Resource Relationships and Stakeholder Influence Strategies: A Case Study of AEG and Arena Development in Beijing

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In 2008, Anschutz Entertainment Group (AEG) announced a plan to design and operate 12 multi-purpose, large-scale sports and entertainment arenas in major cities throughout Greater China. However, AEG has confronted strong pressures and challenges from some local stakeholders. Initially, AEG signed a 10-year contract with Bloomage International Investment Group to operate the Beijing Wukesong arena (now known as MasterCard Center); however, two years later AEG shifted its role to become an arena marketing strategic partner and management consultant, as a result of conflicts with Bloomage and the local Beijing government (Yu, 2010). This paper will explore how these stakeholders have influenced AEG’s arena development plan by specifically examining the Beijing arena case.

To do so we employ a stakeholder theory approach. As argued by Frooman and Murrell (2005), if a firm and its stakeholders are in agreement, there is no need to be managing the stakeholders and developing stakeholder theories. However, in the case of Beijing, the stakeholder environment was very turbulent and dramatically impacted AEG’s arena development plans.

Much of the stakeholder literature has focused on the attributes of stakeholder groups to understand this influence (Frooman & Murrell, 2005; e.g. Clarkson, 1995; Mitchell, Agle & Wood, 1997; Wood, 1994); few stakeholder studies have used a structural approach focusing on the relational setting of the organization (e.g. Frooman, 1999; Rowley, 1997). In our context, relationships between a firm and stakeholders are of great importance; therefore, we will focus on the characterization of the relationships between the focal firm and its key stakeholders, to examine how the relationships can shape stakeholder behaviours. More specifically, we adopt Frooman’s (Frooman, 1999; Frooman & Murrell, 2003, 2005) typology of stakeholder influence strategies as our theoretical underpinning.

Frooman’s (Frooman, 1999; Frooman & Murrell, 2003, 2005) main argument was that the type of resource relationship existing between a firm and its stakeholders— that is, who is dependent on whom for resources— was a determinant of the choice of strategy a stakeholder might use to influence a firm. He identified four resource relationships in terms of dependencies: stakeholder power (firm dependent on stakeholder; stakeholder not dependent on firm), firm power (stakeholder dependent on firm; firm not dependent on stakeholder), high interdependence (stakeholder dependent on firm; firm dependent on stakeholder) and low interdependence (stakeholder not dependent on firm; firm not dependent on stakeholder). The strategies stakeholders can use to change a firm’s behaviour are broadly defined as manipulation strategies—coercion (the stakeholder threatens to decrease benefits or increase cost) and compromise (the stakeholder offers to increase benefits or decrease cost), and pathway strategies—direct (the stakeholder itself does the manipulation) and indirect (an ally of the stakeholder does the manipulation). With the combinations of different resource relationships and influence strategies, the typology was thus developed; when the relationship is one of high interdependence, the stakeholder will choose a direct compromise strategy to influence the firm; when the relationship is marked by firm power, the stakeholder will choose an indirect compromise strategy to influence the firm; when the relationship is marked by stakeholder power, the stakeholder will choose a direct coercion strategy; when the relationship is one of low interdependence, the stakeholder will choose an indirect coercion strategy.

Using this framework, this paper seeks to identify the dependency in each resource relationship between the focal firm, AEG, and its key stakeholders involved in the Beijing arena issue— Bloomage International Investment Group, National Basketball Association, and Beijing Government as well as to analyze these stakeholders’ strategies to influence AEG. To do so, we will use a qualitative research method to facilitate the study. In terms of data collection, interviews will be conducted with individuals from both the focal firm and the above-mentioned stakeholder groups (the initial list of stakeholders was identified through media sources and more stakeholders might be identified.
through interviews with the focal firm). Document data including news articles, official websites, planning documents and reports related to AEG and its stakeholders involved in Beijing arena operation and management will also be collected. After data collection, we will then conduct content analysis. Three main categories of codes will be developed: (1) types of resources relationship (four subcategories: high/low interdependence and stakeholder/firm power will be developed under this main category); (2) types of manipulation strategies used by stakeholders (two subcategories: coercion/compromise); and (3) types of pathway strategies (two subcategories: direct/indirect).

This paper is still in progress; thus we do not discuss our results and discussion here. We feel that there are three major contributions the paper makes. First, examining the case of AEG in Beijing provides a new context to explore Frooman’s stakeholder influence strategy typology and its applicability to a non-Western management environment. Second, studies of stakeholder theory in the sport management environment have not typically examined cases where focal organizations have failed (cf. Friedman & Mason, 2004; 2005). Therefore we provide a unique contribution to the sport management literature. Finally, results will shed new light on the issues facing sport organizations that are attempting to penetrate the Chinese market.