
Downloaded from: http://ray.yorksj.ac.uk/id/eprint/4378/

The version presented here may differ from the published version or version of record. If you intend to cite from the work you are advised to consult the publisher's version: https://doi.org/10.1108/IJPPM-06-2019-0274

Research at York St John (RaY) is an institutional repository. It supports the principles of open access by making the research outputs of the University available in digital form. Copyright of the items stored in RaY reside with the authors and/or other copyright owners. Users may access full text items free of charge, and may download a copy for private study or non-commercial research. For further reuse terms, see licence terms governing individual outputs. Institutional Repository Policy Statement

RaY
Research at the University of York St John
For more information please contact RaY at ray@yorksj.ac.uk
Title: SME productivity stakeholders: Getting in the right orbit

Abstract

Purpose

To explore who SME owner-managers consider as key stakeholders for their business for helping increase productivity, and the nature of the stakeholders’ impact.

Design/methodology/approach

The study uses the LEGO serious play methodology and narrative analysis in a focus group setting.

Findings

The analysis revealed a narrow depth of field of productivity stakeholders and identified critical narratives, involving close stakeholders which could constrain productivity. Lack of information on current and future productivity states, and a social brake due to the potential impact on employees are two at the forefront of owner-manager perspectives. The study also identified the importance of internal and external champions to improve productivity and re-enforced the significance of skills gaps, the role of Further Education providers and other infrastructure assets.

Research limitations/implications

The purposiveness of the single focus group setting results in a lack of generalizability, but provides potential for replication and transposability based on the generic type of stakeholders discussed. The work highlights the potential to further enhance the constituent attributes of stakeholder salience.

Practical implications

There is a potential for different network agents to increase their collaboration to create a more coherent narrative for individual productivity investment opportunities, and for policy makers to consider how to leverage this.
Social implications

The findings suggest that the implications of de-skilling and job loss are major factors to be considered in the policy discourse. SMEs are less likely to pursue productivity improvements in a low growth setting because of their local, social, implications.

Originality/value

The study is innovative in using Lego to elucidate narratives in relation to both stakeholder identification and their contributions to productivity improvement impact in a UK SME context. The study introduces an innovative stakeholder orbital map and further develops the stakeholder salience concept; both useful for future conceptual and empirical work.

8014 words
1.0 Introduction and Rationale

Politicians, commentators, and economists have been vexed about productivity in the UK for some time (Haldene, 2017). This is referred to as the productivity gap, which highlights the difference between the UK and a range of comparable economies (Cette et al., 2016) and the productivity puzzle, where productivity has flat-lined from 2008 onwards after the recession in contrast to the historic upward trend (Harris & Moffat, 2016). Tangen (2004) notes that practitioners and academics often do not define the productivity concept within their own discourses, however, the above concerns are centred on the productivity ratio that relates value added [output] in relation to the labour hours within the business [input]. The productivity debate also features the differential between regions in the UK (Martin, 2015) and that productivity is not evenly or normally distributed across the economy, with a long tail of low productivity firms particularly among small to medium size enterprises [SMEs] (Goodridge et al., 2013).

Mason et al. (2018) identify that policymakers in the SME arena are hindered by two major aspects; the complexity and scale of the macro and micro factors that affect individual and sector productivities, and the lack of high-quality data with which to measure productivity. The implication is that developing even a suite of pertinent polices is highly problematic and this often results in the development of interventionist support programmes for individual SMEs (Morrison, 2003).

In the UK these have been attempted in various guises for over twenty years and have mainly been through government funded quasi-agencies such as Manufacturing Advisory Service (BIS, 2016) and Business Link (Bryson & Daniels, 1998). The productivity related interventions often tend to focus on application and contextualization of typical process improvement methodologies such as Lean or Six Sigma (Antony, 2008). Studies such as Bennett (2007) and Matlay (2004) identify the difficulty in engaging SMEs in these activities and Atherton et al. (2010) explicitly showed that firms that do engage are disproportionality characterised as new and high growth businesses. McGovern et al. (2017) reviews the efficacy of the interventions, focusing on the relationship between the change agent and the management and employees of the firm, together with the principles of the improvement design. The study considered just two stakeholders, customers and
investors, but found no discernible impact of these on the motivation for process improvement.

Clarke et al. (2007) and Bennett (2007) identified that much of the productivity intervention and subsequent evaluation for SMEs was ‘supply side’ in terms of the provision, and those who engaged with it, and was predominately uni-dimensional, i.e. it focused on the agent-firm relationship, rather than the impact of other stakeholders on potential productivity growth. Bengo & Arena (2019) identify the importance of the stakeholders to SMEs in relation to their existence. However, there is relatively little literature on Stakeholders and SMEs, and what does exist is not focused on productivity, some studies look at performance, a potential proxy for productivity, but do not consider stakeholders at granular individual level.

Devins et al. (2005) identified the potential of a wider set of stakeholders, termed network agents, who help small SMEs develop managerial competence in order to develop their businesses and improve productivity. They defined these network agents as those “who may go beyond their basic transactional activity and influence practice within the business if they are in tune with the [businesses] interests” (p.544).

This paper aims to address the two gaps identified in this field. Firstly; to explore who might be relevant and pertinent stakeholders with respect to helping UK SMEs engage and progress with developing their productivity, and secondly what is the nature of their potential impact and influence on productivity related practices in an SME.

Therefore, the dual research questions of this paper are;

(i) Who might SMEs consider as key stakeholders for their business in terms of helping increase productivity?

(ii) What is the nature of the stakeholders’ influence on the SME with respect to increasing productivity

The paper firstly considers literature in relation to stakeholder theory, and a justification of the stakeholders’ potential importance to productivity. It derives a
prospective list of SME stakeholders from the literature and reviews how stakeholder influence has been considered in the past to further elaborate the research gap for the second research question. This is followed by the exposition and validation of the methodological approach, along with a description of associated data collection and analytical methods. The paper then reports the findings, followed by an abductive analytical section to develop a set of answers to the two research questions. The paper concludes by reflecting on potential implications for academics, policy makers and society, and bi-laterally discussing the limitations of the study and opportunities for further work.
2.0 Literature Review

The literature review firstly validates discusses the relevance use of stakeholder theory in this context, and then goes onto outline previous work relating to SME stakeholders and productivity. It then shows how an index of potential SME stakeholders was induced from the literature. The section concludes with a discussion and development of a theoretical framework for assessing stakeholder impact.

2.1 Stakeholder theory

Westrenius & Barnes (2015), utilise Freeman’s (1984) classic definition of stakeholders as “any group or individual who can affect or is affected by the achievement of the firm’s objectives” (p.25). Philips et al. (2003) argued that the instrumental form of stakeholder theory; being the engagement of stakeholders in order to achieve organisational goals, is the mainstream lens for examination of a firms’ external associations. Jones et al. (2018) and Weitzner & Deutsch (2019) outline the progression of instrumental stakeholder theory, notably the normative aspect of building the capability to form reciprocal relationships, which in turn enables dynamic capabilities to form leading to competitive advantage. McEvily & Zaheer (1999) identified early in this development that these capabilities are potentially affected by the number and intensity of the stakeholder connections, but Laplume et al. (2018) states that the mechanisms by how this occurs have yet to be explored. Productivity development is a form of organisational capability (Andersson & Bellgran, 2015; Jones et al, 2019), thereby providing a foundation to explore stakeholder impact by utilising stakeholder theory in this context.

2.2 Stakeholder, SME, and Productivity

Galbreath, (2006) and Laplume et al (2008) more recently Westrenius & Barnes (2015) identify that stakeholder theory is relevant to small business but is under researched, as this type of study has often focused on larger organisations (Helm, 2007; Doh & Quigley, 2014). A large proportion of the literature that utilises stakeholder theory in relation to SMEs is focused on the adoption of Corporate Social Responsibility (CSR) by SMEs (Schlierer et al., 2012; Ginting, 2016; Battaglia & Frey, 2014). Parker et al. (2015) find that most research on CSR within the SMEs context has been on key drivers and barriers, typical CSR practices, owner-manager
attitudes and actualised benefits. However, there are some attempts to explore the extent to which seek if CSR practices, and in particular, engagement of stakeholders via the proxy of stakeholder theory can affect firm productivity, competiveness, or in some cases performance (Carroll and Shabana; 2010, Pernini 2006; Erne, 2011). Ginting (2016) uses stakeholder theory show that stakeholders appear particularly relevant to the financial (economic) sustainability of the enterprises studied. A significant number of these studies look globally at stakeholder engagement; that is with all stakeholders and they generally agree with McEvily & Zaheer (1999) that this effect on competiveness occurs through the ‘strengthening of linkages’ and ‘intensification of relationships’ (Fitjar, 2011; Battaglia and Frey, 2014; Turyakira et al., 2014). However, none of the all these studies (Pernini, 2006; Carroll and Shabana, 2010; Erne, 2011; Ginting, 2016; García-Sánchez, 2018) are at a granular level of individual stakeholder, nor is the nature or mechanisms by which this could impact on SME’s productivity investigated.

The literature is sparse on the impact of individual stakeholders directly on productivity, financial sustainability or even via the proxy of ‘performance’. Herrera Madueño (2016) and Mandl and Dorr (2007) both identify not unsurprisingly that employees are the stakeholder with the most significant potential to affect productivity whilst Rezaei at al. (2018) identify the potential impact of customer and suppliers. Studies relating to improving productivity through ‘Lean’ methodology discuss the importance of stakeholders (Almanei et al., 2017), but these are ether internal (Chay et al., 2015), or the external ones are not identified (Chaplin et al., 2016).

The above review identifies the gap of studies that examine who and how singular stakeholders of SMEs might individually impact on an SME’s productivity. The next step within the literature review therefore is to extract from the literature on SME stakeholders a potential list of stakeholders that might impact productivity.

2.3 Stakeholder identification and classification

The literature on SME and stakeholder theory as identified previously does yield information regarding identification of typical stakeholders for SMEs. Some of these are quite broad such as Isaksson et al. (2015) who list humanity today and tomorrow, society and natural resources as core stakeholders, whilst Ginting (2016)
makes a relatively useful contribution by defining stakeholders as being either internal, such as employees or external, e.g. suppliers. The studies which yield definitive stakeholders for SMEs are show in table 1 below;

Herrera Madueño (2016) who posits these as employees, environment, customers and society. Parker et al. (2015) has a slightly more pertinent list collated from a range of previous work which was based on surveying owner-managers of SMEs. This is defined as suppliers, employees, society/community and the natural environment. The most relevant study is that by Westrenius & Barnes (2015) which reviewed the stakeholders for Australian SMEs. Their literature review and empirical work produced a list of typical SME stakeholders as follows; customers, employees, suppliers, family, local community and government, and also of note that of the ‘owner-manager’, who as the authors state “is also a stakeholder in his or her own right” (p.1117). The study also identified that there are usually a number of context specific stakeholders to each SME, classified as ‘other’. Carpinetti et al. (2008) reviewed a government sponsored intervention to improve SME productivity, identified a set of stakeholders for the project. This is a non-naturalistic source as it was artificially defined by the project construct but does yield some additional potential stakeholders; local commerce associations, local consultants, accountancy professionals, and technology providers.

All these sources were collated and a potential list of SME stakeholders was produced and is contained in Appendix A.

2.4 Stakeholder impact on productivity

Within stakeholder theory the seminal paper is that by Mitchell et al. (1997) developed the concept of stakeholder ‘salience’ based on the combination of three attributes; urgency, power, and legitimacy. Power is defined as the ability to affect another social actor or group of actors’ actions. Legitimacy is defined as being that a stakeholder’s action, or claim, is appropriate within its social construct. Finally, urgency is defined as two sub aspects, criticality; that is the importance of the claim or the relationship, and the time sensitivity of the stakeholders claim to the
stakeholder). These attributes are both transitory, but also display interaction, so the level of one attribute affects another. Salience also has additional characteristics; it may or may not be exercised, classed as actual versus potential, it could be wilful or unconscious, and it is socially constructed and as a result highly subjective. Laplaume et al. (2008) in their extensive review of stakeholder theory identify the need to explore utilisation of stakeholder salience in SMEs.

Driscoll and Starik (2004) and Laplaume et al. (2008) argue that ‘proximity’ is another potential attribute that contributes towards salience. Proximity is defined quite loosely as physical proximity, but could apply to commercial proximity in supply chains, being in the same ‘field’ of practice (Bonsall & Roth, 2000), and perhaps most vague, the degree of affinity, based on shared values or attractiveness. The concept of proximity is resonant with the work of Devins et al. (2005), who identified network agents who were salient in terms of productivity through virtue of being ‘close others’ to the SME owner-manager. Laplaume et al. (2008) outlined the complexity of proximity because of impact of relations between stakeholders, in the form of [social] networks.

Westrenius & Barnes (2015) uses just the three attributes from Mitchell et al. (1997) to identify the relative salience of stakeholders in general to SMEs, rather than related to productivity. They asked SME owner-managers to rank power, legitimacy, and urgency, which found that [in their own view] owner-managers were the most important. The study also suggested, in line with Mitchell et al (1997) that salience is “highly subjective and potentially even irrational” and that ‘situational factors’ for the SME could be influential in determining salience (Westrenius & Barnes, 2015, p.1118).

Laplaume at al. (2008) identified how the literature asks how stakeholders might influence and support firms and, and obviously how firms should manage and ‘balance’ stakeholder claims, but not how firms might utilise stakeholders. The multitudinous configuration of the urgency attribute and the potential inclusion of proximity provides opportunity to further differentiate the attributes of salience for examining productivity related stakeholders. Urgency could then be split into timeliness, and redefine the second attribute as utility and criticality; utility being defined as how useful the stakeholder is to the SME. This produces a conceptual
framework from which to examine stakeholder influence by examining salience as being constituted of the following attributes; Proximity; Power; Legitimacy; Urgency; and Utility/Criticality. The next section explicates the methodology by which both defined research questions defined earlier in this paper can be answered.

3.0 Methodological approach

This section outlines and justifies the approach taken, describes the innovative data capture methods, and the concludes with explicating the analytic technique utilised.

3.1 Methodology

The most prescient study into SME stakeholders was by Westrenius & Barnes (2015) which used a combination of survey and qualitative interviews, embedded in multiple case study methodology similar to Parent & Deephouse (2007). However, both these studies pre-empted the responses to a degree by providing participants with both a list of potential stakeholders and embedding the salience framework within the survey/interview structures. This study is different as it is UK based, focuses on discovering salient stakeholders and the nature of their influence with respect to productivity. A substantial element of Westrenius & Barnes’ (2015) more illuminating findings came from attempting to elicit ‘the story’ behind individual stakeholders. The approach taken in this study attempts to build on this foundation, but is differentiated by utilising a means to source research data whilst limiting the effect of the research’s instruments effect on cognitive bias.

This study uses an innovative technique called Lego Serious Play within the context of a focus group. This was developed as a methodology by Roos et al. (2004) and is prevaricated on psychologist Jean Piaget’s theory (Piaget, 1964) that participants use a hands-on method to build and develop their knowledge; learning happens when [they] are engaged in physically making an artefact. Barton & James (2017, identify the outcomes of this approach;

“the production of a three-dimensional construction in LEGO and the narration of what it represents, including its affective dimensions, and the position and knowledge [the participants] have reached as a result of building it.”. (p.252)
As suggested by Barton & James (2017), but also Schulz et al. (2015) and Swann (2011) the use of the LEGO Serious Play method has been used alongside narrative analysis. This is because the method allows participants to ‘tell their story’ about their constructed artefact, in this case a potential stakeholder. When narrators tell a story, they position characters in space and time to give order to and make sense of what has happened or could happen (Riessman, 2002). This method has been previously used to garner views of stakeholders in a different context (Hadida, 2013; Cantoni, 2009), and the mode of focus groups was used successfully in understanding stakeholder ‘beliefs’ by Morke et al. (2006).

This method allows a free association of participants to identify stakeholders of personal salience to them, whilst electing the potentially rich narrative behind the relevant stakeholder, which would subsequently facilitate an abduction of the aspects of salience, to answer the second research question.

3.2 Method description

The Lego Serious Play method often uses a format of focus groups (Barton & James, 2017), partly in order to “promote self-disclosure among participants” (Freeman, 2006, p.492). In order for the group dynamics to provide this ‘interactional synergy’ (Parker & Tritter, 2006) the recruitment and participant selection is important. In this instance purposive sampling strategy (Eitken, 2016; O.Nyumba et al, 2017) was adopted. The purposive element was orientated around finding a small homogeneous set (Eitkan, 2016) of SME owner-managers or directors who would be interested in improving their productivity, rather than the wider SME population. This approach embraces potential bias because the sample needed to include SMEs who are interested or concerned in developing productivity who might actually ‘utilise’ their stakeholder. In order to achieve this, the gatekeeper method (O.Nyumba et al., 2017) was selected by using a pool of SME owners or directors who were all clients of one particular national bank’s client manager. From a list of twenty-one clients; twelve of these registered to attend, and on the day, six of those attended, within the range of suitable focus group size (Freeman, 2006). The focus group also contained the researcher-facilitator, and the bank client manager. A table of the seven participants [PAR] and their role and industrial sector is shown in Appendix B.
The research team followed the four-step process of Lego Serious Play outlined by Schulz et al. (2015, p.327) shown below and explicated in the following sub sections:

1. Posing a question (providing an intention):
2. Development of a representational model using given toolkits (playful action):
3. Presenting and sharing the model (story-telling):
4. Asking questions (reflecting)

### 3.2.1 Posing a question

The group were briefed on the session objective which was identifying the key stakeholders who are relevant to the productivity of their business or SMEs in general. This briefing also included a review and explanation of a ‘stakeholder’ based on Freeman’s (1984) definition.

### 3.2.2 Development of a representational model using given toolkits

Roos et al. (2004) typically uses very few actual bricks (8-12) in the method, and as Hadida (2013) points out one can achieve many combinations with just a few bricks. Kristiansen and Rasmussen (2014) identify the tension between using a few generic bricks to allow creativity and maintain simplicity, and enough ‘specialised’ bricks to allow expression of the particular context. In this case, various Lego body parts were used along with a small variety of selected ‘special pieces’. In this instance, there is a degree of constraint and recognized bias from the researcher. This is due to the fact that the pieces were selected based on a finite set of Lego components, but also with an acknowledgment of some of the potential stakeholders the SME owners and managers might consider, and what ‘props’ might be utilised. For example, a worker, and a man in a suit, and a spanner and computer. However, to counteract the bias there were over 100 potential ‘special pieces’ along with the character pieces, of which there 30 of each (heads, bodies, legs, hats, hair). With reference to the method employed by Barton & James (2017) the participants were asked to build their stakeholder from Lego using components, and relevant ‘props or ‘accessories’ and given approximately ten minutes to do so.

### 3.2.3 Presenting and sharing the model (story-telling)
The participants were informed that they would be presenting and discussing their choice of stakeholder including why they were chosen and the nature of their importance. It was suggested that the participants would illustrate the nature of the stakeholder by not only their choice of outfit but also the accessories-props to guide them in the task.

3.2.4 Asking questions (reflecting)

The researcher then facilitated the presentation and resulting discussions in a similar fashion to (Cantoni, 2009, p. 189), where “facilitators to ask more focused and relevant questions when participants shared the stories of their models”. During this process, the researcher developed 'a map' of the stakeholders introduced, and captured on a flip chart significant or notable comments, either from their perspective or that of the group, and these were validated across the group as they were notated. Transposablity

The whole session was audio recorded for subsequent transcription and analysis. An initial review of the recording resulted in a grouping of three episodes of dialogue within the facilitated session;

- Episode 1: Introduction to the notion of a stakeholder and character ‘building’ phase
- Episode 2: Presentation of stakeholders by participants, and associated discourse
- Episode 3: Placement on a stakeholder ‘map and a search for ‘missing’ stakeholders

3.3 Narrative Analysis

Earth & Cronin (2008) identify two dimensions of narrative analysis, the ‘unit’ (holistic or categorical) and the ‘focus’ (form or content), resulting in a typology of four possible approaches. Categorical analysis is used to compare phenomenon across multiple narrations, whereas a holistic unit is utilised in the review on one particular narration. The latter is therefore the most suitable unit of analysis with respect to the singular narrations from the participants in this study.
Earthy & Cronin (2008) suggest that the choice of analytical focus can often derive from the nature of the data, as well as the research question. The second research question being asked is how the stakeholders might influence the improvement of productivity; it is therefore concerned with actions, either past actions or potential actions. Consequently, the ‘focus’ of narrative analysis utilised in this case, will be form, rather than content. Form focus is concerned with actions and sequences of events, and why they occur, or could occur, in simple terms the structure, or plot of the story. Earthy & Cronin (2008) explicate the deployment of the Labov’s (1972) model for structural analysis, based on the concept that all narratives have six main elements, which are:

- Abstract: an alert to the audience to the nature and meaning of the story
- Orientation: an outline of context or setting of the story and who is involved
- Complication or Action: either an action that is the core of the narrative, or issue or problem that as at the core of the narrative
- Resolution: an evaluation of the significance of what has happened
- Coda: a form of closure that takes audience back into the here-and-now of the telling situation.

The author has modified the analytical steps slightly because the narrators were introducing their character, so this was included in the abstract step, as it preceded, in all cases, the orientation.

The next section of the paper, findings, provides firstly an overview of the outcomes of each episode and then reports on the resulting narrative analysis from episode 2.

4.0 Findings

This section reports briefly on the outcomes of the three episodes, including the identification of stakeholders in episodes 2 and 3, and then focuses on the narrative analysis stemming from the stakeholders’ stories from episode 2.

4.1 Stakeholder Identification

4.1.1 Episode 1
Several of the workshop participants [PAR] had difficulty in grasping the concept of a stakeholder. This was despite the facilitator having introduced and further elaborated the concept, including the use of examples familiar to the participants, and stressing the potential externality of them in relation to the business. This is exemplified by the extracts below;

PAR 3: I’m still struggling to understand what I’m meant to be doing here.

MOD: Think about who your stakeholder is that you’re bothered about.

PAR3: By stakeholder do you mean…?

MOD: Let’s say somebody who influences how productive the business is, but outside the business so, for example the bank manager is a stakeholder, the government is a stakeholder.

PAR3: So somebody outside the business.

PAR1: Oh.

PAR2: Are you thinking external stakeholders, not internal?

MOD: External stakeholders, yeah, sorry.

However almost all the participants were relatively comfortable in utilising the LEGO pieces, and constructing a figure, once the concept of a stakeholder and the task had been discussed and clarified further.

4.1.2 Episode 2

After the initial familiarisation, which produced the episodic structure of the session, the first major analytical step in a holistic-form mode of narrative analysis is to identify the different narrative threads (stories) of the transcript (Lieblich et al., 1998). The second step is to identify from these threads, by coding within the narrative transcript, the characters in these different stories. Some of the characterisation of the potential stakeholders was completed within the session itself, where an agreed
label for that stakeholder was discussed and agreed. During the ‘reading’ of the narrative, which is an integral aspect of narrative analysis (Earthly & Cronin, 2008), the researcher was able to derive a suitable nomenclature for the characters who had been mentioned, but their label was not discussed. This was derived from the textual property surrounding how the narrator established the character (Reissman, 2002). The results of this analysis are shown below in Table 2;

**Table 2: Character Identification**

Two of these labels deserve some elaboration: Firstly, ‘Technology peddlers’ was a term coined by the group to label businesses who promised SMEs improved productivity from the purchase of systems or machinery. Secondly, ‘infrastructure architects’, a broader term than the others used by the group to define planners, transport providers, house builders etc.

4.1.3 Episode 3

As discussed earlier, at the end of Step 4 of the method, the facilitator notated the stakeholders onto a flipchart. As mentioned above the participants had difficulty in grasping the externality of potential stakeholders, indeed like Westrenius & Barnes (2015), PAR 6’s stakeholder was the SME owner-managers themselves. As a result, in the session the facilitator defined the SME owner-manager at the centre and introduced a revised ‘internal boundary’ similar to that suggested by Ginting at al. (2015). This allowed the other ‘internal’ stakeholders such as employees, to be placed close to this centre.

One key feature which was significant (to the facilitator) in the session itself was the ‘proximity’ of the stakeholders to the business, in relation to more distant stakeholders, such as the government. This conjecture led the facilitator, in vivo, to represent the stakeholders on the flipchart as an ‘orbital map’, where the groups view on the stakeholder’s relative proximity to the business was notated by how close they were placed to the centre of the flipchart, as identified previously.
In episode 3 the facilitator guided the discussions to extract from participants, the identity validation of stakeholders that they had not identified previously. and the results of this are shown at the bottom of Table 1. The list of potential stakeholders in Appendix A which was constructed from the literature was utilised in this stage. The resulting discussion also explicated from the group, the relative proximity of these additional stakeholders in relation to an SME business, and this was annotated on the flipchart as before.

The resultant stakeholder orbital map produced from the session was later refined, based on secondary analysis from the narrative characterisation and this is produced and discussed in section 6.1

4.2 Narrative Analysis

As identified previously the narrative analysis focused on the remaining elements after the abstract and character had been introduced; namely [some] orientation, complication and or action, resolution and coda. The initial coding identified six narrative threads, which are discussed below.

4.2.1 Narrative 1: Education and Skills

The first narrative featured two stakeholder ‘characters’: Further Education [FE] and ‘young people’. The narrative structure analysis revealed a serious of ‘complications’ followed by ‘actions’ taken by one SME with regard to sourcing the right sort of individuals for their growth aspirations. One of the key complications was the paucity, in their view of the output of these providers in the skills of the younger (in the main) potential workforce. The counterpoint to this was that some SME participants had recently discovered a local provider (an FE college) that had some provision which was helpful to their particular business, but the issue was felt across the group a lack of awareness of the ‘good provision’ and ‘good providers’. Other participants contributed to the final unfolding of the narrative, with the key closing of the story, what Labov (1972) calls the ‘coda’ consisting of the following elements;

- Soft skills are critical
- It is difficult and time consuming for SMEs to develop
• There must be ‘a way’ for FE to develop these skills for SMEs

4.2.2 Narrative 2: Infrastructure

The second narrative featured the ‘infrastructure architects’, and this had two distinct subplots. The intimal orientation was the local [to them] transport infrastructure affected how their employees got to work, in terms of retention and attraction of good workers, encapsulated by the comment from one participant; “I don’t think I’d travel an hour for the sort of salaries that they are likely to [get] on the shop floor”. The second orientation was how they moved product to customers in terms of costs and convenience. The ‘complications’ for this narrative was interesting as participants debated the advantages and disadvantages that better infrastructure provided, particularly in terms that better infrastructure increased access for competitors at the same time as providing better access to markets for the themselves.

The coda in this instance was the desire for good local infrastructure to help SMEs optimising their location, in terms of attracting and retaining labour, as well as managing supply chains, but retaining the tension inherent in the narrative. This was neatly displayed by two of participants;

• PAR 3: We want our cake and we want to eat it.
• PAR 1: I was going to say we want one-way infrastructure

4.2.3-4 Narrative 3 and 4: Investment and competition

The third and fourth narratives, those concerning investors and competitors were closely entwined, as the analysis below indicates. PAR 1 was a vociferous instigator of the competitor stakeholder, their initial ‘abstract’ and ‘coda’ from the narrative structure are almost identical;

PAR 1: Mr Market determines everything.

PAR 1: …..but in the end Mr Market will dictate.

During the narrative the participants developed a deeper duality of the resolution to both narratives of competition, and investment opportunities. For example;
PAR 1: We’re in certain markets and actually we have no competition so you don’t, you know, you’re not particularly efficient because you don’t have to be, there’s no commercial pressure.”

PAR 3: but your competitors, their performance, because if their service levels are mediocre then your service levels have to be mediocre plus,”

The narrative story for investors revealed two ‘complications’, firstly the competitive environment, either it would destroy the SME and/or the relevant market, or conversely there was so little competition, it was not worth improving productivity.

The second ‘complication’ was the difficulty in obtaining the management information to be able to ascertain if [the investment] would yield the recognise productivity improvement to warrant the risk. Access to investment or investors, or appropriate terms did not feature as a complication, in contrast to other, more extensive studies (Van de Schans, 2015).

The ‘coda’ for both narratives are shown below, articulating the competitive ‘reality’ of the SME narrators.

PAR 4: You’re playing golf with a really good golfer you play a better game of golf. You play with a 32 handicap who can’t hit it, you have a poorer game.

PAR 1: At the end of the day your journey has to be at least as good as your competitor’s journey and if it’s not, then that’s the fear.

4.2.5 Narrative 5: Champions

The fifth narrative also featured two characters; that of ‘internal champion’ and ‘external champion’. The participants clearly identified a number of times the ‘abstract’ for this stakeholder in terms of their importance in improving productivity. The ‘action’ within the narrative was that SME owner-managers had repeatedly found the ‘right’ individual for this role, both internally and externally and they could be from a range of sources, example investors, agencies, consultants, and internally, the management team, new or old employees. One critical complication within the
narrative was the relationship of the external champion with the SME, which was seen to be more important than the type, or source of the champion;

PAR 6: Just to give you my experience, I've had good and bad and it was down to the person who got to know you or didn’t.

The second complication within the narrative is which is preferred, external and internal champions, or if you need both. The definitive coda from the narrative is that internal champions are always required, but that the external one can provide a degree of validation.

4.2.6 Narrative 6: Productivity brake

Finally, the sixth narrative was a meta-narrative was identified which was not related to one specific stakeholder but involving a number of different characters. This narrative started with the character introduction of the young people stakeholder but featured employees, and technology pedlars. This narrative could be articulated as a ‘social productivity brake’; the ‘complication’ being the rise in automation/robotics and the future and availability of lower-skilled work. The ‘resolution’ to the narrative was a concern for both the structure of society but also the future of ‘young people’. In terms of the narrative coda, two SME participants both articulated reservations about whether they would relentlessly pursue productivity improvements because of the impact on their overall staffing levels and on the potential decisions they would rather not take over employment of individuals they know within their business.

The next section on Analytical development is pivoted around providing answers to the two research questions.
5.0 Analytical development

5.1 Identification of stakeholders

The orbital map constructed in the session was further refined, by abduction; “adding of theory to data” (O’Mahoney & Vincent, 2014, p. 16) and ‘borrowing’ of concepts (Fawcett et al, 2014) by reference to the narrative threads which featured some of the stakeholders. In this case, the additional ‘borrowed’ theory is the utilisation of the ‘stakeholder circle’ developed by Bourne (2005) and utilised by Walker et al (2008). This tool was deployed in a project management context, rather than this micro economic environment. The Bourne model is complex as it uses colour to annotate power relationships, but in this iteration, the authors focus on proximity. The resulting map is shown in Figure 1.

![Figure 1: Stakeholder Orbital Map](image)

Figure 1 shows the ‘closeness’ or proximity of the stakeholders to the SME, using circular rings. The map uses grey font to illustrate those stakeholders identified in
episode 3, which required more extraction from the participants, highlighting their potential low visibility of stakeholders with less proximity. The map also articulates the proposition that the stakeholders could be further positioned within four broad subgroups, represented as quadrants on the map; Finance, Education Agency and Commercial. This is based on the following argumentation. Firstly, the Local Enterprise partnership’s agency was predominantly about provision of finance. Secondly, that within the following characterisations; external champions, technology peddlers and government agencies, there was a high significance of the individual involved and their personal relationship with the SME, hence the group nomenclature of ‘agents’. Thirdly the three stakeholders, customers, suppliers and competitors, could all be classified as ongoing commercial relationships.

The resultant stakeholder orbital map answers the first research question: Who might SMEs consider as key stakeholders for their business in terms of helping increase productivity?

As discussed in the literature review the proximity of the stakeholder is related to dimensions of power urgency, and legitimacy but these are entwinned. The next section reviews the analysis of the six narratives through these concepts to derive some propositions and to answer the second research question.
5.2 Nature of stakeholder influence.

The second research question was;

(i) What is the nature of the stakeholder’s influence on the SME, with respect to increasing productivity.

To answer this question the narrative findings were analysed through the theoretical frame of stakeholder salience developed in the literature section. This was done in two stages: Firstly, to look for evidence of the different attributes aspect of salience, the results of this are shown in Table 3. Secondly to then examine these through a process of abduction to render some propositions to answer the second question.

Table 3: Salience grid

The findings from episode 1 lead directly to the first proposition:

Proposition 1: The SME owners or directors have difficulty in grasping the notion of a stakeholder, particularly those outside their own business

This visibility therefore affects all aspects of salience, however as the later narrative shows aspects of salience and the influence of stakeholders can be identified meaning this is lack of conceptual awareness, rather than a denigration of the utility of stakeholder theory in this context.

The table and the stakeholder orbital map both highlight the preponderance of stakeholders who are ‘closer’ to the business, and the importance of the dimension of proximity to stakeholder salience. Hence;

Proposition 2: [In relation to productivity impact], SMEs have a small ‘depth of field’ in relation to stakeholder proximity

Proximity also appears to correlate with legitimacy and power, as those narratives which involves close proximity also display both these other aspects.
The analysis shows that Further Education providers have a high degree of salience, amplified by their own salience to the other stakeholders of ‘young people’ and [future] employees. Their core salience is provided by legitimacy as expressed that they must find a way to improve their own utility in skill development, by criticality, in the importance of soft skills, in common with many other studies (Hurrell, 2016), and urgency as denoted by the time required by SMEs to fill the gap. The narrative analysis also showed the salience of FE providers was affected by a combination of proximity and critically, based on SME developing closer relationships with closer providers to collaborate on provision needs.

Proposition 3: Further Education providers are highly salient stakeholders for improving productivity, based on proximity, utility, criticality and legitimacy.

‘Infrastructure architects’ have some salience for SMEs primarily based on utility for access, and retention, of a skilled and appropriate labour force, as well as for inbound and outbound logistics to their regional market. There is a duality of power in terms of opportunity and threats of improved transport infrastructure

Proposition 4: The ‘Infrastructure architect’ stakeholder has some salience based on utility, but with a duality of power.

In terms of improving productivity, competitors appear to be highly salient stakeholder, due to having legitimacy, but also high levels of power. However, this power is linked to urgency and utility/criticality. If the competitor is less competitive, i.e. less critical, than power and urgency is nullified. The narrative analysis suggests that SMEs could see the utility in having competitors who exercise their power to increase the SME’s own productivity via increased performance.

Proposition 5: Competitors are highly salient stakeholder for improving productivity, but dependent on the intensity of competition in specific product-markets based on competitors performance.

The lack of meaningful information regarding the measurement of the current and future productivity states, similar to Cocca & Alberti (2010), but also future market states, affects the salience of the owner manager stakeholder, and the ‘technology
peddler’. It reduces the legitimacy and utility of the former, which in turn affects their power to pursue investment. The utility of the technology peddler is reduced as their productivity offer increases in risk. The investors utility and criticality is also diminished as there is less call for substantive investment.

Proposition 6: Lack of productivity information, reduces the salience of a number of stakeholders, particularly owner managers, but also investors and technology peddlers.

The analysis revealed a significant level of salience of ‘internal champions’ to improve productivity, particular around their extreme proximity and utility. The narrative analysis showed that the external champion stakeholder had slightly less saliency, due to less utility and proximity, but were able provide utility through legitimacy via the notion of validation. However the legitimacy, power and utility of the salience of the external champion is only available if the personal relationship is right, featured in criticality aspect of the salience framework (Mitchell et al., 1997). This leads to two further propositions;

Proposition 7: Internal champions are highly salient for improving productivity.

Proposition 8: External champions are mainly salient through legitimacy, but this is dependent on the [criticality] of the relationships of the individuals involved.

The stakeholders of employees and young people are salient, but with a negative impact on productivity growth. The former is based on personal relationships, or what Coetzer et al. (2019) described as strong social ties, which they found to be highly prevalent in SMEs. This is encapsulated within the criticality aspect of salience. ‘Young peoples” salience is founded on legitimacy, as seen by the SME owner-managers of the career development opportunities for the younger generation. Coetzer et al. (2019) also found existence strong social ties between employees and owner-managers Both these aspects lead to an exertion of power as a ‘social brake’ on productivity development.
Proposition 9: Employees and Young people unconsciously exert stakeholder power through criticality and legitimacy, potentially resulting in a social brake on productivity development.

The stakeholders who have high proximity the ‘close others’ have potential entangled agency, for example the commercial relationships involving competitors, customers and investors, and ‘technology peddlers’, but also others such as the ‘champions’, and Further Education providers and young people. This is resonant to the concept of Stakeholder networks (Driscoll & Starik, 2004; Laplume et al., 2008), where density and centrality, concepts from social network analysis (Serrat, 2017) are used to further elaborate the notion of proximity. What the analysis from the narratives shows is that individual and collective stakeholders’ salience can show recursive interdependent relationships within that network based on different changing aspects of the utility, criticality, urgency, legitimacy, and power.

Proposition 10: Stakeholders who are proximate have the potential to have entangled agency, based on differentiated aspects of their salience.
6.0 Conclusions & Implications

The section firstly looks at a summary of key conclusions based on the propositions, followed by limitations of the study, and the subsequent potential transposability. The authors then discuss the implications for academics, policymakers & regulators and society, and the paper culminates by considering the prospects for further work in this area.

6.1 Summary of Conclusions

The study identifies both the difficulty SME actors have in conceptualising what a stakeholder is, and their relatively narrow ‘depth of field’ they have in identifying potential stakeholders pertinent to productivity development. The proposition set shows that the nature of the influence, as analysed through the lens of salience, of SME stakeholders in relation to productivity is diverse and complex. Most of the pertinent stakeholders have multiple aspects to their salience, for example FE providers it is dependent on proximity, utility, criticality and legitimacy and these are interconnected. The study discerned two previously unidentified stakeholders, competitors and ‘young people’, both of which appeared to exert high degrees of power, in relation to salience on productivity related actions. The study also found proximate stakeholders to the SMEs may have entangled agency, and that the salience is related to personal relationships between those actors and actors within the SME. Finally, there are conditions, such as lack of management information which can reduce the salience of some stakeholders.

6.2 Limitations and Transposability

The research study has some structural limitations, stemming as it does from a singular unit of field work, including the opportunistic, non-random, and small sample of the focus group, as well as facilitator bias. Singular cases can provide validity through several mechanisms, for example being grounded in a ‘lived reality’ (Hodkinson & Hodkinson, 2001), in this case SME owner managers or those who have close relationships them. The propositions developed from the narratives have a degree of internal validity across more than one participant, but also, they feature
characters and plots and ultimately salience mechanisms that ‘ring true’ (Hodkinson & Hodkinson, 2001) and are transposable to other settings.

6.3 Academic Implications

The development of a stakeholder orbital map, based on the potency of the proximity attribute and the utilisation of stakeholder circle concept, to a SME commercial environment, is a contribution to the field of SME stakeholder analysis. The enhanced framework for considering stakeholder salience is a contribution in terms of formalising the use of proximity, but also cleaving urgency into two separate attributes of time and importance. The importance attribute could be split further; into criticality; how critical the support of the stakeholder is, and utility: how useful the stakeholder is to the organisation in question. The study also provides evidence for refining the defining characteristics of the power attribute by considering the intensity and visibility of personal relationships, and the degree of reciprocity within the relationships.

6.4 Implications for policymakers and regulators

The study does provide some avenues for definitive action for policymakers: Firstly, the work also identifies a richer, more detailed list, of potential SME stakeholders than identified previously, and is the first to be UK specific Secondly it highlights the need for SME to ensure their management information capability. Thirdly it shows the need for FE providers and SMEs to jointly develop high local, pertinent relationships based on mutual needs of skill development and student demand.
The policy environment typically confers high importance on more distant agent stakeholders (e.g. Local Enterprise Partnerships) who are more distant stakeholders within a regional innovation eco-system (Love & Roper, 2015). This is in stark contrast to the finding that SMEs have the narrow depth of field in terms of stakeholders. This poses challenges for local and regional policymakers, not least because agents that policymakers might wish to deploy are potentially out of sight of many the SMEs. However, there is a potential for proximate stakeholders, those ‘close others’ identified previously, to increase their collaboration to create a more coherent narrative, in terms of individual, productivity, investment opportunities. Therefore, policymakers could consider how to support ‘close others’ who are stakeholders to multiple businesses.

6.5 Societal implications

The proposition that where the current level of competition is low, SMEs have diminished motivation for productivity development, is further compounded by the social mechanism of a ‘productivity brake’. This is highly local, personal and social costs for owner-managers in pursing productivity in a low or no growth firm-specific sales environment. This has implications for the economic health of society due to prospect of future business failure, decreased employment and ongoing wage stagnation.

6.6 Future Development

The study provides some direction for future research, in several areas. Firstly, explore in a more research extensive method the validity of the cast of relevant stakeholders and to use multiple units of analysis to explore the importance of proximity, and to examine the utility of the more extensive framework of stakeholder salience, possibly in conjunction with further development of the stakeholder orbital diagram and stakeholder circle concepts. Secondly to use social network analysis for exploring how stakeholder salience affects SMEs across their commercial ecosystem using the approach taken by others in project settings such as (Lim et al., 2010).
References


