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Network Approach and Stakeholder Management

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ABSTRACT

Recent economic crises show that enterprises cannot be managed focusing only on economic values instead managers should acknowledge their own enterprises' responsibilities toward the society as a whole. Stakeholder Management Theory can help managers accomplishing this very same daunting task. This theory demands managers to reckon the reciprocal influences linking other social actors to the enterprise activities and to understand the relative effects. While most of the works in this theory has been geared towards defining, identifying and managing each single dyadic relationship some other scholar have highlighted the need to focus on the stakeholder network to correctly assess each stakeholder's role and to fully grasp the long term effects enterprise's action will have.

In this paper after a review of the main topics in stakeholder management theory, we classify the various approach to Stakeholder Management Theory to identify relevant theoretical contributions and to highlight how the theoretical gap can be crossed using the tools of Social Network Analysis and embracing the network approach to stakeholder management.

Keywords: Stakeholder Management, Relationships, Sustainability, Network Approach, Social Network Analysis, Network Measures.

1. INTRODUCTION

Recent economic crises urge managers to go beyond the *shareholder view* which focus only on economic values in order to maximize shareholder value. Managers need a broader perspective in their decision making processes in order to account for the more than the mere economic motivations for their enterprises to be successful. This perspective is well defined by Stakeholder Management Theory.

A good example of the limits of the *shareholder view* is found in the Deepwater Horizon disaster, also known as the British Petroleum Oil Spill. Stout (2012) highlights how the crisis is the direct result of BP's policies of cost reduction driving it to save money skimping on safety measures; the consequences of the Spill have not been limited to fishing and tourism industry but it has effected shareholder too as BP was fined for more than $ 4.5 billion; moreover its market value was cut in half, common stock plunged from $60 to $30 per share, suffering a capital loss near $ 100 billion and forcing enterprise's management to cut dividends. The Deepwater Horizon disaster clearly shows as managing the enterprise only for the shareholders has fired back with dire consequences for those very same stakeholders.

Cases like this show that managers should go beyond the short term and the requests by a single class of actors (*the shareholders)* to incorporate in their decision making processes the requests of several social actors (*the stakeholders*) factored in with a long term perspective.

In management studies several theories have asked managers to look beyond the single enterprise to the relationships the enterprise have in the environment.

For example in the *resource based view* (Wernerfelt, 1984; Barney, 1991) the source of the sustainable competitive advantage is deemed to be in the resources the enterprise can get access to, both through ownership and relationships. A tighter look at the role of relationships comes out from the *Relational View* (Gulati, 1999; Dyer & Singh, 1998) that held relationships are the best way to create a competitive advantage as they help in getting access to resources without having to pay their full price.

The same idea of relationships as the core of competitive advantage have been developed in the broader *Market-Driven Management* theory (Day, 1994, Lambin, Chumpitaz, & Shuiling, 2007, Sciarelli, 2008) where the source of a sustainable competitive advantage is the firm's management capability in creating, and keeping, relationships with the other value chain players.

Even more direct is the approach by *Vital System Theory* (Golinelli, 2002; Golinelli, Gatti, 2006) that, building on *management cybernetic* (Beer, 1959; Beer, 1972), focus the spotlight not in the relationships linking the enterprise to the external environment but in the interactions running through them, seen as the dynamic factor making them valuable; according to this theory, in fact, relationship are only a static element that can become “viable”, and dynamic, only when the enterprise learns, adapts and evolve in order to become more effective in dealing with the external environment.

On the same side *Stakeholder Management Theory* (Freeman, 1984), asks managers to run their enterprises satisfying the requests of various other external environment's actors. In fact this theory sees enterprises as embedded in a network of bi-directional relationships with several external actors. These actors, called “Stakeholders” (Freeman, 1984: 53), are those subjects that are significantly influenced by the firm, or that can significantly influence the firm itself in a positive or negative way. Stakeholder Management Theory asks managers to “create as much value as possible for stakeholders, without resorting to trade-offs (between them)” (Freeman *et al.*, 2010: 28).

Through the lens of this theory enterprises are seen, and should be managed, as a part of a bigger web of complex, stable and mutually influencing relationships (Sydow & Windeler, 1998); these relationships will induce managerial behaviors to satisfy stakeholders expectations (Rowley, 1997). Moreover these relationships are multi-purpose ones that are only partially based on economic reasons while combining social considerations, and environmental ones too (Wicks & Harrison, 2013).

In stakeholder management literature we have identified two main streams; the more diffused one has focused on identifying which stakeholders are relevant and on defining the right strategies managers can use in dealing with them (Mitchell *et al.*, 1997; Kochan & Rubinstein, 2000).

The other stream urges managers to go beyond managing the relationship with each single stakeholder but to analyze the whole structure of the relationships network the enterprise is embedded into. Some authors asks managers to take into account even those actors their firm is not directly related to (Sirgy, 2002). Rowley (2000) suggests that managers can use this approach to infer potential network evolutions; the author uses this approach to get a more dynamic approach to stakeholder management.

In this paper we carry on a literature review focused on this second, more network oriented, approach to stakeholder management. Our purpose is to get a better understanding of how stakeholder management literature has dealt with the issues of interactions between stakeholder and the relative effect network structure has on them, and on the firm too.

We focus on these topics as they can have a significant effects on each stakeholder value systems changing how they perceive the enterprise's actions and influencing their evaluations and responses (Wicks & Harrison, 2013).

Moreover the network structure, and its properties (Wasserman & Faust, 1994; Prell, 2012), can be used to understand how the network will evolve in time helping managers to create a more pro-active strategy and the academicians to understand the roots of economic crisis.

2. THE STAKEHOLDER THEORY

Efficient Stakeholder Theory was developed in the '80s in the works of Freeman (1984) and Freeman and Reed (1983). Its core point is that the creation and the ongoing operations of each enterprise is the results of several actors' activities, these actors will be later identified as the enterprise's stakeholders. Building upon this central point the theory sees the enterprise's main goals as some kind of combination of the various interests these actor are caring for.

Stakeholder Management Theory is built upon ideas developed in the Stanford Research Institute, taking into account several works from organizational behavior (Simon, 1947; March & Simon, 1958; Cyert & March, 1963), resource dependence theory (Pfeffer & Salancick, 1978), strategic planning (Lorange, 1975) and some other different theoretical fields (Nasi, 1995; Freeman *et al.*, 2010).

In organizational behavior (Cyert & March, 1963) field the firm had to balance the various claims their stakeholders vouched for in order to define viable objectives.

A central role of the interactions between the enterprise and the other organizations in the environment it is embedded into has been developed into the resource dependence theory (Pfeffer & Salancik, 1978). This theory sees the environment and the enterprise as strongly interconnected; the enterprise will depend on some of the actors in the environment in order to get access at resources they control. In a similar way some other actors will depend on the enterprise, as they will need to get access to some kind of resources that the enterprise controls.

Another root of the Stakeholder Theory can be found in the strategic planning approach to management as outlined by Dill (1975) when he defines the three main challenges of strategic prowess as the need for management to understand the environment, to respond to it and to deal with the individuals and the organizations trying to influence management's strategic decision making processes.

The Stakeholder Theory has been a managerial approach since its own foundation; it has been developed to give managers a broader perspective on their responsibility for enterprise's activities and for the related value creation processes (Rusconi, 2007); its main goal is to help managers to find the balance between the various relationships that can impact upon the enterprise and affect it while it is trying to reach for its own goals (Freeman & Philips, 2002). According to Donaldson and Preston (1995) defining the idea of the enterprise's stakeholders this theory has succeeded in being both descriptive, instrumental and normative.
This approach sees the enterprise as a bundle of relationships between its' activities various stakeholders. Managers has to combine the efforts by the various actors so to make them interact in value creating processes (Freeman *et. al.*, 2010: 24).
The theory's development has focused on finding an answer to three main questions:

- Who are the enterprise's stakeholders?
- How they should be managed?
- How do managers create value for the stakeholders?

The first question is a focal point in the theory development as the very same term stakeholder has been the center of an hot and fierce debate. In 1997 Mitchell, Agle and Wood (1997: 858) had found no less than 27 different definitions of the term, some years later Hinna (2002: 7) divides them in 5 main categories characterized by a more and more active role of the stakeholder starting from considering only those actors influenced from the enterprise to those authors defining stakeholders for their participation in the value creation processes.
Usually stakeholders are all those who have a stake in the enterprise; i.e. they have something to win, or to lose, from enterprise's operations, it is something more than a general interests in what the enterprise wants to do (Clarkson, 1999).
Mitchell, Agle and Wood (1997) divide the perspectives on stakeholders' identification in two main perspectives: a narrow one and a broad one.
In the narrow perspective only those actors the survival of the organization depends upon can be considered legitimate stakeholders. This perspective aims to focus manager's attention on those stakeholders that can directly impact on the economic interests of the enterprise or can strongly affect some other resource the enterprise needs. It is a normative approach driving managers to factoring in the expectations of only few, meaningful, actors the enterprise is related to.
The broad perspective, instead, defines the stakeholders as all the various actors that can influence, or be influenced by, «*the achievement of an organization's objectives*» (Freeman & Reed, 1983: 91). This perspective is built on a more thorough analysis of the environment enterprises operate into highlighting that there is a large number of subjects that can affect it. As a consequence managers are called to define a map of these actors, to deeply comprehend their expectations and their motivations.
The need to manage stakeholders' relationships asks managers to go beyond the mere transactions and the relative economic impacts and to refer to the ethical principles of justice, transparency and fairness while adopting a more general reciprocity principle.
Clarkson (1999) identifies some main principles to make managers more aware of their responsibility towards the other stakeholders and the need to involve them in decision making processes in order to help cooperation, to stimulate a profitable dialogue with them and eliciting a stronger bond, characterized by a reciprocal trust between the enterprise and the stakeholder.

Freeman and Velamuri (2006) define some responsible behavior norms in dealing with stakeholders; they ask managers to understand that real people are driven by a more complex set of goals than the mere economic, profit-oriented, ones; their value creation processes should involve stakeholders in a cooperative value creation dynamic leading to a continuous process re-engineering effort driven by a stakeholder oriented perspective.

According to Goodpaster (1991) stakeholder management process should be divided in two main phases: stakeholder analysis and stakeholder synthesis.

In the first phase the managers will define and identify their enterprise specific stakeholders in order to evaluate them and their stakes; in the following phase these evaluations will lead managers in defining a strategic path based upon economic and ethical principles too.

Managers will have to analyze the various stakeholders in order to find out the most relevant ones and to divide them in homogeneous groups.

Mitchell, Agle and Wood (1997) hold that the phase of stakeholder analysis should be oriented by the concept of salience. Salience is a tri-dimensional construct based upon the power the stakeholder has, its legitimacy on making requests to the enterprise and the urgency of its stakes. Only those stakeholders that have the power to influence the enterprise's activities, that are legitimated by the society and that stand up for urgent issues are the relevant ones, their request are those that managers need to fully answer trough enterprise's activities. If only two of the attributes are present then the stakeholders expectations will be considered but managers will not be strongly pressured to answer them. If the stakeholder has only one attribute it should not be considered as a relevant one.

Central in the theory development has been the main concept that the enterprise should be managed in order to create value for all its stakeholders, and not for only some of them.

The theory is built around a fairness principle (Phillips *et al.*, 2003) where the various stakeholders are called to participate in the processes to create, and diffuse, value. They will be rewarded for their involvement mediated by values and ethical principles.

The value creations processes itself is not limited to creating economic value as the enterprise is seen as an open-system legitimated to survive by its role in the society (Sciarelli, 2012). It's operations are not limited to actions done in the market but they are related to the broader environment of its stakeholders set, connected to the enterprise by more than the mere economic transactions (Buchholz, 1991).

An element that can explain how enterprises do really create stakeholder value is the idea of stakeholder networks (Rusconi, 2007) where each stakeholder tries to comprehend and harmonize its own perception with the other ones reaching a dynamic balance.

Identifying stakeholders according to the networks they are into can be useful for managers as it can help them to comprehend how the way a firm treats one stakeholder will influence the relationships with some other stakeholders (Freeman *et al.*, 2007). It follows that the way an enterprise manages its relationships generates a global effect greater than the sum of the direct effects it has on each relationship taken separately.

Wicks and Harrison (2013) link this interdependence to the phenomenon of generalized exchange. There is generalized exchanged when multiple actors are related in a way that what actors take from and what they give to each other are not in direct one-to-one correspondence. This phenomenon is relevant in stakeholder management as the interactions between stakeholders and the enterprise, and those between stakeholders too, do happen over time and the relative expectations are influenced by the specific perception of the results previous interactions in the network have shown.

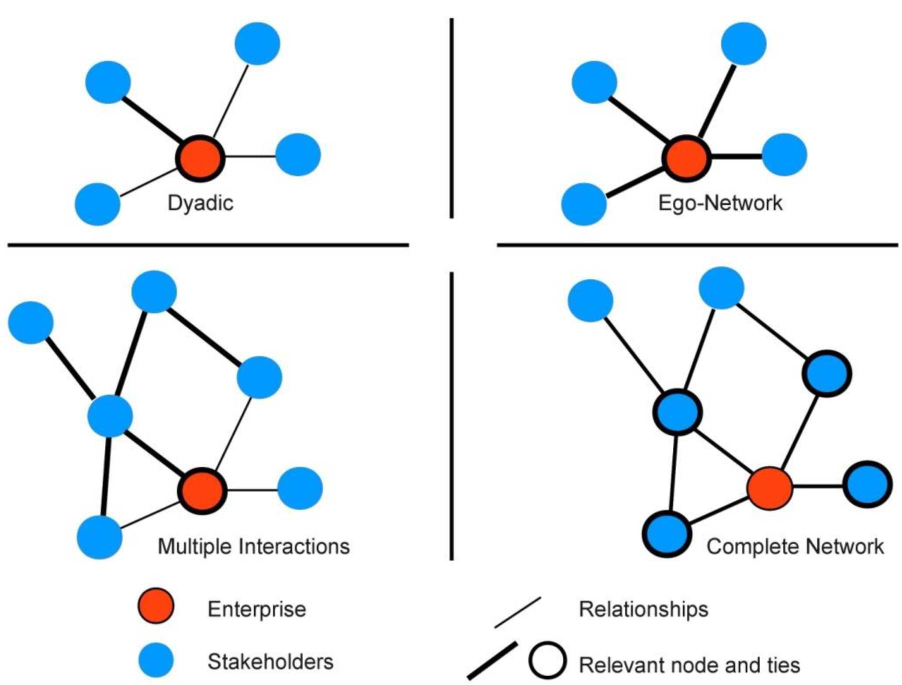
3. THE NETWORK APPROACH IN STAKEHOLDER MANAGEMENT THEORY

In spite of network being a relevant factor in stakeholder management the main contributions in this field have rarely gone beyond putting the emphasis on the dyadic linkages between the enterprise and each single stakeholder (Rowley, 1997). Stakeholders are seen as actors in interdependent, mutually influencing, networks since the first works on Stakeholder Management Theory. In fact Freeman (1984) defines the tools of stakeholders maps and stakeholders scorecards in order to give managers a way to assess which needs the various stakeholders the enterprise is related to have and to help managers figure out the relationships linking each of them to the others.

How networks and their structure should be used in *stakeholder management* is still under debate. There are several different approaches ranging from the traditional ones, asking managers to focus on the *salient* stakeholders (Mitchell *et al.*, 1997), to broader perspectives asking managers to take into account the very same structure of the stakeholders network (Rowley, 1997).

We have classified the various approaches to stakeholder management using two different aspects of the relationships. The first aspect we have considered is if the author asks managers to factor in the stakeholder not directly related to the enterprise; the second aspect we have used to classify the various approaches to stakeholder management is if the authors are asking managers to evaluate each stakeholder in one-to-one relationship with the enterprise or if they are asking to manage the network as a whole. The resulting approaches are shown in the following Figure 1.

Figure 1. Approaches to stakeholders network.



In the figure the bold lines and circles represent elements the approaches ask managers to put their attention on.

The approaches' main characteristics and their main writers have been summarized in the following Table 1.

Table 1. Main Characteristics of the approaches to stakeholders network.

Focus	Description	Relevant Authors
Dyadic relationship	Managers should define the importance of each stakeholder and answer to the most relevant ones	Savage, Nix, Whitehead and Blair, 1991; Mitchell, Agle and Woods, 1997; Kochan and Rubinstein, 2000
Ego-network	Managers should define the whole set of stakeholders and try to answer to all the relevant requests	Donaldson and Preston, 1995; Clarkson, 1995; Davenport, 2000; Post, Preston and Sachs, 2002;.
Multiple Interactions	Managers should understand how stakeholder's interacts and how they relate to their environments	Freeman and Evans, 1990; Wood and Jones, 1995; Sirgy, 2002; Preble, 2005; Wicks and Harrison, 2013
Complete Network	Managers should understand the structure of the network the stakeholder act in in order to find the most relevant interests	Freeman, 1984; Rowley, 1997; Frooman, 1999; Scott and Lane, 2000; Mahon, Heugens and Lamertz, 2004; Vandekerckhove and Dentchev, 2005.

3.1 The Dyadic relationship approach

This approach encloses those models asking managers to focus on the most relevant stakeholders in order to let the enterprise reach for its own goals. The relationship with these stakeholders are seen as dyadic relationships that are not influenced by the other relationships each of the two nodes have.

These studies acknowledge that the enterprise can be subject to conflicting requests by the various stakeholders and they try to give managers various tools to identify the most relevant ones and to select the most appropriate strategies in dealing with each of them.

The identification problem is faced providing some common criteria to identify the most important actors for a given organization. In this stream of research we have the *saliency* model by Mitchell, Agle and Woods (1997) based upon social actor's *legitimacy* and *power* and upon the *urgency* of the interest protected. Another approach is Kochan's and Rubinstein's one (2000) who define the stakeholder's *saliency* as a function of his ability to provide valuable resources for the enterprise, to hinder retrieval of valuable resources from other sources and, in general, of the influence it has inside the organization.

After the identification of the relevant stakeholders their relationship with the enterprise is evaluated to define the most appropriate strategy to adopt in order to answer each specific requests (Savage *et al.*, 1991).

3.2 The Ego-network approach

We have grouped the studies dealing with conflicting stakeholders' requests in this approach. They ask managers not to focus on each stakeholder but to put their effort on understanding the requests of the whole network of stakeholders they have a relationship with before defining their strategies; these studies asks managers to focus on their whole *egonetwork*.

As Freeman *et al.* (2010) have highlighted this perspective is based upon one of the very fundamentals of Stakeholder Management: the need for managers to evaluate the requests by the various stakeholders without incurring in trade-offs between them.
Donaldson and Preston (1995) adopt this point of view in their managerial thesis of stakeholder management when they acknowledge that the theory asks managers to evaluate simultaneously all the legitimate stakeholders' requests considering them as a system.
According to Clarkson (1995) this way of factoring in stakeholder requests is more coherent with actual managers behavior than the previous one as his ten-years research project has highlighted that managers respond to stakeholder issues more than to single stakeholders.
This approach should be better able to answer to the real needs of managing stakeholders as some issues are related to more than one single class of stakeholders making them more salient than what could be understood using the previous perspective (Clarkson, 1995: 99).
A similar approach is supported by Post, Preston and Sachs (2002) building upon the extended enterprise model of supply chain management (Greis & Kasarda, 1997) which asks managers to reckon the whole value chain in their decision making processes. They ask managers to respond to all the actors the enterprise has a relationship with, both market and non market-based ones, in order to compete successfully and to be legitimate in the social and political arenas.
Another reason to evaluate the stakeholder set as a whole is that the stakeholders themselves expect the enterprise to answer to all the various requests present in the stakeholder network as a proxy for good corporate citizenship (Davenport, 2000).

3.3 The Multiple Interactions approach

This third approach encloses the studies asking managers to take into account not only the stakeholders their enterprise is in relation with but to take into account even the interaction between the various stakeholders and the relationships between them.
This approach is based upon a more realistic perspective on the relationship between the enterprise and its own stakeholders. The enterprise itself is seen as part of a broader stakeholder environment made of several stakeholders interacting at several levels both between themselves and between each of them and the enterprise (Freeman & Evans, 1990).
Some authors' classification of stakeholders are clearly inspired by this perspective on stakeholder management. Sirgy's classification introduces the class of distal stakeholders (2002) made of the stakeholders indirectly influence the survival and growth of the business firm through influence exerted on the firm’s stakeholders. This class has the same characteristics of the one Preble (2005) identify as secondary stakeholders but this author acknowledge a more general influence power to all the various stakeholders, both direct and indirect ones.
Wood and Jones (1995), in their review of empirical research on Corporate Social Performance explain that stakeholders are not only a source of expectations but they are the very same subjects to evaluate how those expectations have been met. According to Wood and Jones (1995: 231) these evaluations are based not only upon their own experiences but on those by the other stakeholders in their same environment too. Managers should take into account stakeholder interactions too as they can change how the enterprise's behavior is perceived and evaluated in the external environment.
Wicks and Harrison (2013) affirms that stakeholders' perception of the value that an enterprise can create is a multidimensional construct that managers should evaluate as a whole as the various dimensions are mutually influencing each other. The interactions between stakeholders

are meaningful as they let the value created by the enterprise, or destroyed by it, to propagate in the network trough them multiplying the net effect of the enterprise's actions.

3.4 The Complete Network approach

The last approach focuses on the role of the stakeholder network structure in evaluating the stakeholders' issues to focus on. This approach was already present in the seminal book by Freeman (1984), where the author suggests managers to make use of stakeholder maps in order to visualize the indirect relationships between them and urges them to understand how some stakeholders can influence the other ones.
In a more recent interview Freeman holds that:

> «*[...] organizations, viewed as open-systems, are part of a broader network not isolated and independent units. Identifying stakeholder, and the interconnections between them too, is a crucial point for this approach*.» (Rusconi, 2007[i]).

The network structure represent the paths indirect stakeholders influence power will go through to affect the enterprise's actions. Frooman (1999: 198) identifies a class of indirect influence pathways as those strategies a stakeholder can use to influence another organization he is not in relationship with manipulating the flow of resources this enterprise needs trough an ally. These strategies can rely both on having access to specific resources (Pfeffer & Salancik, 1978; Barney, 1991) and on being in a network's position to get control over them (Granovetter, 1985; Burt, 1992).
Network structure can influence the stakeholders' perceptions in two different ways (Scott & Lane, 2000). The more frequent the interactions between the stakeholders become the easier it is for the various stakeholder to share behavioral expectations so their goals tend to align and create a stronger pressure on the enterprise. The tighter the organizations are linked the more they are able to control information and resource flows becoming more influential in the network.
Managers should focus on the network defined by the enterprise's stakeholders and the relative web of relationships to fully grasp the way stakeholders' interactions can impact on the organization. Knowing the network structure can be useful in two different ways (Rowley, 1997). On one side it highlights who are its indirect stakeholders, those actors that can influence the organization without having any direct connection to it and how these influences can manifest. On the other side going beyond the enterprise egonetwork to represent the stakeholders' complete network will let managers leave the enterprise-centric view of the previous three classes in favor of a more realistic understanding of the role of the enterprise in the network as «*a stakeholder of many other focal points in its relevant social system*» (Rowley, 1997: 892).
This perspective will help managers get an holistic view of the environment and the actors operating in it as it will let them understand how the various stakeholders are related to each other.
Rowley (1997) suggests analyzing the stakeholders network structure with the tools of Social Network Analysis as these tools have been developed to highlight how actor's position and relationship can influence their behaviors (Wasserman & Galaskievicz, 1994; Barabasi, 2003).
Mainly Rowley (1997) suggests focusing on two main network parameters: Density and Centrality.

The Density is the probability that any two actors in a network are linked (Wasserman & Faust, 1994). It is a measure of network cohesion, the higher it gets the more stable the network will be (Watts, 2004) and the more the network will be prone to develop his own behavioral norms that all the actors will be expected to comply with (Kreps, 1990; Burt & Knez, 1995).
The other parameter, Centrality, can be measured using three different indicators (Brass and Burkhardt, 1993); the first, degrees centrality, measures the popularity of the actor, the second one, closeness centrality, is a measure of how simple is for the actor to to reach for the other actors in the network while the last one, betweenness centrality, is a measure of the control the actor has on the other part of the network.
Another reason to use a network perspective has been given by Vanderkerckhove and Dentchev (2005); the authors use an approach similar to Granovetter's (1973) work on weak ties where acquaintances are seen as the driver of changes in the network. The authors affirm that managers and entrepreneurs can use the stakeholder's perspective as a way to understand network evolution and how issues relevance is changing in the stakeholders' environment.
One way of making use of Social Network Analysis tools is to integrate these two reasons in a single complex analytic process exploiting concept of affiliation networks, a type of network structure linking where actors that have shared some kind of common experience are linking. According to Lattanzi and Sivakumar (2009) these are the kind of networks where most of the weak ties are generated.
The various issues presented in a given stakeholder network can be used as the events in an affiliation network linking them to the stakeholders (Mahon *et al.*, 2004) highlighting potential new relationships that can be used to explain how issues do became more or less relevant in the stakeholder network overtime (Wasserman & Faust, 1994).

4. DISCUSSION AND A PROPOSAL FOR FURTHER RESEARCH

Stakeholder management theory should deserve more attention to network structure. First of all for its ability to reconcile the ethical point of view with an instrumental vision of the theory itself. Trough the concept of generalized exchange (Wick & Harrison, 2013) and the studies on stakeholder perception (Clarkson, 1999) this approach helps explain how taking into account stakeholder requests, or failing to do so, can come back to the enterprise with a far greater effect than what would be possible to explain looking only at the dyadic relationship between the enterprise and its direct stakeholders.
Moreover, as the network approach can help managers get a clearer picture of the dynamics driving the evolution of the issues the network, as a whole, will confront the enterprise with (Vanderkerckhove & Dentchev, 2005; Mahon *et al.*, 2004), it will help them in getting a more pro-active stance in dealing with stakeholders. This effect could be even more significant taking into account that the relationships with the various stakeholders take place over time and the their evaluations of the enterprise activities are not only influenced by their previous experiences but even from the other stakeholders' ones.
The second reason is that the network approach can help managers in getting a more realistic picture of the role the various stakeholder have and how they relate to each other (Rowley, 1997; Rusconi, 2007). This more realistic picture is needed if managers want to comprehend how the different stakeholder can act to defend their interests (Frooman, 1999) and which other stakeholders will be called upon to support the specific issues. Another advantage of visualizing

the stakeholder network is in helping managers to understand the enterprise's real position in the network structure letting them get a clearer picture of the real influence power they can use to further the enterprise goals (Rowley, 1997).

Some scholars (Rowley, 1997; Mahon *et al.*, 2004) have proposed to use various tools of Social Network Analysis in order to study the network structure. Social Network Analysis has the advantage of using both graphs and analytic tools (network parameters and other similar measures) to study the structure of the network and the power of the actor within it.

Using social network analysis measure can help crossing the bridge between the first, more traditional, approach to stakeholder management and the network-based one. If compared to the salience model by Mitchell, Agle and Wood (1997) the network approach can be used to complement both legitimacy and power of the actor. Legitimacy can be easily proxyed by degree centrality or using affiliation networks while power can be measured with betweenness centrality and closeness centrality.

Moreover Social Network Analysis can help with measuring the very same concept of Influence using another centrality measure: eigenvector. This measure, proposed by Bonacich (1972; 2007), is based upon the premise that a node's importance is determined by how important its neighbors are (Jackson, 2008).

Even if Social Network Analysis has been considered a powerful tool to understand relationships we have to acknowledge that all the various measures presented in the network approach to stakeholder theory derive their effect only from the network structure only without accounting for the specific stakeholder's characteristics, the main point in the dyadic approach. In short these measures fail to explain how these two different sides of the same coin interact with each other and thus they fail to define an holistic analytic framework providing only a partial picture of the stakeholder environment the enterprise operates into.

Still our literature review on stakeholder management theory points out two main needs for future researches in order to match the recent advancements in Stakeholder Management Theory and in Social Network Analysis too.

The network approach to Stakeholder Management Theory have only marginally touched the surface of social relationships' multiplexity using the tool of affiliation networks (Lattanzi & Sivakumar, 2009) but stakeholders are really embedded in several networks mutually influencing and interacting. Scholars in Social Network Analysis field have developed tools to analyze multivariate social networks as exponential random graph models (Frank & Strauss, 1986; Robins *et al.*, 2007; Lusher *et al.*, 2012) a family of statistical tool developed to comprehend how general characteristics of actors are driving structural changes in networks that can take into account multivariate relationships.

There's a need for scholars to develop an analytic framework balancing stakeholder characteristics and network structure. In order to develop this analytic frameworks further research should test how the stakeholder's network evolution is related to network measures and to stakeholder's characteristics; in Social Network the actor-based models (Snijders, 2005; Snijders *et al.*, 2010) have been developed to study how network structure evolves as the result of both the characteristics of the network structure and the actors own characteristics.

Understanding how these two aspects relate each other should be helpful in defining if a given issue has to be studied at a network level or at the actor level, providing a viable tool for managers in defining how to deal with stakeholders (Golinelli & Volpe, 2012).

Finally we think that Stakeholder Management Theory is a meaningful lens to enterprises' relational and systemic nature. This is still a theory in fast evolution enclosing several approaches. Some of these approaches are focused on managing each single relationship between the enterprise and its stakeholders while some other, more innovative and challenging, are more geared to acknowledge the complex and systemic nature of the relationship network the enterprise is embedded into. Scholars should focus their research on this more holistic approach aiming to develop new analytic frameworks to understand the effects of the network of relationships and, hopefully, new tools to support managers in stakeholder management.

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Endnote

[i] Rusconi (2007: 17) refers to an interview Freeman has given for an article published in the 2005 in the journal "Non-Profit" by Baldarelli, Santi and Signori.