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Stakeholder Management Theory in Practice
The Case of UPM-Kymmene Oyj

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ABSTRACT

This thesis has been conducted in order to build and apply a framework designed to manage different stakeholders for a given situation. The main purpose therefore is to show how stakeholders can be identified, ranked and organized in order to provide the best basis for management.

The research was conducted mainly based on theories, literature, and subjective analysis, hence no inside information from the company has been used, since the main goal was to design a framework. As a result of this thesis, UPM-Kymmene Oyj. got valuable feedback and a useful framework for further use.

As a result, the framework that was built in this thesis could be very well be used in any situation where stakeholders have a need to be managed.

The thesis writer got an interesting experience in management, and could see that the framework, as any exploratory study, may have had some weaknesses and opportunities to be further developed.

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1 Introduction

In todays' world, we have seen that being competitive is not sufficient enough for companies. Instead, they need to focus on constant improvements, and adjust their dynamic capabilities regularly. Organizations have to focus on constant adaptation and always research new opportunities. In dynamic capabilities the term "dynamic" can be seen as the ability to adapt by getting the necessary skills (internal) to fit the changing environment (external), whereas the "capabilities" focuses on role and place of management to integrate the whole new sets of skills with this same changing environment (link between internal and external). If dynamic capabilities focus on organizing internal skills to fit the external environment, we ought to ask ourselves what does this environment consist of?

If we are not taking into account nature and uncontrollable events (such as natural catastrophe, weather, etc.), the external environment mainly consists of stakeholders more or less influenceable and more or less important to the company. Indeed, according to Freeman's definition in 1984 "a stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives." Therefore, we will in this paper focus on mapping stakeholders of a given company for a given strategy, in order to understand the possible benefits of stakeholder management. The aim of it will be to reply to the question "can the interests of the stakeholders be balanced by creating value in achieving a green strategy?" This paper will be a theoretical study of how the strategy of having a totally green business could be achieved by a firm such as UPM Kymmene Oyj.

This study is a case study based on literature review and a seminar on stakeholder management given by Grant T. Savage in 2010 at the University of Tampere.

1.1 Company introduction

UPM Kymmene Oyj. is a Finnish firm providing forest products within the pulp and paper industry. It has about 23 000 employees thorough the world, and is number one in printing paper. In March 2006, UPM has announced a restructuring program including 3600 laid off (about 3000 in Finland) as well as one closing site in Voikkaa (Kuusankoski). This was the most massive lay off in the history of Finland. The firm is working in more than 15 countries, with some agents all over the world. UPM is the result of the fusion between Yhtyneet Paperitehtaat Oy (United Paper Mills, UPM in English) and Kymmene Oy which has happened in 1995 but started operating with its new name from the first of May 1996. Nowadays, the group is composed by about 100 productions units that originally were independent. The oldest firm of UPM is "Papeteries de Docelles" in the Vosges (France) at the end of the 15th century. The firm was then producing high quality paper, by hand. The first machine was installed in 1830. UPM is the seventh most important paper producer in the whole world, and its sales totalled 7.7 billion euros in 2009. The firm is listed in OMX Nordic Exchange Helsinki. Its main competitor in the pulp and paper industry is Stora Enso, a Swedish company. For the purpose of the paper Metso will be considered as a smaller competitor.

1.2 Methods and restrictions

This company is chosen to apply a stakeholder analysis, however, the strategy on which our analysis will be aligned is completely theoretical and does not involve UPM whatsoever. This study is just an exploratory study which will highlight the possibilities regarding the chosen strategy, and in that sense could be beneficial to UPM. For this case, the chosen strategy is "UPM goes green, and implement green processes thorough its whole supply chain". In this analysis we will see how to balance the interest of the stakeholders who will become essential to the firm, in order to achieve the best possible outcome. This interests' balance will enhance the value creation for the key stakeholders

and will address our research question : "can the interests of stakeholder be balanced by creating value in achieving a green strategy?".

As the paper remains theoretical, any assumptions necessary to the understanding of the paper will be stated. This case study is based on a literature review, and as any exploratory study, can't be considered as totally valid due to the lack of information of the writer. Indeed, a stakeholder analysis would require access to confidential information from the company in order to have more significance. However, the reader should keep in mind that this case study is showing a possible framework that can enhance stakeholder management.

1.3 Plan of the analysis

In order to conduct the stakeholder analysis, we will follow some key steps as given by Mr Grant T. Savage during a lecture at the University of Tampere.
The essential steps are as follows:

- Identify the Key stakeholders

- Classify the stakeholder relations

- Create a stakeholder map

- Assess likely strategic outcome

Each and every step will also be commented on in order for the reader to understand the way the analysis is conducted.

2 Classification of the stakeholders

As Pajunen (2006, 1261-1288) explained, it is essential to understand which stakeholders are the most important, as well as how to manage them efficiently. In order to determine the importance of each stakeholder, we first need to list them all and build a list of components, which would help us assigning importance to all of them. This ranking will be done using different approaches in order to get the best possible result, which will not be based on one single characteristic only. Therefore, classifying the stakeholders is not an easy task, and should be carefully considered. In order to have a detailed paper that goes through all the steps thoroughly, we will proceed as follow.

2.1 The method

Our first part will focus on building a table gathering the main information according to the stakeholder, in terms of importance and dependency (from the company as well as from the stakeholder's point of view).

In order to achieve such a result, we will first use Donaldson and Preston's (1995, 85-91) definitions of stakeholders' importance (primary, secondary and tertiary) according to their economic and legal status regarding an issue or in our case, a strategy. We can find three types of stakeholders' importance as mentioned before, according to this framework. Firstly, the primary stakeholders are the ones having a direct economic and/or legal stake in the issue. The secondary stakeholders are the ones having and indirect or derived economic and/or legal stake in the issue. The tertiary stakeholders have no economic nor legal stake in the issue, but are economically or legally impacted by the strategy.

The second step will be to classify the stakeholder in terms of their power, legitimacy, and urgency (Mitchell, Agle & Wood, 1997, 853-886). As seen on the graph in the appendixes, we can distinguish the low salience classes (area 1, 2 and 3), the moderate

salient classes (area 4, 5 and 6) and the highly salient class (area 7). In clear, the salience will be low when only one of the three attributes (power, legitimacy and urgency) is perceived as high. This salience will become moderate if two of these attributes are gathered, and will be high where the three attributes are present.

The third step will be done by characterizing each stakeholder according to its type. This categorization will be done through the framework of Fassin (2009) who distinguishes stakeholders in three different categories:

- Stakeholder : has a normative claim, power or influence, and responsibility of the organization

- Stakewatcher (pressure group) : has a derivative claim with power or influence on the organization

- Stakekeeper (regulator) : has a normative and derivative claim, power or influence, and externally imposed responsibility on the organization

After these first steps, I will summarize our findings in a table gathering all the above information, in order to allow the reader to have a clear view on the beginning of the mapping, and help him/her understanding the process.

We will then jump to the fourth step, which will consist of classifying the stakeholder relations. This will be done according to the article of Savage, Whitehead, & Blair (1991). This article differentiates stakeholder relations into 4 types:

- Supportive : high potential to benefit, and low potential to be harmed by the organization's decisions

- Mixed blessing (ambivalent) : high potential to benefit and high potential to be harmed by the organization's decisions

- Non supportive : low potential to benefit, but high potential to be harmed by the organization's decisions

- Marginal : low potential to benefit and low potential to be harmed by the organization's decisions

The original table of the article can be found in the appendixes.

During the fifth step, the writer will also focus on the stakeholder relationships, but will be approaching from a different perspective. Indeed, as Rowley explained in his article published in 1997, the organization can be considered as having a network relationship with numerous stakeholders. The position the firm is having regarding its stakeholder will be a determinant of its strategic flexibility as well as its strategic influence. This approach is based on two key concepts, the density and the centrality.

All these steps will help us going from the original stakeholder model as explained by Freeman in 1984 as shown in the appendixes, to the new stakeholder model which will be achieved at the end of this thesis.

2.2 Stakeholder ranking

Primary, secondary, or tertiary, the importance of link definition

In this table, we will list all possible stakeholders that we will be likely to find later on in the paper, and explain why they are considered (when it is not obvious) as stakeholders, and how they do relate to UPM. In the characteristic, the reader will be able to find the information about the particular stakeholder, mainly its repartition (how numerous) and the size, in order to give a clearer picture.

Table 1: Ranking of stakeholders according to their characteristics

Category	Stakeholder	Status	Characteristics
Customers	Customers (Public)	Primary	Public customers are state owned entity. Repartition and size: numerous, rather big
	Customers (Private)	Primary	Repartition and size: numerous, big and small

Category	Stakeholder	Status	Characteristics
	Employees	Primary	Repartition: numerous
	Shareholders	Primary	Repartition and size: numerous, big and small
	Civil society	Primary	Aggregate of people and small firm directly affected by UPM (for example, the restaurant in UPM's building, or the private parking lot in which employees are parking their cars, etc.) Repartition and size: numerous, middle sized
	Utility suppliers	Primary	Supplier of gas, electricity, energy, water, etc. Repartition and size: only a few, big size.
	Technology suppliers	Primary	Mainly big machineries. Repartition and size: only a few, big size
	Wood suppliers	Primary	Repartition and size: a lot of small ones
	Ventures	Primary	Ventures are all the business in which UPM is involved, for the purpose of this paper. Repartition and size: only a few, but with a high potential and rather big

Category	Stakeholder	Status	Characteristics
Business	Waste management partners	Secondary	Waste management partners will help UPM reducing, handling, and recycling its wastes. Repartition and size: a few, middle sized
	Outsourcing partners	Secondary	Suppliers of outsourcing services (transport, maintenance). Repartition and size: they are numerous and small for most of them
	Research partners	Secondary	These partners are mainly universities and public organization. Repartition and size
	Sales agents	Secondary	In some regions, UPM does not have offices, but works with agents in order to sell its products. Repartition and size: a few small agents, but new ones are easy to find
Competitors	Metso	Secondary	Considered here as a small scale competitor
	Stora Enso	Secondary	Considered here as the main competitor
	Work unions	Secondary	Repartition and size: a few, but rather powerful

Category	Stakeholder	Status	Characteristics
	Community	Secondary	It can be a village, an area. It is a social structure (made of people) which is directly affected by UPM's action. An example could be a village where the main source of revenue is UPM. Repartition and size: numerous, middle sized
	Environmental organizations	Secondary	Repartition and size: a few big ones
	Regulators	Tertiary	Regulators do not have a real impact on UPM, and vice versa. They are mainly standards makers (quality standards for example, etc.) Repartition and size: a few big ones.
	Media	Tertiary	Repartition and size: a lot of them, big and small
	Governmental bodies	Tertiary	Repartition and size: a few big ones

Explanation of the rankings

As explained above in this study, all the primary stakeholders are the ones having a direct economic and/or legal stake in the issue. Therefore, shareholders, employees and ventures are included in this category since they are parts of the company. With the same reasoning, we could say that customers, wood suppliers, utility suppliers are primary, because their existence is a condition to UPM's operations (without one of them, UPM could not operate). The civil society being a primary stakeholder could be

argued, however, this society is built around the company and vice versa, exchanges of services being essential.

The secondary stakeholders are the ones having an indirect or derived economic and/or legal stake in the issue the partners and agents for example are useful to the company's operations, but they can be changed rather easily. From their points of view, UPM is "only" another of their customers. Community, competitors and environmental organization are secondary because they do not have a direct economic or legal stake in the company, even though their actions may influence the company's choices.

The tertiary stakeholders have no economic nor legal stake in the issue, but are economically or legally impacted by the strategy. In our case, regulators, media, and governmental bodies can't really be influenced by UPM's strategy but can have a drastic impact on UPM. It can also be argued here whether UPM can impact governmental body due to its size. For example, if UPM would leave Finland, a big part of the country's economy would fall apart, as UPM creates a lot of value.

2.3 The importance of stakeholder power, legitimacy and urgency

As one may understand it, stakeholders should not be all treated the same. From the stakeholder point of view for example, a private customer should be better taken care of than a big company, for the simple reason that an individual most likely won't have the same urgency. For example, a big company providing cleaning services can be paid two months after the services have been delivered, but an individual most probably can't afford being paid later than thirty days after the service has been provided.

From the company's point of view, the state or owners of the capital will be in most cases be treated in priority, for a simple fact: they have the power over the company's actions! In the table below, we will try to assign a degree of power, urgency and legitimacy to each of the stakeholders we found in our table 1.

Table 2 : Assignment of power, legitimacy and urgency of stakeholders

Stakeholder	Power	Legitimacy	Urgency	Explanations
Customers (Public)	High	High	High	Public customers are generally bigger and more powerful than private ones. As customers, they have a high legitimacy, and urgency
Customers (Private)	Medium	High	High	Private customers are generally smaller and less powerful than public ones. As customers, they have a high legitimacy, and urgency
Employees	Medium	High	High	Employee are not really powerful toward the company, but have a high legitimacy and urgency
Shareholders	High	High	Medium	Partial owners of the company, they have the power and legitimacy, but usually not the urgency
Civil society	Low	Low	High	Being external to the company, they have no power nor legitimacy, but they usually achieve a good partnership with the company. In that sense, the civil society needs and is needed

Stakeholder	Power	Legitimacy	Urgency	Explanations
Utility suppliers	High	Low	Low	Utility suppliers are not numerous (most of the time a monopoly), they therefore have a high power, but no legitimacy ; their urgency usually is low
Technology suppliers	High	Low	High	They usually occupy a small market (almost no competition), therefore have a high power, but no legitimacy. As UPM may be one of their few customer, their urgency is high
Wood suppliers	Low	Low	High	Being small, they have no power, a no real legitimacy, however, a high urgency
Ventures	Low	Medium	Low	Low power because of the little part of the business they occupy. Medium legitimacy comes from the fact that they are linked with UPM
Waste management partners	High	Medium	Low	The high power comes from the fact that they are essential to this strategy for innovation and cost purposes, being linked with UPM grant them a medium legitimacy

Stakeholder	Power	Legitimacy	Urgency	Explanations
Outsourcing partners	Low	Medium	High	Being easily interchangeable, they have no real power, but their urgency is high (UPM has to pay them on time)
Research partners	Low	Medium	Low	Research partners have no power and no urgency (they are not directly paid by UPM). However, they are important for this strategy as they can provide an edge
Sales agents	Low	Low	High	Agents are working on their own, thus have no power nor legitimacy. However, their urgency is high, as they depend directly upon UPM's decisions
Metso	Medium	Low	Medium	Metso's power is medium, because as a competitor, it has to be taken into account. The small size of the company accounts for the medium (instead of high power), and the urgency is medium because any decision has to be counter-attacked or at least taken into consideration by UPM
Stora Enso	High	Low	Medium	Same characteristics as Metso, but the power is high because of the size of the company (world-wide competitor)

Stakeholder	Power	Legitimacy	Urgency	Explanations
Work unions	Medium	High	High	The power of unions is medium because even though they can impact the company, they can't really make its strategy change. Legitimacy and urgency are high because of the nature of this stakeholder
Community	Low	Medium	High	The community does not really have power upon UPM, and its legitimacy is not really high, however, the urgency is important, as UPM may be an enormous source of income/work/ opportunities for the community in which it is implanted
Environm. org.	Medium	Medium	High	Environmental organizations have a power upon the firm indirectly (they can for example mobilize media, community, civil society, and people). Their legitimacy is medium as their are indirectly linked to UPM (they care about the environment which is the reason why they may interact with UPM)

Stakeholder	Power	Legitimacy	Urgency	Explanations
Regulators	High	High	Low	High power and legitimacy, regulators build the standards. Their decision may impact UPM to a big scale (interdiction to use certain products for example)
Media	Medium	Low	Medium	They gather and build public opinion, which gives them a medium power. The urgency may also be medium (or even high in some cases) as their actions may mobilize people for or against UPM
Government al bodies	High	Medium	High	As infrastructures providers (among other things), this stakeholder is quite powerful. The urgency is high (deadlines can't be pushed back)

2.4 Defining stakeholder, stakewatcher and stakekeeper

Fassin (2009, 113 - 135) distinguishes three different types of stakeholders. The well-known stakeholder has a normative claim, power or influence, and responsibility of the organization. The stakewatcher can be characterized as a pressure group thus having a derivative claim with power or influence on the organization. The stakekeeper is seen as a regulator, therefore, it has a normative and derivative claim, power or influence, and externally imposed responsibility on the organization. The literature also suggests the introduction of a new type "stakeseeker" which would be a stakeholder looking for the

company's interest. This won't be taken into account in our analysis because it does not fit with our strategy (no stakeseeker involved).

In the table below we will define each of the stakeholders.

Table 3: Categorization of stakeholders types

Stakeholder	Status
Customers (Public)	Stakeholder
Customers (Private)	Stakeholder
Employees	Stakeholder
Shareholders	Stakeholder
Civil society	Stakeholder
Utility suppliers	Stakeholder
Technology suppliers	Stakeholder
Wood suppliers	Stakeholder
Ventures	Stakeholder
Waste management partners	Stakeholder
Outsourcing partners	Stakeholder
Research partners	Stakeholder
Sales agents	Stakeholder
Metso	Stakeholder
Stora Enso	Stakeholder
Work unions	Stakekeeper
Community	Stakewatcher
Environmental organizations	Stakewatcher
Regulators	Stakekeeper

Stakeholder	Status
Media	Stakewatcher
Governmental bodies	Stakekeeper

The last part in building the table consists in gathering all the elements explained above, and add the key stakeholders, meaning the stakeholders upon which the applicability and feasibility of the strategy will lay on. These key stakeholders are the one UPM absolutely needs in order to achieve successfully its strategy, the smoother and most efficient way.

Table 4: Combined table

Stakeholder	Status	Power	Legitimacy	Urgency	Role	Key
Customers (Public)	Prim.	High	High	High	Stakeholder	X
Customers (Private)	Prim.	Medium	High	High	Stakeholder	X
Employees	Prim.	Medium	High	High	Stakeholder	
Shareholders	Prim.	High	High	Medium	Stakeholder	X
Civil society	Prim.	Low	Low	High	Stakeholder	
Utility suppliers	Prim.	High	Low	Low	Stakeholder	
Technology suppliers	Prim.	High	Low	High	Stakeholder	X
Wood suppliers	Prim.	Low	Low	High	Stakeholder	
Ventures	Prim.	Low	Medium	Low	Stakeholder	

Stakeholder	Status	Power	Legitimacy	Urgency	Role	Key
Waste management partners	Sec.	High	Medium	Low	Stakeholder	X
Outsourcing partners	Sec.	Low	Medium	High	Stakeholder	
Research partners	Sec.	Low	Medium	Low	Stakeholder	
Sales agents	Sec.	Low	Low	High	Stakeholder	
Metso	Sec.	Medium	Low	Medium	Stakeholder	
Stora Enso	Sec.	High	Low	Medium	Stakeholder	X
Work unions	Sec.	Medium	High	High	Stakekeeper	
Community	Sec.	Low	Medium	High	Stakewatcher	
Environmental organizations	Sec.	Medium	Medium	High	Stakewatcher	X
Regulators	Tert.	High	High	Low	Stakekeeper	
Media	Tert.	Medium	Low	Medium	Stakewatcher	X
Governmental bodies	Tert.	High	Medium	High	Stakekeeper	X

Based on this table, we can build our stakeholder map. We first start with the three concentric circles, which will represent the stakeholder status (primary, secondary and tertiary).
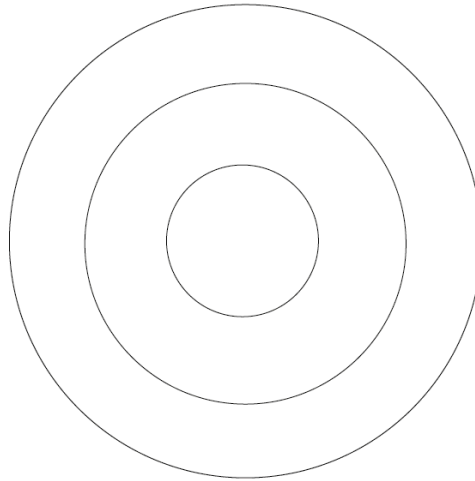
Figure 1: Empty map

UPM will be placed in the middle. Each stakeholder is placed on a circle depending on its status (primary on the first circle, secondary on the second circle, and of course, tertiary on the third circle). In order to distinguish the key stakeholders in our map, we will write them in red ink.
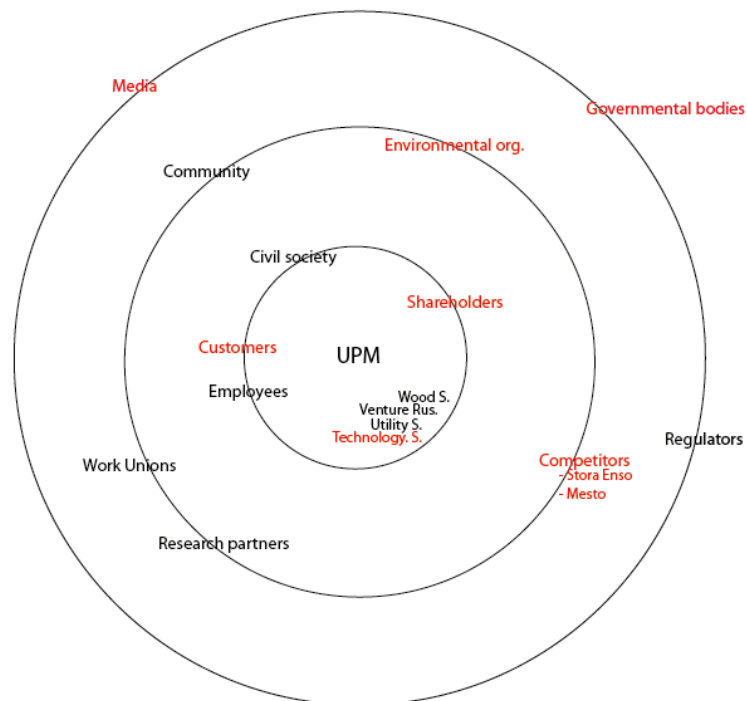
Figure 2: Map with stakeholders

This map will also allow us to draw dependent relations between UPM and its stakeholders, with arrows going towards the stakeholder (if UPM can influence it), towards UPM (if the stakeholder is influencing, or both ways. This map is efficient in the way that it allows the reader to spot all relations at one glance. The role of stakeholders (stakewatcher, stakekeeper, and stakeholder) won't appear in this map in order to avoid putting too much information and making it unreadable.

The complete stakeholder map in can be found in the appendices, in its real format. It is not put in the thesis due to the layout requirements that would make the map too small and hard to read.

3 Classifying the stakeholders' relations

According to the article of Savage, Whitehead, & Blair (1991, 61-75), each stakeholder can be characterized by its potential to threaten or cooperate with the organization. Based on that, they can be split up into four categories, each of which may require a different generic strategy.

The supportive stakeholders have a high potential to benefit, and low potential to be harmed by the organization's decisions, and are therefore on board with the organization, working as one.

The mixed blessing or ambivalent stakeholders have a high potential to benefit and high potential to be harmed by the organization's decisions, making them feel perplexed. Indeed, if the one stakeholder from this category would not like risky situations, it will most likely shift into the non supportive category. If however, trust is established between the company and the stakeholder, it will most likely become supportive. Therefore, the mixed blessing can be considered as a halfway between the supportive and non supportive category, one category where the company's actions are the most needed.

The non supportive stakeholders have a low potential to benefit, but high potential to be harmed by the organization's decisions. For this reason they will be against the company's strategy. They can't really be influenced into the mixed blessing or even supportive category, but they can be pushed away to the marginal category.

This last category called marginal, gathers the stakeholders which have a low potential to benefit and low potential to be harmed by the organization's decisions. Hence, there is no use in considering them when figuring out the strategy.

Table 5: Table of relations

		Potential to cooperate	
		High	Low
P o t e n t i a l t o t h r e a t e n	**High**	• Employees • Work unions • Stora Enso • Outsourcing partners • Shareholders • Private customers	• Metso
	Low	• Governmental bodies • Public customers • Research partners • UPM • Waste management partners • Technology suppliers • Environmental organizations	• Media • Community • Civil society • Wood suppliers • Utility suppliers • Sales agents • Regulators

Explanations of such a categorization.

The stakeholders in the bottom left cell are the supportive ones. Governmental bodies and public customers, as well as research partners (a lot of them being state owned in our example) would highly benefit from this strategy and thus be supportive. The main reason being the fact that eco-friendly behavior is what most of the governments are now trying to achieve. Having such a big player implementing this strategy would be a great opportunity for the government (especially in the case of Finland). This would also imply a phenomenon where UPM would drag some smaller structures into doing the same. The supportive actions from the governmental bodies could be loans at a small rate, facilitation of infrastructures, regulations, etc.

UPM, its board of directors, and the employees (mainly management and office employees) would also be seen as supportive. The board would be the one taking such a

strategic decision, and the employees could have the pride of working for a pioneer in environmentally friendly business, with the possibility of being more competitive, and therefore creating more value that would be redistributed. Indeed, in our strategy, the value gained would be partly redistributed to all the actors involved. This redistribution to internal stakeholder could take the form of extra holiday or bonuses, and for external stakeholder, to cheaper prices.

The waste management partners would be heavily used, and such a strategy would mean a lot of work, and income for them as well as the technology suppliers. This will make them fully supportive of UPM.

This strategy achieving a purpose of eco-friendliness, environmental organizations would most probably be supportive too, even though they may be a bit perplexed at the beginning. An open dialogue with the representatives of the main environmental organizations would take place to reassure then of UPM's willingness to fully cooperate.

Even though Stora Enso is a competitor of UPM, we assume that in our strategy, a partnership could be achieved in order to split the heavy investment needed. Hence, while Stora Enso keeps its high potential to threaten the organization, it also has a high potential to cooperate with UPM in this particular strategy.

Such a table gives us an overview whether the strategy can be applied or not. In our case, the majority of the stakeholders would gain from such a strategy reason why we can go on with our analysis. Of course, in our strategical hypothesis, we imply that outcomes would be mostly positive, for studying purposes, in order to be able to show the model as a whole, instead of only parts of it.

For this analysis, we will use the work of Savage et al. (1991, 61-75), but modify their framework a little bit, by not taking into account the marginal category (as it does not influence UPM in taking its decisions), and add to the framework the different links

between the parties. The black arrows will be representing the place where the stakeholder should be for a better implementation of the strategy.

Supportive	Mixed Blessing	Non supportive
Governments Public customers Research partners Board of directors UPM Management and office Waste mgmt partners Technology suppliers Environmental org.	Employees Work unions Stora Enso Outsourcing partners Shareholders Private customers	Metso

Figure 3: Stakeholders' relations (without links)

To this figure, we shall add the relations, however, unlike the in the stakeholder map, we will not only add the relations between UPM and its stakeholders (influences), but rather the relations between all the stakeholders.

4 Stakeholders' positions in UPM's network

In the previous part, we have seen which stakeholder could support or threaten our strategy. The next logical step is to verify whether they can actually act against UPM or if they can "only" protest, i.e. can their acts stop UPM from implementing its strategy or can they only show their lack of support, but cooperate still. In order to analyze that, we will use the network theory as explained in 1997 by Rowley T. J. To understand the following work, we shall explain some fundamental terms, which are density, centrality (degree, closeness and betweenness).

4.1 Definitions

The density refers to the number of relations the organizations has within a particular stakeholder and is defined in the article as "a characteristic of the whole network ; it measures the relative number of ties in the network that link actors together". For example, a supermarket chain will be considered as having a high density regarding its individual customers.

The reader should also understand that if the density increases (more ties between stakeholders), the control of the company over the stakeholder decreases, as stakeholders know each other.

The centrality is the position of the organization in the network relative to a stakeholder. It is characterized by the degree of centrality (number of direct links to the stakeholder), the closeness (is the access to the stakeholder independent?) and the betweenness (can the organization control the access of a particular stakeholder to the other stakeholders or the organization). For example, if a company producing shoes wants to assess the centrality of its rubber supplier, the centrality will be high, the closeness also (direct access), and the betweenness will also be really high, as the rubber supplier can't really

impact individual customers, meaning that an increase in the actor's centrality implies more power over its stakeholders.

In short, the situation can be summarized by the table below.

A Structural Classification of Stakeholder Influences: Organizational Responses to Stakeholder Pressures

		Centrality of the Focal Organization	
		High	Low
Density of the Stakeholder Network	High	Compromiser	Subordinate
	Low	Commander	Solitarian

A Structural Classification of Stakeholder Influences: OrganizationalResponses to Stakeholder Pressures, Table 2 (Rowley, 1997, 887-910).

4.2 Categorization

According to this classification, different strategies have to be taken for each category. For example, in a compromiser relation, the firm will have to negotiate with the stakeholder, whereas in the subordinate relation, it will simply have to comply. In the commander relation, the company will be controlling the stakeholder, and in the solitarian relation, the firm will be avoiding the stakeholder's influence.

The main focus in this approach is to evaluate how stakeholders can be moved from one category to another, for example the subordinate relation is pretty bad for a company, as it has not power over its stakeholder. The commander however is the best possible option.

Our first concern would be how to transfer stakeholders from the mixed blessing category to the supportive one. Considering the cluster of "employee - work unions", a strategical move would be to convince the employees only, and as work unions are representatives of employees, they would follow too. One of the strategies that could be

used could be to emphasize on the new role they would have, meaning not only to produce items, but to produce them a green and fair way, thus contributing to a better world. Besides, being a part of a company which is outstanding and showing the example should motivate employees not only in being supportive, but also in being more efficient. Another reason that could motivate the employees is that such a green strategy, besides ameliorating the company's image, would make it more attractive, hence more profitable, which could benefit the employees under the form of "rewards".

This last point could actually also be used for the shareholders, for which we could assume that the most determinant bottom line would be the financial one. In that sense, the stress should be put on the fact that a greener company could potentially get more investors, and therefore, higher dividends, especially if the image improves.

The private customers could actually be the hardest to persuade. Indeed, during the beginning of the phase, the paper prices may increase a little bit, without a tacit addition to what the customers would get (i.e. not a better quality paper, etc.). In that sense, the extra price asked by UPM may not meet a demand. Whereas the public customers would see "green paper" as a real benefit, most of the private ones would have to get attracted by something else.

The last step of the strategy would be to send Metso from the non supportive category, to the marginal one. Indeed, in order to avoid Metso influence, UPM would have to show some difference product (for example work in a niche). As a green paper seller, in a partnership with Stora Enso, the difference would be made, and the competition with Metso could be settled for good. Indeed, the research and development investments jointly spent between Stora Enso and UPM (in order to reduce the costs), would create an edge that Metso could not catch up easily.

After these actions, we would remain we two stakeholders in the mixed blessing relations. Stora Enso, as a direct competitor, won't be able to be transferred into the supportive category. The outsourcing partners would be backed against the wall as they

may have to change the way they operate, and in that sense may not be joining in the supportive category. However, by helping them through this process (guiding them on affordable green solutions with selected partners for example), UPM would show itself as an ethical company working in tight collaboration with its environment. Moreover, through this huge process, it would be highly possible that some green partners (equipment sellers for example) could be selected, and give discount to all UPM partners, since they will see their client database raise a significant way.

5 Restrictions

As most of the exploratory studies, this one serves only as a first research and therefore may lack of details and explanations. However, I tried to manage here all the constraints (time, resources, information, etc.) in order to produce the best possible outcome.

Another limitation could be the fact that as a complete theoretical model, we have no real opportunity to test this model, and all findings may remain relatively abstract. However, even though the stakeholder mapping can only be regarded according to a particular strategy, this thesis may have helped underlining possible important stakeholder and may also have revealed possible leads for future business.

Another limitation of this thesis is it theoretical ground. As an analysis, it requires some inputs which are not found in scientific literature, but is based on the writers' feelings and opinion. Whether a certain stakeholder has power or legitimacy in its claim, whether it is a key stakeholder based on such a strategy can't be achieved without proper knowledge from inside the company. However, our aim in this study is not to come out with a perfect analysis based on this strategy, but rather to provide a framework for future analysis. Such a paper could provide a "recipe" for next scholars in order to analyze a strategy. The weakness of such a process can also be seen as its strength: subjective opinions and ideas, if they can create mistake, also can bring useful insights.

6 Conclusion

In this paper, we saw that even though all stakeholders could be taken into account for a strategy, it is more efficient to focus on the main ones. Indeed, it would make more sense to satisfy a few stakeholders than none at all. Due to the contrary interests of stakeholders, it is virtually impossible to satisfy all of them a hundred percent, but it is possible to establish a dialogue in order to solve the problems that may arise.

In addition, a company can't be creating value for such stakeholders as competitors, or at least should not be encouraged too. In this case study, out of our stakeholder list, most of them will see an increase of value, one or another way. For some of them it can be financial (shareholders, employees, Stora Enso, etc.), for some other, it can be to show the example and fulfill a bigger goal (environmental organizations, governmental bodies, regulators, etc.), and for some other as media, the value will just come from their actions!
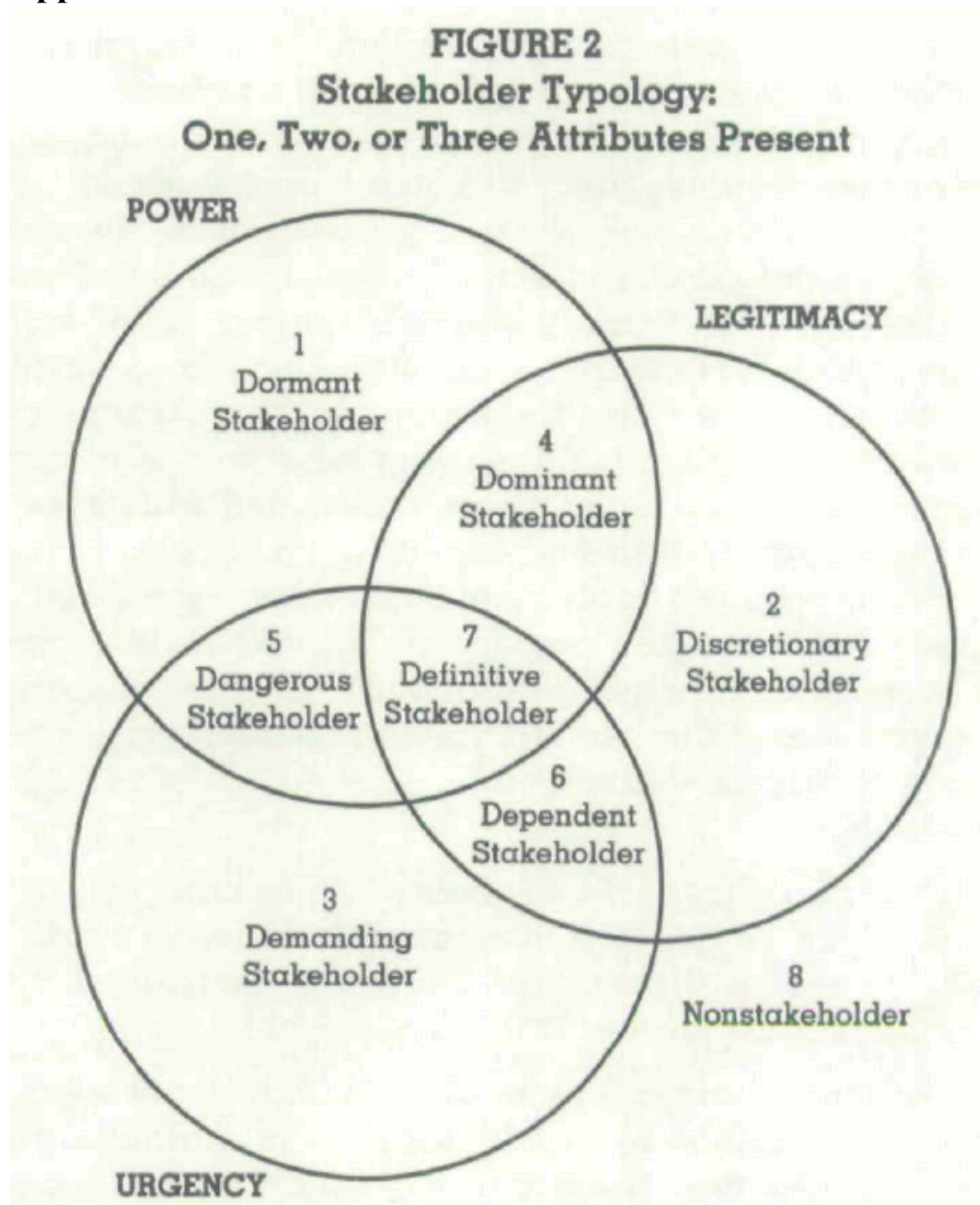
What I would encourage the reader to remember the most from this paper, would be the framework used instead of the strategic actions I suggested. My main purpose with this thesis was to draw a model which would help in studying stakeholders for a given strategy, and a model that could be flexible enough so that it could be applied to any actor, in any context or situation. The primary strategy being totally theoretical added to the fact that none of the company's information was used may seem superficial, but the main goal to be achieved was the development of this model rather than the findings. I believe that the most important step in such a strategy is the pre-work, i.e. mapping the stakeholders (taking all of them into account), balancing their interest, and finding out which one are to be " the first served".

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Appendices

FIGURE 2
Stakeholder Typology:
One, Two, or Three Attributes Present

POWER

LEGITIMACY

1
Dormant
Stakeholder

4
Dominant
Stakeholder

2
Discretionary
Stakeholder

5
Dangerous
Stakeholder

7
Definitive
Stakeholder

6
Dependent
Stakeholder

3
Demanding
Stakeholder

8
Nonstakeholder

URGENCY

Stakeholder typology: One, Two, or Three Attributes Present, Figure 2, Mitchell, R. K., Agle, B., & Wood, D. (1997, 853-886)

STAKEHOLDER'S
POTENTIAL FOR THREAT TO ORGANIZATION

	HIGH	LOW
	STAKEHOLDER TYPE 4 **MIXED BLESSING** STRATEGY: **COLLABORATE**	STAKEHOLDER TYPE 1 **SUPPORTIVE** STRATEGY : **INVOLVE**
	STAKEHOLDER TYPE 3 **NONSUPPORTIVE** STRATEGY : **DEFEND**	STAKEHOLDER TYPE 2 **MARGINAL** STRATEGY: **MONITOR**

STAKEHOLDER'S
POTENTIAL
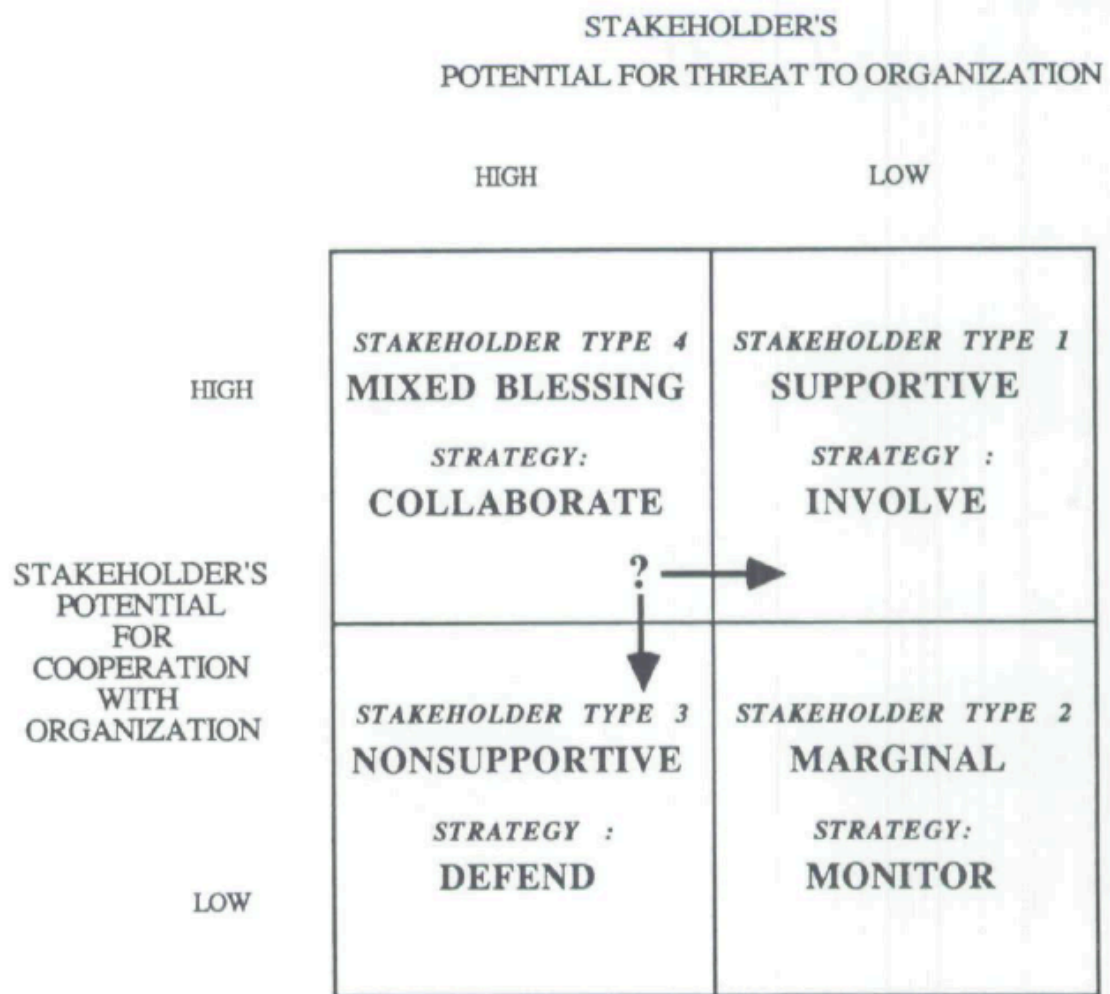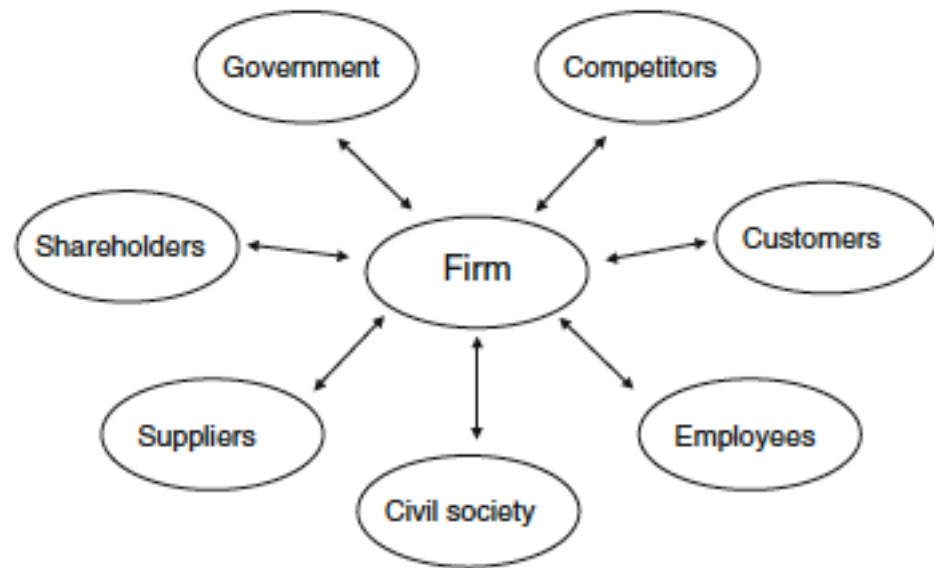FOR
COOPERATION
WITH
ORGANIZATION

HIGH

LOW

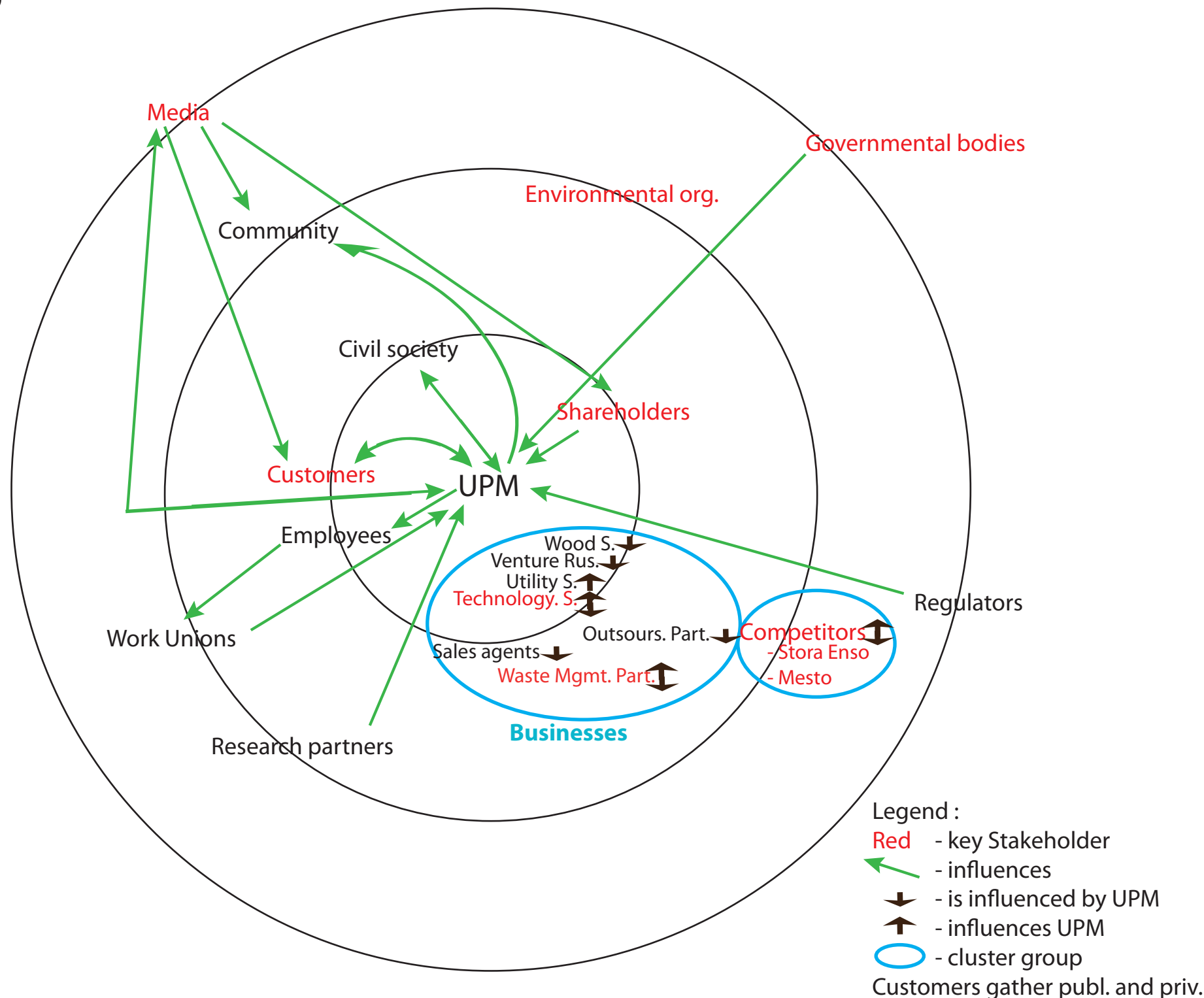Exhibit 2. Diagnostic Typology of Organizational Stakeholders

Diagnostic Typology of Organizational Stakeholders, Exhibit 2. Savage, G. T., Nix, T. W., Whitehead, C. J., & Blair, J.D.(1991, 61-75)
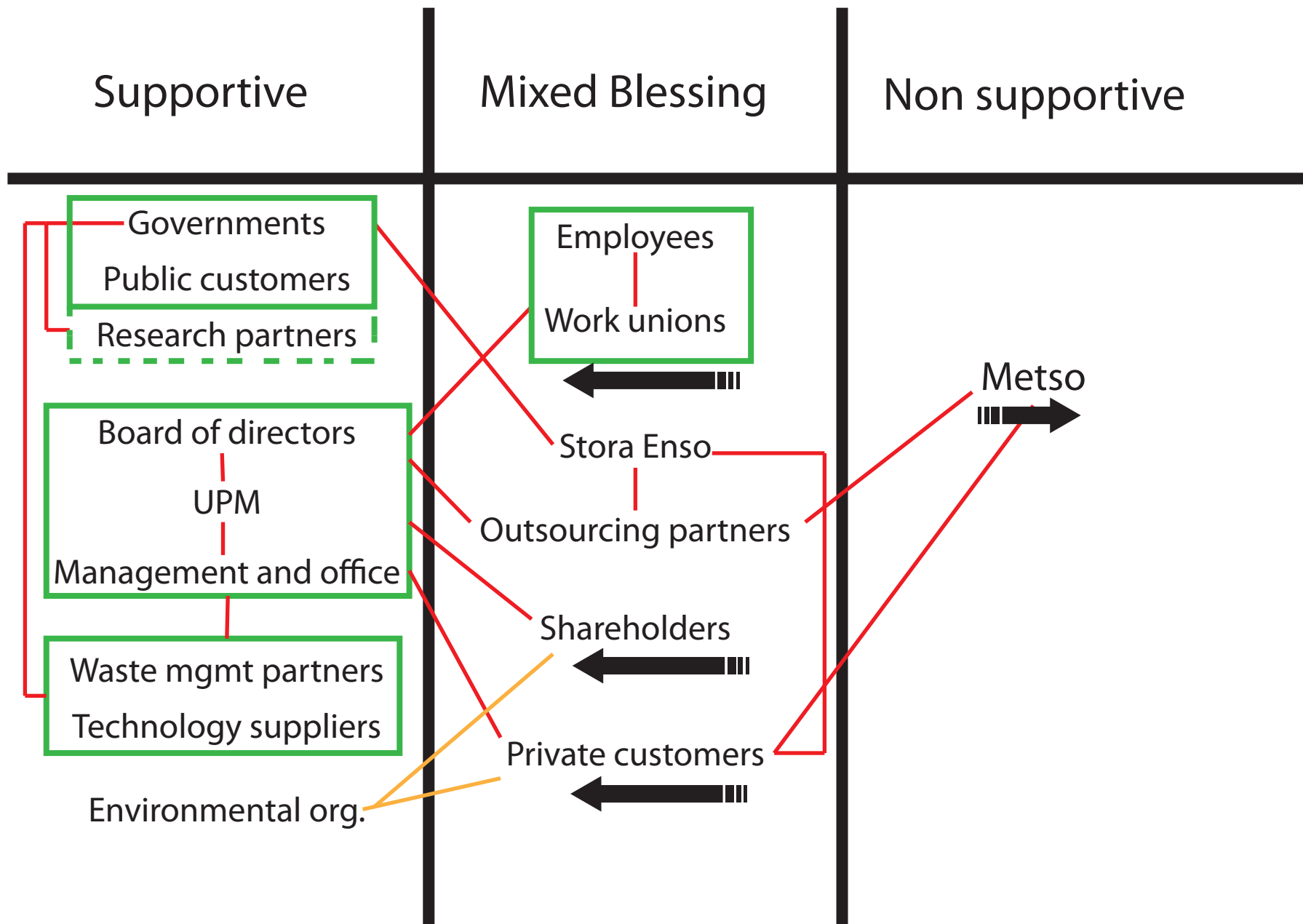
The original Stakeholder model - Freeman (1984), Fassin, Y. (2009, 113 - 135)

Originally from Freeman, E.: 1984, Strategic Management: A Stakeholder Approach (Pitman, Boston).

Stakeholders Map

Media

Governmental bodies

Environmental org.

Community

Civil society

Shareholders

UPM

Customers

Employees

Regulators

Work Unions

Wood S.
Venture Rus.
Utility S.
Technology. S.

Outsours. Part.

Competitors
- Stora Enso
- Mesto

Sales agents

Waste Mgmt. Part.

Businesses

Research partners

Legend :

Red — key Stakeholder

— influences

— is influenced by UPM

— influences UPM

— cluster group

Customers gather publ. and priv.

| Supportive | Mixed Blessing | Non supportive |

Governments
Public customers
Research partners

Board of directors
UPM
Management and office

Waste mgmt partners
Technology suppliers

Environmental org.

Employees
Work unions

Stora Enso

Outsourcing partners

Shareholders

Private customers

Metso

Stakeholders' relations

Legend:
Indirect link
Direct link
Cluster group
Needed position