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A Social Movement Perspective of Stakeholder Collective Action and Influence

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This article provides a social movement theory–based explanation for the emergence and influence of corporate stakeholders. The author argues that stakeholder influence originates in the collective action of potential stakeholders. Collective action binds individual stakeholders together, assists in the formation of a common identity and interests, and provides the means for stakeholder strategic action. The author suggests three main factors that explain the emergence of stakeholder collective action and its consequent influence: mobilizing structures, corporate opportunities, and framing processes. By focusing more on the collective action necessary for stakeholder influence, we also gain a better understanding of how negotiation processes might unfold between stakeholders and corporate decision makers.

Keywords: *social movements; collective action; stakeholder influence*

Stakeholder theories of the firm assert that corporations have various constituents that are all affected by the outcomes of those organizations (Donaldson & Preston, 1995). The organization is a contested terrain where managers must consider divergent interests and inputs. Shareholders, consumers, employees, and communities all make claims on organizations. A firm must appropriately manage its relationships with its various stakeholders to develop an acceptable corporate social performance (CSP; Carroll, 1989; Clarkson, 1995; Freeman & Gilbert, 1987). Inherent in much of this literature is the assumption that managers are aware of stakeholder interests and prioritize the value of those interests. As argued by Mitchell, Agle, and Wood (1997), managers respond to stakeholders that have three primary attributes: power, legitimacy, and urgency. Lacking those attributes, stakeholders have relatively little influence over the inner workings of a corporation.

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Presumed in the literature on stakeholder influence is the notion that stakeholders have intense interests in the corporation and that managers recognize those interests as consequential for firm management. For example, in Baron's (1999, 2001) private politics model of corporate influence, activists engage in a game of ongoing negotiations with a firm to redistribute firm resources to the benefit of stakeholders. The analysis, however, enters the scene after these stakeholders are already organized sufficiently to begin the negotiation process and are recognized by the firm as a potential threat. Absent from the conversation is the question of how certain stakeholder issues become established as worthy of consideration.

The literature lacks a theoretical explanation for how certain stakeholder issues become infused with value. This problem is particularly apparent in relation to secondary stakeholder groups, such as activist organizations, on which the organization is less dependent for survival and for which gaining corporate influence is more problematic. The contribution of this article is to focus our attention on the process whereby managers come to recognize the consequentiality of secondary stakeholders and their associated claims. I use social movement theory as a framework for understanding this process. I assert that collective action underlies the emergence of secondary stakeholder interests and often precedes their influence at the corporate level. Describing and explaining the determinants of collective action is fundamental to understanding stakeholder influence.

The first question this article addresses is, What factors underlie the emergence of stakeholder collective action? The second area of concern is to explain variation in stakeholder influence as a function of collective action. Why are certain stakeholder interests deemed to be more vital to corporate well-being than others?

Finding answers to these questions requires reorienting our thinking about stakeholder attributes (Rowley & Moldoveanu, 2003). Many scholars conceptualize stakeholders as seen through the eyes of managers. I focus on the stakeholder side and suggest that managerial perceptions of stakeholder influence begin with collective action among firm constituents. Collective action consists of coordinated behavior among two or more people that, at least in some minimal way, satisfies individual goals and produces a jointly experienced outcome.[1] Collective action is necessary for stakeholder identity to emerge. Without collective action, constituents would be disconnected individuals lacking a coherent interest in corporate behavior, and managers would fail to perceive these constituents as consequential. By framing their interests vis-à-vis the focal corporation, collective action among potential stakeholders facilitates the emergence of stakeholder awareness, both among the constituents of the organization and in the eyes of managers. Thus, we should conceive of collective action as an important factor underlying stakeholder influence.

Social movement theorists emphasize that collective action is necessary to create social change and to influence institutions such as corporations. In the past, the stakeholder literature has not utilized social movement theory to address questions about stakeholder action and influence (however, see den Hond & de Bakker, in press; Rowley & Moldoveanu, 2003). I build on the extant stakeholder literature examining the mechanisms whereby stakeholders emerge, gain the attention of corporations, and strategize to successfully influence those firms (Frooman, 1999; Hendry, 2005). Throughout the article, the propositions developed apply mainly to secondary stakeholders, but to avoid redundancy, I often refer only to stakeholders.

Why Social Movement Theory?

Social movement theory examines the conditions under which collective action by outsiders to dominant societal institutions emerges and facilitates access to those institutions, allowing outsiders to potentially affect social and political change. Although it was designed primarily to assess the actions of state-oriented social movements, many of the key insights from social movement theory may help us understand corporate stakeholders. The firm and the state are both social institutions with varying levels of openness that have many constituents. Both are relatively closed to outside interest groups, but both also try to actively manage their constituents. In both domains, recognition of new constituents is a contested process (e.g., Skrentny, 2003). Informal, nonauthoritative processes shape outcomes and changes in the state and the firm, although both are also formally organized in hierarchies (Clemens, 2005). Finally, constituents of the state and firms share a common struggle. Both groups must organize aggrieved individuals, generating collective action, in pursuit of a collective good. Social movement theory explains the origins of this form of collective behavior.

Organizational scholars have recently begun to turn to social movement theory as an explanation for change within organizations and in the organizational environment (see, for example, Davis, McAdam, Scott, & Zald, 2005). Although many organizational theories, especially those at the macrolevel, emphasize the institutional and resource constraints that shape organizational behavior, social movement theory provides an interest-based explanation for change. Social movement scholars recognize that change is often a function of strategic, interest-driven action taken by organized collective actors (Jasper, 2004). Social movement theory complements standard organizational theories by demonstrating how stable organizations may be disrupted by external audiences seeking voice, recognition, and reform (den Hond & de Bakker, in press). Although the burgeoning body of literature on social movements and organizational theory has already had a significant impact, there is little research examining the collective action foundations of stakeholder influence (e.g., Clemens, 2005; Davis et al., 2005). One reason for turning to social movement theory as a theoretical lens is because it allows stakeholder theorists to connect with this vibrant discussion of organizational research.

In the following sections, I explain the utility of social movement theory to stakeholder theory by addressing three questions. First, what is collective action and why is it necessary for stakeholder influence? Second, when are new stakeholder groups most likely to act collectively? Third, why are some stakeholders more influential? Answers to these questions will improve our scholarly ability to predict the effectiveness of stakeholders' collective efforts to influence organizational outcomes and changes.

Who Are Stakeholders?

Who are a firm's relevant stakeholders? One method for assessing stakeholder relevancy is to determine which groups have the most salience to or influence over managers (Mitchell et al., 1997). One theory of corporate influence is the resource dependence perspective, which suggests that firms are influenced by groups that control critical corporate resources (Pfeffer & Salancik, 1978; Frooman, 1999). When stakeholders control access to some needed resource, the stakeholders have the ability to put those resources at risk and thereby endanger the firm's survival. Resource dependence theory presupposes the existence of some level of collective coordination among members of the stakeholder group. To exert influence, whether direct or indirect, a group must be organized enough to leverage resources. Some individuals by virtue of their great wealth may be able to exert the same level of influence as a highly coordinated group, but most individuals lack the personal resources that would make them a stakeholder worth consideration. Secondary stakeholders, in particular, often lack control over firm resources, implying that they are less relevant to firm consideration. Collective action, then, is even more necessary for secondary stakeholders.

This article argues that collective action precedes much stakeholder influence. Without collective action, many stakeholders would simply not exist (or matter) in the eyes of managers. Collective action facilitates stakeholder recognition in five ways. First, collective action binds individuals together and provides a shared orientation to a corporate target. Second, collective action coordinates resources among individuals who share some common interest in a corporate outcome. Third, collective action facilitates information transmission between those individuals, enabling timely reactions to corporate actions. Fourth, collective action is necessary for stakeholders to effectively communicate group sentiment to the corporate target. And fifth, collective action is often necessary for the implementation of a stakeholder strategic response to corporate actions.

Stakeholder theorists assume that much of this collective action is in place prior to stakeholder recognition in the corporate realm. Social movement theory takes processes of collective action as problematic. Why are some groups or constituents much more likely to act collectively than others? What are the preconditions of collective action? These questions motivate much of social movement research.

When Will Collective Action Occur?

The primary problem of generating collective action is that rational individuals will tend to free ride (Olson, 1965). For successful collective action, organizers must find some way to motivate individuals to participate. This dilemma is, of course, central to most theories of micro-organizational behavior, which assume that individuals respond to a mix of financial and social incentives (Simon, 1991). When few financial resources exist to procure individual involvement, individuals must have alternative reasons to cooperate. A second problem underlying collective action is that potential constituents may not recognize their common plight. Without a sense of shared experiences and grievances, individuals may feel that their problems are personal and may not look for collective solutions. Another impediment to individual participation is that there is no guarantee that collective action will lead to success (Finkel & Muller, 1998). Much collective action is risky because of lack of past successes and because institutionalized routines for achieving collective ends do not yet exist. In summary, collective action is inhibited by high risk of failure combined with few selective incentives to encourage participation and lack of coordinating mechanisms to generate shared experiences.

Many stakeholder groups face these problems in mounting collective action. Although grievances against the corporation may exist, individuals may not know that they share those grievances. They may lack the self-initiative to pursue a course of influence on their own. They may feel especially inhibited if few prior instances of stakeholder action exist. For example, members of a community may want to keep large retail corporations from setting up shop in their community. This concern may be particularly felt by small businesses that do not want to lose customers to larger, lower-cost retailers. Yet if individuals do not share a common view of the problem or are not aware that other members of their community oppose large retailers, oppositional action will not likely occur. Small business owners and other members of the community may also lack the time to start a campaign against the large retailer. Their lives are occupied by other duties and leisure activities. They may fear that individual resistance to the problem may not impede the retailer. Furthermore, they may think that even if they were to form a constituent group publicly opposed to large retailers, their chances of success are very small. They are not familiar with past collective successes of this type and may not be aware of the policies or legal changes needed to preserve their small business environment. Thus collective action may not occur, even if significant anticorporate sentiment exists among individuals at the ground level (Rowley & Moldoveanu, 2003).

Why do some groups overcome these obstacles? Social movement theory suggests three main factors contribute to collective action (McAdam, McCarthy, & Zald, 1996). These factors—mobilizing structures, political opportunities, and framing processes—lessen individuals' trepidation about getting involved in collective action.

The three factors discussed below are theoretical components of a particular social movement perspective: the political process model (McAdam et al., 1996). Although some argue that the model has a strong structural bias, with linear and invariant explanations to collective behavior emergence (e.g., Goodwin & Jasper, 1999), the perspective still dominates social movement research because it offers strong predictions that have found vast empirical support. Moreover, these three factors have proven useful in explaining social movement outcomes (McCammon, Campbell, Granberg, & Mowery, 2001; Soule & King, 2006; Soule & Olzak, 2004), which are analogous to the attainment of stakeholder influence. I extrapolate from the political process model to generate propositions about stakeholder emergence and influence. Because one of the critiques levied against the political process model is that its concepts are too broad, in the following sections I specify mechanisms that lead to testable hypotheses.

Mobilizing Structures

Mobilizing structures are the “collective vehicles, informal as well as formal, through which people mobilize and engage in collective action” (McAdam et al., 1996, p. 3). They are the mechanisms that pool individual inputs. Social movement research demonstrates that without mobilizing structures, collective action often fails to materialize, even if grievances are present (Jenkins, 1983). Preexisting organizational structures facilitate individual involvement by, first, providing individuals an outlet for aggregating their opinions and efforts and, second, by distributing the costs of involvement widely so that no single individual bears the social and economic costs of participation above that which they are willing.

A strong theme shared by social movement scholars is that grievance alone is not enough to motivate action. Grievances against the state, for example, are ubiquitous in a democratic society, yet few people publicly express those grievances (McCarthy & Zald, 1977; Oberschall, 1978; Tilly, 1978). The same could be said about dissatisfaction with corporations. Dissatisfaction does not automatically translate into the emergence of a salient stakeholder group. Potential stakeholders may share common opinions, beliefs, and grievances about a particular corporation’s responsibility to its constituents, but without mobilizing structures, they lack the means to transform those sentiments into action and influence.

Structures also connect like-minded individuals who might otherwise be unaware that others share their same opinions, beliefs, and interests. Sometimes those structures’ primary purposes are not to organize collective resistance against a target but instead to bring individuals together to provide a personal service, as is the case with self-help organizations, or to celebrate a collective identity, as is the case with many voluntary associations (Kriesi, 1996). In fact, the new social movement literature of European scholarship emphasizes the function of mobilizing structures as purveyors of collective and personal identity (Kriesi, Koopmans, Dyvendak, & Giugni, 1995; Melucci, 1994). Collective action is one potential by-product of these structures.

Social movement scholars identify two main types of mobilizing structures: formal organizations and interpersonal networks. Formal organizations, such as professional social movement organizations such as the National Rifle Association or the National Organization for Women, are sometimes hierarchical and bureaucratic. But mobilizing structures may also be grassroots organizations with flat leadership structures. Regardless of the exact organizational form, preexisting formal organizations often form the skeletal structure for new stakeholder groups. Informal social networks also facilitate mobilization (Passy, 2001; Schussman & Soule, 2005). Friends and peers draw individuals into collective action efforts through informal means, such as emotional encouragement or by providing transportation to activist events.

Mobilizing structures facilitate collective action among stakeholders by providing an established resource base from which corporate constituents can draw to express their discontent with corporate policies or practices, allowing constituents to overcome one of the initial impediments to collective action: the high starting costs. But just as important, mobilizing structures provide an arena for interaction where constituents cultivate the same interests and identities (den Hond and de Bakker, in press; Rowley & Moldoveanu, 2003). Networks, although often the transmitters of valuable resources such as information and financial capital, are especially prominent as sites of identity formation (Diani & McAdam, 2003). Formal organizations are probably more effective at generating a useable resource base, whereas interpersonal networks more effectively facilitate the convergence of interests and identity.[2]

Evidence supports the notion that mobilization structures underlie stakeholder collective action. Jenkins and Perrow (1977) demonstrate that labor movement support, combined with entrepreneurial initiative by trained leaders, initiated activism among migrant farm workers in the 1960s. Wolfson (2001) showed that the antitobacco corporate campaign emerged out of a network of health care providers and professional organizations that were initially concerned with the health consequences of tobacco use. This individual-oriented health initiative was transformed into an anticorporate campaign when it became clear to many of the health care professionals that the "tobacco problem" originated in the marketing techniques employed by cigarette and tobacco product distributors and could not be prevented solely through patient–medical provider interaction. Manheim (2001) illustrates how traditional labor organizations collaborated with New Left professional social movement organizations to produce the recent surge in anticorporate campaigns. The new anticorporate stakeholders saw themselves primarily as combatants of corporations, later morphing into the antiglobalization movement. These examples provide empirical support for the notion that mobilizing structures enhance the probability that collective action among stakeholders will occur.

Proposition 1a: Stakeholder collective action is more likely to occur among corporate constituents that have access to existing formal organizations.

Proposition 1b: Stakeholder collective action is more likely to occur among corporate constituents that share interpersonal network ties.

Corporate and Industry Opportunities

The second factor underlying collective action is stakeholders' response to exogenous opportunities (McAdam, 1982, 1996; Tarrow, 1983; Tilly, 1978). The "political opportunity" concept emphasizes the constraints and opportunities for mobilization imposed by the larger movement environment. Movements often lie dormant for some time even though sufficient dissatisfaction with some policy exists, only to take action later when institutional or structural opportunities present themselves. Opportunities signal to constituents that change is underway, and this encourages them to take more risks and attempt to exert more influence on societal institutions (D. S. Meyer & Minkoff, 2004). Thus, the concept rests on individuals' calculative response to perceived environmental signals as a determinant of mobilization (Tarrow, 1998).

Corporate opportunities may similarly instigate stakeholder action. Stakeholders should mobilize when (a) the corporation experiences leadership or rule changes or other forms of instability that make its boundaries more porous and (b) when allies in the corporate hierarchy offer support of grievance claims made on the organization. Changes in structure are mobilization opportunities because they signal both a weakness of the existing arrangements and a structural malleability or openness to change. The emergence of allies within the corporation signals to stakeholders that substantive transformation may be possible. Additionally, allies present potential avenues for redressing grievances. Offering empirical support, Raeburn (2004) showed that gay and lesbian workplace activists tended to initiate activist efforts in corporations where there were "corporate windows of opportunity," including executive turnover, shifts in board composition and board diversity, the integration stage of mergers and acquisitions, and when new coalition partners, such as labor unions, support the cause.

Industry factors might also signal opportunities for mobilization. Schurman (2004) suggests that industry opportunities may be aspects of the industry context (economic, organizational, or culture) that signal probable achievement of stakeholder goals. More specifically, Baron (2001) argues that the degree of industry competition may signal the vulnerability of particular firms. As competition increases, the competitive advantage of any given firm in the industry is weakened, making them more attractive targets for activists. Intense competition also accentuates the impact of costs imposed on the firm by stakeholder groups (Spar & La Mure, 2004).

Similarly, Fligstein (2001a; see also Rao, Morrill, & Zald, 2000) postulates that industries become ripe for institutional change (e.g., stakeholder efforts to change the industry) when dominant incumbents begin to fail. In his view, dominant incumbents are those firms that are well established and have been profitable in the past. Institutionalized rules are upheld by incumbents because they tend to be the beneficiaries of the status quo. Failure of dominant incumbents, then, signals to stakeholders that industry and corporate standards are ripe for redefinition and transformation. Fligstein also points to the state as an important source of exogenous shock that instigates collective action among stakeholders. Changes in laws relating to anticompetitive practices encourage industry newcomers to seek changes in corporate practices. Government action signals to stakeholders that corporate practices are vulnerable and opens up the possibility for negotiation between stakeholders and firms in a form of "private politics" (Baron, 2001). Government action against corporations also disabuses citizens of their distrust of government, which they may believe is primarily probusiness and unsupportive of stakeholder claims (Berry, 2003; Prakash, 2000).

One problem with the political opportunity concept is that it is sometimes applied in a post hoc fashion (Goodwin & Jasper, 1999). Scholars who identify opportunities as those factors that encourage mobilization and then look for shifts in the stakeholder environment that preceded mobilization would fall into this trap. To avoid replicating the same error in identifying corporate opportunities for mobilization, better operationalization of signals is needed. On the basis of the empirical and theoretical work discussed above, I suggest several precise (and falsifiable) propositions about signals that may consistently instigate stakeholder mobilization.

Proposition 2a: Major firm-level changes in corporate structure and leadership, including mergers and acquisitions, corporate restructuring, and promotion of a new CEO, increase the probability of stakeholder collective action.

Proposition 2b: Expression of internal ally support (among top executives or board directors) increases the probability of stakeholder collective action.

Proposition 2c: Increased industry competitiveness and increased failure rates of dominant incumbents increase the probability of stakeholder collective action.

Proposition 2d: Government action taken against an industry or corporation increases the probability of stakeholder collective action.

Framing Processes

Framing processes also facilitate collective action. Social movement scholars recognize that mobilizing structures and political opportunities are often not sufficient to convince individuals to give of their resources to group efforts. In those cases, groups must find alternative ways to induce cooperation and secure the commitment of collective action participants (Fligstein, 2001b). Framing processes involve the strategic use of shared meanings and definitions to invoke claims on individuals' identity and cultural sense of responsibility to a cause (Benford & Snow, 2000; Snow & Benford, 1988). Social movement entrepreneurs and other collective actors strategically frame their claims to draw on the shared sensibilities of potential constituents and thereby instill within them a common sense of fate and personal responsibility.

Scholars studying framing processes in collective action tend to emphasize two main components: shared meanings and collective identity. Shared meanings are common stories, cultural interpretations, and rhetorical claims held by a group of people that help make sense of a given situation. Meanings tend to circulate locally. Therefore, framing processes are directed at potential constituents to make sense of their personal relationship to the movement's target institution. Sometimes framing processes involve a sort of causal account of wrongdoing (Snow & Benford, 1988). For example, a number of studies focus on the ways that social movements construct accounts of "injustices" (Benford & Hunt, 1992; Jasper & Poulsen, 1995; Jenness, 1995; White, 1999). "Adversarial framing" casts the target institutions as an antagonist (Gamson, 1995). When providing causal or diagnostic accounts, movement actors rely on master frames, or shared belief systems, with which potential participants have familiarity (Snow & Benford, 1988). By drawing on shared meanings, framing assists individuals in understanding their particular role in a common struggle against a dominant institution.

Framing a group's status in relation to the target institution draws attention to particular collective identities. Research on collective identity emphasizes the extent to which collective action is based on a sense of shared "groupness" that emerges out of common attributes, experiences, and external labels (Polletta & Jasper, 2001; Snow & McAdam, 2000). By appealing to identity, social movements motivate participants through intrinsic rewards such as self-realization, personal satisfaction, and providing a sense of group belonging (Gamson, 1992). Thus, movements try to frame collective action as "us against them," where the "us" is usually a coherent collective identity that participants will recognize as distinguishing. For example, Klandermans and Goslinga (1996) demonstrate that labor unions in the Netherlands persuaded union members to see disability allowances as entitlements rather than as an excessive national cost by drawing on members' collective identity as ethical and industrious workers.

The importance of framing processes in the emergence of new stakeholders should be somewhat obvious. Most potential stakeholders lack a self-conscious recognition of their status as stakeholders of a corporation. Although they may see themselves as consumers or as citizens, they do not see themselves as having a direct stake in a corporation's actions. Before stakeholder collective action occurs, those constituents must first come to personalize their relationship to the corporation. Framing processes undergird this personalization process. Interestingly, the result of the framing process is to construct a new collective identity: a stakeholder with a vested interest in the corporation's future actions.

Framing processes underlie union recruitment of new members and the emergence of community activism against corporate negative externalities, such as pollution and toxic waste dumping. But not all attempts at framing will be equally successful. Framing should be strategic and targeted at potential participants, identifying shared meanings and existing identities.

Proposition 3a: Framing processes that draw on the shared meanings are more likely to succeed at generating stakeholder collective action.

Proposition 3b: Framing processes that draw on existing collective identities of constituents are more likely to succeed at generating stakeholder collective action.

Why Are Some Stakeholders More Influential Than Others?

Scholars interested in the differential levels of stakeholder influence have used resource dependence arguments as a theoretical framework (Clarkson, 1995; Dentchev, 2004; Frooman, 1999; Hendry, 2005, 2006). Along the same lines, others have argued that stakeholder influence depends on the firm's ability to appropriately manage explicit stakeholder interests (Berman, Wicks, Kotha, & Jones, 1999). A social movement approach complements the resource dependence and other relational approaches (Rowley, 1997) by examining the collective action antecedents of influence.

Mobilizing Structures

Mobilizing structures facilitate stakeholder influence over the corporation by providing an organized and connected base of influence that coordinates strategies among stakeholder members and provides the means to leverage corporate resources (Frooman, 1999). Once stakeholder groups emerge, they develop strategies that allow them to constrain or control the corporation's resources or to indirectly influence the organization through other stakeholder groups. Mobilizing structures provide the mechanisms whereby that control operates. Scholars have noted that no single type of mobilizing structure is dominant (Jasper, 2004), but empirical work identifies a number of factors associated with activist success.

Organizational strength is one important factor determining the efficacy of the mobilizing structure. Movements with strong supportive social movement organizations are more influential in shaping legislation and policy making (Andrews, 2001; Cress & Snow, 2000; Gamson, 1990; Minkoff, 1997, 1999; Skocpol, Abend-Wein, Howard, & Lehmann, 1993; Soule & King, 2006; Soule, McAdam, McCarthy, & Su, 1999). Strong organizations tend to have more established channels of influence to elite decision makers (McCarthy & Zald, 1977). Thus, social movement organizations with established membership bases and formalized channels of communication tend to be more influential than organizations with temporary or newly designed structures.

The claim that formal organization makes activists more influential has been disputed (Jasper, 2004; Piven & Cloward, 1977). Organizations, although useful for coordinating efforts, may also be seen as antidemocratic and obtrusive in self-determination. Pecuniary incentives offered by more bureaucratic organizations may be seen as antithetical to activist efforts at community building (Knoke, 1988). Activists may prefer working through grassroots organizations with a flatter hierarchy. Thus, the larger a stakeholder organization becomes, it may simultaneously become less effective at mobilizing new participants and more effective at influencing corporate targets. Stakeholder organizations that depend on member support (e.g., in organizing protests or boycotts) may reach a critical size beyond which further growth leads to less influence. On the other hand, stakeholder groups that use more institutionalized means of influence, including lobbying of or direct negotiation with the corporation, may benefit from large, highly visible formal organization.[3] It follows, then, that stakeholder groups that are dependent on member participation will be more successful using informal networks or grassroots organizations.

Proposition 4a: Grassroots organizations or other informal organizations amplify the influence of stakeholder groups that use tactics requiring mass member participation.

Proposition 4b: Formal, hierarchical organizations amplify the influence of stakeholder groups that engage in lobbying of or direct negotiation with corporations.

Another factor determining the effectiveness of the mobilizing structure is its *resource endowment*. Movements with high resource levels are more successful at attaining influence than movements with fewer resources (Davis & Thompson, 1994; Giugni, 1998). Movements with strong control over internal resources tend to be the most successful at achieving sought-after outcomes (Frey, Dietz, & Kalof, 1992; Mirowski & Ross, 1982). These resources may be either contained within a formal organization or embedded in interpersonal networks.

Proposition 4c: Stakeholder groups with more internal resources exert more influence over corporations.

Of course, the effect of organizational strength and resource endowment on influence is conditioned by the extent to which a corporation's own resource base is constrained by those stakeholders. Organizational strength and resource endowments may also assist stakeholders in exerting more constraint over the resources that corporations need to survive. Some stakeholders are naturally positioned to constrain the corporation but fail to do so because they lack the necessary coordination and collective action. For example, wage workers might have inherent control over production and distribution flows because of their position in the organization, but without some sort of coordinating mechanism, they may be unable to harness this constraint.

Another example is the ability of consumers to influence the corporation through the combination of market incentive and a more coordinated, collective effort. Markets enable control by providing stakeholders with a mechanism for direct input to corporate decision makers. By withholding purchases of a product or service, consumers signal their dissatisfaction with the firm. Note, however, that even when using markets, stakeholders may need a supplementary mobilizing structure to communicate their reasons for switching to alternative products or services. Secondary stakeholders, who often do not have market influence over the firm, may be able to leverage the corporation through regulatory or other political means. For example, when a corporation depends on community approval to meet city coding requirements, the corporation may be much more attentive to community members' demands. Those demands resonate more strongly when backed up by organizational strength and resources.

Proposition 4d: Internal organizational strength and resource endowment positively condition the direct effect of resource constraint on the influence of stakeholders.

Corporate and Industry Opportunities

Corporate opportunities change the environment in which stakeholder concerns are voiced. Social movement researchers find that collective action has more influence over the target institution when political opportunities exist (Amenta, Carruthers, & Zylan, 1992; Amenta, Dunleavy, & Bernstein, 1994; Amenta & Young, 1999; Cress & Snow, 2000; Soule & Olzak, 2004). Following the earlier section, the four most important factors to determining level of stakeholder influence should be organizational instability, presence of elite allies, intense industry competition, and government action taken against an industry or firm.

Corporate stability shapes stakeholder influence, as it provides situational opportunities for new stakeholders to emerge as players in the corporate decision-making process. Inasmuch as the corporation is a site of political and ideological contestation, ruptures in the corporate structure provide space for stakeholders to voice their claims and exert influence in ways that might not have previously been possible. Mergers and acquisitions, restructuring, executive turnover, or periods of high industry or firm uncertainty are specific examples of corporate instability. In those instances, firm uncertainty is high and may enhance the urgency to explore new management alternatives. During those times, managers may seek input from sources they would not consider under normal circumstances.

In support of this argument, Griffin (2004) found that firms increase corporate philanthropic activity—extending stakeholder outreach—after mergers and acquisitions completion. Corporations, recognizing the negative externalities of the acquisition on local communities, seek to redress community grievances through philanthropy. Similarly, Dentchev and Heene (2004) suggest that corporate restructuring calls for reputation management among stakeholders. The unintended side effect of this renewed focus on stakeholders following restructuring may be increased influence by the stakeholders.

Proposition 5a: Stakeholder collective action is more influential when targeting firms undergoing corporate restructuring or experiencing other forms of instability.

Elite allies grant stakeholders insider voices to promote their claims and generate more internal support for the stakeholders. Elite allies include executives in the upper echelons or board members, or they may include other influential stakeholders, such as institutional investors. Following Frooman (1999), allies provide stakeholders with indirect influence. Stakeholders may exert indirect influence by educating and generating sympathy among allies in the corporate structure.

A number of studies indicate that top management support encourages the implementation of environmental corporate policies (Bansal & Roth 2000; Del Brio, Fernandez, Junquera, & Vazquez, 2001; Vogel, 2005; Gonzalez-Benito & Gonzalez-Benito 2006). Raeburn (2004) argues that corporations with management supportive of the gay and lesbian movement were more likely to extend domestic partner benefits.

Some organizations' management may simply be more open to change and input from secondary stakeholders. Some corporations are more open to innovative change than others and are more willing to consider the views of corporate outsiders to accelerate innovation (Damanpour, 1991). Managerial predilections for change or strong organizational cultures favoring innovation may facilitate oppositional viewpoints that challenge traditional routines and procedures. Stakeholders might find more favor in open organizational systems that value outsider input.[4] A good indicator of openness to stakeholders may be the firm's prior commitment to socially responsible activities. Some firms' identities and reputations are linked to social responsibility (Fombrun & Van Riel, 2003; Whetten & Mackey, 2002). As organizational identity tends to guide internal behavior and attitude toward stakeholders, firms that self-define as socially responsible are more susceptible to the influence of stakeholder groups that promote social causes. Research provides support to this argument. Managers that value social commitments are more likely to integrate new ethics programs (Weaver, Trevino, & Cochran, 1999). Along the same lines, Argenti (2004) reported that Starbucks was particularly susceptible to stakeholder influence because of its stance on social responsibility.

Proposition 5b: Stakeholder collective action is more influential when top corporate managers consider themselves allied with their cause.

Proposition 5c: Stakeholder collective action is more influential when targeting firms with a history of openness to outsider input.

As competition intensifies in an industry, firms must demonstrate competitive advantages that will distinguish them from industry rivals. Scholars note that reputation is one way in which firms develop distinct advantages (Barney, 1991; Deephouse, 2000; Fombrun & Van Riel, 2003). Similarly, firms use corporate social responsibility as a differentiating characteristic (McWilliams & Siegel, 2001; Waddock & Graves, 1997) and as a potential source of competitive advantage (Dentchev, 2004). Mackey, Mackey, and Barney (in press) argue that firms may market their equity to investors who prefer socially responsible firms. Firms in competitive markets can increase their available cash flow by appealing to secondary stakeholders. Intense competition, then, makes firms more sensitive to stakeholder concerns as they search for new ways to differentiate themselves from competitors.

Proposition 5d: Stakeholder collective action is more influential when targeting firms in industries characterized by intense competition.

The final corporate opportunity that enhances stakeholder influence is state action against a firm or industry. Regulation or government lawsuits not only signal change potential to corporate constituents, but they also alter the competitive context of the industry and provide openings for redefinition of standards and rules. Increased stakeholder influence is partly because of heightened ambiguity and uncertainty created by legal changes (Edelman, 1992; Edelman, Abraham, & Erlanger, 1992; Sutton & Dobbin, 1996). Under conditions of legal uncertainty, managers turn to other voices to help them interpret the new rules. This shift in focus ends up conceding influence to stakeholders that were relatively powerless before.

For example, Kelly (2003) demonstrates that tax breaks created in 1981 for firms that promoted family-friendly policies increased the influence of benefits consultants, who used the ambiguity created under the law to promote benefits packages that had little to do with the original legislation. Buysse and Verbeke (2003) observe that tight environmental regulation causes manufacturing firms to attach more importance to environmental activist groups and adopt more preventive approaches to pollution management. In both examples, regulation changed the way that firms responded to stakeholder groups acting collectively to gain influence.

Proposition 5e: Stakeholder collective action is more influential when government action is taken against targeted firms or industries.

Framing Processes

Framing processes not only imbue collective action with significance for potential participants, framing also enables stakeholders to communicate their claims to corporations and other influential allies in a meaningful way. I argue that stakeholders are more influential when they frame their claims in a way that resonates with the primary concerns of corporate executives.

In the era of investor capitalism (Useem, 1996), the motivating concern of most corporate actors is the ability to make efficient structures and strategies that maximize shareholder value. As corporate executives are held accountable for firm market value, they should be motivated to ensure that their decisions positively enhance shareholder value. Sociologists argue that organizational policies and practices tend to become invested with an efficiency rationale after they become institutionalized. For example, Dobbin and Sutton (1998) demonstrate that human relations personnel justified equal employment practices as providing organizations with certain efficiency-enhancing qualities. The tendency to search for and find efficiency criteria to justify organizational policies and practices illustrates the power of this rationalized myth (J. W. Meyer & Rowan, 1977). Stakeholders who frame their claims against the corporation in this dominant logic improve their esteem and are seen as more legitimate by others in the corporate world, including investors and analysts. We should expect that stakeholders who use this frame will be able to better communicate their claims to decision makers.

However, stakeholder groups that attempt to influence the corporation by appealing to the market logic may suffer a tradeoff. Frames that appeal to shareholders and analysts may conflict with stakeholders' identities. Many activist groups may find it difficult to stomach rhetoric that frames their cause as a plea for efficiency. Therefore, the utility of this framing device may be dependent on the context of the collective action needed to exert influence. Stakeholder groups not dependent on member support may be more influential when using an efficiency rationale, but the opposite is likely true for stakeholder groups dependent on member participation.

Proposition 7a: Stakeholders not dependent on member participation will have more influence when using an efficiency rationale rather than some other logic.

Proposition 7b: Stakeholders dependent on member participation will lose influence when using an efficiency rationale.

Additional Comments on Stakeholder Influence

Disagreement exists among social movement scholars about the nature of social movement influence on political institutions. In fact, this area of inquiry is currently one of the most debated in the field. Research in stakeholder theory might be sensitive to these theoretical questions and perhaps positively contribute to the literature.

The first debate involves the extent to which social movements directly influence policy making and to what extent social movement activities are merely signals of a more determinative factor—public opinion. According to some scholars (see Burstein & Linton, 2002), public opinion is the driving force behind policy making. Rational legislators are wary of making policy changes that might displease their constituents. Therefore, when opinion favors a certain change, legislators are also more likely to support that change.

Social movements enter the equation, according to these scholars, because often legislators do not have sufficient data about public opinion on certain issues to be able to make rational decisions. In those cases, social movements signal to policy makers the expected sentiment of the public. Lacking better information about public opinion, legislators allow social movements to influence their decision making. However, when it is possible to assess public opinion, social movement influence becomes negligible.

The alternative view is that social movements offer a distinct form of influence on policy making (Soule & Olzak, 2004). Social movements' influence, in contrast to the linear influence of public opinion, is disruptive (Rojas, 2006). Lacking a better channel of influence, social movements seek to disrupt the status quo and force policy makers to pay attention to issues that they would not consider otherwise. The disruptive impact of social movements, they argue, does not necessarily provide information; rather, it threatens to destabilize the calculus of decision making and forces policy makers to deal with this disruptive force.

Compromise positions exist, of course. Social movements may influence policy makers indirectly by changing public opinion. By shifting public opinion against a target corporation, stakeholders wear down the barriers to influence. The corporate setting provides a unique opportunity to examine this debate. Unlike the political setting, where data points about public opinion are discontinuous and often rare, corporate decision makers have access to other data about a firm's performance, especially those relating to a firm's reputation.

Stakeholders may acquire influence by appealing to external audiences, such as the media, investors, or analysts, who have a more direct influence on decision making. The goal of stakeholder collective action in this context is to damage the public image and reputation of the firm. By damaging reputation and image, stakeholders may cause investors to lose confidence and bid down the stock price (Fombrun, 1996; Herremans, Akathaporn, & McInnes, 1993; King & Soule, 2006). Empirical evidence suggests that negative media reports lead to declining stock price (Chan, 2003). Other research demonstrates that stakeholder collective action, such as boycotts or protest, can lead to negative stock price returns (Epstein & Schnietz, 2002; Pruitt & Friedman, 1986).

This argument resonates with the work of scholars who suggest that corporate reputation is the primary mediating factor between CSP and corporate financial performance (CFP; Orlitzky, Schmidt, & Rynes, 2003; Russo & Fouts, 1997). Corporate reputation positively affects CFP by signaling something about the firm's credibility and trustworthiness to investors, analysts, and other intermediaries. Thus, stakeholders that attack the corporation's image and reputation through the use of strategic framing may indirectly influence the corporation through CFP.

The debate about the nature of social movement influence can be transported to the corporate setting by looking at the influence of stakeholder collective actions, such as striking or protest, on reputation, which consequently shapes corporate response. According to the compromise position stated above, we should expect that stakeholder collective action has only an indirect effect on corporate response. That is, stakeholders influence corporations when their collective action efforts are followed by shifts in reputation.

Proposition 8a: Stakeholder collective action is more influential when accompanied by a negative shift in the firm's reputation.

The second response to this debate focuses on the extent to which collective action's influence is distributed unevenly across the policy-making process. In the past, social movement scholars assumed in their statistical modeling of social movement outcomes that movements directly influenced the final policy-making outcome (see, e.g., McCammon et al., 2001). However, recent research suggests that social movement influence is felt at the earlier stages of legislation, when new policy solutions are proposed and debated, and then dissipates as the final stage of legislation approaches (King, Cornwall, & Dahlin, 2005; Soule & King, 2006). These scholars conclude that social movements' main function is that of agenda setting: determining which issues have salience and are debated in legislative circles.

The application of these findings to the corporate setting suggests that stakeholders are most directly influential in determining which issues get the attention of corporate decision makers. Issues discussed in the board meetings, for example, may originate in stakeholder collective action. However, final decisions about how to handle those issues may be more influenced by changes in stock price or cultural–institutional factors. For example, when deciding whether to adopt a new employee benefits plan, corporate executives may initiate discussions because of employee collective action in support of the plan, but ultimately the executives will adopt the plan based on primary stakeholders' reactions to these discussions (assuming they are leaked to the press) and on the actions of other firms in their surrounding environment. The final decision to adopt a stakeholder-proposed plan may depend on the institutional legitimacy that executives expect to reap by adopting the plan (DiMaggio & Powell, 1983). Thus, stakeholder influence is most directly felt as corporate decision makers set the agenda, but the ultimate success of a stakeholder proposal is mediated by investor reaction and the institutional environment.

Proposition 8b: Stakeholder collective action should be most influential in shaping the corporate agenda, but the proximate determinants of a favorable corporate response to stakeholder claims are primary stakeholder reactions and the institutional legitimacy of the proposed change.

Conclusion

In this article I have argued for the utility of social movement theory as a means to understanding stakeholder collection action and influence. Specifically, I propose that mobilizing structures, corporate opportunities, and framing processes explain variation in stakeholder emergence and influence. Social movement theory moves the emphasis of analysis from managerial perceptions to the settings of collective action outside the corporation.

A social movement perspective of corporate stakeholders complements the extant literature examining stakeholder strategies of influence (e.g., Frooman, 1999; Hendry, 2005). In both views, stakeholder strategies are important sources of influence and may exogenously determine managerial perceptions of stakeholders. Rather than supplanting current theories, I suggest that a social movement perspective is complementary by focusing on the collective action needed to leverage resources and attract managerial attention.

The social movement perspective also provides stakeholder scholars with a new set of tools for problematizing and analyzing CSP. Much research treats CSP as a latent variable that can be measured through survey questionnaires (Agle, Mitchell, & Sonnenfeld, 1999) or with an index of desirable attributes (Ogden & Watson, 1999). Stakeholder scholars have developed universal measures that capture stakeholder attributes in a variety of contexts. Researchers in the social movement tradition, on the other hand, pay more attention to the historical context of a particular movement, recognizing that movement strategic actions and goals will differ by context. Rather than compiling indices of influence, social movement scholars tend to assess movements as specific case studies, using both qualitative and quantitative methods to uncover the processes whereby movements emerged and influenced political outcomes. Stakeholder scholars might benefit by paying attention to particular historical instances of stakeholder influence and its consequent effects on management (see, e.g., Hendry, 2006). Focusing on specific cases is valuable, insofar as the mobilizing structures, corporate opportunities, and framing strategies of the stakeholders vary considerably. Case studies ground our understanding of these processes in historically and culturally meaningful instances.

Future research in the stakeholder tradition might follow several different directions. First, researchers could examine the effects of the three conditions of mobilization on the emergence of stakeholder collective action. This research might focus entirely on the stakeholders as a group of interest, irrespective of managerial perceptions. Second, scholars may examine the processes whereby stakeholders achieve legitimate status in the eyes of corporate management. Third, research could focus on the contributions of stakeholder collective action to shifts in measures of CSP. This line of research would make CSP (or the components of CSP) the dependent variable and collective action the primary explanatory variable. Fourth, scholars should focus on the effects of stakeholder collective action on corporate policy making. These studies might follow the example of social movement studies on political outcomes. Typically, social movement scholars measure the direct effects of various movement attributes, such as organizational strength and resource endowment, on a particular outcome of interest, such as the adoption of a favored policy (McCammon et al., 2001; Soule & Olzak, 2004). Studies of this nature might pay attention to the various stages of policy making, recognizing that agenda setting is a different kind of outcome than implementation of a new corporate policy (Andrews, 2001; King et al., 2005; Soule & King, 2006). Related to this, scholars might attend to stakeholder rent appropriation, wherein rent could be conceived as the final outcome of a process of bargaining between stakeholders and management (Coff, 1999). A social movement perspective sheds light on the stakeholder input to that bargaining process.

The main contribution of the social movement perspective, of course, is not methodological but conceptual. A social movement perspective focuses attention on the collective action component of influence. Rather than assuming that influence is wholly structural (as it is with the resource dependence argument), influence may develop over time as stakeholders build an infrastructure, develop resonant frames, and take advantage of the shifting opportunity structure. This view emphasizes the agency of stakeholders, rather than casting them as passive actors susceptible to managerial control. Fleshing out the nature of this agency gives organizational scholars in general and stakeholder scholars more specifically an improved understanding of the context in which organizations operate and change. Organizations, according to this view, are continually contested and must deal with legitimacy constraints imposed by actors seeking to attain their own interests. Incorporating a social movement perspective enriches our understanding of the environment in which organizational decision making occurs as a result of stakeholder collective action.

Notes

1. Social movements are a specific form of collective action. Social movements are distinct because of their use of extrainstitutional tactics to accomplish their goals. Although some stakeholder collective action may be explicitly extrainstitutional, this is not always the case.

2. Clearly, the two operate in tandem. Interpersonal networks are the conveyors of new recruits to formal stakeholder organizations, and once an individual joins a formal organization, he or she becomes instantiated in its informal networks.

3. Den Hond and de Bakker (2007) use the terminology *participatory and nonparticipatory tactics* to describe the same distinction. Interestingly, they note that participatory tactics may be less commonly used than was once true; however, activist groups may rely on participatory tactics when direct negotiation or other nonparticipatory tactics fail. This logic suggests that the optimal organizational structure of the stakeholder movement may vary depending on the stage of negotiation with the corporate target.

4. Godfrey (2005) also points out that some corporations may be more open to outsiders because of their embeddedness in a community with moral values favoring such openness. We might extrapolate from this that corporations in communities where moral values favor openness should be grant more influence to stakeholders.

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