Agenda-building Theory: A Stakeholder Salience Approach for Determining Agenda Placement

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ABSTRACT

Management within an organization is constantly faced with decisions regarding the interests of the constituents or stakeholders of the firm. Every stakeholder's interests cannot possibly be dealt with equitably by an organization due to constraints upon available resources. Thus, decisions must be made regarding the priority of competing stakeholder claims. This paper considers this important stakeholder management dilemma by applying a stakeholder theory of salience to agenda-building theory. Propositions regarding the relationship among salience, the issue dimensions, and utilization of symbols in the issue expansion process are offered. Based on these propositions, a revised agenda-building model is presented, which joins the attributes of stakeholder salience with the basic components of agenda setting to demonstrate when decision-makers are forced to cope with a stakeholder issue.

Introduction

Management within an organization is constantly faced with decisions regarding the interests of the constituents or stakeholders of the firm. Regardless of how narrowly a "stakeholder" is defined, managers must balance the interests of the salient stakeholders. For a firm to be economically successful, management at various levels must adopt "corporate governance strategies and policies that facilitate the maintenance of an appropriate balance between different stakeholder interests" (Ogden and Watson, 1999: 527). Questions still remain regarding the identification of stakeholders and the management of stakeholder demands or interests. The focus of this paper is on the latter concern. If we are to agree with Freeman's (1984) definition of stakeholder as: "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984: 46), then decisions have to be made regarding the priority these stakeholders take on an organization's issue agenda. Due to limited corporate resources and also to the fact that Freeman's definition implies that the list of possible stakeholders to an organization could be quite large, every stakeholder's interests could not possibly receive attention. Thus, different levels of management within an organization must consider which stakeholder issues deserve attention from the company's perspective. In other words, management has to decide which stakeholder issues reach an organization's agenda for consideration.

This paper considers this important stakeholder management question by applying a stakeholder theory of salience to agenda-building theory from the political science literature. Stakeholder salience goes beyond identification questions and focuses on who or what management pays attention (Mitchell, Agle, & Wood, 1997). Stakeholder salience is "the degree to which managers give priority to competing stakeholder claims" (Mitchell, et.al., 1997: 854). This paper argues that only when a stakeholder issue gains high salience will the claim reach an organizational agenda automatically. Without high salience, the stakeholder interest group will be denied institutional agenda access and be forced to find new ways to become more salient to management. Using the agenda-building literature and Mitchell, Agle, and Wood's (1997) work on stakeholder salience, the process for automatic agenda placement will be outlined, the factors contributing to salience will be offered, and corporate strategies for limiting participation will be presented. I will argue that the dimensions of the issue and the symbols used contribute to the perceived salience of the issue. When this perceived issue salience is combined with perceived group salience, the stakeholder issue may expand automatically to the organization's agenda. The vehicle through which top management perceives the stakeholder issue as salient is the public. The extent to which the public gives priority to a stakeholder issue will affect agenda placement profoundly. I show that perceived stakeholder salience to management will increase as the perceived salience of the issue increases among the public, thereby increasing the number of stakeholders of the organizational issue.

The Stakeholder Concept

For the last couple of decades, stakeholder theory has been a "popular heuristic for describing the management environment" (Mitchell, Agle, and Wood, 1997: 853). Simply, the stakeholder notion says that the corporation is responsible to other groups besides just shareholders. The profit-maximizing function is utilized by acknowledging the shareholders of the corporation. However, beyond this fiduciary responsibility of the firm, management should widen its perspective to include the demands of non-shareholding groups who hold a "stake" in the corporation.

This paper agrees with Mitchell, Agle, and Wood (1997) in their assessment that the identification of stakeholders is not as important as the salience that particular groups or individuals command from management. If the concern focuses on stakeholder salience, the choice of definition matters little. No matter how many groups or individuals have been identified as stakeholders, an organization's management still has to determine which groups warrant attention. A theory of stakeholder salience takes us beyond stakeholder identification and moves us towards the management of stakeholder issues.

Stakeholder Salience: Mitchell, Agle, and Wood (1997)

In 1997, Mitchell, Agle, and Wood discussed the salience of stakeholders in an effort to understand how and when managers give competing claims priority. Before this work, the stakeholder framework literature failed to explain how management makes choices among various stakeholder demands.

This important piece contributes greatly to the development of the stakeholder theory field. After giving a thorough synopsis of the stakeholder literature, the authors were able to isolate three major stakeholder attributes, which are used to identify the different classes of stakeholders. The attributes of power, legitimacy, and urgency, are sorted and combined to define latent stakeholders, expectant stakeholders, and definitive stakeholders. Within these three major classifications of stakeholder types are seven sub-classifications of stakeholders which determine salience. (Please see Mitchell, Agle, and Wood (1997) for a discussion of the seven sub-classifications, as their discussion is beyond the goals of this paper.) Their general proposition is “that stakeholder salience will be positively related to the cumulative number of stakeholder attributes…perceived by managers to be present” (Agle, Mitchell, & Sonnenfeld, 1999: 507).

Mitchell, Agle, and Wood claim that a party has power in a relationship “to the extent it has or can gain access to coercive, utilitarian, or normative means to impose it’s will in the relationship” (p.865). Coercive power is based on physical resources to exercise force in a relationship. Utilitarian power is based on the use of financial resources, and normative power is the use of symbolic resources.

In their discussion of legitimacy, the authors acknowledge the fact that stakeholder theory has been searching for a normative core, which involves the search for stakeholder legitimacy. This paper is more concerned with the instrumental use of these attributes rather than the purely normative. Although it should be noted that there is an implicit relationship between instrumental and normative analyses (Hill & Jones, 1995). Nevertheless, Mitchell et.al use Suchman’s (1995) definition of legitimacy for their research. Legitimacy is defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995: 574). There is definitely a normative tone to this definition.

The last attribute in their model is urgency. Urgency occurs when “a relationship or claim is of a time-sensitive nature and when that relationship or claim is important or critical to the stakeholder” (p.867). When issues develop quickly and need immediate attention, urgency is believed to exist. In the management of stakeholder claims, the urgency component is necessary to determine which claims will get attention.

The stakeholder typology combines these three attributes to determine and sort three classes of stakeholders. The model recognizes any party as a stakeholder who possesses at least one of the three attributes. However, salience or priority that the stakeholders take depends on the combination of the three attributes. When a stakeholder possesses only one of the three attributes (no matter which one), that stakeholder is considered latent. Stakeholder salience will be low for latent stakeholders. When a stakeholder is perceived by managers to have two of the three attributes (3 combinations possible), they are considered expectant. Expectant stakeholders have a moderate level of salience. The movement of a stakeholder from latent to expectant, with an additional attribute moves a stakeholder from a “passive to an active stance” (p.876). These stakeholders begin to expect something. The most salient stakeholders are the ones who possess all three attributes. These definitive stakeholders move from expectant by acquiring the one missing attribute. Definitive stakeholders take definite priority over other stakeholder claims because managers perceive them to possess all three stakeholder attributes.

Attributes can change over time and stakeholders can move in and out of the various categories. The model is based on the perception that managers have of each stakeholder group. The authors emphasize that managers need to consider the power and urgency components of stakeholders rather than just their legitimacy. By acknowledging power and urgency, managers can improve their ability to “meet legitimate claims and protect legitimate interests” (p.882).

Agenda-building

For years, political scientists have studied methods of managing and resolving conflict in societies. One of these methods, agenda setting, is similar to the goals of stakeholder theory in that it seeks to sort relevant and irrelevant issues in an effort to give priority to certain demands. An agenda is “the list of subjects or problems to which government officials, and people outside the government closely associated with those officials, are paying some serious attention at any given time” (Kingdon, 1984: 3). Peter Bachrach’s Theory of Democratic Elitism (1967) provides the underlying logic for developing a theory of the sorting of stakeholder claims, or setting agendas. He tried to resurrect “the norm of participation and to reassert the social and individual value of active involvement of individuals in the processes that affect their lives” (Cobb and Elder, 1972: 9). Problems should be addressed as systematically as possible, given the existing norms. Robert Dahl contends that “some issues are organized into politics while others are organized out” (Dahl, 1957: 71-72).

Agenda building is “the process by which issues are brought to a formal institutional agenda and transformed into policy intentions” (Mitnick, 1980: 168). This does not necessarily mean that the issue will be resolved however. In politics, an item may reach a public policy agenda for discussion or consideration, but may not reach legislation. Agenda setting in politics is concerned with why a government body decides to attend to certain subjects, but not to others. These subjects can be considered stakeholders of the system or government. The focus in this paper is on the special case of regulatory entry or agenda building. Agenda-building theory and regulatory entry is most widely credited to Cobb and Elder (1972) in their book, Participation in American Politics.

It is necessary to discuss some of the basic premises of agenda setting theory before getting to Cobb and Elder’s model. First of all, issues are generated out of conflicts between expected behavior and perceived behavior. An issue is “a conflict between two or more identifiable groups over procedural or substantive matters relating to the distribution of positions or resources” (Cobb & Elder, 1972: 82). When a stakeholder or constituent expects the organization or government to perform a particular function, and the organization or government fails to do so, a conflict may arise.

Problems are characterized in terms of seriousness by measuring the intensity of demands of the conflict. David Easton considered demands to be one of the two major inputs of a political system (Easton, 1953: 48). Demands are derived from wants that gain attention through an authoritative decision. Only when a demand is converted into an issue does that demand gain the power to enter a political or organizational agenda. An issue constitutes a major problem. Demands become issues when decision-makers recognize the demand as serious enough to command attention. William Mitchell (1962) considers the “crystallization of demands into relevant issues…is one of the most important processes in the political system (Cobb and Elder, 1972: 20).

The agenda setting literature considers all conflicts as potentially expansive (Cobb and Ross, 1987: 4). As issues expand, they gain public awareness. A conflict needs to become salient to decision makers and the public in order to expand and ultimately hope to be placed on an organization's agenda for consideration. Awareness is naturally a necessary prerequisite for salience. As more people rally behind an issue conflict, public awareness rises and organizational or managerial awareness rises as well, as will become evident.

Cobb and Elder's (1972) Framework

Cobb and Elder (1972) identify three major steps in the agenda-building process: issue creation, issue expansion, and agenda entrance. In the first stage, an issue is created. A triggering event must exist that helps define and create an issue. An initiator, a group or person who converts a problem or grievance into an issue for a public or private reason is also necessary for issue creation. Together the initiator and the triggering device combine to form an issue. Birkland (1997) calls these trigger events, focusing events. Focusing events are "sudden, unpredictable events" (p.1). Events however, do not have to be sudden to cause a discrepancy. The point is that a change in behavior causes the perceived incongruity.

The second stage of agenda building is issue expansion. For a created issue to ultimately make an institutional agenda, "adherents must mobilize support for their position on the issue" (Mitnick, 1980: 169). When support is gained by large numbers of the public, access to managers who control the organization's agenda is more likely to occur. Resources must be obtained in order to expand an issue. With more public awareness and support, the likelihood that access onto the institutional agenda will be gained increases. Issue expansion involves two main factors, issue characteristics and symbol utilization.

Placement on a company's docket will depend greatly on the dimensions of the actual issue. Cobb and Elder illustrate five main dimensions that are fundamental to most issues. The first dimension, the degree of specificity, "refers to how abstractly or concretely an issue will be defined" (Cobb & Elder, 1972: 97). Usually, the more concrete and well-defined an issue is, the greater its chances of being placed on an agenda because it will be easier for people to comprehend (Suchman, 1995).

The second dimension, social significance, refers to the extent to which the issue is important to the general public or "peculiar to the immediate disputants" (p.97). This dimension refers to the number of people who could be impacted by the issue. The greater the potential impact, the more socially significant the issue. Certainly, the greater the social significance, the greater the potential for agenda placement. This becomes particularly important in the solicitation of support stage in the expansion process.

Temporal relevance is the third issue dimension. Here, Cobb and Elder refer to the time frame in which the issue exists. Whether the ramifications of the issue are in the short-term or long-term, will distinctly shape the character of the issue. Short-term issues may be urgently important or easily ignored. By the same token, long-run issues may take much time to develop and therefore could be put off by an organization for consideration, or they may have continual relevance and significance. Organizations must consider and determine how long it will take to implement a program to deal with an issue as well.

The fourth dimension, complexity, is best thought of existing on a continuum from highly complex to simple and easily understood. Depending on how complex or technical the issue, will determine what skills are necessary to handle the issue. Highly complex issues may require a team of scientists to resolve, thereby changing the character of the issue.

The last issue dimension in Cobb and Elder's list, is categorical precedence. This refers to the extent to which the issue is unique and without historical precedent, or the extent to which the issue is routine and commonplace. Managers have standardized procedures for some issues, but may have difficulty in cognitively processing extraordinary conflicts. The public is also more likely to be familiar with an issue with categorical precedence.

The other main factor of issue expansion is symbol utilization. "Groups can use a number of symbolic strategies to try to expand the conflict and obtain more supporters" (Mitnick, 1980: 171). Manipulation of these symbols can generate a greater public awareness and ultimately, a greater organizational awareness for the goal of agenda placement. Together, issue dimensions and symbol utilization determine whether the issue will expand to a larger public. Again, the authors list five symbols that can be utilized for conflict expansion. It is important to remember that none of the characteristics of symbols in Cobb and Elder's list is enough by itself to expand an issue.

Historical precedence can be manipulated to expand the issue to a greater number of people. A conflict that can be linked historically to a greater concern may be easier to expand to the greater public. When a symbol is used efficiently, and when the symbol has credibility to the general public, there is a greater chance the issue will be expanded. If a symbol is used incorrectly, its credibility with the public and with decision-makers will decline. When a symbol is overused, it tends to lose its significance and worth for the interest group. The more a symbol is used to rally different groups behind a cause, the greater the symbol saturation. A saturation point can be reached and eventually render the symbol useless to the interested party. On the other hand, while saturation is not desirable, reinforcement is desirable. Effective symbols must be reinforced in order to reach the public's awareness and ultimately, the management's awareness. With added reinforcement, greater awareness results. The last symbol characteristic is the urgency portent. "Symbols that have action content are more likely to be effective than symbols that have no behavioral portent" (Cobb & Elder, 1972: 139). Urgent action symbols are more likely to be expanded than conflicts that do not utilize symbols stressing urgent action.

Once an issue has been expanded, meaning that a greater awareness has been generated among the public, the agenda entrance stage has been reached. Cobb and Elder list four levels of public awareness that factor into agenda placement. The lowest level, identification groups, can be thought of as the group that originally created the issue. This is the group most affected by an event or conflict. It is the goal of this interest group to generate the greater public awareness using symbols to expand the issue. The next level of public awareness is the attention group. The attention group is a small coalition of interest groups rallying behind a cause. Above this group is the attentive public, which can be viewed as the informed public on policy issues. When the conflict reaches the interests of the general public however, it has gone beyond just the informed few to become a highly salient issue.

With each higher level of public awareness, different strategies are employed to gain admission on an institutional agenda. Once a conflict reaches the mass public's attention, and is viewed as legitimate by the public, the issue gets placed on an organization's agenda automatically. The other lower levels require strategies. Cobb and Elder's strategies for agenda placement on these three levels are beyond the scope of this paper. My focus is on the levels of perceived managerial salience of the stakeholder issues relating to the likelihood that these conflicts will be placed on an organizational agenda automatically. This managerial salience depends on the extent to which the public gives priority to the claim. We now examine the strategies for agenda denial and issue containment from the organizational perspective.

Cobb and Elder provide us with a basis with which to discuss agenda-building strategies. Given these issue dimensions and symbol characteristics in their model, we turn to John Mahon for an understanding of the strategies that organizations use to keep issues off agendas. Mahon (1989) discusses the life cycle of an issue and relates the corporate strategies for dealing with conflicts to the number of stakeholders involved.

During these life cycle stages, management tries varying strategies for resolution. The management of the firm or political body will first attempt to quell or contain the conflict. By containment, we mean to keep an issue off a company's agenda. Of course, it is logical that management of a corporation would prefer not to have to resolve a stakeholder conflict by placing the issue on the firm's agenda because agenda placement means that resources will have to be expended for resolution. Management is thus inclined to attempt to keep the issue off the agenda. This will involve trying to constrict the expansion of the issue to the general public. If management is able to keep the conflict at the interest group awareness level, containment has occurred. Management will usually try to use symbolic language to counteract the symbol utilization tactics of the identification stakeholder groups. If the issue is contained, the remaining stages of its life cycle are not realized.

If containment is unsuccessful, management will attempt to shape the issue. Shaping strategies are designed to change the profile of the issue to the company's benefit. If containment does not work, and the issue does reach the organizational agenda, management will attempt to manipulate the eventual outcome of the dispute, or the implementation of the outcome of that dispute. Forms of bargaining may take place as well. Symbol utilization is also prevalent at this stage.

Finally, if shaping or containment does not work, management is mandated to cope with the issue and place it on the agenda as it was presented. Institutionalization represents the time when management is forced to place the issue on the agenda automatically. An organization concedes to the stakeholder group and takes substantive action to change its behavior at this time. By now, it can be assumed that a greater number of stakeholders have been made aware of the issue because organizations are forced to "cope" with an issue due to external pressure. This paper and the proposed model concentrate mainly on the coping strategy. When firms are forced to cope with a stakeholder issue, the issue automatically gets placed on the organizational agenda, and as we will see, may gain the attention of top decision-makers. Although the shaping strategies involve placement on the organizational agenda too, consideration may not be automatic.

Thus, it appears that a relationship can be inferred from Mahon's (1989) work between the number of stakeholders aware of the conflict and the strategy taken by management to handle the conflict. As an issue forms, the initial stakeholder identification group uses symbols to expand the issue to the attention of a greater number of people (ultimately, the general public). According to Cobb and Elder (1972), if the general public is made aware of the issue, automatic agenda placement is likely to occur. General public awareness is most desirable for the original interest group of stakeholders because it means automatic agenda placement and possibly drastic organizational action. When the general public is involved, substantive action must be taken by the organization to change its own behavior. Mahon considers the involved public the stakeholders of the organization. As more of the public gets involved or becomes aware of an issue, the greater the number of stakeholders involved.

Integration of Agenda-building and Stakeholder Theories

Can Mitchell, Agle and Wood's 1997 model be utilized with agenda-building material? Organizational theorists have often borrowed political theory to analyze and sort typical organizational processes (Mahon, 1989). An interesting link between the Cobb and Elder agenda-building model and the Mitchell, Agle, and Wood salience model can be made. Intuitively, an interest group trying to gain the attention of decision-makers in politics to affect legislation is essentially attempting to obtain salience for their cause. By generating a public awareness of the conflict, the interested party or group is striving for public support. As more of the public supports the interest group's claim, they become stakeholders of the claim. Hence, they are affected by or can affect the organization's actions. They give the issue priority. Because the issue is prominent to them, the issue has salience to the group of stakeholders. With greater extent of public salience of an issue (i.e. the general public), I propose a greater awareness of the stakeholder issue to top decision-makers. This greater cognitive awareness, represents a higher level of perceived salience for management. The fact that the greater level of public awareness factors into agenda placement suggests a link between perceived managerial salience of an issue and agenda placement.

Initial Propositions

Salience can be increased or manipulated by the greater use of symbols of power, legitimacy, and urgency by stakeholders. These symbols can be borrowed from and linked to the agenda-building literature. In fact, the list of symbol characteristics from the Cobb and Elder (1972) work can be related to Mitchell, Agle, and Wood's (1997) power, legitimacy, and urgency factors. Generally, with a greater use of perceived symbols of the three determining factors of salience, perceived salience of a stakeholder issue by an organization will increase. As salience increases with the greater use of symbols, the level of awareness among the public and within the company will increase as well. Thus, issue dimensions and perceived use of symbols by managers are related to power, legitimacy, and urgency.

As described in the previous section on the Cobb and Elder framework, the manipulation of the five symbols listed in their book will have an affect cumulatively on the likelihood that a stakeholder issue will be placed on an institutional agenda. The first in the list, historical precedence, was shown as being critical to the symbol's potency. "Popular symbols that have been used for a long period of time by other groups and other decision-makers" will increase the chances that an emotive response will be extracted from the public (Cobb & Elder, 1972: 132). Cognitive recognition will increase the perceived legitimacy of the issue to the public and to management. When new, unrecognizable events occur, the social perceiver (in this case, the public and management) is unable to make sense of what is happening, and there is no contextual reality (Weick, 1993). According to Suchman (1995) this lack of context makes certain issues incomprehensible, which compromises legitimacy. Thus, historical precedence gives the symbol more social legitimacy. From this, we can get the first proposition:

1a) The greater the use of symbols of historical precedence, the greater the perceived legitimacy of an issue by both management and the public.

Another determinant of legitimacy is the use of symbols of credibility. North and Weingast (1989) discussed the credible commitments of the English monarchy during the 17th century. The Stuarts during that era extracted forced loans from the population, but never honored them. This eliminated the legitimacy of their agreements. A government is legitimate, "in that it is established with a base of consent in a democratic society and is hence accepted" (Mitnick, 1999: 174). Because of this consent, "government is uniquely situated to supply credible commitments" (Mitnick, 1999: 174). The credibility of symbols will enhance their legitimacy to the public and to the management at which they are directed. Thus, my next proposition follows:

1b) The greater the perceived credibility of an issue symbol, the greater the perceived legitimacy of the issue by both management and the public.

The last symbol characteristic that relates to legitimacy is the level of saturation. Even legitimate symbols, the ones that have credibility and historical precedence, will lose some legitimacy if overused and over-applied. When a symbol is used for too many causes, it begins to lose its utility. Sometimes a symbol is defined in different ways to affect different causes. This dilutes the symbol's meaning. Cobb and Elder cite the overuse of the term "decentralization" in the 1968 teacher strike in New York City. The term lost its potency when it was used to describe community control and loss of freedom for the Jewish community. The symbol lost its legitimacy and meaning. Proposition 1c follows:

1c) The greater the level of saturation of a symbol, the lower the perceived level of legitimacy of that symbol by both management and the public.

Cobb and Elder state that the perceived legitimacy of the interest group initiating the stakeholder issue will factor into the efficacy of the cause. In other words, perceived legitimacy by management and the public of the interest group will factor into the success or failure of the group's ability to get their issue on an institutional agenda. New groups' greatest challenge is to legitimize their group standing. This requires resources, but also it requires the proper use of symbols to legitimize their cause. It can be inferred then that:

1d) The greater the use of symbols of legitimacy, the greater the perceived salience of the issue to the organization and to the public.

Not all the symbol characteristics relate to legitimacy however. Cobb and Elder's characteristic of reinforcement is determined by the power of the group using that symbol. "Often, the impact of a symbol will be enhanced when it is used by a person the public recognizes" (Cobb & Elder, 1972: 137). They further claim that a group who forces its demands onto an institutional agenda will be more successful when lead by a person in a position of power. Proposition 2a says that:

2a) The greater the perceived level of power of the individual or group utilizing the symbol, the greater the ability of that individual or group to reach a greater body public.

Reinforcement of a symbol will naturally make the receiver of the symbol more aware that the symbol exists. The more a symbol is used for a single cause, the greater the likelihood that the public and management will be aware of the issue that the symbol represents. Thus, Proposition 2b is:

2b) The more a symbol is reinforced to the public and to management, the greater the perceived level of salience of that stakeholder issue to the public and management.

The last symbol in Cobb and Elder's list, the urgency portent, relates to Mitchell, Agle, and Wood's urgency factor. Time constraints factor into the salience of a stakeholder issue. Time can also be manipulated by use of symbols by the stakeholder interest group. If interest groups can demonstrate the rapidity of the issue, the issue is said to be more urgent. Mitchell, Agle, and Wood believe that urgency exists when "a claim is of a time-sensitive nature and… when the claim is important to the stakeholder" (Mitchell, Agle, and Wood, 1997: 867).

3) The greater use of symbols with urgency, the greater the perceived salience of the issue to which the symbols pertain to both the public and to management.

According to Cobb and Elder, symbol utilization and issue dimensions combine to expand an issue. Issue dimensions can also affect the perceived salience of a stakeholder issue. The five issue dimensions described in the previous section can be associated with the factors of salience from Mitchell, Agle, and Wood. The levels of each of these dimensions are on a continuum from high to low. Issue legitimacy is manipulated by the specificity of the issue itself. Concrete issues are more easily understood or comprehensible (Suchman, 1995). Concrete issues tend to have more cognitive legitimacy. Therefore, Proposition 4a is:

4a) As the level of perceived specificity of an issue increases, the perceived legitimacy of the issue increases.

The second dimension listed in the Cobb and Elder framework is social significance. As the issue carries social significance, its legitimacy increases. When society does not have much concern for an issue, the issue doesn't hold much legitimacy. Referring once again to Suchman's definition of legitimacy, when the actions of an entity are seen as desirable to society (thereby holding social significance) those actions are to some extent legitimate. Legitimacy can take many forms and can change over time. Suchman describes cognitive legitimacy, moral legitimacy, and pragmatic legitimacy. Meyer and Scott (1983) define organizational legitimacy as “the extent to which the array of established cultural accounts provide explanations for existence” (Meyer & Scott, 1983b: 201). This suggests that degrees of legitimacy exist. From this we can deduce Proposition 4b:

4b) As the level of perceived social significance increases, the level of perceived legitimacy increases.

Legitimacy is a function of categorical precedence well. When an issue requires routine treatment by management, it carries categorical precedence. Unique issues that have no set policy in place by management, have little or no categorical precedence. When managers have seen the problem before, the stakeholder issue has cognitive legitimacy. To gain cognitive legitimacy “an account must mesh both with larger belief systems and with the experienced reality of the audience’s daily life” (Suchman, 1995: 582). The experienced reality in this case is the categorical precedence. Thus,

4c) As an issue possesses categorical precedence, perceived legitimacy increases.

The issue dimension of temporal relevance pertains to the legitimacy of the issue. If an issue will continue to exist beyond the initial resolution, it has temporal relevance. Therefore, even if the issue commands urgent attention, it may continue to persist. Despite resolution, the issue does not disappear. A problem that persists holds more salience due to its continuing existence. It may hold more legitimacy though, since it is a reoccurring problem. Cognitively, because the issue reoccurs, it becomes more common for decision-makers and thereby more comprehensible. Comprehensibility gives an issue legitimacy. So,

4d) If an issue possesses temporal relevance, perceived legitimacy of the issue increases.

The last issue dimension, complexity, is a determining factor of legitimacy. A complex issue may appear less legitimate to management due to the number of technical people required for resolution. Moreover, it may appear less legitimate cognitively because it is less comprehensible to the managerial decision-makers. Because of Suchman’s comprehensibility component of cognitive legitimacy, Proposition 3e can be offered.

4e) If an issue is highly complex, perceived legitimacy of the issue decreases.

As illustrated, all five of the issue dimensions that Cobb and Elder list, are related to the legitimacy component of salience. Cobb and Elder claim that issue dimensions and symbol utilization combine to move an issue from the creation stage to the expansion stage. However, an intermediate step exists. If certain issue characteristics that give the issue legitimacy are present, and the symbols of power, legitimacy, and urgency are used effectively, an *issue* will gain salience to the public and to management. Mitchell, Agle, and Wood claim that as stakeholders become expectant (carry two of the three attributes of power, legitimacy, and urgency) or definitive (carry all three attributes of power, legitimacy, and urgency) they gain higher perceived salience. However, even Mitchell, Agle, and Wood admit that legitimacy is often “coupled implicitly with that of power when people attempt to evaluate the nature of relationships in society”, even though they treat the two as separate entities (p.866). Without salience, decision-makers will not pay attention to the stakeholder's issue. Therefore, it must carry at least moderate salience in order to be recognized by management and the public.

With increased legitimacy, awareness of an issue also increases. This increased awareness leads to increased perceived salience of the issue. The fact that an interest group has even one of the three stakeholder attributes gives that group some level of perceived salience. Thus, Proposition 3f follows:

4f) As the issue dimensions of legitimacy increase, the perceived salience of the issue will increase.

The Agenda-Salience Model

It is logical that with high levels of issue legitimacy, public awareness and managerial awareness of that issue are more likely to increase. However, the legitimacy of the issue has little bearing on the legitimacy of the group raising the issue. In fact, Cobb and Ross (1997) claim that if the interest group raising an issue has low legitimacy, management will likely discredit the group and the issue will not expand or reach an agenda. Newly formed interest groups are confronted with the problem of legitimizing their group rather than "legitimizing a particular issue position" (Cobb and Elder, 1972: 92). So, it is important for the identification group raising the initial issue, to obtain legitimacy in the eyes of the public and in the eyes of management. A homeless person on the street may have a legitimate issue claim and utilize symbols properly to convey his demand to the public, but will probably be less successful than a well-known public figure. The public figure will have more legitimacy to the organization than a homeless person because the actions of a public figure fit into the desirable and proper, socially constructed norms of society (Suchman, 1995).

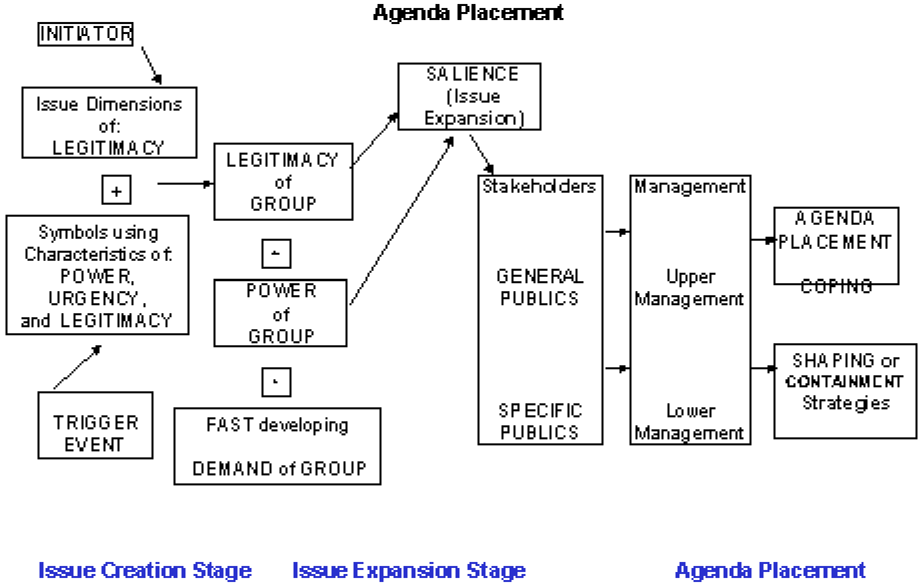
For an identification group to be able to expand its issue to ultimately reach an institutional agenda, that group needs to gain salience. The interest group must make their issue salient to a larger public to get recognized by management as a problem that needs to be resolved. To create a general awareness, resources must be available to the group and utilized to reach more stakeholders. It is important to remember that John Mahon (1989) considered the group involved in the cause or the people rallied around an issue as the stakeholders of that issue. So, when a greater number of people become aware of an issue, the number of stakeholders of that issue increases. Power is necessary to reach a greater general public with the demand. "A party to a relationship has power, to the extent it has or can gain access to coercive, utilitarian, or normative means, to impose its will in the relationship" (Mitchell, Agle, & Wood, 1997: 865). The "will" in this case is awareness of the issue. Therefore, group power must also be present to some extent to expand the issue to a greater public.

Cobb and Elder, in their original agenda-building model, include a moderating force in the issue expansion process. The speed of development of issues, a function of urgency, will have a positive influence on the expansion of the issue to the general public. The faster an issue develops, the more likely it will expand into the awareness of a greater number of stakeholders.

Thus, there are four main dimensions to the expansion process of an issue. First, there must be a triggering device or event that creates a conflict between an initiating identification group and the organization. Obviously, something must happen for an issue to be created and an initiating group must exist to convey the issue. Next, the issue must have characteristics, which grant it legitimacy. The five issue dimensions that Cobb and Elder list are factors of an issue's perceived legitimacy to the public and management. Third, the initiating identification group must utilize symbols effectively to convey the problem to the public and ultimately to management. These five symbols that Cobb and Elder present, when used properly, give the issue itself power, legitimacy, and urgency, thereby increasing the likelihood that the issue will expand to a greater general public.

Symbols themselves, when they possess historical precedence, credibility, and are not used too often, have some degree of legitimacy. When the symbol is reinforced, it has greater power. Depending on the language used, the symbol can have an urgency portent as well. Coupled with the characteristics of the issue which factor into its legitimacy, salience is still not obtained. The initiating identification group must also possess some combination of the attributes of power, legitimacy, and urgency. When a group that possesses some degree of power, legitimacy, and urgency, uses symbols effectively regarding an issue that is legitimate, high salience is finally achieved. This model is illustrated in Figure 1, and integrates Cobb and Elder's (1972) agenda-building model with the attributes of salience. Together, it demonstrates how the attributes of power, legitimacy, and urgency are evident in the factors of issue expansion in the agenda-building model. Moreover, the agenda-salience model shows how a stakeholder issue reaches an organization's agenda automatically.

Figure 1
Agenda-building Theory: A Stakeholder Salience Approach for Determining Agenda Placement



Walking through the diagram from left to right, a trigger event causes a discrepancy between the expected behavior of an organization and the actual behavior of the organization. An initiating interest group, which can identify with the discrepancy, creates an issue. This interested party must either be able to affect the organization or is affected by the organization's actions. Therefore, because of this group's initial interest in the issue, it is automatically a stakeholder to the firm. The identification group's goal is to generate salience and make their issue expand to the awareness of the general public. Ultimately, the group's goal is to have their issue placed on the organization's agenda.

Then, within the issue creation stage, three main factors combine to determine how salient the stakeholder issue is to the public. The issue dimensions determine the level of legitimacy the issue has to the public. The symbols utilized by the initiating identification group will also affect the salience of the issue to the public. Lastly, the group using the symbols to rally support for their issue possesses some level of power, legitimacy, and urgency. If the group possesses at least two of the three attributes, making them expectant stakeholders, or definitive stakeholders, the group is more likely to become salient to the public. However, according to the agenda-building literature, the group must possess some legitimacy and power to expand their issue to the awareness and favor of the general public. An illegitimate group will go unnoticed in the public arena. Before the issue will be taken seriously, the group must obtain legitimacy. This will take resources. New interest groups need to gain legitimacy by making the public aware that they exist and that their position is viable. The group exercises some form of power to gain legitimacy. Resources have to be expended to make the public aware of the group's existence. Granted, the recognition of the existence of a group does not necessarily give that group legitimacy. For legitimacy, the group must also conform to some societal beliefs or norms. It takes power and discretion for a group to gain attention and to show to the public that their beliefs are in line with the beliefs and norms of the groups. Therefore, to gain access to an agenda, the interest group must have both power and legitimacy, and their issue must have legitimacy.

The urgency component will be the difference between whether the stakeholder's issue will be highly salient or moderately salient to the public. With added urgency, the stakeholder with power and legitimacy will be considered definitive. By definition, definitive stakeholders have the highest priority. Definitive stakeholders possess power, legitimacy, and urgency. This attribute in the model has an added degree of influence on how salient an issue will be perceived.

The degree of salience can be determined by netting the effects of all the inputs in the model to this point. Factoring in the propositions regarding the issue dimensions and symbol characteristics, perceived public salience of the stakeholder issue may increase with the greater use of symbols of power, legitimacy, and urgency by the interest group. Additionally, the more legitimate issue dimensions that exist may increase the level of perceived public salience of the stakeholder issue as well. Factor in the calculation of the degree of power and legitimacy that the stakeholder interest group possesses. If a group possesses power and legitimacy, then they have a moderately high degree of salience to the public (expectant). If the development of the issue is relatively fast in the eyes of the public, then the expectant stakeholder group becomes definitive. If all of these factors are netted together, the degree of salience to the public can be determined.

Referring back to John Mahon, as the number of stakeholders involved in an issue increases the organization amends its strategy for dealing with the stakeholder issue. When few stakeholders are involved, management faced with the issue will most likely attempt to contain the issue. Containment strategies are designed to keep the issue off the agenda. Managers may choose from a number of containment strategies including avoidance or resistance. As the arbitrary number of stakeholders increases, managers may be forced to use shaping strategies to deal with the issue, and this does involve agenda placement. Through the use of symbols, management may try to change the public's perception of the issue. Shaping strategies are again an attempt to harness the issue, and avoid having to cope with the demand because of external pressure. If the containment and shaping strategies did not work in the battle with the interest group, the management is forced to cope with the issue and with the interested stakeholder group. At this stage, the number of stakeholders involved is highest.

Cobb and Elder and Mahon both list four levels of group awareness of an issue. Mahon places the original identification group and attention groups together in the specific publics category, and the attentive and general public groups in the general public's category. For clarity, I limit the model to Mahon's two categories. The fewest number of stakeholders involved in the issue falls into the specific public's category. The issue is salient only to a few people close to the issue itself. As time moves on, and the issue's life cycle progresses, the number of stakeholders who give priority to the issue increases. As more stakeholders become involved and reach the general public's level of salience, managers are forced to shape or cope with the issue, which essentially implies agenda-placement. The fact that coping strategies, or the decision to concede to the stakeholder group, are more likely to occur when large numbers of stakeholders are involved implies that the issue is salient to the top management of the organization. Major problems gain the attention of upper management. Agle, Mitchell, and Sonnenfeld (1999) found that stakeholder power, legitimacy, and urgency do "affect the degree to which top managers give priority to competing stakeholders" (p.520). Moreover, if the number of stakeholders involved in an issue conflict is high, it is more likely that top management will pay attention to the group than if only a few stakeholders were involved. The more people that become involved in an issue, the more salient the group is perceived to be by top managers.

High profile issues that involve many stakeholders become more salient to the organization and thus, I propose the following propositions:

5) The greater the extent of perceived salience of a stakeholder's issue to the public, the greater the likelihood the issue will reach upper management of an organization.

6) *Once a stakeholder issue reaches upper management, the likelihood that the issue will be placed on an organizational agenda increases.*

It is assumed that once a stakeholder issue reaches top management, it has high perceived salience to the organization. Definitive stakeholders are the most salient. Mitchell, Agle, and Wood suggest that inattention to definitive stakeholders may have undesirable consequences to the organization. They cite real life example of companies like Kodak, IBM, and General

Motors who fired their top management for not attending to definitive stakeholders. This implies that top management must get active and involved in claims by highly salient stakeholder parties.

Discussion and Implications

This paper attempts to demonstrate how stakeholder issues develop and progress through their life cycle to ultimately get on an organizational agenda. It examines the factors involved in determining the perceived legitimacy and salience of an issue to an audience of stakeholders and managers, as well as the utilization of symbols by the stakeholder interest group to make the issue more salient to the public and to management. By combining elements of a theory of stakeholder salience developed by Mitchell, Agle, and Wood and agenda-building developed largely by Cobb and Elder, an integrative model of stakeholder priority is presented. In this revised model of agenda building, the issue dimensions and symbol characteristics were combined with group characteristics to determine the perceived level of salience that the stakeholder issue will have for the public. As more of the public gets involved in the issue (hence, the issue possesses higher perceived salience), the upper management of the organization from which the conflict originated will recognize the issue as having high salience. When the issue reaches upper management, agenda placement is very likely and the organization is forced to cope with the demand. When the issue does not move up the organizational hierarchy, thereby implying that fewer stakeholders are involved in the issue, the organization will use strategies to contain or shape the issue, so as to prevent the issue from reaching the company’s agenda, or to control the issue. Thus, the model can work both ways too. If an item has been placed on an organizational agenda, with high priority, it can be assumed that the stakeholder group involved in the issue is perceived as highly salient. Future research should examine the cyclical nature of the model.

Future research should also examine a possible feedback loop in the model. Once an issue has been denied agenda entrance, does it necessarily die forever? The interest group may learn from its original failure to make an agenda. Could the interest group take their issue and attempt to expand it again using new symbols and different resources?

Other aspects of agenda building theory and stakeholder salience have been omitted from this discussion to isolate the phenomenon of automatic agenda placement. Both theories are quite complex and possess many other viable features, not included in this paper. Automatic agenda placement by upper management is only one of a myriad of possibilities that exist for agenda placement of a stakeholder issue. Even when organizations attempt to shape or contain an issue, the issue does not necessarily die. Often, interest groups will try different strategies to gain salience and have their issue placed on an agenda for consideration. The only stakeholder strategies discussed here are the initial ones used to gain attention from upper management. Revised use of symbols, the politicking for media attention, and attempts to gain greater group legitimacy may eventually get the stakeholder issue placed on the agenda. The on-going battle between stakeholders and management should be considered by future research.

Additionally, there are other ways stakeholder groups gain perceived salience. This paper showed how an increase in the number of stakeholders rallied around a cause gains automatic agenda placement. Stakeholder groups can gain salience, even in small numbers (see

Mitchell, Agle, and Wood). The purposes here however, were to show how obtaining widespread perceived public salience will expand an issue. Cobb and Elder discuss ways an issue expands despite a low level of public awareness. Stakeholder strategies include the exercise of power through force, disruption, and threats. Interestingly enough, these strategies resemble some of the sub-categories of stakeholder classes developed in the salience model. For instance, dangerous stakeholders have power and urgency, but no legitimacy. This stakeholder group will often use coercion to advance their claim. Future research endeavors may wish to examine the relationship among these sub-groups of the three stakeholder classes outlined by Mitchell, Agle, and Wood and the agenda placement strategies.

It should be noted and emphasized that management will also use symbols to counteract the symbols used by interest groups. Thus, the other side of the agenda placement process, the managerial perspective, was examined only in a static sense in this paper as well. For instance, in the shaping strategy stage, decision-makers will attempt to utilize symbols to keep the stakeholder interest group's issue off the agenda. It is logical to postulate further that the above propositions also pertain to management. From their perspective, the use of these symbols of power, legitimacy, and urgency will be used in similar ways. The cumulative effect of this phenomenon is speculative and certainly different in every situation. This paper sought to demonstrate how stakeholder issues can expand and reach an organization's agenda, despite the efforts of management to keep the issues off the agenda. Future research should examine the cumulative effects of management manipulation of issues AND stakeholder manipulation of the same issues to understand the entire process.

Finally, researchers may wish to test the link between stakeholder salience and agenda placement empirically. An extension of the Agle, Mitchell, and Sonnenfeld piece to agenda placement would be appropriate and interesting. To accomplish this end, consistent definitions of power, legitimacy, and urgency that cross the two theories are desirable. Also, a refinement of Cobb and Elder's list of issue dimensions may be warranted, in order to accurately evaluate a particular issue's legitimacy. If these caveats can be rectified, the agenda-salience model may indeed provide the basis for future empirical endeavors in business and society research.

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