Stakeholder identifying and positioning (SIP) models: From Google’s operation in China to a general case-analysis framework

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Abstract

Through examining online search service provider Google’s much-talked about business operation in China over the past several years, this research introduced a series of practical stakeholder identifying and positioning (SIP) models that can be used for various PR case analysis, issue management and decision-making process. Stakeholder, though an important concept that is at the epicenter for understanding and practicing public relations, has nonetheless received insufficient scholarly scrutiny from the public relations’ perspective, and has been so loosely defined that it often leads to confusion rather than clarification. This study categorized all stakeholders into three broad “PR” dimensions, namely, (1) Product and Revenue; (2) Policy and Regulation; and (3) Perception and Reputation. The dynamic interactions and interrelations of these stakeholders were further streamlined and illustrated through several commonly applicable models.

1. Introduction

In theory and in practice, “public relations” can be boiled down to and better redefined as “stakeholder relations.” Similarly, “issue management” can be viewed more precisely as “stakeholder management,” and “crisis communication” as “crisis communication with stakeholders.” Although we can categorize the general public into various subgroups, sometimes even including the so-called “non-publics” (Hallahan, 2000), only those publics who directly or indirectly have something to gain or lose from the organization’s operation, are relevant and therefore, important. In other words, stakeholder analysis should be at the core center for both public relations practice and public relations research.

However, the scholarship on stakeholder-related topics, especially from a public relations’ perspective, has been lagging behind the increasing demand from the reality. On the one hand, the robust discussions and findings among public policy, marketing, and management scholars on this same topic have not fully transmitted to the public relations sphere (see for references, Clarkson, 1995; De Bussy, Ewing, & Pitt, 2003; Donaldson & Preston, 1995; Freeman,
1984; Frooman, 1999; Jones, 1995; Mitchell, Agle, & Wood, 1997; Payne, Ballantyne, & Christopher, 2005; Polonsky, Carlson, and Fry, 2003; Wood & Jones, 1995); on the other hand, the widespread adoption and repetition of “stakeholder” in the public relations discourses over the past decade disguised the fact that there lacks a basic whereas widely applicable model to identify the stakeholders and position them into a dynamic public relations context. This research intends to fill this gap and stimulate further discussions on this topic.

It seems that no other candidate is more suitable for this stakeholder-searching and -positioning analysis than the ever-powerful online search engine, Google.com. Merely existed for about 5 years, Google not only configures the whole world into its post-modernistic small dialogue box, but also revolutionizes the business model for both online media and traditional media industry (Battelle, 2005). As the standard-bearer and information center in the virtual sphere, Google also excelled itself in ethical business practice and corporate social responsibility (CSR) commitments, exemplified most notably via its “Don’t Be Evil” motto. However, the seemingly invincible cyber superpower found itself lost in a perplexing “China labyrinth” when it decided to expand its China operation in early 2005 (Thompson, 2006). Dragged by the multiple forces that constantly moved and shaped its decision-making process, Google, a search engine that always prides itself in providing the quick and accurate results, has to search for its own identity. In this research, through analyzing Google’s China operation and relevant issues, the researcher introduced several general stakeholder identifying and positioning (SIP) models that hopefully can be applied to other issue management scenarios and context.

2. Literature review

The ground-breaking research on stakeholder analysis was first conducted by Professor Edward Freeman in his often-quoted book Strategic Management: A Stakeholder Approach (1984). In it, he provided – in the words of Payne et al. (2005) – “a deceptively simple but broad definition of stakeholders” (p. 856). According to Freeman, stakeholders are “all of those groups and individuals that can affect, or are affected by, the accomplishment of organizational purpose” (1984, p. 46). In other words, anybody or any group, to some extent or through certain linkage, can be a stakeholder of a given organization. The all-encompassing nature of this definition broadened the scope and reach of stakeholder analysis, which led to the blossoming theory-building efforts by scholars across a variety of disciplines (for a chronology of the stakeholder research, see Mitchell et al., 1997). Nonetheless, the lack of well-defined, practically applicable attributes in this definition also caused disagreement, confusion, and difficulty in real-life applications (Clarkson, 1995; Polonsky et al., 2003).

Actually, how scholars define stakeholders has been determined by how scholars define themselves. Marketing researchers examined stakeholders much through the market-oriented lens (Payne et al., 2005; see also Christopher, Payne, & Ballantyne, 1991), whereas management scholar defined and categorized stakeholders in line with their different interest, claims, and rights (Clarkson, 1995). While reviewing dozens of different, sometimes even contrasting, definitions of stakeholders, Mitchell et al. (1997) eventually grouped them into two general types, “broad view and narrow view” (p. 857). According to these scholars, “narrow views of stakeholders attempt to define relevant groups in terms of their direct relevance to the firm’s core economic interests” (italic as in original), whereas the broad view of stakeholders “is based on the empirical reality that companies can indeed by vitally affected by, or they can vitally affect, almost anyone” (p. 857). This certainly provides a succinct typology to distinguish stakeholder definitions from a theoretical perspective, but it does not help clear the cloud as to how to apply these definitions, whether broad or narrow, to a real-life situation.

Some scholars went one step further, claiming “stakeholder” is not a concept, but a well-established theory, or even a “paradigm or an integrating framework” for the business and society field (Jones, 1995, p. 404). For instances, Frooman attributed the stakeholder theory orientation to Freeman’s (1984) groundbreaking work, where he “presents the stakeholder model as a map in which the firm is the hub of a wheel and stakeholders are at the ends of spokes around the wheel” (Frooman, 1999, p. 191). After comparing “Stakeholder Model” with the existing business management models, such as the “Input–Output Model,” Donaldson and Preston (1995) argued that stakeholder-based frameworks possess all the basic elements of a normative theory (i.e., descriptive, instrumental, normative, and managerial), therefore “constitute a stakeholder management philosophy” (p. 87). In other words, stakeholder analysis should become both the foundation for theoretical exploration, and the guideline for real-world practice.

While synthesizing the previous literature and presenting their version of stakeholder theory, Mitchell et al. (1997) came up with three what they termed as “sorting criteria” for understanding “The Principle of Who and What Really
Counts.” They suggested that people should “evaluate stakeholder–manager relationships systematically, both actual and potential, in terms of the relative absence or presence of all or some of the attributes: power, legitimacy, and/or urgency” (p. 864). Power, here, refers to one party’s capability to “gain access to coercive, utilitarian, or normative means, to impose its will in the relationship” (p. 865). The second criterion, legitimacy, was loosely referred as “socially accepted and expected structures or behaviors” (p. 866). They defined “urgency” as “the degree to which stakeholder claims call for immediate attention,” which based on two attributes, time sensitivity and criticality (p. 867). Although the researchers tried to synthesize the stakeholder-related scholarship into some general criteria, the typology was not without questions. One of the problems centers on the importance and operational definition of legitimacy as a stakeholder attribute (Frooman, 1999). Also, the boundaries between these attributes are blurry, and often overlapping with each other, which adds to the difficulty of real-life application.

3. Research questions

What are the stakes of stakeholder analysis? This question sounds a bit perplexing, but it has not been fully addressed and answered by stakeholder scholars. Public relations practitioners heavily endorse the mindset of “Management by Objective” (MBO) (Wilcox & Cameron, 2006). Here, the answers to this simple question actually point to the ultimate “objective” of stakeholder analysis in particular and strategic communication practices in general.

The answer to this question is three-fold. First, no stake, no stakeholders. In other words, if we do not understand the origin, meaning, and characteristics of different stakes involved, we may never fully understand the different cognitive, attitudinal and behavioral patterns of various stakeholders. Mitchell et al. (1997) research on “sorting criteria” was in the right direction, but actually aimed at the wrong target. All stakeholders, by their very nature, are case-sensitive and constantly changing and moving. In a real-life scenario, same group of stakeholders may have different stakes at hands; similarly, different group of stakeholders may possess the same stakes of a given organization. Therefore, identifying stakes is more instrumental and more appropriate than identifying stakeholders in public relations case studies.

Second, no conflict of interests, no stakeholder analysis. The underlying reason for stakeholder analysis is to identify, position, understand and predict those conflicting and often contentious relationships among various constituents. If everyone shares the identical point of view with each other in a community, there is no need to conduct public relations practice in the first place. As Frooman (1999) pointed out, “it was upon applying the stakeholder concept to groups where the potential for conflict existed that the stakeholder model became meaningful” (p. 193). Because the stakes often compete and conflict with each other, so do the stakeholders. This cool-headed reality also validates another key point: since not all stakes are created equal, not all stakeholders are born equal too. Therefore, one of the real objectives of stakeholder analysis should be to construct and position the interrelations and interactions of different stakes as well as their holders.

Third, no operational application, no need of a stakeholder model. Public relations is a highly practical profession. Although this reality-oriented mindset and working philosophy by no means shuns away from theory-building efforts, it does pre-require a theory to be more practically applicable than statistically sophisticated. As Freeman (1984) first conceptualized the “stakeholder” model, he viewed it as part of a fluctuating and dynamic “management process,” rather than a laundry list of isolated and self-motivated constituents. This understanding bears more relevance and urgency in today’s cyber communication reality. The Internet and the instantaneous, omnipresent and seemingly omnipotent cyber communication tools empower the stakeholders, not only in their communication capability with media and general public, but also in their potential ability to build alliance for a common cause (see for reference, van der Merwe, Pitt, & Abratt, 2005). In summary, stakeholders exist as a cohort group and function within a dynamic system. Therefore, a stakeholder analysis model should reflect and streamline the dynamic interactions of all stakeholders within a common system.

Based on the above-discussed roadmap, the researcher formulated three general research questions for this stakeholder analysis.

RQ1: how should we characterize and categorize “stakes”?
RQ2: how different types of stakes structure and interact with each other?
RQ3: how stakeholders influence organization’s decision-making process in a dynamic system?
4. Method

To explore these research questions, two major research methods, case study and optimization model, are adopted here. As indicated earlier, stakeholder analysis is meaningful and instructive only if the situation is empirical and the models are widely applicable. In this study, a review of Google’s China operation revealed the details and specifics, and an optimization model simplifies the mechanism within a dynamic stakeholder system.

Case study is one of the most frequently used research methods in public relations discipline. It can be regarded as “a study of a sample of one” (Poindexter & McCombs, 2000, p. 289). This research method is particularistic, descriptive, heuristic, inductive (Merriam, 1988), and most suitable for the first phase of theory-building. In this research, Google’s approach toward China’s online search market and its decision-making process was reviewed as a particular but representative case. Not only Google’s special identity as a giant multi-national corporation and an online medium warrants its significance, but also Google’s business decision making on this case has touched upon a much broader cultural and political context, which best exemplified the real-life complexity.

Theoretical model is a simplified, condensed, and abstract version of the world. It captures some characteristics of the real world, and provides a set of educated guesses about the reality (Schrodt, 2002). Mathematical models were widely used by social scientists and mass communication scholars alike. From the earlier communication models presented by mass communication pioneer Wilbur Schramm (Wilcox & Cameron, 2006), to the recent risk communication model developed by public relations scholars (Palenchar & Heath, 2002), modeling method has been an integral part of strategic communication exploration.

The optimization model has been used in economics decision-making and engineering design. In real life, most of human behaviors and business decision-makings involve maximizing the benefits and minimizing the risk (Schrodt, 2002). Like in a card game, people have to constantly evaluate their own stakes and cards, their opponents’ cards and stakes, players’ different behavioral patterns, and the most cost-efficient option. What optimization model provides is a reproduction of the theme and pattern of these calculations. It helps simplify and dissort a complicated and dynamic situation in which the final outcome will always be determined and influenced by a number of interrelated factors. The final conclusion is normally drawn on the basis of common sense, logical assumption, and empirical evidence. All these characteristics make the optimization modeling approach a suitable method in a dynamic multiple-stakeholder analysis.

5. Findings

The findings of this research were reported as two parts. First, Google’s decision-making on China’s online search market and its consequences were reviewed; second, a set of stakeholder identifying and positioning (SIP) models were developed from Google’s case.

5.1. Case study: Google in a China box

Reviewing Google’s short yet far-reaching history is like reading a Guinness world-record book. Against the grand background of the disastrous bubble-busting pandemic on the Nasdaq market in the late 1990s, Google proved all those doubters wrong, and created one miracle after another. As its fateful name foretold (Google was named after Googol, a mathematical term for the number 1 followed by 100 zeros), Google in 2005 was named the fastest-growing company ever existed, with a 5-year revenue growth exceeding 400,000 percent (Battelle, 2005). In January 2006, Google made a strategic move to expand its online search services in China, a dramatically growing Internet market in the world. To comply with Chinese government’s strict regulation on those sensitive materials in the cyber sphere, Google agreed to filter all those online materials deemed harmful by Chinese government, such as political discussions about Tibet, Falun Gong, and online pornographic materials. This decision sent Google and its management team directly into the center of a gathering storm.

For Google, the decision to enter China is a different and difficult one from the very beginning. As the second largest Internet country in world, China’s cyber sphere has been effectively controlled and regulated by the Chinese government through various means (Hachigian, 2001; Harwit & Clark, 2001; Wu, 2005). In China, the world-class communication super-highway is also accompanied by a gigantic “Great Firewall” and the political straitjacket with strong Chinese characteristics. For example, as an Internet user in China, you can easily and freely go online, cast
a vote on NBAs all-star online ballot, or watch the live online-coverage of Oscar Award ceremony, but you can not find information about certain topics or even with certain sensitive key words, such as June Fourth Movement, Falun Gong (a banned religious cult), Tibet independent movement, etc. Google, as an all-inclusive online content assembler, inevitably became the collateral damage of Chinese government’s heavy-handed censorship policy.

In the fall of 2002, the Chinese government began to periodically shut down Chinese users’ access to Google.com, because through Google, Chinese users can sort out some of the forbidden information and bypass the well-established firewalls (Battelle, 2005). In early 2004, when Google launched a Chinese version of Google News, the government reacted quickly and banned it from reaching Chinese users. As Google was pondering between the moral high ground and financial bottom line, other American online service providers, as well as China-based online search engines, quickly stepped into the vacuum, and divided China’s increasingly profitable online search market. Till mid-2006, Google’s market share (including China-based search for both English content and Chinese content) in China’s online search services shrank to 25.3%, as compared to Baidu.com’s 62.1%, a Chinese online search engine that was founded by Chinese entrepreneurs and listed on the Nasdaq market (Online Searching Service Report, 2006). Just 4 years ago, Baidu.com’s share of market was less than 3% (Thompson, 2006). Facing this daunting dilemma, Google’s management team finally found a compromised path.

First, they established a fresh new online search engine located inside China with the name of Google.cn. By doing that, Google could overcome the firewall restriction, which had contributed to the slow searching pace and constant dead-end results for online users inside China. Meanwhile, however, Google had to yield to Chinese government’s censorship pressure, and filter out the information deemed harmful by the government. Second, to cope with its own “highest ethical standard,” Google also decided that whenever a search result was forced to censor, it would put a disclaimer at the top of the search result, explaining that the result was forbidden by the government (i.e., Google uses the same strategy in some European countries too). According to Sergey Brin, the co-founder of Google, the rationale of this policy was that the end users “can notice what’s missing, or at least notice the local control” (Thompson, 2006). Third, Google’s regular and unfiltered search engine is still available in China, although slowed down heavily by the multi-layer censorship software established by the government.

This decision, along with Google’s repeated attempts to clarify its original intention, was met with furies and outcries from the U.S. Congress, human rights groups, Google customers, mainstream media commentators, and even Google’s own employees (Thompson, 2006; Yardley, 2006). Google, the widely admired hero in corporate social responsibility, became the poster boy for hypocrisy, corporate greed, and moral bankruptcy (Grossman & Beech, 2006; Zeller, 2006).

Here is a list of the groups that have contributed to, benefited from, commented on, and even acted upon, Google’s decision about its operation in China.

1. U.S. Government (Congress & regulatory agencies, such as SEC, FCC, etc.). Amidst of the public outcry against several Internet companies’ business approach both inside and outside the United States, the Congress held several hearings on online-information and online-service related issues. At a Congressional hearing where Cisco, Google, and Microsoft were asked to testify, Jim Leach, an Iowa Republican, slashed out particularly against Google’s “sickening collaboration” with China’s censorship policy, “That makes you a functionary of the Chinese government . So if this Congress wanted to learn how to censor, we’d go to you” (Zeller, 2006).

2. Google’s common users outside of China. Not all Google’s users will pay attention to its operation in a foreign country. But for those who did pay attention, they had their own opinions, and some of them were eager to make their voice heard. In an online public opinion poll conducted by Financial Times’ online edition in 2006, among the 1697 survey respondents, 68% believed that “Google is being evil” by yielding to Chinese government’s pressure. Only 19% thought “Google is not being evil,” and another 11% answered “yes” to the “evil” question, but nonetheless thought “this is a necessary evil” (FT.com online survey, 2006).

3. Advocacy groups (human rights groups, Freedom of Press, Reporters Without Borders, Falun Gong followers, etc.). The traditional anti-China human right groups, pro-democracy groups, Falun Gong religious groups, and other in-exile political groups strongly protested Google’s decision, and helped fuel the public anger and media’s denouncement against Google. For example, when Google.cn formally opened its service on 27 January 2006, many human-rights activists were among the first to log onto the new engine and check if they can get the iconic Tiananmen “Tank Man” picture from Google.cn (Grossman & Beech, 2006).

4. Google stockowners (worldwide institutional & individual investors). Just like Google’s omnipresent network now penetrates every corner of the cyber sphere, Google’s shareholders also spread across the globe after its initial
public offering (IPO) in 2004. Meanwhile, the international revenue as the percentage of overall revenue grew from 22% in 2002 to over 42% in the second quarter of 2006 (Google Inc, 2007). To most Google stockowners, Google’s moral obligation inside China is secondary to its excellent financial performance on the balance sheet. As some financial expert predicted, China’s online search will outgrow every other online business as small and mid-size businesses turn to the Internet for advertising (Thompson, 2006).

(5) Google’s employees (rank and file both in U.S. & in China). Google’s China operation has been a hotly debated internal issue, both among rank and file employees in Google’s U.S. headquarter, and between Google’s China management team and its top leaders. In an interview, even Schmidt admitted that the company’s China strategy and the final decision was a difficult one (Yardley, 2006).

(6) Chinese government (administrative agencies). To govern a seemingly ungovernable virtual sphere, the Chinese government relies on a classic psychological strategy that self-censorship is always more comprehensive and effective than government-imposed censorship. As far as political stability is concerned, the presence of Google caused more trouble than convenience. In essence, Chinese government holds Google’s admission ticket to a prosperous market.

(7) Chinese online search competitors (such as www.baidu.com, www.sogou.com, www.yisou.com, www.zhongsou.com). An early copycat of Google, Baidu.com is China’s undisputable No. 1 online search engine now. Taking advantage of Google’s often-interrupted and madly slow services inside China, Baidu has been leading and shaping China’s online search sphere. Google’s misery is Baidu’s golden mine. Some even suggested that Google’s misery was caused by Baidu’s “Gold Rush.” Some observers, for example, speculated that Baidu might be behind some of the accusations that led to Google’s shutdown in China (Thompson, 2006).

(8) American online search competitors in China (mainly Yahoo, MSN). As to U.S. Internet servers’ China expedition, Google was a late comer. Yahoo and Microsoft are at the bottom of this huge pile-up. They not only established a formidable user base and customer loyalty among Chinese users, but also mastered how to play games with the Chinese government. In 2005, for example, it was revealed by Reporters Without Borders that Yahoo had handed over a Chinese journalist’s personal information to the Chinese government (Thompson, 2006).

(9) Chinese online search end users. To Chinese Internet users, Google’s much-storied “don’t be evil” motto would be more relevant if it is changed to “don’t be slow.” Among China’s 123 million online population, on average, people spend 16 h per week online, and 44% of them use search engine every time online (CNNIC, 2007). Regarding online search services, half of those users concerned about “the relevance of the search results,” and 10% concerned about “the speed of retrieving data” (Online Searching Service Report, 2006).

(10) Media (Chinese media and foreign media). In the unfolding of this type of news event, mass media served more like a game broker or card dealer rather than an actual player. Although admitted or not, most media have their own editorial stance on an issue like Google’s China operation, they express their opinion mostly through other players’ mouth or through framing the issue into certain stereotypes. For mass media, the “stake” here is not the political or moral stance, but the sensational story.

5.2. Stakeholder identifying and positioning (SIP) models

To better simplify the interactions and interrelations of different stakes and stakeholders in Google’s decision-making process, the following models were introduced as a general framework in the stakeholder analysis.

5.3. Model I: identifying stakeholders

Freeman’s “hub-and-spoke” stakeholder assembling model (1984) would be a great starting point for analyzing and synthesizing the complex and dynamic decision-making process. According to this model, Google’s decision-makers would be at the center of this interactive system, with multiple stakeholders surrounding them just like spokes around the hub of the wheel. However, one major shortcoming of Freeman’s original model is that it is one-dimensional and dyadic. In this model, all stakeholders existed independent of each other, and the interactions between stakeholders and decision-makers were linear and unidirectional.

A more accurate stakeholder model should look like an atomic structure in a three-dimensional system. All stakeholders surround decision-makers (nucleus) at different circling altitudes and with multiple intersection points with
other stakeholders throughout their constant movement (see Fig. 1 for a rough sketch of Google’s stakeholder in a holistic system).

5.4. Model II: identifying and positioning stakes

In a decision-making process, what is really important is not who those stakeholders are, but what kind of stakes they have, and how influential those stakes are. Therefore, stakeholder analysis should start from identifying and categorizing those stakes. Based on well-established scholarship on public relations strategies and tactics (see for example, Center & Jackson, 1995; Clarkson, 1995; Lattimore, Baskin, Heiman, Toth, & Leuven, 2004; Wilcox & Cameron, 2006; Wu, 2002), three general types of “stakes” were identified and summarized in this study. They are, as each being conveniently named after the shorthand of “PR.”

5.4.1. Stake type I: Product and Revenue

As its name indicates, people who possess this type of stakes contribute and shape the organization’s business bottom line. In other words, the organization’s survival and smooth operation hinges upon the commitment, cooperation and contributions from those stakeholders. In Google’s case, those who directly possess the “Product & Revenue” stakes include investors, Google’s employees, Google’s competitors in China and in the United States, and Google’s users and advertisers both inside and outside China.

5.4.2. Stake type II: Policy and Regulation

No business operates in a vacuum. However globalized the market might be, all business and all social events exist within the highly regulated political, societal, and cultural boundaries. Those who have the power to draw the lines

Note: GG=Google’s decision makers
Stakeholder 1 = U.S. Government
Stakeholder 2 = Google’s regular users/advertiser outside China
Stakeholder 3 = Advocacy groups
Stakeholder 4 = Google’s investors
Stakeholder 5 = Google’s employees
Stakeholder 6 = Chinese government
Stakeholder 7 = Chinese online search service competitors
Stakeholder 8 = American online search service competitors
Stakeholder 9 = Chinese online search end users

Fig. 1. Identifying Google’s stakeholders in a holistic system.
or make the rules possess the “Policy & Regulation” type of stakes. Although they may not contribute directly to the business bottom line for an organization, they nonetheless hold the key stake that distinguishes from any other players at the table. In Google’s case, both Chinese government and U.S. government pull the string either from the front line or behind the scenes.

5.4.3. Stake type III: Perception and Reputation

An organization’s perception and reputation, just like the beauty, are in the eyes of the beholders. Although a corporation can claim it has a good reputation, the “Perception & Reputation” stakes are owned by those primary or periphery constituents. For a public owned company, this type of stakes can be easily translated into the “Product & Revenue” stakes. All involved parties, to some extent and without exception, own some of these “Perception & Reputation” stakes. However, some groups are more prepared, organized, and likely to exert influences on this type of stakes, especially regarding those non-business-oriented issues, such as social responsibility and democratic ideology. The structure of these three types of stakes can be further illustrated by two equally valid models (see Fig. 2).

![Diagram of Stake Types]

Fig. 2. Structure of stakes: (A) pyramid and (B) Bull’s-Eye structures.
In the pyramid structure (A), the lower level of stakes generally predetermined the status, performance, and function of the higher level stakes. For example, a financially sound, well-functioned, and managed corporation will normally get accommodative policy support and positive media coverage. Meanwhile, the higher level stakes constantly send the pressure to the lower level stakes. In the Bull’s-Eye Structure (B), all the stakes form into a concentric system, with the “Product & Revenue” at the core, and “Perception & Reputation” at the exterior. The scope of “Perception & Reputation” stakes is larger and broader than both the “Policy & Regulations” and the “Product & Revenue” stakes. It encompasses the latter two, and empowers them as well. An organization’s good reputation creates a friendly environment for it to operate, and to develop. Meanwhile, it gives an organization the benefit of the doubt which will carry an embattled corporation through the hard time. As to the decision-makers, the “Product & Revenue” stakes should always be the Bull’s-Eye target. They are the origin of an organization’s strength, power, and legitimacy. Through the mass media, an organization can solidify all these three types of stakes, and achieve the targeted objectives.

5.5. Model III: positioning stakeholders in an optimization model

Stakeholders not only have different types of stakes in their hands, but also have different goals in their minds. As a rational player, each and every stakeholder will be maximizing its benefits and minimizing its risks. However, not all interests are compatible with each other. Most of the time, stakeholders compete, contend, and conflict for the best outcome to their interests. Just as the stakes are different, so are the ways stakeholders using their stakes. Stakeholders, in a dynamic system, will pull the corporation toward the direction that meets their needs. The magnitude and determination of their pulling efforts help shape the final decision of a company.

The optimization model provides a simplified reproduction of the theme and pattern of these maneuvers by different stakeholders. It illustrates most of the interrelated factors in a dynamic system. To construct an optimization model, a complete list of attributes is needed to signify the form, strength, and direction of different forces. Based on the case study and the first two models on stakeholders and structure of stakes, the following attributes can be categorized and signifies in an optimization model, (1) stakeholders, (2) direction of influence, (3) power and strength of influence, (4) affinity/vicinity with decision-making center, (5) consistency and continuity of influence, (6) extremity of the position, and (7) visibility of the influence (see notes for detailed definitions). The final optimization model of Google’s overall decision-making mechanism was shown in Fig. 3.

As the optimization model clearly indicated, Google’s final decision came as the collective result of a series of power struggles among multiple stakeholders in a dynamic system. The assignment of the arrow size was based on the type of the stakes the stakeholders possess. Normally, the lower the stake in the pyramid structure, the bolder the arrow and the stronger the influencing power. Sometimes, one stakeholder group can have divided positions, such as Google’s employees in this case. From the final dynamic system model, it is pretty obvious that the “enter China” force collectively has stronger stake power, closer association with Google’s decision center, and more consistent in their push.

Certainly, this is not an exhaustive and mutually exclusive depiction of all the interactions in the overall decision-making process. Some sub-groups of stakeholder can be added, and some patterns can be more specific. For example, in this model, the mass media was excluded, mainly for the reason that mass media play the role more like a stakebroker, or card-dealer, rather than a real stakeholder. Although not without shortcomings, the variables and attributes included here are robust enough to demonstrate and summarize the form, power, direction, and duration of stakeholders’ influence on a certain issue. It also needs to be noted that understanding this inner structure and inter-struggles among stakeholders does not guarantee the success of a policy. However, using this optimization model will surely streamline the often complicated reality, and increase the robustness of decision-making process, which will increase the chance of success. That is the very reason why we develop and use stakeholder analysis in the first place.

6. Discussion

Through examining online search service provider Google’s much-talked about business operation in China over the past several years, this research introduced a series of practical stakeholder identifying and positioning (SIP) models that can be used for various PR case analysis, issue management and decision-making process.

The central thesis of this research argues that identifying and categorizing stakes is more instrumental and more important than identifying stakeholders in public relations case studies. Simply put, no stakes, no stakeholders. Equally
important in stakeholder analysis is the conflict precondition. The conflicting interests among different stakeholders make the stakeholder analysis necessary and meaningful. Meanwhile, since no stakes are created equal, no stakeholders are created equal too. The constant contentions and competitions constitute the real-life decision-making process. In sum, stakeholders coexist as a cohort group and function within a dynamic system. Therefore, a stakeholder analysis model should reflect and streamline the dynamic interactions of all stakeholders within a common system. In public relations case studies, the holistic view is not so much a philosophical choice, as a realistic and empirical approach.

The three general stakeholder identifying and positioning (SIP) models presented in this research synthesize the previous stakeholder theories in other social science disciplines and simplify the often-complicated reality and decision-making process. However, these are informal models, which need further mathematical evidence to prove their generalizability and applicability. For example, future research may focus on how to quantify and operationalize the variables introduced here. Nonetheless, theoretical exploration on stake, stakeholder, and stakeholder analysis should be a new paradigm rising on the horizon of public relations academia.

References


