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A supply chain perspective of stakeholder identification as a tool for responsible policy and decision-making

Morgane M.C. Fritz[a,*], Romana Rauter[a], Rupert J. Baumgartner[a], Nikolay Dentchev[b]

[a] University of Graz, Institute of Systems Sciences, Innovation and Sustainability Research, Graz, Austria
[b] Vrije Universiteit Brussel and KU Leuven, Brussels, Belgium

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ABSTRACT

Traditional stakeholder research typically departs from organisation-centric or issue-centric approaches. However, using these approaches for stakeholder identification lacks rigor and comprehensiveness, since these approaches cannot be used to embrace the complexity and dynamics of the organizational constituents. To address this gap, we propose adopting a supply chain perspective on stakeholder identification and describe the process in more detail with two cases of mercury trade and energy. Adopting a supply chain perspective reveals the direct and indirect stakeholders' influences, allowing us to study their interrelations, and clearly shows the role of each constituent in the stakeholder nexus. This process can serve as a tool to support governments, businesses, researchers, and non-governmental organisations to help them identify stakeholders related to services or goods in a more rigorous and comprehensive manner. In turn, in terms of increasing stakeholder understanding and engagement, responsible decision- and policy-makers can adopt this process to improve their chances of reaching sustainability goals. The focus is here set on environmental strategies and policies but the approach can be applied in other contexts where supply chain stakeholders need to be identified in relation to a piece of goods or a service.

1. Introduction

In recent decades, environmental management has been associated with complex and dynamic stakeholder interactions. It has become necessary for managers to engage with various stakeholders to increase the success of policies, since their expertise and influences may enrich or impact policy-making (Fageha and Aibinu, 2016). Engaging stakeholders allows decision-makers to develop solid environmental strategies and increase the transparency and acceptability of these strategies. Stakeholder engagement is also valued by different stakeholder groups, such as citizens, consumers, or suppliers since it gives them the opportunity to influence the decisions and strategies formulated by decision-makers.

Despite the widely acknowledged need for stakeholder engagement, clear guidance for both stakeholder theory and practice is still missing regarding which stakeholders to engage. On the one hand, from a resource dependence perspective, decision-makers are advised to engage with salient stakeholders that can impact the organisation (Hillman and Keim, 2001). A network perspective, on the other hand, shows that stakeholders can increase salience indirectly by joining forces with other constituents (Frooman, 1999; Rowley, 1997; Vandekerckhove and Dentchev, 2005). While from a moral perspective, decision-makers are advised to engage all stakeholders, including impacted and non-salient ones (Goodpaster, 1991; Phillips, 1999), Hart and Sharma (2004) argue that paying attention to non-salient or fringe stakeholders (i.e., taking a strategic perspective) enhances the innovativeness of companies. These three perspectives are vastly different. Moreover, taking a traditional stakeholder perspective typically offers approaches that are company-centred or, at best, issue-centred. This does not provide managers with a comprehensive and yet practical overview of the complex and dynamic nexus of stakeholders. Therefore, we address this knowledge gap from a supply chain perspective, as supply chains are

* Corresponding author.
E-mail address: morgane.fritz@uni-graz.at (M.M.C. Fritz).

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known to be complex, dynamic, and require a systemic approach (Srivastava, 2007; Seuring and Müller, 2008; Kogg and Mont, 2012; van Bommel, 2011). Maintaining a comprehensive understanding and engagement of stakeholders – particularly within a supply chain – is vital.

Identifying stakeholders using a supply chain perspective (SCP) enables managers to identify these stakeholderś interactions more effectively, since they consist of a network of companies working together to deliver goods or services to both the immediate customers (e.g., the focal company) and the final consumers. Furthermore, supply chains (SCs) must make their activities more sustainable to satisfy the stakeholderś requirements (Gold et al., 2010). Global SCs have the power to reduce the negative impacts of activities on the environment and human health (Chien and Shih, 2007; Hsu and Hu, 2009). Taking a SCP, compared to network and issue management perspectives on stakeholder management only, can help decision-makers gain a mixed overview of the network and multiple issues that are relevant to the environment and society. Taking this perspective also enables managers to address a wider and more comprehensive spectrum of stakeholders and engage them when developing environmental and social policies and strategies. In this way, they can minimize the common problems of bias, omission, and lack of applicability associated with the current methods and processes used to identify stakeholders (Reed et al., 2009; Jepsen and Eskerod, 2009; Achterkamp and Vos, 2007).

The aim of this paper is to develop a tool[1] for researchers, decision and policy-makers to identify supply chain stakeholders (SCSs) more comprehensively and with less bias and omission risk. We call it the supply chain-oriented process to identify stakeholders (SCOPIS). This is a unique approach that can be taken to address the issue of stakeholder identification in relation to goods or services. Because it is structured, SCOPIS reduces the problems mentioned above and can be used by researchers and practitioners to identify and engage stakeholders more comprehensively. SCOPIS was used to identify stakeholders in two cases: the global issue of mercury trade for use in artisanal and small-scale gold mining (ASGM) (case 1) and the development of sustainable energy supply in a small city in Austria (case 2). The analysis of SCSs helped us better understand the relationships among stakeholders, which stakeholders were affected and which affected others, and revealed hidden synergies. This approach is, however, limited to the context of goods or services.

The paper is structured as follows: First, we present the theoretical background on stakeholder identification methods and processes (Section 2.1), the supply chain management (SCM) concepts that are applicable to stakeholder identification (Section 2.2), and the requirements for a successful stakeholder identification process (Section 2.3). Second, we describe the methods used in the two cases and the expert panel validation of SCOPIS. Third, we summarize the results of the process and discuss them with regards to their advantages and limitations. Finally, we highlight the implications for policy- and decision-making, address the limitations of SCOPIS, and draw conclusions regarding further improving and testing the process in different fields.

2. Theoretical background

2.1. Stakeholder identification

Analyzing stakeholders is the process of identifying and categorizing them (Freeman, 2010). Many scientific publications, however, simply refer to existing stakeholder classifications as those summarized by Kumar et al. (2016)[2] or suggest new ones (Frooman, 1999), without specifying how the stakeholders were identified (Reed et al., 2009; Achterkamp and Vos, 2008; Pouloudi and Whitley, 1997).

Although not all stakeholders have a crucial stake for decision- or policy-making, they may all be identifiable (Donaldson and Preston, 1995), and it is important to do so before prioritizing them (Rawlins, 2006) since their stakes, influences, and power may change over time (Achterkamp and Vos, 2007). Stakeholders may also have several roles, and one role may be played by several stakeholders (Ballejos and Montagna, 2008). A proper identification and assessment of stakeholders' roles is a crucial success factor for projects (Achterkamp and Vos, 2008). However, practitioners that need to identify stakeholders still do not have a process that helps them or lack the time to comprehensively do so (Jawahar and McLaughlin, 2001).

From a theoretical perspective, this is a serious knowledge gap since the validity of the entire stakeholder analysis and success of stakeholder engagement relies on stakeholder identification; it is the first step in this process (Kumar et al., 2016; Reed et al., 2009). Several methods can be used to support stakeholder identification (Reed et al., 2009; Roloff, 2008), among which the most common ones are: brainstorm/focus groups (e.g., Calvert, 1995, p.216; Achterkamp and Vos, 2007), context-specific stakeholder lists (e.g., Chevalier and Buckles, 2013, p.75; Savage et al., 1992), generic checklist (i.e., not context specific) (e.g., Mitchell et al., 1997), semi-structured interviews (e.g., Pouloudi and Whitley, 1997; Parent and Deephouse, 2007), expert consultation (e.g., Chevalier and Buckles, 2013, p.75), snowball sampling (e.g., Conde and Lonsdale, 2005; Rowley, 1997; Biernacki and Waldorf, 1981), and surveys (e.g., Brugha and Varvasovszky, 2000).

Each method requires specific resources and has strengths and weaknesses. Some usually require few and/or cheap resources (e.g., brainstorm, checklists), while some facilitate the understanding of complex issues (e.g., interviews, experts' consultation) but may be time consuming (e.g., interviews). In others, a consensus may not be reached (e.g., brainstorm), results might be biased (e.g., expert consultation), or some stakeholders might be omitted (Reed et al., 2009). Rather than using these methods individually, it is recommended to combine them (Roloff, 2008; Reed et al., 2009; Chevalier and Buckles, 2008) and use them in an iterative manner (Pouloudi and Whitley, 1997; Prell et al., 2008). We refer to the combination of methods as a process. Stakeholder identification processes are rarely mentioned in the literature and are difficult to recognize since they are not referred to as such or are inappropriately called "methods".

2.2. Supply chain perspective on stakeholder identification

SCs involve organisations at multiple levels, and hence, adopting a SCP could help managers reveal many of the involved and affected stakeholders. The latter are often forgotten when traditional, company-centred approaches are taken (Vos, 2003).

Based on Bowersox et al. (2007), adopting a SCP means that one must consider raw material suppliers, procurement, distribution, manufacturers, and end consumers. Each SC consists of a focal company which supplies a customer with a product or material that first, second, or other tier suppliers (tier-n) participate in transforming and assembling to manufacture and deliver goods (Seuring, 2009). According to Seuring and Müller (2008), the main stakeholders for a sustainable supply chain management (SSCM) are suppliers, governments, customers, and other stakeholders addressed by the focal company to avoid risks or improve the SC performance.

However, as globalisation has increased the number of relationships among SCs, and competition has shifted from inter-companies to inter-SCs (Gold et al., 2010), managers need to identify the direct and indirect stakeholders involved in the production, supply, and consumption of goods or services. This means that in addition to studying the stakeholders related to the production or delivery of goods or services, managers need to study the external stakeholders of the respective SC partners (e.g., non-governmental organisations (NGOs), inter-

[1] A tool is defined in this paper as a structured process based on several methods that guides the user to identify stakeholders

[2] One may add the company, operating environment, and broad environment (Donaldson and Preston, 1995); direct and indirect stakeholders (Frooman, 1999); and active and passive stakeholders (Grimble and Wellard, 1997) to this selection of generic stakeholder classification schemes.