Dynamic capabilities for stakeholder management

Carine Dalla Valle
Greici Sarturi

1 Universidade Federal de Santa Maria (UFSM) / Programa de Pós-graduação em Administração, Santa Maria – RS, Brazil
2 Universidade Federal de Santa Maria (UFSM) / Programa de Pós-graduação em Administração Pública, Santa Maria – RS, Brazil
3 Universidade Federal de Santa Maria (UFSM) / Programa de Pós-graduação em Gestão de Organizações Públicas, Palmeira das Missões / RS – Brazil

Abstract
Companies can use a wide range of dynamic capabilities to improve their performance in a dynamic and competitive environment. This study aims to analyze which dynamic capabilities are related to stakeholder management. A systematic review was carried out on articles published in the Web of Science database. The results contribute to management literature and practice by indicating eleven dynamic capabilities for stakeholder management. According to the literature, these capacities are conceptualized, and routines and ways of developing are presented. The second contribution of the research refers to discussing which capabilities have a greater or lesser potential for creating a competitive advantage. Finally, this research proposes a model for analyzing the influence of dynamic capabilities on each other and their relationship with the competitive advantage of companies.

Keywords: Stakeholder theory. Strategy. Literature review.

Capacidades dinâmicas para gestão de stakeholders

Resumo
Há uma ampla gama de capacidades dinâmicas que podem ser usadas pelas empresas para melhorar seu desempenho num ambiente dinâmico e competitivo. A fim de contribuir para essa questão, este estudo tem como objetivo analisar as capacidades dinâmicas relacionadas com a gestão de stakeholders. Para isso, realizou-se uma revisão sistemática em artigos publicados na base de dados Web of Science. Os resultados agregam na literatura e na prática de gestão ao indicarem 11 capacidades dinâmicas para o gerenciamento dos stakeholders. Essas capacidades são conceituadas conforme a literatura, e apresentam-se rotinas e formas de elas serem desenvolvidas. A segunda contribuição da pesquisa se refere à discussão de quais capacidades têm maior ou menor potencial para criar vantagem competitiva. Por fim, a pesquisa propõe um modelo para análise da influência das capacidades dinâmicas entre si e sua relação com a vantagem competitiva das empresas.


Capacidades dinámicas para la gestión de stakeholders

Resumen
Existe una amplia gama de capacidades dinámicas que las empresas pueden utilizar para mejorar su desempeño en un entorno dinámico y competitivo. A fin de contribuir a esta cuestión, este estudio tiene como objetivo analizar qué capacidades dinámicas están relacionadas con la gestión de stakeholders. Para ello, se realizó una revisión sistemática de los artículos publicados en la base de datos Web of Science. Los resultados contribuyen a la literatura y la práctica gerencial al indicar once capacidades dinámicas para la gestión de stakeholders. Estas capacidades se conceptualizan de acuerdo con la literatura, y se presentan rutinas y formas de ser desarrolladas. La segunda contribución de la investigación se refiere a la discusión de qué capacidades tienen mayor o menor potencial para crear una ventaja competitiva. Finalmente, esta investigación propone un modelo para analizar la influencia de las capacidades dinámicas entre sí y su relación con la ventaja competitiva de las empresas.

Palabras clave: Teoría de los stakeholders. Estrategia. Revisión de literatura.
INTRODUCTION

Studies in the area of organizational strategy seek to understand the factors that lead some companies to obtain superior performance and competitive advantages over the competition (Teece, Pisano, & Shuen, 1997). There are many theoretical approaches that explain these relationships, among which are the stakeholder theory (Freeman, 1984; Harrison, Bosse, & Philips, 2010), the Resource Based View (RBV) (Barney, 1991), and dynamic capabilities (Teece, 2007; Teece et al., 1997).

The first explains competitive advantage through the relationships that a company develops with its stakeholders; the second, the competitive advantage when considering the unique, rare, and valuable resources of the company; the third, the ability of companies to continually change their organizational resource and capability base. More recently, several researchers have recognized the importance of understanding how these theoretical approaches can be applied together to explain the performance of companies and their competitive advantage (Barney, 2018; Barney, Ketchen, & Wright, 2021; Freeman, Dmytriyev, & Phillips, 2021).

Studies in this area explain similarities, differences, and complementarities between stakeholder theory and RBV (Freeman et al., 2021), as well as including stakeholders in models of value appropriation (Barney, 2018). Although both have been addressed in more depth by researchers in the field, the relationship between dynamic capabilities and stakeholder theory is still little explored in the management literature.

Thus, the evolution of these two theories presents some challenges. One of them corresponds to the identification of dynamic capabilities that contribute to stakeholder management. Some efforts have identified different capabilities for stakeholder management, such as the capability for engagement and relationship (Mention, Barlatier, & Josserand, 2019; Sraha, Sharma, D. Crick, & J. M. Crick, 2020). However, a wide range of dynamic capabilities can be used by companies to improve their performance in a dynamic and competitive environment (Leemann & Kanbach, 2021).

In order to contribute to this question, this study aims to analyze the dynamic capabilities that are related to the strategic management of stakeholders. For this, a systematic literature review was carried out on articles collected in the Web of Science database, according to the Prisma model. The articles were analyzed considering the following research questions: what dynamic capabilities can be used for stakeholder management? What can be sources of competitive advantage?

This study offers three contributions. The first consists of defining a list of dynamic capabilities that can be developed by companies for stakeholder management in the search for better organizational performance. These capacities are conceptualized according to the literature, and routines and ways of developing them are presented. The second refers to the discussion about which capabilities have greater or lesser potential to create competitive advantage, contributing to the demand of researchers in the area for more research on when dynamic capabilities are likely to be rare, expensive to imitate and nonsubstitutable, in rather than just describing their nature and attributes (Barney et al., 2021). Finally, the research proposes a model for analyzing the influence of dynamic capabilities among themselves and their relationship with the competitive advantage of companies.

THEORETICAL FRAMEWORK

Stakeholder management

Stakeholder theory has gained a prominent position in the organizational studies literature (Bridoux & Stoelhorst, 2014; Bundy, Vogel, & Zachary, 2017; Freeman, Harrison, Wicks, Parmar, & De Colle, 2010; Laplume, Sonpar, & Litz, 2010; Laplume, Sonpar, & Litz, 2008), especially because of the potential for managing organizations in complex environments (Freeman, 1984). Its application is present in the dialogue of emerging issues in society, being recognized as a fundamental area for growth and the development of strategies for creating value and improving organizational performance (Harrison et al., 2010; Mascena & Stocker, 2020).

One of the most used definitions for the term stakeholders is proposed by Freeman (1984, p. 46), who considers it as “any group or individual who can affect or is affected by the achievement of the organization’s objectives.” Other definitions, including broader and narrower ones, are also used to conceptualize stakeholders (Friedman & Miles, 2006;
Dynamic capabilities for stakeholder management

Mascena & Stocker, 2020). The most recent ones include the importance of stakeholders in value creation processes. García-Castro and Aguilera (2015, p. 138), for example, define it as “any group or individual who creates and captures economic value in its interaction with the firm.”

This perspective has been discussed in the management literature when considering the importance of stakeholders for creating and maintaining competitive advantage (Harrison et al., 2010). Their ability to generate income and competitive advantage is reinforced by RBV by attributing most of the income to resources and capabilities embodied in individuals, which correspond to the company’s stakeholders (Coff, 1999; García-Castro & Aguilera, 2015). In this context, stakeholders create value by bringing specific, causally ambiguous, and socially complex resources and capabilities to the company, as well as appropriating part of the value created in their relationship (Coff, 1999; García-Castro & Aguilera, 2015).

There are at least two theoretical strands that explain this relationship between stakeholders and competitive advantage, which can be considered complementary. The first understands that competitive advantage can be achieved through good stakeholder management (Harrison et al., 2010). From this perspective, managers must develop relationships based on justice and trust with their stakeholders, generating a positive reciprocity in which they contribute to organizational objectives (Góes, Reis, & Abib, 2021; Harrison et al., 2010). This strand argues that, with this type of relationship, the company will have differentiated information about the utility function of the stakeholders, that is, their preferences for combinations of tangible and intangible results arising from the relationship with the company (Harrison et al., 2010; Tantalo & Priem, 2014). Such an understanding of the utility function is what can lead to competitive advantages in terms of opportunities for value creation through greater demand and efficiency, higher levels of innovation, and a better ability to adapt to unexpected changes (Harrison et al., 2010).

On the other hand, in the second theoretical approach, stakeholders can be understood as sources of resources and capabilities. From this perspective, they are or have important resources and capabilities for the company. However, not everyone would be able to generate competitive advantage, as some resources and capabilities are only a source of competitive parity (Barney et al., 2021). Thus, for dynamic capacity linked to stakeholders to be a source of competitive advantage, it must be valuable, rare, costly to imitate and nonsubstitutable (Barney et al., 2021). Dynamic capabilities definitions will be presented in the following section.

Dynamic capabilities

The concept of dynamic capabilities was initially proposed by Teece et al. (1997, p. 516), who defined it as the company’s ability “to integrate, build and reconfigure internal and external competencies to address rapidly changing environments”. This conception emerged as a response to static assumptions of the RBV, considered inappropriate to understand how organizations could face the dynamism of their markets and the constantly changing demands of stakeholders (Bakker & Nijhof, 2002; Vargas & Mantilla, 2014). In this context, the theory of dynamic capabilities can be considered an extension of RBV, as it addresses the continuous improvement of resource configurations in the company, in the search for competitive advantages (Eisenhardt & Martin, 2000).

C. L. Wang and Ahmed (2007) propose a hierarchical order to distinguish resources, capabilities, core capabilities and dynamic capabilities. According to the authors, resources are “zero-order” elements of the hierarchy and correspond to the basis of a company and its capabilities. They are able to provide competitive advantage if they present Value, Rarity, Imitability, and Organization (VRIQ) characteristics. Capabilities are “first order” elements and correspond to the company’s ability to use and combine available resources to achieve a desired goal. Core capabilities are “second order” elements that integrate important resources and competencies, considering the strategic direction intended by the company. Finally, dynamic capabilities, of “third-order”, emphasize a company’s constant search for renewal, reconfiguration, and re-creation of resources, capabilities, and capabilities essential to dealing with environmental change. Thus, they are particularly important in high volatility environments, while common capabilities can only provide an advantage under stable environmental conditions (Drnevich & Kriauciunas, 2011; Haarhaus & Liening, 2020; Teece, 2014).

Dynamic capabilities involve different organizational capabilities, which include: sensing – identification and assessment of threats and opportunities; seizing – mobilization of resources to address new opportunities and formulate adequate responses to these needs; and transforming – continuous organizational renewal, developing an action strategy (Helfat & Peteraf, 2009; Leemann & Kanbach, 2021; Teece, 2007, 2018). Sensing capability encompasses analytical systems
“to learn and feel, filter, shape and calibrate opportunities” (Teece, 2007, p. 1326); seizing is “business structures, procedures, projects and incentives to seize opportunities” (Teece, 2007, p. 1334); those of transforming are linked to “continuous alignment and realignment of specific tangible and intangible assets” (Teece, 2007, p. 1340).

These dynamic capabilities are necessary, but not sufficient, conditions for competitive advantage (Eisenhardt & Martin, 2000, p. 1106). To be strategic, a capability must be tailored to a user’s need, unique and difficult to replicate (Teece et al., 1997). So, in essence, a dynamic capability that creates competitive advantage cannot be readily found in the market but can be built internally within the company. According to Teece et al. (1997), this construction depends on three categories: processes, positions, and paths. The former correspond to the way things are done, that is, current routines or patterns, and include the functions of coordination/integration, learning and reconfiguration. The second concerns the company’s tangible and intangible assets, such as technology, intellectual property, customer base and its external relationships with suppliers. Third parties are the strategic alternatives available. Thus, processes are shaped by asset positions and the company’s evolutionary paths (Teece et al., 1997).

Dynamic capabilities that are sources of competitive advantage are often socially complex, causally ambiguous, path-dependent, making them valuable, rare, costly to imitate and nonsubstitutable (Barney, 1991, 2018). In this way, dynamic capabilities that are valuable in rapidly changing environments are performed interactively (Asija & Ringov, 2020; Eisenhardt & Martin, 2000), which reinforces the importance of considering stakeholder perspectives (Barney, 2018).

To classify the dynamic capabilities found in the systematic review, we used the sensing, seizing, and transforming capabilities proposed by Teece (2007). The procedures performed for the collection, analysis and interpretation of data are described in the following section.

METHODOLOGICAL PROCEDURES

To meet the research objective of analyzing which dynamic capabilities are related to the strategic management of stakeholders, a systematic literature review was carried out. This type of approach uses qualitative analysis methods, such as content analysis, to consolidate results and contributions from the collected articles (Greenhalgh, 1997; Xiao, Yu, & Watson, 2019). For the collection and analysis of articles, we used the Prisma method, which indicates a four-step flow for the reporting of systematic literature reviews, which include identification, screening, eligibility, and inclusion (Liberati et al., 2009; Moher, Liberati, Tetzlaff, & Altman, 2009), as described below.

Identification

Upon identification, we collected the articles from the Web of Science. The choice of this database is justified because it is one of the most important scientific bases (Carvalho, Fleury, & Lopes, 2013), with recognized content and relevance (Stocker, Mascena, Azevedo, & Boaventura, 2019). Due to these characteristics, it is widely accepted and used in systematic reviews in organizational studies (Carvalho et al., 2013). For the search, the following filters were used: a) the keywords stakeholder* and dynamic capabilit* should appear in the title or abstract; b) the article as a type of document; c) the articles should be in the areas of knowledge of management or business; d) the time horizon was from 1997 to 2020. The year 1997 was chosen because it was the publication of Teece’s seminal paper on dynamic capabilities (1997), while 2020 was the last complete year before the research. At this stage, 134 articles were collected.

Screening

In the screening, the verification of duplicates and the reading of titles and abstracts were carried out. There were no duplicate articles. Reading titles and abstracts made it possible to make a preliminary selection of articles that could present dynamic capabilities for strategic stakeholder management. At this stage, 79 articles were excluded, which dealt with dynamic capabilities related to organizational results other than stakeholder management. More specifically, excluded articles had capabilities for innovation, sustainability, marketing, and reputation, for example, or researched stakeholder influence
on innovation, sustainability, and social responsibility outcomes, without an explicit relationship to dynamic capabilities. Thus, 55 articles remained for the eligibility stage.

**Eligibility**

In terms of eligibility, the 55 articles were read in full. At this stage, 21 were excluded because, although they presented aspects related to stakeholder management, they did not present the dynamic capabilities linked to this management or those described in the text did not meet the characteristics of dynamic capabilities, as defined by Teece (2007). That is, to be included in the final sample, the article should have capabilities able to integrate, build and reconfigure internal and external resources and competencies to deal with stakeholders, as well as meet the characteristics of sensing, seizing, and transforming (Teece, 2007). In addition to the 21 articles excluded for not being fully adherent to the topic, we did not have access to one. Thus, 33 articles remained after eligibility.

**Inclusion**

Upon inclusion, the articles were reread and analyzed based on the following research questions: what dynamic capabilities are related to stakeholder management? What can be sources of competitive advantage? To answer the first question, Teece’s (2007) classification was used. Capabilities were classified into sensing capabilities – identification and assessment of threats and opportunities –, seizing – resource mobilization to address new opportunities and formulate appropriate responses to them – and reconfiguration/transforming. To answer the second question, we developed the discussion section in the light of Barney’s propositions (1991, 2018), considering that, for a dynamic capability to be a source of competitive advantage, it must be rare, difficult to imitate and nonsubstitutable. Box 1 presents the steps developed in the research.

<table>
<thead>
<tr>
<th>Step</th>
<th>Criteria</th>
<th>Excluded articles</th>
<th>Total articles</th>
</tr>
</thead>
</table>
| Identification | Criteria used to identify the articles:  
*Database*: Web of Science  
*Keywords*: stakeholder* AND dynamic capabilit* in the title or abstract  
*Type of document*: article  
*Time horizon*: from 1997 to 2020  
*Areas of knowledge*: management OR business | 134 |  |
| Screening | Number of articles after analyzing titles and abstracts. | 79 | 55 |
| Eligibility | • Reading the articles in full  
• Exclusion of articles that did not show dynamic capabilities adhering to Teece’s definition (2007). | 22 | 33 |
| Inclusion | • Identification and classification of dynamic capabilities for stakeholder management in the sensing, seizing, and transforming categories.  
• Analysis of dynamic capabilities considering rarity, difficulty to imitate and nonsubstitutable. | 33 | |

Source: Elaborated by the authors.
RESULTS PRESENTATION

This section presents the dynamic capabilities found in the literature and related to stakeholder management, which were classified into: stakeholder sensing, stakeholder seizing and stakeholder transforming. In the discussion section, we present the relationship between dynamic capabilities and competitive advantage.

Stakeholder sensing

The first set of capabilities found in the literature refers to sensing, which contribute to the identification and assessment of threats and opportunities in the environment (Teece, 2007). They identify opportunities and threats through mapping, radical transactiveness, and communication with the company’s stakeholders.

Mapping capability

Mapping capability is the company’s ability to identify important stakeholders, their needs, demands, resources and competencies (Dentoni, Bitzer, & Pascucci, 2016; Kazadi, Lievens, & Mahr, 2016; Nenonen, Storbacka, & Windahl, 2019). More specifically, it is the ability to produce an explicit overview of the different competences present in each of its stakeholders (Kazadi et al., 2016).

Mapping is necessary to match the competencies of various stakeholders with the internal competencies of the focal company (Kazadi et al., 2016). This is pointed out by Freeman (1984) as one of the first steps in the process of strategic stakeholder management. However, the author warns that carrying out this mapping, in terms of identifying specific groups and their demands, is not an easy task. Stakeholder mapping is a challenge for management, since the rational analysis of identifying who affects or is affected by the company needs a complete understanding of the organization’s functioning, through an analysis of its strategic and operational processes (Freeman, 1984). Mapping is not limited to identifying important stakeholders for management, as this analysis is extended to the mapping of the competencies of these stakeholders (Kazadi et al., 2016).

For the development of this competence, Kazadi et al. (2016) define routines and managerial skills for their execution, such as regularly conducting exploratory meetings with stakeholders, explicitly documenting the assessment of competences, and internally disseminating the assessment of stakeholder competencies. Necessary individual skills include personal mandate as the first line of communication with different stakeholders and knowledge of the inner workings of stakeholder groups (Kazadi et al., 2016).

Radical transactiveness capability

Radical transactiveness is the organization’s ability to systematically identify, explore and integrate the views of stakeholders on the periphery, that is, poor, weak, isolated, illegitimate, and even non-human stakeholders (Hart & Sharma, 2004, p. 7). This ability consists of two complementary skills (Hart & Sharma, 2004). The first of them identifies voices from peripheral stakeholders in their networks, both to anticipate their concerns and to generate new business ideas, while the second creates mechanisms for complex interaction and empathy with them. According to Hart and Sharma (2004), radical transactiveness reverses the traditional logic, focused on managing known, prominent or powerful stakeholders, and, by focusing on the peripherals, allows managers to manage disruptive changes and develop imagination about competitive future business models.

Communication capability

Communication is the company’s ability to build dialogue with stakeholders in order to inform, listen and respond to their demands and interests (Nutsugah, Anning-Dorson, Braimah, & Tweneboah-Koduah, 2021). This contributes to the integration and alignment of stakeholders with organizational and analytical processes. Through continuous dialogue, conveying consistent and transparent messages, communication can promote profitable long-term relationships (Nutsugah et al., 2021) and improve the stakeholders’ perception of authenticity in relation to the company’s actions (Nenonen et al., 2019; Shams, Vrontis, Thrassou, Themistocleous, & Christofi, 2020). It also offers simple, free, and fast ways to detect or shape market opportunities through its stakeholders (Ince & Hahn, 2020).
Stakeholder seizing

The second set of dynamic capabilities found in the literature are those of seizing, which mobilize resources to address new opportunities and formulate appropriate responses to them (Teece, 2007). These capabilities allow mobilizing the company’s stakeholders to achieve common goals, jointly formulate solutions and seize market opportunities, through engagement, leadership, political, and donation.

Engagement capability

Stakeholder engagement refers to the company’s ability to involve stakeholders in different organizational activities to find collaborative solutions for value creation (Sharma, Aragon-Correa, & Rueda-Manzanares, 2007; Mention et al., 2019; Panda & Sangle, 2019; Peters, Hofstetter, & Hoffmann, 2011; Watson, Wilson, Smart, & Macdonald, 2018). This capability can be developed through different strategies, ranging from a reactive one, involving minimally the stakeholders in organizational processes, to those with a high degree of involvement, in which stakeholders have an active participation in the company’s decision-making process (Panda & Sangle, 2019). Therefore, the way a company interacts with its stakeholders establishes the extent of their cooperation and the benefits obtained from this relationship (Panda & Sangle, 2019).

Stakeholder engagement is understood as a transactional process, in which managers learn about the interests of their stakeholders, process this information, and reconfigure it to reconcile conflicting interests (Watson et al., 2018). This approach seeks synergistic actions that avoid the trade-off between interests and focus on the complementarity of resources (Watson et al., 2018). Engagement is influenced by managerial diplomacy, which aims to win the hearts and minds of internal and external stakeholders, with a view to gaining support for the development of the organizational mission by identifying a wide range of relevant issues and coalitions that can influence the company’s competitive position (Henisz, 2016).

Organizational leadership capability

Organizational leadership is the company’s ability to include leadership in the organization’s structure (Kivipöld, 2015). According to Kivipold (2015), this capacity is formed by two behavioral dimensions that act simultaneously: organizational orientation and adaptation. The first seeks cohesion and relies on shared mental models. The second refers to the collective knowledge of explaining activities and routines of individuals according to the strategic objectives of an organization (Kivipöld, 2015).

Political capability

Political capabilities refer to the company’s ability to deploy or leverage its political resources, mobilizing political actors such as government officials, lobbyists, members of parliament, and so on (Mbalyohere & Lawton, 2018). It is exercised through activities aimed at influencing government regulations and policies for the benefit of organizations (Mbalyohere & Lawton, 2018), as well as influencing various representations that portray or characterize a market and impact norms or rules of the game (Nenonen et al., 2019).

Donation capability

Donation capacity concerns the execution of corporate social responsibility (CSR) donation processes (Cantrell, Kyriazis, & Noble, 2015). These authors argue that this capability is in the process itself, which must be thought of with the intention of using CSR donation to meet stakeholder expectations. This intent is captured in the formal CSR strategy policy, where return goals and expectations are articulated.

Stakeholder transforming

The third set of capabilities found in the literature are those of reconfiguration/transforming, which seek continuous organizational renewal (Teece, 2007). They allow the organization to continually reconfigure its relationships with diverse stakeholder groups, including learning, change, networking, and relationships.
Learning capability

Learning refers to the company’s ability to acquire, assimilate, transform, and share the knowledge generated during co-creation activities with its stakeholders (Dentoni et al., 2016; Kazadi et al., 2016). When companies include several stakeholders in their activities simultaneously, knowledge is also created among them. Thus, it involves not only the knowledge generated by the focal company’s interaction with its stakeholders, but also that generated by the stakeholders interacting with each other (Kazadi et al., 2016).

The learning capability is important to prevent the learning generated in interactions with stakeholders from being easily lost if any of them interrupts their involvement with the company (Kazadi et al., 2016). It establishes adaptive procedures and routines that embed and codify this knowledge into organizational practices and processes (Dentoni et al., 2016).

Change capability

Change is the organization’s ability to adapt and reconfigure its strategies, routines and culture to the pressures and demands of different stakeholder groups (Dentoni et al., 2016; Nenonen et al., 2019). This capability uses stakeholder knowledge in organizational operations and strategies; in the reformulation of the organizational structure; changing organizational culture, co-creating different types of innovation, and redeploying organizational resources and techniques based on advice and pressure from stakeholders (Dentoni et al., 2016). It allows redesigning business models, modifying networks of relationships and reforming institutions, influencing the norms or rules of the game (Nenonen et al., 2019).

Networking capability

Networking refers to the company’s ability to find, attract and retain the appropriate stakeholders for the creation of valuable networks and partnerships (Kazadi et al., 2016). It is composed of a complex set of routines and individual skills that articulate different groups with different goals (Kazadi et al., 2016). Routines include consistent communication about innovation partner selection criteria and the types of collaboration partners needed, as well as involvement in networking opportunities — e.g., roundtables, conferences — within networks of different stakeholders. Individual skills include employee network and individual employee networks (Kazadi et al., 2016).

Mu, Thomas, Peng, and Benedetto (2017) make a distinction between networking capability and ability. The first refers to an organization’s practice of exploiting its relationships with external stakeholders to achieve new capabilities and competitive advantage. The second is related to internal interface mechanisms, which refer to the effectiveness of managers in building coalitions within the organization itself (Mu et al., 2017). Both are important for managing internal and external stakeholder groups.

The creation of networks contributes to the dissemination of organizational results to various stakeholders, which, in turn, can attract additional resources and transmitting the accumulated experience (Urueña, Hidalgo, & Arenas, 2016). Thus, it allows the organization to interact and communicate with its stakeholders in partnership processes with mutual benefits.

Relationship capability

Relationship or relational capability is defined as the ability of a company to initiate, develop, establish, and strengthen its relationships with different groups of stakeholders, as well as their relationship with each other (Dentoni et al., 2016; Kazadi et al., 2016). It is important because an organization is a dynamic social system formed by interactions and cooperative relationships that change depending on the combination of relationships among its stakeholders (Fang, Huang, & Huang, 2010).

To build these capabilities, Kazadi et al. (2016) indicate some individual routines and capabilities, considered microfoundations of it. In terms of routines, the authors suggest building specific relationships with stakeholders, trust-building activities, goal identification exercises, conflict management routines, assigning key contacts within the company (gatekeepers) and allocating
senior management resources for co-creation activities. For individual capabilities are cited investment in employees with relationship-building skills and openness to informal meetings with external stakeholders.

Jarrat (2008) developed a relationship management model composed of three dimensions: infrastructure, learning and behavior. The first comprises the management system, experience resources, and memory that support generative learning. The second incorporates generative and adaptive learning, the former being focused on the search for new ideas and the latter on adapting to changes. Finally, the third considers collaborative, flexible and innovative behaviors.

Box 2 presents a summary of the dynamic capabilities for stakeholder management, divided into three groups: stakeholder sensing, stakeholder seizing and stakeholder transforming.

**Box 2**

<table>
<thead>
<tr>
<th>Dynamic capabilities</th>
<th>Definition</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mapping</td>
<td>is the company’s ability to identify important stakeholders, their needs, demands, resources and competencies.</td>
<td>Dentoni et al. (2016), Ince and Hahn (2020), Kazadi et al. (2016), Nenonen et al. (2019), Shams and Solima (2019)</td>
</tr>
<tr>
<td>Radical transactiveness</td>
<td>is the organization’s ability to systematically identify, explore and integrate the views of stakeholders on the periphery, that is, poor, weak, isolated, illegitimate, and even non-human stakeholders.</td>
<td>Hart and Sharma (2004)</td>
</tr>
<tr>
<td>Communication</td>
<td>is the company’s ability to build dialogue with stakeholders in order to inform, listen and respond to their demands and interests.</td>
<td>Ince and Hahn (2020), Nenonen et al. (2019), Nutsugah et al. (2021)</td>
</tr>
<tr>
<td>Organizational leadership</td>
<td>is the company’s ability to include leadership in the organization’s structure.</td>
<td>Kivipõld (2015)</td>
</tr>
<tr>
<td>Political</td>
<td>is the company’s ability to deploy or leverage its political resources, mobilizing political actors such as government officials, lobbyists, members of parliament, and so on.</td>
<td>Mbalyohere and Lawton (2018), Nenonen et al. (2019)</td>
</tr>
<tr>
<td>Donation</td>
<td>is the company’s ability to execute of corporate social responsibility (CSR) donation processes</td>
<td>Cantrell et al. (2015)</td>
</tr>
</tbody>
</table>
In the next section, we discuss how each group of dynamic capabilities relates to each other and which of them can be sources of competitive advantage for the companies that develop them.

**DISCUSSION**

This study aims to identify in the literature the dynamic capabilities that are important for stakeholder management. The 11 found, classified in the categories of stakeholder sensing, stakeholder seizing and stakeholder transformation, present different relationships with the companies' competitive advantage, as well as a link of interdependence between them. These two issues will be further explored in this section.

The first set of dynamic capabilities helps the company identify opportunities and threats. Stakeholder sensing occurs through mapping capabilities, radical transitivity, and communication. The first two are responsible for identifying and analyzing the most diverse groups that can affect and be affected by the company (Freeman, 1984), in addition to having power and strategic importance for management (Boaventura, Bosse, Mascena, & Sarturi, 2020). Furthermore, to identifying stakeholder groups, they are also important for identifying and analyzing stakeholder resources and capabilities that can contribute to the company’s value creation. Communication, although not intended to identify stakeholders, is also important for understanding their demands and interests, as it establishes a dialogue with them.

Thus, as these capabilities allow the collection of information from such actors, they contribute to the identification of the stakeholders’ utility function, that is, their preferences for different types of resources (Harrison et al., 2010; Tantalo & Priem, 2014). This knowledge is useful to define the best action strategies in terms of mobilizing the necessary resources for stakeholder management.

Although important, stakeholder sensing capabilities do not, by themselves, confer a competitive advantage to the company, as its routines and procedures can be easily copied. However, when well developed, they contribute to improving stakeholder seizing capacity, given that, once identified, analyzed, and understood, stakeholders can be won over, engaged, and mobilized...
to contribute to the company. Thus, the stakeholder sensing capability is important for the development of other more complex dynamic capabilities, such as stakeholder seizing. Considering this perspective, we propose that:

**Proposition 1:** The better the capacity for stakeholder sensing — mapping, radical transactiveness and communication —, the better the capacity for stakeholder seizing — engagement, leadership, political, and donation.

The second set of dynamic capabilities mobilizes the company’s stakeholders to create joint value. This capability includes those of engagement, leadership, political and donations. Unlike stakeholder sensing, these can offer greater potential for creating competitive advantage. This is because stakeholder seizing capabilities are more difficult to find in the market, since they are usually built by the company, whose development processes are embedded in a specific context (C. L. Wang & Ahmed, 2007).

Engagement, for example, is developed over time and needs to continually evolve (Panda & Sangle, 2019). According to the two authors, among the characteristics of engagement that make it a strategic capability are the need to adjust to the user, the exclusivity, and the difficulty of replicating the practices adopted by a competing company. In this way, just having a set of stakeholders does not confer a competitive advantage, but it is the relationship that the company has with its stakeholder groups that establishes this advantage depending on how much these actors will contribute to organizational objectives (Panda & Sangle, 2019). This dynamic also applies to leadership, political, and giving. Another example of this relationship can be seen in the relationship between political and change capabilities, in which the former mobilizes various political actors, which influence companies’ ability to change in terms of business models, relationship networks and institutional changes (Mbalyohere & Lawton, 2018, Nenonen et al., 2019).

Some stakeholder seizing capabilities can be understood as creating competitive advantage. Cantrell et al. (2015) argue that the CSR donation process provides a competitive advantage, by positively affecting the management of internal and external stakeholders, allowing the company to execute its strategies more effectively. However, we understand that the effect of this relationship does not occur directly. In other words, dynamic stakeholder seizing capabilities first improve learning, change, networking, and relationships, which in turn generate competitive advantage. Thus, we propose that:

**Proposition 2:** The better the capacity for stakeholder seizing — engagement, leadership, political and donation —, the better the capability for stakeholder transformation — learning, change, networking, and relationships.

The third set of dynamic capabilities continually reconfigures the company’s relationships with its stakeholder groups. They include learning, change, networking, and relationship. Their maintenance can provide a sustainable competitive advantage, since replicating them in different contexts is difficult and costly, due to their characteristics of path dependence and causal ambiguity. More specifically, learning, change, networking, and relationships, although they may rely on specific routines and processes for their development, are socially constructed and have a large share of tacit knowledge and interrelationship between actors, which makes difficult to identify the different paths taken by the company over time for its development.

These characteristics make dynamic stakeholder transforming capabilities valuable, rare, expensive to imitate, and nonsubstitutable. They are valuable because their reconfiguration allows the company to increase its customers’ willingness to pay and/or the ability to reduce costs (Barney et al., 2021). An example of this is the application of learning to understand and explore the utility function of stakeholders. This ability, by exchanging information with its main stakeholders, fosters their trust, which unlocks important information about preferences for certain combinations of tangible and intangible value (Harrison et al., 2010; Tantalo & Priem, 2014), which results in an adequate meeting of stakeholder expectations, without wasting resources.

Capabilities are rare as few competitors have similar ones. Companies capable of generating competitive advantage from their stakeholder management capabilities achieve it not only by creating and sharing value with stakeholders, but also by becoming known for this behavior, which results in reputational benefits (Harrison et al., 2010). Furthermore, the relationship based on justice and trust generates loyalty and positive reciprocity on the part of the stakeholders (Góes et al., 2021, Harrison et al., 2010). Reputation, loyalty, and positive reciprocity, to which they effectively contribute to organizational purposes, represent barriers for competing companies (Harrison et al., 2010).

Finally, they are expensive to imitate and nonsubstitutable, as they are socially complex, path-dependent, or causally ambiguous in nature (Barney et al., 2021). The relationship, for example, involves creating and maintaining fair organizational relationships in terms of distribution, processes and interactions between the company and stakeholders. Likewise, networking needs relationships based on trust to retain its stakeholder network. Relationships based on trust require management time and dedication to build. However, once developed, they present several important results, such as increased innovation
(Odabashian et al., 2019), brand equity (H. M. D. Wang & Sengupta, 2016) and performance (Fang et al., 2010). Considering this context, we propose that:

Proposition 3: The better the capability for stakeholder transformation, the greater the potential for creating competitive advantage.

Figure 1 graphically presents the propositions about the relationship between dynamic capabilities and competitive advantage.

**Figure 1**  
The relationship between dynamic capabilities and competitive advantage

![Diagram](source: Elaborated by the authors.)

**FINAL CONSIDERATIONS**

This research aimed to analyze the dynamic capabilities that are related to stakeholder management. The systematic review of the literature revealed important dynamic capabilities for stakeholder management that ranged from capabilities more widespread in the literature, such as engagement and relationships, to more specific ones, such as political and radical transactiveness. As a contribution, the study presents a list of important dynamic capabilities for stakeholder management and discusses their relationship with competitive advantage.

**Managerial implications**

The research results indicate important ways to broaden the discussion on stakeholder theory and dynamic capabilities in an integrative view. However, his contribution is not restricted to theory. The article is also relevant for company managers, who can use the list to map their company’s capabilities, and which should be developed to improve the management of their stakeholder groups. The results also indicate the dynamic capabilities that can be a source of competitive parity and easily copied by the competition, in addition to those that are sources of sustainable competitive advantage for the company.

**Limitations and implications for future research**

This research has some limitations that can be developed in future research. The first refers to the identification of antecedents of dynamic capabilities for stakeholders. Despite not having been the objective of the study, understanding the factors that contribute to the development of these capabilities can help managers to develop strategies for developing the dynamic capabilities listed. Thus, it is suggested that future research analyzes the antecedents/determinants of dynamic capabilities for stakeholder management. In this same perspective, the analysis of which organizational contexts or characteristics — such as size, sector, etc. — affect the development of these capabilities can bring relevant advances to the literature.
The second limitation lies in the analysis of the relationship between dynamic capabilities and the various stakeholder groups. In other words, the same dynamic capability can have different effects on the management of different stakeholder groups. For example, for employees, leadership may be highly important in explaining the relationship, while for customers, the most important dynamic for management may be engagement. Thus, it is suggested that future research investigates how each of the dynamic capabilities listed are associated with the management of distinct stakeholder groups.
REFERENCES


---

Carine Dalla Valle
ORCID: https://orcid.org/0000-0001-5516-289X
Doctoral student in Administration at the Graduate Program in Business Administration at the Federal University of Santa Maria (UFSM).
E-mail: carinedallavalle@gmail.com

Greici Sarturi
ORCID: https://orcid.org/0000-0002-6670-7565
Adjunct Professor at the Federal University of Santa Maria (UFSM) at the Department of Administration, Palmeira das Missões campus; Doctor in Administration from the School of Economics, Business and Accounting of the University of São Paulo (USP); Professor of the Graduate Programs in Public Administration (PPGAP) and Management of Public Organizations (PPGOP). E-mail: greici.sarturi@ufsm.br