are interested in taking part in advancing the position of business ethics in schools:

*[ABIS] are also quite good at influencing business schools and their teachers and I think many people at EBEN are a bit sorry, are a bit frustrated, that we are not influencers of the teaching agendas (Ex3).*

Overall, the topic of education is not expressed as a primary issue to attend, but it is expressed as a potential field to influence due to the academic background expertise that is held by the network actors.

### *Financial stability*

The data expressed a multifaceted concern of the financial stability of the organization. It was emphasized that naturally, the organization should build a solid financial basis as a prerequisite for carrying out the organization's operations and reaching the organization's goals.

On the one hand, acquiring funding from business sponsors and/or public actors and running the organization with a more profitable focus were expressed by the larger National Networks as well as some ExCom members. On the other hand, the issue of financial stability is reflected on to the needs of smaller National networks, which implies that their major concerns relate to the fees that are posed on their operations. The internal document of the organizations as well a survey data implied that the National Networks are often faced with difficulties in paying their member fees, which

is then reflected onto the networks' regional operations. The ExCom members expressed this issue with regard to it being problematic due to the diversity in the structures and agendas of the National Networks:

*[The ExCom] needs to bargain with the national networks time and again about their financial contribution and our financial contributions (Ex2).*

The financial instability of EBEN Europe may be seen to have been passed on to the regional actors of the network as various networks expressed their difficulties in finding the funding to operate. The network operations were currently seen to be “dormant” (NN1) or “having serious financial problems” (NN8). As a result of this financial instability, some networks found their regional operation difficult to sustain and were stated that they were proud of “still exist[ing] and continuing to attract members” (NN2) or expecting “money for survival and development” (NN9).

Although the financial instability of the organization is emphasized throughout the internal documents and personal views of the ExCom members, some views stressed that the organization may adapt its cost structure by cutting down on the board structure as a short-term solution. Other perceptions highlight the financial instability as an immediate concern that is currently threatening the existence of the organization - as it threatens the existence of the smaller National Networks.

#### *Network as a social hub*

The data implies that primarily the organization provides a network for like-minded people to gather and share their ideas and experiences about business ethics. The interests of members are summarized as the will to network and meet people with similar interests. Overall, the social aspects of the organization's activities are valued highly within the ExCom as well as the National Networks:

*The conferences are the cornerstones [of EBEN]: that's where the people meet and get together and where they join the group (Ex3).*

*They might expect that we [the National Network] inspire them and facilitate network meetings - - Keeping the networking up and providing a framework for the exchange of the latest developments – in academia and practice – is our goal and commitment to our members. (NN7.)*

### *Political impact and public awareness of business ethics*

The interests of the larger National Networks include influencing a broader field of companies and the attitudes of the civil society as well as the political and governmental institutes (stakeholder groups labeled companies and other stakeholders).

*[Our activities aim at] Creating a loud voice for business ethics in the media and managing to attract more corporate members (NN8).*

These issues are raised as potential strategic policies that could be realized in the organization's operations and as sole expectations of the National Networks. At the same time, these interests pose challenges for the organization with regard to its current agenda, that focuses primarily on academic activities.

*EBEN should define if we want to have impact with the world of politics - - or with corporations - - Another important thing to face is that if we want to change the voluntary status of EBEN. The same difficulties are faced by other organizations such as EABIS. For that reason I would like to stress once again that the main goal of EBEN should be to create and spread good business ethics knowledge. (E6.)*

The will advocate the importance of business ethics for a wider audience was also expressed. The larger National Networks expected EBEN Europe to strengthen their public presence and ties to the politic actors, with reference to the European Union and regional political actors. However, concerns about overlapping or competing with other institutions that are already focusing on the promotion of business ethics were stressed, implying that EBEN would not necessarily contributing to the current political state of the issues by competing with the existing actors.

### *Strengthening EBEN*

Strategy development as an issue theme relates to the interests of the stakeholders to finalize the strategy development process of the ExCom as well as the interest to streamline and crystallize the main objectives and practices of the organization. This issue is strongly connected to all themes that have been introduced in prior sections, as these issues are perceived as means of developing the sustainability and focus of EBEN's activities.

Firstly, concerns were expressed about the organization's current decision making structure, and how EBEN Europe's mission is translated into the operations of the National Networks:

*[EBEN] is a network of national organizations, so everything is left to the national organizations and there is no centralized decision making process or policy (Ex5).*

Secondly, the National Network survey replies suggested to tension between the larger National Networks and EBEN Europe with regard to the goals of the organization and the current actions that these goals have been realized into. Moreover, concerns about the organization's strategy relate to the interest to have the strategy finalized and start actively operating towards the set goals - especially with regard to involving the practitioners of the business world in EBEN's activities.

*[EBEN should] end the endless strategy-process soon and to start working actively on opening the academic discussions to have an impact on the real world (NN13).*

*Related to the previous question, and the challenges I have raised, I think that EBEN Europe needs to undertake a deep reflection in terms of: its value proposition, its mission, its relation with the National Networks, and the government of the network (NN12).*

Another issue that is expressed in the data is the weak relationship between the National Networks and EBEN Europe. As described in section 4.1., the National Networks may operate with a very independent agenda. The National Networks express a strong interest in solidifying the support from EBEN Europe towards the National Networks in order to simultaneously strengthen the network's benefits to its members and the influence power of the network as a whole:

*My expectation is that EBEN tries to help national networks to achieve goals. A benchmark about activities or ideas that work well in different National networks would be helpful. (NN7.)*

*The link [between the National Networks and EBEN Europe] is getting weaker. At the European level there are the same challenges than at the National Network. The main activity of EBEN Europe are the annual meetings (general and research), and the sense is that the content is going down year by year. So, the value is decreasing, but since the fee is small, it is not a big problem. (NN12.)*

The issue that revolves around the organization's developments is mainly expressed with the intentions to strengthen and expand the practices of the organization and these

expressions suggest that many of the stakeholders are not fully satisfied with the current state and sustainability of the organization's activities.

## 5.2 Issue salience by level of stakeholder concern and strategic cognition

### *Level of stakeholder concern*

Table 7 identifies the key concerns of each stakeholder group by applying Freeman's (1984, 112) issue and stakeholder matrix. In this table, the salience of each issue is evaluated from a specific stakeholder perspective.

**Table 7. Issues / stakeholder matrix, applying Freeman (1984, 112)**

ISSUES	STAKEHOLDERS				
	Smaller National Networks	Larger National Networks	EBEN Members	Companies	Similar Organizations
Business ethics research	3	3	3	1	3
Ethical business conduct	2	3	3	2	3
Business ethics education	2	2	3	NA	3
Financial stability	3	2	2	NA	NA
Strengthening EBEN	3	3	3	NA	NA
Network as a social hub	3	3	3	1	1
Political influence	2	3	1	NA	NA

3 - high level of concern

2 - moderate level of concern

1 - low level of concern

NA - stakeholder is not concerned with the issue

In the evaluation process, the issues are given a value between 1 (low level of concern) and 3 (high level of concern) to account for the level of concern that each stakeholder holds over the issue. The value NA indicates that the stakeholder is not concerned with the issue.

Table 7 identifies that the levels of concern of the smaller and larger National Networks differ mainly in the emphasis on political influence, financial stability and the promotion of ethical business conduct. Within these issues, the main interest of both stakeholders is to strengthen the organization, but the focus of the smaller networks is in EBEN Europe providing more support for the National Networks themselves as opposed to the larger networks, that are not currently in great need of support financially or structurally. The larger networks are perceived to be more concerned with extending the activities of the organization from only supporting the regional actors and members to influencing the external environment of businesses, politics and media.

Congruent with the National Networks' views, the EBEN members are seen to hold high interests in the academic issues, but the members do not express a high level of concern towards the politic issues. The financial stability was also not emphasized as a particular EBEN member concern.

The companies are not perceived to hold high levels of concern towards to majority of the identified issues. The companies are perceived to have moderate levels of concern towards the business ethics. The involvement of the companies in the organization's current activities occurs mainly in conferences and through individual research projects, which may be translated into the concerns to implement business ethics, as well as contribute to research and enjoy the social aspects of the organization's activities.

The similar organizations are perceived to be concerned with issues of business ethics research, ethical business conduct and business ethics education. As described earlier, the similar organizations may have many similar goals as the case organization, which presents the relationship between the actors with elements of competition. The similar organizations are partially sharing the pool of members, who are active in the academic field of business ethics, and therefore the EBEN network as a social hub may also be perceived to be a concern due to it being a measure of member satisfaction.

*Strategic cognition and issue salience*

The issues that have been identified are all already promoted through the case organization's current strategy and a few of the issues are also found as objectives in the organization's articles of association. Thus, when viewing these issues through the issue salience matrix of Bundy et al. (2013), a majority the issues are classified to be consistent with both the strategic frame and the identity of the organization. These issues, including business ethics research, network as a social hub and business ethics teaching are seen to hold instrumental salience and expressive salience and are therefore substantial in their salience. The issues of financial stability and strengthening EBEN hold great instrumental salience, which however, may be seen as potential for expressive salience due to the strengthening of the EBEN identity.

The issues of political influence and business ethics conduct are somewhat ambiguous. Overall, the emphasis that it placed on these issues by the different stakeholder varies, especially when looking at the different sized National Networks. On the one hand, the issues are perceived to pose a threat to the identity as some view stress that the academic activities may be sacrificed by attending to these issues. On the other hand, the issues are also seen as potential positive developments in the organization's strategy.

Although there are slight variations on which issues is emphasized most by a certain stakeholder, a majority of the identified stakeholder groups does advocate each issue. As described, the differences between the levels of stakeholder concern towards each advocate issues are somewhat minute. Similarly, the issues do not deviate greatly from the organization's strategic goals or its identity. All issues may be perceived to be salient.

## 6 DISCUSSION

### 6.1 A network organization: a sum of its stakeholder relationships

Stakeholder relationships are the basis of all value creation that occurs in the operations of the focal organization (Freeman et al. 2010; Myllykangas 2009; Harrison & St. John 1996; Sachs & Rühli 2011). Whereas the majority of academic literature has focused on studying the stakeholder relationships of for-profit organizations, this thesis aimed to grow insight of the phenomenon from a non-profit organization perspective, by analyzing the European Business Ethics Network as a case organization.

The study identified five groups of stakeholders and observed the relationship merits and contributions to create understanding about the relationships that exist between a non-profit network and its stakeholders. The study also aimed to create more insight on the nature of the issues that are advocated by the stakeholders in the non-profit organization's field of operation. The conclusions are displayed through four propositions, which aim to position the observations of this thesis in the field of prior academic research.

*Proposition 1. Stakeholders of a non-profit network may be classified by their contribution to the stakeholder relationship, attributes of power and influence and by their size and level of activity.*

Whereas the typical stakeholders of for-profit companies comprise of contractually bound actors (Boesso & Kumar 2009), such as suppliers, employees, shareholders and owners of property rights – relating to material resources and capital – the findings of this study indicate that the vast majority of stakeholders of a non-profit organization include members, sponsoring companies and similar organizations. The stakeholders themselves form the network organization.

The relationships that exist in the network contributions are very loosely contractual. Moreover, the ties between the organization and stakeholder groups are mainly voluntary in their nature. This is due to the fact that a vast amount of the organization's stakeholders are natural persons as opposed to established companies or institutions.

The stakeholders may be classified by their contributions to the relationship, by the power and influence relationships and by the issues that are advocated by the stakeholder groups. The classification of the stakeholders is most distinct when observing the power dimensions in the relationship; as a network organization is dependent on having a basis of stakeholders for a network, the larger groupings of members and institutions hold great power over the whole network. Oppositely, the smaller groupings of members and individual members (natural persons) are highly dependent on the organization.

Although the study aimed to classify the stakeholders by the direction of benefits and risks generated (Sachs & Rühli, 2011), the findings indicate that this may be quite redundant. Moreover, in a network organization the benefits are generally generated and received collectively in proportion to the size and activity of the stakeholders. Equivalently, the risks are also born by the whole pool of stakeholders meaning that the network operates as a single-bodied organization. Ultimately value is seen to be scattered throughout the network (see Post et al 2002).

*Proposition 2. The interests of non-profit network stakeholders are projected onto the objectives of the network organization.*

The goals of a non-profit organization mainly consist of political and social agendas (Hasnas 2013) and these goals are also projected onto the interests of the stakeholders. Due to the voluntary and non-contractual nature of these stakeholder relationships (excluding corporate actors), the stakeholders have an interest to pursue and promote a similar agenda and are therefore primarily tied to the organization. As the stakeholders act as a part of the organization as members or due to an affiliate contract, they also have great decision-making influence on the organization. In fact, the goals of the organization may be perceived to stem from the interests of the stakeholders themselves.

The interests may be described to be social in their nature. On the one hand, the stakeholders have a social interest (see Freeman 1984) in pursuing the organization's social agenda - in this case, business ethics research and promoting ethical business conduct - that is conveyed by the similar activities of the stakeholders. On the other hand, the interests also include providing social opportunities for the stakeholders to attend the network's events and socialize with similarly minded individuals.

*Proposition 3. The stakeholder relationship contributions are mainly intangible and include knowledge, ideas, networking, financial resources and an input of voluntary work.*

The stakeholder relationship contributions (Sachs & Rühli 2011) are shaped primarily by the interests of the stakeholders. As opposed to the operating environment of a for-profit organization, the non-profit environment is more concerned with intangible trade of resources and value creation. The interests of stakeholders are translated into contributions that support and aim to develop the current activities of the network organization. The relationships aim to create value in the form of promoting social issues for a wider audience and by creating value for the members in the form of shared knowledge, perceptions and ideas.

However, companies and other business actors are also vital stakeholders for a non-profit as they provide much of the financial basis that is needed to run the activities. Whereas the contributions of the member-based stakeholders are mainly more long-term and collectively generated, the contributions of business actors are more occasional and project based and therefore easier to identify per stakeholder.

*Proposition 4. The issues that are advocated by the stakeholders of a non-profit network emphasize the practical operations of the organization. Issue salience may be evaluated by the level of deviation in the stakeholder views.*

The observations of this thesis imply that the stakeholder advocated issues are strongly linked to the practical activities that are operated by the network organization. Also deriving from the interest to be a part of the network, the issues that are advocated naturally also revolve around the vision and mission of the organization.

Prior studies (Freeman 1984; Bundy et al. 2013) propose that issue-based analysis should strive to observe the different levels of concern that each stakeholder holds over the issue as well as analyze the cognition of the issues. Whereas the for-profit organizations may be associated with stakeholders that have an opposing view to the operations of the organization, the non-profit organization's stakeholders are viewed to be greatly supportive of the organization's activities.

Furthermore, the evaluation of the stakeholder advocated issues by the frameworks of Freeman (1984) and Bundy et al. (2013) do not show great deviation between the stakeholders or the issues. The analysis findings show that all issues are expressively and instrumentally salient, and should thus receive managerial attention (see Bundy et al 2013). The main differences occur in the emphasis that is placed on each issue by different stakeholders. This may imply that rather than observing the salience of the stakeholder advocated issues, the focus in stakeholder analysis should be in observing the means of advocating the issues. The views on how each issue currently affects the focal organization may differ between the stakeholders, as well as what kind of developments each stakeholder may specifically have per issue. It should also be stressed that the minor differences in the advocated issues and stakeholders may become more important when analyzing the stakeholder relationships with regard to risks and benefits that are embedded in each stakeholder relationship (see Sachs and Rühli 2011).

## **6.2 Managerial implications**

The study proposes that due to the similarities in the stakeholders, stakeholder contributions, influence relationships and stakeholder advocated issues (see Post et al. 2002; Sachs & Rühli 2011, Mainardes et al. 2011; Bundy et al. 2013), stakeholders of a non-profit network organization may be viewed as one collective that promotes the agenda of the organization. Emphasis on specific objectives and interest of the stakeholders is mainly diverse due to the size and activity each actor. These levels of activity also have an impact on the power distribution in the stakeholder relationship, which calls for examination of risk factors when making strategic decisions on how the cause of the organization is promoted.

Whereas earlier research has stated that the interests of the stakeholders should be identified and harmonized (Freeman 2014; Harrison & St. John 1996; Fassin 2012), the findings of the study propose that the means of attending the organization's agenda should also be evaluated. As the stakeholders of non-profit network organizations may be viewed as a rather homogenous group that have decision power in the organization, ideally the organization should look for synergistic elements to provide a sustainable organization culture (see Wheeler et al. 2003). Stress should be placed on finding the best practices of each stakeholder to collectively improve the practices of the whole network, also in terms of finding a stable financial basis that all stakeholders will contribute to.

Prior research states that finding information about the value creation processes is a vital step in improving stakeholder engagement practices (Sachs et al. 2006; Harrison et al. 2010). The processes that destroy value in stakeholder relationships should also be noted and attended. In the case of stakeholders that are diverse in size and activity, the distribution of value becomes an important dimension to observe. The value that is created in the stakeholder relationships is difficult to observe by single stakeholders, and thus attention could be paid to what kind of value is appreciated by each stakeholder, and what kind of distribution of value satisfies all stakeholders. For example, stakeholders that are greater in size may appreciate value in the form of the organization attending the cause with political means, whereas the stakeholders that are smaller in size emphasize their interest in benefitting from the relationship by attaining financial resources.

In order to develop the value creation processes in a non-profit network organization, elements of stakeholder engagement – communication, dialogue and exchange (Greenwood 2007) – may be implemented to improve the current engagement level of the stakeholders. These elements are naturally also important in forming a confirmed view on the interests and perceived value of each stakeholder. Practical implications may include finding new platforms and instances for enhancing the communication channels between the actors that operate in the network. As the stakeholders have great interest in sharing academic knowledge, participating in networking events and sharing their know-how on local practices, the network may enhance their web based discussion portals. These may also be utilized for meetings and web-based seminars to ease the communication flow between the geographically wide-spread networks. The

transparency of the organization may also be improved by providing more details of internal meetings and strategic decisions for the members of the network.

### **6.3 Evaluation of the study and suggestions for further research**

The validity of this study may be evaluated by analyzing the justifications for the chosen research methods. The validity of the research may firstly be judged by its qualitative nature. The research process is documented in rich detail in this report to improve the validity of the study and to provide the reader with a rich account of how the research conclusions were formed. Objectivity is seen as an important element that defines the reliability of research (Tuomi & Sarajärvi 2009). As is typical to stakeholder analysis (see Freeman et al. 2010; Fassin 2009), the research data of this Master's thesis is mainly compiled from the views of managerial actors of the organization.

To minimize biases and to maximize the reliability of the study, data was also generated from other sources and forms in order to construct a rich pool of data (see Yin 2009; Eriksson & Kovalainen 2008). As the study observes the experiences and perceptions of the interviewed persons as well as the surveyed stakeholders, the research is rich in subjectivity. Thus, the research data may be incomprehensive in providing the views of all stakeholders and the identification of all stakeholders may also be limited. All stakeholder groups have not been interviewed for this research, and hence the observations are heavily dependent on the reliability of the managerial perceptions and the analyzed internal documents.

As the stakeholder environments are unique for all organizations (Freeman et al 2010; Rowley 1997), this study does not provide a description of stakeholder relationships that could be applied to any organization. Following the nature of a case study, all findings may not be explicitly generalizable and replicable due a limited amount of generated data. Due to the size of the data sample, the findings of the study may be limited to concerning only a limited portion of the stakeholders.

This researched was limited to describe the stakeholder relationships with respect to the interest, advocated issues and relationship contributions, but further analysis could be conducted with a focus on stakeholder engagement and stakeholder commitment,

especially due to the voluntary attributes of the stakeholder relationships in a non-profit network organization.

The voluntary nature of the stakeholder relationships is interesting attribute of a non-profit network organization, which may call for further studies on leadership and stakeholder engagement in the field of non-profit organizations. As the value creation that occurs in stakeholder relationships is mainly intangible, further studies could also be conducted to find tools to measure the experienced value. As the distribution of value is an important factor in conducting stakeholder engagement, the phenomenon offers an interesting platform to evaluate the dimensions of experienced value, how it may reach satisfactory and fairly distributed levels for all network stakeholder.

Although the stakeholder pool of a network organization is seen to promote a similar agenda, the practices of the actors differ greatly, and networks as such may not be described as single unified organization. In some cases, they may be perceived as rather independent actors that are connected by similar interest. Hence, another intriguing aspect to study is the commitment of the stakeholders to the focal organization, and the perceptions on the structure and unity of the organization.

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## **APPENDICES**

### **APPENDIX 1: Question sheet for ExCom members**

1. How would you describe the purpose of EBEN? What are the main goals of the organization?
2. How do you perceive the operations of EBEN? What are the cornerstones of the network organization's activities?
3. How would you describe the recent developments in the organizations activities? What has happened in the last five years?
4. What kind of things would you see as major successes of the organization? What are you proud of?
5. What kind of challenges is the organization currently facing?
6. How do you perceive the future of the organization?
7. How do you perceive EBEN's stakeholder field?

## **APPENDIX 2: E-mail survey for National Chapters sent 8.12.2014**

Dear Chairmen of EBEN National Networks,

My name is Maria Inha and I am doing my master's thesis on EBEN and its stakeholders. I would appreciate if you could share your views and ideas of EBEN and how you are operating in your country.

Could you please discuss the following issues and topics within your network and send a brief description of your views to me via email by January 12, 2015. Please let me know if you are unable to send your reply by this date.

I would like to collect your views on the following topics:

### 1) Your National Network

- a) What is the most important activity of your network? Why?
- b) Could you describe your members: how many members do you have and who are they?
- c) How do your members currently benefit from your network? What do you think attracts new members? What do you think your members are expecting from you?
- d) What is your network's greatest achievement so far?
- e) What kinds of challenges is your network facing?
- f) What are your goals for the next 3 years? How do you plan on achieving them?

### 2) EBEN Europe

- a) What do you know about other National Networks?
- b) What does EBEN Europe mean for you?
- c) What kinds of opportunities or challenges does EBEN Europe present to your network?
- d) What are your expectations for EBEN Europe?

**APPENDIX 3: Details of utilized documents.**

<b>Data Description</b>	<b>Date</b>	<b>Date Retrieved</b>	<b>Label</b>
EBEN Deeds, the articles of association (Rotterdam)	2014	15.9.2014	E1
Minutes Dublin ExCom 1/2	8.6.2011	31.10.2014	E2
Minutes Dublin NN	8.6.2011	31.10.2014	E3
Minutes Dublin ExCom 2/2	10.6.2011	31.10.2014	E4
Minutes Antwerp ExCom	15.9.2011	31.10.2014	E5
Minutes Antwerp NN	15.9.2011	31.10.2014	E6
Minutes Antwerp GA	16.9.2011	31.10.2014	E7
Minutes Pamplona ExCom	10.- 11.2.2012	17.11.2014	E8
Minutes Newcastle ExCom	7.6.2012	17.11.2014	E9
Minutes Barcelona NN	20.9.2012	17.11.2014	E10
Minutes Barcelona GA	21.9.2012	17.11.2014	E11
Minutes Lille ExCom	12.9.2013	17.11.2014	E12
Minutes Lille NN	12.9.2013	17.11.2014	E13
Minutes Lille GA	14.9.2013	17.11.2014	E14

**APPENDIX 4: National Network survey replies**

<b>EBEN Network</b>	<b>Length of reply (pages)</b>	<b>Date of reply</b>	<b>Label</b>
EBEN Israel	0,5 <sup>2</sup>	08.12.2014	NN1
EBEN Scandinavia	1	12.12.2014	NN2
EBEN Switzerland	1,5	07.01.2015	NN3
EBEN Poland	0,5	12.01.2015	NN4
EBEN Italy	1	12.01.2015	NN5
EBEN Ireland	4	15.01.2015	NN6
NBN (Dutch network)	1	22.01.2015	NN7
EBEN Cyprus	1	26.01.2015	NN8
EBEN Greece	0,5	05.02.2015	NN9
(C)EBEN (Belgian network)	1	06.02.2015	NN10
EBEN Finland	1	17.02.2015	NN11
EBEN España (Spanish network)	1,5	22.02.2015	NN12
DNWE (German network)	1,5 <sup>3</sup>	09.03.2015	NN13
EBEN Turkey	1,5	20.03.2015	NN14
CERCLE d’Ethique des Affaires (CEA) (French network)	2 <sup>4</sup>	30.03.2015	NN15
EBEN Portugal	N/A, did not wish to participate	05.03.2015	NN16

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<sup>2</sup> Questions of section 2 (EBEN Europe) unanswered

<sup>3</sup> Reply in German

<sup>4</sup> Reply in French