THE USE OF INDIRECT STRATEGIES FOR INFLUENCING FIRMS

How do those external to an organization try to influence internal decision-makers? In regard to the choice between using a direct influence or indirect influence (i.e., via a third party), Frooman (1999) argued that resource dependence theory suggests that the choice will be determined by the how dependent the firm is on the stakeholder. If the firm is very dependent on the stakeholder, the stakeholder will choose to influence directly. If the firm is not dependent on the stakeholder, the stakeholder will choose to influence indirectly.

In this paper we argue that both exchange theory and interest groups theory suggest that social stakeholders will invariably choose an indirect strategy. In incorporating views from network theory, exchange theorists have proposed that organizations may seek out interdependencies to help cement networks. Thus, they choose to work with one another to influence firms, because it is perceived to be part of the networking process needed to help the environmental movement succeed. Therefore, even when they are in a position to influence a firm directly, they will still form a coalition against the firm. Interest group theorists propose that the absolute level of resources held by the stakeholder may be a key determinant of how the stakeholder chooses to influence a firm. Since social stakeholder organizations, such as activist groups, are often only modestly resourced, they are unable to use direct strategies, and therefore they tend to use—and become accustomed to using—indirect influence.

An exploratory involving 140 environmental leaders was conducted. The study involved vignettes mailed to environmental leaders. Participants read the vignette and responded to a set of questions that followed the vignettes. The independent variable of interest was how dependent the firm was on the stakeholder. The dependent variable had two levels, too: direct vs. indirect. The key measure, then, asked participants to choose between having the stakeholder act by itself (direct) or persuading allies to act (indirect). The allies were understood to be other partner environmental groups in a coalition of recyclers.

A two sample t-test showed the effect of firm dependence (high versus low) to be insignificant (t=1.02, p=0.18). In fact, subjects almost consistently (129 out of the 139 responding to the question) chose the indirect strategy. A set of additional questions sought to probe the thinking of the environmentalists. Subjects agreed that environmental groups do not mind being indebted to one another, and may even seek interdependency. In addition, subjects viewed their organizations as being only modestly resourced, and therefore needing to use indirect strategies.

These responses suggest that Frooman’s (1999) proposition that the choice between direct and indirect will be determined by the how dependent the firm is on the stakeholder may be flawed. Instead, we would suggest that two new variables either determine or moderate the stakeholder’s choice between direct and indirect— the absolute level of resources possessed by a stakeholder and the type of organization involved (economic vs. social stakeholders).