How Tight Are the Ties that Bind Stakeholder Groups?

Richard A. Wolfe • Daniel S. Putler
Michigan Center for Sport Management, Division of Kinesiology, The University of Michigan, 401 Washtenaw Avenue, Ann Arbor, Michigan 48109–2214
Faculty of Commerce and Business Administration, The University of British Columbia, and Leavey School of Business, Santa Clara University, 500 El Camino Real, Santa Clara, California 95053-0393
wolfer@umich.edu • dputler@scu.edu

Abstract

The purpose of stakeholder management is to facilitate our understanding of increasingly unpredictable external environments, thereby facilitating our ability to manage within these environments. We argue that a powerful implicit assumption within the stakeholder literature—that priorities within role-based stakeholder groups are relatively homogeneous—blurs our understanding of organization-stakeholder relationships. Two important and related areas of concern are presented. The first involves the primacy of role in stakeholder definition. This role primacy approach to stakeholder definition is appropriate if, for a particular issue, role-based stakeholder group members have similar priorities. Individual and collective self-interest provides a rationale for this assumption. However, an important problem with this approach arises in situations in which self-interest is not the primary motivator of individuals' priorities. In these instances, subgroups within different role-based stakeholder groups might have more similar priorities than either subgroup has with others within their role-based stakeholder group. In these situations the role primacy approach impedes, rather than facilitates, an understanding of our environment. Our second concern is related to insufficient rigor in the application of stakeholder analysis. Most stakeholder studies, both theoretical and empirical, fall short in the determination of relevant interests and the subsequent subdivision of role-based stakeholder groups into rigorously defined specific stakeholder groups. Having suggested that the role primacy approach to stakeholder definition is less than ideal, we examine the extent to which, and the conditions under which, roles are likely to determine priorities, and thus, the likelihood of relatively homogeneous priorities within role-based stakeholder groups. In addition, we present an illustrative empirical analysis of stakeholder group priorities. The illustrative study is conducted within the context of intercollegiate athletics. Related literature and our empirical results indicate that role-based self-interest frequently is not a sufficient "binding tie" of stakeholder groups. Given this background, we present an alternative approach to stakeholder analysis that borrows heavily from the customer segmentation literature of marketing. Our alternative approach can accommodate heterogeneous priorities within role-based stakeholder groups.

(Stakeholder Management; Intercollegiate Athletics; Stakeholder Homogeneity; Collective Self-Interest; Symbolic Predisposition)

> The stakeholder concept is **deceptively simple**. It is "simple" because it is easy to identify those groups and individuals who can affect, or are affected by, the achievement of an organization's purpose. It is "deceptive," because once stakeholders are identified, the task of managing the relationships with them is enormous (Freeman 1984, p. 246; emphasis added).

The purpose of stakeholder management is to facilitate our understanding of, and thereby our ability to manage within, increasingly unpredictable external environments. "Given the turbulence that . . . organizations are currently facing and the very nature of the external environment, as consisting of economic and socio-political forces, there is a need for conceptual schemata which analyze these forces in an integrative fashion" (Freeman 1984, p. 40). The desired result of stakeholder management is to more closely align corporate priorities and actions with stakeholder needs. It is hypothesized that creating this alignment produces a good fit between the organization and its environment, thus increasing the probability of the organization's success.[1] Understanding the priorities of and dealing with identifiable stakeholders—any group that can affect, or is affected by, the achievement of an organization's objectives (Freeman 1984, p. 46)—offers strategic and cognitive efficiency advantages over conceiving of an organization's environment as being composed of innumerable individuals and institutions.

The cognitive efficiency advantages attributed to stakeholder management derive from its provision of a systematic approach for conceptualizing, comprehending, and

1047-7039/02/1301/0064/$05.00
1526-5455 electronic ISSN

analyzing external environments. Focusing on relatively few identifiable stakeholders, as opposed to innumerable individuals and institutions, provides a simplified and more easily comprehended representation of the organization's world. Consequently, the stakeholder approach to management can be considered a knowledge structure that determines how a manager selectively perceives, evaluates, and interprets attributes of the environment. The use of a knowledge structure can facilitate information processing and decision making (Walsh 1995). However, the use of a knowledge structure is not without risk. As argued convincingly by Allison (1971), fundamental choices among the categories and assumptions of knowledge structures channel our thinking and influence our understanding. The often implicit nature of our conceptual models contributes to a lack of cognizance of what they magnify and reveal as well as what they blur or neglect. Allison surmised that it is important for researchers and practitioners to consider the assumptions inherent in the conceptual models they adopt, how these assumptions channel their thinking, and what other perspectives are available.

We believe that much of the stakeholder literature is prone to the magnifying, blurring, and/or neglecting described by Allison. Development of stakeholder theory has concentrated on stakeholder analysis—attempts to classify stakeholders into categories that provide an understanding of how stakeholder groups can influence a firm (Rowley 1997). There is agreement in the literature concerning the major steps involved in stakeholder analysis: (1) identification of stakeholder groups (e.g., employees, owners, communities, customers); (2) determination of the stakeholders' interests; and (3) evaluation of the type and level of stakeholder power (Wood 1994) or salience (Mitchell et al. 1997). We argue that powerful, though implicit, assumptions of the type suggested by Allison influence both the methods used to define stakeholder groups (the first two steps above) and how rigorously these methods have been applied.

Our first and primary area of concern involves the methods used to define stakeholder groups in stakeholder analysis. The basis of this concern is the primacy of role in stakeholder definition. As described above, stakeholder analysis begins with identifying relevant role-based stakeholder groups and then determining the relevant interests (in other words the "stakes") of individuals within each identified stakeholder group. This approach is appropriate if, for a particular issue, members of a role-based stakeholder group have similar priorities. Not all stakeholder group members would have to have identical interests or perceived stakes; variations in interests are the reason why further refinement (i.e., Step 2) is part of a rigorous stakeholder analysis. Self-interest provides a natural reason to assume that individuals within a role-based stakeholder group will employ a similar lens when perceiving their stakes, and thus be fairly homogenous with respect to their views on a particular issue. Presumably, so the thinking goes, employees will view their stakes in a particular issue through a lens of their self-interest concerns with wages and job security; shareholders will view the stakes for the same issue through a lens of their own self-interest concerns with earnings and dividends; and so on.

An important problem with what we call the "role primacy" approach to stakeholder analysis arises in situations in which self-interest does not constitute the primary motivator of individuals' attitudes and priorities. In these instances it may well be that individuals or subgroups, each within different role-based stakeholder groups, have more similar priorities with respect to a particular issue than they have with others within their own role-based stakeholder group. In these situations the role primacy approach adds nothing to understanding our environment, and, in our opinion, actually impedes understanding. The basis for our position is that instead of creating a parsimonious and more cognitively efficient knowledge structure that classifies similar individuals into a single group, individuals with different priorities are classified within their respective (but uninformative) role-based stakeholder groups.

Our second concern is related to insufficient rigor in the application of stakeholder analysis. Most stakeholder studies, both theoretical and empirical, fall short in executing the second step of stakeholder analysis: the determination of relevant interests and, when necessary, the subdivision of generic role-based stakeholder groups into rigorously defined specific stakeholder groups. As we present in some detail below, stakeholders are defined solely by role in essentially all of the literature. This is of great importance because stakeholder theory and management are used to postulate and create an alignment between organizational and stakeholder priorities. In order for an organization to align its priorities and actions with those of a stakeholder group, preferences concerning the organization must be relatively homogeneous within that stakeholder group. Otherwise, with what would the organization align its priorities and actions? Inherent in extant stakeholder research, therefore, is the implicit assumption of strong homogeneity of interests concerning an organization within stakeholder groups, and thus within roles.

At the heart of both of our concerns is the issue of stakeholder group homogeneity. The relevance and importance of group homogeneity/heterogeneity is well established in the organizational studies literature; lack of

sensitivity to it implies important pragmatic problems for researchers and managers. To the extent that homogeneity exists, only a small number of differentiated preferences and expectations within a stakeholder group will impinge upon an organization. Homogeneity thus simplifies organizational activities necessary to satisfy a stakeholder. It is difficult for an organization to respond to the diverse needs and expectations of heterogeneous groups because a diverse set of actions are required (Tsui 1990). Although assuming homogeneity simplifies stakeholder theory, this assumption can have powerful, unanticipated, and undesirable consequences. Given its major influence—movement from management for stockholders to management for stakeholders (Meznar et al. 1994, Wang and Dewhirst 1992)—it is understandable that the focus of the stakeholder management literature has been on heterogeneity across, rather than within, stakeholder groups.

Having suggested that the role primacy approach to stakeholder definition can be less than ideal, related questions emerge concerning the extent to which, and the conditions under which, roles are likely to determine priorities, and thus the likelihood of relatively homogeneous priorities within role-based stakeholder groups. To address these questions we turn to the findings of a related literature on the function of self-interest in explaining social and political attitudes and behavior that have developed in political science, social psychology, and sociology. However, before doing this we examine how stakeholder groups are defined in the existing literature, and explicitly examine the extent to which stakeholder classification has gone beyond the use of simple generic roles. In addition, we present an illustrative empirical example to examine several aspects of this issue. The example is a stakeholder analysis of intercollegiate athletics within the context of a university community. The review of the related literature and our empirical results suggest that role-based self-interest is frequently not a sufficient "binding tie" of stakeholder group priorities. In fact, the literature on social and political attitudes and behavior suggests that in many circumstances role-based self-interest is not likely to be the key underlying driver of priorities and behavior. Given this background, we present a new approach to define stakeholder groups that borrows heavily from the customer segmentation literature of marketing. The paper concludes with a discussion of the implications of our findings and suggests avenues for future research.

How Are Stakeholder Groups Defined in the Literature?

In a systematic review of how stakeholder groups have been defined in the literature, we find unanimous adoption of the role primacy approach. A few authors have recognized that members of a role-based stakeholder group can have heterogeneous interests and priorities. Freeman (1984) suggests that:

> each category of stakeholder group . . . can be broken down into several useful smaller categories (pg. 25). . . . [while a] generic stakeholder map . . . can serve as a starting point . . . for stakeholder analysis to be meaningful . . . [s]pecific stakeholder groups must be identified (p. 54).

Carroll (1996, p. 82) and Jones (1995, p. 408) make a similar differentiation between generic and specific stakeholder groups; however, our review of the literature indicates that very few studies have gone beyond generic role-based definitions. Consequently, it appears that most authors, probably implicitly, assume homogeneity of interests and priorities within role-based stakeholder groups. Put another way, there is an assumption that the ties that bind role-based stakeholder groups are very strong.

Our assessment of the literature is based on a review of five leading general management journals (*Academy of Management Journal*, *Academy of Management Review*, *Journal of Management*, *Organization Science*, *Strategic Management Journal*) and of two journals in the social issues in management field (*Business & Society*, *Business Ethics Quarterly*). Title and subject indices for each of these publications were reviewed for articles that address stakeholder theory, management, relationships, and so on. Between 1990 and 1999 inclusive, 76 articles that address the stakeholder concept appeared in the seven publications. Of these, 48 are conceptual and 28 are empirical articles. Generic-specific stakeholder differentiation and/or homogeneity (heterogeneity) of interests within stakeholder groups are minimally addressed in the reviewed articles: Nine articles (six conceptual and three empirical) address one or the other of these issues. While mentioned in nine of the 76 articles, homogeneity/heterogeneity of interests within stakeholder groups is not directly related to the theoretical development, research design, or empirical analysis in any article. Full results of our review can be found at ⟨http://www.umich.edu/~wolfer/review.htm⟩.

It appears, therefore, that by and large researchers have overlooked the specific-generic stakeholder differentiation as well as the possibility of heterogeneity of interests within stakeholder groups, as "[m]ost of us have a tendency to assume far too quickly that a group has a particular attitude or set of values" (Freeman 1984, p. 132). This tendency leads to the (perhaps implicit) assumption that members within a stakeholder group share homogenous priorities with respect to a focal organization. We

find that generic role-based terms such as "customers, employees, suppliers, communities, etc." (Clarkson 1995, p. 106) are those that are used when discussing stakeholder groups, and that these terms are used in a manner that implies that stakeholder groups are homogeneous units.

Research Implications of Not Addressing Group Homogeneity. We believe that for stakeholder theory to accomplish its objectives of (1) *prescribing* how managers should deal with stakeholders, (2) *explaining* what managers actually did with respect to stakeholder relationships, and/or (3) *predicting* what would happen if managers adhered to stakeholder management principles (Jones 1995, p. 406), it is necessary to have knowledge of the underlying priorities within stakeholder groups. Consider the case of United Way of America (UWA) during the aftermath of allegations of financial abuse, and the resignation of UWA President William Aramony (Rowley 1997). How could one prescribe, explain, and/or predict UWA actions relating to local chapters without knowing the chapters' preferences concerning autonomy, and the extent to which these preferences differed across chapters? Likewise, how could one prescribe, explain, and/or predict UWA actions relating to donors without knowing donors' preferences concerning local (versus national) handling and disbursement of donations, and the extent of agreement concerning these preferences?

Mitchell et al. (1997, p. 854) present a "theory of stakeholder salience that can explain to whom and to what managers [should] pay attention." The authors depict Alaskan citizenry as an example of a salient stakeholder of Exxon subsequent to the Exxon *Valdez* oil spill. While Alaskan citizens are salient stakeholders according to the authors' three criteria for salience (possession of power, legitimacy, urgency of claim), those attributes, in and of themselves, do not "explain to whom and to what" Exxon managers should pay attention. Alaskan citizens' interests could have been very heterogeneous concerning such issues as timing and amount of compensation for the spill, reclamation of wildlife habitats, and pollution controls required prior to resumption of oil shipping. Prescribing, explaining, and/or predicting Exxon managers' actions would depend on the extent to which Alaskan citizens had common priorities concerning such issues.

The Nature of Stakes and the Role of Self-Interest

The Relevance of "Stakes." Stakeholder theory is based on the concept of "stake," or "interest" (Freeman 1984, p. 60). Though it is central to stakeholder theory, discussion and development of the concept of "stake" subsequent to Freeman (1984) is minimal. Consequently, a primary challenge to further developing stakeholder theory is the development of a broadly acceptable definition of the term "stake" (Rowley 1997). This is of importance to us because stakes are what motivate stakeholder groups, and thus are important determinants of stakeholder group priorities and the degree to which members of a stakeholder group are likely to have common priorities with respect to a given issue.

To the extent that the concept of "stake" is addressed in the literature, it is done in a manner consistent with Freeman (1984, p. 60) who uses the term interchangeably with "interest." An author who has expanded on the concept is Carroll (1996, p. 73):

> To appreciate the concept of stakeholders, it helps to understand the idea of a stake. A *stake* is an *interest* or a share in an undertaking. . . . The idea of a stake . . . can range from simply an interest in an undertaking at one extreme to a legal claim of ownership at the other extreme. In between these two extremes . . . might be a legal right . . . (or) a moral right. (emphasis added)

We argue that the nature of a role-based stakeholder group's stake is a central determinant of the homogeneity/heterogeneity of the group's priorities. In developing our arguments, we build on Freeman's (1984) efforts to categorize types of stakes. Freeman categorizes stakes as falling into three broad groups as part of a two-dimensional grid that has as its second dimension the type of "power" a stakeholder group can use to influence an organization. Freeman labels the three groups of stakes as equity stakes, economic (or market) stakes, and influencer stakes. Equity stakes are held by those who have some direct "ownership" of the organization, such as stockholders, directors, or minority interest owners. Economic or market stakes are held by those who have an economic interest, but not an ownership interest, in the organization, such as employees, customers, suppliers, and competitors. Influencer stakes are held by those who do not have either an ownership or economic interest in the actions of the firm, but who have interests as consumer advocates, environmental groups, trade organizations, and government agencies (Freeman 1984, pp. 60–63).

Freeman views the three types of stakes as being "categories of a continuum" (1984, p. 60) and appears to suggest that equity stakes supersede economic/market stakes and influencer stakes. For example, he classifies "dissident shareholders" (individuals who buy a few shares of stock for the purpose of obtaining standing in a firm's annual meeting to protest certain firm actions) as a different stakeholder group than traditional shareholders.

However, he views the relevant stakes for both dissident and traditional shareholders as their equity stake in the firm. What separates the two groups in Freeman's analysis is that traditional shareholders wield formal or voting power over the firm, while dissident shareholders attempt to use political power to influence the actions of the firm. We view this characterization as unsatisfactory because the stake that motivates the actions of the dissident stockholder is not her equity position, but her interest in having a greater voice with respect to the firm's actions concerning certain social or political issues. From Freeman's perspective, the dissident shareholder's equity position defines her relevant stake as an equity stake, even though the stake that motivates her behavior is that of an influencer.

This view of stakes does assist in implementing a role primacy definition of stakeholder groups. The fact that our dissident shareholder owns a share of stock in the firm allows her primary role to be defined as that of a shareholder. While this view of stakes makes initial stakeholder definition easier, it can confuse our understanding of the motivations (really the relevant stakes) that drive individuals' actions and attitudes. To see why this might be the case, we need to examine the motivating role of stakes in more detail.

The underlying motivations for the three types of stakes Freeman identifies are not identical. Individuals or groups whose real concern with respect to a particular issue is either the equity or economic/market stake they hold are motivated by self-interest. When a firm engages in efforts to take over another firm, the firm's shareholders will focus on issues that impinge on their self-interest with respect to the firm's stock price and the likely impact the takeover will have on revenues and earnings of the firm. Similarly, employees of the firm, as well as those of the takeover target, will typically be motivated by the self-interest issue of job security.

Influencer stakes (i.e., those of consumer advocates and environmental groups) are less likely to be motivated by self-interest. Instead, they are likely to be motivated by what researchers in the area of social and political attitudes and behaviors have labeled "symbolic predispositions" (Sears and Funk 1991, p. 13). Symbolic predispositions are learned affective responses to particular symbols that are acquired relatively early in life (any time from childhood to early adulthood) but persist through adult life. These predispositions are central in forming basic values, feelings of nationalism, political party identification, racial prejudices, and other attitudes. In what follows we relate the categories of stakes identified by Freeman to self-interest and symbolic predispositions. This analysis will help show how and why there can be substantial heterogeneity within role-based stakeholder groups.

Is Self-Interest the Most Powerful Motivator? A large body of work known as symbolic politics (at the intersection of political science, social psychology, and sociology) has examined the role that self-interest plays in forming the public's attitudes and opinions concerning political and public policy issues. The major finding of this work indicates that self-interest concerns are often less important than symbolic predispositions in influencing attitudes concerning various issues ranging from school busing (Bobo 1983, Gatlin et al. 1978, Jacobson 1978, McConahay 1982, Sears et al. 1979) to Social Security and Medicare (Ponza et al. 1988). The overall thrust of research in this area (Sears and Funk 1991) is that self-interest becomes a dominant factor only in very specific circumstances, and when it does, its effects are cognitively narrow (i.e., it influences only a very specific issue and does not transfer to other related issues). Self-interest is more likely to become an important factor when: (1) potential repercussions to an individual are large; (2) costs and benefits of different alternatives are clear and will result with a high degree of certainty; (3) there are feared negative outcomes as opposed to desired positive ones; and (4) individuals attribute responsibility for an issue to an external agent (e.g., government, society at large, a firm) rather than to themselves. These four factors determine whether an individual's priorities on a specific issue will be ones based on self-interest (equity or economic/market stakes) or symbolic predispositions (influencer stakes).

Issues, Priorities, and Role-Based Stakeholder Groups. For some issues the conditions are right for individuals in a particular role-based stakeholder group to be motivated by common self-interest, and as a result to have fairly homogenous priorities and concerns. However, for other issues the circumstances are unlikely to result in self-interest being a dominant concern, and symbolic predispositions will motivate individuals' priorities. Because there is no underlying reason for individuals in a role-based stakeholder group to hold a common set of symbolic predispositions, there is likely to be a great deal of heterogeneity within role-based stakeholder groups concerning various (nonequity and nonmarket) issues.

To make this argument more concrete, consider employees of a firm as the role-based stakeholder group of interest, and suppose that we are examining the group's response to two issues—the firm's collective-bargaining agreement and philanthropic-giving activities. Employees will be motivated by fairly homogenous self-interest-based priorities when the issue is a collective-bargaining

agreement in which the size of the potential financial stakes are large, the alternatives are both clear and certain, there may be some feared negative outcomes of the negotiations, and an individual can easily attribute responsibility for their well-being to the firm. In contrast, when the issue is the philanthropic-giving activities of the firm, employees are likely to have very heterogeneous priorities because symbolic predispositions, not self-interest, are involved.

For example, consider potential employee response to a situation in which an art museum, one that has the focal firm as a major benefactor, decides to house an exhibit of a controversial artist such as the late Robert Maplethorpe. In this instance, employees who are social conservatives (based on a set of symbolic predispositions) will have a strong desire to have the firm discontinue its financial support of the museum. At the same time, employees who have a strong conviction in the civil liberties of freedom of speech and expression (based on a second set of symbolic predispositions) will be equally adamant in their belief that the firm should continue its financial support of the museum. Other employees might not have strong priorities one way or the other.

An organization whose actions impinge upon a number of role-based stakeholder groups in several different areas is confronted with even greater complexity. It is unlikely that on a particular issue (e.g., collective bargaining or philanthropic giving) all role-based stakeholder groups will be motivated by self-interest (which would tend to make a role-based group more homogenous) rather than by symbolic predispositions (which would tend to make a role-based group more heterogeneous). As a result, for any particular issue, the organization may be confronted with some role-based stakeholder groups that have fairly homogenous interests and with other groups that have heterogeneous interests. Moreover, the specific role-based stakeholder groups that are relatively homogenous will likely vary across issues.

An Illustration. In an effort to illustrate this point and to foreshadow the empirical application of the next section, consider the situation faced by a university president whose actions affect a multitude of role-based stakeholder groups on a wide-ranging set of issues. To keep this example manageable, we will reduce its scope by considering the likely nature of the priorities of six role-based stakeholder groups (current students, prospective students, student athletes, alumni, faculty, and athletic department administrators) concerning four issues (faculty benefits, tuition increases, emphasis on intercollegiate athletics, and a Nike sponsorship arrangement).

An examination of these stakeholder groups and issues suggests that self-interest will determine the relevant priorities for a member of a role-based stakeholder group for some issues, but not for others. Specifically, we expect self-interest to determine priorities of both current and prospective students concerning tuition increases because for this issue the stakes are high, certain, and have negative consequences for these two groups. As a result, these two groups should have relatively homogeneous priorities as they relate to tuition increases. However, for the other issues—faculty benefits, sponsorship, and emphasis on athletics—personal consequences for current and prospective students are unpredictable or mixed, leading to heterogeneous priorities based on symbolic predispositions.

Based on similar analyses, Table 1 provides the expected level of homogeneity/heterogeneity for each role-based stakeholder on each of the four issues under consideration. We simplify the table by assuming two priority states (heterogeneity and homogeneity) only. An examination of Table 1 illustrates the complicated stakeholder environment facing the university president.

We have now seen that the vast majority of stakeholder management research adopts the homogeneity assumption and we have investigated why this assumption might not hold. Next we examine whether the homogeneity assumption is empirically valid. If it is not, we need to consider additional steps to refine stakeholder analysis.

An Empirical Application to Intercollegiate Athletics

The Application. To assess the empirical validity of the homogeneity assumption, we turn to an example involving intercollegiate athletics. In particular, we investigate priorities concerning intercollegiate athletics programs among several role-based stakeholder groups. We selected this example for two reasons. First, it has been argued that stakeholder concerns be considered in managing this aspect of university life because stakeholders can have important effects on issues such as state government and alumni contributions to a university, student applications, and on the sense of pride within a university community (Bienen 1997, Hosmer 1994). Further, Shulman and Bowen (2001, pp. 290–291) suggest that university leaders' "fear of negative reactions" among a number of stakeholder groups (e.g., high school seniors, alumni, financial contributors, legislatures) is an impediment to the changes that are necessary for intercollegiate athletics reform efforts to be successful. Duderstadt (2000) has similarly argued that the interests of a number of stakeholders (e.g., alumni, the media, faculty, student

Table 1 Expected Heterogeneity/Homogeneity Across Issue Areas

	Issue Area			
Role-Based Stakeholder Group	Faculty Benefits	Tuition Increases	Emphasis on Athletics	Nike Sponsorship
Students	Heterogeneous	**Homogeneous**	Heterogeneous	Heterogeneous
Faculty	**Homogeneous**	Heterogeneous	Heterogeneous	Heterogeneous
Athletic Administrators	Heterogeneous	Heterogeneous	**Homogeneous**	**Homogeneous**
Student Athletes	Heterogeneous	Heterogeneous	**Homogeneous**	**Homogeneous**
Alumni	Heterogeneous	Heterogeneous	Heterogeneous	Heterogeneous
High School Seniors	Heterogeneous	**Homogeneous**	Heterogeneous	Heterogeneous

athletes) must be taken into consideration in the governance and potential reform of intercollegiate athletics.

The second reason for selecting this example relates to pragmatism. Specifically, intercollegiate athletics is an area in which stakeholder management concepts are considered to be relevant and in which we have fairly ready access to respondents that fall into several salient stakeholder roles. Although tested within this specific context, the implications of our results are not limited to this domain. If role is an important determinant of stakeholder priorities with respect to intercollegiate athletics, then the role primacy approach to stakeholder group definition gains support. If not, alternative approaches to defining stakeholder groups need to be explored.

Our stakeholder analysis was carried out at Mid-South University (MSU), a regional university with 14,000 students, located in a fairly rural university town. Its athletic teams compete in Division I, the division with the largest athletic programs, of the National Collegiate Athletic Association (NCAA). Respondents were drawn from six role-based stakeholder groups: current students, prospective students, student athletes, alumni, faculty, and athletic program employees.[2] Student, faculty, and alumni respondents were selected from MSU's College of Business Administration (COBA).[3]

Motivating Stakes of Different Role-Based Stakeholder Groups. Of the six stakeholder groups we examine, only athletic department employees are expected to have a common self-interest motivation with respect to intercollegiate athletics. We believe this group will have focused priorities because the performance of the intercollegiate athletics program is central to department employees' self-interest issues of wages and job security. As we argue below, the factor(s) that constitute the self-interest of this group will depend on the institutional context of the department.

Student athletes are also likely to have self-interest-oriented motivations concerning intercollegiate athletics. However, what factor best contributes to their self-interest is likely to vary across members of this stakeholder group. Specifically, for student athletes who aspire to a career in professional sports, self-interest is probably best served by being on a winning team, because this is likely to increase their media exposure and, more importantly, their exposure among the scouting staffs of professional teams. However, athletes who do not aspire to professional sports careers are likely to have their self-interest better addressed by either student athlete education (will I graduate?) or the financial performance of the athletic department (will I continue to receive my scholarship and other financial support?). Given the likely differences in what constitutes self-interest across student athletes, we would expect to find a great deal of heterogeneity in priorities across group members.

For the remaining four stakeholder groups (current and prospective students, faculty, and alumni) conditions favorable for common self-interest are unlikely, as their stakes in intercollegiate athletics are likely to be small and its effects on them uncertain. As a result, symbolic predispositions are likely to determine the priorities of individuals within these four groups. As argued earlier, there is no a priori reason to believe that symbolic predispositions will be common within role-based stakeholder groups. Consequently, we expect a high level of priority heterogeneity within these four role-based stakeholder groups.

Methods. To determine individual priorities so that we can assess stakeholder homogeneity, we make use of a set of methods that are collectively known as metric conjoint analysis. Conjoint analysis methods have been extensively developed and refined in the marketing research literature over a period of 30 years (Green and Rao 1971, Green and Srinivasan 1978, Malhotra 2000). The methodology is based on the notion that an individual considers the attributes of an object, along with a set of subjective attribute importance weights, in forming an overall

evaluation of that object. The goal of conjoint analysis is to estimate the set of attribute weights an individual uses in making her/his evaluations.

In this study each respondent was asked to make judgements on a series of scenarios, each of which described an intercollegiate athletics program. Prior to developing the scenarios, in-depth interviews were conducted with a range of individuals (e.g., university presidents, students, faculty, student athletes) to ascertain what factors determine perceptions of success (or lack of success) of intercollegiate athletics programs. These interviews indicated that seven factors are most important in determining these perceptions: (1) success on the field (operationalized as win-loss records); (2) student athlete education (graduation rates); (3) athletic program ethics (NCAA violations); (4) interest in athletics (attendance); (5) gender equity (proportion of female athletes compared to the proportion of female undergraduates); (6) breadth of program offerings (number of teams); and (7) the extent to which an athletic program is self-supporting (financial surplus or deficit). A total of 45 scenarios were constructed by systematically varying the levels of the seven factors across the scenarios. The levels (high, medium, or low) for each factor used in the scenarios are based on actual outcomes for NCAA Division I institutions. Appendix 1 contains examples of the scenarios included in the survey each respondent completed.

A number of sampling approaches were used in the administration of the survey. It was distributed to: (1) university students in a required junior-level COBA course (chosen at random); (2) students in a senior high school class at a school within the community in which MSU is located; (3) 38 alumni (from a randomly generated list of 100 COBA alumni who live in and around the county in which MSU is located) who were successfully contacted; (4) all players on the men's and women's basketball teams and one-third of the letter winners on the football team (chosen at random); (5) nine senior employees in the athletic department (identified by the athletic director and associate athletic director) and coaches of the football and the two basketball teams; (6) all COBA faculty. Of the 228 surveys that were distributed, 179 (78.5%) were completed and 168 (73.7%) were usable.[4]

Based on her/his responses to the scenarios, each respondent's outcome priority model was estimated using ordinary least-squares regression. The estimated coefficients from these regression models were then algebraically normalized (Malhotra 2000) into a set of outcome priorities that are each between zero and one, and that sum to one across the seven factors.

Results. Are there common priorities within role-based stakeholder groups? Table 2 contains simple descriptive statistics of the seven priority scores for each stakeholder group. The table reveals that the mean priority scores of the faculty, student athlete, potential student, and university student stakeholder groups are very similar, while the alumni and athletic department groups have mean scores that are similar to each other, but which differ from the other four groups. For all groups the four most important factors are graduation rates, violations, win-loss record, and finances (bolded in Table 2). In contrast, attendance, gender equity, and number of teams are less important factors for all six groups. Although interesting, the mean priority weights tell us little about the level of homogeneity/heterogeneity within each stakeholder group. The standard deviations and coefficients of variation indicate a fairly high degree of heterogeneity within four of the stakeholder groups, with the alumni and athletic department groups having the greatest homogeneity. However, standard deviations and coefficients of variation are not measures that facilitate comparing and "visualizing" the extent of homogeneity/heterogeneity.

The use of principal components analysis enables us to develop a two-dimensional visualization for qualitatively investigating the extent of homogeneity/heterogeneity. When we perform a principal components analysis of the seven priority weights across respondents we find that the first two principal components account for a very reasonable 44% of the total variation in these weights.[5]

Figure 1 contains a biplot of the data that includes a numeric label indicating the stakeholder group membership of each respondent in the sample. The axes of the plot are the first two principal components, and the labeled directional vectors indicate how the relative weight placed on a factor differs in the two-dimensional space. Specifically, the figure indicates that an individual located in a northwesterly direction from the origin places a higher priority on NCAA violations than does an individual located at the origin. In a similar fashion, an individual located in a northeasterly direction places a higher priority on finances, an individual located in a southeasterly direction places a greater weight on winning percentage, and an individual located in a southwesterly direction places a greater emphasis on graduation rates than does an individual at the origin. Thus, we can loosely label the northwest quadrant of the figure the "ethics" quadrant, the northeast quadrant the "finances" quadrant, the southeast quadrant the "winning" quadrant, and the southwest quadrant the "graduation" quadrant.

While it is quite dense, Figure 1 suggests there is little association between role and an individual's location in the two-dimensional space. There are two reasons for

Table 2 Descriptive Statistics of Stakeholder Priorities

Stakeholder		**Win-Loss Record**	**Graduation Rates**	**Violations**	Attendance	Gender Equity	Number of Teams	**Finances**	Important Factor Averages**
Faculty	Mean	**0.18**	**0.20**	**0.17**	0.08	0.09	0.05	***0.25***	
	SD	**0.16**	**0.11**	**0.13**	0.05	0.04	0.03	***0.12***	0.13
	CV*	**0.89**	**0.57**	**0.76**	0.59	0.49	0.54	***0.48***	0.67
Student Athletes	Mean	**0.20**	**0.19**	**0.14**	0.09	0.07	0.06	***0.25***	
	SD	**0.10**	**0.12**	**0.09**	0.06	0.04	0.04	***0.10***	0.10
	CV	**0.52**	**0.62**	**0.64**	0.71	0.63	0.62	***0.39***	0.55
Prospective Students	Mean	**0.17**	**0.18**	**0.14**	0.13	0.07	0.06	***0.25***	
	SD	**0.09**	**0.10**	**0.10**	0.10	0.05	0.03	***0.12***	0.10
	CV	**0.52**	**0.58**	**0.71**	0.77	0.67	0.60	***0.46***	0.57
University Students	Mean	**0.16**	**0.19**	**0.19**	0.09	0.07	0.06	***0.23***	
	SD	**0.12**	**0.08**	**0.11**	0.06	0.04	0.03	***0.09***	0.10
	CV	**0.74**	**0.45**	**0.58**	0.64	0.55	0.49	***0.38***	0.54
Athletic Department	Mean	**0.18**	***0.25***	**0.19**	0.08	0.10	0.06	**0.15**	
	SD	**0.10**	***0.09***	**0.12**	0.04	0.04	0.03	**0.08**	0.10
	CV	**0.56**	***0.37***	**0.65**	0.55	0.42	0.54	**0.50**	0.52
Alumni	Mean	**0.17**	***0.22***	**0.20**	0.09	0.07	0.07	**0.18**	
	SD	**0.08**	***0.11***	**0.11**	0.04	0.04	0.03	**0.08**	0.09
	CV	**0.46**	***0.49***	**0.55**	0.52	0.55	0.45	**0.44**	0.49

*The coefficient of variation (CV) is the ratio of the standard deviation (SD) over the mean.

**The standard deviation and coefficient of variation are averages of these statistics for the four most important outcome priorities (win-loss record, graduation rates, violations, and finances).

this: (1) There is very little relationship between role-based stakeholder group membership and an individual's location in the figure for most stakeholder groups, and (2) the amount of information contained in the figure obscures the patterns that do exist. Figure 2 provides the location of each stakeholder group separately within the two-dimensional space, allowing the patterns within stakeholder groups to be seen more clearly. Within each plot in the figure we have included descriptive labels for each quadrant based on our analysis of the biplot contained in Figure 1. The plots of faculty members, student athletes, prospective students, and current students suggest a high degree of priority heterogeneity because individuals within each group are spread diffusely across all four quadrants of the space. The pattern for the alumni is somewhat different in that they are more tightly bunched in the center of the space. This suggests that the alumni are, surprisingly, relatively homogeneous, and on average tend to give equal weight to all factors.

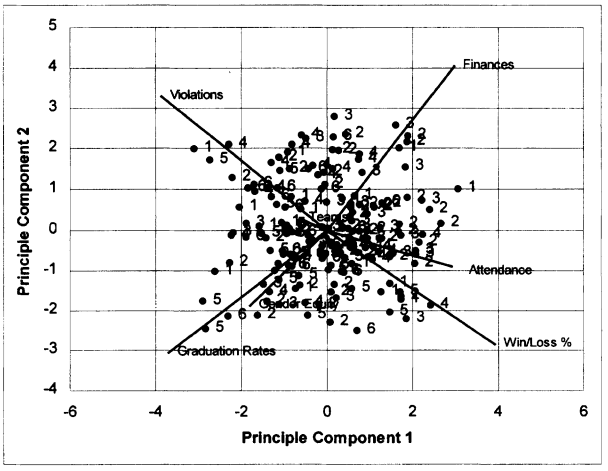
Athletic department employees display the most distinctive and focused pattern of the six role-based stakeholder groups. Specifically, consistent with the group's mean priority weights, members of this group are concentrated in the "graduation" quadrant of the space. As argued above, we expected the athletic department to have the most focused priorities of any of the stakeholder groups due to a common self-interest motivation among its members. What is potentially surprising, however, is that this group is focused on student athlete graduation rates, with ethics and win-loss record as secondary priorities, and finances as a comparatively distant tertiary priority. To understand these results we need to consider the context of MSU's athletic department and consider its employees' self-interest. The following quotes are indicative of the department's context.

In discussing his priorities, the football coach at MSU stated:

> First of all, the effectiveness of our program is [determined by answering]: are we a vital part of the educational process at MSU? Are we serving a role of educating our young people and athletes? If we are, then we are fulfilling the role of the university. If we aren't, then we have a very difficult time justifying anything else that we do.

This orientation is understandable given the following statement of MSU's president:

Figure 1 The Biplot of Stakeholder Groups on the First Two Principle Components



Key to stakeholder groups:

1 ≡ Faculty members
2 ≡ Student athletes
3 ≡ Prospective students
4 ≡ Current students
5 ≡ Athletic department employees
6 ≡ Alumni

> I tell all of our head coaches here the things that I want from them and I tell them all that on a regular basis, and that is . . . I want their kids to graduate, I want them to be model students on the campus, I want them to be free from any violations of the NCAA, and if there's a major violation, I'll fire them—we won't part as friends because I've been through all that before and its not a pretty sight. And, I want them to be competitive in their sports and that includes wins and losses. They don't have to win the National Championship and they don't have to win the Conference every year, but they must be competitive, because I know if we're competitive we'll have fans, we'll have students' support and all that.

Consequently, the self-interest of the athletic department employees (i.e., job security) is consistent with its members' primary focus on student athlete graduation rates combined with a secondary focus on violations and win-loss record.

Our example of stakeholder priorities with respect to intercollegiate athletics at MSU is useful for illustrating two important points. First, the empirical results for current and prospective students and faculty are consistent with the notion that self-interest is unlikely to provide a "binding tie" for a role-based stakeholder group when the stakes in an issue are likely to be small and its effects uncertain. Second, our findings for athletic department employees suggest that self-interest, when the conditions are appropriate (e.g., potential repercussions are considerable; there is high confidence in information about costs, benefits, and likely results; and potential negative outcomes are feared), can act to focus the priorities of members of a role-based stakeholder group. Our results for the student athlete group (whose members are also likely to be motivated by self-interest) illustrate an important caveat to this second point. Specifically, self-interest will only constitute a "binding-tie" in a context wherein there is general agreement on what represents members' self-interest.

Having presented both theoretical and empirical reasons to question the value of the role primacy approach to stakeholder definition, the question arises whether an alternative approach to defining stakeholder groups exists. It is to this question that we now turn.

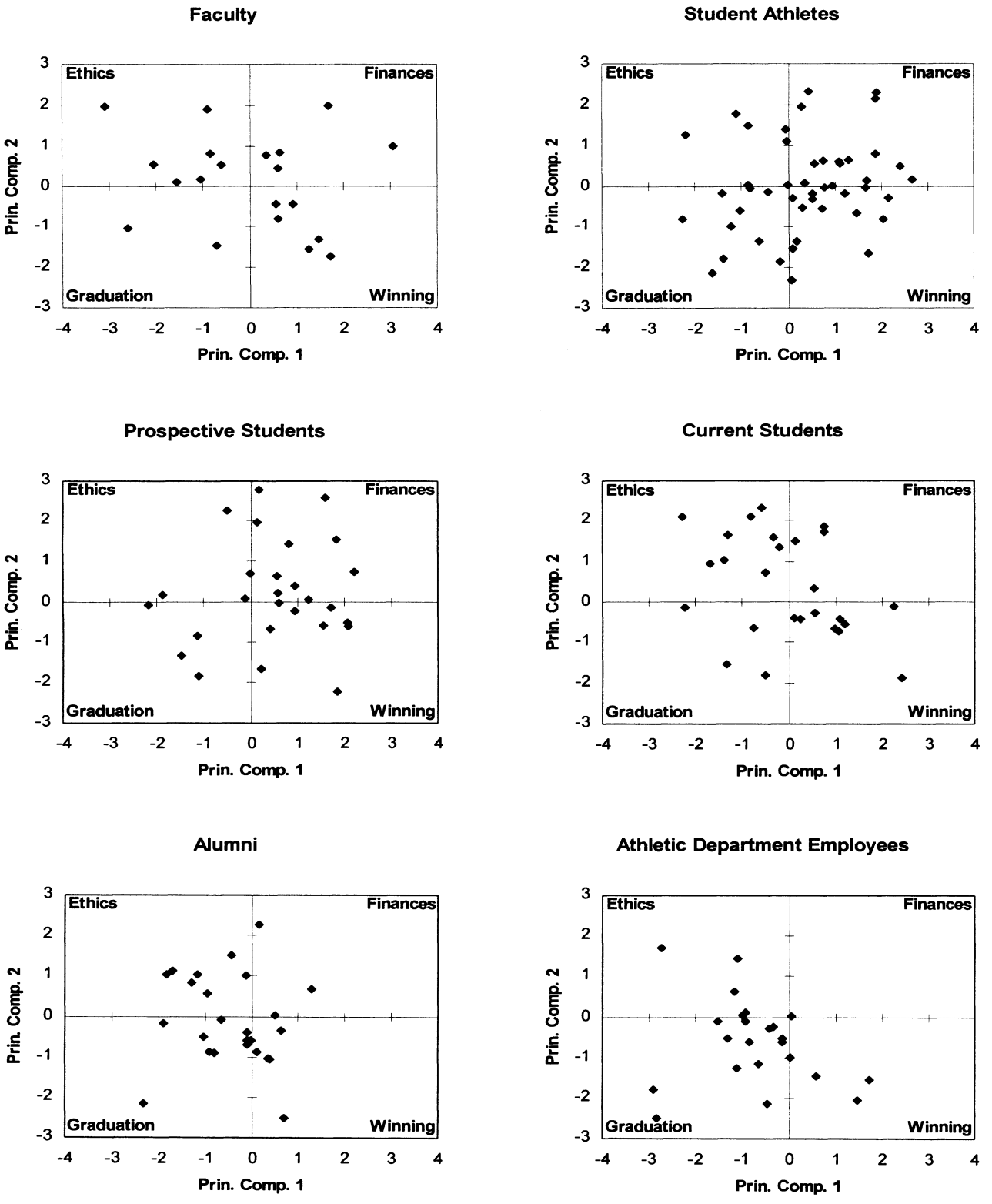
An Alternative Approach to Stakeholder Group Definition

Lessons from the Market Segmentation Literature. Freeman (1984) indicated that segmentation methods developed in marketing are likely to be beneficial in identifying specific stakeholder groups within a given role-based stakeholder group. The role primacy approach to stakeholder group definition is a form of demographic segmentation since role membership is really a "demographic" descriptor. Demographic segmentation was the first segmentation method widely employed by marketers (Frank et al. 1972). The reasoning behind demographic segmentation as presented in the marketing literature is very similar to that for the role primacy approach in the stakeholder literature. Specifically, a customer's demographic characteristics (e.g., age, gender, income level) are expected to determine a set of preferences with respect to a particular product or service similar to those of other customers with the same demographic profile.

In practice, and consistent with our findings in the last section, demographic segmentation has often proved to be of little value (Best 1997, Frank et al. 1972). Consequently, a number of different bases for segmenting customers have been proposed as alternatives to demographic segmentation. A segmentation method that has been widely adopted and which is most relevant in a stakeholder management context is known as benefit segmentation (Haley 1963, Frank et al. 1972, Kotler 1997).

Benefit Segmentation. The objective of benefit segmentation is to place customers into groups that are relatively homogenous with respect to the benefits they seek from

Figure 2 Priority Plots for Each Stakeholder Group



a product (i.e., their priorities with respect to the product are similar). Benefit segmentation has been widely adopted in marketing because it has proved useful for designing new products and it provides a means of developing targeted marketing campaigns that communicate the benefits of a particular product to a particular market segment.

One important disadvantage of benefit segmentation relative to demographic segmentation is that a customer's priorities concerning a product are much less observable than are demographic characteristics (e.g., age, gender). As a result, a second step, known as segment profiling, is carried out in most benefit segmentation research. Segment profiling entails determining whether there is a common set of demographic or other characteristics that the members of a segment hold in common and which distinguishes them from members of other segments. For some product categories (or for some segments with respect to a category) there is a set of demographic descriptors that is closely associated with segment membership. In other instances there is not a strong relationship between demographic factors and segment membership. In the latter (weak–relationship) situation, additional analyses are often undertaken to determine if there are any similarities with respect to segment members' media habits, or other factors that would facilitate communication and other marketing efforts.

As presented earlier, conjoint analysis has emerged as the dominant methodology for determining customer priorities concerning the characteristics of a product (Malhotra 2000). However, as indicated in Figure 1, it is typically the case that conjoint analysis data, prior to benefit segmentation, is not sharply defined (Malhotra 2000). Benefit segments formed using cluster analysis (Punj and Stewart 1983) typically provide a parsimonious categorization of individuals that facilitates and focuses managers' thinking about their customers.

Intercollegiate Athletics at MSU Revisited. We empirically examined whether benefit segmentation methods can be used to define priority-based stakeholder groups in the case of intercollegiate athletics at MSU.[6] To accomplish this task, we use Ward's method of cluster analysis (Ward 1963) to group individuals based on the conjoint-analysis-derived importance weights.[7] The four-cluster solution emerged as the best solution based on the Bayesian approximate weight of evidence criteria (Banfield and Raftery 1992). Table 3 provides summary statistics on each of the clusters.

The table indicates that there is a strong relationship between the four most important factors in judging intercollegiate athletic program success (graduation rates, violations, finances, and win-loss record) and cluster formation. In particular, Cluster 1 (the numbering of the clusters is arbitrary) is particularly concerned with win-loss records, Cluster 2 with student athlete graduation rates, Cluster 3 with NCAA violations, and Cluster 4 with finances. Based on these findings, we dub Cluster 1 the "Win" group, Cluster 2 the "Education" group, Cluster 3 the "Ethics" group, and Cluster 4 the "Revenue" group.

A comparison of the standard deviations and coefficients of variation in Tables 2 and 3 indicate, unsurprisingly, that the priority-based stakeholder groups (the clusters) are considerably more homogenous with respect to their priorities concerning intercollegiate athletics than are the role-based stakeholder groups. This is not to say that the priority-based stakeholder groups are perfectly homogenous; ultimately the degree of homogeneity of stakeholder groups is a relative concept.

There are no clear, unambiguous guidelines for determining the boundaries of benefit segments, or, in this context, of priority-based stakeholder groups. However, such classification has utility if it has demonstrable implications for management, prediction, and/or theory-building (Punj and Stewart 1983). These criteria are met in the current case of intercollegiate athletics. Specifically, the conjoint analysis results focus our attention on the four most important factors in determining stakeholder priorities for intercollegiate athletics at MSU and allow us to assess the degree to which role-based stakeholders actually differ in their priorities within and across groups. Determination of priority-based clusters, along with segment profile information, may allow managers to communicate, and thus "manage," relationships with different role-based stakeholder groups. As discussed in more detail below, cluster analysis can also contribute in important ways to stakeholder theory development, most particularly in the refinement of stakeholder analysis.

Profiling the Priority-Based Stakeholder Groups at MSU. Table 4 provides a cross-classification of role-based and priority-based stakeholder groups, and indicates the extent to which role (a demographic characteristic) can be used to profile priority-based stakeholders. Consistent with our self-interest-based arguments in the previous section, the table indicates that there is a very strong relationship between being an athletic department employee and belonging to the Education priority-based stakeholder group. In addition, alumni also disproportionately belong to the Education stakeholder group, while student athletes are underrepresented in the Ethics stakeholder group. However, there is little relationship between being a faculty member, a current student, or a prospective student and belonging to a particular priority-based stakeholder group. Given the weak role that self-interest is likely to play for these groups, this finding is

Table 3 Descriptive Statistics of Cluster Priorities

Cluster		**Win-Loss Record**	**Graduation Rates**	**Violations**	Attendance	Gender Equity	Number of Teams	**Finances**	Important Factor Averages**
Win	Mean	***0.32***	0.12	0.12	0.08	0.07	0.05	**0.24**	
	SD	***0.09***	0.05	0.07	0.04	0.04	0.02	**0.07**	0.07
	CV*	***0.28***	0.44	0.58	0.46	0.64	0.47	**0.30**	0.40
Education	Mean	**0.17**	***0.29***	0.12	0.09	0.08	0.06	**0.18**	
	SD	**0.08**	***0.08***	0.06	0.06	0.05	0.03	**0.08**	0.07
	CV	**0.45**	***0.28***	0.46	0.65	0.57	0.54	**0.43**	0.41
Ethics	Mean	0.11	**0.18**	***0.37***	0.06	0.07	0.06	**0.15**	
	SD	0.07	**0.08**	***0.07***	0.03	0.03	0.03	**0.06**	0.07
	CV	0.68	**0.44**	***0.19***	0.45	0.51	0.56	**0.42**	0.43
Revenue	Mean	0.11	0.11	**0.17**	0.13	0.07	0.07	***0.34***	
	SD	0.06	0.06	**0.09**	0.09	0.04	0.04	***0.09***	0.07
	CV	0.54	0.49	**0.51**	0.69	0.50	0.57	***0.27***	0.45

*The coefficient of variation (CV) is the ratio of the standard deviation (SD) over the mean.
**The standard deviation and coefficient of variation are averages of these statistics for the four most important outcome priorities (win-loss record, graduation rates, violations, and finances).

Table 4 Cross-Classification of Stakeholder Groups and Priority Clusters

	Stakeholder						
Cluster:	Faculty	Student Athletes	Prospective Students	University Students	Athletic Department	Alumni	Row Total
Win	5	13	7	5	1	3	34 (20%)
Education	8	20	8	8	18	14	76 (45%)
Ethics	3	3	2	5	4	6	23 (14%)
Revenue	4	12	9	8	0	2	35 (21%)
Column Total	20 (12%)	48 (29%)	26 (15%)	26 (15%)	23 (14%)	25 (15%)	

to be expected.[8] We see then that certain roles are useful for profiling priority-based stakeholder groups while others are not.

Implications for Theory and Practice

We argued earlier that the stakeholder approach to management can be considered a knowledge structure that determines how one selectively perceives and interprets attributes of the environment (Walsh 1995). We also argued that it is important for researchers and practitioners to consider how assumptions inherent in their conceptual models channel their thinking and what alternative perspectives are available (Allison 1971). Up to this point we have seen that the vast majority of researchers working in the stakeholder area have relied on the assumption that stakeholder role constitutes a binding tie among individuals, resulting in a fairly homogenous set of priorities within a particular stakeholder group. Our review of the stakeholder literature suggests that this assumption has had a profound effect on much of the thinking in this area.

Although this assumption seems plausible, there are important reasons to question its validity. Specifically, one of the maintained hypotheses that makes this assumption plausible is that self-interest is a central motivating factor in forming individuals' priorities and in influencing their behavior. However, the findings of the closely related literature on symbolic politics and our own empirical findings suggest that self-interest is often not a sufficient "binding tie" to create homogenous priorities within a role-based stakeholder group.

Can Stakeholder Roles Be Ignored? Given that common self-interest seems to have a limited role in providing a homogeneous set of priorities within a role-based stakeholder group, the question arises: Should stakeholder roles be considered at all? We believe there are four reasons why roles are still critical in stakeholder management. First, even though role might not determine a particular group's priorities, group membership is still important in determining the saliency and legitimacy of the claims of different individuals. Put another way, roles provide a means of defining the relevant population for stakeholder management. Second, many role-based groups (such as environmental groups) that hold influencer stakes are formed not on the basis of common self-interest, but on the basis of a common set of symbolic predispositions that directly result in a common perceived set of priorities. Third, in certain circumstances (such as with athletic department employees in our empirical example) common self-interest can constitute a binding tie that results in a similar set of priorities on the part of group members. Finally, and pragmatically, the media vehicles available to managers to communicate with, and thus manage, different stakeholders are often closely linked to stakeholder roles. For example, in the case of intercollegiate athletics at MSU, the media vehicles available to the university administration are oriented toward role-based audiences (e.g., the alumni magazine, the faculty newsletter, the student newspaper, etc.).

How Should Stakeholder Analysis Be Revised? Given that there appear to be significant problems with the role-primacy approach, we believe that the steps of stakeholder analysis should be revised as follows: (1) identify stakeholder roles (e.g., employees, communities, customers); (2) determine which stakeholders are salient (i.e., are powerful and have legitimate and urgent claims); (3) assess the priorities of individuals within the salient stakeholder groups; (4) develop priority-based clusters (i.e., place individuals into groups with relatively homogenous priorities); (5) cross-classify priority-based and role-based stakeholder groups; and (6) in cases in which cross-classification indicates that role-based stakeholders are diffused quite broadly across priority-based clusters, profile the latter to determine a set of demographic or other characteristics that members hold in common. Steps (5) and (6) are needed to determine the priorities that should be addressed when communicating with salient stakeholders and to determine what media vehicles should be used to accomplish this communication.

A Final Visit to MSU. How might MSU's president apply our adapted stakeholder management approach? Assume that MSU's president wants to get certain stakeholders "on board" a recently negotiated sponsorship agreement with Nike. Assume further that the president perceives the two most salient stakeholders to be alumni and faculty. Different approaches would have to be adopted for dealing with these two stakeholder groups based on the priorities of individuals within them and the resultant priority-based clusters.

Alumni could be dealt with as an entity with relatively balanced and uniform priorities. The president would have to address the alumni's priorities (first and foremost graduation rates, followed by violations, finances, and win-loss record) when communicating the sponsorship decision to this group. As a result, communications to the alumni would emphasize resources to be directed to support student athlete academics and compliance with NCAA regulations, while mentioning the agreement's obvious financial benefits.

The second salient stakeholder group, faculty, is the most heterogeneous of MSU's stakeholder groups. It is the stakeholder with the highest coefficient of variation (Table 2) and is spread quite liberally across the priority clusters (Table 4). Profiling the characteristics of the priority clusters (Haley 1963, Kotler 1997) could indicate that certain variables (e.g., academic field, seniority, gender) influence the probability that faculty with certain characteristics belong to certain clusters. Knowledge of these relationships would allow the president to target specific messages to identified faculty subgroups. If profiling were not successful, general (rather than specific) messages would be communicated to faculty. In contrast to those sent to alumni, the financial benefits of the sponsorship agreement could serve as a focus for communications with the faculty given its overall priorities (Table 3), while benefits related to supporting student athlete academic performance, winning, and ensuring compliance with NCAA regulations would also be addressed.

Future Research Directions. Future development of the work presented here should address determinants of stakeholder homogeneity/heterogeneity beyond self-interest and symbolic predispositions. The concepts of organizational culture, reputation, and identity would appear to be good candidates for future study. Scott and Lane (2000) propose that managers can create and nurture a sense of identity and "groupness" within particular stakeholder groups through impression-management activities such as self-promotion and exemplification. These authors present an example of creating a unified and positive image within targeted stakeholders: "Universities sponsor sporting events, dinners, and award banquets in which alumni are invited to participate, along with current

students, administrators, and faculty" (p. 52). A question for researchers to pursue is the extent to which such efforts on the part of management can create the desired sense of "groupness" within salient stakeholder groups when neither self-interest nor symbolic predispositions (Sears and Funk 1991) would predict homogeneous group priorities.

In a similar vein, Rindova and Fombrun (1999) suggest that "researchers can benefit from investigating how firms imprint their identity . . . on constituents," and that recent work in the area of organizational identity and reputation can contribute to such an investigation (p. 706). These authors suggest that firms can stimulate and enhance favorable interpretations by means of strategic projections—controlled images put forward to secure favorable evaluations by others. Related work in the area of organizational reputation (e.g., Fombrun 1998, 1996; Fombrun and Shanley 1990) could complement the ideas presented in this paper. Fombrun (1998) suggests that senior managers use reputation management to induce and maintain favorable assessments of their companies among salient stakeholders (p. 6). It would be interesting to determine the extent to which such efforts influence homogeneity within stakeholder groups, and the relationship of this influence to self-interest and symbolic predispositions.

Conclusion

Gioia (1999, p. 228) presents the concern that normative stakeholder theory is overly simplistic in that it does "not adequately represent the complex social . . . and organizational realities managers face." We agree with Gioia and suggest that his concern is valid for instrumental stakeholder theory as well. The "good news" is that stakeholder theory remains a work in progress. Freeman and colleagues (Freeman 1994; Wicks et al. 1994) suggest that though stakeholder management has become widely recognized in academic circles and broadly practiced in organizations since Freeman's (1984) first systematic discussion of the idea, it requires ongoing reexamination, critique and development, and continues to undergo fundamental change. "The stakeholder [concept's] articulation and revision are a part of a process of change which is ongoing [and] dynamic" (Wicks et al. 1994, p. 476). The specific consideration of stakeholder theory's underlying assumptions suggested here implies increased discipline among stakeholder researchers. Perhaps this will contribute to the process of the theory's development and articulation.

Acknowledgments

The authors would like to thank Jim Walsh and three anonymous reviewers from *Organization Science* and Peter Darke for very helpful and insightful comments, advice, and suggestions. This work was fully collaborative.

Appendix 1. Examples of Survey Scenarios

Please indicate the extent to which you believe the athletic programs described in the scenarios presented below are successful.
Do so by circling a number on the "Very Unsuccessful . . . Very Successful" continuum presented below each scenario.
Feel free to go back and change previous responses as you progress through the scenarios.

(1)

Winning percentage	50%
Student athlete graduation rate	55%
Violations of athletic association regulations	5
Home game attendance	800,000
The student body is 50% female; the % of female athletes is	50%
Intercollegiate teams	14
Intercollegiate athletic program financial surplus	($5,000,000)

Very Unsuccessful 1 2 2 3 4 5 6 7 8 9 10 11 Very Unsuccessful

(2)

Winning percentage	80%
Student athlete graduation rate	80%
Violations of athletic association regulations	0
Home game attendance	200,000
The student body is 50% female; the % of female athletes is	35%
Intercollegiate teams	30
Intercollegiate athletic program financial surplus	$10,000,000

Very Unsuccessful 1 2 2 3 4 5 6 7 8 9 10 11 Very Unsuccessful

(3)

Winning percentage	80%
Student athlete graduation rate	25%
Violations of athletic association regulations	5
Home game attendance	200,000
The student body is 50% female; the % of female athletes is	35%
Intercollegiate teams	30
Intercollegiate athletic program financial surplus	$10,000,000

Very Unsuccessful 1 2 2 3 4 5 6 7 8 9 10 11 Very Unsuccessful

(4)

Winning percentage	50%
Student athlete graduation rate	80%
Violations of athletic association regulations	5
Home game attendance	40,000
The student body is 50% female; the % of female athletes is	50%
Intercollegiate teams	14
Intercollegiate athletic program financial surplus	$0

Very Unsuccessful 1 2 2 3 4 5 6 7 8 9 10 11 Very Unsuccessful

Endnotes

[1]The orientation adopted in this paper, that the purpose of stakeholder management is "to more closely align corporate priorities and actions with stakeholder needs . . . thus increasing the probability of the organization's success," falls within the "instrumental," as opposed to the "normative," approach to stakeholder management. This differentiation has been made by Donaldson and Preston (1995) and more recently by Donaldson and Dunfee (1999) in *Ties That Bind: A Social Contracts Approach to Business Ethics*. While the instrumental approach is concerned with the achievement of traditional corporate objectives, the normative approach emphasizes doing the "right thing" for stakeholders (Donaldson and Dunfee 1999, pp. 236–237). Though we adopt an instrumental orientation, the arguments we make concerning homogeneity/heterogeneity of interests within stakeholder groups apply to both instrumental and normative approaches to stakeholder management.

[2]We do not argue that these six stakeholder groups represent all relevant stakeholders. Parents, local businesses, state legislators, and others also represent potentially important stakeholder groups. Studying these six, however, allows us to assess the extent to which stakeholder membership constitutes a binding tie in determining priorities concerning intercollegiate athletics.

[3]While students, alumni, and faculty at schools of business tend to be quite heterogeneous, sampling from one university unit (particularly a college of business) may result in a greater commonality of priorities within a stakeholder group than would be the case if respondents were sampled from various academic units.

[4]To be included in our analyses, a respondent had to exhibit outcome priority consistency in responding to the survey scenarios. Our criterion for determining outcome priority consistency was the F-statistic of the respondents' individual regression models. Respondents who did not understand the instructions and/or were not motivated exhibited little consistency in their responses. Ninety-four percent of the respondents had an F-statistic with a p-value less than 0.05 percent, and thus were included in our analyses. None of the eleven respondents that were omitted had an F-statistic that was significant at the $p < 0.15$ percent level.

[5]Details of this analysis are available at ⟨http://www.umich/~wolfer/review.htm⟩.

[6]We use the term "priority-based stakeholder groups" to contrast this concept with "role-based stakeholder groups," the concept adopted in the stakeholder literature. The term "priority-based clusters" is used interchangeably with "priority-based stakeholder groups."

[7]Ward's method of cluster analysis was selected for use in this study since it has proved to be the most reliable method for forming clusters in similar applications (Griffen and Hauser 1993, Malhotra 2000). In addition, we explored the stability of our clusters by comparing the Ward's method solution to that obtained by using a K-means (nonhierarchical clustering) algorithm. A cross-tabulation of the two solutions indicates that there is an over 90 percent agreement in how individuals are grouped. Consequently, we conclude that our Ward's method solution is stable.

[8]In addition to role, we also examined whether other factors (gender, attendance at MSU athletic events, and the extent to which respondents followed intercollegiate athletics) helped to predict cluster membership. Our results, not reported here, indicate that none of these other variables are useful for profiling the priority-based stakeholder groups.

References

Allison, G. T. 1971. *Essence of Decision: Explaining the Cuban Missile Crisis*. Little Brown and Co., Boston, MA.

Banfield, J. D., A. E. Raftery. 1992. Model-based Gaussian and non-Gaussian clustering. *Biometrics* **49** 803–822.

Best, R. J. 1997. *Market-Based Management*. Prentice Hall, Upper Saddle River, NJ.

Bienen, H. 1997. Commentary on the symposium: "Rethinking the Role of University Athletics: Strategic, Organizational and Social Perspectives". Presented to the Business Policy & Strategy and Organization & Management Theory Divisions, Annual Meeting of the Academy of Management, Boston, MA, August.

Bobo, L. 1983. Whites' opposition to busing: Symbolic racism or realistic group conflict? *J. Personality and Social Psych.* **45** 1196–1210.

Carroll, A. B. 1996. *Business & Society: Ethics and Stakeholder Management* (3rd ed.). South-Western College Publishing, Cincinnati, OH.

Clarkson, M. B. 1995. A stakeholder framework for analyzing and evaluating corporate social performance. *Acad. Management Rev.* **20** 92–117.

Donaldson, T., T. W. Dunfee. 1999. *Ties That Bind: A Social Contracts Approach to Business Ethics*. Harvard Business School Press, Boston, MA.

——, L. E. Preston. 1995. The stakeholder theory of the corporation: Concepts, evidence, and implications. *Acad. Management Rev.* **20** 65–91.

Duderstadt, J. J. 2000. *Intercollegiate Athletics and the American University: A University President's Perspective*. The University of Michigan Press, Ann Arbor, MI.

Frank, R. E., W. F. Massy, Y. Wind. 1972. *Market Segmentation*. Prentice-Hall, Englewood Cliffs, NJ.

Fombrun, C. J. 1996. *Reputation: Realizing Value from the Corporate Image*. Harvard Business School Press, Cambridge, MA.

——. 1998. The art and science of reputation management. *Internat. Public Relations Rev.*, **20** (Sept.) 4–8.

——, M. Shanley. 1990. What's in a name? Reputation building and corporate strategy. *Acad. Management J.* **33** 233–258.

Freeman, R. E. 1984. *Strategic Management: A Stakeholder Approach*. Pitman/Ballinger (Harper Collins), Boston, MA.

——. 1994. The politics of stakeholder theory: Some future directions. *Bus. Ethics Quart.* **4** 409–422.

Gatlin, D. S., M. Giles, E. F. Cataldo. 1978. Policy support within a target group: The case of school desegregation. *Amer. Political Sci. Rev.* **72** 985–995.

Gioia, D. A. 1999. Response: Practicality, paradigms, and problems in stakeholder theorizing. *Acad. Management Rev.* **24** 228–232.

Green, P. E., V. R. Rao. 1971. Conjoint measurement for quantifying judgmental data. *J. Marketing Res.* **8** 355–363.

——, V. Srinivasan. 1978. Conjoint analysis in consumer research: Issues and outlook. *J. Consumer Res.* **5** 103–123.

Griffen, A., J. R. Hauser. 1993. The voice of the customer. *Marketing Sci.* **12** 1–27.

Haley, R. 1963. Benefit segmentation: A decision oriented research tool. *J. Marketing* **27** 30–35.

Hosmer, L. T. 1994. *Moral Leadership in Business*. Irwin, Chicago, IL.

Jacobson, C. K. 1978. Desegregation rulings and public attitude changes: White resistance or resignation? *Amer. J. Soc.* **84** 698–705.

Jones, T. M. 1995. Instrumental stakeholder theory: A synthesis of ethics and economics. *Acad. Management Rev.* **20** 404–437.

Kotler, P. 1997. *Marketing Management: Analysis, Planning, Implementation, and Control* (9th ed.). Prentice Hall, Saddle River, NJ.

Malhotra, N. R. 2000. *Marketing Research: An Applied Orientation* (3rd ed.). Prentice Hall, Upper Saddle River, NJ.

McConahay, J. B. 1982. Self-interest versus racial attitudes as correlates of anti-busing attitudes in Louisville: Is it the buses or the blacks? *J. Politics* **44** 692–720.

Meznar, M. B., D. Nigh, C. Y. Kwok. 1994. Effects of announcements of withdrawal from South Africa on stockholder wealth. *Acad. Management J.* **37** 1633–1648.

Mitchell, R. K., B. R. Agle, D. J. Wood. 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Acad. Management Rev.* **22** 853–886.

Ponza, M., G. J. Duncan, M. Corcoran, F. Groskind. 1988. The guns of autumn? Age differences in support for income transfers to the young and old. *Public Opinion Quart.* **52** 441–466.

Punj, G., D. W. Stewart. 1983. Cluster analysis in marketing research: Review and suggestions for application. *J. Marketing Res.* **20** 134–148.

Rindova, V. P., C. J. Fombrun. 1999. Constructing competitive advantage: The role of firm-constituent interactions. *Strategic Management J.* **20** 691–710.

Rowley, T. J. 1997. Moving beyond dyadic ties: A network theory of stakeholder influences. *Acad. Management Rev.* **22** 887–910.

Accepted by Claudia Bird Schoonhoven.

Scott, S. G., V. R. Lane. 2000. A stakeholder approach to organizational identity. *Acad. Management Rev.* **25** 43–62.

Sears, D. O., C. L. Funk. 1991. The role of self-interest in social and political attitudes. Mark P. Zanna, ed., *Advances in Experimental Social Psychology* **24** 1–91.

——, C. P. Hensler, L. K. Speer. 1979. Whites' opposition to "busing": Self-interest or symbolic politics? *Amer. Political Sci. Rev.* **73** 369–384.

Shulman, J. L., W. G. Bowen. 2001. *The Game of Life: College Sports and Educational Values*. Princeton University Press, Princeton, NJ.

Tsui, A. 1990. A multiple-constituency model of effectiveness: An empirical examination at the human resource subunit level. *Admin. Sci. Quart.* **35** 458–483.

Walsh, J. P. 1995. Managerial and organizational cognition: Notes from a trip down memory lane. *Organ. Sci.* **6** 280–321.

Wang, J., H. D. Dewhirst. 1992. Boards of directors and stakeholder orientation. *J. Bus. Ethics* **11** 115–123.

Ward, J. H. 1963. Hierarchical groupings to optimize an objective function. *J. Amer. Statist. Assoc.* **58** 236–244.

Webster's New World Dictionary of the American Language; 1979; New York: Warner Books.; p. 317; David B. Guralnik, Editor in Chief.

Wicks, A. C., D. R. Gilbert, R. E. Freeman. 1994. A feminist reinterpretation of the stakeholder concept. *Bus. Ethics Quart.* **4** 499–512.

Wood, D. J. 1994. *Business and Society* (2nd ed.). HarperCollins, New York.