Power Balance in the Stakeholder Game

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Abstract: The discussion on stakeholders and how they should be given some level of consideration has been given much attention in business discussions since the 1980s, especially in relation to Corporate Social Responsibilities (CSR) (Pedersen, 2006). Such discussions have given an indication that different stakeholders have different types of relationships with the firm and with other stakeholders. This paper views such relationships as games that are engaged in by the different stakeholders who are regarded as players in these games. In every game there is a price at stake, which is what each player (in this case stakeholder), aims to win at the end of the game. The price could also be referred to as resources that are needed by the different stakeholders for their various purposes. The stakeholder who controls such resources seems to be the one in possession of the power and so controls the relationship.

As a result, this paper is a conceptual work that uses Resource Dependency and Game theories to discuss stakeholders and how they balance power in their relationship with each other. It is a conceptual paper so it comprises a literature review which will enable the theories to be explored. The conclusion is reached that every stakeholder relationship is a game that plays out with the power balance tilted in favour of the stakeholder that controls the resources, with this position being dynamic.

Keywords: Stakeholder Relationships; Stakeholder Game; Power Balance; Influence; Interests;

1. INTRODUCTION

A discussion has developed since the 1980s, involving the consideration that should be given to the issue of stakeholders and their place in Corporate Social Responsibilities (CSR). Such a discussion has given an indication that different stakeholders have different types of relationships with the firm and with other stakeholders. This paper views such relationships as games that are engaged in by the different stakeholders who are regarded as players in these games. In every game there is a price at stake which is what each player, (in this case stakeholder) aims to win at the end of the game. The price could also be referred to as resources that are needed by the different stakeholders for their own purposes. The stakeholder who controls such resources seems to be the one in possession of the power and so controls the relationship.

Corporate Social Responsibility (CSR) has risen over the years to become a very popular subject, even as Pedersen (2006, p.137) refers to it as ―one of the buzzwords of the millennium‖. Despite an increase in both popularity and awareness of the concept, there is still confusion as it is deemed to still remain unclear and fuzzy (Amaeshi & Adi, 2007). This makes it so adaptable to individual or group needs and ambitions in line with Votaw’s (1972) reference to it as an idea that has some meaning, but not exactly the same meaning to everyone. Lebura (2009) has pointed out that these meanings held by different individuals and groups are influenced by a number of factors such as location, status, ambitions, needs, desires, values, etc.; resulting in diverse definitions of the concept. A few of main themes of the definitions by authors are presented in the table below.

Table1. CSR Definitions

<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Definitions</th>
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<tr>
<td>Donham (1927)</td>
<td>Firm’s responsibility to others</td>
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<tr>
<td>Bowen (1953)</td>
<td>Responsibility of business to consider others in decision making</td>
</tr>
<tr>
<td>Davis (1960)</td>
<td>Decisions beyond business’ economic interests</td>
</tr>
<tr>
<td>McGuire (1963)</td>
<td>Surpassing legal expectations</td>
</tr>
<tr>
<td>Davis &amp; Blomstrom (1966)</td>
<td>Serious consideration of business activities and its impacts externally</td>
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As can be seen from the above table, some authors (Davis, 1960; McGuire, 1963; Davis & Blomstrom, 1966; Carroll, 1979; Kotler & Lee, 2005; Eweje, 2006) deem it necessary for firms to get involved in CSR, while others like Friedman (1970) and Knox et al. (2005) think business has no reason to get involved with it. The view that CSR is a tax is hinged on the consideration that businesses actually pay taxes and royalties to government institutions and agencies as part of their legal obligations. There has also been a debate over CSR being discretionary or compulsory for firms to undertake, but some authors (Drucker, 1984; Porter & Kramer, 2006) have argued that businesses should be proactive by making it a part of their strategic directions. It is claimed by these authors that if such is the case then the concept can be accepted by firms as a way of increasing profitability while society benefits too.

Henderson (2001) insists that the concept’s lack of a consensus and generally acceptable definition could be responsible for the level of inactivity witnessed in the area despite its popularity over the years. The concept is deemed to be targeted at improving the lives of all stakeholders of the firm, despite claims of a lack of consensus with regard to its definition (Ojo, 2009). Walton (1967) had earlier indicated that stakeholders are the prime focus of the concept as he pointed out that it is about cordial relations between companies and the environments in which they operate. Maak (2007) agreed noting that the success of the concept is dependent on the kind of relationships existing with stakeholders. Andrioff & Waddock (2002) insists that the successful execution of CSR hinges on how much stakeholder support is enjoyed by the focal firm, making the building of stakeholder relationships necessary. These relationships will aid the firm to realise what areas to focus on that will positively impact its stakeholders (Du, Bhattacharya & Sen, 2010). In order to know what these priorities of stakeholders are, the firm needs to undertake stakeholder engagement which Lindgreen & Swaen (2010) referred to as CSR in action. Clarkson (1995) is of the view that the firm cannot attend to every social issue, so it must focus on the needs of its stakeholders before considering other social needs. This brings to the fore the need for businesses to identify who their stakeholders really are and make the needs of such groups a priority.

2. WHO ARE STAKEHOLDERS?

The identification and definition of who could be called a stakeholder has been a subject of debate as far back as Dodd's (1932) postulation that all an individual or group requires to be called a stakeholder of a firm is dealing with such a firm. He laid the foundation for the various definitions that can be found presently about the subject, even as his definition could be said to be very broad. This has not been very helpful to the progress of the area which is claimed to be dependent on the availability of a common definition of stakeholders (Phillips & Reichart, 1998). Following Dodd’s (1932) definition, others have made their contributions as to what they think could be regarded as the definition of a stakeholder. A stakeholder is any one upon whom the firm depends in order to survive, whatever the kind of dependence (Freeman & Reed, 1983; SRI, 1963 cited in Freeman, 1984; Bowie, 1988). The survival of the firm being dependent on the stakeholder is supported by Campbell & Alexander (1997), who emphasised that the loyalty of stakeholders plays an important role in ensuring that the firm remains in business. This is meant to be taken seriously as the stakeholders are also in similar relationships with other firms, tilting the power balance in their favour. The issue of dependence being what makes an individual or group become a stakeholder of a firm was agreed to by Rhenman (1964 as cited in Nasi, 1995), but he was of the opinion that the supposed stakeholder is the dependent party. He further claims that it is actually such a dependence upon the firm that gives the group or individual the right to be called a stakeholder. Langtry (1994) agrees that the stakeholder is dependent on the firm, pointing out that the advancement of the former is tied to the latter’s decisions. In reaction to these views of dependence, Ahlstedt & Jahnukainen (1971 as cited in Nasi, 1995) insisted that while dependence is always present whenever firms and their stakeholders interact, such dependence is usually reciprocal. This implies that none of the parties is independent of the other, as they both need something from each other at various points in time.
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There have also been definitions that focused on the possession by the group or individual of a claim (Clarkson, 1995); a claim which must be legitimate (Hill & Jones, 1992); a claim that is derived from a contract (Cornell & Shapiro, 1987); stakes that could be either real or potential (Evan & Freeman, 1988; Starik, 1994); or an interest that is deemed legitimate (Donaldson & Preston, 1995). It is also purported that it is not enough for a supposed stakeholder to possess a claim or a stake if it lacks the ability to impact or influence the firm to do what it wants (Savage et al, 1991; Carroll, 1993; Brenner, 1995). Clarkson (1994) argues that anyone that bears a risk or has the possibility of being at risk as a result of the firm’s activities can be called a stakeholder. In line with the issue of risk being important, it becomes expedient that the firm regards everyone to whom it is responsible as being its stakeholder (Alkhafaji, 1989). The supposed responsibility of the firm to its stakeholders is based on a relationship existing between them (Thompson et al, 1991), which makes them interact with each other (Wicks et al., 1994; Nasi, 1995).

The most commonly mentioned definition is that put forward by Freeman (1984) when he defined a stakeholder as anyone or group that affects or can be affected by the firm in carrying out its operations. He further pointed out that such an impact or effect relationship gives the stakeholder a stake in the firm, leading his grouping of stakes into equity, economic and influencer stakes. The difference between equity and economic stakes is that the former is held by those who have some kind of direct ownership of the firm because of their investments therein (e.g. capital providers), while the latter is held by those who only possess economic interests in the firm by virtue of their services (e.g. employees, suppliers, customers and competitors). The holders of influencer stakes do not possess any kind of ownership or economic interests in the firm directly, but derive their stakes in the firm from their relationships with either economic or influencer stakeholders (e.g. consumer advocacy groups, trade unions and environmental groups). The level of ownership of the firm’s stakes possessed by the equity stakeholders explains the reason why they are mostly referred to as the ones to whom the firm is responsible. Kotter & Heskett (1992) insist that no matter the kind of stake held by a stakeholder, managers of firms pay varying degrees of attention to everyone that holds a stake in their businesses. According to Wolfe & Putler (2002), the stakes held by different groups as seen above are a function of what their various motivations are; so they argue that equity and economic stakeholders are guided by their self-interest, while influence stakeholders strive to better society in general.

The definitions presented above as well as others not mentioned here highlight a few things, such as claims, stakes, interests, impact, influence, risks, dependence, relationship and responsibility. All of these indicate that for an individual to be called a stakeholder, it must have a link with another individual or group. Hence, it must be pointed out that the stakeholder can also have its own stakeholders; these could be individuals, groups, firms or institutions. As a result, it should not always be thought that firms can only have stakeholders and not also become stakeholders of other firms or groups.

In furtherance of the stakeholder discourse, various scholars (Davis, 1973; Mitchell et al., 1997; Jonker & Foster, 2002; Phillips, 2003; Driscoll & Starik, 2004; Neville et al., 2004) have tried to identify the attributes or features that earn a group or individual the right to be called a stakeholder. Their contributions have resulted to the identification of some elements or attributes such as power, urgency, legitimacy, criticality, rationality and proximity. The possession of these attributes impacts on how well the stakeholder is able to benefit from its claim of a stake or interest in a firm or industry (Neville et al., 2004). In order to maximise such stakes, the stakeholder must hold such in same way as shareholders hold their shares in companies (Fassin, 2009). This implies that once they are sure that they have stakes in any organisation, they should make effort to ensure that they maintain and retain their stakes. This can only be done by their relationship with other stakeholders that they interact with and how they use their attributes, as Agle et al. (1999) have posited that these attributes influence how stakeholders are regarded by others, especially managers of firms.

Power has been presented by Mitchell et al. (1997) as being a very important attribute, especially since it is the most active of all the attributes, as a result of its role in influencing the decisions of others. There are various definitions of the term, but they all indicate that the term refers to a situation where one can be made by another to do something, even against the former’s will or wish (Weber, 1947; Salancik & Pfeffer, 1974; Pfeffer, 1981). It has different types such as coercive power,
utilitarian power and normative power, each of which could be accessed through physical force or violence, material or financial incentives and symbolic resources respectively (Etzioni, 1964). The use of power in getting whatever the stakeholder wants can be beneficial, but it must be used cautiously as an abuse of it could result to losing it (Davis, 1973). Phillips (2003) posits that the separation of power from legitimacy is misplaced, since it is only the medium via which the latter is obtained. Mitchell et al. (1997) in discussing legitimacy disagreed with the view that merges it with power, stating that it can be seen from different relationships between stakeholders that the position of one attribute does not always guarantee the other. It was defined by Weber (1947) as the use of power in an acceptable way, while Suchman (1995) presents it as when an entity’s actions and activities are acceptable to a particular society. This means that while power does not need the approval of society in order to be exercised, legitimacy depends on what society says at a particular point in time. Phillips (2003) insisted that this is the only attribute required by a group or individual to earn stakeholder status, stating that there are two types which are normative and derivative legitimacy. He explains that the first refers to the type of legitimacy possessed by direct stakeholders of the firm, while those without a direct relationship are holders of the latter type of legitimacy. The indirect relationship influences how the holders of derivative legitimacy express themselves to the firm, which is usually through the use of violence. Jonker & Foster (2002) objects the claim that legitimacy is very important, arguing that it is only a part of power and not an attribute of its own.

**Urgency** has been defined by Mitchell et al. (1997) as the attribute that makes a stakeholder’s claims to require immediate attention and action. They further posited that for this to happen, such claims must be time sensitive as well as deemed critical; a combination of these increases the urgency of a stakeholder’s claims. Jonker & Foster (2002) insisted that criticality deserves more than a passing mention as a part of urgency, leading to their proposition that it is actually an attribute of its own. They allude to the fact that it is what makes a particular issue more important at a particular point in time, despite the presence of an array of issues to attend to every time. They also discussed rationality as one other attribute that must be taken into consideration, as a result of the role it plays in moulding the views that stakeholders hold of others with whom they have relationships (Gifford, 2002). It also makes for a better understanding of such relationships as well as what can be benefitted by the stakeholder from such. Bester & Warneryd (2006) point out that it is such an understanding of the relationships they have with others that leads the stakeholders to consider the options of either collaboration or confrontation of each other. In their view, Driscoll & Starik (2004) posited that attributes of stakeholders will be incomplete if the environment is not accommodated leading to the inclusion of proximity as one of such. They agreed with Soukhanov’s (1984) earlier definition which refers to the term as being concerned with how close entities or groups are to each other; stakeholders in this case. They further argued that the strength of a relationship between stakeholders is highly dependent on the level of proximity existing between such stakeholders, which must not be in a geographical sense or in terms of location. They explained that a group could be in a different part of the world yet share proximity with another group of people at the other end, as a result of an issue that they both have interests in.

All of these attributes are indicative of the place of relationships between stakeholders as they pursue their peculiar interests, since these cannot be possessed or even used in isolation from other stakeholders. Hence, it is posited by Mitchell et al. (1997) and Agle et al. (1999) that a stakeholder’s influence can only be deemed so by other stakeholders. This implies that a stakeholder’s attributes are of little or no importance or value if they are not seen by other stakeholders to be influential in their relationships with each other.

### 3. Relationships between Stakeholders

The relationship between various stakeholders have been argued to be in different forms, such as the one-on-one relationship which Freeman (1984) highlighted. This kind of stakeholder relationship was presented as being a situation where the firm has direct contact and interaction with each of its stakeholders, without any impact from other stakeholders on such relationship. This implies that every such relationship is isolated from other relationships between the firm and others as can be seen on the diagram below.

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There have been reactions to the above presentation of stakeholder relationships as being direct between the firm and its stakeholders separately, leading to Freeman & Evans (1990, p.354) referring to these relationships as “series of multilateral contracts”. Hill & Jones (1992) agreed that while firms will continue to have their direct relationships with their various stakeholders with contracts that are specific to each, all these happen in a network of relationships. Rowley (1997) insisted that stakeholders are not known to interact with each other only on a one-on-one or dyadic basis, but do so as a function of the numerous stakeholders that influence their actions and decisions. He explains that such network of relationships are multiple with the various stakeholders being dependent on each other at different points in time. This leads to the argument that a firm should not just be seen as the centre of attention in stakeholder discussions; as such a firm could also be a stakeholder to others in its network of social interactions. Williamson & Winter (1991) agreed with this view calling it a nexus of contracts that would sometimes result in collaborations and alliances between stakeholders as they attempt to influence stakeholder decisions positively. According to Neville & Menguc (2006), these could be referred to as stakeholder multiplicity, which is reflected in the diversity of interests and claims that are possessed by different stakeholders. They further stated that these diverse interests and claims could result in a clash of interests, which makes it important for the firm to address such needs based on priority.

Frooman (1999) posits that these relationships are always controlled by the stakeholder who holds resources deemed critical for the survival of other stakeholders. Such resources are crucial in the determination of how much stakeholders depend on each other in their interactions with one another, resulting in low or high dependence as well as interdependence. Frooman & Murrell (2005) purport that the relationships and interactions between stakeholders are more important than the stakeholders involved in such relationships; leading to their position that the relationships should be given more attention and not the stakeholders themselves. It is noteworthy to state that these relationships are a function of the resources at stake, which makes it expedient that this paper looks at Resource Dependency Theory next as a way of understanding these interactions.

Resource Dependency Theory, which is all about the role of resources exchanged between different actors in the continuity of their relationships, has been previously applied by different scholars (Kreiner & Bhambri, 1991; Agle et al., 1999; Frooman, 1999; Jawahar & McLaughlin, 2001) to stakeholder discussions. According to Emerson (1962), the theory can be summarized by a study of power and dependency, with regards to how they both relate to each other. The success and survival of every firm or business depends on its ability to manage its external environment, which is the only way that it can maintain critical resources needed for its survival (Pfeffer & Salancik, 1978). The uncertainties faced by businesses are caused by this dependence on the external environment for such critical resources (Chin et al., 2004) and this has contributed to increased popularity of the subject over the years (Casciaro & Piskorski, 2005). In order to avoid being affected negatively by uncertainties from scarcity of resources, Chin et al. (2004) have insisted that the best approach is for firms to be proactive in ensuring that they gain control of critical resources required for their survival. This can be done by the firm making sure that it keeps these resources once they are acquired, especially considering the unstable and competitive nature of the external environment as other firms are after these same resources (Froelich, 1999). The management of stakeholder relationships becomes an important aspect of business strategy, even as Froelich (1999) insists that one way of maintaining these resources is to continually interact with holders of such resources (stakeholders).
Jawahar & McLaughlin (2001) proposed that businesses and their managers could adopt one or a combination of four strategies; reaction, defense, accommodation and proaction. They explained that the application of any of these strategies will be based on how important the stakeholder is viewed by the firm as well as how much they depend on each other. However, considering that firm needs are dynamic in nature, such levels of attention and dependence could also change over time meaning that a firm will apply different strategies in line with its needs at the point in time. Frooman & Murrell (2005) made it clear that an organisation or business cannot really apply the right strategy to the stakeholders unless it is aware of the various strategies or options available to the stakeholder. The assessment of the different possible strategies or options that could be taken by the stakeholder also includes finding out what alternatives are available to both parties in terms of alternatives to sourcing critical resources (Casciaro & Piskorski, 2005). Frooman (1999) had earlier proposed types of stakeholder influence strategies that could be used by stakeholders and firms in their relationships with others, which are withholding, usage, direct and indirect strategies. The first two relate to the stakeholder deciding to either withhold its resources or use such against the other party; while the latter two relate to the medium or channel through which the stakeholder effects its chosen strategy and this could be either directly or indirectly via others. Frooman (1999) emphasised that different types of relationships are created as a result of the power wielded by each stakeholder as derived from its control of critical resources. Such relationships are stakeholder power, firm power, high interdependence, and low interdependence. The first two relationships reflect a situation where the power balance is tilted in favour either the firm or its stakeholder, while the others show that both the firm and the stakeholder need each other in one way or the other, resulting to no one controlling the relationship.

In agreeing with how power depends on the resources that a stakeholder can control, Casciaro & Piskorski (2005) discussed the concepts of power imbalance and mutual dependence. They defined power imbalance as the level of influence which the different actors have on each other in the relationship and how that tilts in favour of each one; while mutual dependence refers to the level of dependencies between the actors, irrespective of whether they are balanced or not. This further validates Frooman’s (1999) types of stakeholder relationships where the level of dependence existing between the different actors will either affect or be affected by the level of power that is exerted in the relationship. The theory has been criticised by Chin et al. (2004) as lacking sufficient empirical evidence, in spite of its popularity and application. Another criticism is presented by Casciaro & Piskorski (2005) as concerning its greatest focus on the firm’s need for resources and a total neglect of the resource needs of other stakeholders, making the theory one-sided.

In spite of the above criticisms, the theory is deemed useful to understanding stakeholder relationships, especially in relation to the role of resources in such relationships. However, it is noteworthy to point out that the discussion of power imbalance and mutual dependence above has nothing to do with equality or inequality, but it is mainly about the importance of the stakeholder to another in relation to resources. The implication of this is that firms do not operate as islands; rather they depend on others outside of themselves to bring their goals to fruition, as given further credence by Emerson’s (1962) discussion of dependence. Consequently, the kind of dependence or reliance that a stakeholder has on another stakeholder will be a function of the resources required by the dependent stakeholder from the other stakeholder, which puts the balance of power in favour of the resource holder. This is manifested in relationship settings that are similar to games, which can be better understood by the application of Game Theory.

The application of Game Theory in this paper revolves around its ubiquitous nature, despite originating from mathematics, as well as its relevance in analysing interactions between humans (Davis, 1997; Binmore, 2007). The theory and its establishment has been credited to von Neumann and Morgenstern (1944), for pioneering the application of mathematics to strategic games (Binmore, 1994; Osborne, 1995; Davis, 1997; Binmore, 1998; Binmore et al, 1998; Camerer, 2003; McCain, 2010). The theory helps to create a better understanding of the various interactions and relationships that exist between humans, institutions, firms and governments (Camerer, 2003). Hence, stakeholder relationships could be better understood by applying this theory to them, even as they have to do with choices made by the different stakeholders involved based on their expected outcomes (Cave, 1987). The players or stakeholders decide to either cooperate or compete with others after an assessment of what the likely outcomes of both strategic directions could be (Davis, 1997). As a result, games can
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sometimes become confrontational as the different players or stakeholders take decisions aimed at achieving their peculiar goals of getting the best outcomes for themselves (Sela & Vleugels, 1997).

The reference to a scenario or relationship as being similar to a game must be as a result of some characteristics deemed as critical, such as players, choices or strategies, outcomes (Cave, 1987); a set of players, a set of actions and preferences (Osborne, 1995); guiding rules and information (Camerer, 2003). A player can be anyone that is involved in some form of interaction with others, but Binmore (1994) insists that such a supposed player must possess preferences and subjective beliefs. He explains that only players that possess these attributes can really play games or interact with others, as they will have access to information needed to be active players in the game. These players could be individuals or firms (Osborne, 1995) so long as they have the ability to make decisions, bearing in mind that such decisions result in outcomes or payoffs (Binmore, 1994). Rationality has been said to be responsible for the kind of actions or decisions made by the players as they interact with others in the course of the game, so it cannot be neglected (Osborne, 1995; Binmore et al, 1998; Binmore, 2007; McCain, 2010).

The way these stakeholders view these games or relationships influences how they treat or react to other parties with whom they have relationships. Osborne (1995) grouped all games into strategic or extensive, and coalition, with the first two to the actions of players or stakeholders being repetitive, while the last one refers to a situation where games are mainly about the outcomes. These games could also be viewed based on the number of players involved, as there is a difference between games involving two persons and the ones played by more than two players (Davis, 1997). Such players (whether they are two or more) could decide to cooperate or not cooperate (Binmore, 1998), which could result in a game being called either a zero-sum or non-zero-sum game (Binmore, 2007). According to Mccain (2010), every game could either have a situation where the players are given all the necessary information or they are not, resulting in games of perfect information and imperfect information.

The idea of a game as being similar to stakeholder relationships can be seen by the fact that those referred to as players can be seen as the stakeholders who have an interest in a particular issue or industry. As a result of their peculiar interests, each stakeholder goes into the relationship (game) with the aim of trying to take decisions that will ensure that those interests are protected, further resulting in a favourable outcome or payoff. The relationship is guided by a set of rules, which are supposed to be agreed to by all parties involved in the relationship through diverse channels of information and communication. Stakeholder relationships could be referred to as extensive and coalitional games since they are repetitive in nature being that the players have to make several decisions during the period of the relationship, while they consider what the likely outcomes could be for them. They could also be seen as zero-sum or non-zero-sum depending on the level of cooperation or otherwise that exists between the different stakeholders involved. As a result of this, different games will be highlighted in the next section where necessary as a part of the discussion applying resource dependency and games to stakeholder relationships.

4. RESOURCES AND THE BALANCE OF POWER IN STAKEHOLDER GAMES

This section discusses how resources determine the balance of power in stakeholder relationships, and follows the presentation of such relationships as games in the above section. This is done by applying aspects of resource dependency and game theories as well as using some of the attributes of stakeholders as earlier presented by authors (Mitchell et al., 1997; Jonker & Foster, 2002; Phillips, 2003; Driscoll & Starik, 2004) where relevant.

This paper argues that all stakeholder relationships are games being played between the various stakeholders, since these relationships have all the characteristics earlier presented as necessary for a game situation. The stakeholders are the players who are make strategic decisions as reflected in their various actions, as they work towards the actualisation of the best outcomes or payoffs (interests) for themselves. However, as stakeholders pursue such best outcomes they must be able to influence other stakeholders to achieve such goals and this can only be done by a positive perception by other stakeholder. As a result, it is argued that power and all the other attributes put forward earlier cannot really make for anything to make a stakeholder influential if such a stakeholder does not control resources that are critical to the other stakeholders. Therefore, resources must also be added to the attributes that have been previously put forward as being important in making a stakeholder more
nts lead to the proposition of three main groups of stakeholder games or relationships, which are imbalanced dependence, balanced dependence and non-dependence games.

**Imbalanced Dependence Games:** These kinds of stakeholder relationships are those ones where the balance of power tilts in favour of one or more stakeholders in such relationships. This status is acquired by the stakeholders in question as a result of their possession of one or more of the stakeholder attributes (power, legitimacy, urgency, rationality and proximity) in addition to their control of the critical resources required by other stakeholders in the relationship. The power imbalance in this kind of relationship makes the stakeholder who controls the relationship decide the direction, so it enforces its desires and wishes on the others. This leads to high dependence by the controlling stakeholder and low dependence by the dependent stakeholder. This reflects that for one stakeholder to win the game, the others must be in a losing position, which makes such relationships more confrontational than cooperative, as everyone realises that the achievement of their goals depend on what happens to others. A game that fits in this category is the Ultimatum game, which concerns a proposer who makes an offer to a responder who is meant to either accept or refuse such an offer. Stakeholders who could be involved in games of this nature are companies and their host communities on issues relating to the operations of the former, especially when there seems to be so much demand by the latter. Similarly, companies and government agencies can be in these kinds of game situations when the latter makes certain legislations that it expects the former to abide by without any exceptions or concessions.

**Balanced Dependence Games:** Stakeholder relationships that fall under this category are those where the different stakeholders that are involved in the relationship have a fair level of interdependence on each other to survive or make progress. As a result, the power balance is not really in any particular stakeholder’s favour since no one stakeholder here is in possession of all the required attributes, while also controlling the critical resources required by others. This is mostly the case where there is an understanding between the various stakeholders that despite their control of different resources required by others, in reality their survival depends to a great extent on others. This seems to make stakeholders decide on what is best for the relationship, while taking into account their individual interests and goals leading to a certain level of fairness. There is a high level of cooperation between stakeholders as opposed to confrontation or competition, as a reflection of the inter-dependence witnessed in these relationships. The stag hunt game (Skyrms & Irvine, 2001) is an example of this kind of stakeholder relationship as it presents a group of hunters who are out on a hunting expedition where they all jointly aim to catch a stag, with individuals having their peculiar goals of catching a hare. However, in order for the group aim of catching a stag to be achieved, there needs to be a high level of focus on the group aim to the detriment of individual goals and ambitions. This results to the group goal being achieved over that of the individual, but that has to be a decision of each individual that holds a stake in the relationship. All stakeholders can be in these kinds of relationship with others once there exists a direct relationship between them, especially if they realise how intertwined their different expected outcomes are to each other’s.

**Non-Dependence Games:** In these kinds of stakeholder relationships there is really no dependence between the stakeholders involved in these relationships, mainly because there is no legitimate link between them. The only way that stakeholders in such kinds of relationships can influence each other would be through other stakeholders who they have direct relationships with. Such other stakeholders would then use their direct relationships with the stakeholders in question to bring about a change in each other’s behaviour and actions.

In the light of the above, whether a stakeholder wins or loses in the game it plays with other stakeholders depends to a great extent on how much of the resources under its control are required or needed by other stakeholders. Therefore, it tends to be that in stakeholder relationships a stakeholder could either win or lose since it depends to a great extent on the resources at stake at every point in time. This seems to be the reason why shareholders are seen as the main owners of the firm based on the stakes they hold in the firm, which is referred to as equity stakes by Freeman (1984). However, it is noteworthy to point out that in a situation where there is mutual dependence between stakeholders for different resources; it is possible to have a win-win situation. The implication is that while a stakeholder might be in a position to control the relationship today as a result of the resources needed by another stakeholder being under its control, it can be in the dependent position tomorrow. There is
also the perspective of alternatives available to each stakeholder with regards to how it aims to source the needed resources, which could contribute to the power level of the stakeholder. If a stakeholder is limited with regards to alternative sources of resources, then such a stakeholder will be at the mercy of the stakeholder that controls the resources. For example, in the ultimatum game a scenario where there is one proposer and more than one responder or vice versa could change the power dynamics in the relationship. Nevertheless, alternatives are dependent on the level of information which the stakeholder has about all the other stakeholders as well as the resources being targeted by the different stakeholders.

5. CONCLUSION

Following the review of the role that resources play in balancing power between stakeholders, this paper concludes that every stakeholder relationship is a game has the stakeholders involved in such interactions as the players. In such games, the power balance is always seen to tilt towards the particular stakeholder that controls the critical resources required by others. However, it must be pointed that such a position of power is dynamic so the stakeholder must do all within its capability to remain in control. As a result, resources are posited as being crucial in granting a stakeholder the level of attention required from others. This has varying implications for the firm and the different relationships that they have with diverse stakeholders.

The implication for the firm is that there needs to be a strategic plan to ensure that it is in a balanced dependence relationship with every stakeholder upon whom the firm depends for its critical resources. This implies that the firm will not be reactive in dealing with stakeholder issues, as such issues will be brought up even in the course of their interactions with each other. However, bearing in mind that these relationships are dynamic, it becomes expedient that alternative sources of critical resources be explored in order to always put the firm in the controlling position. Not forgetting the place of rivals in the pursuit of resources deemed critical to the survival of firms, the firm must pay attention to its relationship with its stakeholders, as these could be instrumental to the achievement of organisational goals.

On the other hand, there wider implications for stakeholder relationships that affect different stakeholders involved in the relationship in some way. There is the realisation that as a result of the social contract between stakeholders, there are certain expectations placed by stakeholders on each other and these must be met for such relationships to continue to be interdependent. This leads to all players of the game making decisions that they consider to be rational and in the best interests of everyone with whom they have a relationship, especially directly. The rationality of players will further result in games being more interdependent, that is more collaborative than conflictual and thereby leading to a greater level of fairness in stakeholder relationships.

This paper further argues that resources should be included in the list of stakeholder attributes that lead to an increased salience level. Nevertheless, the control of resources and how they influence the power balance between stakeholders can be altered if the dependent stakeholder finds alternatives for acquiring needed critical resources. This work is a conceptual one, making it necessary that empirical studies be carried out applying these thoughts and propositions to stakeholder relationships.

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