

Chapter 2

The Object of IMC: Stakeholders

The form of social transaction relationship is often not the one-time transaction among the behavior subjects, but multiple, long-term transaction based on long-term trust and mutual relationships. This type of marketing consciousness change is also reflected fully in the development of IMC theory, from a simple definition to analysis, the theory definition of the market-oriented, customer-centric concept from the beginning has gradually changed to “company internal and external stakeholders”. Although by definition we might feel that this kind of change is only a few words, but this shift in consciousness has a direct impact on the whole course of theory development logic. First, its theory connotation is enriched, theory research has exceeded the profitability boundary to not just concern with the company cost and profit or consumers and suppliers, the two main stakeholders of the company who are directly affected by the market share, but also focus on those internal and external interest groups who have direct and indirect impact to the survival and development of the company as well as the implementation of strategic objectives.

From the IMC perspective consideration, these stakeholders will not be classified and managed accordingly to the importance to the company development and strategic objectives implementation but only be divided into direct stakeholders (Interest Groups) and indirect stakeholders (Stakeholders) according to the way of interaction between these groups and the company. Secondly, the introduction of stakeholder concept has also changed the whole framework of IMC strategy radically, making the job description of the completely new position of the Marcom Manager in the organization completely different from the traditional marketing manager, and also make it necessary for this position setting to find the root of the theory. In conclusion, introducing the stakeholder theory and making it the core object of the IMC strategy “integration” and “communication”, the two big areas, is the innovation and advancement of the whole IMC theory, in the same time it also reflects that the company senior managers think about the company short-term actions in the point of the company long-term development, transforming the company from transaction oriented into relationship oriented.

In the early 1960s, scholars began to study and came up with the definition of stakeholders. A definition proposed by some scholars from the Stanford Institute was: in the company there are some interest groups without whose support the organization would cease to exist. Therefore this theory study was far more advanced than the IMC theory. The author adopts the “stakeholder” theory whose starting point mainly derived from the definition of the word “stakeholder” literally and originally to refers to those interest groups who are bound to the company existence and development, and ignores those groups who negatively affect the company existence and development such as the media with negative broadcasting, unfavorable policies and regulations, far-away customer groups, etc. In addition, there are also scholars who made classifications on company stakeholders into three groups, positive stakeholders, negative stakeholders and potential stakeholders, and according to different groups, company should directionally adopt encouraging, persuading as well as competitive communication strategy. Therefore from comprehensive analysis of the company internal and external environment, the author chooses to adopt this “stakeholder” concept, but there is no contradiction between the basic analysis model and stakeholder theory.

2.1 The Definon of Stakeholders

2.1.1 *The Meaning of the Stakeholders*

Stakeholder Theory has become an established framework within which to identify and examine the impact of organization action. It has been used to inform discussion of corporate governance, business ethics, strategic management and organizational effectiveness. Donaldson and Preston note that “a dozen books and more than 100 articles with primary emphasis on the stakeholder concept have appeared and that “the stakeholder model has become a standard element of ‘Introduction to Management’ lectures and writings” (Donaldson and Preston 1995: 65–66). In fact, one might argue that stakeholder theory is approaching paradigm status. It consists of a general system of ideas and assumptions, standard examples and established assertions. Given its broad impact, the broad outlines of stakeholder theory rest warrant examinations based on the general foundation and assumptions. Stakeholder theory posits a model of the enterprise in which “all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits, and there is no prima facie priority of one set of interests and benefits over another” (Donaldson and Preston 1995: 68). The model rejects the idea that the company exists to serve the interest of its owners, be that maximizing their wealth or some other reason for being in business. Rather, the model is based on the idea that the company exists to serve the many stakeholders who have an interest in it or who in some way may be harmed or benefitted by it.

The author thinks that to study of stakeholder theory, we need consider from three aspects:

- *First, Who are the stakeholders?*
- *Second, What are the stakeholders' needs?*
- *Third, How do the stakeholders realize their own interests?*

The first problem we need to tackle is who are the stakeholders? So far there has been no unified view to this problem. Freeman gave a general definition of the stakeholders. He believed that, the stakeholders are those “groups and organizations that are affected by or affect a company’s operation” (Freeman 1984). This definition does not only consider individuals or groups who affect the company’s objective as stakeholders, but also consider the individuals and groups who are affected by the process of achieving company’s objectives as the stakeholders. Formal local communities, government agencies, environmentalists and other entities are into company stakeholder management research category, which greatly expanded the meaning of stakeholder.

Richard Freeman’s coincided with the Corporate Social Responsibility (CSR) rising in western countries, and his view was agreed by many economists and became a standard paradigm of stakeholders definition in the late 1980s and early 1990s. The stakeholder definition that Freeman proposed includes not only the shareholders and individuals and groups needed for the company survival, but also expand its meaning from “survival” to “influence”. However one of its critical flaws is unable to give a precise definition method to make sure which stakeholders in the company should be included, and who should not be included.

Until now, there have been nearly 30 definitions of stakeholder. Mitchell and other scholars have summarized them, seeing Table 2.1.

Based on a detailed study on the stakeholder theory and its development history, Mitchell proposed the Score Based Approach to define the stakeholder. Mitchell pointed out that, the core of stakeholder theory has two problems: stakeholder identification and stakeholder salience, i.e. who are the stakeholders and based on what the management pays attention to a specific group.

We can score the possible stakeholders based on the three characteristics above, after that based on high or low scores determine whether an individual or group are the company stakeholder or not, and what type of stakeholders they are. These three characteristics are: (1) *the legitimacy*, meaning whether a group is endowed with the legal, moral or specific claim over the company or not; (2) *power*, meaning whether a group has the position, capacity or the corresponding means to influence the company decision-making process or not; (3) *urgency*, meaning whether a group’s demands can catch immediate attention from the management or not. Mitchell believed that, in order to become a company stakeholder, one must at least meet either of the characteristics above, meaning either have a legitimate claim over the company, or immediately catch the management attention, or able to put pressure on to the company decision-making process. Otherwise they cannot become the company stakeholders.

Table 2.1 The Stakeholders' definition

Author	Relevant definition
Standford Memo (1963)	"those groups without whose support the organization would cease to exist" (cited in Freeman and Reed, 1983 and Freeman 1984)
Rhenman (1964)	"are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence" (cited in Näsi 1995)
Freeman and Reed (1983)	An individual or group who can affect or is affected by the achievement of the organization's mission. A shorter version of the definition: stakeholder is a person on whom the organization need to depend to achieve its mission
Freeman (1984)	An individual or group who can affect or is affected by the achievement of the organization's objectives
Freeman and Gilbert (1987)	An individual or group who can affect or is affected by the achievement of the organization's objectives
Cornell and Shapiro (1987)	Stakeholders are the claimants who have contractual relations with the firm
Evan and Freeman (1988)	Stakeholders are those individuals or groups who have a "stake" or right in a firm
Evan and Freeman (1988)	Stakeholders are those who benefit from or are harmed by, and whose rights are violated or respected by, company actions
Powell (1988)	Those groups without whose support, the organization would cease to exist
Alkhafaji (1989)	Those groups to whom the company is responsible
Carroll (1989)	Those who have either a legal or a moral claim over the company's assets or property
Freeman and Evan (1990)	Contract holders
Savage et al. (1991)	"have an interest in the actions of an organization and... the ability to influence it."
Hill and Jones (1992)	Stakeholders are groups of constituents who have a legitimate claim on the firm; they exist through a contractual relationship, meaning they supply critical resources to the firm in exchange for their personal needs
Brenner (1993)	Having some legitimate, non-trivial relationship with an organization such as exchange transactions, action impacts, and moral responsibilities
Carroll (1993)	An individual or group that asserts to have one or more of the stakes in a firm. Through these "stakes", they can also affect or be affected by the operation of the firm.
Freeman (1994)	Participants in "the human process of joint value creation"
Wicks et al. (1994)	"interact with and give meaning and definition to the company"
Langtry (1994)	The firm is significantly responsible for their well-being, or they hold a moral or legal claim on the firm
Starik (1994)	"can and are making their actual stakes known"—"are or might be influenced by, or are or potentially are influencers of, some organization"
Clarkson (1994)	"bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm" or "are placed at risk as a result of a firm's activities"
Näsi (1995)	"interact with the firm and thus make its operation possible"
Brenner (1995)	"are or which could impact or be impacted by the firm/organization"
Donaldson and Preston (1995)	"persons or groups with legitimate interests in procedural and/or substantive aspects of company activity"

Source Mitchell et al. (1997)

The author believes that stakeholders are “*all individuals or groups who are able to influence an organization’s objectives and may affect achievement of the organization’s objectives in the future*”. The ultimate goal of the company stakeholder management is to achieve their goals. If a person or group cannot or will not affect an organization from achieving its objectives, then it’s not necessary to consider them as company stakeholders. However if some individuals or organizations though cannot affect the achievement of company objectives themselves, but might influence the company from achieving its objectives through another person or organization, such individuals or organizations are the stakeholders.

2.1.2 Stakeholder Classification

The word “stakeholder”, the way we now use it, first appeared in an internal memorandum at the Stanford Research Institute (now SRI International, Inc.), in 1963. The term was meant to challenge the notion that stockholders are the only group to whom management need be responsive. By the late 1970s and early 1980s scholars and practitioners were working to develop management theories to help explain management problems that involved high levels of uncertainty and change. Much of the management vocabulary that had previously developed under the influence of Weberian bureaucratic theory assumed that organizations were in relatively stable environments. In addition, little attention, since Barnard (1938), had been paid to the ethical aspects of business or management, and management education was embedded in a search for theories that allowed more certainty, prediction and behavioral control. It was in this environment that Freeman (1984) suggested that managers apply a vocabulary based on the “stakeholder” concept. Throughout the 1980s and 1990s Freeman and other scholars shaped this vocabulary to address these three interconnected problems relating to business:

- *The Problem of Value Creation and Trade*: In a rapidly changing and global business context, how is value created and traded?
- *The Problem of the Ethics of Capitalism*: What are the connections between capitalism and ethics?
- *The Problem of Managerial Mindset*: How should managers think about management to:
 - (a) Better create value and,
 - (b) Explicitly connect business and ethics?

Stakeholder theory suggests that if we adopt as a unit of analysis the relationships between a business and the groups and individuals who can affect or are affected by it then we have a better chance to deal effectively with these three problems. First, from a stakeholder perspective, business can be understood as a set of relationships among groups that have a stake in the activities that make up the business (Freeman 1984; Jones 1995). It is about how customers, suppliers,

employees, financiers (stockholders, bondholders, banks, etc.), communities and managers interact to jointly create and trade value. To understand a business is to know how these relationships work and change over time. It is the executive's job to manage and shape these relationships to create as much value as possible for stakeholders and to manage the distribution of that value (Freeman 1984). Where stakeholder interests conflict, the executive must find a way to re-think problems so that the needs of a broad group of stakeholders are addressed, and to the extent this is done even more value may be created for each (Harrison et al. 2010). If tradeoffs have to be made, as sometimes happen, then executives must figure out how to make the tradeoffs, and then work on improving the tradeoffs for all sides (Freeman et al. 2007).

Second, although effective management of stakeholder relationships helps businesses survive and thrive in capitalist systems, it is also a moral endeavor because it concerns questions of values, choice, and potential harms and benefits for a large group of groups and individuals (Phillips and Freeman 2003). Finally, a description of management which focuses attention on the creation, maintenance, and alignment of stakeholder relationships better equips practitioners to create value and avoid moral failures (Post et al. 2002; Sisodia et al. 2007).

There has been a great deal of discussion about what kind of entity, "stakeholder theory" really is. Some have argued that it isn't a "theory" because theories are connected sets of testable propositions. Others have suggested that there is just too much ambiguity in the definition of the central term to ever admit of the status of theory. Still others have suggested that it is an alternative "theory of the firm" contra the shareholder theory of the firm. As philosophical pragmatists, we don't have much to say about these debates. We see "stakeholder theory" as a "framework", a set of ideas from which a number of theories can be derived.

Charkham (1994) divided stakeholders into contractual stakeholders and community stakeholders. Its classification is based on whether or not there is a transactional contract relationship between the related groups and the company. Contractual stakeholders include shareholders, employees, customers, distributors, suppliers, lenders; while community stakeholders include all consumers, regulators, government departments, pressure groups, the media, and the local community and so on.

Clarkson (1995) classified stakeholders by distinguishing stakeholders who voluntarily and involuntarily involved in company activities. Clarkson believed that "stakeholders are those individuals or groups who can bear some form of risk in a firm". Based on the form of risk the relevant groups can bear in company operation activities, stakeholders can be divided into voluntary stakeholders and involuntary stakeholders. The former refers to the individuals or groups that invest material and human capital into the company, they voluntarily undertake company operation activities risks as their own; the latter refers to the individuals or groups who passively assumed the risk by the company operation activities.

Based on the compactness between the related groups and the company, stakeholders can be divided into primary stakeholders and secondary stakeholders. The former refers to some individuals and groups: without their continuous

participation, companies would cease to survive. It includes shareholders, investors, employees, customers, suppliers and public interest groups such as government providing infrastructure and marketed community. The company and their primary stakeholders are highly interdependent. While secondary stakeholders indirectly influence the company’s management or indirect affected by the company’s operation. But they do not have any business transactions with the company, and therefore does not play a fundamental role in the survival of the company, such as the media and many special interest groups. The relationship between the company and its primary stakeholder is mainly through the market place, while the relationship with the secondary stakeholder is non-market.

Subsequently, Wheeler introduced the social dimension into the stakeholder’s definition. He believed that some stakeholders have sociality, meaning they are created from a direct relationship with the company through human participation; some stakeholders do not have the sociality, i.e., they do not have a relationship with the company through “the actual existence of a specific person”, such as natural environment, human off springs, nonhuman species. Combined with compact dimension proposed by Clarkson, all Wheeler’s stakeholders are divided into four categories, see Table 2.2.

Wheeler’s use of these two dimensions for the stakeholders definition can be clearly seen in Fig. 2.1.

Table 2.2 Wheeler’s classifications of stakeholders

Stakeholders	Specific meaning
The primary social stakeholders	They have a direct relationship with the company or even participate in
Secondary social stakeholders	They form an indirect relationship with the company through their social activities, for example organization resident, related company, various interest groups
Primary non-social stakeholders	They have a direct impact on the company, but not related to any specific human being, for example natural environment, human offspring
Secondary non-social stakeholders	They have indirect influence on the company, and not related to humans, for example nonhuman species

Source Wheeler and Maria (1998)

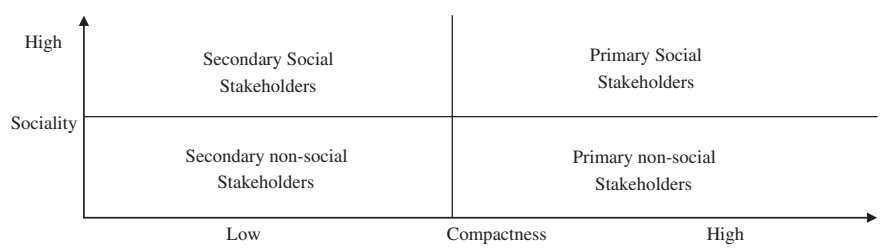


Fig. 2.1 Wheeler’s classifications of stakeholders. Source Wheeler and Maria (1998)

Grant (1991) divided the stakeholders into four categories based on their threats and cooperation with the company:

- *Supportive*: stakeholders who support the organization objectives and actions. This type of stakeholders is characterized by its high potential for cooperation and low potential for threat, such as shareholders, employees.
- *Marginal*: stakeholders who have low potential for cooperation and a low potential for threat, such as the public, the community, the union.
- *Non-supportive*: what causes the most headache for organizations and managers are the high potential for threat and a low potential for cooperation stakeholders, such as the competitors, the environmental protection department.
- *Mixed blessing*: could be supportive, but could also be non-supportive, such as creditors, suppliers, the media.

In Fig. 2.2 we can see various characteristics that these types of stakeholders possess more clearly.

Based on the specific situation of the company, and through the scoring of the three characteristics legitimacy, authority and urgency, Mitchell et al. (1997) divided the company stakeholders into the following three categories:

- *Definitive Stakeholders*: They have the legitimacy, authority and urgency in the company problems. In order to survive and develop, the company management must pay very close attention to their wishes and demands and try to satisfy them. Typical determined type of these stakeholders includes shareholders, employees and customers.
- *Expectant Stakeholders*: They maintain a close relationship with the company and have two of the three characteristics mentioned above. This type of stakeholders further divided into the following three situations: First, being the groups that have both legitimacy and power, they hope to have the management attention, and often achieve their objective, sometimes they can formally participate in company decision-making process. These groups may include investors, employees and government departments. Second, the groups who have the legitimacy and urgency but have no corresponding powers to put forward their demands. In order to achieve their objectives, these groups need to win support from a more powerful stakeholder, or hope for the good deeds of the management. Their usual approach is to ally, participate in political activities, and call

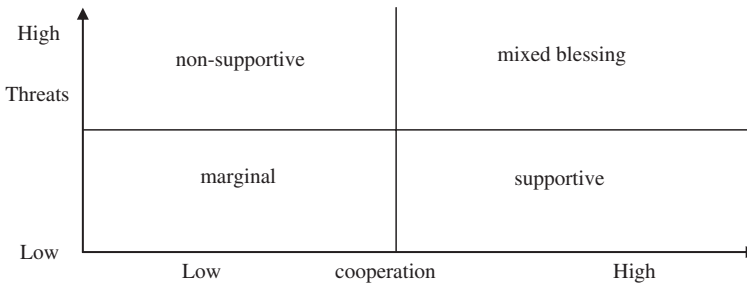


Fig. 2.2 Grant’s classifications of stakeholders. Source Grant (1991)

for management conscience. Third, the groups that who have the urgency and power, but no legitimacy. These types of people are often very dangerous for the company; they often resort to violence to achieve their demands. For example, during the time of intense conflict, unsatisfied employees will launch the impulsive strikes, environmentalists will choose to demonstrate and take other acts of protest and political and religious extremists even resort to terrorism.

- *Latent Stakeholders*: They only have one of the three characteristics (legitimacy, power, urgency). The groups who only have legitimacy but lack of power and urgency will decide whether to play the role of stakeholders based on company operations. The groups who only have power but no legitimacy or urgency, will stay in the dormant status, when they really use power, or threaten to use this power, they will become a notable stakeholders. The groups who only have the urgency, but the lack of legitimacy and power, in Mitchell's view, is like "buzzing mosquitoes by managers ears, annoying but not dangerous, disbursing but without too much trouble". Unless they can show that their demands have certain legitimacy, or obtain a certain power, the management will not need, or will have little incentive to pay attention to them.

One of an important feature of Mitchell's classification models on stakeholder is their dynamic nature, meaning that after any person or group gain or lose some characteristic, they can move from one form to another one. For example some anticipated stakeholders had legitimacy and authority on the company, if political or economic environment changes forced their demands to appear more urgent, they would then transform into determined stakeholders. As Mitchell et.al pointed out himself, these models shed us important enlightenment on the following two aspects:

At first, whether a group having the legitimacy or not should not be the only reason the management should pay attention to them, neither the group is confirmed to be the sole characteristics stakeholders. Company management when define the stakeholders also need to consider someone who has some power somewhere in the company, as well as those whose demands require to be met urgently.

Next, stakeholder state does not have a "fixed property". The use of political force, various union, social economic condition changes are likely to make a stakeholder's status change into various statuses.

Mitchell's scoring method greatly improved the operability of the stakeholder definition, greatly promoted the popularization and application of stakeholder theory, and gradually became the most commonly used method to define and classify the stakeholders. Many scholars combined the research with a specific company situation, using this method to score the relevant company groups for company management reference during the decision-making.

2.2 Relationships Between Company and Stakeholders

Stakeholders refer to any internal or external groups who have a influence on the organization performance, i.e. the individuals or groups that can influence or affected by the company strategic achievement, who can be influenced by the

company’s performance, and can also protest against the company performance by refusing to participate in the activities related to the company’s survival, development and profit, etc. If the company’s performance meets or exceeds their expectations, stakeholders will continue to support the company. As each industry and scope is different, so stakeholders are different. Common companies can refer to Fig. 2.3 to find out about their stakeholders, and thus communicate effectively with them.

2.2.1 The Interest of Stakeholders

Different stakeholders have different interests. The company should try to meet their interests as much as possible, and maintain a good relationship with them; create a good external environment for the company. But due to the difference of interests and limited resources, company is inevitably unable to meet all the stakeholders’ demands, and must set up a management mechanism of equilibrium.

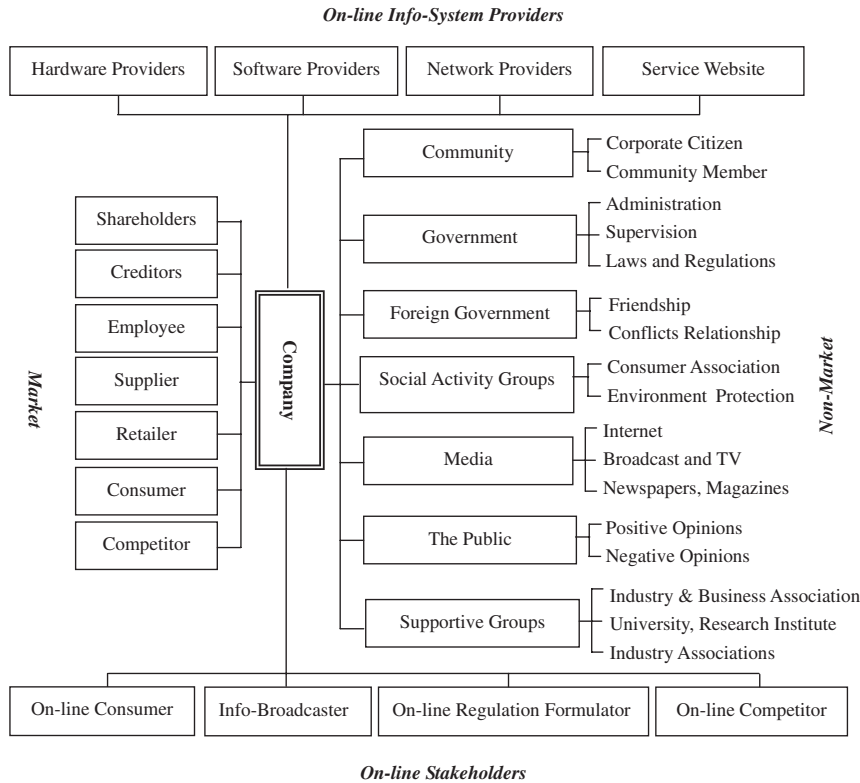


Fig. 2.3 Interaction diagram between the company and stakeholders

Table 2.3 Benefits demanded by the stakeholder

Stakeholders		Demanded benefits
Offline stakeholders	Shareholder	High investment returns, and sustainable development
	Employee	Sustainable development, stable income, good corporate image, good benefits
	Creditor	Capital recovery rate, capital recovery period, credit scope
	Supplier	Loan recovery rate, level of difficulty of access to raw materials, supply price
	Retailer	Supply assurance, commodity market conditions, adaptability of existing company facilities
	Consumer	High quality goods, good service, low price, easy to use
	Competitor	Price level, conditions of commodity production and competitiveness
	Government	Require the company to abide by the law, timely and full payment of taxes
	Foreign government	Protect the interests of domestic enterprises, access to foreign exchange earnings
Online stakeholders	Hardware provider	Require company scale, commodity price
	Software provider	Company scale, commodity price, capital
	Network provider	Company outstanding speed, supply price, demand function
	Service website	The content the company demands, function, price
	On-line consumer	Business to assure data security and personal privacy of the consumers, providing information truly accurately and timely, provide timely product delivery, low cost
	On-line regulation formulator	Internet company abide by the law, protection of intellectual property rights
	On-line competitor	Exchange business information, fair competition
	Info-broadcaster	Timely and accurately broadcast abundant information

Corporate stakeholders have two kinds of interests: offline (traditional) and online. See the stakeholders’ interests in Table 2.3.

2.2.1.1 Off-Line (Traditional) Stakeholders’ Interests

Traditional companies only pay attention to the interests of their shareholders, as shareholders are the only stakeholders. This view has encountered great challenges since 1990s. In the stand point of stakeholder theory, modern company are composed of various stakeholders with equal of interests, shareholders are only one of

them, managers should not only serve the shareholders, but also the interests of all stakeholders.

2.2.1.2 On-Line (Network) Stakeholders' Interests

The application of internet technology, corporate marketing strategy has changed the form and content of market transaction. Using the internet platform, the relationships among each involved company factors, including customers, suppliers, intermediaries, shareholders, employees, and government in market system, have been expanded and deepened, and even mixed together to form a new integrant. Following a new business environment, market competition pattern has also changed; irreconcilable adversaries were replaced by various cooperation relationships, kinds of competition in cooperation. This is reflected in four main aspects:

Cooperation and alliance between Companies Formed through the Internet

Since the internet has no boundary and no barrier, it has overcome the geographical restrictions, what the company is faced with are not only local competitors, and it will be very difficult for the company to tell who is the competitor. Especially with the e-commerce technical problems being solved, such as the goods distribution, payment, credit, the geographical advantage will be more and more minimal.

In the meantime, in a technology era where the Internet is updated with an increasing speed, it is difficult to maintain company technical advantage for a long time. In the industries like computers and communications, an average product life cycle is only 18 months, software products even have shorter life cycles. Therefore, in a market where the competition is fierce and technology updates are accelerated, regardless of how big the company is, its resources will always be limited, the company will have to focus its resources on cultivating core competitiveness, and cannot participate in developing in multiple areas related to the leading products like in a traditional technology economy, to bring down the cost through internal transaction.

More Intimate Contact between the Company and Consumers

In the traditional industrial economy era, the exposure between company and consumers was expansive and scattered, marketers tended to rely on intuition to decide on the market, although market and customer researches also adopted some methods, such as customer survey, telephone survey, but it was time and effort consuming, thus hard to achieve the desired effect. With the popularity of the Internet, the exposure between company and consumers became more convenient, faster, and the cost of building and managing customer database is greatly reduced, its comprehensiveness and accuracy are also not something that non-traditional marketing can able to equal.

The Growth and Integration of Internet Consumer Groups

In the traditional industrial economy society, the communication between the consumers was more difficult than between the consumers and the company, the communication means merely either through the consumer association or “word of mouth”, the consumers could not form a powerful market force. Using the online media, consumers of same region, disposition, hobby and experience can communicate with each other through online chat room, forums, online news, information filtering and other tools to find the users who share the same interests and hobbies, to build a more in-depth contact, and form a community of interests, electronic community, to share the information. The electronic community is an informal organization of the consumers in the internet technology which differs from the common consumer association. Its biggest characteristic is the organization’s informality, self-service to influence the market through the information exchange between consumers. If consumers using products feeling happy or unhappy, they will quickly transmit and spread it through the community, and thus plays an important role in the future market.

Relational Integration between the Company, Customers and Employees

In the traditional technology market, company, consumers, competitors, suppliers, government are independent organizations and individuals, the relationship between them was mostly unidirectional and antithetical. In the Internet marketing, organizations in the market often form a relational integration, these factors link the entire process throughout the company marketing activities, and it is very hard to break them down clearly, and it might even cause the ambiguity of the organization boundary to disappear. The development trend of the future Internet marketing is that, the company is no longer just an organization who provides products and services, and the consumer is no longer the valuable recipient. Company, consumers, suppliers, intermediaries, government and other market factors form up a valuable community. In the Internet technology, an even more comprehensive electronic community can be formed by different types of manufacturers, dealers, consumers, research and development companies, and market management agencies that involved.

2.2.2 The Significance of Stakeholders Relationship with the Company

Between the company and stakeholders is a mutual benefiting, influencing and restricting dynamic relationship. On one hand, company actions and decisions will affect the interests of the stakeholders. For example, the company contempt of the environmental investment and management will cause environmental pollution which directly affects the living quality of the surrounding ecological and social public. Disclosure of false financial information will directly influence the validity of the investors and other stakeholders’ decisions. On the other hand, these

stakeholders will also affect the company actions and decisions. For example, government policies and regulations may cause the company to either enter or exit a particular field or industry. Consumers' feedbacks and opinions to the products provided by the company will drive the company to improve its product quality.

By both terms, this relationship may have a potential cooperation, or may also have a potential conflict. It depends on the factors like connection methods from both sides, the mutual interest characteristic and stakeholders' directions affected by company behaviors. As the company is bound by the stakeholders formed contract network, linking mutual interests of each other closely, the company and its stakeholders build a long-term, stable, mutual trust and mutual benefit relationship, to provide the internet organization a good business environment, and bring a significant meaning to the long-term and stable development of the company.

2.3 The Development of Stakeholder Theory Within IMC Theory

The development of IMC theory is a constantly improved and perfected process, the original concept and the definitive meaning of this theory were not as good as now, which is the theoretical innovation and development process that any theory must go through. For example, to evaluate the IMC initial definition, American Advertising Agency Association (4As, 1989) followed the inside-out way of thinking to develop a set of perfect communication plans for the consumers, while turning a blind eye to the outside-in "consumers-oriented" marketing concept, but this time from the "market-oriented" concept first proposed in 1957 by John McKitterick, the president of General Electric, has also spanned over half a century. This definition is not perfect and the main reason for the obvious flaw in the theory meaning is that the original definition of IMC theory was quite simple, while this theory was a reference of communication theory in marketing theory from the information communication study, therefore the researchers original intention to introduce it to the company marketing planning was only to strengthen the implementation plans after the company marketing planning, and bring its role to the marketing planning implementation stage, therefore the introduction of this inside-out concept is understandable.

Stakeholder theory together with IMC theory and development also show progressiveness rather than to accomplish at once. In 1993, the IMC theory founder, Don E. Schultz made a systematic exposition on the IMC theory, and compared with the traditional marketing concept and IMC planning process. And Duncan (1993) was the first to widen the definition of company communications scope as "those who are interested in the company or the brand". In 1994, one of his published work explicitly introduced stakeholder concept. And IMC was defined as "a process which strategically control or influence all related messages, it requires the coordination between all information and media, integrate impacts

on consumers' brand cognitive value, and encourage interactive communication between the company, organizations, consumers and stakeholders, to create a mutual profitable relationship." This type of communication object extension was seen as a publicly challenge to the Schultz' viewpoint. Later on the researchers basically also accepted this kind of formulation.

Stewart (1996) also focused on how to use all of the media tools to communicate with the stakeholders so as to establish the corporate brand equity.

In 1997, Schultz also introduced the "targeted, related internal and external audience" in his new IMC definition. This concept is similar to the "stakeholder" concept. In 1998, Schultz elaborated the IMC definition as "all integrated management on communication level of the organization, to establish a positive relationship between the employees, legislators, the media, government departments, and other public groups and other potential customers and stakeholders". This also marks that the scholars have reached a basic consensus on the stakeholder and IMC theory integration issue.

2.4 Summary

This chapter reviewed the progress on the study of IMC and stakeholder theory, and then based on the information collected summarized development process of IMC's stakeholder theory. The review on IMC theory mainly describes the theory background and concept, characteristics and its theoretical innovation have been recognized by scholars. The review on the stakeholder theory mainly analyzes the management category development angle, and put the IMC theory aside. Finally combining the two to illustrate that the combination between stakeholder theory and IMC theory is an innovation in the IMC theory, also to adapt to the trend of management development, in order to demonstrate the advanced nature of theory on one hand and combine with the author's thesis on the other hand, stakeholders are the working objects of Marcom Managers themselves, and also the research topic to cover their working models. This intensive discussion in this section is prepared for the study below.

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