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Strategies Challenges in Stockholder Network

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Shareholders of a company must increasingly share power with other social actors that control access to critical resources. These social actors are stakeholders because they have stakes in firms' operations, either through being affected by them or through being able to affect them. Stakeholders are embedded in networks of relationships in which resources are shared, combined, exploited or restricted, and informal governance modes emerge. Strategic maneuvering in stakeholder networks is critical for assuring a firm's access to valuable resources and resulting performance. Managers deciding on the strategic course of a firm embedded in a stakeholder network face multi-dimensional problems with multiple causes. It is argued that a three-way integration of the resource dependence theory, social network analysis, and stakeholder theory yields important insights for managers on options of strategic maneuvering in stakeholder networks. We highlight previous attempts to integrate pairs of these theories. Building on Boutilier's typology of stakeholder network structures, we describe emerging governance patterns, and propose a set of possible moves aiming to address strategic challenges in gaining access to resources controlled by stakeholders.

Keywords: social network analysis, stakeholder theory, resource dependence theory, network governance, strategic challenges.

Strategiczne wyzwania w sieciach interesariuszy

Akcjonariusze firm w coraz większym stopniu muszą dzielić się władzą z innymi aktorami społecznymi, którzy kontrolują dostęp do cennych zasobów. Ci aktorzy społeczni określani są jako interesariusze, ponieważ działania firm są powiązane z ich interesami dwojakiego rodzaju relacjami: interesariusze wpływają na działania firm i/lub działania firm wpływają na sytuację interesariuszy. Interesariusze są osadzeni w sieciach relacji, w których występują procesy dzielenia się, kombinacji, eksploatacji i ograniczania dostępu do zasobów w oparciu o nieformalny, wyłaniający się ład. Strategiczne manewry w sieciach interesariuszy mają krytyczne znaczenie dla zapewnienia dostępu do wartościowych zasobów i w efekcie do wyników osiąganych przez uczestników sieci. Menedżerowie podejmujący decyzje o kierunkach strategii działania firmy osadzonej w sieci interesariuszy mają do czynienia z wielowymiarowym problemem decyzyjnym. W artykule autorzy

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przedstawiają propozycję integracji trzech nurtów teoretycznych: teorii zależności zasobowej, analizy sieci społecznych i teorii interesariuszy, dzięki czemu możliwe wydaje się wsparcie procesu decyzyjnego, który pozwala skutecznie manewrować w sieciach interesariuszy. Podkreślają wcześniejsze próby integracji par omawianych teorii i nieliczne prace, w których podjęto integrację trzech strumieni literatury. Na podstawie typologii struktur sieciowych Boutiliera przedstawiają wyłanianie się ładu i wzorców działania w strukturze sieci, dzięki którym możliwe jest sprostanie strategicznym wyzwaniom uzyskania dostępu do zasobów w sieci.

Słowa kluczowe: analiza sieci społecznych, teoria interesariuszy, teoria zależności zasobowej, ład sieci, strategiczne wyzwania.

JEL: L14, M14, L21.

1. Introduction

Davis and Cobb (2011) speculate that resource dependence theory's early popularity is partially explained by its ability to describe the corporate tactics of the 1970s and 1980s. These included conglomerate building and some cooptation through interlocking directorship. Then, shareholder capitalism shifted power from executives towards shareholders. Corporate power tactics changed. Today, shareholders must increasingly share power with other stakeholders (Hillman and Keim, 2001; Waddock, 2000), sustainably achieve social, ecological and economic goals (Costanza, 1992), and flexible governance by networks is growing more (Castells, 2000; Goldsmith and Eggers, 2004; Czakon, 2012). Accordingly, dealing with strategic challenges in stakeholder networks that control access to valuable resources is becoming vital for success of a company. Stakeholders are contributing to long-term success of a company and its wealth-creating capacity (Post et al., 2002), and stakeholder management is critical for value creation of an organization.

Managers deciding on the strategic course of a firm in a stakeholder network face multi-dimensional problems with multiple causes. They need to develop strategies that take into account more than the territory covered by any one theory of strategy. Meanwhile, theorists must stylize reality, disentangle concepts, and extract one dynamic at a time for description, analysis, and verification. Ultimately, the hope is that good theories will help managers develop good strategies. Before that can happen, however, some way must be found to integrate the theories in a way that produces a coherent, non-contradictory strategy. Managers often use their experience and tacit knowledge to accomplish the integration. In this paper, we suggest that strategy scholars could help with that integrative step by critically reviewing the theoretical currents. We illustrate this by examining the complementarities among three strategic approaches and by outlining a number of questions that strategy researchers could fruitfully pursue in the process of building more integrated frameworks to go further towards accounting for the complexities that managers face.

The complexities are amply illustrated in situations where a company seeks a resource that is controlled by a network of stakeholders. Such would be the case, for example, when a mining company wants access to communal village land, or when an internet software company wants a blogging community to adopt its application, or when a consumer goods company wants to enter a foreign market dominated by domestic companies. It does not matter whether the resource is copper ore (e.g., Flora et al., 2006), reputation in the marketplace (e.g., Doh et al., 2010), or legitimacy in the eyes of regulators (e.g., Henisz and Zelner, 2005). The company faces a strategic challenge that requires getting access to resources, prioritizing and managing stakeholder relationships, taking initiatives to transform relationships, and occupying a strategically advantageous position in a sociopolitical network. A company's strategic actions may aim at improving its position in the existing network, or influencing the evolution of the structure of the network, for example, in order to form an alliance of stakeholders with enough political unity to dominate an otherwise disorganized set of divergent interests. These kinds of problems underline the observation by Davis and Cobb (2010) that the power relations between organizations and their stakeholders are continually evolving as old strategies fall into disuse and new strategies are invented.

In this paper, we focus on strategic challenges in stakeholder networks that have varying degrees of control over resources needed by a company. Accordingly, we examine the theoretical points of contact among resource dependence theory (RDT) (Pfeffer and Salanzik, 1978, Wernerfelt, 1984), social network analysis (SNA) (Wasserman and Faust, 1994) and stakeholder theory (Freeman, 1984).

Resource dependence theory implicitly recognizes the stakeholder concept. Pfeffer and Salanzik portray firms' performance as dependent on external and internal social actors. These social actors are stakeholders because they have stakes in firms' operations, either through being affected by them or through being able to affect them (Freeman, 1984). By definition, in stakeholder theory, the latter stakeholders are able to control resource access. Therefore, identifying and prioritizing stakeholders are important steps in strategy formation and execution (Mitchell, Agle and Wood, 1997). It is more difficult to identify and properly prioritize stakeholders who do not directly control firms' access to resources but who can acquire such control by forming coalitions (Frooman, 1999). Their identification and prioritization, however, can be accomplished through social network analysis. By examining the structure of the stakeholder network, otherwise obscure threats and opportunities can be brought into the strategy process (Rowley, 1997).

We explain how the attractiveness of the various strategic maneuvers will vary depending on the structure of stakeholder network under consideration and the influence that the structure gives various stakeholders over

firms' access to resources. We use Boutilier's (2011) typology of stakeholder networks as an example of how combining social network analysis with stakeholder theory and resource dependence theory can provide strategic characterizations of firms' social, economic, and political environment. Building on this typology, we propose a set of tactics towards stakeholder networks that may be applied in strategic maneuvering by practicing managers aiming for superior resource access for their companies.

Recognizing network patterns and their dynamics may help executives to explore and exploit resources embedded in their networks with a greater rate of success and to influence the evolution of the socio-political environment in which the firm executes its competitive and collaborative strategies. Groups and organizations can only exploit the knowledge of their members to the extent that the members' cognitive maps of "who knows what" and "who knows who knows what" are accurate (Borgatti and Foster, 2003). Adding a stakeholder theory perspective to the already fertile blending of social network analysis with RDT promises a broader range of strategic insights than can be achieved by using any of these perspectives in isolation or in pairs.

The argument proceeds by first examining the topics covered by the strategy literature that blends RDT with SNA. This has been a very productive interface. Then we look at the topics and questions in smaller bodies of work that blend stakeholder theory with each of RDT and SNA. Each theoretical perspective is briefly summarized when it is first introduced. Having examined the pair-wise literature, we then look at the small but promising literature that uses all three perspectives. We conclude by discussing the benefits of further integration of theories presented in this article.

2. Resource Dependence Theory, Social Network Theory and Stakeholder Theory

Stakeholder theory, RDT, and SNA form a triangle. There has been scholarly work in all of the areas between each pair of them. However, only a few works have examined the middle area at the nexus of all three. Adding a stakeholder theory perspective to the already fertile blending of social network analysis with RDT promises a broader range of strategic insights than can be achieved by using any of these perspectives in isolation or in pairs.

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stakeholder network structure typology to three classes of resource access problems, namely, where access is controlled by the whole network, where access is controlled by only some stakeholders in the network, and where the focal firm seeks to use network tactics to outmaneuver a competitor for access to resources located in a social network.

2.1. The Intersection of RDT with SNA

In this section, we briefly describe RDT and then SNA. After that, we look at which research topics that have used both of them together. RDT has been prominent among organizational theories addressing the changing nature of struggles for power, autonomy, and, ultimately, resources broadly defined (Penrose, 1959; Pfeffer and Salancik, 1978; Wernerfelt, 1984). The basic insight is that companies depend on external parties for their resources and therefore are motivated to reduce uncertainty in resource access through numerous practices that reduce their dependency, or reduce the uncertainty associated with their dependency. The theory accounts for corporate strategies that cannot be explained by the quest for efficiency or economic rationality, such as some instances of interlocking boards of directors, mergers and acquisitions, outsourcing, joint venture subsidiaries, joint research and development, shared marketing arrangements, minority investments, equity swaps, and licensing and franchise agreements. As Davis and Cobb note, several extensions or refinements of RDT have been developed to keep abreast of evolving practices in power relations (Barney, 1991; Casciaro and Piskarski, 2005; Davis, 2009a, 2009b; Gulati, 2007; Westphal, Boivie and Ming Chng, 2006).

Social network concepts were discussed as theoretical concepts in the 19th and early 20th centuries in the works of early sociologists (i.e., Durkheim, Tonnies, Simmel). The first real "sociogram" was published by J.L. Moreno (1934). In anthropology, the Manchester School concretized the concept (Mitchell, 1969), which, aside from genealogical studies, had only been used in a more metaphorical way previously. As computing power became more widely available, social network analysis spread from sociology and anthropology to diverse other social sciences like political science, economics, sociolinguistics, and epidemiology. Today, the quest for better tools has brought it into contract with diverse fields such as logistics, electrical engineering, and mathematics (Barabasi, 2002).

In terms of theoretical contributions, the SNA approach has generated several variations of the concept of structural equivalence, or role structures (Boorman and White, 1976), a concept that illustrates the effects of social structure on individual attributes and attitudes. Networks are also defining elements of social capital (Adler and Kwon, 2002; Burt, 2000; Lin, 2001). Both structural equivalence and social capital illustrate the way SNA facilitates the hitherto difficult task of studying mutual effects flowing between individuals and social groups or organizations. SNA has also

produced several important distinctions among types of network centrality. Varieties of centrality have been linked to the related concepts of power, influence, dependency, and autonomy. As these phenomena are also prime concerns of RDT, it is not surprising that scholars have discovered a rich complementarity between these two theories.

Perhaps the most examined topic at the interface of RDT and SNA has been strategic alliances. Findings suggest that competition is occurring more frequently between sets of interdependent companies as opposed to between individual firms (Ireland et al., 2002). In discussing the advantages of strategic inter-firm alliances, Gulati and colleagues (e.g., Gulati, 1998; Gulati and Higgins, 2003; Gulati and Sytch, 2007) included those related to superior access to resources. Powell, Kogut and Doer-Smith (1996) also inspired much research on network alliances and resources that are required for innovation. The SNA concept of contagion helped specify conditions for the diffusion of innovation.

Another topic that integrates RDT and SNA is interlocking directorates (Mizruchi, 1996; Zdziarski, 2012). Pfeffer (1972) described boards of directors as being boundary spanners who locate and retrieve resources from the surrounding network environment. The topic of boundary spanning has been generalized far beyond the role of board members. For example, Dyer, Singh, and Kale (2008) analyzed the benefits companies get from alliances with stakeholders. They describe three types of private benefits as distinct from the benefits shared by both parties. Each one of the benefits matches an interface between the three theories being discussed here. The benefit relevant to the interface between RDT and network theory is the facilitation that stakeholder alliances provide in locating and accessing combinations of resources that reside throughout the network. They cite Burt's structural holes perspective from network theory (Burt, 1992, 2000) for its focus on the gains a company or individual can achieve if positioned as a boundary spanner or "bridger" of otherwise unconnected regions of a network. One increasingly common business strategy that exemplifies the benefits of such bridging is outsourcing. Network concepts are being increasingly applied to strategic decisions about outsourcing (Niemczyk, 2006; Lockamy and McCormack, 2010).

2.2. The Intersection of Stakeholder Theory with RDT

In this section, we briefly introduce the stakeholder theory, and its interplay with RDT. After that, we look at research topics that have used both of them together. The rise of stakeholders is part of a historical shift in the developed world that sees more governance functions being appropriated by the civil sector (McGann and Johnstone, 2006). Many of the issues raised by civil society actors have direct impacts on corporate strategies related to resource access (e.g., supply chain CSR, workforce diversity, the corporate ecological footprint, transparency). At the same time, economic

globalization has increased the prevalence of situations in which public and private sector stakeholders impact corporate strategies in novel ways (e.g., corruption, risks from piracy, terrorism, organized crime, competition from state-controlled enterprises, contradictory demands from disputants in secessionist conflicts). Stakeholder theory can help corporate strategists address these new challenges because it draws attention to the firm as an entity embedded in a social environment formed by interacting stakeholders with diverse economic, social and political interests in what the firm does. Because it deals with the uncertainty in relationships with stakeholders, it facilitates dealing with social and political risks and opportunities as part of business strategy.

Both RDT and stakeholder theory say companies depend more on those stakeholders that can affect a firm's ability to implement its strategies (e.g., Mitchell, Agle and Wood, 1997; Pffefer and Salanzik, 1978). Mitchell et al. (1997) proposed a three dimensional typology using power, urgency and legitimacy of stakeholders to describe eight different types of stakeholders and their capacity to command managerial attention. Other stakeholder typologies focus specifically on identifying which ones are more critical to the firm in terms of resource access. For example, Mahon (2002) distinguished between primary and secondary stakeholders. The primary stakeholders are employees, suppliers, customers, and owners. All of these have direct control over vital resources the company needs. They could withdraw their resources unilaterally. The secondary stakeholders are government, media, public interest groups, and the larger public (society). They usually cannot withdraw vital resources unilaterally, but can influence the primary stakeholders to do so. Moreover, when they form coalitions (i.e., networks) among themselves (e.g., government, media, and public interest groups), they can commandeer direct control of vital resources. Łudzińska and Zdziarski's (2012) research on Polish CEOs' opinion on critical stakeholders that have important impact on firms' strategies confirm that primary stakeholders are perceived as being highly influential, while secondary stakeholders are regarded as less impactful. Interestingly, preference towards primary stakeholders was also confirmed in research conducted in state-owned companies (Postuła, 2014).

Frooman (1999) explored the complementarity between RDT and stakeholder theory in an examination of the influence strategies used by stakeholders who have or do not have direct control over resource access. Another of the benefits of alliances with stakeholders listed by Dyer, Singh, and Kale (2008) was the ability of the firm to gain from combinations of resources it controls and complementary resources controlled by network partners. Such complementarities have also been identified as a benefit of stakeholder engagement (Svendsen, 1998).

Jawahar and McLaughlin (2001) explicitly merged stakeholder theory and RDT to produce a firm lifecycle model that predicts when and with

whom a firm will proactively engage. They theorize that during the emergent growth stage and mature stages of the lifecycle the chances of the firm dying from a loss of resource access are remote and therefore firms are more likely to address the needs of all stakeholders and to do so in an accommodative and proactive manner. In the startup and decline stages, however, real and present threats to the firm's continued existence loom large. Therefore, firms are hypothesized to ignore or defend against the claims of some stakeholders while focussing on the relationships with stakeholders who control vital resources (e.g., financing).

Absent from the Jawahar and McLaughlin model was any mention of networks. However, their model does have obvious network implications. It implies that lifecycle variations alter the network structure. In the startup and decline stages, the size of the firm's network is smaller in order to conserve resources that, in the emergent growth and mature stages, would be dedicated to building social capital and proactively satisfying government and community stakeholders.

Hillman and Keim (2001) relate stakeholder theory to a sister theory of RDT known as the resource-based view (RBV) of the firm (Barney, 1996; Penrose, 1959; Wernerfelt, 1984). The RBV emphasizes the role that resources play in creating a competitive advantage. The more intangible and difficult to replace the resource, the more difficulty competitors have in neutralizing the firm's advantage. According to Hillman and Keim, stakeholder relationships are perfect examples of valuable, rare and inimitable resources. Choi and Wang (2009) compared stakeholder relationship quality to financial performance and concluded that high quality stakeholder relationships help a firm maintain a competitive advantage and are even more effective in helping a firm recover from a competitive disadvantage.

2.3. The Intersection of Stakeholder Theory with Social Network Analysis

Stakeholder theory had a nodding acquaintance with social network analysis even in its earliest elaborations. For example, Freeman and Evan (1990) posited that the stakeholder environment around the firm consists of "a series of multilateral contracts among stakeholders" (1990, p. 354). Rowley (1997) was the first to elaborate the interface between stakeholder theory and social network analysis with a two-fold typology. Both dimensions in the typology were based on network structure characteristics (i.e., density of the stakeholder network, centrality of the firm).

Svendsen and Laberge (2005) described the benefits of forming networks of stakeholders and then developing relationships characterized by mutual understanding and generative dialogue. One of the private benefits of stakeholder alliances listed by Dyer et al. (2008) was the strategic advantage a company can gain from determining which resources and capabilities would offer the greatest return on investment in the future. In network analysis terms, the company's portfolio of weak ties (Granovetter, 1973)

gives it a superior ability to understand the current state of the competitive environment and to predict where opportunities are emerging.

Boutilier (2007) looked at the role corporations can play in strengthening community stakeholder networks and the benefits for both the community and the firm. Like Rowley, he used network structure characteristics to classify various community structures that would require different corporate strategies. Roloff (2008) noted the growing importance of multi-stakeholder networks as a strategy for establishing and maintaining corporate legitimacy on social, political, and environmental issues raised by stakeholders. Klimas (2011) presented SNA as a tool to map stakeholders.

A great deal of theory and research has dealt with the increasing importance of network-oriented strategies in business, such as global outsourcing and value chain management (Hameri and Hintsa, 2009). Phillips (2010) applied a stakeholder theory perspective to these strategies, examining the implications of networks for the attribution of responsibility and blame. Gulati (2007) identified an array of intangible network resources that companies enjoy because of ties with stakeholders. By managing their networks strategically, firms can gain intangible resources, like legitimacy, which can then be useful in getting access to material resources like financing. Peters and Golden (2013) introduced network diversity and network consistency constructs in their research on corporate reputation in stakeholder networks. They have found positive influence of network consistency, or uniformity of social performance of a firm across stakeholder constituencies, on corporate reputation. Network diversity, or variety of stakeholder partners in the network, had no influence on corporate reputation.

2.4. Three-Way Integration of RDT, SNA, and Stakeholder Theory

Welcomer, Cochran and Gerde (2003) explicitly looked at the interaction among stakeholders from a network perspective and the effects of how much power the firm perceived the stakeholder to have over important resources. They found that the perceived power was not a predictor of strong ties to the stakeholder. Rather the firm's own responsiveness predicted its centrality and probably gave it the perception that stakeholders were not so powerful. Those firms that were not as central believed stakeholders had more power to reduce resource access. As Welcomer et al. put it, "Because stronger ties may help a firm to influence its stakeholders, this means it can be a competitive advantage for managers to improve stakeholder relations through inclusion in decision-making, sharing information or resources, or other firm behaviour designed to foster relations."

Boutilier (2009) took the three-way combination further in the context of companies competing for resource access, not with competitors in the same line of business, but rather with those who would use the resources for alternative purposes. He discussed graphs of several stakeholder networks of mining companies that depended on community approval for their con-

tinued access to the resources of land and water. He also described several stakeholder network analysis techniques that help produce strategies for gaining and maintaining resource access. The line of inquiry begun by these authors suggests that the intersection of RDT, SNA and stakeholder theory holds a rich vein of strategic ideas for firms. To illustrate the potential, we use Boutilier's (2011) typology of stakeholder network configurations to discuss how a firm may outmaneuver competitors in stakeholder network.

3. Structural Characteristics of Nine Common Stakeholder Network Configurations

Fig. 1 shows Boutilier's typology of network structures. It was developed to epitomize various common network dynamics. If companies research the structure of their stakeholder networks, they can match their actual network to these templates in order to decide on the most appropriate strategies. Sometimes an actual network will have regions that resemble two or three of the templates, which would imply the simultaneous operation of two or three different, but intersecting, socio-political dynamics. The typology offers an interpretive framework for deriving outmaneuvering strategies for securing resource access by applying knowledge of the stakeholder network.
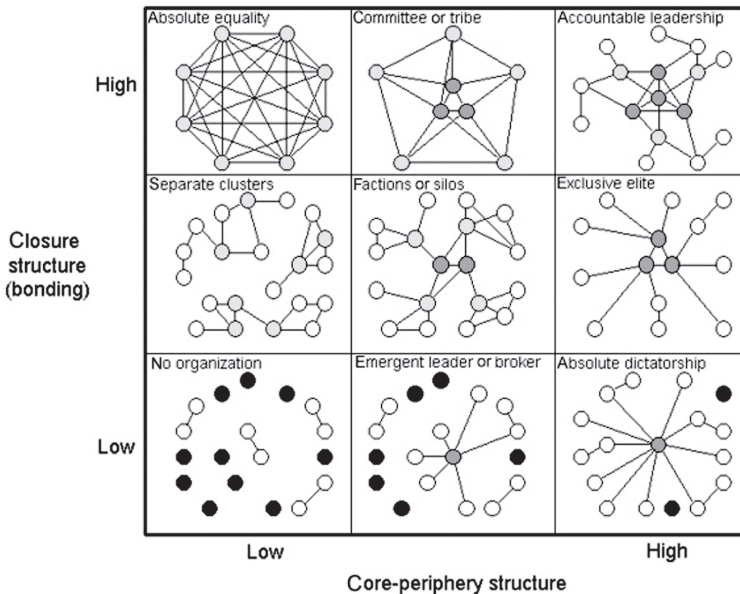

Fig. 1. Typology of stakeholder networks that differentially affect resource access. Source: R.G. Boutilier (2011). A Stakeholder Approach to Issues Management. New York: Business Expert Press with permission of the Author.

The typology consists of nine types corresponding to the cells of a matrix formed by three levels of network closure (Coleman, 1988) and three levels of core-periphery structure (Borgatti and Everett, 1999). Burt's (1992) concept of structural holes in networks finds expression both as low closure and as an unconnected periphery (Burt, 2000). The circles represent stakeholder organizations and groups (e.g., environmental groups, businesses, municipal councils, regulators, unions, etc.). The black circles are isolates in that they do not have strong ties to any other stakeholders. The white circles have at least one tie. The light grey circles have a medium level of ties. Where a core-periphery structure is evident, they can be considered the semi-periphery. The dark grey circles represent the cores of any core-periphery structure that exists. We examine network governance dynamics of the nine cells before discussing their implications for strategy.

3.1. No organization

The low closure-low core-periphery (Fig. 1, bottom-left) cell of the matrix is an unconnected set of organizations. Having no ties among them, they are incapable of acting in unison or speaking with one voice. Transactions with such stakeholders would involve multiple one-on-one negotiations.

3.2. Separate clusters

Communicating and negotiating with a separate clusters structure is only a little less resource intensive than dealing with a network with no organization. The isolation of the three "components" makes it impossible for information to be shared among them. Moreover, information transfer within the components is relatively inefficient. No cores exist to act as legitimate spokespersons for any of the clusters.

3.3. Emergent leader or broker

When the stakeholder network has the emergent leader or broker pattern (see middle panel in the bottom row of Fig. 1), the main problem for the firm is to ascertain the legitimacy of the emergent core. Working with the core offers the advantage of efficiency in communication and negotiation, but it fails to include a significant proportion of the periphery.

3.4. Absolute dictatorship

The absolute dictatorship configuration illustrates the extreme of bridging social capital. The core is surrounded by structural holes (Burt, 1992) and therefore is unconstrained by the norms of any group. The members of the periphery are completely dependent on the core for all transactions. They rarely have any alternative to dealing with the core. It should be noted that this configuration is not always exploitative. This configuration usually implies extreme differences in power. The core (i.e., "dictator") can make

decisions efficiently, but they are not likely to be a legitimate reflection of the will of the network.

3.5. Absolute equality

The "absolute equality" configuration is high in closure and low in core-periphery (top left of Fig. 1). All the members of the network have the same information and the same level of influence. Transparency is perfect within the network, but the lack of leadership slows down decision-making. Over time, the fact that everyone shares the same information can cause atrophy in the network's ability to accept new ideas, deal with diversity, and adapt to change.

3.6. Exclusive elite

The exclusive elite configuration (middle of right column in Fig. 1) presents the same difficulties as the absolute dictatorship, but might be a little more stable and durable because the elite can pool resources and more easily accomplish social reproduction (Bourdieu and Passeron, 1990). Like the absolute dictatorship, the exclusive elite can co-ordinate and integrate diverse inputs (e.g., sub-cultures, resources, specialized skills) efficiently, mostly owing to the low need for consent from the periphery where these inputs are located.

3.7. Committee or tribe

The committee or tribe configuration (middle of top row in Fig. 1) has the same transparency and information sharing as the absolute equality configuration. However, it has the advantage of an executive function to facilitate decision-making. The emergent core is completely accountable to the rest of the network by virtue of the complete absence of structural holes.

3.8. Factions or silos

The centre cell of Fig. 1 depicts a silo organization or network divided into factions. There is a core but it is weak because it is surrounded by densely bonded clusters. The core is continually pulled in different directions depending on which cluster, or alliance of clusters, has any temporary advantage over the others. The factions continually vie for dominance of the network agenda.

3.9. Accountable leadership

The top right cell of Fig. 1 shows the "accountable leadership" configuration. There are structural holes separating members of the periphery but they are not "deep" insofar as information can flow moderately easily from one part of the periphery to another through the semi-periphery. The semi-periphery represents the unique character and specializations of its periphery, but also represents the core to the periphery. It is a media-

tor that legitimizes the core's authority but also has the power to hold it accountable and place limits on it. The core provides leadership and can facilitate relatively efficient decision-making so long as it maintains the support of the semi-periphery.

4. Strategic Challenges in Stakeholder Networks

In situations where the focal firm is competing with another firm in the same industry for resource access, the magnitude of the challenge varies with the configuration of the stakeholder network in which the resource controlling stakeholder(s) is(are) embedded.

If all the stakeholders in the less organized configurations individually controlled resource access, then outmaneuvering competitors would involve signing access deals with as many stakeholders as possible. The competitor with the greater number would have the greater access. However, if the access were controlled by all stakeholders jointly, then the firm that could most quickly build the most powerful coalition would gain the access. Again, because of the lack of pre-existing structure, power would largely depend on attracting the greatest number of stakeholders. The challenge then becomes to create a coalition with the most attractive offer. The attractiveness of the offer depends heavily on the network structure of the coalition. Compared to other structures, the coalition that looked closest to an accountable leadership configuration would have the advantage because it would offer both open membership and equitable sharing of benefits. Therefore, that coalition would tend to attract more members than any other. For example, pitted against a coalition structured like a tribe or a committee, the accountable leadership coalition would offer easier entry as a member. Compared to a coalition with an absolute equality or factions/ silos structure, the accountable leadership coalition would offer a negotiating team much more capable of signing a benefit agreement. Compared to a coalition with an exclusive elite or dictator configuration, the accountable leadership coalition would offer a more equitable sharing of the benefits.

If the two competing firms were operating in a stakeholder network with a silo organization structure, they could easily exacerbate the conflict among the factions. In order to avoid escalation into violence, the firms would be well advised to agree on common principles of benefit distribution to be used by both of them. Ideally, they would agree beforehand to develop some type of institutionalized structure to administer the benefit distribution, regardless of which of them gains the access, or the greater access. In this way, they could lay the foundations for a core capable of enforcing norms for principled, non-violent, conflict resolution.

When a competitor is also seeking access to resources controlled by an absolute dictator or an exclusive elite, the core can easily make both competitors into additional members of the periphery. They would then

have to compete to curry favor with the core. For example, they might be encouraged to enter into a bribery competition. For this reason, the most advisable strategy would be to have unity among the competitors regarding processes and criteria for allotting resource access. This can sometimes be achieved in the context of an industry association's standards of conduct. Otherwise, access is more likely to be granted to the least ethical competitor. These are the dynamics that perpetuate the natural resource curse when the resource in question is easily controlled by a few social actors and generates high revenues (Kolstad and Wiig, 2009; Ross, 2001).

5. Conclusions

Because it integrates all three of RDT, SNA, and stakeholder theory, Boutilier's (2011) stakeholder network typology illustrates how a three-way integration offers new strategic insights that are particularly appropriate in many international contexts where stakeholder politics has more to do with the control of resources than does the letter of the law. It should be emphasized, however, that a crucial element needed for such insights is research fieldwork to discover the actual structure of the local network. Network research provides a strong advantage, for example, when entering a new international market, when introducing a new product category, or when entering a new alliance, by helping the firm identify which of Boutilier's configurations the new network most closely resembles. Research on the structure of stakeholder networks could also reveal which stakeholders or coalitions are capable of conferring or withholding legitimacy for a new entrant. It could also identify likely resources embedded in the network and predict the dominant network governance dynamic.

Future research and theory might seek to specify the conditions that affect the advisability of keeping stakeholders separated by structural holes versus connecting them in a collaborative learning or problem solving effort. This could be an important strategic choice, for example, in using a supply chain as a competitive capability (Dyer and Singh, 1998). Future research might also help corporations operating in governance challenged jurisdictions to understand what kinds of connections would transform a host community from an unpredictable, risky environment to a stable system capable of making the long-term commitments needed for sustained resource access. These few examples illustrate the rich possibilities that a three-way integration offers for understanding the dynamics of stakeholder interactions in granting and blocking access to valued resources.

The integrated application of theoretical concepts illustrated here highlights the need for strategy research on stakeholder networks. Companies must research their specific networks, but there is also a role for basic research to guide the interpretation of such network findings. For example, if a company discovers that it occupies a central position in its stakeholder

network, it still needs to know how to convert that position into a leadership advantage. Similarly, if a firm wanted to use a highly central position to catalyze industry peers into forming a coalition to influence a pending regulatory ruling, what features of the network would have to be modified first? Would cohesion within the coalition be a better priority than bridging ties with the regulators or their influencers? When would it be better to build a larger coalition versus a more cohesive coalition? What would be the most effective way to limit the influence of those who advocate a position the company least prefers? Thinking across the levels of the individual and the organization, companies need answers to questions like the feasibility of moving into a central position faster by hiring or making board appointments. To what extent can personal centrality be appropriated by a firm, and how is it best done? What are the opportunities and risks for the person hired or appointed?

Kurt Lewin, an early proponent of action research in the social sciences, famously said, "There is nothing so practical as a good theory." (1951, 169). The validity of that statement depends on the theory being complex enough to correspond to a multi-causal reality, general enough to apply in diverse situations, and specific enough to yield strategic options that can be put into practice. The examples outlined in this paper suggest that exploiting the complementarities among extant management theories can produce integrations that meet these criteria and guide strategic maneuvering in stakeholder networks.

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