

# Communicating strategy to and with different stakeholders

Strategy Communication 29.1.2021



Aalto University  
School of Business

# Before we start

Please note: NO class hours on Feb 3<sup>rd</sup> (Wed) and Feb 5<sup>th</sup> (Fri): time for conducting your groupwork

Next meeting: the workshop (presenting strategic analyses) on Feb 10<sup>th</sup> (Wed)

Detailed information on how we will run the workshops/presentations posted to you in due time

# Agenda today

- Strategic credibility as a result of strategy communication
- Stakeholder salience & analysis as a basis of strategy communication

# Strategic credibility as an aim

- ‘Strategic credibility’ ...refers to how favourably key stakeholders view the company’s overall corporate strategy and its strategic planning processes.
- Affirmative answers (effective communication of answers) to the following questions needed:
  - Does the strategic direction of the company make sense? Is it reliable and believable?
  - Is it responsive to emerging opportunities and sensitive to the internal strengths of the firm?
  - Does the company have an effective planning process that assures a continuing stream of sound strategic decisions?
- A number of pay-offs reported:
  - A direct relationship between strategic credibility and price/earnings; an improved climate within investment banking circles; enhanced employee motivation, better relationships with suppliers, stockholders and regulatory agencies

Higgins, R. & Diffenbach, J. (1989) Communicating corporate strategy: the payoffs and the risks, *Long Range Planning*, 22.

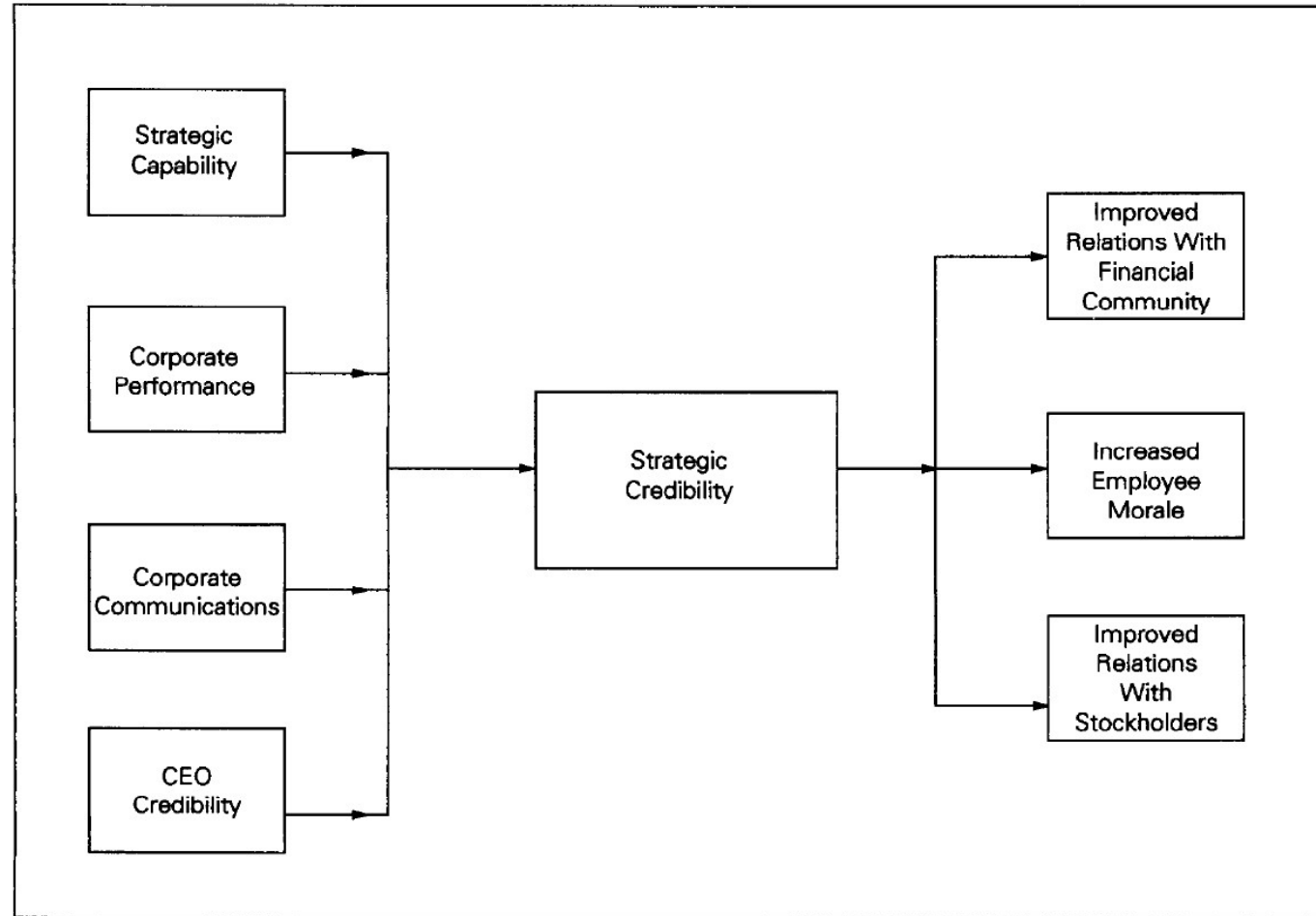
Higgins, R. & Bannister, B. (1992) How Corporate Communication of Strategy Affects Share Price, *Long Range Planning*, 25.

# Ingredients of strategic credibility (Higgins & Bannister, 1992)

- CEO and other senior management's communication > alignment with strategy
- Strategic capability determined by the soundness of the strategy and effectiveness of the planning process
- Past corporate performance
- Corporate communication supporting the strategy

# Strategic credibility mode

Higgins & Bannister  
(1992)



# Throwback to the three key challenges of strategy communication

- Knowing/understanding the strategy
- Articulating the strategy
- Participation in strategy

These intertwined elements are at the heart of strategic credibility

# **Approaching stakeholders**

**(Stakeholder = A person, group or organization that has interest or concern in an organization)**



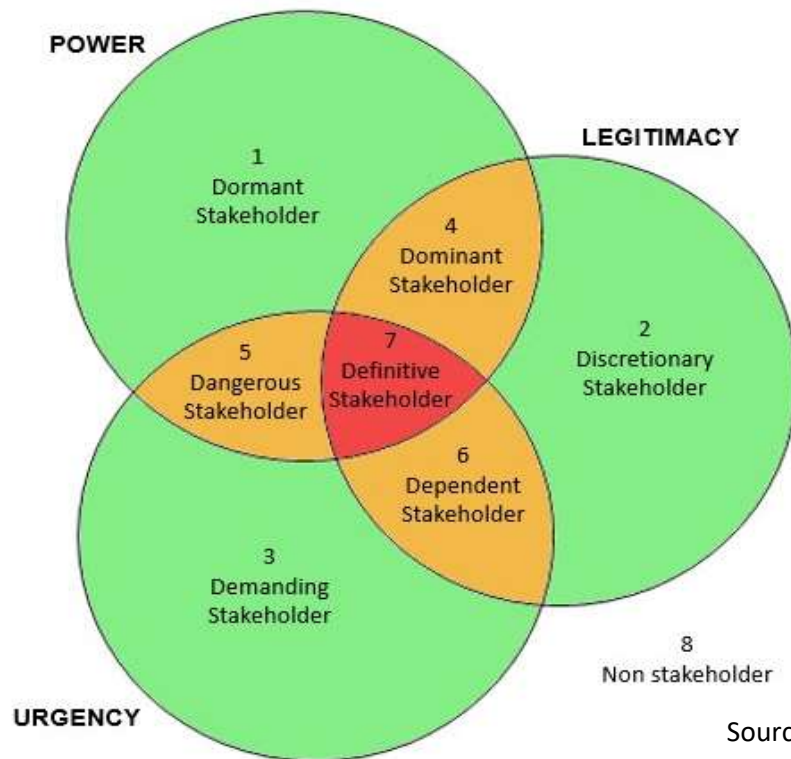
# Communicating differently?

- Constituencies / stakeholders are different and require different strategy communication (different type dialogue and interaction with the organization)
- Yet, basic message has to be coherent, "speaking in harmony", "one story – one basic message" (Argenti et al. 2005: The Strategic Communication Imperative, *MIT Sloan Man. Rev.*)



Stakeholder **saliency** model, Mitchell et al. (1997) Toward a Theory of Stakeholder Identification and Saliency: Defining the Principle of Who and What Really Counts. *The Acad. of Man. Rev.*, 22 (4).

Green	Latent stakeholders: <b>one attribute</b> , low salience. Managers may do nothing about these stakeholders and may not even recognize them as stakeholders.
Amber	Expectant stakeholders: <b>two attributes</b> , moderate salience. Active rather than passive. Seen by managers as 'expecting something'. Likely higher level engagement with these stakeholders.
Red	Definitive stakeholders: all <b>three attributes</b> , high salience. Managers give immediate priority to these stakeholders.



**Dormant stakeholders** possess power to impose their will through coercive, utilitarian or symbolic means, but have little or no interaction as they lack legitimacy or urgency.

**Discretionary stakeholders** are e.g. the recipients of corporate philanthropy. No pressure on managers to engage with this group, but they may choose to do so. Examples are beneficiaries of charity.

**Demanding stakeholders** are those with urgent claims, but no legitimacy or power. Irritants for management, but do not warrant serious attention.. (E.g. serial complainers)

**Dominant stakeholders** have both powerful and legitimate claims and thus strong influence (e.g. owners, employees, customers)

**Dangerous stakeholders** have power and urgent claims but lack legitimacy. (Often unlawful, e.g. wildcat strikes)

**Dependent stakeholders** lack power but have urgent claims and legitimacy. (E.g. a local community of residents who needs e.g. media to voice their concerns)

**Definitive stakeholders** are often dominant stakeholders with an urgent issue, or dependent groups with powerful legal support.

Source: Stakeholder Saliency <https://www.stakeholdermap.com>

# On analyzing stakeholder groups

- Always context-specific (and case-specific)
- Categories may change, e.g. expectant stakeholders may gain additional attribute and become definitive

# The task of communication

1. To classify the different stakeholders according to their salience (low, moderate, high),
2. decide the need and intensity for communication based on that,
3. and define the best communicational strategy in terms of the purpose:
  - **Informational** (just to inform, to make information available, e.g. press releases)
  - **Persuasive** (trying to change and "tune" the knowledge, attitude, and behaviour of the stakeholder, e.g. through advertising or campaigns)
  - **Dialogue** (active two-way symmetrical communication, e.g. involving stakeholders in strategy development)
  - **Engagement** (doing together, being part of and involved)

**(How about your groupwork case company?)**

Analyzing stakeholders'

**UNDERSTANDING  
STAKEHOLDERS'**

- **NEED**
- **EXPECTATION**
- **MOTIVE**
- **TRIGGER**
- **DRIVER**

And, analyzing the need and intensity of communication

1. What are the key stakeholders?

2. What characterizes them (their needs, expectations triggers, drivers, motives)

3. What type of communication is needed (informational, persuasive, dialogue, or engagement ?)