A more sustainable society through stakeholder salience:
Furthering stakeholder theory by exploring identification and prioritization processes with a focus on intraorganizational perceptions in an SME

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Abstract

Stakeholder salience has emerged from the ambiguity of stakeholder theory and is intended to better describe the aspects of identification and prioritization of stakeholders. Despite the fact that 95% of businesses worldwide are SMEs and comprise 99.8% of all European enterprises, the stakeholder salience aspects of identification and prioritization, in relation to SMEs, are empirically underdeveloped and mainly focused on the owner/manager perspective. Therefore, this qualitative single-case study has explored the stakeholder salience aspects of identification and prioritization in order to better understand the intraorganizational perceptions of stakeholders, processes, and motivations, within a European SME. The findings revealed that intraorganizational perceptions focused on a narrow view of stakeholder identification, which contradicts the broad view advocated by researchers in relation to stakeholders and sustainable development. Furthermore, there is a need to develop broader intraorganizational understanding of stakeholders in terms of claims and processes if businesses are going to be able to create holistic strategies with a sustainable development focus.

Keywords: Stakeholder Salience, Stakeholder Identification, Stakeholder Prioritization, Stakeholder Theory, SMEs, Intraorganizational Perceptions, Sustainable Development
# Table of Contents

1. Introduction ...................................................................................................................... 1  
   1.1 Background .................................................................................................................. 1  
   1.2 Research problem ...................................................................................................... 3  
   1.3 Purpose ....................................................................................................................... 4  
   1.4 Research Question ..................................................................................................... 4  
   1.5 Disposition .................................................................................................................. 4  
2. Theoretical Framework ................................................................................................... 5  
   2.1 Stakeholder Theory .................................................................................................... 5  
      2.1.1 Development of stakeholder theory .................................................................. 5  
      2.1.2 Critiques of Stakeholder theory ....................................................................... 6  
   2.2 Stakeholder Salience .................................................................................................. 7  
      2.2.1 Broad view of stakeholder identification ....................................................... 7  
      2.2.2 Narrow view of stakeholder identification .................................................... 8  
      2.2.3 Aim of stakeholder salience ............................................................................. 8  
      2.2.4 The stakeholder salience model ....................................................................... 9  
      2.2.5 Defining power, legitimacy, and urgency ....................................................... 10  
      2.2.6 Validity and applicability of stakeholder salience theory .......................... 11  
3. Research Design ............................................................................................................ 12  
   3.1 Methodology ............................................................................................................. 13  
   3.2 Method ....................................................................................................................... 13  
      3.2.1 Data Collection ................................................................................................. 14  
      3.2.2 Interviews and the interview process ............................................................... 14  
   3.3 Method of analysis ................................................................................................... 15  
   3.4 Limitations ................................................................................................................ 16  
   3.5 Delimitations ............................................................................................................. 16  
4. Findings ........................................................................................................................... 17  
   4.1 Presentation of the object of study .......................................................................... 17  
      4.1.1 The Case Study ................................................................................................. 17  
      4.1.2 Interviewees ..................................................................................................... 17  
      4.1.2.1 Owner A ..................................................................................................... 17  
      4.1.2.2 Owner B ..................................................................................................... 18  
      4.1.2.3 Middle Manager ........................................................................................... 18  
      4.1.2.4 Employee ..................................................................................................... 18
1. Introduction

The introduction outlines the relationship between sustainability and business with a particular focus on the importance of SMEs in a European context. It further identifies the research problem, purpose, and questions.

1.1 Background

In relation to evolving societal expectations and overuse of natural resources new disciplines of business studies, such as environmental management, corporate social responsibility, and sustainable management, have emerged (Schaltegger, Hörisch and Freeman, 2017). As the strategic imperative of the new millennium, in relation to social, environmental, and economic performance, sustainability is integral to the long-term success of firms and their overall impact on communities (Galpin & Hebard, 2015). This builds on Hall, Daneke, and Lenox (2010) who found that a growing awareness in the way society produces and consumes is needed at a fundamental and transformative level. For companies to remain competitive, they need to be able to adapt to sustainable demands within the markets and societies they operate (Jenkins, 2009), while also ensuring corporate continuity (Clifton & Amran, 2010). In relation to the operational strategies of companies, several empirical studies suggest that sustainability practices and performance are integral, and of great importance (e.g., Pullman, Maloni, & Carter, 2009). This aligns with Carter and Rogers (2008) who assert that for long-term economic amelioration and enterprise vision, sustainability practices are a necessity and no longer optional. Support of this is also evidenced by Sancha, Wong and Gimenez Thomsen (2016) who conclude that sustainability has become a high priority for the business world.

This shift is also thoroughly supported by the European Union (EU), as EU Treaties give recognition to the social, economic, and environmental decisions as fundamental to development (European Commission, 2017). Direct evidence of this can be seen by the European Commission who state that, “we need to support and promote corporate social responsibility and disruptive innovation by sustainability pioneers but also by the business community at large” (European Commission, 2017, p. 3). Corporate social responsibility (CSR) is clearly linked to stakeholders as outlined by the Commission of European Communities (2001) who define CSR as, “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (p.6). The European Commission (2017) document highlights sustainable opportunities to include efficiency and innovation gains, employee retention, better management of short and long-term risks and a total value of €10 trillion annually of economic opportunity if the ambitions of the sustainable development goals (SDGs) are realized by 2030. Further, collaborations between private and public sector and multi-stakeholder action and dialogue is heavily advocated as a fundamental necessity to create shared value and reach said goals.

Pointed out by Hall et al. (2010), SMEs are the panacea required to establish a more sustainable society due to their social, economic and environmental impact on societies. Within the EU, small and medium enterprises (SMEs) are defined as enterprises employing up to 250 people with a
turnover no larger than €50 M (Eurostat, 2018). European SMEs account for 99.8% of all businesses and are hence the focal point shaping enterprise policy (European Union, 2015, para 1) and the engine of the European economy (European Commission (2015). The significance of SMEs impact in Europe is further exemplified in that 88.8 million jobs were created within 21 million SMEs in 2015 (European Commision, 2015). Nonetheless, for decades, socially responsible business and ethical behavior of large corporations have been a focus of interest in academia at the expense of researching SMEs (Hammann & Pechlaner, 2009).

As demonstrated above, multi-stakeholder action and collaboration is key to realizing the SDGs. In order to understand the relationship between business and stakeholders within their shared environments, significant strides have been made by business and society fields when it comes to the development of stakeholder theory (Clifton & Amran 2011; Lähdesmäki, Siltaoja, & Spence 2017). According to Schaltegger et al. (2017), stakeholder theory has played a momentous role in explaining why businesses attend to corporate sustainability in general, and has become one of the most used theoretical approaches in sustainability management research. Stakeholder salience theory, a branch within stakeholder theory, deals specifically with the identification and prioritization of stakeholders and is argued to counter some of the difficulties of defining stakeholders and evaluating their respective claims (Mitchell et al., 2017).

Several studies (Fassin, 2009; Saito & Ruhanen, 2017; Hall & Vredenburg, 2005; Kusyk and Lozano, 2007) delineate the importance of stakeholder identification while indicating that correct identification and engagement of stakeholders is crucial when it comes to the development of normative standards in relation to social issues. From a sustainability point of view this is crucial, as proper stakeholder management may highlight non-profit driving stakeholders (Dunphy, Griffiths, & Benn, 2003) as critical to the aim of the enterprise and hence important to its long-term survival.

Within stakeholder theory, the stakeholder salience model deals explicitly with developing a deeper understanding of a business’s stakeholders in terms of ‘who’ and ‘why’. This is because the stakeholder salience model intends to understand stakeholders and their claims through attributes of power, legitimacy, and urgency; an extension of the previously used notion of stakeholder attention being derived from the manager/owner perception of legitimacy only (Mitchell et al., 1997). The attributes of power, legitimacy, and urgency, have been empirically and reasonably supported through research (e.g., Àgle, Mitchell, & Sonnenfeld, 1999; Eesley & Lenox, 2006; Parent & Deephouse, 2007), and used to identify and prioritize stakeholders within large and small businesses, government, and non-government organizations (Laplume et al., 2008). Therefore, although the EU has concluded the importance of stakeholder and community involvement in its social, environmental and economic development, the literature review in this paper reveals that critiques of stakeholder theory recognize the processes of identification and prioritization currently remain vague. Hence, the authors argue that there is a need to research and further explore the stakeholder salience aspects of identification and prioritization, and that exploring these processes may help the actualization of the sustainable direction laid out by the European Union.
1.2 Research problem

The researchers have identified three particular research problems that were derived from previous literature and revealed through a literature review process outlined in the theoretical framework. These research gaps include the issue of ambiguity and vagueness (Fassin, 2009) when it comes to using stakeholder theory as a normative/guiding tool for businesses, a lack of investigative theoretical research of stakeholder theory in specific relation to SMEs, and the fact that existing research of stakeholder theory, and in particular stakeholder salience, has been primarily focused on the owner-manager perspective. Hence, this study is set out to explore stakeholder research by addressing these issues in the interest of furthering the stakeholder salience aspects of identification and prioritization research.

In terms of stakeholder theory’s ambiguity and vagueness affecting the theory’s use as a normative tool for business, Fassin (2009) relates this to the theories intrinsic flexibility. This issue extends to the theory’s lack of consistency and clarity (Waxensberger & Spence, 2003) in terms of the definition of stakeholder, which is further evidence in the theoretical framework when it comes to the debate between the broad and narrow views of stakeholders in turn contributing to this ambiguity of a normative core. As its focus, stakeholder theory has been centered around large publicly owned corporations (Laplume, Sonpar, & Litz, 2008), and there has been little research undertaken to understand stakeholder theory in relation to small and medium enterprises (Schlierer et. al 2012; Jenkins 2006). Schlierer et. al. (2012), amongst others, point out that as SMEs are more dependent on their local environment than larger firm’s as well as being more directly affected by the owner-managers individual perceptions rather than formalized processes, conventional stakeholder theory cannot simply be scaled down to also be applicable to SMEs. Lähdesmäki et al., (2017) confirm this arguing that standard stakeholder theorization rarely acknowledges the specific characteristics, attributes and relationships of small businesses (Lähdesmäki et al., 2017). Further, existing stakeholder research in relation to SMEs commonly use predefined stakeholder groups (Schlierer et. al. 2012) which then omits the initial crucial stage of identification, and hence leaves important contextual insights neglected. Stakeholder research and SMEs are frequently seen in the same studies but with stakeholder theory then not being the primary focus of inquiry but rather an underlying concept used as a prerequisite for other concepts and findings (e.g., Sen & Cowly, 2013).

For SMEs to develop according to the sustainable direction stressed by the EU, organizational and systemic changes are crucial at all levels of business. However, as a result of their small-scale size and locality mentioned above, SMEs are heavily influenced by their owner-manager’s personal perspective since they often personally interact with their social and economic stakeholders (Schlierer et. al. 2012). On the contrary, research shows that successful organizational change ought to be bottom-up and employee-centrically implemented (Blackburn, 2007) and that adequately communicated sustainable development creates shared goals, increased organizational commitment and engagement and higher employee retention (Blackburn, 2007; Dhanesh, 2012). This highlights a potential gap in research, whereby stakeholder theory, in relation to SMEs, is primarily focused on the owner-manager perspective. This is in direct contrast to the aforementioned research which suggests that successful organizational change must include the whole organization. Therefore, more research is needed to explore intraorganizational perspectives of stakeholders in order to better understand how aligned the internal stakeholder views are, and what, if any, crucial differences regarding prioritization exist within particular contexts. In fact, the
significance of exploring intraorganizational perceptions goes beyond the aforementioned research gap to include the fact that, “intraorganizationally related factors act as adoption barriers” (Ramirez, Gonzales, and Moriera, 2014). This bares relevance as intraorganizational cultural factors, such as the habits, routines, and mindsets of employees and leaders, represent significant obstacles to sustainability (Ramirez, Gonzales, and Moriera, 2014). Therefore, exploring intraorganizational perceptions of stakeholder salience can provide insights as a first step in understanding the stakeholder salience aspects of identification and prioritization within the context of an SME.

1.3 Purpose

Through a qualitative and in-depth exploratory case-study, the purpose of this research is to develop a more holistic understanding of stakeholder salience, through an exploration of the processes and motivations relating to the aspects of stakeholder identification and prioritization within an SME within the European Union.

1.4 Research Question

1. How are stakeholders identified, who is involved, and what are the processes used in relation to this aspect when it comes to decision making?

2. How are stakeholders prioritized and on what grounds are their claims recognized in terms of power, legitimacy, and urgency?

3. How aligned are the intraorganizational perceptions of the stakeholder salience aspects of identification and prioritization?

1.5 Disposition

This thesis has been structured by presenting background information to illustrate the current trends and research gap within the relevant faculty of study. This was followed by the problematization of the issue under investigation, the purpose of the thesis, and the research question that guided the study. Following the introduction is the theoretical framework, which delves deeper into the theoretical underpinnings of stakeholder salience by first elucidating stakeholder theory so as to provide sufficient context, critical perspectives, and significance within the field, before probing more deeply into the theory of stakeholder salience. The research design is an essential aspect of this thesis which coherently outlines the research philosophy and approach to ensure validity, reliability, and replicability of the study. Finally, the empirical data is presented, followed by a detailed analysis of the findings anchored to the theoretical framework, a detailed discussion, and a conclusion that highlights contributions and propositions for future research.
2. Theoretical Framework

The theoretical framework presents a critical review of the literature and history pertaining to stakeholder theory and stakeholder salience. The section further details the developments and critical perspectives of these theories, and outlines their significance to the research field.

2.1 Stakeholder Theory

2.1.1 Development of stakeholder theory

Early stages of stakeholder theory development was rooted in strategic management before emerging into organizational theory and business ethics (Laplume et al., 2008). Encompassing an element of social responsibility allowed stakeholder theory to blend into social issues in management (Wood 1991; Wood 1992). More recently, the blending of stakeholder theory with social issues has lead the conversation towards sustainable development (Laplume, et al., 2008). Taking these more recent developments into consideration, it is important to note that stakeholder theory gained prominence through a special 1995 issue of Academy of Management Review, which revealed that the complexity of management cannot be distilled through simple concepts like profit driven shareholder view (Laplume et al., 2008).

In his seminal book *Stakeholder Management: A Stakeholder Approach*, Freeman (1984) fully articulated the stakeholder framework, becoming the first author to do so. Freeman drew upon literature which included corporate social responsibility, systems theory, and corporate planning in order to develop a stakeholder approach (Laplume et al., 2008). This development emerged from what he argued, was a lack of existing management theories to address, “the quantity and kinds of change which are occurring in the business environment” (Freeman, 1984, p. 5). What Freeman included in his argument were issues such as changes in communication technology, increasing takeovers, worldwide resource markets, activism, new industrial relations, foreign competition, supranational agencies, government reform, a rising consumer movement, and increasing environmental concerns (Laplume et al., 2008). More recently, Freeman (2017, p. 3) simplified the idea by stating that “business can be understood as a set of value-creating relationships among groups that have a stake in the activities that make up the business.” This implies that business is about how financiers, managers, employees, suppliers, customers and communities create value, and that understanding a business means knowing how these relationships work (Freeman, 2017).

Stakeholder theory has been instrumental in establishing that management cannot be conceptualized as simply as the shareholder view (Freeman, 1984). In line with this, further complexity was added to stakeholder theory through the corporate sustainability debate, which brought forth attention toward additional social and ecological criteria such as climate change, income distribution, desertification, and diversity among many (Hörisch, Freeman, & Schaltegger, 2014). Consequently, when it comes to contemporary ecological and social topics Hörisch et al. (2014) highlight that, engaging with stakeholders is a challenge companies are striving towards; a challenge addressed through corporate sustainability as the vision, and sustainability management as the general approach. This is exemplified by Schaltegger and Burrit (2005) who show that increased awareness among employees when it comes to cleaner production and energy efficiency,
as well as to customers on more sustainable products and improved supply chains, are demands that companies are facing. Therefore, stakeholder theory is about the necessity of overcoming conflicts and trade-offs within the social context of a business (Hörisch et al., 2014). This is to say that stakeholder theory concerns meeting the demands of all relevant stakeholders by creating mutual interest in addressing the potential conflicts of ethical responsibilities and money making (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010).

The timeliness of stakeholder theory can further be correlated with formal organizations emerging as the dominant institutions of our time, and the increased reporting of the harmful impacts and ethical misconducts regarding the natural environment in relation to corporate negligence (Laplume et al., 2008). Associated with timeliness is the importance of stakeholder theory’s pursuit in addressing how organizations affect society, which is an often overlooked sociological question (Hinings & Greenwood, 2003). In terms of controversy, the questions associated with the conventional assumption that the preeminent management concern is the pursuit of profits, coined by Jensen (2002: 273) as a corporation's “single-valued objective", still remains strong (Laplume et al., 2008). This controversy extends to Margolis and Walsh (2003) who argue that proponents and detractors of stakeholder theory are unlikely to converge due to the inciting disagreements over deeply rooted values. In spite of these arguments, Laplume et al. (2008) conclude that the rise in prominence of stakeholder theory, despite its fair share of detractors, has occurred as a result of what Weick (1999) established as theories motivated by their virtue of emotional resonance. Most importantly, the prominence of stakeholder theory’s rise is evidenced in its growing acceptance, an acceptance which spans functional disciplines and is explained by its relevance in practically addressing concerns related to the irresponsible and unethical behaviour of some organizations (Laplume et al., 2008).

2.1.2 Critiques of Stakeholder theory

Stakeholder theory suffers from numerous imperfections and shortcomings (Fassin, 2009). Phillips, Freeman, and Wicks (2003) point out the ambiguity, vagueness and breadth of the theory itself, as well as the often implicit critiques resulting from the theory’s wide-ranging intuitive appeal. Another issue related to stakeholder theory is the difficulty of defining relevant stakeholders, which Fassin (2009) attributes to the theory’s intrinsic flexibility. Waxenberger and Spence (2003) iterate a lack of consistency and clarity in the stakeholder definition, as well as stake, which builds on Wolfe and Putler (2002) who argue that significant stakeholder literature neglects, magnifies, or blurs when applying the framework to strategic, organizational, and managerial issues. In part, these issues can be attributed to the context-specific and idiosyncratic stakeholder ambiguity which can be difficult to manage (Hall & Vredenburg, 2005).

However, as Laplume et al. (2008) concluded, stakeholder theory’s main challenges relate to the paradigm’s development, which lacks order and empirical validity when it comes to advancing theoretical claims. Therefore, focused empirical research may benefit stakeholder theory if focused on central questions and assumptions, and although empirical validity is one among many criteria for theory evaluation, it is nonetheless an important one (Laplume et al., 2008). The need for empirical validity aligns with Fassin’s (2009) critique which notes that confusion has been created as a result of multiple stakeholder definitions and an uncontrolled broadening of its application and scope. This has led to ambiguity and vagueness underlying stakeholder theory, which has resulted in a strong need for clear delimitation and clarification of stakeholders (Fassin, 2009). Therefore,
what remains to be clarified when it comes to stakeholder theory lies in the existing lines of research to acquire the insight necessary to approach these challenges (Laplume et al., 2008).

2.2 Stakeholder Salience

2.2.1 Broad view of stakeholder identification

One of the early challenges to stakeholder theory, identified by Mitchell et al. (1997), concerns the necessity for a reliable way to identify stakeholders, accordingly separating stakeholders from non-stakeholders. Earlier, Jones (1980) defined corporate social responsibility as “the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership” (1980, p. 59-60). It was based on this definition that Jones then asked pragmatic questions scholars are still seeking to answer in relation to stakeholder theory (Mitchell et al., 1997), questions such as: "What are these groups? How many of these groups must be served? Which of their interests are most important? How can their interests be balanced? How much corporate money should be allotted to serve these interests?" (Jones, 1980, p. 60).

The more broadly defined Freeman and Reed definition of stakeholder identity classifies groups or individuals who "can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives" (1983, p. 91). This debate was furthered by Freeman’s broader definition that stakeholder theory “take into account all of those groups and individuals that can affect, or are affected by, the accomplishment of the business enterprise” (Freeman, 1984, p. 25). This broad definition of stakeholders is empirically based on the reality that almost anyone can be vitally affected by, or affect a company (Mitchell et al., 1997). This reality broaches the term “stake” and its comprehensibility towards whether or not an entity can be considered a stakeholder without a relationship with a firm (Mitchell et al., 1997). Whereas some (e.g., Ring, 1994) ardently argue against this idea, others (e.g., Clarkson, 1994; Mitchell et al., 1997) argue more poignantly in favour of such developments. Which, as evidenced by Starik (1994:90), refers to stakeholders as entities that “are or might be influenced by, or are or potentially are influencers of, some organization.” Mitchell et al. (1997) support this claim and suggest that, in order to be both useful and comprehensive, the theory of stakeholder identification and salience needs to account for latent stakeholders. They go on to suggest that identification such as this can help organizations avoid problems with the potential to enhance effectiveness (Mitchell et al., 1997).

Beyond avoiding problems and potentially enhancing effectiveness, stakeholder identification may be beneficial to enterprises. As such, correct knowledge about stakeholders helps with addressing multiple firm-centered purposes such as economic well-being, survival, coalition building, and influencing public policy, while at the same time participating in the equitable balancing of various interests and claims within an organization's social system (Mitchell et al., 1997). Regardless of the purpose, broad knowledge of the potential and actual claimants and actors within an organization's environment is required for managers to effectively recognize and respond to entities with or without legitimate claims but who, nonetheless, may affect or be affected by the organization (Mitchell et al., 1997). These ideas brought to light the normative question, within stakeholder theory, which seeks to uncover what stakeholders managers should pay attention to, and to clarify empirically which stakeholders managers really care about (Laplume et al., 2008).
According to Laplume et al. (2008) the definitional ambiguity of Freeman’s early definition led business and society researchers, as well as ethicists, to take this normative question into consideration.

2.2.2 Narrow view of stakeholder identification

The broad definition is contrasted by Freeman and Reed’s (1983, p. 91) narrow definition of a stakeholder which relies on the Sanford Research Institutes (1963) language, defining stakeholders in term of groups “on which the organization is dependent for its continued survival.” In narrowing the definition of stakeholder, scholars emphasize the legitimacy of the claim, which is based upon at-risk status, contract, legal title, exchange, legal rights, moral interest in the benefits and harms a company generates through their actions, or outright moral right (Mitchell et al., 1997). This, as Mitchell et al. (1997) suggest, focuses scholars on a normative core of legitimacy, which advises managers to focus on legitimate stakeholders based on the claims of a few. As pointed out by Clarkson (1995), this could steer an organization’s attention towards claims with economic interests baring direct relevance to the organization’s survival.

More recently, Fassin (2009) describes that the identification of stakeholders, being the first step in strategic stakeholder management, is one of the central themes in academic and management literature discussions. Fassin (2009) argues that the literature unanimously identifies the major stakeholder groups as: employees, customers, and financiers with recognition that communities, civil society, and the more abstract environment also exist. In line with the aforementioned debate on the broad vs narrow definitions of stakeholders, Fassin (2009) references the fact that the broad definition includes all kinds of external bodies, which he ascertains has diluted the concept and created confusion. As a result, he revised the potential list of stakeholders to include “the internal constituents and stakeholders who have a real stake in the company, the pressure groups that influence the firm, and the regulators who impose external control and regulations on the firm” (Fassin, 2009, p. 121). Fassin goes on to say that, “real stakeholders have a claim on the firm, pressure groups as indirect stakeholders only an indirect claim, while regulators have no claim” (Fassin, 2009, p. 121). These arguments were built from Mitchell et al. (1997), who used approximately 20 different studies, that were related to stakeholder identification, in order to describe the grounds by which stakeholders can be identified, finding that “managers pay attention to stakeholders who have power in relation to the firm (i.e., possess valued resources), are deemed legitimate (i.e., are socially accepted and expected), and can muster urgency (i.e., have time-sensitive or critical claims)” (Laplume et al., 2008, p. 1161).

2.2.3 Aim of stakeholder salience

As one of the most heavily researched aspects of stakeholder salience, stakeholder identification is focused towards understanding what and who counts to an organization (Mitchell et al., 2017). Stakeholder identification work relates to the organization of activities with the purpose of recognizing pertinent stakeholders to a given organization (Mitchell et al., 2017). This research stream, has been primarily concerned with stakeholder inclusivity and ensuring various versions of it, advocacy related to the inclusion of a particular entity identified as a stakeholder, and classification or label-focused justification related to utility (Mitchell et al., 2017). Moreover, identifying stakeholder salience is useful in aiding effective stakeholder coordination, categorizing stakeholder roles in certain projects, and cooperative actions through the inclusion or exclusion of
stakeholders (Saito & Ruhanen, 2017). Of equal significance, which was also outlined in Mitchell et al.’s (1997) theory of stakeholder salience, is stakeholder prioritization (Mitchell et al., 2017). Stakeholder prioritization work concerns prioritizing competing stakeholder claims in relation to a given organization (Mitchell et al., 2017).

As Mitchell et al. (1997) conclude, scholars who argue that a normative core should be articulated by stakeholder theory are focusing on finding a convincing reason as to why some relationships and claims are legitimate and worthy of managerial attention, and alternatively why others are not. Therefore, what is discounted according to Mitchell et al. (1997), is the significance of power when it comes to stakeholder/manager relations, arguing instead that prescience of legitimacy exposes stakeholder claim. Therefore, stakeholder salience aims to expand understanding beyond legitimacy by including the power and urgency of a stakeholder claim, as these issues will affect a manager’s ability to protect legitimate interests and meet legitimate claims when identifying important stakeholders (Mitchell et al., 1997).

2.2.4 The stakeholder salience model

![Figure 1: Stakeholder Salience (Mitchell et al., 1997)](image)

Mitchell et al. (1997), through their seminal and descriptive article, *Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts*, are considered one of the founders of stakeholder salience research. In this work, stakeholder identification and prioritization were linked to the stakeholder attributes of power, legitimacy, and urgency, which provided a “how to” for identifying stakeholders followed by a separate prioritization function of stakeholders (Mitchell et al., 1997). This model combines identification and prioritization into a visual tool that helps categorize stakeholders into the latent, expectant, or
definitive categories based on the attributes they possess. Latent dominant stakeholders (i.e., dormant, discretionary, and demanding stakeholders), only possess one of the identifying attributes, may not be recognized by managers, and are unlikely to give attention or acknowledgement to the organization (Mitchell et al., 1997). Expectant dominant stakeholders (i.e., dangerous, dependent and dominant stakeholders), consider the relationship between managers and stakeholder groups who possess two of the three identifying attributes. The expectant dominant stakeholder group and can be seen as expecting something, which is to say that they have an active stance along with an increased organizational responsiveness to their interests (Mitchell et al., 1997).

According to Mitchell et al. (1997, p. 878) salience can be defined as, “the degree to which managers give priority to competing stakeholder claims” and thus, in order to achieve maximum priority, exhibiting all three attributes classifies this group as definitive stakeholders. The categorization and prioritization of stakeholders using a combination of the critical attributes of power, legitimacy, and urgency helps predict the salience of a stakeholder, in that the salience is low with only one attribute present, moderate if two attributes are present, and high when all three attributes are present (Mitchell et al., 1997). Recently supported by Tashman (2013), Mitchell et al.’s (1997) contribution to management science garnered popularity in the mechanisms ability to emphasize power as an economic determinant of a stakeholders importance, and in how legitimacy and urgency reflect the organization's normative obligations to stakeholders. Additionally, the concept improved the descriptive power of stakeholder theory when it comes to identifying possible prioritization in relation to stakeholder interests, as they pertain to the interplay of stakeholder power, legitimacy and urgency (Magness, 2008). Moreover, Mitchell et al.’s (1997) approach to stakeholder salience theory suggests that these stakeholder attributes are variable, socially constructed, and that the presence of consciousness and willful exercise varies in terms of presence.

2.2.5 Defining power, legitimacy, and urgency

Ezioni (1964) defined power in an organizational setting by detailing the relationship of a party as having power to the extent it can, or has gained, access to power by normative, utilitarian or coercive means in its imposition of will within a relationship. Further clarified by Pedrosa-Ortega et al. (2019), utilitarian power is based on financial and material resources, whereas normative social power’s basis relies on symbolic resources. In general terms of power, the more powerful a stakeholder is the more dependent the company (Savage, Nix, Whitehead, & Blair, 1991, Frooman, 1999).

Although commonly linked, (Mitchell et al., 1997) power and legitimacy can combine to create authority, although they are distinct attributes and can exist independently (Weber, 1947). This led Mitchell et al. (1997) to argue that stakeholder salience theory requires legitimacy to have separate attention in its attribution to stakeholder-manager relations. Legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995: 57). This definition is significant in that, although difficult to operationalize and imprecise, it implies that legitimacy is a desirable social good that can be defined and negotiated throughout a social organization. Further defining legitimacy, Santana (2012) developed a framework where
stakeholder legitimacy was based on a stakeholders legitimacy as an entity, the legitimacy of their claim, and legitimacy of their behaviour.

The third attribute established in Mitchell et al.’s (1997) model for identifying stakeholder salience is urgency. Based on time sensitivity - in relation to managerial delay interpreted as unacceptable to the stakeholder - urgency refers to the claim or stakeholder relationships importance (Mitchell et al., 1997). In other words, Mitchell et al. (1997) distill urgency down to the degree stakeholder claims call for immediate attention. Further exploring this attribute, urgency can be seen as a salience booster, generated by either power or legitimacy, although insufficient on its own, explaining that it is a secondary attribute providing a push to already salient issues determined by the primary attributes of power and legitimacy, generating no salience by itself (Jones, Felps, Bigley, 2007).

2.2.6 Validity and applicability of stakeholder salience theory

Further validation of Mitchell et al.’s (1997) continued prominence in the field can be evidenced through Google Scholar which revealed nearly 12,500 citations. In contrast, the most popular stakeholder salience article in the last decade, Fassin’s (2009) The stakeholder model refined, revealed only 636 citations. According to Laplume et al. (2008) the use of Mitchell et al.’s (1997) stakeholder salience theory can be seen in textbooks as well as many scholarly articles, in effect attesting to the theory’s applicability within practitioner communities and business and society research. According to Chen, Harrison, and Jiao (2018) the framework, although developed three decades ago, has particular use for management in that it is “practical and easily operationalized, offering versatile and relevant categories to various stakeholder relationships” (Majoch, Hoepner, & Hebb, 2017, p. 725). Moreover, the stakeholder salience model’s applicability to management can be seen in its utilization within large and small businesses as well as governmental and nongovernmental organizations (Laplume et al., 2008).

Current developments in the field of stakeholder salience revolve around empirical testing of Mitchells original model (e.g., Magness, 2008; Parent and Deepphose, 2007), testing the model in new contexts and hence extending its applicable uses (e.g., Mitchell, Agle, Chrisman, & Spence, 2011; Thijssen, Bollen, & Hassink, 2015), and adding stakeholder attributes such as proximity alongside power, legitimacy and urgency (Driscoll & Starik, 2004; Lähdesmäki et. al 2017). Some of these findings suggest variability in manager perceptions as attributing to the attribute-salience relationship (Mitchell et al., 1997), whereas Parent and Deepphose (2007) found that the hierarchical level and managers’ role affect the number of stakeholders identified and the attribute-salience relationship. Eesley and Lenox (2006) conducted an important study distinguishing between the stakeholder’s claim and the stakeholder itself, implying that stakeholder salience is attributed by the power of the stakeholder, but when it comes to the legitimacy and urgency, the claim is at the forefront rather than the stakeholder. Other studies such as Jawaar and McLaughlin (2001) found that salience varies depending upon an organization’s life cycle stage.
3. Research Design

This section presents and justifies the methodology, research method, and data collection methods relevant to the design and process of conducting this case-study research.

In order to fulfill the purpose of this research, a single-case study approach was used with a Danish, Copenhagen based, canal tour enterprise as the focal organization. This enterprise was selected for several reasons. According to its 2018 financial statement (omitted from bibliography bar consent) the company employs seven people full-time with an annual turnover of €400,000. This classifies the organization as a small to medium sized enterprise according to Eurostat (2018) who define an SME as an enterprise that is comprised of 250 employees or less with an annual turnover that does not exceed €50 million. Furthermore, the European Commission (2018) depicts that the average Danish SME employs 7.9 people with an average turnover of €420,000, confirming that this particular SME is representative of Danish SME performance as a whole. This bares relevance to the EU as a whole as Denmark is representative of the average EU Nation when it comes to SMEs. This is because Danish SMEs account for 60% of total value added compared to the EU average of 56.8%, and 64.1% of total employment compared to the EU average of 66.4% (European Commission, 2018). Hence, the authors deem this SME used for this exploratory research to be relatively representative for other European SMEs, and therefore a viable subject for this research.

Moreover, the selected business provided an example of an established enterprise whereby the mission of the organization is at the core of the business that is still developing, whereas other research sites were already very well established, or partially formed and not yet viable. Business viability is important as estimates by researchers show that as many as 80% of nascent ventures do not reach viability (Vohora, Wright, & Lockett, 2004). Viability in relation to the business life-cycle was also important, as choosing an enterprise that had passed its start-up stage and gone into the emerging growth stage provided a crucial research subject. First, as the number of customers, employees, and geographic presence expands, the initial concern for survival had been surpassed, which provided the enterprise with a more neutral, or positive, approach to its stakeholders (Jawahar & McLaughlin, 2001). Second, following Jawahar and McLaughlins’ (2001) argument regarding organizations in the start-up stage, where the expected stakeholder approach is defensive, only satisfying the minimum requirements focused on avoiding legal reprisals, misaligns with the intended exploration of the stakeholder salience aspects of identification and prioritization in an emblematic SME.

Finally, in order to generate rich results to explore the research question, detailed data from multiple sources was available as well as the opportunity to sit down for long exploratory interviews with several employees as well as the owners. Collectively, these factors contributed to the choice of researching a single organization as a case study, which provided a unique opportunity to investigate stakeholder salience at a level that was potentially revelatory in nature (Yin 2014).
3.1 Methodology

According to Stake (1995), relativism ascribes the belief that the value of interpretations vary in relation to their utility and credibility. Therefore, reality exists insofar that status is granted from a group of persons, and that entities are defined and conventionalized as existing in the minds of those contemplating them (Lincoln and Gruba, 2013). From a research perspective not all constructions are of equal value nor views of equal merit (Stake, 1995). This understanding will allow each researcher involved in the study to contribute uniquely, and each reader to derive their own unique meanings relative to “the purpose of the study, the immediate situation of the case, and the circumstances of the reader” (Stake, 1995 p.103).

The aim of this research was not to discover reality but to construct a clearer more sophisticated reality (Stake, 1995). Therefore, in order to create a clearer picture of stakeholder identification and prioritization processes within this specific context, this research was designed to explore these aspects of stakeholder salience through intraorganizational perceptions. This is relative to the person and context specific relationship between the knower and the knowable, and the dependent reality that exists on the transactions between them and the context (Lincoln and Gruba, 2013). Therefore, these subjective transactions are mediated by prior knowledge and other criteria (gender, race, class etc.) and interpretation (construction) within a context, rendering knowledge created within the framework from which it is generated (Lincoln and Gruba, 2013). This is further articulated by Mitchell et al. (1997) who acknowledge that the stakeholder model attributes, impart used to explore the aforementioned aspects of stakeholder salience, are a matter of multiple perceptions that are socially constructed rather than objective. As a result, through the use of case study research, the intent was to clarify and sophisticate descriptions and interpretations, since a constructivist view of knowledge allows delivering readers with good raw material so they can construct their own generalizations (Stake, 1995). Furthermore, since research participants were working together with inquirers (researchers) on equal footing, it was possible to share critical issues and pursue topics together (Lincoln and Gruba, 2013).

3.2 Method

In order to explore the stakeholder salience aspects of identification and prioritization, the stakeholder salience model was used by the researchers to understand the intraorganizational perceptions of stakeholders within the context of an SME using a qualitative single-case study research method. Using Mason’s (1996) ideas about theoretical sampling, this study selected a case in relation to the research questions and theoretical position established within the theoretical framework, in order to further explore stakeholder salience.

According to Yin (2014) the single-case study approach was appropriate because the SME being explored was representative of similar enterprises across the European Union. Moreover, this exploration was a revelatory case (Yin, 2014) in terms of the opportunity to explore the aforementioned research problems and research questions in depth. Additionally, this study sought to explore the contextual dimensions of the stakeholder salience aspects of identification and prioritization in more depth. As such, Yin (2014) and Silverman (2015) recommend the use of case-study research as it, in contrast to large sample studies, allows researchers to retain meaningful and holistic characteristics of real life events with unique insights.
The case was able to explore new contextual dimensions of the stakeholder salience aspects of identification and prioritization in more depth. This perspective aligned with the research questions in that they pertained to ‘how’ in relation to contemporary events (Silverman 2015; Yin 2014) that focused on particular aspects stakeholder salience within an existing business environment. Accordingly, since the issue under exploration was a real-life situation that blurred the boundaries between the body of knowledge and the phenomenon, case-study research bared relevance (Stake, 1995; Yin 2014).

3.2.1 Data Collection

Using different sources of interviews as primary data, and a theoretical framework that was derived from a systematic approach for selecting academic literature using online databases including, but not limited to Scopus and Google Scholar as secondary data, was a major strength of sourcing evidence for this case study data collection (Yin, 2014), and crucial to the study’s research purpose. This in turn allowed for the exploration to address a broader range of issues related to stakeholder salience, while incubating the development of converging lines of inquiry using several in-depth interviews and secondary documents such as the Danish corporate financial numbers for data collection (Yin, 2014).

3.2.2 Interviews and the interview process

The interview is one of the most important sources of information for a case study (Yin, 2014). For this study, in terms of limited resources and time, it was economical (Silverman, 2015) to use semi-structured open-ended interviews as a qualitative method for an explorative purpose. These interviews spanned multiple levels of an organization, and were conducted over a period of time ranging from sixty to ninety minutes. As outlined by Yin (2014), rather than structured queries, these interviews were guided conversations that remained open-ended but followed a set of questions outlined in the interview guide (see appendix 9.1). This is supported by Rubin and Rubin (1995) who encourage the pursuit of a consistent line of inquiry and therefore, within the case study interview, the actual stream of questions was fluid rather than rigid. Moreover, as Noakes and Wincup (2004) purport, the use of semi-structured interviews allowed for some probing and positive report with the interviewees, while maintaining a clear understanding of the aims of the research by the interviewers.

In order to preserve agency, the interviewee’s exercised creative control of their individual-level capacity to express thoughts and actions (Lisa, 2008). In order to uphold this individual agency during the interview process, the researchers limited explanations in relation to stakeholders, stakeholder theory, stakeholder salience, and the stakeholder salience attributes. Only minor clarifications were provided. To support this, Lisa (2008, p. 15) uses McGettigan’s (2002) argument that, “actors demonstrate a capacity for agency when, on perceiving evidence that is in discord with their understanding of reality, they refashion their comprehension of reality to facilitate an understanding of that discordant evidence.” Moreover, this ability to perceive phenomena, which the actor may have no prior conception of, followed by a reconstruction in relation to view of reality in order to accommodate their newly realized perceptions (Lisa, 2008), is why, for the purpose of preserving agency, the researchers minimized their influence on the interviewees. In other words, the interviewees were given the greatest opportunity to express
themselves fully with minimal influence from the researchers in order to preserve, as close as possible, their view of reality. This refrain to influence the interviewees thoughts and actions (agency), included minimizing teaching or explaining, in detail, anything in relation to stakeholder theory.

Four in-depth interviews were conducted within a single Copenhagen based canal tour enterprise. All interviewees had been with the company for a minimum of one year, and included two owners, a middle-manager, and an employee, hence covering all hierarchical levels of the enterprise. Two of the interviewees, both owners, developed the business and have been working for the enterprise since before its inception in 2016. One of the owners was fulfilling the position of operations manager, and the other was the marketing and sales manager. Together they were also responsible for the development and direction of the business. The interviewee fulfilling the third management role was the product excellence developer responsible for managing the daily operations and day to day staffing requirements. The final interviewee was an employee responsible for captaining one of the canal tour boats, which took groups on guided tours of the canals. Interviewees were selected in collaboration with the ownership of the business, and a specific focus placed on selected factors relative to the research purpose. Most importantly, each interviewee represented at least one of the three hierarchical levels present in the organization, which included top level owner/managers, middle management, and employees in order to investigate intraorganizational perceptions throughout the organization. In order to minimize bias and ensure consistency, each interviewee had at least one year of experience working within the organization and had a mature understanding of the business operations based on their hierarchical position. Each interviewee had varied professional and educational experience within the organization, as well as outside the organization, but all were strongly committed and invested in the company.

All interviews were conducted in Copenhagen on the same day, in close proximity to the business, and used English as the language of communication (appendix 9.2). As previously mentioned, the interviews lasted between sixty and ninety minutes, and an interview guide (appendix 9.1) was used for support in order to access the values and attitudes of individuals, that may not be observed or accommodated using a formal questionnaire (Byrne, 2004). As stated by Byrne (2004), open-ended interviews, the likes of which were conducted in a semi-structured fashion, were likely to elicit a more considered response, which provided better access to interviewees’ views. Finally, considering the size of the company, and the fact that employment numbers have doubled in the past year, the four interviewees were carefully selected in order to yield a picture of the intraorganizational perceptions of the stakeholder salience aspects of identification and prioritization. This exploration spanned all hierarchical levels of the single enterprise, along with the employment experience necessary to understand the business thoroughly.

3.3 Method of analysis

The collected data for this study was interpreted and understood by the authors using thematic coding and analysis, in order to simplify and reduce the extensively acquired research into methodical segments, as advocated by Marvasti (2004). Constructed around themes that, both highlighted by Mitchell et al.’s (1997) stakeholder salience theory and a literature review, provided heuristic coding categories which served as a receptacle for promising ideas (Lisa, 2008). These ideas were anticipated through the collection of semi-structured interview data (Lisa, 2008) that was segmented, categorized, summarized, and reconstructed to capture the important concepts
within the data set (Lisa, 2008). This facilitated the search for patterns within the qualitative data, a search that was devoid of a prior hypothesis, in order to describe the patterns within the overarching design that united them (Lisa, 2008). As Lisa (2008) describes, the accumulation of ideas and themes then became coding categories through a process of analytic induction that included both within- and across-case comparisons in terms of stakeholder salience by using the stakeholder salience model to interpret the intraorganizational perceptions of stakeholder salience. During coding, portions of data were separated from their original context and labeled so that all the data bearing the same label could be retrieved and inspected together (Lisa, 2008). In the end, the data was decontextualized from the original interviews then recontextualized into the themes (Tesch, 1990). Importantly, the categories used in the analysis were not static during the process, instead they were reconceptualized, reorganized, merged or separated, and even renamed as the analysis progressed in search of interpretations or disconfirming evidence related to the research question (Lisa, 2008). In the end, this thematic qualitative analysis included important concepts and processes that were identified through the study, along with the overarching patterns of experience from which these concepts and processes were manifested (Lisa, 2008).

3.4 Limitations

Research for this case-study was carefully prepared, although some limitations are important to disclose for this and future research studies. Firstly, time constraints restricted this research to a single-case study, although the authors believe that a multiple-case study with several companies would have produced more robust findings. This is because multiple case studies, with internal comparison between SMEs in general, as well as the different intraorganizational perceptions, would have allowed the researchers to consolidate the findings and generalise the discussion further. Finally, all interviews were conducted in English, although three of the interviewees, including the two owners and one employee, were Danish. Only one of the respondents, the middle manager was British. This may be considered a limitation as understanding concepts or expressing oneself fully may differ as a result of language.

3.5 Delimitations

Within this single-case study the authors chose to do intraorganizational research that spanned the hierarchical levels of the business rather than all stakeholders associated or identified by the business. Neither did the authors use multiple-case studies, as previous research had not focused on using the stakeholder salience model to explore the stakeholder salience aspects of identification and prioritization within the context of an SME, nor with an intraorganizational focus, as evidenced in the research problem. Moreover, the authors focused on a general application of the stakeholder salience model in order to interpret the stakeholder salience aspects of identification and prioritization within a specific context, and chose not to focus on developing the model further, as a result of lack of previous research on the topic as well as time limitations.
4. Findings

This section presents the empirical findings derived from the data collection. The case study organization and interviewees are anonymous and the date, location, and duration of the interviews is outlined in appendix 9.2. All information including quotes was attained through interviews held on May 14, 2019.

4.1 Presentation of the object of study

4.1.1 The Case Study

The case study presented in the research was done with a Copenhagen based canal tour enterprise. It was officially registered with the Danish central business register indicating a start date of May 18, 2016. Accordingly, the company’s employment statistics, as of the fourth quarter of the fiscal year 2018, show the company has 20-49 employees with 10-19 of those being full-time employees, which places it well within the European classification of an SME. To further exemplify the organization’s growth and viability since its conception, early employment statistics exhibit the third quarter 2016 employment history of 5-9 employees with 2-4 of those in full-time employment, which clearly shows the growth and viability of the company when compared to current employment numbers.

4.1.2 Interviewees

As previously mentioned four in-depth interviews, each spanning sixty to ninety minutes, were conducted with employees spanning each of the three hierarchical levels currently present within the organization. From here on in, each member of the organization will be identified using the following labels in order to clarify their hierarchical level within the organization. To specify, Owner A and B are at the highest level within the organization, followed by the Middle Manager, and finally the Employee.

4.1.2.1 Owner A

Owner A was the chief operating officer within the company and held a partial share of the business. Owner A was male, 33 years of age, and had been fulfilling his current position for the past 18 months. It bares relevance that Owner A was highly involved with the establishment and running of the company from the beginning, although he was employed elsewhere until October 2017, fulfilling his obligations on evenings and weekends during this time. That being said, when the company was fully established and offered their service Owner A began working full-time with the organization.

Owner A was responsible for the company’s operations ensuring that they could deliver on their product. These responsibilities included having the boats and sales functioning well as well as ensuring there were enough captains (employees) to guide and sell the boat tours. Owner A expressed a sincere enjoyment for the work that he was responsible for, as well as the opportunity
for him to work with people, especially the employees of the company for which he was responsible. According to Owner A, the business was going through a growth stage, which he saw as positive and offered opportunities to challenge him as he planned towards a future that could shift as the organization developed.

4.1.2.2 Owner B

Owner B was the sales and marketing manager within the company and held a partial share of the business. Owner B was male, 34 years of age, and had been fulfilling his current position for the past 24 months. Owner B was responsible for establishing and running the company, a process which he indicated started nearly five years before the official start date.

Owner B was responsible for the company’s sales and marketing strategy which had recently grown to include consultants who help develop these aspects of the business under his direction. Owner B expressed sincere enjoyment in his position, and brought special attention to the fact that having his own business played a big part in this. Owner B expressed interest and creativity in figuring out the formula for understanding and developing their strategy for attracting and managing tourists in relation to the business.

4.1.2.3 Middle Manager

The Middle Manager was a new position at the company, and known as the product excellence developer. The Middle Manager was male, 29 years of age, and had been fulfilling his current position for the past five months. The Middle Manager had been working at the company for 14 months and previously held the role of a boat captain responsible for leading daily canal tours.

The Middle Manager was responsible for the operation of the boats, as well as onboarding and training of captains. According to the Middle Manager, training and development was a new and inspiring role which he really enjoyed, in that it offered him the opportunity to manage people, time, and technology in new ways.

4.1.2.4 Employee

The Employee was a boat captain who had been given some responsibilities related to public relations and marketing for the company. The Employee was male, 21 years of age, and had been fulfilling his current roles for the past three months. The Employee had been employed by the company for the past 18 months, where the majority of his position was fulfilling the role of a boat captain.

The Employee worked as a boat captain with the company, which entailed guiding tourists on boats through the Copenhagen canals. He was also responsible for aspects of PR/marketing including building content on the company’s Instagram account and promoting the company in various ways. The Employee expressed that he really enjoyed his job, especially the fact that he got to work outside and use his body to share a city of which he was very fond of. He also enjoyed working with people, and the fact that everyday was different, making life in his job interesting.

18
4.2 Presentation of findings

4.2.1 Stakeholder identification

The Employee was a boat captain who had been given some responsibilities related to public relations and marketing for the company. The Employee was male, 21 years of age, and had been fulfilling his current roles for the past three months. The Employee had been employed by the company for the past 18 months, where the majority of his position was fulfilling the role of a boat captain.

The Employee worked as a boat captain with the company, which entailed guiding tourists on boats through the Copenhagen canals. He was also responsible for aspects of PR/marketing including building content on the company’s Instagram account and promoting the company in various ways. The Employee expressed that he really enjoyed his job, especially the fact that he got to work outside and use his body to share a city of which he was very fond of. He also enjoyed working with people, and the fact that everyday was different, making life in his job interesting.

Table 1: stakeholders are shown with no internal ranking, however, the order depicted correlates with how the respondents presented them. In addition, the (A) after a stakeholder indicates that it was added later on during the interview and not during the initial identification.

<table>
<thead>
<tr>
<th>Owner A</th>
<th>Owner B</th>
<th>Middle Manager</th>
<th>Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Harbour authorities</td>
<td>Employees</td>
<td>Owners</td>
</tr>
<tr>
<td>Employees</td>
<td>Ofelia Plads</td>
<td>Boats</td>
<td>Captains</td>
</tr>
<tr>
<td>Authorities</td>
<td>Municipality</td>
<td>Guests</td>
<td>Guests</td>
</tr>
<tr>
<td>Neighbours</td>
<td>Maritime authority</td>
<td>Waterways</td>
<td>Competitors</td>
</tr>
<tr>
<td>Competitors</td>
<td>Alcohol permit</td>
<td>Marine environment</td>
<td>Government (A)</td>
</tr>
<tr>
<td>Business partners</td>
<td>Bank (A)</td>
<td>Copenhageners/other boat users</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td>Family/friends of the company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consultants</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When asked if there were entities that would not be considered stakeholders, or have been left off the list, all respondents said no. However, Owner A responded to putting competitors in brackets on his stakeholder list. He did this to indicate that competitors took up time and space in the business, since the owners spent time talking with them. He also went on to identify that the company could work together with competitors in an agreed upon manner. Owner A was conflicted in relation to identifying competitors as stakeholders saying, “I think it’s a stakeholder” followed by, “in another sense...competitors...you’re fighting against each other...so then it’s not really a stakeholder” (Owner A, personal communication, May 14, 2019).

Formal processes for identifying stakeholders were not present within the company. Each respondent said that they did not know of any formalized process in place. However, Owner A went on to describe that the purpose of stakeholder mapping was to find who had ownership of valuable resources to the business and authority over permits, emphasizing that this process took place during the initial planning of the business. He went on to clarify that the identification process
was fulfilled informally through discussions with Owner B. In regards to implementing a formal process for identifying stakeholders, the Middle Manager believed that there was already something in place, whereas the Employee simply clarified that it would be important to have a process in order to find key people for organizational success. This was contradicted by Owner A who said the company would not benefit from a formal process, due to the limited amount of perceived stakeholders, and that the current process of informal discussions with Owner B were sufficient.

Based on their employment history with the company, respondents were asked to identify if there had been any changes in stakeholders over time. Owner A mentioned that in the beginning, the stakeholders were identified based on the permits they required to start the business, and focused primarily on the local authorities. Over time, Owner A suggested that the main stakeholders had shifted from the authorities to customers, employees, competitors, and business partners (such as distributors and vendors) because of the growing nature of the business and the established relationships they now held with the authorities. Owner B said that the institutional stakeholders were the same, but perceived a change in the addition of a new middle management position (a result of increased employee numbers) as a change in internal stakeholders. The Middle Manager could not identify if any stakeholders had changed but indicated that his understanding of a stakeholder had changed since starting with the company. Finally, the Employee was not able to sufficiently identify if there were any changes in stakeholders, as his perception of a stakeholder was related to employees only.

4.2.2 Stakeholder prioritization

Stakeholder prioritization was initialized by extracting the interviewees understanding of what it means to prioritize stakeholders. Similar answers were given which included Owner A describing it as, “the amount of impact they can have on your business” (Owner A, 2019), Owner B expressed it as a process to “rank them according to how important they are” (Owner B, personal communication, May 14, 2019), the Middle Manager described the process as, “whatever needs the priority at the specific time” (Middle Manager, personal communication, May 14, 2019), and the Employee outlined a process based on, “ranking them in how engaged the are in the company” (Employee, personal communication, May 14, 2019).

Following the interviewees definition of stakeholder prioritization, they were then asked to rank their list of stakeholders using numbers; the number one being the highest priority.
Table 2: Stakeholder prioritization of respondents

<table>
<thead>
<tr>
<th>Owner A</th>
<th>Rank</th>
<th>Owner B</th>
<th>Rank</th>
<th>Middle Manager</th>
<th>Rank</th>
<th>Employee</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>1</td>
<td>Employees</td>
<td>1</td>
<td>Guests</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>2</td>
<td>Consultants</td>
<td>2</td>
<td>Owners</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business partners</td>
<td>3</td>
<td>Harbor Authority</td>
<td>3</td>
<td>Captains</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorities</td>
<td>4</td>
<td>Ofeia Plads</td>
<td>2</td>
<td>Competitors</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Competitors)</td>
<td>5</td>
<td>Municipality</td>
<td>3</td>
<td>Government (A)</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighbours</td>
<td>6</td>
<td>Bank (A)</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Alcohol Permit</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maritime Authority</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customers (A)</td>
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</tbody>
</table>

Each interviewee then identified the reasoning for their choices of prioritization. Owner A discussed that prioritizing stakeholders could be seen as a risk management process where the calculated likelihood of negative impacts on the business identified the priority of the stakeholder. He explained this process in terms of comparing the authorities to the customers, in which he commented that authorities have a low priority because, although there was a high risk of negative impact, the likelihood of that outcome was low. This was contrasted by the customers having a low perceived negative impact on the business, which he said indicated a low priority, but because they affected the daily operations he prioritized them high. Owner B considered prioritization in terms of contribution to the business, and saw prioritization as opportunities rather than risk. He indicated that prioritization was based on the value to the business, and as a result, prioritized employees highest and external stakeholders, such as the harbour authorities, lowest. His reasoning was based on the company’s relationship with external stakeholders like the harbour authorities, which simply needed to be maintained until something was needed. Owner B’s reasoning was that the external stakeholders did not affect the ongoing business processes. The Middle Manager answered "guests" when prompted about which stakeholders he thought were prioritized, which quickly changed to "employees" (Middle Manager, 2019). This shift was because he thought employees, "will have a direct effect on the guest" (Middle Manager, 2019). In this way, he thought that by focusing on the employees and ensuring their happiness, their efforts would trickle down to the guests. Lastly, the Employee did not have anything to add and expressed confusion regarding the prioritization process.

Finally, all respondents confirmed that there was no formal prioritization process for stakeholders. However, the Middle Manager suggested it could be beneficial but did not elaborate further. The Employee, on the other hand, said he did not think the company was there yet, which was followed by the suggestion that there might be something in place he was not aware of, and that a system could be beneficial to management but might create internal tensions for the employees if there was a negative prioritization.
4.2.3 Stakeholder Salience

Table 3: Stakeholder salience (identification, prioritization, and allocation of attributes)

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Owner A</th>
<th>Rank</th>
<th>P, L, U</th>
<th>Owner B</th>
<th>Rank</th>
<th>P, L, U</th>
<th>Middle Manager</th>
<th>Rank</th>
<th>P, L, U</th>
<th>Employee</th>
<th>Rank</th>
<th>P, L, U</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>1, L, U</td>
<td></td>
<td></td>
<td>Employees</td>
<td>1, L</td>
<td></td>
<td>Employees</td>
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<td>Authorities</td>
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<td>Ofelia Plads</td>
<td>2, P, L</td>
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<td>Copenhageners/boat users</td>
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<td>Marine environment</td>
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<td>Alcohol Permit</td>
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To introduce stakeholder salience each interviewee was given the definitions of power, legitimacy, and urgency as derived from the definitions outlined in the theoretical framework (e.g., Ezioni, 1964; Pedrosa-Ortega et al., 2019; Suchman, 1995; Santana, 2012), and noted in the interview guide (appendix 9.1). After each interviewee received the definitions, they were then asked to discuss the attributes in relation to the stakeholders on their list, according to their perceptions. This was followed by a discussion of the attributes and their choices. Owner A began the discussion by talking about customers who he saw as a stakeholder that possessed legitimacy and urgency but no power. In the discussion he described that customers had a voice that was accentuated by social media, but referenced that the business only reacted to this stakeholder in specific situations. The first situation Owner A described, was about a couple who were late for their tour and wanted a refund. The business refused to refund the customer referencing that it was their mistake. The business believed that, since the mistake was that of the customer and the business had a policy in place for these instances, they did not have a legitimate claim. However, Owner A went on to describe that, disconnected from their claim, the customers as a stakeholder had legitimacy, and therefore the business reversed their decision and offered the refund. In the second situation, Owner A discussed legitimacy from the customers point of view and connected it to the business’s behaviour. In this way, he went on to describe that if the business behaves in an ethical way, the risk of customers bringing up a legitimate claim due to misconduct decreases. Furthering this idea, he went on to provide the example of child labour as an example of legitimacy. In his description, Owner A specified that if the business used child labour to fix their boats, customers legitimacy, in response to misconduct, would increase the likelihood that the business would listen. Therefore, if the product they provided was unsatisfactory or produced in an unethical way, customers legitimacy rises. Owner B began his discussion in reference to the power of the harbour authorities, referencing them as a powerful stakeholder due to their ability to withdraw permits. Legitimacy was then brought up as the recognition of a stakeholder’s needs regardless of power. In terms of the harbour authority, Owner B suggested that, although the harbour authority had power, the business was under no obligation to help them when asked. However, although there was no obligation to comply with the claim of asking for help, the business complied. Owner B then mentioned Ofelia Plads (the owner of the dock front that the company used) as possessing power but only a little legitimacy. He went on to address the municipality as having power because they could make changes that affect the business; changes the company would be obliged to comply with. However, on a day to day basis, as long as the business adheres to the municipal codes the municipalities power decreases. In the eyes of Owner B, employees also possessed power, which increased if they had unique abilities on which the business was dependent. In relation to legitimacy, Owner B believed that customers had a legitimate claim because they pay for an
experience that they should receive. The Middle Manager and Employee were not able to discuss the stakeholder salience attributes in more detail beyond labeling.

In terms of learning the stakeholder salience attributes and adding them to their stakeholder lists, interviewees were then asked whether discussing their choices in relation to the attributes helped them understand their priorities in a better or different way. Owner A mentioned that he perceived power as undesirable and that ideally a business would not want any stakeholders to have power; in the very least, if they have power, it should be limited as much as possible. Owner B did not think that the attributes changed his perception of his stakeholders, although it did make him realize that he forgot to add customers as a stakeholder on his list. The Middle Manager indicated that the attributes did not change anything, but nonetheless it was a useful visualization tool. The Employee indicated that the attributes did help him understand his priorities in a better way but did not change anything.

4.2.4 Stakeholder Perceptions

To gather more robust information about how the organization perceived their stakeholders, each interviewee was asked to describe the company’s relationship with their prominent stakeholders, which include customers, community, and authorities, as derived by previous research from the field of stakeholder salience.

4.2.4.1 Customers

Owner A described the company’s relationship with customers as very personal. He talked about the relationship in terms of the customers, who should feel like they are being taken care of, that internal stakeholders should connect with them on a human level by getting to know and relate to them. Owner A perceived these interactions as being friendly and open minded, and that the business tries to create a very strong personal connection.

Owner B also described the company’s relationship with the customer as personal, expressing how he saw them as friends and how that had a direct effect of how he perceived them as a stakeholder group. The goal of this relationship was to maintain it as professional and friendly rather than too formal, and that the product the company offers is about creating a feeling of “friends on a boat” (Owner B, 2019).

In terms of the company’s relationship with customers according to the Middle Manager, it was described as personal and natural with a goal of giving everyone the most enjoyable experience. The Employee described the relationship between the business and customers as very personal, extending this to include that they usually learn names and where they’re from. He went on to say that this relationship extended beyond the employees at the company (captains) to include the cultivation of this relationship between customers.

4.2.4.2 Community

When discussing the company’s relationship with community, Owner A iterated that they tried to be friends. This relationship focused on neighbours living within, and affected by, the company’s
proximity to them, and Owner A mentioned that the relationship had changed overtime. This was because their first interactions were less friendly, since he believed the community was trying to protect themselves from something new. However, overtime, the company’s neighbours fully accepted the business as their approach to the community was to “kill them with love” (Owner A, 2019).

According to Owner B’s perceptions, the company’s relationship with the community was pretty good and at present and the business was an accepted player in the harbour. Owner B went on to describe the relationship as something that had grown over time, and that the community had gotten used to them now that they received a chance to get to know the company. He also mentioned that the business was in dialogue with other businesses in the neighbourhood, which had also resulted in increased awareness and praise towards the company for delivering a good product.

The Middle Manager spoke mostly about the relationship with the internal community of the company (employees). Here he talked about the community as a family that had grown but still had a great feeling. He also mentioned that the most important contribution employees could make was to deliver positive energy. When discussing external stakeholders, he described it as a relationship that has transformed over time. In the beginning he felt it was quite hostile and that people were nervous, so their company focused on being nice towards the community. As a result, the tensions had subsided and the company was no longer perceived negatively by Copenhageners. Here the Employee discussed how the relationship with the community was up and down but did not go beyond describing the occasional complaint towards the company by members of the neighbourhood.

4.2.4.3 Authorities

In reference to the authorities, Owner A described the relationship as more transactional. He described how the company tries to go beyond the traditional business relationship and get to know the person behind the tile, which made the relationship easier, although he generally believed that this relationship remained formal.

When discussing the company’s relationship with the authorities, Owner B said that it was good and that there were no problems. He went on to say that the business followed the rules, and when something changes they try to accommodate. He said the relationship was built on mutual respect, and that they always listen and make changes to accommodate the authorities when necessary.

Discussing the authorities, the Middle Manager simply labelled that the local and national authorities had judiciary power to restrict business which affects the company. The Employee described this relationship as relaxed now that permits were granted, and that previously there was probably more tension.
5. Analysis

This section presents the themes of analysis, established from stakeholder salience, that emerged from the empirical findings. The themes presented below, based on a thematic approach to data analysis, was developed from the theoretical framework which presented a review of the literature and history of stakeholder theory and stakeholder salience.

The use of the stakeholder salience model to explore intraorganizational perceptions of the stakeholder salience aspects of identification and prioritization within an SME, revealed an emergence of themes related to stakeholder salience and the respondent’s different perspectives across the three hierarchical levels of the SME (i.e., Owners, Middle Manager, and Employee). Additionally, the use of the stakeholder salience model uncovered the reality of stakeholder salience within the context of an SME, affording the opportunity to develop a more robust understanding of stakeholder identification and prioritization processes and motivations within the SME.

5.1 Broad vs Narrow view of identifying stakeholders

There are two competing schools of thought for stakeholder identification which, in part, stem from Mitchell et al. (1997) who identified that one of the early challenges to stakeholder theory concerned the necessity to reliably identify stakeholders. The first school of thought identifies stakeholders in terms of a broad view which, “take into account all of those groups and individuals that can affect, or be affected by, the accomplishment of the business enterprise” (Freeman, 1984, p. 25). This definition assumes that almost anyone can affect or be vitally affected by a company (Mitchell et al., 1997). The relevance of supporting this as a claim for stakeholder identification is that it is both useful and comprehensive, accounting for all stakeholders, including latent ones (Mitchell et al., 1997). The respondents in this study exhibited difficulties identifying all groups that affect or are affected by their business. This can be seen in Table 1, which shows intraorganizational inconsistencies in addition to the fact that some seemingly important groups were added later. Both Owners A and B identified a stakeholder as anyone that takes an interest or has a say in the company, which indicates a narrower view of the stakeholders they identified. Taking a narrow view of stakeholders also appears to also be the case with the Middle Manager and Employee’s perceptions, which focused on shareholders and those who have an interest in the company’s success.

The narrow view of stakeholder identification relies on stakeholders “which the organization is dependent for its continued survival” (Freeman and Reed, 1983, p. 91). According to Mitchell et al. (1997) this definition emphasizes a claims legitimacy which, as Clarkson (1995) pointed out, could steer attention towards claims with economic interests with direct relevance to the organization’s survival. The findings of this research revealed that within the context of the SME, the narrow view of stakeholder identification appears to be more accurate. This is because all respondents referred to stakeholders that had claims directly relevant to the organization’s survival. This was especially evident in the Owner’s descriptions of stakeholders change over time, as stakeholders were initially identified based on the permits they could issue; permits that were
required from local authorities in order to establish the business. This shifted over the last three years of business operations and, according to all respondents, the stakeholder identification grew to include customers, employees, business partners, and competitors in addition to the authorities. However, even with the addition of these stakeholders, many of them are directly related to the survival of the company.

5.2 Stakeholder prioritization

Of equal significance to stakeholder identification is stakeholder prioritization, which concerns prioritizing competing stakeholder claims within an organization (Mitchell et al., 2017). The findings revealed that the idea of stakeholder prioritization, and the basis for prioritization was varied among the respondents. None of the respondents prioritized based on competing claims as they were under the impression that all stakeholders should be kept happy at all times and that there were no opportunity cost of prioritizing one over the other. However, they did seemingly prioritize the stakeholders based on impact on the business, importance to the business, priority at a specific time, and how engaged they were with the company. As seen in Table 2, each respondent ranked the stakeholder that was closest to their job responsibilities as the most important, which provides evidence that they ranked each stakeholder according to their individual perceptions of importance rather than an objective firm-based prioritization. These examples exhibit how far removed the respondents were from prioritizing stakeholders based on competing claims, as defined by Mitchell et al. (2017).

5.3 Stakeholder salience

The stakeholder salience model combines the three attributes into a visual “how to” tool that categorizes stakeholders based on which of the attributes they possess and the combination thereof. The salience attributes were built upon the discussions originating from the priorities seen in Table 2 and then organized by the authors into Table 3 as a reflection of that discussion. Nor, did the respondents themselves categorize their stakeholders into latent, expectant or definitive stakeholder groups but, derived from their attribution of legitimacy, power and urgency, the authors visualized it as seen in Table 4 to assist the authors understanding of the prioritization process.
As defined by Mitchell et al. (1997, p. 878) stakeholder salience is “the degree to which managers give priority to competing stakeholder claims,” which means that maximum priority should be given to definitive stakeholders who possess all three attributes. However, as reflected in Table 4, Owner A only identified one definitive stakeholder, namely business partners, which did not correlate with his perceived stakeholder prioritization (Table 2).

This is significant because the definitive stakeholder was ranked third during prioritization, after both employees and customers, implying that business partners do not receive the highest amount of attention as other stakeholders who he prioritized as more important, although it possessed all three attributes. This could be interpreted as a lack of understanding of the chosen attributes, an imprecise prioritization process, or a heightened understanding of prioritization obtained after the introduction of the attributes, which could lead to updated prioritization preferences.

The Middle Manager grouped all of the identified stakeholders as definitive (i.e., providing them with all three attributes). This suggests that they all have the same salience and therefore should receive top priority and attention, which then reflects his feeling of all stakeholders having the same, highest, priority and constituencies without high priority were simply not considered stakeholders.

Moreover, Table 4 reflects that all highly prioritized stakeholders (with the exception of employees) possessed attributes other than power and legitimacy being the most recurrent. This suggests that Tashman’s (2013) conclusions are accurate in identifying power as an economic determinant of stakeholder importance, and that legitimacy and urgency reflect the organization’s normative obligations to stakeholders, and hence priorities. This is further in favour of Mitchell et
al. (1997) who identified that power alone was insufficient in attributing salience to stakeholders, and the reason behind legitimacy and urgency being added.

Legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995: 57). The findings revealed that, in terms of stakeholder salience, legitimacy towards the company was a significant attribute. However, the Owners and the Middle Manager did not allocate legitimacy to the bank, the municipality, and the government, each of which did not have a direct contribution to the success of the SME. This exhibits that although power should be the most evident attribute, as pointed out previously, legitimacy was the attribute that was the most important to the respondents.

Urgency was the third attribute identified in Mitchell et al.’s (1997) model for identifying stakeholder salience, and is based on the time sensitivity of an important stakeholders claim. According to Mitchell et al. (1997) this is often in relation to managerial delay that is misinterpreted as unacceptable to a stakeholder. However, the findings show that urgency was a very difficult concept for the respondents to comprehend, and as a result it played a minor role in the stakeholder salience process. That being said, it appeared that urgency may have been implicit, and it may be the case that all stakeholder claims were based on shifting urgency related to acting on stakeholder needs, as they appeared, and less on managerial delay in relation to misinterpretation by stakeholders. More evidence of this can be seen by Owner A who correlated low perceived negative impact of a stakeholder with low priority, although he ranked customers as high priority as a result of their daily impact on the business. This was also seen by Owner A in terms of his argument towards social media, describing customers as having a strong voice, but that this did not give them priority unless there was a specific situation which needed attention. These findings indicate that urgency yields attention, and when affecting daily operations yields priority.

Since the stakeholder salience model aimed at expanding the understanding beyond power to also include legitimacy and urgency of a stakeholder claim, these issues will affect a manager's ability to protect legitimate interests and meet legitimate claims when identifying important stakeholders (Mitchell et al., 1997). However, the findings exhibited that the perceived intraorganizational salience is varied between the organization’s levels as well as between managers.

Of interest to the analysis is the perception of the respondents towards the customers, community, and authorities. The interviews revealed that, in discussing their perceptions of customers, the Owners, Middle Manager, and Employee’s perceptions clearly aligned. When expressing their perceptions of the community, the respondents were able to articulate a clear understanding of the groups that composed the business’s community, although their perceptions were heavily influenced by parties that immediately affected the business such as business partners, competitors, and people living in close proximity to the canals where the boat tours took place. Moreover, this understanding was not as evident in their stakeholder identification (Table 1). Evidence of this can be seen in how Owner B did not include business partners, competitors, or neighbors. This was complemented by the Employee’s identification that, while including competitors, did not consider neighbors, or Copenhageners in general. Table 1 reflects which stakeholders the respondents immediately identified but for the stakeholders in close physical proximity to the business, but without legitimacy, power or urgency, many were forgotten.
Finally, the perceived relationship with authorities was expressed by the interviewees as formal, transactional, and rule abiding, which did correlate with both stakeholder identification (Table 1) and the stakeholder salience (Table 3). The interpretations of the perceptions of stakeholders in regards to the customers, community, and authority show that the respondents understood their stakeholders and were able to articulate this clearly.
6. Discussion

This section presents the logical interpretation of the findings, which focuses on the fulfillment of the aim of the research, additions to theoretical perspectives, and practical applications, with some points of discussion considered for future research.

The identification aspect of stakeholder salience was an informal process within the context of the SME explored in this study. The informality of the process yielded intraorganizational inconsistencies when explored, as the SME was in a later stage within the businesses lifecycle where survival was no longer an issue, and business viability had been established. Evidence of this was found in the way that the identification process changed over time. During the nascent stage of development, before the initial concern for survival had been surpassed, the stakeholder approach was defensive and only focused on satisfying the minimum requirements related to meeting legal requirements (Jawahar & McLaughlin, 2001). During this stage, stakeholders were identified and strategically mapped out by the owner managers in order to reach the start-up stage of the business's lifecycle. Once the business reached their emerging growth stage the process of identification appeared to become much less formal. As a result, once the business had reached viability no stakeholder identification process was present and intuition fulfilled this process. As a result of this informal process business did not deal with their stakeholders in a strategic way. Instead, stakeholders were dealt with in terms of legitimacy of a claim which focused the business managers on the claims of a few legitimate stakeholders (Mitchell et al., 1997). In the case of the SME being explored the organization’s attention in regards to stakeholders were steered towards claims with economic interest and direct relevance to the organization’s survival (Clarkson, 1995; Freeman & Reed, 1983). As supported by previous stakeholder salience research the owner/manager were responsible for the decision making and identification processes of stakeholders and stakeholder salience. As a result, the ‘who’ and ‘why’ understanding of stakeholders was not present on an intraorganizational level.

In terms of the stakeholder salience aspect of prioritization, the business followed a similar pattern to that of the aspect of identification. Legitimacy of the claims were focused on immediate job responsibilities rather than the priorities for the SME. This was discovered by using the stakeholder salience model to interpret and make sense of the intraorganizational perceptions of stakeholder prioritization. The patterns that emerged showed that the highest-ranked stakeholders across the organization were all primarily based on legitimacy. As a result, employees and customers were intraorganizationally perceived as legitimate stakeholders and therefore received the utmost attention. This again aligns with Clarkson (1995) and Freeman & Reed’s (1983) arguments that stakeholders are prioritized in terms of economic interest and organizational survival. On multiple occasions, the interviewees expressed that there were no competing claims, and that all stakeholders could be kept happy at the same time. In these terms, power did not bare relevance as both groups were intraorganizationally perceived to have rather low power, which supports that legitimacy of the claims was the attribute that was most relevant. These changes in perception also aligned with the life-cycle of the business, in that during the nascent stage of the business, the owner-manager’s perceived the stakeholders as possessing power over the company, and as a result they were given priority in terms of power and urgency. However, as the SME developed and
transitioned towards viability, the urgency towards stakeholders, which they focused their attention in the start-up stages of the business, shifted. This also evidences the fact that stakeholders have legitimacy, they do not need power to be prioritized.

This study revealed that the stakeholder salience aspect of identification was similar for owner-manager’s when strategically mapped during the initial stages of the business’s development, when it appeared most necessary. From then on stakeholder identification was simply managed in the most convenient way. For middle management and employees this study revealed that in terms of both defining the concept of stakeholders, identifying current stakeholders, and prioritizing current stakeholders was never taken into consideration or communicated across the business. Revelatory in nature was the fact that the owner-managers ability to understand the concept of stakeholders, identify, and prioritize them was inconsistent, and at times on par with the employees. However, intraorganizationally, stakeholder prioritization still aligned which may be a result of company culture or the fact that the stakeholders were part of the normative core and therefore were the most relevant to economic sustainability.
7. Conclusion

This section presents a brief summary of the discussion in relation to the aim of the research, while broadening the conclusions in connection to current research in the field along with suggestions for further research.

Current stakeholder salience research supports the idea that SME’s are heavily influenced by their owner-manager’s personal perspectives as they are often the ones personally interacting with their social and economic stakeholders (Schlierer et. al. 2012). This is consistent with the findings of this exploratory study, which revealed intraorganizational inconsistencies in understanding the ‘who’ and ‘why’ in terms of stakeholders. However, if SMEs, which comprise the majority of businesses within the European Union, are going to develop in line with the EU’s sustainable development direction, change needs to take place on a deeper level. In order to get SMEs to integrate social and environmental concerns into their business operations and their interactions with their stakeholders (Commission of European Communities, 2001) consistency and clear processes when it comes to the stakeholder salience aspect of identification and prioritization are needed. This aligns with Blackburn (2007) who’s research shows that successful organizational change ought to be bottom-up and employee-centrically implemented. This means that consistent intraorganizational communication focused on understanding stakeholders throughout an organization, may help move SMEs towards a more holistic approach to stakeholder management. This aligns with the sustainable development view that has the potential create shared goals, increased organizational commitment, engagement, and inevitable higher employee retention by bridging the gap between owner-managers and employees when it comes to developing a shared understanding of stakeholder relations and direction (Blackburn, 2007; Dhanesh, 2012).

Using the stakeholder salience model to explore the aspect of stakeholder prioritization revealed that the most prominent attribute responsible for stakeholder prioritization appeared to be legitimacy. It was also revealed that power, when connected with urgency, yielded priority but neither attribute had this affect on its own. Within an SME of the size researched, stakeholders were entities that had to be dealt with in terms of survival early on in the business life-cycle then, once urgency dissipated, the stakeholder priority shifted to include other stakeholders. What this evidence revealed is that stakeholder prioritization still aligns with the normative core outlined by previous research. However, in terms of sustainability, a more broad view of stakeholders is necessary in order to include and prioritize stakeholders that fit outside of the aforementioned realms, and entities to which these attributes may not be clearly evident. In order for businesses to prioritize their stakeholders outside of the normative core and move away from those of economic importance, stakeholder strategies and processes should be put in place early on in a business’s life-cycle and evolve strategically on an ongoing basis. Moreover, communicating this throughout the organization will help to ensure consistency and create commitment when it comes to understanding stakeholder relations. In terms of sustainable development directive of the European Union, using tools to understand the stakeholder salience aspects of identification and prioritization should help SMEs think strategically about stakeholders and address them holistically to ensure that stakeholder understanding, development, and strategy can move beyond that of economic importance while including as many members of the organization as possible.
8. References


Hall, J. K., Daneke, G. A., & Lenox, M. J. (2010). Sustainable development and


9. Appendix

9.1 Interview Guide

Basic interviewee information

Age:  
Gender:  
Employer:  
Employment position:  
Time in position:  
Years with employer:

Warm up question(s)

Tell us about your job….

1. What is it that you do/what are your responsibility?  
2. How do you like working at __________?  
3. What do you like most about working at __________?  
4. What challenges exist in your position at __________?

PART I - Stakeholders & Stakeholder Salience

Identification of stakeholders

1. Do you know what the word “stakeholder” means?  
   If yes...explain  
   If no...definitions

   (Broad View) Stakeholders can be any group or individual that can affect or be affected by what a business does

   (Narrow View) Group or individuals most important and directly affected by what a business does

1.1. Could you then please identify and list all current stakeholders you can think of?  
   (take your time, be as specific as possible, on paper (provided by researchers), no order necessary)  
1.2. Could you mention someone or something you do not consider a stakeholder of the company?  
1.3. Do you have a system/process for identifying stakeholders/non-stakeholders?
If yes…
Who identifies the stakeholders/non-stakeholders?

Do stakeholders come to you, or you to them?

Is the process of identifying stakeholders recorded anywhere (written down, spreadsheet etc.)?

Do you have any guidelines for identifying stakeholders? (Please provide examples)

If no….
Why isn’t there a formal system for identifying stakeholders/non-stakeholders?

Do you think there is a need for formally identifying stakeholders? Why would this be important/unimportant?

What might a formal system for identifying stakeholders look like?

How might a system for identifying stakeholders be used?

1.4 Looking at the list of stakeholders you made, can you identify if the stakeholders have changed over time (from when the business started to now, since you’ve been employed)?

If yes…
What stakeholders were missing from before?

What stakeholders have been added?

If no…
Why don’t you think the stakeholders have changed over time?

How do you think the stakeholders might change in the future?

Prioritization of stakeholders

2. What do you think it means to prioritize stakeholders?

2.1 What reasons can you think of that would cause you to prioritize a certain stakeholder?

2.2 What, if any, stakeholders do you prioritize at the company?

2.3 Using your stakeholder list, next to each stakeholder, can you please rank the stakeholders in order of importance (1 being the most important)

2.4 Do you have a system or process for prioritizing stakeholders?
If yes…

What does “prioritizing a stakeholder” mean for the company? Is it different per stakeholder or the same? (Please give specific examples of what this might look like)

Who is in charge of this process?

Who has set up the process?

What happens/would happen if two or more prioritized stakeholders want the attention of the company at the same time? (If possible please give an example)

If no…

Why isn’t there a system/process for identifying stakeholders?

How might putting a system/process in place for identifying stakeholders affect the company? (would there be any benefits/drawbacks)

3. How would you describe stakeholder management?

3.1 What do think is the purpose of stakeholder management is/might be?
3.2 How does/could the company use stakeholder management?
3.3 How do you know when stakeholders are satisfied?
3.4 How do you know when a stakeholder is unsatisfied or has needs that need to be met?
3.5 Do you think it’s possible for all the stakeholders you listed to be satisfied? Why/Why not

Stakeholder Salience

Definitions for interviewee is provided:

**Power** - relationship where one party has power in relation to an organization based on financial, material resources, or social power
→ Ex. Government has the power to change laws that influence how organizations act

**Legitimacy** - the understanding that the actions of a party are appropriate within a certain context
→ Ex. Employees have a legitimate claim to receive payment for their work

**Urgency** - time sensitivity requiring immediate attention
→ Ex. Customers complaining about an issue

4. Going back to your list of stakeholders, can you please indicate which attributes each stakeholder possesses (using the letters P, L,U)
4.1 Does this change anything? (in how you perceive or prioritize them)
4.2 Is any stakeholder missing an attribute? i.e. not possessing P, L or U. Why do you think this is?
4.3 Why do you think these attributes are used?
4.4 Do you think there should be other attributes? If so, which ones?
4.5 Do you think the attributes are fluid or rigid and well defined?

PART II – Sustainability

5. What is the main purpose of the company?
   5.1 Do you have a mission or vision? What is it?
   5.2 How does the main purpose connect to this mission/ vision?
   5.3 How is this communicated? Strategized? “Enforced”?
   5.4 Has the purpose changed/evolved since the beginning?
   5.5 How is this purpose shown in the actions of the company?

6. What do the next 5 years look like for the company?
   People
   6.1 How do you see things evolving for employees?
   6.2 How do you see things changing for other stakeholders (you mentioned…)?

   Planet
   6.3 Can you describe how you think the environment will affect the company over the next 5 years?

   Profit
   6.4 How does the company plan to grow?
   6.5 If the company grows how do you plan to use the revenue?

7. How would you define sustainability?

8. How would you define sustainability for your company?

Environmental

9. Does the company have any negative environmental impacts?
   → Follow up - how, examples, is that a focus to fix?

10. Does the company have any positive environmental impacts?
    → Follow up - how, examples, has that occurred intentionally?

11. How are your boats fueled?
    → What is the reason behind this choice?
→ Is there any reason to change things? If yes, explain why?

12. Is there a procedure/strategy/system for recycling?
   → What does it look like? Who is in charge/came up with it?
   → If not, why not?

Social

13. To the best of your knowledge, could you describe the average hiring process?
   Cue: looking for evidence if it's unbiased and formalized

14. What type of contract do you have? Hours, vacation days, benefits?

15. Are you satisfied with the salary and how does it compares to the national/regional standard?

   15.1. What do you think about the wages you provide and what is the purpose behind the numbers (i.e. meeting national/regional standards) **for management/owners**

16. What happens if you are sick?

17. What is the company’s relationship with its customers (i.e. trust, treatment)?

18. Can you describe the company’s relationship with the community?

19. Can you describe the relationship between your company and the national/regional/local government?

20. You mentioned ______________ as a stakeholder can you tell us about the company’s relationship to them?

Economic

**Note: questions will mainly be directed towards management/ownership**

21. How are current revenues used at the company?

22. What would happen if the company showed a loss?

23. What would happen if the company showed gains?

PART III - Combining Sustainability and Salience

24. Do you think knowing your stakeholders and how you prioritize them helps or would help you/the company in any way?

25. Do you think power, legitimacy, and urgency are good ways to categorize which
stakeholders are most influential? Can you think of any other attributes that might better help with this?

26. Did you think of sustainability at all during the process of identifying and prioritizing stakeholders? What were you thinking?

27. Do you think there is a place for sustainability in the process of prioritizing stakeholders?

28. What attributes (power, legitimacy, and urgency) would you give the environment as a stakeholder? Can you explain why?

29. How could prioritizing stakeholders affect sustainability, when it comes to the environment and/or social responsibilities (employees, customer satisfaction, community interaction)?

30. Do you think sustainability (when prioritizing stakeholders) would make a difference to the process?

9.2 Interview Information

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