A number of stakeholder theories have developed over time to explain, or to identify what the nature of the firm-stakeholder interaction should be. Each offers insights into the motivations that potentially could influence management in their decision to interact with stakeholders in the decision to report information about the firm’s activities. These various approaches to stakeholder theory have offered partial, often confusing explanations of the motivations for the firm-stakeholder interaction [Freeman 1994, Carroll and Nasi 1997, Rowley 1997]. Broadly theoretical perspectives have fallen into one of two perspectives, these perspectives have been characterized as managerial or normative [ethical].

A number of researchers recognizing that both managerial and normative motivations contribute to decision-making have suggested approaches to stakeholder theory that may assist in the analysis of the firm-stakeholder interaction. Trevino and Weaver [1999] have argued that stakeholder theory would be better characterized as a ‘Stakeholder Research Tradition’ rather than as one theory. While Jones and Wicks [1999] proposed the ‘Convergent Stakeholder Theory’ which was intended to offer an approach to the unification of the two branches of stakeholder theory in which the various stakeholder theories were to be seen as a ‘class of theories’. As with Freeman [1999] they recognized that “neither of the convergent forms of stakeholder theory is complete without the other” [p.206]. Freeman [1994] had argued against the notion of convergent stakeholder theory, he argued that, “the stakeholder theory can be unpacked into a number of stakeholder theories, each of which has a ‘normative core,’ inextricably linked to the way that corporations should be governed and the way that managers should act. So, attempts to more fully define, or more carefully define a stakeholder theory are misguided” [p.413]. In a later paper Freeman [1999] reinforced this view, arguing that “what we need is not more theory that converges but more narratives that are divergent – that show us different but useful ways to understand organisations in stakeholder terms” [p.233].

This study proposes a metaphorical approach to stakeholder theory. The interaction between management and the stakeholder is analyzed through the motivations identified by the various stakeholder theories to underlie the decision by management to report to stakeholders. The empirical part of this study seeks to identify whether these motivations identified by theory do play a role in management decision-making. It is argued that the firm-stakeholder interaction should be analyzed in a

1 Trevino and Weaver [1999] argue, “research traditions incorporate multiple, varied theories that are focused on the same domain of observed or postulated phenomena or related sets of questions or problems. Further, research traditions not only typically specify a subject domain but also may implicitly delineate important questions, basic concepts, and taken-for-granted assumptions” [p.224].
framework of motivations that are derived from the various stakeholder theories, and seen to influence decision-making in practice. It is argued that this approach will be better able to explain the nature of interaction between the firm and the stakeholder in the decision by management to report environmental information by identifying the broader range of influences on that decision derived from the various stakeholder theories. In this way the current paper offers an approach to the operationalization of stakeholder theory by considering the motivations identified by each of the various theories about the firm-stakeholder interaction that are argued to underlie the decision to report to stakeholders. This approach allows the divergent narratives of the firm-stakeholder interaction to be told.

The following broad research question is posed:

*Will a metaphoric approach to stakeholder theory, based on the motivations derived from the different theoretical perspectives about the firm-stakeholder interaction, be able to provide a more complete basis from which to understand the interaction between the firm and its stakeholders in the decision by management to report environmental information?*

The common link between these theories is the stakeholder. The managerial perspectives identify the actual response to stakeholders expected while the normative perspectives suggest that there is a responsibility on the firm to meet the intrinsic rights of stakeholders to environmental information. Decision-making is the result of many interacting influences, and the analytical approach needs to embrace these influences to offer a rich interpretation of human behaviour. Both perspectives need to be addressed as part of the firms approach to stakeholder management.

A model is developed to link the various theories about stakeholders and the underlying motivations for reporting to stakeholders identified by the various theories. These motivations formed the basis for the design of the questions used to seek information from the sample firms identifying motivations that entered the decision to report information to stakeholders. The results of the survey identifying the motivations that entered the decision to report formed a part of the metaphoric theory of the stakeholder. This model will provide the basis to analyse the firm-stakeholder interaction between the firm and the stakeholder without being restrained by a particular philosophical perception.

Environmental reporting was chosen in this study as it is an evolving, largely voluntary and relatively new area of reporting that has undergone significant developments in the 1990’s. On this basis management would have given serious thought in the decision to report and what to report.

In recent years there has been a growth in the number of companies taking a proactive approach to addressing stakeholder environmental information needs [for example, see Deegan 1998, Schaltegger 1996, Hines 1991, Tinker and Niemark 1987, Ullmann 1985, 3]

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2 A narrative is defined in the Pocket Oxford Dictionary as an ‘ordered account of connected events’. In this context the narrative is about identifying whether the various theoretical motivations identified by the theories about stakeholders for reporting environmental information are considered by management. Those motivations that are form a part of the metaphoric approach to stakeholder theory. This then provides an approach to the analysis of the firm-stakeholder interaction.

3 The sample was restricted to those firms that fall into environmentally sensitive groups identified in Deegan and Gordon [1996].
Donaldson 1982]. The importance of the environment and the growth in community awareness has also been discussed [for example, see Deegan 1998, Elkington 1993, UNEP 1994]. Industry guidelines have been adopted [for example, by the Minerals Council of Australia, The Australian Chamber of Manufacturers, The Australian Institute of Management], and standalone environmental reports have been prepared. In recent times environmental reports [and annual reports with environmental content] are appearing on the internet [for example, BHP, WMC, Rio Tinto, The Body Shop]. A number of organizations have prepared general guidelines to offer assistance to industry in developing environmental [and sustainability] management practices, the most recent of which is the GRI Sustainability Guidelines 2000. A number of studies have also considered the motivation, or motivations identified by management in the decision to report environmental information [for example, see Wilmshurst and Frost 1997, Deegan and Gordon 1996, Christow Consultants 1995, Marsden 1996, Freedman and Stagliano 1992, Ullman 1985].

A postal survey is used to collect data to identify whether the motivations identified from the various stakeholder theories enter into the decision by management to report environmental information. The survey is a stratified sample of the top 500 Australian listed companies identified in Huntley’s Shareholder 2000. The sample is stratified since it is to be selected from industry groups that are identified as being environmentally sensitive. This process is adopted as it is expected that the management of these firms will have been confronted with stakeholder management and environmental issues, and have had to adopt approaches to address them. Firms targeted are firms identified to belong to environmentally sensitive industry groups.

The major research question will be responded to in two parts:

1. **Did management indicate that the motivations underlying each of the questions exploring aspects of the firm-stakeholder interaction influence the decision by the firm to report environmental information?**

   The analysis indicated that the various stakeholder theoretical perspectives contribute to the motivations that underlie the decision by management to report environmental information to stakeholders. This was supported by the descriptive analysis, a one-sample t-test, correlations and reliability analysis undertaken.

2. **Do the results of the analysis provide support to the expectation that the various theoretical perspectives identified by theories of the stakeholder influence the decision by management to report environmental information to stakeholders?**

   The analysis indicates that management consider a mixture of motivations in the decision to report environmental information to stakeholders. These motivations are not only economic based but consider the stakeholder as well, for example, in terms of a right to be informed. Factor Analysis shows that the results support the expectation that a mix of motivations influence the decision to report environmental information, and that no particular

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4 In effect, this question is seeking to assess the evidence whether a mixture of motivations influence the decision by management to report environmental information without any particular motivation appearing to dominate the decision. This study has not sought to attribute importance to different motivations but rather to identify whether they enter into the decision by management.
theoretical perspective is dominant. Rather decision-making is a complex process reflecting a combination of motivations based on both managerial, and normative influences. These are the influences that affect our daily lives – the desire for the firm to be successful, the pressures imposed by the environment surrounding the firm, most importantly the stakeholders, and the beliefs manager bring to the decision-making process.

This study has shown that a mixture of motivations derived from the different theoretical perspectives contribute to understanding the influences on the management decision to report environmental information to stakeholders. This also demonstrates that the existing theoretical perspectives about the firm-stakeholder interaction do provide only a partial and incomplete explanation for the reporting decision by management. Influences on the decision by management embrace both the expectations identified in the managerial theoretical perspectives and the ideals embraced by normative theoretical perspectives. The results of this study show that a metaphoric approach to stakeholder theory, in the sense of a stakeholder research tradition, combining the managerial and normative motivations provides a more complete approach to the exploration of, and explanation for the firm-stakeholder interaction in the decision by the firm to report environmental information. It is argued that the proposition underlying this study is supported:

* A metaphoric approach to stakeholder theory based on the motivations identified by the different theoretical perspectives about the firm-stakeholder interaction is able to provide a more complete narrative of the interaction between the firm and its stakeholders in the decision by management to report environmental information than individual theoretical perspectives.

It has been argued that the distinction between the managerial and normative theoretical perspectives has meant that theoretical development in this area has concentrated on approaches that offer partial explanations of the firm-stakeholder interaction. It has been argued that the so-called “separation thesis” is not appropriate, and to move forward theoretical development needs to address both the managerial and normative theoretical perspectives of the firm-stakeholder interaction in the decision making process. Both the managerial and normative issues form a part of the motivations for the decision by management to report environmental information to stakeholders. The contention of this study is that a metaphoric approach to stakeholder theory would provide a better approach from which to discuss the motivations underlying the decision to report environmental information.

The decision by management to report environmental information was found to reflect a mix of motivations derived from the various theoretical perspectives. The metaphoric approach to stakeholder theory is able to link the various theoretical perspectives and give recognition that each assists in understanding the decision by management to report environmental information identified by management. As such it is able to offer a more complete narrative of the interaction between the firm and it’s stakeholders in the decision to report environmental information by taking into account the mix of motivations found to play a role.

The results of this study point to the contribution that different theoretical perspectives can provide rather than fixating on one ‘view of the world’. Recognising differences in the motivations that may enter into a
decision, the divergent narratives of each firm can be told if an approach to operationalizing stakeholder theory such as the one proposed is adopted. There is no necessity to develop an integrated stakeholder theory, rather it is desirable to recognise the motivations that may enter a decision to report and provide a basis from which the degree of influence of the different motivations may be analysed. In this sense stakeholder theory is a group of theories that are able to provide a basis from which to understand the firm-stakeholder interaction.

The results of the study are shown to support the metaphoric theory of the stakeholder, and the desirability of adopting an approach where both managerial and normative motivations are considered in seeking to understand the motivations behind the decision to report environmental information to stakeholders.

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INTERESTED PARTY PERSPECTIVES REGARDING TRIPLE BOTTOM LINE REPORTING

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Attempting to specify or list groups and individuals who may be interested in Triple Bottom Line (TBL) reporting by entities usually centres on groups identified through such references as the Statements of Accounting Concept. An alternative approach is to identify different perspectives from which groups and individuals may stem. In this way the scoping of key performance areas and perhaps the need for regulation is more readily highlighted. The perspective chosen determines the purpose of the reports that are generated. Three perspectives are identified as having a significant role to play:

- Management perspective
- User perspective
- Societal assurance perspective

Management perspective
The term stakeholder is used by management and derives from stakeholder theory which very simply is a management perspective identifying parties likely to affect entities. Clarkson (1995) described two stakeholder groups: