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Social media revolutions: The influence of secondary stakeholders

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Abstract Traditionally, firms have tried to listen to primary stakeholders (e.g., customers, suppliers, creditors, employees) but have paid little attention to the concerns of secondary stakeholders (e.g., the general public, communities, activist groups). This is because primary stakeholders were perceived to have power, legitimacy, and urgency behind their requests, while secondary stakeholders had little or no leverage. With the coming of the Internet and social media this asymmetry of influence has changed. Today, secondary stakeholders have to be managed as adroitly as primary stakeholders. In this installment of Marketing & Technology, we show managers how social media and the Internet have amplified the influence of secondary stakeholders, and offer guidance on how to manage these groups effectively.

1. A shift in power

Senior managers now recognize that devoting attention to their primary stakeholders is not enough to ensure the success of an organization's external relations. Increasingly, communication and marketing managers must deal with secondary or 'fringe' stakeholders who have succeeded in capturing the public's attention (Sharma & Henriques, 2005). One needs simply recall the potency of the social media campaign waged against BP during the Deepwater Horizon crisis to appreciate the nature of the dilemma facing corporations today. BP's credibility was shattered, and four years later the firm is number two on the list of companies with the worst reputations (Hess, Callo, & Frohlich, 2014).

The conventionally accepted approach for how to manage stakeholders was described by Mitchell, Agle, and Wood (1997), who explained that primary stakeholders—typically large clients, suppliers, shareholders, and employees—receive the bulk of the corporation's attentions simply because the corporation requires the resources they provide in order to survive. Because of this resource-dependent relationship, those stakeholders with the greatest power, legitimacy, and urgency of

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demands on the organization are most likely to garner senior management attention. Meanwhile, secondary stakeholders—including consumer groups, communities, special interest groups, individuals, and the public—struggle mightily to be heard, often to no avail (Frooman, 1999).

We are now entering a new era of stakeholder affairs. Though it was speculated more than a decade ago that the Internet would give real power to ordinary consumers (Pitt, Berthon, Watson, & Zinkhan, 2002), and this has certainly proven true, the essence of the current change comes from the impact of social technologies on firm-stakeholder interactions. Firms today depend on positive Internet and social media commentary in order to maintain their reputation and legitimacy. User-generated content on social media is easily transmitted among stakeholder groups, reducing the corporation's ability to control its own image (Berthon, Pitt, Plangger, & Shapiro, 2012). With good reputation now seen as a vital resource and the firm's ability to control the same declining, secondary stakeholders now possess the kind of influence over the corporation that previously was the prerogative only of primary stakeholders (Parent, Plangger, & Bal, 2011).

Secondary stakeholders have increased their influence in three ways: (1) through an increase in the ability to gather and share information, making connections between data and communities; (2) through an increase in the capacity to frame issues to appeal to large audiences; and (3) by means of Internet-based 'mobilizing structures' that allow secondary stakeholders to reach and organize large populations. Together, these three capabilities have given secondary stakeholders a more equal voice in the firm.

Why should managers care about the greater power of secondary stakeholders? More influential secondary stakeholders provide senior management with a check on the powerful voices of primary stakeholders. They also act as watchdogs, providing insight into the behaviors and practices of some of the less accessible parts of the organization.

We begin by taking a closer look at social technologies and their impact on secondary stakeholders' influence strategies. We then suggest ways in which managers can deal with increasing secondary stakeholder power.

2. Understanding social technologies, secondary stakeholders, and social movements

Secondary stakeholders are characterized by particular qualities. First, unlike suppliers, customers, and employees, they are isolated from the firm; they have no physical contact, no personal connection, and no access allowing them the direct interaction with management that is routinely enjoyed by primary stakeholders (Zietsma & Winn, 2008).

Second, they generally represent a diverse group of people with diverse interests regarding the firm. While one group might have concerns about the firm's waste disposal policies, another might find its air pollution safety standards insufficient, and yet another might protest its community engagement practices (Gardberg & Newburry, 2013).

Third, secondary stakeholders are primarily concerned with bringing about institutional or 'field-level' change: changes in the manner in which an entire industry or group addresses a specific issue. They question the legitimacy of existing practices and, if the firm is seen to be a major protagonist in the practice, the legitimacy of the firm itself (Zietsma & Winn, 2008).

Largely because of these features, secondary stakeholders display many of the characteristics of participants in a social movement (Zietsma & Winn, 2008). Secondary stakeholders gather information about a firm and its practices, discuss and debate the information, develop ways to frame what they have learned in the context of their social and economic concerns, and then make their voices heard against the firm.

Social movement theory suggests that the key elements for gaining momentum in a social movement are for those involved to assemble evidence about a perceived wrong and to develop sufficient self-justification for mobilization (Klandermans & Goslinga, 1997). Klandermans and Goslinga's model for the generation of collective action is presented in Figure 1.

Starting from the left, the individual's own personality/disposition influences the sources of information and interpersonal interactions to which the individual is exposed. Cultural themes/counter themes prevalent in society also influence these. Information and interpersonal interaction (second-from-left boxes) combine to create an 'injustice frame' and an 'identity frame' (third-from-left boxes), which together will determine the position an individual decides to take on a given issue ('agency'; second-from-right box) and whether or not he/she will participate in the movement ('participation'; far-right box). An injustice frame involves the perception, based on accumulated and interpreted evidence, that an injustice or wrong exists or has taken place. An identity frame involves the perception of events relative to one's own situation and conditions. The more relevant to one's situation an event is perceived to be, the more likely the identity