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A 'Names-and-Faces Approach' to Stakeholder Identification and Salience: A Matter of Status

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Abstract Despite its increasing popularity across management disciplines, stakeholder theory holds an important shortcoming in terms of its guidance for understanding the heterogeneity of stakeholder interests, claims, and behavior toward firms. Specifically, scholars note the inadequacy of generic categories of stakeholders (e.g., customers, employees, shareholders, and suppliers) in providing a realistic portrait of the groups and individuals that interact with the firm, opening the theory to much criticism for a 'simplistic' and 'meaningless' stakeholder concept. In face of this challenge, recent research is pointing to social identity as a mechanism to refine our understanding of stakeholders as names-and-faces, however we argue that despite the advancements offered by the social identity approach, it too presents limitations in its ability to guide managers in prioritizing stakeholder claims. Building on these nascent efforts to offer much needed nuance to a theory of stakeholder identification and prioritization, this paper draws from new advances in the management literature and offers status as an attribute that helps explain and predict how managers accord attention to their various constituents. We set forth five propositions connecting stakeholder status to the attention stakeholders receive from managers. We argue that status is a superior attribute of stakeholder identification and prioritization because it (1) accounts for groups and individuals' uniqueness within broad categories of stakeholders in a dynamic way, (2) reconciles the dual nature of stakeholders as holding simultaneously a social and an economic identity in their claim toward the firm, and (3) provides a plausible explanation of, and intuitive guidance to, how managers accord attention to their firm's stakeholders. Implications and future directions for research complete this article.

Keywords Stakeholder theory · Stakeholder management · Social identity · Stakeholder identification · Status

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Introduction

Stakeholder theory proposes that firms are most successful when they address the interests of their various constituents (Freeman 2004; Freeman et al. 2010). In this view, not all stakeholders are of equal importance to managers (Donaldson and Preston 1995; Gioia 1999; Phillips et al. 2003). Indeed, while some deserve greater attention or priority in managers' agenda because of their important contribution to the firm's success (Harrison et al. 2010), others demand attention by attempting to delegitimize some of the firm's practices that go against their interests (Mitchell et al. 1997) or by threatening the firm's continued success through activist tactics (den Hond and de Bakker 2007). However, if firms are to successfully manage their stakeholders, they must first be able to identify them. Thus, at the core of stakeholder theory is the 'problem' of stakeholder identification that is, the need to have guidelines or principles that help identify who are the firm's relevant stakeholders, what are their interests, and what is the basis of their claim toward the firm.

To this point, stakeholder theorists (Agle et al. 1999; Berman et al. 1999; Clarkson 1995; Freeman et al. 2010; Griffin and Mahon 1997) observe the inadequacy of stakeholder research's tradition to identify stakeholders based on the generic categories of customers, employees, suppliers, shareholders and the community, or those that slice and dice stakeholders broadly based on their role toward the firm (e.g., market/non market, etc.). These typologies are problematic because they omit to consider how groups form, coalesce, and mobilize in pressing their interests to the firm (Wolfe and Putler 2002), which provides valuable insight as to how managers must address their interests to successfully coopt these stakeholders' support (Waldron et al. 2013). It also fails to account for stakeholders who span several categories (e.g., employees who are also shareholders and/or customers), and for stakeholders who—with the same social identity—migrate from one economic category to another (Crane and Ruebottom 2011; McVea and Freeman 2005).

In face of this challenge, scholars have suggested to rely on a 'names-and-faces approach' to stakeholder identification (McVea and Freeman 2005). However, this approach was originally set forth in the context of entrepreneurial ventures, where the focus is explicitly on the creation of new goods and services and where a relatively small number of stakeholders are more closely intertwined (Jawahar and McLaughlin 2001). While an entrepreneurial focus applies in some ways to large corporations—because fast-paced technology developments demand and foster the creation of new products and services, for example—it is unclear how a 'names-and-faces approach' that relies on the personal knowledge of individuals with a unique value proposition to realize with the firm can be integrated in large corporations' management practices.

Building on this commentary, scholars have recently turned to social identity as a basis for stakeholder identification (e.g., Crane and Ruebottom 2011). This approach appears promising for several reasons, however it also holds shortcomings that restrict its applicability in reality. Most notably, a social identity typology rests on the self-descriptions that stakeholders develop because of how they perceive themselves, which may—and likely—differ from the way in which managers view stakeholders. Thus, it proposes an answer to the problem of stakeholder identification that lies with individual stakeholder groups—which comes at odds with the bulk of the stakeholder literature that recognizes the importance of managerial perceptions of stakeholders on their firm's interaction (Bundy et al. 2013; Mitchell et al. 1997; Waldron et al. 2013).

The present paper returns to this paradigm where, to understand how managers perceive and respond to their stakeholders, a theory of stakeholder identification must rest in managerial perceptions of stakeholders (Agle et al. 1999; Mitchell et al. 1997; Parent and Deephouse 2007). Merging the idea of a 'names-and-faces approach' with previous efforts to conceptualize the identification and prioritization of stakeholders by managers, we recognize that such a typology must accomplish at least three things: (1) account for groups and individuals' uniqueness within broad categories of stakeholders in a dynamic way, (2) recognize the dual nature of stakeholders as holding simultaneously a social and an economic identity in their claim toward the firm, and (3) provide a plausible explanation of, and intuitive guidance to, how managers accord attention to their firm's stakeholders. After selectively reviewing the literature on stakeholder identification and salience, we draw from new advances in the management literature to offer status as an attribute that transcends generic stakeholder categories and enables managers to perceive their stakeholders specifically—as "real people with names and faces" (McVea and Freeman 2005).

Status is just beginning to emerge as an attribute that explains previously elusive management phenomena (Pearce 2011; Piazza and Castellucci 2014). Commonly defined as "the socially constructed, intersubjectively agreed-upon and accepted ordering or ranking of individuals, groups, organizations, or activities in a social system" (Washington and Zajac 2005, p. 284), status presents several advantages of both conceptual and empirical nature. Theoretically, status provides an intuitive, first assessment of one's desire to engage with a party (Jensen and Roy 2008) while capturing multiple facets of social interactions—economic as well as social in nature (Pearce 2011). In itself, this is an important extension to existing work on stakeholder theory because it incorporates recent research's findings that stakeholders interact with the firm from a dual identity that incorporates both economic and social components (Crane and Ruebottom 2011; Perrault and Clark 2015). Thus, status enables us to account for stakeholders' inherent dual nature, that is, their economic role toward the firm and their social identity simultaneously. Empirically, status applies at the individual level and provides a natural ranking of constituencies (Deephouse and Suchman 2008). As such, it enables managers to perceive differences in stakeholders' desirability that largely explains, and predicts, the priority level they obtain in managers' agenda.

This article contributes to recent conversations in the stakeholder literature seeking to understand how stakeholders generally interact with the firm and how managers perceive and prioritize their interests (Crane and Ruebottom 2011; Parent and Deephouse 2007; Wolfe and Putler 2002). In advancing status as an attribute of stakeholder identification and prioritization, we apply the 'names-and-faces approach' to the context of large corporations' management practices. As we do so, we offer a theoretically and empirically useful construct that enables us to better understand how managers respond to their constituents, based on their perceptions. As such, we contribute an important nugget to a key topic of stakeholder theory that remains largely under-examined. Lastly, this article contributes germane knowledge to the growing body of literature examining the importance of status in managerial contexts, while presenting a sought-after application of status across the macro and meso levels of firms' interaction with stakeholders in a market context (Piazza and Castellucci 2014). In the following section, we first review the literature on stakeholder identification and salience, after which we expound the value of status to this body of literature. Considerations for future research and managers conclude this article.

In Pursuit of a 'Names-and-Faces Approach'

One of the most enduring criticism of stakeholder theory is its lack of managerial practicality (Donaldson and Dunfee 1994; Freeman et al. 2010; Jones and Wicks 1999; Laplume et al. 2008; Phillips and Reichart 2000) based in the theory's lack of specificity regarding the stakeholder construct (Crane and Ruebottom 2011). Indeed, from the original theory, a stakeholder is "*any* group or individual who can affect or be affected by the firm's activities"… (Freeman 1984, p. 46) [emphasis added]. Over the years, this definition has lent itself to multiple interpretations and categorizations that still, today, fail to capture the essence of the groups who interact with firms (Crane and Ruebottom 2011; McVea and Freeman 2005; Wolfe and Putler 2002).

Recent stakeholder research has addressed this criticism head on. Notably, McVea and Freeman (2005, p. 67) observe that much of stakeholder theory has lost touch with practitioners' reality such that "stakeholder theory stands at something of a crossroads" and that "it is time for a radical rethinking of the stakeholder approach to business." They write "to manage stakeholder relations according to the traditional groupings (customers, employees, suppliers, shareholders, community) would be to blind the entrepreneur to some of the critical characteristics of the contemporary business environment" (McVea and Freeman 2005, p. 63). By radical rethinking, the authors advocate the identification of stakeholders through 'names-and-faces' and go so far as to reformulate the principles underlying a stakeholder approach as "firms that treat their stakeholder as individuals with names and faces will develop more value-creating strategies and will also incorporate ethics as an inherent part of the decision-making process."

In this view, the names-and-faces approach rests on three cornerstones: a focus on value creation, individual decision-making, and individual relationships (McVea and Freeman 2005). Of great importance, however, is the observation that the premise underlying the names-and-faces approach is *entrepreneurial* value creation through the discovery and exploitation of new opportunities that lie within stakeholders—because of their differential knowledge for example. While this focus on entrepreneurship is relevant across business types because of its ties to the fundamental principles of stakeholder theory—that is, value creation—it advocates personal relationships between managers and stakeholders, as well as individualized strategic decisions—all of which seems difficult to conceive of in the context of large corporations' daily practices.

Specifically, large corporations are different from entrepreneurial ventures in the depth and breadth of managerial hierarchies that make decisions on behalf of the firm, as well as the departmentalization of boundary-spanning liaisons to stakeholders through generic groups (such that a customer service department is in charge of customer relations, a shareholder relations department is in charge of relationships with shareholders, etc.) (Lawrence and Weber 2011). These core differences make it especially difficult for large corporations to approach strategic decision-making from an individualized perspective since decisions tend to be taken based on the shared values developed by teams of high level managers, for instance (Forbes and Milliken 1999; Simon 1979). It is also difficult to envision the firm nurturing personal relationships with thousands of disparate stakeholders who hold conflicting interests and whose voices can barely get heard in the midst of those firms' ongoing complexity.

Building on the names-and-faces approach, recent research has suggested to use social identity to parse out the heterogeneity of interests among individual stakeholders within generic categories (e.g., Crane and Ruebottom 2011). An individual or group's social identity is essentially its answer to the question 'who are we' (Ashforth and Mael 1989; Kuhn and McPartland 1954), which takes into consideration the multiple roles, positions, and facets of identification that define and distinguish one from others (Stryker and Burke 2000). A social identity lens is particularly useful to a theory of stakeholder identification because it captures the simultaneous influences that play out in stakeholders' interaction with the firm. In turn, recent research argues that these influences are almost always of dual nature in that they include both social and economic elements (Crane and Ruebottom 2011; Wolfe and Putler 2002), such that current typologies focused on stakeholders' economic roles with the firm omit an important aspect of who stakeholder are, what they want, and why they behave the way they do (Wolfe and Putler 2002). Thus, identifying stakeholders based on their social identity—which comprises both the social and economic dimensions of a group's identity—enables managers to better understand stakeholders' interests, in a first tense, and ultimately to better satisfy those so as to gain and maintain their support.

However, the problem with a theory of stakeholder identification that relies on social identities is two-fold. First, it is complex. Social identity is a dynamic construct that reflects the constant evolution of psychological and social aspects of an individual (Tajfel 1974). As the product of a lifetime of experiences and relationships, social identities are highly intricate in that they hold social and economic dimensions (Crane and Ruebottom 2011), and values that are sometimes transient across the individual's roles and sometimes specific to a given context (Burke and Reitzes 1981; Wolfe and Putler 2002). Thus, while relying on social identities provides a compelling way to distinguish the particularities of each stakeholder group, it appears unrealistic to suggest that managers can perceive, and make decisions, based on the intricacies of stakeholders' social identities. Second, and relatedly, social identities are constructed by each individual or group, and oftentimes are not explicitly articulated. This creates additional difficulty for managers attempting to uncover the specificity of their constituents. For this reason, the bulk of stakeholder research supports that a theory of stakeholder identification must be anchored in *managers*' perceptions of stakeholder attributes, as opposed to the objective measurement of the attributes themselves.

In the tradition of identifying stakeholders based on managerial perceptions, Mitchell et al.'s (1997) theory of stakeholder identification and salience still stands as a cornerstone. Using a multi-theoretic approach, the authors developed a 'principle of who and what really counts' anchored in managers' perceptions of their constituents. While the principles underlying Mitchell et al.'s (1997) theory are sound and well developed, the theory is also appealing because of its apparent simplicity: groups become stakeholders either when they have a legitimate claim on the firm, or they have the ability to influence the firm (e.g., power). These attributes add up and when the stakeholder also presents an urgent claim, it gains the highest level of priority in managers' agenda (e.g., high salience).

However, this theory also presents a number of drawbacks that have resulted in scarce and inconclusive empirical studies over the almost two decades of the theory's popularity (Laplume et al. 2008; Parent and Deephouse 2007). First, there is question as to whether power and legitimacy are the most useful attributes to identify and prioritize stakeholder groups. For instance, previous research finds that power tends to supersede any other attribute in managers' perceptions (Parent and Deephouse 2007; Roloff 2008), while it remains unclear which type of power gets a group to become a stakeholder. As a result, extant research has tended to interpret power in its narrow economic sense (David et al. 2007; Eesley and Lenox 2006), restricting the applicability of the model to market stakeholders. Meanwhile, other types of power—such as the political power a stakeholder garners when engaging in activism or other activities that affect the performance of a firm—are becoming increasingly relevant to explaining firms' management of stakeholders (King 2008; Waldron et al. 2013). For example, over time hotels may pay greater attention to customer service as a result of clients increasingly using online rating systems to post feedback from their stay on popular travel websites. Yet, power that stems from other sources than economic factors typically remains unaccounted for in the stakeholder management literature.

Likewise, legitimacy as an attribute of stakeholder identification has received much criticism largely because all stakeholders identified as such *must* present some legitimate basis for their claim toward the firm, even if they derive legitimacy from having the power to disrupt the firm's practices (Phillips 2003). Thus, there is conceptually little room for envisioning an 'illegitimate stakeholder,' while confusion remains as to whether legitimacy stands alone as a stakeholder attribute or is obtained as a result of having power to affect the firm (Phillips 2003). In addition, legitimacy is understood narrowly [in terms of the stakeholders' normative acceptance in society, (Suchman 1995)] while recent literature suggests that firms can perceive various levels of legitimacy depending on how the stakeholders' issue meshes with the firm's identity and its strategic frame (Bundy et al. 2013).

Second, and relatedly, Mitchell et al.'s (1997) theory relies on the addition of stakeholder attributes in managers' perceptions. They suggest to categorize stakeholders as *latent*, *expectant*, or *definitive*, based on whether they are perceived to possess one, two, or the three attributes of power, legitimacy, and urgency. However, it is highly unlikely that managers separate, in reality, their perceptions and the effect of stakeholders' attributes. Rather, managers tend to view business problems or their relationships with a stakeholder group holistically, in terms of the degree to which they need to pay attention to that constituent's interest (McVea and Freeman 2005). Thus, instead of adding up what is purported as independent stakeholder attributes (Mitchell et al. 1997), we need to consider the possibility that attributes compound or interact in managers' perceptions, creating a larger and united effect in managers' decisions to engage with certain constituents.

Lastly, as Mitchell et al. (1997) recognize, stakeholder attributes are not steady states; rather, they vary over time, with the dynamism of the relationship between the stakeholder and the firm, and with the stakeholder's prominence in society. As such, it becomes evident that a generic approach to stakeholder identification and prioritization is inadequate. That is, even while Mitchell et al.'s (1997) typology helps understand why managers may accord higher priority to shareholders than a NGO (because shareholders possess a superior number of attributes, that is), the typology is less useful to explain and predict how managers accord attention to specific stakeholders within the same generic category (e.g., why managers agree to work with one community organization but not another, given both have low power, high legitimacy, and little urgency for example).

In light of these recent developments in the literature on stakeholder identification advocating, and building on a names-and-faces approach, we argue that a typology of stakeholder identification must accomplish at least three things: (1) account for groups and individuals' uniqueness within broad categories of stakeholders in a dynamic way, (2) recognize the dual nature of stakeholders as holding simultaneously a social and an economic identity in their claim toward the firm, and (3) provide a plausible explanation of, and intuitive guidance to, how managers accord attention to their firm's stakeholders. While McVea and Freeman (2005) as well as social identity approaches (Crane and Ruebottom 2011; Wolfe and Putler 2002) and Mitchell et al.'s (1997) theory accomplish the first two, a coherent model of stakeholder identification still lacks the guidance of a simple, intuitive attribute based on which managers realistically—and actually—form their decisions regarding stakeholders. In the following section, we argue that this attribute is stakeholder status.

A Matter of Status

In light of the literature reviewed above, status is conceptually attractive to a theory of stakeholder identification and prioritization for several reasons. We note that status is inherently a differentiating, ordering attribute, which is helpful to understand managers' view of stakeholders in terms of their uniqueness. In management research, the rank-ordering of actors based on their status is increasingly conceptualized and operationalized on a non-denominational scale ranging from low to high (Bitektine 2011; Perrault and Clark 2015; Phillips and Zuckerman 2001). In this section, we discuss the specific characteristics of status and set forth propositions that explain how managers may identify and prioritize stakeholders based on their level of status.

Status is primarily attractive to a theory of stakeholder identification and prioritization because of its relational character. Recent research is increasingly pointing to the characteristics of stakeholders *in relationship* with the firm in order to explain firm behavior (Bundy and Pfarrer 2015; Bundy et al. 2013; Eesley and Lenox 2006; Waldron et al. 2013). In the same way, status is relational because it transfers by association. That is, a group can gain status by association with a higher status group (Washington and Zajac 2005), and likewise, a group can lose status because of its affiliations with lower status groups (Jensen 2006). Thus, it offers a dynamic representation of stakeholders in managerial perceptions. In addition to enhancing one's status, association with high-status groups heightens perceptions of one's legitimacy (Bitektine 2011; Deephouse and Suchman 2008)). This matters because the essence of status is the ability to gain privileges, or suffer discrimination, based on one's (a firm's) standing in a social system. As such, it is one's 'order' or 'ranking' that largely determines what s/he gets access to (Piazza and Castellucci 2014), whereas those with higher status get more—both in terms of resources and attention (Thye 2000). Thus, a general proposition regarding firms' stakeholder management follows in that firms will accord higher attention to stakeholders whom they perceive to bear status benefits. Likewise, for cause of status anxiety (Jensen 2006)—the fear of falling in the status hierarchy and to lose status-related privileges as a result—firms will refrain from associating with stakeholders of lower status. This proposition is intuitive given human beings' intuitive reach for higher status associations (Huberman et al. 2004) and the myriad of privileges the firm can benefit from as a result of higher status associations—chief among which the enhancement of its legitimacy in the social system, which opens the pathway for resource appropriation (Benjamin and Podolny 1999; Bitektine 2011; Jensen et al. 2011). We propose:

> P1. Firms will seek to associate with (disassociate from) stakeholders when they perceive they can gain (lose) status from the association.

The definition of status further specifies that one's status level is determined within a "social system," highlighting the importance of the context of reference in which stakeholders are evaluated. Specifically, for the purpose of stakeholder identification, we argue that there are two social systems that construct and perpetuate the intersubjective agreement from which managers derive their perceptions of stakeholders' status. First, society is the social system typically understood and referred to as the basis of status categories (Bitektine 2011). Society constructs and perpetuates a group's status largely through the tone of media communications regarding the group (Castellucci and Ertug 2010; Perrault and Clark 2015). These media communications attach a standing of desirability or prestige to individuals and organizations, which act as anchors in people's perceptions of the individual or group in question (Barkemeyer et al. 2009; Deephouse 2000). For example, the tone of the media communications regarding People for the Ethical Treatment of Animals (PETA) and

Teamsters have largely determined the public perception of their desirability.

Society is an important system in shaping managers' perceptions of status because the firm acquires and maintains its legitimacy primarily through conformance with society's values and practices (Meyer and Rowan 1977). In turn, legitimacy is impacted by status—where high status can grant legitimacy to actors and activities that would otherwise be considered outside the norms (Castellucci and Ertug 2010; Elsbach and Sutton 1992; Thye 2000). For example, gambling may be perceived as a prestigious activity if engaged in by a Hollywood star but perceived lowly if engaged in by a homeless person. The firm can also enhance or lose some legitimacy through their association with stakeholders, as explained above (Ball and Eckel 1996; Gould 2002; Washington and Zajac 2005). For example, a manufacturing company can gain legitimacy and status through a contract with a high-status brand, such as a previously unknown seat maker obtaining a contract with Cadillac automobiles. Thus, it is reasonable to infer that firms will prefer to associate with stakeholders that society views as high status so as to preserve or enhance their legitimacy.

Even while society generally acts as the most important force shaping perceptions of status, in the context of stakeholder identification, we argue that yet another social system is contextually relevant to the formation of managers' perceptions of stakeholders' status: the firm. Research has validated that firms act in of themselves as social systems with a unique culture that shapes the firm's values, ethics, guidelines, and practices (Zucker 1983). In this way, the firm influences managers' perceptions of stakeholders' status by setting a standard of desirability anchored in a unique culture that may differ from that of society. When managers make decisions regarding stakeholders, they do so by taking into account their firm's identity, strategic goals, and the signals they convey by engaging with certain groups (Bundy et al. 2013)—thus the "social system" within which managers construct their ordering of individuals.

The firm can also influence perceptions of status because of the firm's (or managers') previous interaction(s), and thus more specific knowledge, of a stakeholder. As a hypothetical example, a firm looking to impress a client may look for a catering supplier of a high status. Even while society has bestowed upon the Millenia commercial bakery high status by giving it coverage in the media as a supplier of baked goods for the White House, the firm may have had a negative experience in its previous interaction with Millenia. It may have been dissatisfied with its tardiness or the taste of its products. Thus, managers may accord Millenia lower status than society, because society has not had the personal experience with the bakery that the firm did. In short, the firm sets practical guidelines from which managers derive perceptions of status that may differ from, or support, those generally perceived by society. Thus we propose:

> P2. Firms will accord greater (lesser) attention to stakeholders that are perceived to have lower (higher) status in society when these stakeholders are perceived to have a higher (lower) status at the firm level.

Conceptually, it appears intuitive and sound that firms would always prefer to engage with stakeholders of higher status. However, previous research observes that, at times, firms also engage with stakeholders of low status (Castellucci and Ertug 2010; Piazza and Castellucci 2014). We suggest that these counter-intuitive associations occur in two types of circumstances: willingly or unwillingly. First, it could be that the firm willingly seeks a stakeholder of lower status. For example, previous research shows that a supplier of lower status puts more effort in fulfilling the firm's demand, resulting in higher quality products or services (Castellucci and Ertug 2010). Such is the case because the lower status supplier attempts to gain the benefits of associating with the higher status contracting firm (Castellucci and Ertug 2010). However, it could also be that the firm is unwillingly thrusted into engaging with a low-status stakeholder. Above, we discussed the increasing political power of stakeholders and their growing ability to command that firms respond to their demands by pressuring them through legitimacy and/or reputational threats (den Hond and de Bakker 2007). For example, a disgruntled low-status stakeholder can buy a minimum amount of a public firm's stock (usually $2000) and thus obtain the power to publicly file a shareholder proposal to expose a firm's concern (Goranova and Ryan 2014). Likewise, a low-status stakeholder can organize a boycott or strike to channel media attention to call into question the legitimacy of a firm's practice and thus force the firm to address their issue (King 2008). For these reasons, firms also engage with stakeholders of low status in reality, whether they choose to do so or not. We propose:

> P3a. Firms will accord greater attention to stakeholders that are perceived to have lower status in society when firms perceive they can gain a greater effort from the stakeholder while not harming the firm's legitimacy.
>
> And:
>
> P3b. Firms will accord greater attention to stakeholders that are perceived to have lower status in society when these stakeholders have the power to affect the firm's activities.

Indeed, previous research notes the importance of power in firm–stakeholder relationships (e.g., Parent and Deephouse 2007). Likewise, we agree that power permeates relationships, as explained above. The conceptual advantage of status here is that perceptions of status account in large part for stakeholder power. For instance, researchers find that groups can gain high power from their status because they are offered more opportunities, influence, and are evaluated more positively for their performance (Magee and Galinsky 2008; Thye 2000). Thus, actors of high status gain power through deference, since because of their high status, others tend to acquiesce to their demands and allocate them more resources (Thye 2000). By contrast, actors of low status have been shown to be more prone to use coercive power in order to obtain what they want (Phillips and Zuckerman 2001). They do so because their low status does not enable them to command deference while they also have "nothing to lose" from behaving in ways that may be considered illegitimate (Elsbach and Sutton 1992; Phillips and Zuckerman 2001). This view suggests that groups of middle status are the ones least likely to obtain firms' attention because they are enslaved by the pressure to conform: their lack of high status prevents them from commanding deference while their aspiration to reach a higher status bracket prevents them from exercising less legitimate types of power (Phillips and Zuckerman 2001). We propose:

P4. Firms will accord the least amount of attention to stakeholders that are perceived to have middle status.

Figure 1 illustrates how status guides managers' perceptions of stakeholders. It shows that as stakeholders' status increase, so does their desirability to managers. However, both low- and high-status groups can command managerial attention in reality through their exercise of power—which middle status groups tend not to enforce due to their pressure to conform.

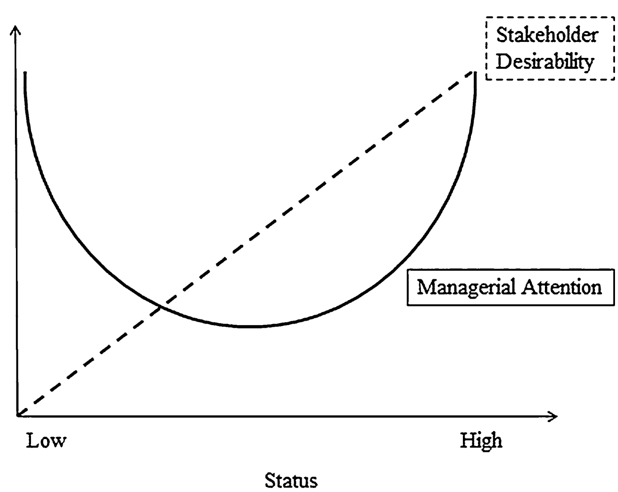

Fig. 1 Managerial perceptions of stakeholder desirability and stakeholder ability to command managerial attention

In addition to guiding predictions about how managers will identify and prioritize stakeholders, status is advantageous because of its applicability at multiple levels of analysis (Piazza and Castellucci 2014). While earlier writings of status have focused on its effect on interpersonal relationships in social settings (Gould 2002; Weber 1978), status is beginning to gain traction as an explanation to firms' choice of exchange partners in markets (Jensen et al. 2011; Podolny 1993, 2005) as well as to the relational dynamics of dyads and teams in management settings (Pearce 2011). In the context of a theory of stakeholder identification and prioritization, it is noteworthy that several levels of analysis are at play—from the stakeholder group and its claim (Mitchell et al. 1997) to the characteristics of the stakeholder's relationship with the firm (Eesley and Lenox 2006) to the firm's values, identity, and strategic frames (Bundy et al. 2013). Given the uncertainty that plagues firms' relationships with stakeholders, status holds the potential to provide an explanation to both the relationships that managers form within their firm's structured network of stakeholders as well as to the more unstructured relationships that emerge from their presence in the market—such as those with the media, the community, and peer firms. In this way, status acts as a signal of desirability (Perrault and Clark 2015) that guides managers in their choice and treatment of relationships, while representing a valuable intangible asset as well as a mobile resource (Piazza and Castellucci 2014)—all of which contribute to a more precise understanding of managers' dynamic interactions with stakeholders, which is more realistic to how managers actually make decisions (McVea and Freeman 2005).

Why Status is a Superior Attribute for Stakeholder Identification and Prioritization

Based on our review of the literature, we observe that to move forward in our understanding of stakeholder identification and prioritization by managers, our efforts must accomplish at least three things: (1) account for groups and individuals' uniqueness within broad categories of stakeholders in a dynamic way, (2) recognize the dual nature of stakeholders as holding simultaneously a social and an economic identity in their claim toward the firm, and (3) provide a plausible explanation of, and intuitive guidance to, how managers accord attention to their firm's stakeholders. In this section, we further explain how in addition to status' general conceptual fit with a theory of stakeholder identification and prioritization it enables us to specifically understand managers' attention to stakeholders.

Status Accounts for Individuals' Uniqueness Within Generic Categories of Stakeholders

One of the core features of status is that it represents a fundamental aspect of social inequality among individuals (Weber 1978). Contrary to attributes such as legitimacy and power, which are often perceived as dichotomous (in the sense of whether one possesses these attributes or not), status is rival: it forces a competitive hierarchical ranking between parties where one has higher status than the other (Deephouse and Suchman 2008). Thus, where legitimacy homogenizes groups as the population level, highlighting the conforming elements through mechanisms such as mimetism (Meyer and Rowan 1977), status highlights differences between individuals and groups in order to stimulate an intuitive ordering of their desirability (Deephouse and Suchman 2008; Perrault and Clark 2015). In this way, status enables us to move beyond generic categorizations of stakeholders to assess how managers perceive specific groups within them.

Empirically, previous research supports the inherent ordering feature of status by noticing that status is generally operationalized as a ranking from low to high (e.g., Bitektine 2011; Phillips and Zuckerman 2001). However, a recent review article (Piazza and Castellucci 2014) notes that status is also commonly operationalized as a sophisticated ordering, based on individuals' visibility in the media or number of ties to others in their network (Castellucci and Ertug 2010; Gould 2002; Perrault and Clark 2015). This indicates that managers, as individuals, are able to perceive these nuances in stakeholders' status, and that these perceptions may play an important role in the way they accord attention to their various constituents.

We also make note of status' dynamic character. Indeed, status is constantly reevaluated because a group's position can easily change in the status hierarchy based on the status level of its affiliations and the way in which the group is generally perceived in its social context (Podolny 2005). This comes in contrast with attributes such as power and legitimacy, which tend to be relatively stable over time (Parent and Deephouse 2007). Thus, status adds much needed dynamism to a theory of stakeholder identification and prioritization by reflecting the social system's ever changing perceptions of an individual or group into managers' perceptions of their stakeholders.

Status Accounts for the Dual Nature of Stakeholders as Holding Simultaneously a Social and an Economic Identity

In extant literature, status presents an explicit dual nature that derives from both social and economic components. That is, one can obtain status from either-or-and their social position in society or their economic ability. Indeed, there is a long tradition in the sociology and social psychology literature to define, and analyze, status primarily in terms of its effect on social relationships (Piazza and Castellucci 2014). This line of inquiry generally refers to the biblical "Matthew effect," whereby contributions of apparently similar quality are evaluated more positively when the actor is of high status and more negatively when the actor is of lower status (Gould 2002; Merton 1968). Thus, status is honorific and places individuals in a hierarchy of social class (Weber 1978) that is not based on economic ability (Washington and Zajac 2005). The resultant of this view is that status commands respect and deference, while bestowing influence onto higher status individuals (Ridgeway and Walker 1995).

In the management literature, status has been conceptualized largely based on its economic roots (e.g., Podolny 1993). More specifically, status has been tied to the performance of a firm in a market environment and thus is thought to help guide managers in their choice of exchange partners (Benjamin and Podolny 1999; Castellucci and Ertug 2010; Pfarrer et al. 2005; Podolny 1993; Podolny and Phillips 1996). Indeed, previous research finds that those with higher status benefit from greater power, and that in turn their resources are perceived as more valuable while it enables them to obtain a greater share of resources (Thye 2000). This aspect of status is important to a theory of stakeholder identification and prioritization because it confirms that status is positively related to resource allocation (e.g., Shafritz et al. 2005).

Despite the dual nature of status as a social and economic construct (Weber 1947), it is noteworthy that social and economic status cannot be disentangled (Perrault and Clark 2015). Likewise, recent stakeholder research notes that stakeholders interact with the firm from a dual identity that encompasses intertwined social and economic elements that "must be analyzed simultaneously" (Crane and Ruebottom 2011, p. 78). Status thus reconciles the social and economic dimensions that co-exist in stakeholders' identity, a distinct conceptual advantage of using status as opposed to other types of social evaluations such as power, legitimacy, or reputation (Bitektine 2011).

Status Provides a Realistic and Intuitive Explanation to How Managers Accord Attention to Their Stakeholders

Another characteristic of status is that it provides an intuitive, all-encompassing assessment of a group's desirability. Because perceptions of a group's status are based on the subconscious evaluation of multiple and complex facets of the group's identity and behavior, including its power,

Table 1 A comparison of status, social identity, and other attributes of stakeholder identification

	Status	Social identity	Stakeholder attributes (power, legitimacy, urgency)
Accounts for stakeholders' uniqueness within generic categories	Yes, intersubjectively agreed-upon ranking	Yes, individually generated perception	No, attributes generally define broad categories of stakeholders
Accounts for the social and economic aspects of stakeholders' dual identity	Yes, multi-faceted	Yes, multi-faceted	No, single nature
Provides a one-dimensional attribute capturing managers' perceptions of their stakeholders	Yes, intuitive and all-encompassing	No, defined by the stakeholders themselves and difficult to access	No, individual attributes are presented as independent of each other

status acts as a one-dimensional indicator of the group's desirability (Jensen and Roy 2008). Previous research suggests that due to cognitive limitations, managers do not, in reality, evaluate their constituents along single attributes such as power, legitimacy, or urgency for example (McVea and Freeman 2005). Rather, managers form holistic perceptions that vaguely define the attractiveness of a relationship. As such, status more realistically captures the way in which managers perceive their interest in each stakeholder relationship.

As mentioned above, status is perception based, and intersubjectively agreed-upon (Bitektine 2011; Washington and Zajac 2005). What this means is that evaluations of a group's status can vary depending on who perceives the stakeholder, the situation, the evaluator's own circumstances, and a host of other variables left undefined in the previous literature; however, because status is generally defined by social indices that are implicitly concordant, variations in perceptions of status may be relatively small within the overall status ranking. In other words, different managers may perceive the same stakeholder group to have higher or lower status, but we would expect that they generally rank stakeholder groups in a similar order. For example, a manager at a large chemical corporation may accord lower status to an environmental group such as Greenpeace than would a manager at a small venture focused on developing a water-saving device. Yet, both managers may accord higher status to Boston Common Assets, an institutional investor.

This leads us to the final advantage of status over other attributes set forth to identify stakeholders and their salience to managers, the fact that perceptions of status rest with managers. This last characteristic is important in view of recent literature suggesting to use social identity as a basis of stakeholder identification (e.g., Crane and Ruebottom 2011). Indeed, social identity represents the perception that individuals form of themselves (Tajfel 1974), which may—and likely does—differ from the perception that managers form of the same stakeholder group. Therefore, if we wish to provide a tool for academicians and practitioners to understand how managers identify and prioritize their stakeholders, we must restrict our analysis to managerial perceptions of stakeholders, such as their view of stakeholder status. Doing so also increases the value of status as an empirical construct. That is, where previous research has struggled with the operationalization of power (by restricting it to its economic sense), legitimacy, and urgency (see Eesley and Lenox 2006 for a discussion of some of these issues), status has been operationalized through measures that are largely agreed-upon in the literature (e.g., see Castellucci and Ertug 2010; Perrault and Clark 2015; Piazza and Castellucci 2014).

A summary of the advantages of status as an attribute of stakeholder identification and prioritization over constructs previously advanced in the stakeholder literature (social identity, power, legitimacy, and urgency) is presented in Table 1 below. In sum, individual attributes of salience such as power, legitimacy, and urgency fail to account for stakeholders' unique characteristics within their broad category as well as the dual nature of stakeholders as comprising both social and economic dimensions. In turn, social identity remains difficult in its application because the social identity is generated by stakeholders' own perceptions of their identity and objectives, in contrast to that of managers.

Below are a few vignettes that illustrate how status guides managers' interaction with stakeholders in reality. The main proposition of this paper is that firms identify stakeholders based on their status and seek to engage with those of higher status in order to reap the benefits of status by association (P1). Such *benefits* can vary in form depending on the firm's own status, other social approval assets (such as its reputation or legitimacy), and even the firm's life cycle. For instance, younger firms in the entrepreneurial or growth stage may ardently seek the endorsement of a high-status individual or organization in order to establish their legitimacy.

This strategy is widespread among activist and nongovernmental organizations whose survival hinges on their ability to generate momentum from donors who, in turn, are highly sensitive to the status, reputation, and legitimacy of their funds' recipients. For example, organizations such as the *Carbon Disclosure Project* or the activist campaign *2020 Women on Boards* heavily publicize their high-status relationships on their websites to bolster their own credibility.[1] In conversation, the director of one such organization explains: "People listen to those who they recognize and admire. We are all about numbers… the more big names we can advertise on our website, the easier it is for us to sell our cause and get supporters." Likewise, it is common for prestigious festivals to garner high-status sponsors; much like the higher status sport of golf generally features more prestigious products and brands—such as investment banks, luxury cars, and branded jewelry. In the business arena, Benefitfocus is a rapidly growing firm whose mission is to simplify benefits' options and enrollment. On the front page of its website, we can find the logo of eight highly visible and prestigious customers, including Hard Rock, WelchAllyn, and Under Armour.[2] The quest for status offers an explanation to why firms eagerly cajole stakeholders of high status in a visible relationship with the firm.

Indeed, it is noteworthy that firms expend considerable resources to gain the endorsement of high-status actors. These often take the form of discounted services to gain a high-status customer or supplier, or some form of "status purchase." For instance, a hotel may purchase the "Relais and Chateaux" designation, for a substantial fee, to increase the prestige of its institution. The same dynamics are at play when DBLM, a construction company focused on large-scale restoration projects, bids below cost on a prestigious contract (such as City Hall) in order to add to its impressive portfolio of clients. Or, when a local fitness center offering gymnastics programs accords a training discount and membership incentives to a gymnast training at level 9 and not to an equally powerful and legitimate gymnast who trains at level 3, from whom the gym does not foresee reaping the same status benefits in competitions.

In the same manner that firms can gain from associating with high-status organizations, their own status position can be tainted through associations with lower status organizations (Washington and Zajac 2005), which firms generally seek to avoid. Recall Tiger Woods' sex addiction scandal in 2009 and the sudden crumble of Mr. Wood's status. Subsequently, high-paying sponsors such as Gillette, Gatorade, Accenture, AT&T, and Tag Heuer began writing off their contracts with Mr. Woods—either through their immediate and public disassociation from the golfer or over time, by slowly suspending their use of Wood's image in their product's advertisement.[3]

In another example, a multiple brand car dealership was seeking to obtain the territory's Mercedes-Benz franchise. In order to do so, however, the dealership was required to terminate early its franchising contract with Volkswagen, a costly agreement. Traditional models of stakeholder identification and prioritization do not explain these dynamics. For instance, Mercedes-Benz is not more powerful than Volkswagen by traditional measures: the Volkswagen brand is "an icon"[4] and its asset base is twice the size as Mercedes'.[5] Both brands are highly legitimate in society and one's claims are not more urgent than the other. In fact, one could argue that Volkswagen, being already in a contract with the dealership, has higher legitimacy to the dealership, and that contractually speaking, its claim is more urgent. However, the quest for status does explain the dealership's choice to renege its contract with Volkswagen in order to obtain the Mercedes-Benz franchise. An employee of the dealership explains: "Mercedes fits better with the owner's desire to be recognized in the luxury segment." When pressed to explain why the owner was seeking these prestigious associations, the employee responded: "It gives him an "in" with local movers and shakers, because it increases his personal recognition."

In certain particular instances, high-status firms may willingly seek the association with lower status organizations in order to gain a greater effort from the low-status stakeholder, so long as the association does not harm the high-status firm's legitimacy (P3a). In September 2015, Amazon announced its endorsement of Shopify, a webstores' online mall. The endorsement came in the wake of Amazon's own webstores division failure while it desired to remain present in that segment of the market. Shopify, a low-status firm, would benefit from allowing its customers use the Amazon interface for login and payment.[6] With Amazon's high-status endorsement, Shopify's own status and legitimacy are significantly bolstered. While the benefits to Shopify are apparent, Amazon's motivation aligns with the idea that a high-status firm can gain a greater effort from this lower status stakeholder—specifically

[1] https://www.cdp.net/en-US/Pages/HomePage.aspx and http://www.2020wob.com/. Information accessed October 12, 2015.

[2] https://www.benefitfocus.com/. Information accessed October 12, 2015.

[3] http://content.usatoday.com/communities/gameon/post/2011/08/tiger-woods-losing-another-corporate-sponsor-tag-heuer-spilt-part-ways-amicable/1#.VhviE_lVhHw. Information accessed October 12, 2015.

[4] http://articles.economictimes.indiatimes.com/2009-09-02/news/27643757_1_volkswagen-passenger-cars-car-market-beetle. Information accessed October 12, 2015.

[5] https://ycharts.com/companies/VLKPY/assets. Information accessed October 13, 2015.

[6] http://learnbonds.com/123414/amazon-com-inc-amzn-endorses-shopify-as-webstores-die/. Information accessed October 12, 2015.

favorable contractual terms such as access to users' list and Shopify's intellectual property.

Likewise, the case was made earlier in this article that status can derive from power, and thus that organizations with lower status in society may be perceived as high status by a particular firm if it has the power to affect the firm's success (P3b). In a recent conversation, the director of strategy at a MeadWestVaco's specialty division explained that the stakeholders they prioritize are analysts. She explains that while the analysts who follow them do not work in high-status firms, they individually hold great power in directing how the public—shareholders and the media—will view MeadWestVaco's performance. As a result, these analysts are bestowed with prestige that elevates their status to MeadWestVaco employees. In turn, the status analysts acquire by way of their power to affect the firm's outcomes enables them to capture managers' time as desired—a highly valued resource.

Without power or effort, however, low- and middle-status stakeholders are likely to receive the least amount of managerial attention (P4). For instance, the 9/11 Heroes Run is held throughout the United States and raises money for first responders. A local organizer explains that when she solicited a high-status aerospace company to sponsor the race for a few thousand dollars, she was denied the money. Yet, she witnessed the same firm donate over $200,000 to two funds created for the victims of local tragedies that were made highly visible in the media a few weeks after her requests. She blames her failure to raise money with this prestigious company on the lack of visibility of her organization—which we know to be tied to status (Castellucci and Ertug 2010).

In sum, when deciding how to engage with stakeholders, it is commonplace for managers to primarily rely on their perception of stakeholders in terms of their desirability and the possible benefits (loss) they may gain (suffer) from the association. This approach, based on status, is deeply rooted in managers' humanity in terms of individuals' intuitive tendency to seek high-status associations, while enabling the modeling of stakeholder management from a names-and-faces perspective. As such, status offers a realistic construct to understand firm–stakeholder relationships that defy traditional conceptions of stakeholder identification and prioritization.

Discussion

This paper builds on recent research in the stakeholder literature that suggests much needed nuance to a theory of stakeholder identification and prioritization by adopting a 'names-and-faces' approach grounded in stakeholder status. In support of scholars who advocate for the importance of recognizing stakeholders' uniqueness within broad categories of constituents' transactional roles with the firm (e.g., Crane and Ruebottom 2011; McVea and Freeman 2005; Wolfe and Putler 2002), the present article aims at refining the way in which a names-and-faces approach can be applied, in reality, to our understanding of firms' stakeholder management practices. To do so, it first evaluates the contributions and limitations of past approaches—namely relying on stakeholders' social identity (Crane and Ruebottom 2011; Wolfe and Putler 2002) or managers' perceptions of their individual attributes, such as power, legitimacy, and urgency (Mitchell et al. 1997)—in order to identify and prioritize stakeholders. Drawing on the strengths of these works, the present article suggests that stakeholder status offers important conceptual and empirical advantages in explaining and predicting who managers identify as stakeholders and who they give priority to. Below, we draw out the implications of this argument and present some areas for future research.

One of the main implications of using stakeholder status as a basis for stakeholder identification and prioritization is that it provides a socio-cognitive explanation to how firms interact with stakeholders, taking into account the dynamic effect of firms' characteristics in view of those of stakeholders (Bundy and Pfarrer 2015; Bundy et al. 2013; Waldron et al. 2013). That is, previous research has established the links between status and other social approval assets such as legitimacy and reputation (Bitektine 2011; Deephouse and Suchman 2008). Within this paradigm, firms behave and choose relationships based on their own social approval assets as well as those of others (Bundy and Pfarrer 2015; Phillips and Zuckerman 2001). For instance, a firm with a generally high reputation and high legitimacy may be more sensitive to preserving its social approval assets and engage solely with stakeholders of high status. By contrast, a firm with lower legitimacy has less to lose in associating with stakeholders of lower status, and may use this opportunity to learn or gain more "work" from these stakeholders (Castellucci and Ertug 2010; Ertug and Castellucci 2013).

Given the nascent interest in the management literature for understanding the effect of status on firm behavior, and the current limitations of stakeholder theory in terms of providing a guideline to identify and prioritize stakeholders, further examining the effect of stakeholder status on firms' interactions with stakeholders bridges these two areas and opens several avenues of future research at the intersection. Thus, an interesting avenue for future research is to include considerations of status in socio-cognitive theories of firm behavior that are grounded in social approval assets (Bitektine 2011; Bundy and Pfarrer 2015; Bundy et al. 2013; Perrault and Clark 2015; Pfarrer et al. 2010; Waldron et al. 2013). This would enable a more complete account of the way in which firms' own social approval assets impact how they seek stakeholder relationships and respond to stakeholders' demands.

Specifically, research is just beginning to explore the relationship between status and other important constructs in stakeholder identification and prioritization—such as power and legitimacy. Future research examining the ways in which status grants power, or how stakeholders of various status levels use the different types of power to press their requests onto firms, would be particularly insightful to our understanding of managers' resource allocation to activist stakeholders. Likewise, establishing a stronger connection between status and legitimacy through case studies would further enlighten the impact of stakeholder status on managerial decision-making within a socio-cognitive approach to management.

Doing so would provide important knowledge concerning the effect of status at the meso level—a largely under-researched area of management theory (Piazza and Castellucci 2014). Indeed, previous literature generally examines status from either a macro perspective, in terms of its effect on markets and exchange partners in high-risk and uncertain environments (e.g., Benjamin and Podolny 1999; Jensen et al. 2011; Podolny 1993; Podolny and Castellucci 1999) as well as at the micro level, in teams and personal relationships (e.g., Gould 2002; Huberman et al. 2004; Weber 1978). By contrast, little is known about the effect of status in coordinated environments such as the networks of stakeholders in which firms operate. Specifically, future research could examine the effect of status on firms' choice of individual relationships within a broad category of stakeholders, among potential suppliers for example. Doing so could further our understanding of firms' differential responses to stakeholders, which research has begun to pay increasing attention to, especially in the context of stakeholder activism (Perrault and Clark 2015; Waldron et al. 2013).

Perhaps a first step for future research is to validate empirically the explanatory power of status theoretically advanced in the present paper and the validity of the relationships set forth in our propositions and Fig. 1. Does stakeholder status explain how managers accord priority to their constituents? And, is status a more accurate attribute to enlighten how managers categorize stakeholders than other attributes previously advanced in the stakeholder literature, such as power, legitimacy, urgency, or social identity for example? Examining these questions in large scale empirical tests would provide much needed knowledge regarding the value of status—and of a socio-cognitive approach—to understanding firm–stakeholders interactions. Likewise, future research examining the relationship between status and power, and how stakeholders use their status in reality to press their requests to managers would help enlighten the mechanisms that undergird managers' stakeholder management decisions.

Conclusion

This paper builds on recent advances in the stakeholder literature promoting the importance of accounting for the specificity of groups and individuals within broad categories of stakeholders in order to better understand firm–stakeholder interactions. After reviewing the strengths and limitations of a 'names-and-faces approach' based on the social identity of stakeholders, we offer stakeholder status as an attribute of stakeholder identification and prioritization. We argue that examining status significantly advances stakeholder identification and prioritization efforts because it provides a specific ordering of groups' desirability, based on their uniqueness within broad categories of stakeholders. In addition, it accounts for the inherent dual identity of stakeholders as including both social and economic dimensions. Lastly, it is an all-encompassing, one-dimensional indicator of a group's desirability that can realistically explain, as well as guide, how managers accord attention to their constituents. We set forth propositions that link stakeholder status to managerial attention in hope to stimulate future research addressing the important topic of stakeholder identification and prioritization.

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