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利害關係人的策略管理-從動態的資源基礎觀點 研究成果報告(精簡版)

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A Dynamic Resource Based Understanding of Strategic Stakeholder Management
利害關係人的策略管理－從動態資源基礎觀點

Abstract

Stakeholder management has attracted increased interest for its expressive value in understanding social relationships around and within the organization. Yet the confusion over levels of analysis as well as the complex interactions among and in between have made it extremely difficult to perceive. This research proposes to take on the perspective to see the processes and transactions between stakeholders and the focal organization as organization resources in wealth creation and sustainable competitive advantage. Four types of stakeholder types are proposed and the dynamics of these relationships are elaborated.

Keywords

Stakeholder Concept, Dynamic Resource Based Approach

中文摘要：

利害關係人管理(Stakeholder Management)的觀念為近代企業組織複雜的社會及營運環境提供了一種全面性的理解。然而在實務上卻經常面臨層次分析及情境設定的問題，以致在實施上經常造成混淆。本研究透過動態資源基礎理論(Resource Based Theory)的觀念進行描繪，除了釐清利害關係人與組織間的動態關係外，並在情境的前提下提出四種利害關係人的分組。

關鍵詞：利害關係人觀念、動態資源基礎觀點

Introduction

In the last decade research in stakeholder concept has accordingly responded to the increased concern on managing external forces around the organization. A problem persists is the lack of specificity in identifying in *who* and *what* and “*when*” really counts (Freeman, 1984; Mitchel, Agle and Wood, 1997). The questions of who are the stakeholders that matter, what are the claims these constituent groups make to the organization as to why and when would they be important remains a field for further refinement. Review of the diverse stakeholder literature has suggested three research traditions (Donaldson and Preston, 1995). The normative advocates social rules. While the instrumental helps validate whether those who care are more successful, the descriptive provides cases on actual conducts on when would stakeholders matter as to what approaches the organization has taken in response. Given the different promises the extensive research address, there are still issues of clarify.

Stakeholder management primarily deals with dyadic relationships between stakeholders and the organization. These relational properties are maintained by the different issues the many constituent groups address and the actions that the organization has taken in response. While stakeholder management emphasizes on the relationships with key constituents in and around the organizations, there are also relationships between stakeholders (Rowley, 1997, Frooman, 1999). When research in indirect stakeholder influence is still lacking, it

is apparent that the many latent links between organizational stakeholders are not to be ignored. Any slacken link will likely have a butterfly effect over the entire network if particular issue is at hand (Eesley and Lenox, 2006).

From institutional perspective, firms within an industry are likely to face a set of similar stakeholder network (DiMaggio and Powell, 1983). When there are rules and pressures within a certain industry, the source of sustainability and competitive advantage in stakeholder terms become a critical question. In the case of innovation, extensive research suggests that those who can simultaneously motivate/acquire/leverage internal and external resources are likely to produce better performance. Who own or drive these resources? When will these resource drivers become critical?

Although there is no distinction between so called primary and secondary stakeholders and in many cases secondary would become primary, this study suggests that management inquiries into strategic stakeholder management should address the following questions:

- 1) Who are the primary stakeholders?
What are these stakeholding relationships?
- 2) What are their stakeholding relationships with others?
- 3) How and when do firms leverage these stakeholder relationships?

It is proposed in this paper that organizational environment can be understood in stakeholder terms. By calling a metaphorical use of dynamic resource based theory, a central thesis is that the relationships between stakeholders and the focal firm can be seen as organizational resources. In the pursuit of sustainable competitive advantage, organizations should maintain a relative attention to stakeholder forces/concerns at large. Moreover, these socially constructed relational properties/ transactions are dynamic. Organizations may not only need to exploit existing relationships but also to explore new relationships based on what they have or for the concern of what they don't have. Only efficient and innovative stakeholder management can then translate into sustainable competitive advantage. To date research that explicitly connects stakeholder concept and resource based theory is still not present. Instead attempting to add to any classification of the stakeholder theory, this paper focuses on complementing a different aspect so that an analytical framework can later build upon.

Theories

Stakeholder management

The idea of stakeholder concept grew up in the sixties and researchers have begun to call for the use in strategic management in late 1970s. Mitroff (1983) observes that those who are charged with managing and studying complex systems are facing a social system that is increasingly beyond their control. In his new picture of the world, organizations are

increasingly buffeted by a larger, continually shifting of stakeholder forces. Policy makers are very unlikely to ignore and they need a new method in policy making that is both practical and theoretical. In the emergence of multitude of different stakeholder forces, Freeman (1984) however finds there's an increase in the external demands placed on the corporation and a decrease in the internal flexibility to respond. He highlights the fact that the point of stakeholder approach to organizations is not only to force managers to be more responsive to the external environment. There's an issue with stakeholders in the internal environment that also calls for managers' responsible actions. Freeman's concern is mainly centered on the role of executives. As he argues, stakeholder concept attempts to build bridges with corporate constituents and to turn managerial energies in the right direction. To put the concept to work, he proposes a systematic approach in stakeholder management for managers in times of turbulence.

Understanding relationships with stakeholders

Ever since stakeholder concept is proposed, research development in corporate strategy field has centered on the following streams (1) defining stakeholder concept (2) classifying stakeholder into categories to provide further understanding of individual stakeholders relationships (3) strategizing stakeholder relationships. The latter two emphasize on the instrumental use of the concept and have also received most of the research attention.

However there's one thing to notice is that in almost all these researchers have attempted to redefine stakeholder concept for the use in the studies and there is no consensus so to speak.

Stakeholder relationships are socially constructed. To understand the nature of these relationships researchers have introduced several relationship attributes into their studies. Pearce (1982) divides stakeholders into inside and outside claimants in terms of their relative positions in and out the organization. Savage, Nix, Whitehead and Blair (1991) categorize stakeholders into four groups in terms of their threatening and cooperative potential. Some researchers see stakeholders as contractors or participants in exchange relationships (Freeman and Evans, 1990; Hill and Jones, 1992). Mitchell, Agle and Wood (1997) study stakeholders based on three relationship attributes: power, legitimacy and urgency and a typology of stakeholders around the organizations was developed.

The literature above portrays the different dyadic ties between the organization and stakeholders. Yet there are also many cases when stakeholders actually have indirect influences over other stakeholders. Rowley (1997) then proposes a social network view of stakeholder relationships. By looking at the stakeholder network density around the organization and centrality of focal organization managers are able to understand the sources of stakeholder pressures. As Jones and Wicks (1999) describe: stakeholder theory is a theory

of relationships. These relationships are central to the generation/destruction of organizational wealth (Donaldson and Preston, 1999). The extensive stakeholder network around the organization is just too overwhelming (Key, 1999). When stakeholder theory holds the promise to help understand business environment and firm behavior, the field is still looking for a paradigm that helps understand the relationships. These propositions have taken stakeholder management study to a different level. But the question of whether the firms manage relationships with society as a whole or rather with stakeholder groups that are relevant to their conducts. There is a distinction between stakeholder problems and social issues (Clarkson, 1995).

It has become apparent that management choices may be a function of stakeholder influences. Stakeholders expect different things from the organization and the company exists to serve the objectives of the stakeholders, which become its primary objectives. How to measure organizational performance is a matter of "the answers we get depend on the questions we asked". It only makes sense when the needs assessments are done from stakeholder viewpoints (Atkinson, Waterhouse and Wells, 1997). To conclude from the above seminal works, stakeholder concept is mainly with relationships in and around the organization. While advocate a moral mind of the corporation, it also calls efficient management. Stakeholder identification is a sensemaking process as different issues involve different

constituent groups. Their claims may be also different from case to case which require different attention. The organization will need to prioritize or engage with particular stakeholders and which primarily depends on circumstances. As marginal stakeholders are less likely to direct their pressure to the organization, they often seek through their network of influence when necessary. Managers should pay attention to stakeholder influence in network terms.

A metaphorical use of Dynamic Resource Based Theory in Strategic Stakeholder Management

Studies on stakeholder relationships have been extensive and arguably diverged. The idea of resource based theory may provide a middle ground for different thoughts to unwind. The use of Dynamic Resource Based Theory framework has a descriptive value to strategic stakeholder management as well. By exploring how firms managing stakeholder relationships a further understanding can be reached toward the heterogeneity in stakeholder dynamics between firms, and how it is translated into sustainability of the organization.

The resource based theory implies that resources are often sticky (Barney, 2001; Makadok, 2001; Peteraf, 2003). While they may have both positive and negative effects on organizations' competitive advantage, the questions of how firms select and acquire resources is critically relevant. In stakeholder

terms, a management inquiry toward the understanding of the followings will be: (1) What are the relationships between the focal organization and its stakeholders (2) How do firms respond to these stakeholder forces and how stakeholders influence corporate strategies (3) how do firms exploit these stakeholder relationships and (4) How and why do they explore new stakeholder relationships. These questions are parallel to the key elements in a dynamic resource based theory.

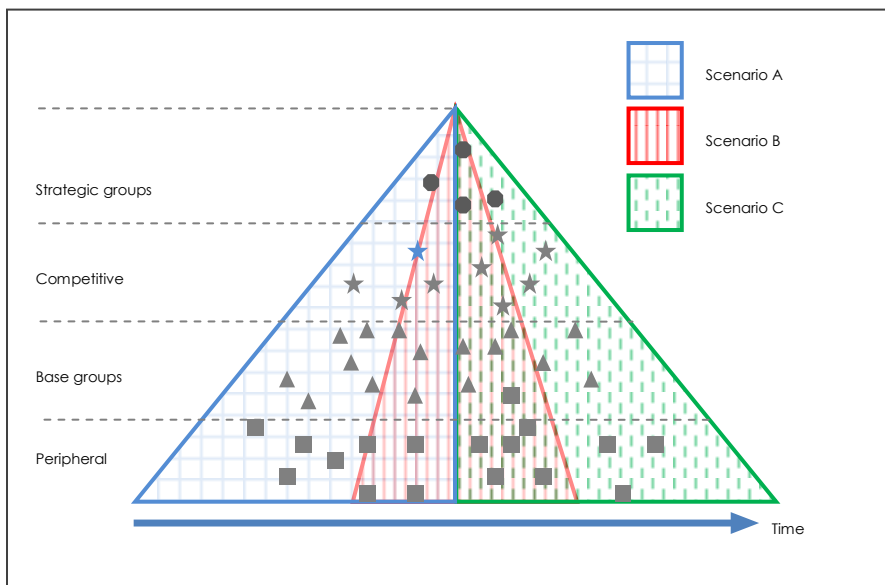
The relationships between stakeholders and the focal organization, and between stakeholders, constitute a stakeholder network. Organizations tend to work closely with those stakeholders whose stakes with the organization are immediate and gradually on to others whose are less. Savage et al. (1991) suggest there are four types of strategies in response to four different groups of stakeholders in terms of their cooperative and threatening potential. To respond to stakeholders who are highly cooperative organizations would seek to either involve or collaborate with them so favorable relationships can be maintained. Whenever a particular stakeholder relationship is at risk, organization will see to improve it to ensure no negative impact from will be held against it. For those stakeholders who only have potential stakes (low cooperative and threatening potential) with the organization, a monitor strategy will be used to make sure their latent needs or potential stakes are realized or explored. One particular stakeholder relationship in business environment that is not

as convincing as “a favorable relationship” is the link to competitors. An ideal relationship in this matter will be to actively observe and analyze their behaviors while taking on favorable defensive position. To adopt either the attributes proposed by Mitchell et al. (1997) or Savage et al. (1991), the distance between stakeholders and organization will vary for a particular link represents the significance of stakeholder forces in terms of their power, legitimacy and urgency, or cooperative and threatening potential with the focal organization. To perceive stakeholder relationships as organizational resources, a stakeholder typology proposed by Savage et al. is especially useful.

organizations have limited resources when dealing with the numerous stakeholders. The use of stakeholder relationships would respond to situations and to develop strategic behaviors based on current needs and respond to relative degrees of stakeholder forces. When further transforms stakeholder relationships into a resource pyramid as proposed by Chaharbaghi and Lynch (1999), there are four types of resources in stakeholder terms: strategic, competitive, base and peripheral. Using this classification, the organization-stakeholder relationships can be interpreted as the followings (see exhibit). Base types are fundamental for which the organization function is depended on. These stakeholder relationships are the “entry ticket” to enter a particular institutional environment. Peripheral

types are those who currently not engage in particular organization actions, but these are ready to acquire as needed. Competitive types are those distinguish one organization from it peer competitors. They are highly relevant to organization’s competitive dynamics within an institutional environment.

Exhibit - Dynamic Stakeholder Pyramid



The above discussions are centered on the resources around the firm and organizational capabilities in renewing them. However

Strategic types are unique in condition. Organizations often engage with these constituents for their influences in certain situations.

It is clear that an organization may maintain many stakeholder networks within and outside the organizations. Each network is somewhat different comparably from situation to situation, and possibly from their industry rivals (demonstrated as scenario A, B, C in the exhibit). In the case of product innovation or strategic alliance, a team of specialists will be called within the organization and at the same time the organization will approach new external stakeholders for necessary resource acquisitions. The result is a new stakeholder network and the combination of these would determine the firm's competitive advantage when compares to its direct rivals. To the organization, some of these stakeholder networks will remain relatively stable while others change dramatically (the overlapped areas between scenarios). Within each network there are different stakeholders in terms of their influences to the organization. The different stakeholder networks of the organization may share certain stakeholders however these stakeholders may have different influences/contributions in the networks. When firm enacts or reacts to changes in the new environment, changes in stakeholder relationship is expected. An organization may further strengthen/weaken relationships with certain stakeholders and seek to acquire new stakeholder relationships. The choice of strengthen or weaken certain stakeholder relationships often take risks and would depend on managerial choices. Therefore organizational capabilities in strategizing stakeholder relationships are very critical. This paper

concludes the following fundamental propositions:

- fp1*: The role of stakeholder to the organization depends on situations.
- fp2*: Stakeholder relationships are dynamic and evolve over time and situation
- fp3*: Firms react/enact to stakeholders in comparatively different degrees and in accordance to situations

Conclusion

The preliminary propositions of the research are relevant to strategic management in several areas. In the last two decades, scholarly research has approached stakeholder concept from different perspectives. This paper will complement a general understanding of research on stakeholder relationships by far. Second, recent research on resource based theory has called for a synthesis with organizational capabilities in strategizing resources. This research will make a case for such argument in time of searching for illustration. By drawing a connection between strategic stakeholder management and dynamic resource based theory, another contribution of this research is to respond to the call for different yet complementary views of strategic research on stakeholder management. Finally, when firms are dealing with an increased complex stakeholder environment, the outcomes of this research will be specifically relevant to firms in times of transition or environmental turbulence. For further research, case and longitudinal studies are necessary if

analytical structure were to develop. Moreover, an architectural framework that considers micro (organizational), meso (interorganizational) and macro (institutional environment), and which incorporate situations and organizational life will be very beneficial.

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出席國際學術會議報告書(A)

報告人姓名	謝榮峰	服務單位 及職稱	南華大學美學與視覺藝術學系 (原美學與藝術管理研究所)
會議時間	2008年12月14-16日	會議地點	Caesar Park Hotel, Taipei Taiwan
會議名稱	(中文) 2008 Asian Academy of Management Conference (International Western Academy of Management Session) (英文) 2008 亞洲管理學會研討會		
論文名稱	(中文)初探動態資源基礎觀點的策略利害關係人管理 (英文) Toward A Dynamic Resource Based View of Strategic Stakeholder Management		

使用經費：會議註冊費

14日會議正式開幕並開始報到，研討會議程以亞洲管理新面貌(The New Faces of Asian Management)為題分三天22的子題進行。由本人發表論文置放在International Western Academy of Management Session: Strategic Alliances, Ventures, and Networks (Room 5)項下。本次研討會的議題不僅結合了理論及實務，來自亞洲地區的與會者也帶來了許多不同地方觀點。本次與會人士來自多個國家並採英語進行，提出的報告也匯集了歐、美洲與亞洲的觀點，同時也有許多觀念性的研究提出。同時，這是本人第一次參加AAoM的會議，因此是第一次有機會接觸亞洲地區的同儕。在本人發表的該子題中參與者全為Western Academy of Management的會員，因此也有機會再會美國西岸的同儕。個人獲益頗多。

出席國際學術會議報告書(B)

報告人姓名	謝榮峰	服務單位 及職稱	南華大學美學與視覺藝術學系 (原美學與藝術管理研究所)
會議時間	2009年4月27-29日	會議地點	Haarlem, Netherlands (荷蘭、哈倫)
會議名稱	(中文) European Conference on Intellectual Capital (英文) 歐洲智慧資本研討會		
論文名稱	(中文) The Growth of Intellectual Capital-An Observation from Organizational Life Cycles (英文) 智慧資本的增長—組織生命週期的觀點		

使用經費：部分機票費用(不足額申請校內補助及個人自付)

27日會議正式開幕並開始報到，當日由會議主辦單位引介來自三十多個國家的參與來賓，並由主辦單位邀請哈倫市長及會議舉辦地 INHolland University 董事會主席為開幕致詞演說，後續安排參觀市政府並與當地官員會晤。28日研討會議程以六個主題體系分六個會議室同時舉行，其中分別為智慧資本動態、智慧資本作為管理隱喻的效益與限制、智慧資本的評估、智慧資本在高等教育及研究機構的運用、智慧資本觀念在國家、地區及城市的運用、以及博士生論文的研討。個人與會之論文於智慧資本動態主題(J114會議室)的第一場次發表。29日研討會議程同樣以六個主題體系分六個會議室同時舉行，其中分別為智慧資本綜合性研究、社會資本研究、知識管理的效益評估、智慧資本的評估、世界各地智慧資本中心報告以及中小型企業發展與智慧資本觀念的運用。

當今經濟價值的創造有近百分之八十來自於智慧型資源，但是大多數的組織仍無法正確的揭露這些資源的價值以及如何累積這些資源以為未來創造價值。「智慧資本」觀念的提出賦予了這些無形的資源一個總體的說法，同時也藉由持續的研究提出各種可以用來評價、傳達以及詮釋智慧資本的方式。本次參加之歐洲智慧資本研討會(ECIC 2009)會議歷史根源自1999年於荷蘭舉行之世界經濟合作會議“OECD—Measuring and reporting intellectual capital: experiences, issues, and prospects”議題核心，在國際學者的醞釀下自2003年起開始舉行年度會議，現已是國際智慧資本及知識管理相關研究的首要研討場域。研討會不僅結合了理論及實務，來自世界各國的與會者也帶來了許多地方觀點。本次與會人士來自三十多個國家並採英語進行，提出的報告也匯集了歐、美、亞的觀點，同時也有許多前導觀念及評估方法的提出，為智慧資本及知識管理相關研究提出改革性見解。在會議中與其他國家與會人士的互動機會尤其珍貴，不論是西北歐洲國家近來對國家及城市智慧資本的關注、中南

歐國家對智慧資本評價方式的改革理解、以及香港中國大陸地區最近幾個智慧資本中心成立的推動，對於個人在智慧資本的理解以及未來研究的方向均有相當啟發。

**Toward A Dynamic Resource Based View of Strategic Stakeholder
Management**

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Abstract

Research on stakeholder management has attracted increased interest for its importance in perceiving complex social and business relationships around and within the organization. Given its instrumental value in strategic management, however a resource based approach is lacking in extant literature. This research proposes to take on the perspective to see the processes and transactions between stakeholders and the focal organization as organization's resources in wealth creation and sustainable competitive advantage. While some firms manage to thrive on stakeholder resources and others do not, this research also attempts to explore the heterogeneity in stakeholder resources to suggest a dynamic dimension of resource based view in strategic stakeholder management.

Keywords

Stakeholder Concept, Dynamic Resource Based View, Sustainable Competitive Advantage

Introduction

The historical trail of research in stakeholder concept diverges in a number of directions¹. Yet in the last decade a greater number has responded to the increased concern in the social responsibility of corporations. A lack of continuous research, either conceptual or empirical in other three areas is observed. This might be in part due to the extensive stakeholder groups around the organizations, and as well as the lack of clarity in “who and what really count” altogether makes further research extremely difficult. This research aims to fill the void by contributing to the knowledge of strategic stakeholder management on the corporate level. It is proposed in this research that organizational environment can be understood in stakeholder terms. A central thesis is that the relationships between stakeholders and the focal firm can be treated as critical resources to the organizations. To date research that explicitly connects stakeholder concept and resource based theory is still not present. In this research a dynamic resource based view is used to build theoretical foundation. In the pursuit of sustainable competitive advantage, organizations should maintain a relative attention to stakeholder forces/concerns. Moreover, these socially constructed relational properties are dynamic. Organizations not only exploit existing relationships but also need to explore new relationships based on what they have or for the concern of what they don't have. Only efficient and innovative stakeholder management can then translate into sustainable competitive advantage, which directly responds to the central thesis of a dynamic view of resource based theory.

The notion of stakeholder concept

The idea of stakeholder concept is not new. It grew up in the sixties through the works of Eric Rhenman, Igor Ansoff and Russell Ackoff and others at Stanford Research Institute. Until late 1970s researchers have began to call for the use in strategic management. Mitroff (1983) observes that those who are charged with managing and studying complex systems are facing a social system that is increasingly beyond their control. In his new picture of the world, organizations are increasingly buffeted by a larger, continually shifting of stakeholder forces. Policy makers are very unlikely to ignore and they need a new method in policy making that is both practical and theoretical. In the emergence of multitude of different stakeholder forces, Freeman (1984) however finds there's an increase in the external demands placed on the corporation and a decrease in the internal flexibility to respond. He highlights the fact that the point of stakeholder approach to organizations is not only to force managers to be more

¹ Freeman (1984) identified four directions: corporate planning, system theory, corporate social responsibility and organization theory

responsive to the external environment. There's an issue with stakeholders in the internal environment that also calls for managers' responsible actions. Freeman's concern is mainly centered on the role of executives. As he argues, stakeholder concept attempts to build bridges with corporate constituents and to turn managerial energies in the right direction. To put the concept to work, he proposes a systematic approach in stakeholder management for managers in times of turbulence.

The stakeholder concept however is not without criticism. From the numerous books and papers published, there are different views of the concept and Freeman has even taken on a defensive side in several occasions (e.g.: Freeman, 1994; Wicks, Gilbert and Freeman, 1994). As more research entered the conversation and burgeoned in different areas, researchers begin to elaborate the theoretical aspects of the concept. Preston and Donaldson (1995) propose a stakeholder theory of the firm in terms of descriptive, normative and instrumental dimensions and recommends the attitudes, structures and practices that taken altogether constitute a stakeholder management philosophy. Given the overwhelmingly many stakeholders around the organization and the countless stakeholder relationships, researchers signify there's a potential risk of stakeholder paradoxes. Freeman (1994) nevertheless insists that there's no such thing exists and stakeholder theory can actually be unpacked into several stakeholder theories. Each theory serves a purpose and the only way to figure this out is to take on a feminist standpoint from there decisions can therefore be made.

Understanding relationships with stakeholders

Ever since stakeholder concept is proposed, research development in corporate strategy field has centered on the following streams (1) defining stakeholder concept (2) classifying stakeholder into categories to provide further understanding of individual stakeholders relationships (3) strategizing stakeholder relationships. The later two emphasize on the instrumental use of the concept and have also received most of the research attention. However there's one thing to notice is that in almost all these researchers have attempted to redefine stakeholder concept for the use in the studies and there is no consensus so to speak.

Dyadic View versus Network View

To diagnose the individual tie between the organization and a particular stakeholder, the contractual perspective of relationship has been valuable. Williamson (1979) sees business as an entity to facilitate contracts between the firm and stakeholders. The contractual relationships

between two parties can be determined by several attributes: frequency, specificity, uncertainty, limited rationality, and opportunistic behavior. To deal with issues in these contractual relationships, agency theory provides reasonable explanations toward stakeholder-agency problems. From the perspective to see organization as either a loosely coupled system, a nexus of contracts or a market for influence and control, Pfeffer and Salancik give a persuasive case in book length (1978). In accordance to the idea of open systems theory, a focus is placed on external constituents whom the organization depends on for resources. They take on the belief that organizations survive to the extent that they are effective in coping with external constraints.

Stakeholder relationships are socially constructed. To understand the nature of these relationships researchers have introduced several relationship attributes into their studies. Pearce (1982) divides stakeholders into inside and outside claimants in terms of their relative positions in and out the organization. Savage, Nix, Whitehead and Blair (1991) categorize stakeholders into four groups in terms of their threatening and cooperative potential. Some researchers see stakeholders as contractors or participants in exchange relationships (Freeman and Evans, 1990; Hill and Jones, 1992). Mitchell, Agle and Wood (1997) study stakeholders based on three relationship attributes: power, legitimacy and urgency and a typology of stakeholders around the organizations was developed based on the three attributes.

The literature above portrays the different dyadic ties between the organization and stakeholders. Yet there are also many cases when stakeholders actually have indirect influences over other stakeholders. Rowley (1997) then proposes a social network view of stakeholder relationships. By looking at the stakeholder network density around the organization and centrality of focal organization managers are able to understand the sources of stakeholder pressures. As Jones and Wicks (1999) describe: stakeholder theory is a theory of relationships. These relationships are central to the generation/destruction of organizational wealth (Donaldson and Preston, 1999). The extensive stakeholder network around the organization is just too overwhelming (Key, 1999). When stakeholder theory holds the promise to help understand business environment and firm behavior, the field is still looking for a paradigm that helps understand the relationships. These propositions have taken stakeholder management study to a different level.

Clarkson (1995) takes on a broader stakeholder view and studies the relationship between stakeholder and corporate social performance in a ten year program. Besides an analytical framework was proposed, he also takes on the arguments that corporations manage relationships with stakeholder groups rather than society as a whole and there is a distinction between stakeholder problems and social issues. It has become apparent that management choices may be

a function of stakeholder influences. Stakeholders expect different things from the organization and the company exists to serve the objectives of the stakeholders, which become its primary objectives. How to measure organizational performance is a matter of “the answers we get depend on the questions we asked”. It only makes sense when the needs assessments are done from stakeholder viewpoints (Atkinson, Waterhouse and Wells, 1997).

Resource Based Theory

Resource Based Theory (RBT hereinafter) has been one of the dominant paradigms in strategic management study. Penrose (1959) first provides a logical explanation to the growth and growth rate of the firm by clarifying the causal relationships among firm resources, production capability and performance. Her concern is mainly on efficient and innovative use of resources. Wernerfelt (1984) takes on a resource perspective to analyze antecedents of products and ultimately organizational performance and believe that “resources and products are two sides of the same coin” and firms diversify based on available resources and continue to accumulate through acquisition behaviors. Although the two emphasize on different themes however a basic tenet to the two early views is that firms thrive on efficient use of resources. Given the ambiguity in defining “resources”, Barney (1991) was the first to organize a VRIN framework that has now become popular in strategic management field. By drawing a connection between resources and sustainable competitive advantage (SCA), his assertion is that only valuable, rare, inimitable and non-substitutable resources can yield SCA. Resource heterogeneity across firms is a basic condition but not necessarily sufficient for a sustainable competitive advantage. Later in several reviews researchers have further strengthened the theoretical background for resource based Theory. Conner (1991) set a milieu for RBT by comparing Resource Based Theory and five schools of thought within the Industrial Organization economics. Mahoney and Pandian (1992) strike a conversation between RBT and strategic management and assert that RBT has integrated strategic thoughts concerning firm capabilities and is complementary to industrial economics. It is not only instrumental in providing testable propositions for diversification strategy but also in facilitating dialogues within strategic management.

Resources versus Capabilities

Similar to most social science paradigms at their initial stage, the idea of resource based theory has also raised practical questions. Organizations own and acquire a myriad of different resources. Not all of them are relevant to organization’s sustainable competitive advantage. These resources could have both positive and negative effects that constrain an organization from adapting to changes in environment. Peteraf (1993) sets the essential conditions for the casual relationship between RBT and sustained competitive advantage which concerns resource

heterogeneity within an industry and mobility of resources. She also considers current and future value of these resources in a competitive environment. Amit and Shoemaker (1993) separate resources into resources and capabilities. While resources are not specific to the firm, capabilities are firm specific and used to utilize the resources within the firm. Collis and Montgomery (1995) discuss firm resources by bringing the conversations into an industry setting. They signify the importance of resources and make a case about only by the interplay between scarcity, demand and appropriability can a firm determine the competitive value of a specific resource. There are also researchers who emphasize on the knowledge accumulation and directed toward organizational learning. An argument is that only by learning can organizations continue to prosper (Grant 1996; Connor and Prahalad, 1996). Ambiguous as it is, there is a spate of recent research derived from RBT that attempts to label the different resources within the firm and introduce the concept of Intellectual Capital which consists of structural capital, relational (social) capital and human capital (Stewart, 1997; Edvinsson and Malone, 1997; Sveiby, 1997; Bontis, 1998; Lev, 2001). Their efforts help explain why the market value of some firms are incredibly higher than their book value while other are not. However a greater focus has been on information technology industry.

Dynamic Capabilities and Resource Based Theory- A call for synthesis

The RBV has been criticized for assuming resources simply exist and ignored factors surrounding resources. There are also concerns such as how resources are developed, how they are integrated within the firm and how they are exploited. The concept of Dynamic Capabilities (DC) arose in time to complement the deficiency of the resource-based view of the firm. In stead of defining “resources”, DC focuses on the question of how firms achieve sustainable competitive advantage (Teece, Pisano and Shuen, 1997). Organizational responsiveness, as they argue, comes from the firm’s ability to integrate, build, and reconfigure internal and external resources (strategic assets were used) to address rapidly changing environments. Dynamic Capabilities attempt to bridge these gaps by adopting a process approach. By acting as a buffer between firm resources and the changing business environment, DC helps a firm adjust its resource mix and thereby maintain the sustainability of the firm’s competitive advantage. Eisenhardt and Martin (2000) further connect the concept of capabilities with different types of market dynamics. They define DC as "antecedent organizational and strategic routines by which managers alter their resource base--acquire and shed resources, integrate them together, and recombine them--to generate new value creating strategies" (Eisenhardt and Martin 2000, p. 1107). There are also researchers who take the cases of industry to illustrate the role of DC and shows how firm resources evolve and accumulate (Helfat, 1997; Zahra and Nielsen, 2002). As one can easily observe, DC emphasizes more on the role of organizational learning in

strategizing resources in hands.

The pursuit of sustainable competitive advantage is a journey, not a destination (Chaharbaghi and Lynch, 1999). Maintaining a competitive position requires an organization constant renewal. In an extensive review of resource based view literature, Barney (2001) proposes a research agenda. He argues that the logic developed in the 1991 Journal of Management special issue is still applicable to rapidly changing markets and dynamic capabilities as it does to stable markets and resources and capabilities. Dynamic capabilities are capabilities that are dynamic. However several researchers make a distinction in the difference between dynamic capabilities and resource based theory. Makadok (2001) investigates the interaction between two rent creation mechanisms: resource picking (implies resource based theory) and capability building (Dynamic capability). He finds the two mechanisms are complementary in some situations and substitutes in others. He also argues that capabilities are embedded in organizations and are major determinant of superior organizational competitive advantage. Bowman and Ambrosini (2003) justified the two mechanisms by argue either the center of strategic business unit provides resources or has processes that create resources (dynamic capabilities) can a firm achieve competitive advantage. However a greater cause is placed on the latter. Peteraf and Bergen (2003) find firm capability in substituting resources is also critical not only to sustainability of competitive advantage and even competitive advantage attainment. Helfat and Peteraf (2003) further propose a dynamic resource based theory by taking the evolution of capability lifecycles into consideration.

Metaphorical or Descriptive- Toward a Dynamic Resource Based Theory of Strategic Stakeholder Management

What we need is not more theory that converges but more narratives that are divergent-that show us different but useful ways to understand organizations in stakeholder terms (Freeman, 1999; 233). To date a resource perspective of stakeholder management is still lacking. From the perspective to see stakeholder relationships as resources to the organization, the use of dynamic resource based theory (DRBT) is both metaphorical and descriptive. Studies on stakeholder relationships have been extensive and arguably diverged. The idea of resource based theory may provide a middle ground for different thoughts to unwind. The use of Dynamic Resource Based Theory framework has a descriptive value to strategic stakeholder management as well. By exploring how firms managing stakeholder relationships we can reach a further understanding toward the heterogeneity in stakeholder dynamics between firms, and how it is translated into sustainable competitive advantage.

The resource based theory implies that resources often are sticky. While they may have both positive and negative effects on organizations' competitive advantage, the questions of how firms select and exploit resources, as well as how they develop the capabilities in this regard are critically relevant. In stakeholder terms, a management inquiry toward the understanding of the followings will be: (1) What are the relationships between the focal organization and its stakeholders (2) How do firms respond to these stakeholder forces and how stakeholders influence corporate strategies (3) how do firms exploit these stakeholder relationships and (4) How and why do they explore new stakeholder relationships. These questions are parallel to the key elements in a dynamic resource based theory.

Exhibit 1

To illustrate, stakeholders is distributed on a multiple layer concentric circle in terms of their relative influences to the organization in Exhibit 1 (Mitchell et al., 1997; Savage et al., 1991). The relationships between stakeholders and the focal organization, and between stakeholders, constitute a stakeholder network. Organizations tend to work closely with those stakeholders whose stakes with the organization are immediate and gradually on to others whose are less. To adopt either the attributes proposed by Mitchell et al. (1997) or Savage et al. (1991), the distance between stakeholders and organization can be interpreted as first part of exhibit 1. The distance represents the significance of stakeholder forces in terms of their power, legitimacy and urgency, or cooperative and threatening potential with the focal organization. To perceive stakeholder relationships as organizational resources, a stakeholder typology proposed by Savage et al. is especially useful. Savage et al. (1991) suggest there are four types of strategies in response to four different groups of stakeholders in terms of their cooperative and threatening potential. To respond to stakeholders who are highly cooperative organizations would seek to either involve or collaborate with them so favorable relationships can be maintained. Whenever a particular stakeholder relationship is at risk, organization will see to improve it to ensure no negative impact from will be held against it. For those stakeholders who only have potential stakes (low cooperative and threatening potential) with the organization, a monitor strategy will be used to make sure their latent needs or potential stakes are realized or explored. One particular stakeholder relationship in business environment that is not as convincing as "a favorable relationship" is the link to competitors. An ideal relationship in the matter will be to actively observe and analyze their behaviors while taking on favorable defensive position.

Exhibit 2

The above demonstrations are centered on the resources around the firm and organizational capabilities in renewing them. However organizations have limited resources when dealing with the numerous stakeholders. The use of stakeholder relationships would respond to situations and to develop strategic behaviors based on current needs and respond to relative degrees of stakeholder forces. When further transforms stakeholder relationships into a resource pyramid as proposed by Chaharbaghi and Lynch (1999), there are four types of resources in stakeholder terms (Exhibit 2).

It is clear that an organization may maintain many stakeholder networks within and out side the organizations. Each network is somewhat different comparably from their industry rivals. In the case of product innovation or strategic alliance, a team of specialists will be called within the organization and at the same time the organization will approach new external stakeholders for necessary resource acquisitions. The result is a new stakeholder network and the combination of these would determine the firm's competitive advantage when compares to its direct rivals. To the organization, some of these stakeholder networks will remain relatively stable while others change dramatically. Within each network there are different stakeholders in terms of their influences to the organization. The different stakeholder networks of the organization may share certain stakeholders however these stakeholders may have different influences/contributions in the networks. When firm enacts or reacts to changes in the new environment, changes in stakeholder relationship is expected. An organization may further strengthen/weaken relationships with certain stakeholders and seek to acquire new stakeholder relationships. The choice of strengthen or weaken certain stakeholder relationships often take risks and would depend on managerial choices. Therefore organizational capabilities in strategizing stakeholder relationships are very critical. This paper concludes the following fundamental propositions:

fp1: Stakeholder relationships are organizational resources

fp2: Stakeholder relationships are dynamic and evolve over time

fp3: Firms react and enact to stakeholders in comparatively different degrees and in accordance to situations

fp4: Organizational capabilities in simultaneously exploiting and exploring stakeholder relationships are relevant to sustainable competitive advantage

Conclusion

The preliminary propositions of the research are relevant to strategic management in several areas. In the last two decades, scholarly research has approached stakeholder concept from different perspectives. This paper will complement a general understanding of research on stakeholder relationships by far. Second, recent research on resource based theory has called for

a synthesis with organizational capabilities in strategizing resources. This research will make a case for such argument in time of searching for illustration. By drawing a connection between strategic stakeholder management and dynamic resource based theory, another contribution of this research is to respond to the call for different yet complementary views of strategic research on stakeholder management. Finally, when firms are dealing with an increased complex stakeholder environment, the outcomes of this research will be specifically relevant to firms in times of transition or environmental turbulence.

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Exhibit 1 Stakeholder Dynamics

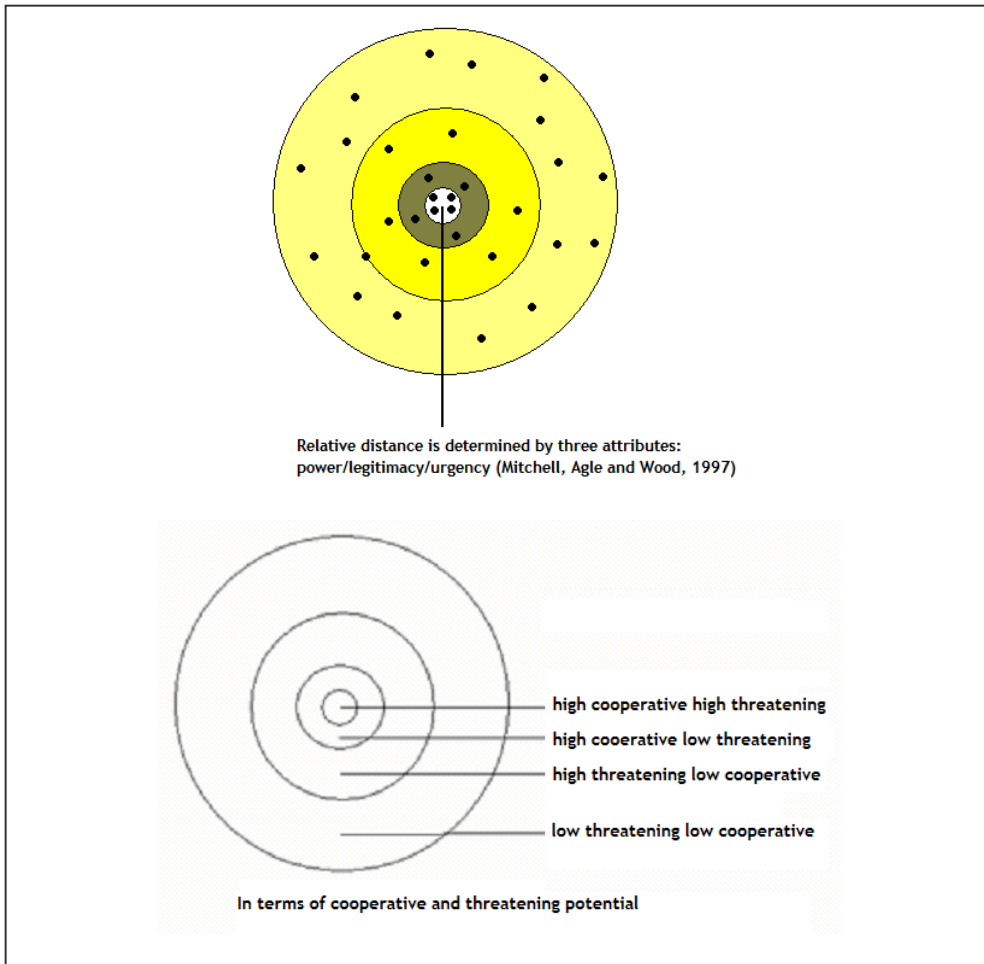
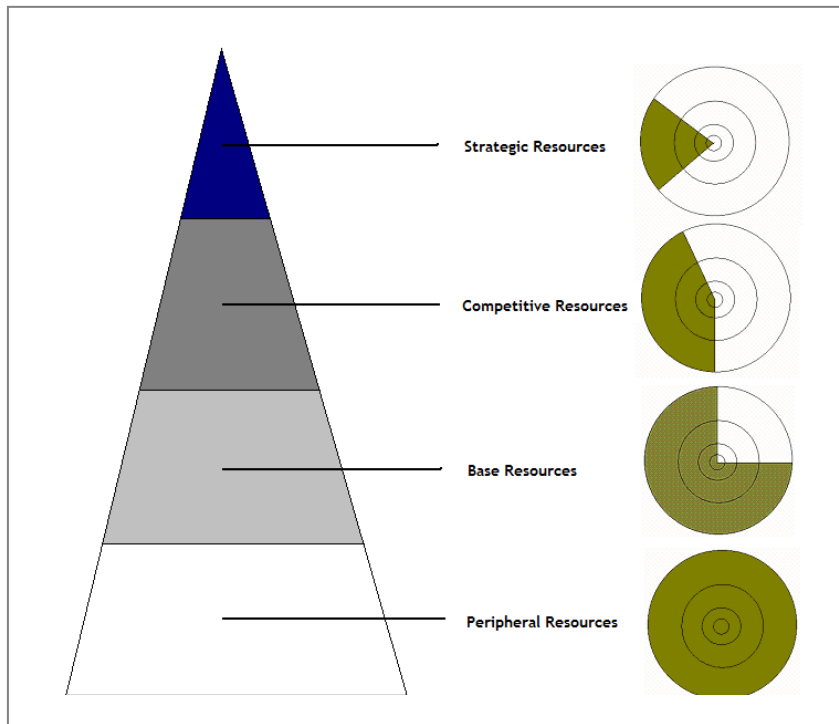


Exhibit 2: A Skeletal Form for a Dynamic Resource Based View of Strategic Stakeholder Management



Adapted from Chaharbaghi and Lynch (1999) and Savage et al. (1991)

**The Growth of Intellectual Capital:
An Observation from the Organizational Lifecycle²**

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The Growth of Intellectual Capital: An Observation from the Organizational Lifecycle

Abstract:

Extant research implies heterogeneity of resources has been a foundation for firm-wise competitive advantage. However accumulation of these resources is a continuous process. By taking an organizational life cycle perspective, this paper examines the dynamics of intellectual capital within DRAM companies in Taiwan³.

Keywords: organizational lifecycle, intellectual capital

³ This is a research in progress. Discussions in the paper are limited to data we gathered up to submission deadline.

Introduction

The idea of Intellectual Capital (IC) helps executives to elucidate intangible resources and knowledge assets of organization. In extant IC research, a greater emphasis is on antecedents of IC and the casual relationship between IC and market performance. Little is surveyed on why components of IC evolve relatively different and on the causal relationship between certain IC component and market performance at a certain period of time. Considering that the accumulation of Intellectual Capital is a dynamic and continuous process. The limited resources firms are able to engage in the creation of intellectual capital given a certain time frame, different weights are often distributed to different subcomponents of IC. The question of when and why firms prioritize one dimension over the others and the relationship between the organizations' priorities and market performance are therefore pragmatic.

This paper takes on the organizational lifecycle perspective to survey the evolutionary dynamics of intellectual capital. A basic argument is that firms often cultivate intellectual capital in a similar and possibly sequential manner. It may be a consequence of organizational adaptation to industrial environment over time while heterogeneity in intellectual assets between firms may be a result of firms' enaction to the environment. In terms of the generally accepted consensus on the content of intellectual capital, three interdependent IC components are examined in this study: human capital, structural capital and social capital. Due to the sample in this preliminary study is mainly with high technology industry. We therefore also consider the relative change in technology capital (Chang, 2007). Using financial data of DRAM companies in Taiwan's IT industry, a descriptive analysis is presented.

Literature Review

When competitive success of a strategy is dependent on the firm's invisible assets, the dynamic change of invisible assets is also largely determined by the content of a strategy (Itami, 1987: p.2). The issue of fit among organization, resources and environment is a dynamic process. The alignment between organizational system, structures, processes and changes in the environment significantly impact organizations' behavior in resources acquisitions and performance. Whether such adaptation is environmentally derived or out of managerial choice (see Hrebiniak and Joyce, 1985 for more discussion on organizational adaptation), the history of organizational changes depicts the progress of organizational life.

Organizational Lifecycle

To capture the evolution of organization, the notion of lifecycle has been a useful metaphor to describe the maturational and generational processes driven by mechanisms of

reproduction in natural populations (O'Rand and Krecker, 1990). A basic tenet to OLC is that the evolution of organizations tends to follow a pattern that is usually characterized by sequences of progressive stages. The creation, transformation and decline of organizations could be described as the results of reactions to environmental forces and organizations' strategic choices (Greiner, 1972; Hannan and Freeman, 1977; Aldrich, 1979; Kimberly and Miles, 1980). Organizations in different stage of life cycle would implement different internal structures and processes in the hope to respond to change in the environment. This process of organizational evolution corresponds to the scientific metaphors "punctuated equilibrium" or "phyletic gradualism" in evolutionary biology that organizations adapt to new environmental challenges over the course of organizational life and gradually becomes what they are today. Because their criteria of effectiveness change over different life cycles, behaviors of younger organizations are thus perceivably different from mature ones (Cameron and Whetten, 1981; Quinn and Cameron, 1983).

Organizational Lifecycle and Strategy

The use of Organizational Life Cycle as an approach in the study of strategy has been observed in various papers. For instance, researchers observed that managerial priority varies in different life stages (Smith and Miner, 1983; Smith, Mitchel and Summer, 1985). In a seminal article Miller & Friesen (1984) develop a longitudinal study on corporate life cycle. Lifecycle configurations in this paper center on organizational strategy, structure, decision making methods and organizational situations. In different phases changes are observed in these configurations and imply different challenging facing the organizations. At the same time, the politics accompany strategic changes are different at different organizational life stages (Gray and Ariss, 1985). Baird and Meshoulam (1988) argue that organizations move from one stage to another because the misfit between the organization and its environment. At the same time organization's efficacy and survival are challenged. Managers of organizations therefore seek to change organizational goals and strategies in order to correspond to the new set of issues. Their argument is that different stages of corporate life cycle (five stages are proposed) require alterations in the firm's objectives, strategies, managerial processes, technology, culture, and decision-making

Milliman, Von Glinow and Nathan (1991) investigate strategic human resource management in multi-national companies across different life cycles. They stress the importance of congruence, the fit to flexibility over different stages of OLC with research directions proposed. Dodge, Fullerton and Robbins (1994) identify sixteen external and internal problems associated with small businesses. Although the relation between OLC and perceived problems is not significant, they found businesses in early life cycle concentrate more on capital requirements than those in later life stage. Jawahar and McLaughlin (2001)

develop a descriptive stakeholder theory over organizational life cycle. They argue that stakeholders' significance is relative and dynamic which change over different OLC. The different resource allocation decisions and uses of strategy need to address changes in stakeholders' demands simultaneously.

Typologies of organizational life stages are many (Table 1). In a collective work Quinn and Cameron (1983) provide a thorough review on the different typologies used in literature. In this research a more intuitive one proposed by Miller and Friesen (1984) that a five-stage model including birth, growth, the maturity, revival and decline stage is adopted.

 Table 1

Methodology and Hypothesis Development

In this preliminary study financial data of seven DRAM (Dynamic Random Access Memory) companies in Taiwan spanning from year 1990 to year 2007 is used for analysis. A total of 95 entries of annual financial data are included. The reason for this is not only DRAM companies have a longer history when compare to other IT companies, but it is also more realistic to compare companies within an industrial sector for the purpose to understand the differences between organizations in different life stages. A list of DRAM companies is in Table 2.

 Table 2

Valued Added Intellectual Capital (VAIC)

While many survey methods (internal measures) are proposed in addition to those based on accounting information (external measures), it is difficult to compare company to company using such methods (Boremann, 1999; Pulic, 2000 and 2004). In this research we adopted an accounting tool for IC management, namely the Valued Added Intellectual Capital (VAICTM) (Pulic, 2000) for evaluation of intellectual capital. A primary focus of this method is on the efficiency of resources that creates values for the firm.

A basic principle to VAICTM is to calculate the value added (VA) of a firm by subtracting input from output, whereby labor expenses are not included in the input. In financial terms, this is equal to:

$$VA = GM - sgaExp. + LExp. = \text{Operating Income} + LExp.$$

where VA is value added; GM is gross margin; *sgaExp.*: selling, general, and administrative expenses; *LExp.*: labor expenses that Pulic (2000b) calls human capital.

According to Pulic (2000b), the value of human capital (HC) and structural capital (SC) is described by the labor expenses and the difference between VA and HC. From this description, HC and SC are denoted as in the followings:

$$\mathbf{HC = LExp.}$$

$$\mathbf{SC = VA - HC}$$

where HC is human capital; SC is structural capital; Pulic states that human capital and structural capital are reciprocal. The less human capital participates, the more structural capital is involved.

The next step is to evaluate social capital. According to Pulic's VAIC, social capital is calculated by capital employed which equals to the book value of the net assets of the firm.

$$\mathbf{SC = CE (capital employed) = Book Value of Net Assets}$$

For technology capital, R&D and intellectual properties are taken into consideration. To proxy for technological capital (TC), the study includes R&D expenditure and the value of intellectual property following Chang's propositions (2007). To account for the effect, the study uses the same denominator of the dependent variable (Tobin's q) as the scaling variable for technological capital.

Technology Capital Efficiency TCE =

$$\frac{\text{R\&D expenditure + value of intellectual property}}{\text{Book value of common stocks}}$$

The study sets out to calculate the efficiency of the four forms of IC and the Tobin's q is adopted as the proxy of firm's market performance ($MPerf$) with those resources. Up to this point the study now has four indicators (predicting variable) and one dependent variable :

(1) **Human Capital Efficiency HCE = VA / HC**

(2) **Structural Capital Efficiency SCE = SC / VA**

(3) **Social Capital Efficiency CEE = VA / CE**

(4) **Technology Capital Efficiency TCE =**

$$\frac{\text{R\&D expenditure + value of intellectual property}}{\text{Book value of common stocks}}$$

(5) **$MPerf = \frac{\text{Market value of equity + Book value of debt}}{\text{Book value of assets}}$**

Market value of equity variable is based on closing share prices on the last trading day of the year

Differentiation of Organizational Life Stages

Miller and Friesen's (1983, 1984) phases of organizational life are adopted in the present study in which sales growth as a key attribute in determining organizational

lifecycles. To distinguish different organizational life stages, the study uses cluster analysis to derive the patterns of organizations' life stage by taking *P/E ratio*, *Net Sales*, and *size of Employees* into consideration. The input variables were analyzed using Ward's method and the number of derived clusters ranged from 2 to 6 cluster solutions representing different life stages. In order to reduce the sensitivities of outliers causing by different ranges, scales, or units, the study may be cases where Z-score transformation is appropriately adopted to standardize the contribution of all variables to the distance measured. The result of DRAM companies' life stage is described in Appendix 1.

Hypothesis Development

To test the relationship between IC components and firms' market performance in different life stages, we conduct a series of regression analyses that substituted the various performance measures as dummy and dependent variables.

Hypothesis 1 (H₁): There is a positive relationship between intellectual capital components including HCE, SCE, CEE and TCE, and market performance.

$$MPerf_t = \alpha_0 + \alpha_1 HCE_t + \alpha_2 SCE_t + \alpha_3 CEE_t + \alpha_4 TCE_t + \varepsilon_t \quad (1)$$

By setting the dummies for companies that are listed separately on Taiwan Stock Exchange (TWSE) and GreTai Securities Market (OTC), as well as the different IC-components, H₁ allows us to test the difference between where the companies are listed. TWSE and OTC are dummy variables for companies which are listed on Taiwan Stock Exchange and GreTai Securities Market individually.⁴ HCE, SCE, CEE and TCE are different IC-components as described above. Coefficient β_1 and β_2 would be equivalently significant if Hypothesis 2 is true.

Hypothesis 2 (H₂): There is no difference regarding which market the companies are listed.

$$MPerf_t = \beta_1 TWSE_t + \beta_2 OTC_t + \alpha_1 HCE_t + \alpha_2 SCE_t + \alpha_3 CEE_t + \alpha_4 TCE_t + \varepsilon_t \quad (2)$$

To investigate the relationship between market performance and IC-components in different life stages, we use equation 3 and include five different life stages in the following tests. A key postulate is that the relationship between market performance and IC-components would mislead if the effect of lifecycle is ignored. In the first test we use a null hypothesis to examine the relationship between market performance and IC components across different life stages. In the second test we take a pair-wise comparison to

⁴ The details regarding the Taiwan Stock Exchange and GreTai Securities Market could be found in <http://www.twse.com.tw> and <http://www.otc.org.tw>.

further investigate the difference between life stages in terms of the relationship between IC components and market performance.

Hypothesis 3 (H₃): The relationship between market performance and IC components are significantly depending on life stages.

$$MPerf_t = \gamma_1 Birth_t + \gamma_2 Growth_t + \gamma_3 Maturity_t + \gamma_4 Revival_t + \gamma_5 Decline_t + \alpha_1 HCE_t + \alpha_2 SCE_t + \alpha_3 CEE_t + \alpha_4 TCE_t + \varepsilon_t \quad (3)$$

Test 1: When the null hypothesis H3a is rejected, H3b is supported

$$H_{3a} : \gamma_1 = \gamma_2 = \gamma_3 = \gamma_4 = \gamma_5 = 0$$

$$H_{3b} : \text{Not all } \gamma_i \text{ equal zero}$$

Test 2: A pair-wise comparison between organizations in different life stages. When H_{3c} is rejected, H_{3d} is supported.

$$H_{3c} : \gamma_i = \gamma_j, i \neq j$$

$$H_{3d} : \gamma_i \neq \gamma_j$$

where i and j represents the five different organizational life stages

Results

Table 4 shows the results from testing hypothesis 1 and 2. The relationship between intellectual capital and market performance (H₁) has not received support (p value = 0.3001, 0.1987, 0.2250, and 0.2492 respectively). It also makes no difference regarding whether these companies are listed in TWSE or OTC (H₂). A further examination on the relationship between market performance and intellectual capital in different life stages was conducted.

Because the sampling frame we realize that the notion of organizational life cycle in this preliminary study also reflect the lifecycle of the industry. Result from the cluster analysis has separated different time period of organizations into five different life stages. Table 3 shows results from cluster analysis utilizing Wards clustering method, as well as cluster-wise comparison using ANOVA. Descriptive statistics for individual company across different life stages are provided in Appendix 2. The result from ANOVA shows there are significant difference between cluster in terms of different IC components and performance indicators (Table 3). This suggests that companies in different lifecycles emphasize different IC components and perform differently.

Companies in Cluster 1 (birth) show all intellectual capital components are substantially

below the mean. Companies in Cluster 2 (growth) improve relatively in all four IC components. Most interestingly, these organizations are highest P/E ratio among all clusters. All IC components within companies in cluster 3 (mature) also improve compare to those in cluster 2. Technological capital efficiency is the most significant one even when compare to all other clusters however P/E ratio is close to the mean. For those in cluster 4 (revival), social capital efficiency appears to be the most salient component cluster-wise. Net sales and the numbers of employees peak to the highest level. Firms in Cluster 5 (decline) appear to have the highest structural capital however all other IC components have declined. P/E ratio, net sales and number of employees also dropped.

 Table 3

 Table 4

In the earlier hypothesis testing we are unable to find support in the relationship between market performance and intellectual capital (Table 4). When taking organizational lifecycle into consideration, those in birth (p value = 0.0900) and growth stage (p value = 0.0872) however show significance in terms of the relationship between IC and market performance (Table 5). A further investigation into the difference in intellectual capital considering OLCs reports a similar finding that using a cluster-wise comparison, e.g. there is a difference between birth and maturity stage (p value = 0.0015), etc. Table 6 shows the result of testing using null hypothesis testing.

 Table 5

 Table 6

Conclusion and Implications

The purpose of this paper is to explore the relationship between intellectual capital and firms’ market performance by taking organizational lifecycle into consideration. We use P/E ratio, net sales, and size of employees to categorize organizations into five different clusters (life stages). The results confirm that DRAM companies place different weights and distribute resources to certain IC components across different life stages.

The result from the cluster analysis may not directly correspond to strategic behaviors of

the organization as proposed in the literature on organizational lifecycles (as in Table 1). However a possible explanation is that intellectual capital takes time to accumulate and there may be a time lag between the development and the harvesting of new capabilities (e.g.: Kujansivu and Lonnqvist, 2007; Lin, & Edvinsson, 2008). Taking this perspective, we try to make sense of what we observed based on the literature we reviewed. When organizations in their startup stage would focus on identifying a sufficient number of customers, a consequence of that may be reflected in a higher P/E ratio when they move into growth stage. Firms in growth stage would establish their own distinctive competencies. In the case of DRAM industry a higher technological capital efficiency in the mature stage is possible the efforts from previous stage. In order to prolong competitive advantage, companies in mature stage may be actively in pursuing value chain integration by building up allies and networks. As a result, higher social capital efficiency in the next stage could be the outcome. The link between revival and decline stages is the most interesting one. When firms seek to revive by returning to fit, however they would continue to degenerate if higher structural capital is maintained.

When studies on intellectual capital have been mostly with mature organizations, it is worth noting that the results in this study show that the relationship between IC and market performance is the most significant in younger organizations. Limited by the sample size, we are unable to investigate further into the competitive dynamics between firms as to which specific IC component is most significant in gaining competitive advantage. We therefore aspire to extend this preliminary study to a greater extent by taking a larger sample size with a specific industrial sector in later research.

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Table 1 Strategic behaviors and Organizational lifecycles

Organizational Life stages	Strategic Behaviors
Stage One: Birth	In this period, a new firm is attempting to become a viable enterprise (Miller & Friesen, 1984). The focus is on viability, or simply identifying a sufficient number of customers to support the existence (Churchill & Lewis, 1983) of the organization. Organizations in this stage tend struggle to enact or create (Bedeian, 1990) their own environment.
Stage Two: Growth	As firms move into the Growth stage they seek to grow, develop some formalization of structure (Quinn & Cameron, 1983), and establish their own distinctive competences (Miller & Friesen, 1984). The centre is upon achieving rapid sales growth based on formalized structure and amassing resources in an attempt to realize advantages accruing to larger scale.
Stage Three: Maturity	Maturity represents an organizational form where formalization and control through bureaucracy are the norm (Quinn & Cameron, 1983). The companies in maturity stage have passed the second stage, growing to a point that they may seek to protect what they have gained instead of targeting new territory.
Stage Forth: Revival	The revival organization displays a desire to return to a leaner time (Miller & Friesen, 1984), where collaboration and teamwork foster innovation and creativity.
Stage Fifth: Decline	Even though firms may exit the life stage at any stage, a decline stage can trigger the demise. A final stage that companies' profitability drops because of the external challenges and because of the lack of innovation.

Note: Adapted from Miller and Friesen (1983, 1984)

Table 2 Companies' Information in Taiwan DRAM industry

Name	MVI	WEC	NTC	IMI	PSC	VIS	ProMOS
Establish Date	1987/01/08	1987/09/29	1995/03/04	2003/01/23	1994/12/20	1994/12/05	1996/12/12
Listed Companies at Stock Exchange Market	1995/09/19	1995/10/18	2000/08/17	2006/03/17			
Listed Companies at OTC Market					1998/03/23	1998/03/25	1999/05/13
Employees	904 (in 2007)	4454 (in 2007)	5303 (in 2007)	3381 (in 2007)	6132 (in 2007)	2832 (in 2007)	6934 (in 2007)
Ave. Age*	32.00	34.70	31.00	29.40	29.80	31.00	30.00
Ave. Seniority*	5.20	6.73	4.49	2.07	3.42	4.60	2.83
PhD. (%)*	0.60	0.79	0.77	0.71	0.50	0.49	0.68
Graduate (%)*	9.80	23.32	20.68	19.58	19.30	18.79	19.37
Undergraduate (%)*	65.10	50.63	55.13	55.16	58.20	44.81	59.36
Below Undergraduate (%)*	24.50	25.26	23.42	24.55	22.00	35.91	20.59
Capital	1.057E+10	3.727E+10	4.7E+10	3.338E+10	7.848E+10	1.712E+10	7.283E+10

Source: TEJ Data Bank (* are for reference only and are not considered in this study)

Table 5 Analysis of the Companies' MPerf and IC Considering the OLCs

	Beta	<i>p</i> -value
Birth	5.1614	0.0900*
Growth	5.2918	0.0872*
Maturity	4.0666	0.1868
Revival	3.7182	0.2272
Decline	3.8406	0.2141
HCE	1.1432	0.6392
SCE	-9.8408	0.5175
CEE	-0.2594	0.0272**
TCE	0.3300	0.6118

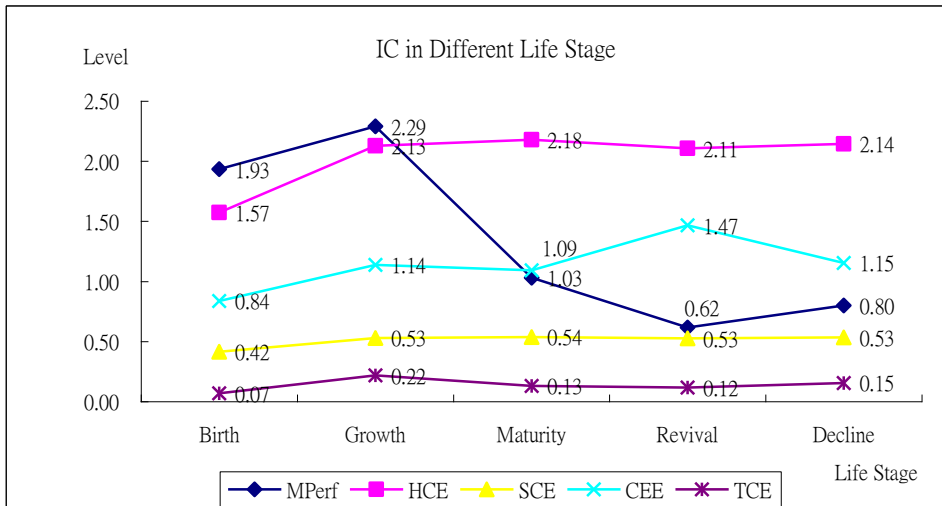
Note: *, **, *** denotes significance at 10%, 5%, and 1% level

Table 6 Hypothesis Tests of the Different Effect of the IC between OLCs

Hypothesis	F-test	<i>p</i> -value
H0:There is no difference among five OLCs	11.5576	0.0000***
H0:There is no difference between Birth and Decline	14.8423	0.0003***
H0:There is no difference between Birth and Revival	15.8574	0.0002***
H0:There is no difference between Birth and Maturity	11.1348	0.0015***
H0:There is no difference between Birth and Growth	0.1153	0.7354
H0:There is no difference between Growth and Decline	33.4007	0.0000***
H0:There is no difference between Growth and Revival	27.1683	0.0000***
H0:There is no difference between Growth and Maturity	26.0308	0.0000***
H0:There is no difference between Maturity and Decline	1.7787	0.1877
H0:There is no difference between Maturity and Revival	2.1920	0.1443
H0:There is no difference between Revival and Decline	0.2392	0.6267

Note: Note: *, **, *** denotes significance at 10%, 5%, and 1% level

Figure 1 IC in Different Life Stage (DRAM companies)

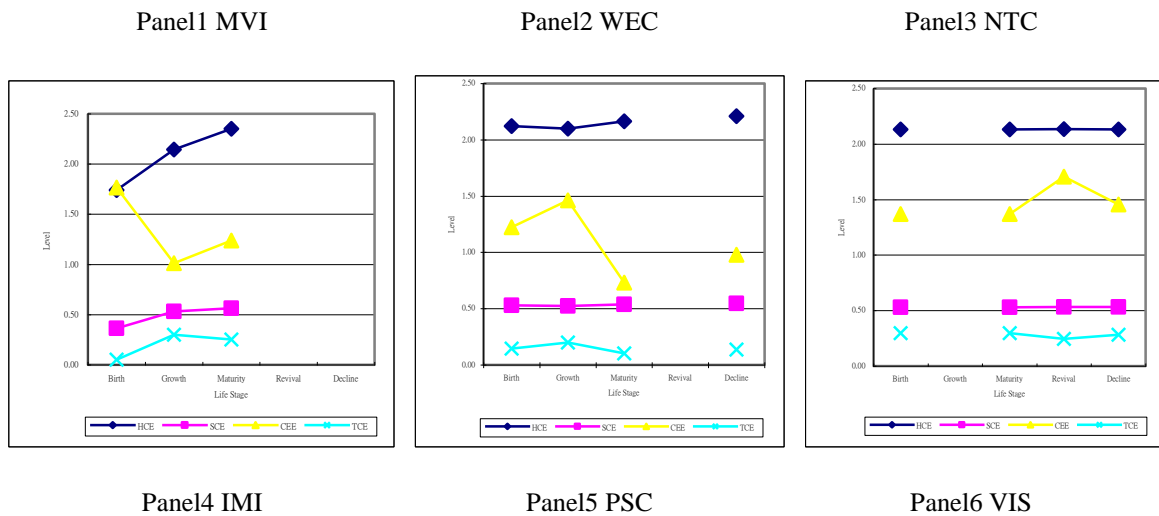


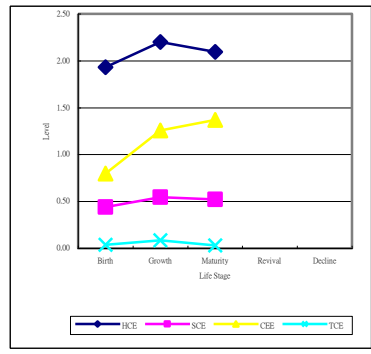
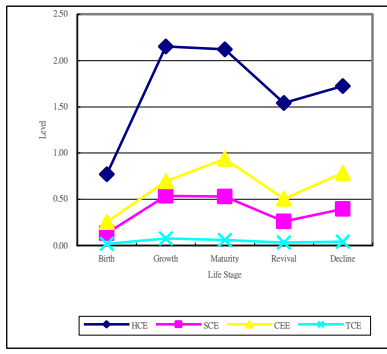
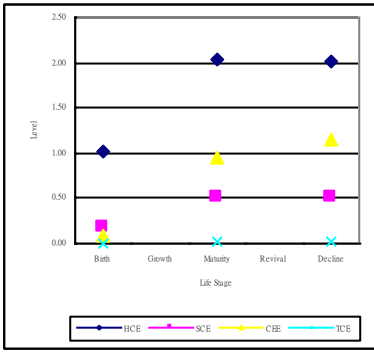
Appendix 1 : Lifecycle Stages for Sample in the Study

	Period#																	
	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07
MVI	B	B	B	B	B	G	M	M	M	G	M	M	M	M	B	B	M	M
WEC	B	B	B	B	B	G	M	M	M	G	D	D	D	D	D	D	D	D
NTC						B	B	B	B	B	M	M	D	D	D	D	R	R
IMI													B	B	B	M	D	D
PSC					B	B	B	B	M	G	M	M	M	M	D	R	R	R
VIS					B	B	B	B	M	G	M	M	M	M	B	B	M	M
ProMOS							B	B	B	G	M	M	M	M	D	D	R	R

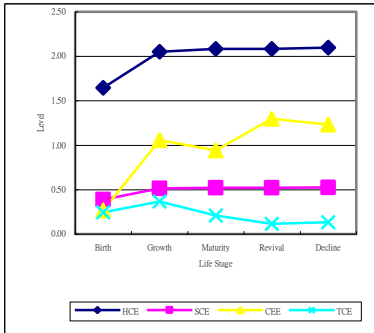
* : B, G, M, R, D represent Birth, Growth, Maturity, Revival, and Decline stage

Appendix 2 Descriptive Analysis on Intellectual Capital in Individual DRAM Company





Panel7 ProMOS



Note: ◆, ■, ▲, and * represent HCE, SCE, CEE and TCE under different OLCs