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STAKEHOLDER MANAGEMENT FOR ORGANIZATIONAL LEARNING: ESTABLISHING NETWORKS FOR KNOWLEDGE EXCHANGE

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Abstract:
In this paper we aim to explore whether and how stakeholder management can support organizational learning. Drawing on stakeholder and organizational learning literature, the authors build a theoretical framework that combines the establishment of coordinated networks through stakeholder management with organizational learning. The stakeholder approach implies that a common ground has to be built between stakeholders concerning their perceptions and expectations on interaction platforms before technical knowledge can be exchanged. Subsequently, knowledge exchange networks, consisting of coordinated interaction platforms, allow an organization to enhance its absorptive capacity by facilitating the exploration of new knowledge. In order to validate this framework empirically, we provide a case analysis of a stakeholder management project at the Swiss Federal Statistic Office (FSO). The project aimed at tapping the potential of an organization's stakeholders concerning organizational learning. The FSO is an appropriate case because it is a decentralized expert-organization and knowledge is a central strategic resource. The insights are drawn from a rich qualitative data set that consists of interview data with participating stakeholders, minutes of workshops and results of an evaluation survey. Our findings suggest that the conditions for tapping the potential of stakeholders at the FSO are good and the project has contributed to an exchange between them. A limiting factor was the restricted discussion culture in the FSO. Interesting considerations were made for specific plans to establish networks for technical knowledge exchange. Overall, we conclude that a systematic stakeholder management can indeed support organizational learning by providing coordinated exchange platforms.

Keywords: Stakeholder management, organizational learning, knowledge exchange network, case study

1. INTRODUCTION

Knowledge plays a crucial role in today's society as a whole, as well as in organizations. In organizations, knowledge is of equal, if not of greater importance as financial resources (Blair, 1995, 2005; Mahoney, 2012). It is therefore key to facilitate access to new knowledge and thus to develop organizational learning (Patnaykuni, Rai, & Tiwana, 2007; Roloff, 2008). Knowledge-based organizations often have decentralized structures, which is why their diverse knowledge is frequently dispersed in a rather disconnected way in different (sub-)units or even between organizations. In such circumstances, we assume that systematic stakeholder management supports organizational learning, since it enables organizations to gain access to knowledge-relevant stakeholders for coordinated and network-based knowledge exchanges (Meier, 2015; S. Sachs & Rühli, 2011). If this assumption can be supported empirically, the combination of organizational learning and stakeholder management approaches appears to be promising for further studies.

2. THEORETICAL FRAMEWORK: A STAKEHOLDER-BASED CONCEPT TO INCREASE ORGANIZATIONAL LEARNING

In the following, we present aspects of the theoretical approaches relevant for our empirical project by integrating, based on our assumption, the stakeholder and organizational learning approach.

2.1 The stakeholder approach in the field of organizational learning

On the most general level, stakeholders are defined as „any group or individual who can affect or is affected by the achievement of the organization objectives" (Freeman, 1984, p. 46). In the field of knowledge-based organizational learning, we define stakeholders as relevant owners and thus as potential contributors (or beneficiaries) of valuable new knowledge to (of) an organization (S. Sachs & Rühli, 2011). In order to unleash this potential, interaction platforms and processes with the knowledge-relevant stakeholders have to be institutionalized based on a systematic stakeholder management approach (S. Sachs, Groth, & Schmitt, 2010). Furthermore, Cohen & Levinthal (Cohen & Levinthal, 1990) emphasize the importance of including relevant individuals in communication structures and in knowledge distribution within the organization. Thus, in order to tap the potential of stakeholders, a communication structure with different interaction platforms that includes every relevant actor is indispensable.

2.2 Organizational learning

We now turn to organizational learning as a conceptual foundation for our aim exploring how stakeholder management can support organizational learning.

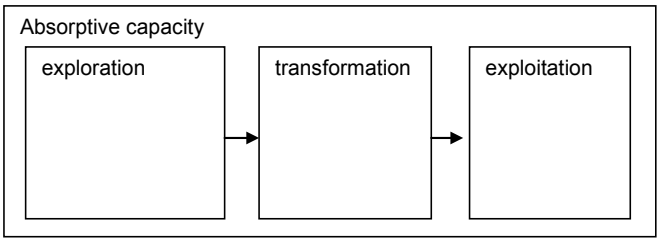
Organizational learning is defined in this paper as the "creation of novel organizational knowledge and increase of organizational knowledge base" (Schmid, 2015, p. 29). Here, the central element relevant for the creation of new organizational knowledge and for our project is *absorptive capacity*. Organizational learning and absorptive capacity are intertwined constructs that have a recursive mutual influence (Lane & Lubatkin, 1998; Schmid, 2015).

Absorptive capacity

Absorptive capacity is understood as an organization's routines and ability to use externally [and internally] held knowledge through *exploration*, *transformation* and *exploitation* (Lane, Koka, & Pathak, 2006, p. 856).

In the process of exploration, an organization identifies, recognizes, values and understands new and relevant external knowledge (Lane et al., 2006; Schmid, 2015). In the process of transformation, the recognized and valued new knowledge is combined with existing knowledge (Lane et al., 2006; Schmid, 2015). In the last process, the exploitation, the potential raised in the precedent processes may be realized as an output of new organizational knowledge (Lane et al., 2006; Schmid, 2015). In the following and for the establishment of coordinated interaction platforms and processes to foster organizational learning, the first process – exploration – is of main interest.

Picture 1: Visualization of absorptive capacity



Source: authors' own picture

2.3 Three conditions for a common ground

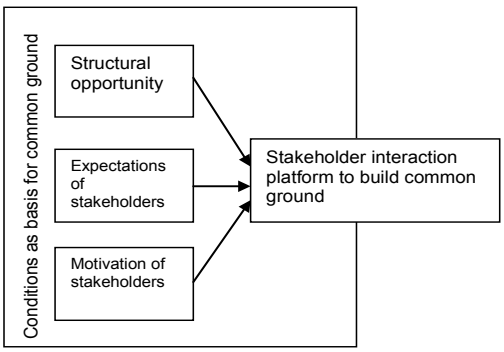
Before being able to explore and exchange technical expert-knowledge, interaction platforms are needed to discuss the stakeholders' different values and perceptions (Calton & Payne, 2003; Sachs, Rühli, & Meier, 2010). Therefore, in the beginning, interaction platforms primarily serve to build a *common ground* between stakeholders (Freeman, Harrison, & Wicks, 2007; S. Sachs et al., 2010). Cohen & Levinthal (1990) note that a shared language between the involved stakeholders is essential for a communication aimed at enhancing absorptive capacity. Stakeholder dialogues are one form of interaction platforms, in which a common ground can be developed by discussing and aligning values and perceptions (Calton & Payne, 2003; Meier, 2014; Rühli, Sachs, Schmitt, & Schneider, 2015).

To have a basis for common ground between stakeholders, three conditions have to be met (see picture 2) (Moran & Ghoshal, 1996; S. Sachs & Rühli, 2011, p. 123):

(1) The opportunity to structurally establish knowledge exchange networks has to be given (*structural opportunity*)
(2) The relevant stakeholders have to expect that through the exchange, new knowledge can be explored, valued or (later) mutually created (*expectation*)
(3) The involved stakeholders have to be sufficiently motivated for the exchange or for a possible mutual combination of knowledge (*motivation*)

Only if these three conditions are met it is possible to tap the stakeholders' potential to enhance absorptive capacity.

Picture 2: Three conditions for common ground and interaction platforms

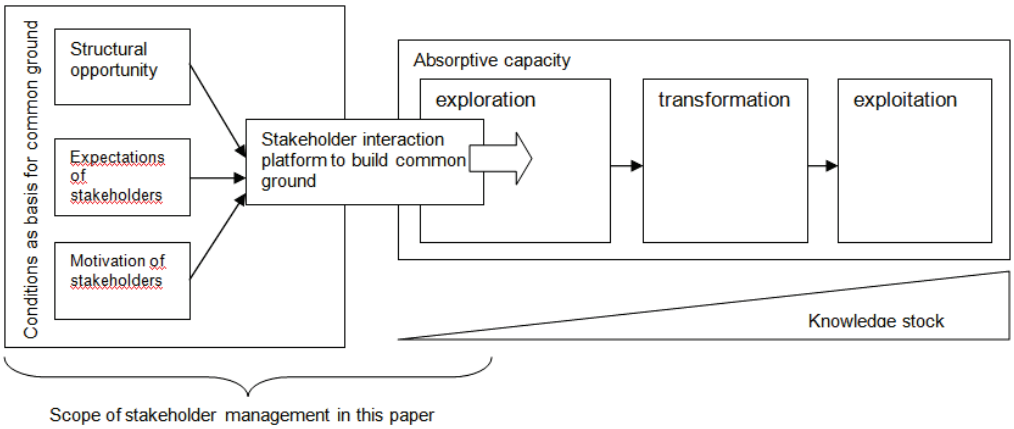


Source: authors' own picture

2.4 The concept of stakeholder-based organizational learning

In picture 3 the entire concept of stakeholder-based organizational learning is visualized (basis: 2.1-2.3). In order to facilitate finding common ground, values and perceptions are discussed and aligned in interaction platforms. If this works constructively, new knowledge can already be explored at an early stage.

Picture 3: Visualization of stakeholder based concept for increasing organizational learning



Source: authors' own picture

2.5 Coordinated interaction platforms and processes as knowledge exchange networks

As mentioned, stakeholder management supports the establishment of interaction platforms and processes for exchange. Additionally, it has the function of coordinating the different interaction platforms and processes (Cohen & Levinthal, 1990; Sachs & Rühli, 2011). If the element of coordination is given, the communication structure as a whole can be taken as a *network* for knowledge exchange.

Networks have been discussed in the organizational learning literature (e.g. Phelps, 2010), but organizational learning has rarely been combined with the stakeholder approach (one exception are Roome & Wijen (2005).

Predestined organizations for a network-view in knowledge exchange

A network-based view is especially meaningful in knowledge-intensive, decentralized expert-organizations (e.g. universities). Such organizations are often heterogeneous and have large stocks of diverse knowledge, which is frequently somewhat isolated in particular units. This is why there is a potential to enhance absorptive capacity among units inside and outside organizations by networks (S. Sachs & Rühli, 2011).

Thematic issues at the center of networks

In order to have an anchor point with regards to content, it is meaningful to coordinate a network around a thematic issue at its center (Meier, 2015; Roloff, 2008; S. Sachs & Rühli, 2011). By focusing on a thematic issue, organizational boundaries begin to blur, because when all relevant stakeholders of a thematic issue are considered, those outside an organization also have to be involved. Potential to explore knowledge can come from internal as well as from external stakeholders (e.g., Cohen & Levinthal, 1990; Lane et al., 2006).

3. THE EMPIRICAL PROCEEDING

For the empirical part, we have applied case-based action research (Cho & Egan, 2010; Heron & Reason, 2006). According to Sachs & Rühli (2011, p. 186), "[this] method is suited to simultaneously attempting to solve practical problems that [organizations] face, while gathering scientific knowledge in a specific field". This empirical methodology was appropriate because we conducted an organizational project (from October 2014 until spring 2016) in which we initiated and supported the establishment of a knowledge exchange network in an empirical environment (see 3.2).

Our action research proceeded along four steps (see 3.3): (1) determining a thematic issue and the corresponding stakeholders, (2) stakeholder interviews for assessing potential, (3) stakeholder

dialogue, and (4) concretization and implementation. The four steps are oriented towards the 'Stakeholder View'-process to tap stakeholder potential (S. Sachs et al., 2010). Three of the four project-steps are fully completed and preliminary findings are available.

The aim of the project was to enable the organization to establish a knowledge exchange network through systematic stakeholder management in order to increase organizational learning. Therefore, the project is suitable to empirically validate the above stated assumption that systematic stakeholder management supports organizational learning.

3.1 The case

The organizational project was conducted with the Federal Statistic Office (FSO). The FSO consists of a directorate with 8 affiliated divisions. The divisions have altogether around 38 sections as sub-units with 770 employees. Expenditures amount to 172 million Swiss Francs (FSO, 2015). The FSO is a knowledge-intensive expert organization. Although the organization chart shows a clear hierarchical structure, the divisions and sections have a veritable autonomy due to harboring specific knowledge and specific tasks. The expert-knowledge of the FSO is diverse.

3.2 Data collection and analysis

In our analysis we rely on the following qualitative data: interview texts, minutes of workshops and meetings, discussions, internal documents and a project evaluation survey (open answer categories). The semi-structured interviews (see 3.3) were conducted based on questions derived from the theoretical framework (see 2). For the analysis, deductive (i.e., theory-based) as well as inductive (i.e., non theory-based) codes were developed and applied (Gibbs, 2007; Mayring, 2015). The analysis was carried out with the software atlas.ti for qualitative analysis.

The interviewees from inside the FSO were the heads of the 6 sections and the head of the division of economy. Moreover, the director and the vice director were interviewed. Additionally, two interviews were conducted with the heads of a section and of a division that have cross-divisional functions (11 internal interviews were held in total). The three external interviewees are stakeholders in the realm of the public economic stakeholder network. All interview transcripts were treated confidentially and only the project leading team had access to it.

3.3 The four steps

In the following, the four steps of our empirical process are explained in more detail.

Step 1: Determining a thematic issue and stakeholders

This step of the project started with conducting two workshops with the FSO management board members exclusively. The first task was to identify a thematic issue along which the project should proceed (see 2.5). After intensive discussions, the thematic issue *economy* was selected. Structurally, economy is a division in the FSO occupied with statistics in the field of economy.

We (the authors) led both workshops as neutral facilitators and project leaders. This means that we did not participate in the actual discussions, but initiated and supported the discussions between participants(Sybille Sachs et al., 2010). Different values and perceptions were discussed and aligned, in order to find a common ground to a certain degree (Calton & Payne, 2003; Meier, 2014; Sybille Sachs et al., 2010). Additionally, in this step, a code of practice was developed in which expectations, conditions and contributions to the project were declared by the management board members.

Step 2: Stakeholder interviews for assessing structure, expectation and motivation

The aim of this step was to gain deeper insights into the three conditions for a common ground (structure, expectation, motivation), in order to tap the stakeholders' potential. To gain well-grounded information about the state of conditions for the common ground, semi-structured interviews were conducted with the stakeholders (see 3.2) (S. Sachs et al., 2010).

To analyze the three conditions, the transcribed interview-texts were categorized with codes. Generally, the quotes of the most frequently used codes were analyzed and interpreted in depth.

Two of the most frequently used codes were connected to the condition *expectation*. The first of them was the code *information* (in the sense of contents that would be of value for the organization or the stakeholders if accessible), the second was *cooperation* (in the sense that cooperation would be of value if existent). Based on the analysis of these codes, we were able to derive the main expectations towards an exchange of knowledge for the thematic issue 'economy'.

For the condition of *motivation* we used codes concerning how interviewees understand their *personal*, their *sub-unit's* and the *management board's* functional *role*. These codes were not very frequent, but they were important because they disclosed the mind-set and the view of interviewees as well as their motivation for knowledge exchange with other relevant stakeholders.

For the last condition, *structural opportunity*, statements about the actual structure of stakeholder management were coded. The very frequent code *resources* (human, time and financial), revealed how resources determine opportunities of the organization and its internal stakeholders.

Table 1: Conditions for a common ground and respective codes for interview analysis

Condition	*Codes*
Structural opportunity for knowledge exploration	State of stakeholder management structures
	Resources
Expectations of knowledge exchange	Cooperation
	Information
Motivation for knowledge exchange	Role understanding of management board
	Role understanding of sub-unit
	Role understanding individual

Source: authors' own table

The results of the qualitative analysis of the interviews from all stakeholders were presented to the FSO's management board and discussed at a workshop.

Step 3: Stakeholder dialogue for a first exchange

In the next step, the analysis of the interviews was discussed in an internal stakeholder workshop. Participants were the interviewed internal and external stakeholders. In the beginning, views, values and perceptions were discussed, sometimes also emotionally. However, based on the interview results, common ground could be built: all participants were signaling to each other that they were interested in a more institutionalized exchange of knowledge. Also, possible specific first ways to realize the potential of stakeholders were considered. The exchange was a first mutual exploration of perceptions and supported the absorptive capacity (see 4.2). After the workshop an evaluation survey with three open questions concerning the project was distributed to all participants of the project.

Step 4: Concretizations and implementation

The last step foresees the institutionalization of the platforms for a systematic knowledge exchange. A first draft of a plan with concrete steps concerning processes and contents for implementation was discussed between the project leading team and the responsible persons in the FSO, and has yet to be developed further. After step 4, the FSO should be able to implement and proceed on its own.

4. FINDINGS

The findings are presented along the conditions for a common ground and the respective codes used for the analysis of interviews (see 3.3, table 1).

4.1 Structural opportunities for knowledge exploration and exchange

State of stakeholder management structures

The analysis of the interviews showed that, in the FSO, stakeholder management exists. But it is not coordinated in a systematic way and on a strategic level by the management board. Stakeholder management generally takes place on a personal or mainly operative level (i.e., primarily for practical adjustments in the “daily business”). However, existing stakeholder management indicates that the structural framework to install a more coordinated system exists.

Resources

The internal as well as the external interviewees generally see resources (human and financial) as restrictions. The same is true for a network for knowledge exchange: this needs resources and may contradict the required efficiency criteria imposed by other external stakeholders, such as the government. Thus, available resources are an element that determines the structural opportunity of knowledge exploration and exchange.

4.2 Expectations of knowledge exchange

Cooperation

The analysis of the interviews showed that there is a general expectation towards a more institutionalized expert-exchange focused on technical knowledge. Many interviewees even considered it a high priority. At the end of step 3, the FSO board of management committed itself to more internal as well as external cooperation. A concrete proposition made in the stakeholder dialogue-workshop for recognizing specific knowledge was to establish an inventory of competences. Moreover, it was suggested that the already existing, but not yet systematically coordinated stakeholder meetings could be connected based on a higher level of cooperation and coordination. Generally, all participants agree that there is a great potential for more cooperation for knowledge exchange between stakeholders.

Information

Many interviewees mentioned that it was highly important for the FSO to understand the needs of the users of their statistics (i.e., of *their* information). Overall, the statistics produced should fulfill two expectations: being comprehensibly explained and having a high informative value. To fulfill this, the FSO has to know who needs what kind of information and how it should be communicated.

Access to valuable information is generally seen as highly important for organizational learning by internal and, to a greater extent, external stakeholders. The expectation that access to valuable information can be made more effective through more exchange clearly existed.

4.3 Motivation for knowledge exchange

The different understandings of roles (management board, sub-units, personal) that indicate the motivation of actors are taken together in this section.

In different workshops as well as in interviews, the participants emphasized the need of a culture of discussion. It was mentioned that all stakeholders have to live such a culture, particularly the management board. The management board has already declared the expectation of such a culture in its code of practice (see 3.3). Based on this, the motivation to establish a network for knowledge exchange can be seen as explicitly given.

However, some internal interviewees perceived the status quo as adequate and emphasized their personal relations to key stakeholders inside and outside the FSO. These interviewees focused more on their specific sub-units than their role as a part of the whole organization FSO. In this view the actual situation of knowledge exchange is considered to be sufficient. For these stakeholders, the motivation to establish a network for knowledge exchange is rather low.

5. DISCUSSION AND CONCLUSION

Overall, our findings show that the exchange between stakeholders on the interaction platforms and in the process of the project have already supported the exploration of new knowledge by enabling

discussions about values and perceptions. A clear signal that a common ground for a more systematic knowledge exchange has been achieved was when propositions were made to institutionally coordinate already existing stakeholder meetings and to develop a knowledge inventory. Moreover, during the project, the FSO has learned (and was enabled) how to proceed for establishing a comprehensive stakeholder management system. These facts supported the increasing of their absorptive capacity (concerning exploration). Based on this, we conclude that systematic stakeholder management (as far as already installed) can indeed support organizational learning by providing coordinated interaction platforms.

The diverse discussion culture in the FSO was a factor that decelerated progress: in such a decentralized organization, some experts are primarily focused on the internal workings of their sub-units and, thus, only have a tenuous connection beyond. Furthermore, and as stated in the evaluation, certain internal interviewees could have been more involved in interaction platforms, such as workshops, and in the entire project.

Based on this first empirical validation of our assumption that systematic stakeholder management supports organizational learning, we suggest that future research should consider how systematic stakeholder management influences the absorptive capacity's processes of knowledge *transformation* and *exploitation*.

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