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# MANAGING STAKEHOLDER TENSIONS

A cross-sectional study at the intersection of stakeholder  
management and paradox theory

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## Abstract

Effective stakeholder management is an essential part of strategic management, and has been shown to provide various instrumental benefits to firms. However, the stakeholder literature falls short on approaches that manage tensions effectively. We respond to prominent researchers' requests to conduct research at the intersection of stakeholder management and paradox theory. Leveraging grounded theory, we identify six approaches to manage stakeholder tensions amongst high-tech, knowledge intensive start-ups in a cross-sectional study. We analyze these by leveraging theories from both research streams, and show that three of the six approaches correspond well with established paradox approaches. By categorizing the identified approaches into either-or, both-and, and more-than approaches, we conclude that the studied firms are mainly relying on the former two categories. Although none of the identified approaches were broadly used as more-than approaches, we shed light on examples amongst the case companies that fulfill the conditions of a more-than approach to manage stakeholder tensions. Drawing from paradox theory, we suggest that there may be large instrumental improvement potential in transitioning towards managing stakeholder tensions with more-than approaches.

**Keywords:** stakeholder management, stakeholder theory, paradox theory, paradox management, tensions, stakeholder tensions, strategic management, start-ups, high-tech, knowledge-intensive

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# 1. Introduction

Stakeholder<sup>1</sup> management has gained significant recognition as an essential aspect of strategic management (Bridoux and Stoelhorst, 2022) and has been emphasized as one of the most important tools for company success in 2023 (Bain and Company, 2023). Research has proved that effective stakeholder management contributes to numerous benefits, including increased stakeholder commitment (Tantalo and Priem, 2016), higher trust in firm-stakeholder relationships (Harrison, Bosse, and Phillips, 2010), and greater potential for value creation and competitive advantage (Barney, 1991). Furthermore, successful stakeholder management has been shown to have a positive impact on financial performance (Choi and Wang, 2009), innovation (Jiang et al., 2020), and resilience in the face of unexpected events (Harrison et al., 2010). As the former CEO of Medtronic argued, based on his experience: “serving all your stakeholders is the best way to produce long term results and create a growing, prosperous company” (George, 2003).

Much of the literature on managing multiple stakeholders during the early 2000’s was focused on which stakeholders are prioritized and why: a stream of research largely founded by Mitchell et al. (1997). The theory presented by the founding authors argued that managers prioritize stakeholders based on three attributes: power, legitimacy, and urgency, which together determine the *salience* of a stakeholder. While the model gained much traction and has been extensively cited and tested (Wood et al., 2021), scholars have recently called for stakeholder management models that are better suited to capture the complexity of the real world (Pinto, 2019; Martin and Phillips, 2022).

Furthermore, the stakeholder literature has generally advised firms to avoid conflict amongst stakeholder interests as it may be *detrimental* to the focal firm (Minoja, 2012). However, as paradox researchers have pointed out: contradictions inevitably arise from the plurality of internal and external stakeholders with competing strategies and goals, that want to pull an organization in different directions (Smith and Lewis, 2011). Conflicts, therefore, will exist amongst stakeholder interests whether they may be detrimental or not, and it is of paramount importance to manage these conflicts effectively (Smith and Lewis, 2011).

With reference to the previously discussed stakeholder salience model, Pinto (2019) noted that “.. even by this logic, there would be multiple stakeholders with high or moderate salience competing for managerial attention. Further, in a dynamic world, these relative saliences would keep changing, creating even greater cognitive complexity and challenge in managing stakeholders” and argued that the challenge at hand is best addressed with approaches from paradox theory. Martin and Phillips (2022) made a similar request and urged future researchers to leverage the paradox approach in the context of stakeholder management.

Paradox theory explores how organizations respond to, and seek to manage, the tensions that arise when simultaneously pursuing competing objectives (Pinto, 2019). A paradox in this context, as defined in the seminal work by Smith and Lewis (2011), is a set of contradictory yet interrelated elements that exist simultaneously and persist over time. *Tensions* can be paradoxes, but not necessarily; a tension is defined as two phenomena in a dynamic relationship that involves both competition and complementarity (English, 2001). Established organizational strategies to deal with paradox build on acceptance and resolution, some of which were first introduced by Poole and van de

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<sup>1</sup> A stakeholder is defined as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” Freeman (1984)

Ven (1989) who called the strategies *opposition*, *spatial separation*, *temporal separation*, and *synthesis*. Although the potential that lies at the intersection of stakeholder management and paradox theory has been explicated, there are still limited attempts on integrating the two fields. However, if paradox theory is not leveraged in stakeholder management, the results could be disastrous (Pinto, 2019). Therefore, the need for such research appears quite urgent.

The current study answers this call by conducting a cross-sectional exploratory study of Swedish high-tech, knowledge intensive start-ups. Stakeholder management research is predominantly focused on large organizations (as an example, the literature stream on identifying and prioritizing stakeholders following Mitchell et al. (1997) almost exclusively focuses on large organizations). Therefore, investigating start-ups represents a valuable addition to the field. Moreover, the unique characteristics of high-tech, knowledge intensive start-ups, such as high levels of innovation, growth ambition, and demand for skilled workers, make them particularly intriguing subjects for investigating approaches utilized when managing stakeholder tensions. We explore how these firms are managing the tensions that arise when managing multiple stakeholders, and we draw from paradox literature to understand to what extent these firms leverage approaches from paradox theory when managing stakeholder tensions. The research questions that have guided our research are the following:

***RQ 1:*** *How do high-tech, knowledge intensive start-ups manage the tensions that arise when managing multiple stakeholders?*

***RQ 2:*** *To what extent do these start-ups leverage approaches from paradox theory when managing stakeholder tensions?*

This study fills the gap explicated by Pinto (2019) and Martin and Phillips (2022) by conducting research at the intersection of stakeholder management and paradox theory. Guided by the research questions above, we identify six approaches that are synthesized as *either-or*, *both-and*, and *more-than approaches* (Putnam et al., 2016), and the final analysis shows that the studied firms rely mostly on the former two categories of approaches. Thereby, we show that there might be large untapped potential, in the management of stakeholder tensions among the studied firms, to achieve instrumentally more valuable outcomes.

The thesis is structured into five chapters. First, we present relevant previous literature within stakeholder management to clearly define the research gap and we present central concepts from paradox theory that we use in our analysis. At the end of the literature review, we synthesize the theories found in the two literature streams. Second, we discuss our methodological choices and approaches. Third, we present a combined chapter for results and analysis. Finally, we conclude by discussing the implications of our findings and provide suggestions for future research.

In the beginning of each subsequent chapter, we provide a brief overview of the structure and content in order to provide clarity for the reader. For the same reason, the final section of the literature review and the final section of the analysis begins with a brief introduction as well.

## 2. Literature Review

The following chapter presents the most relevant parts of previous literature. First, in section 2.1, we set the scene by providing a brief, high-level introduction to stakeholder theory in terms of history and recent developments. Second, in section 2.2, we present relevant theories found in the stakeholder management literature that explicate how to manage multiple stakeholders. Third, in section 2.3, we introduce paradox theory and discuss definitions, underlying characteristics, strategies to manage paradoxes, and outcomes of doing so (in)effectively. Fourth, in section 2.4, we look into the existing research at the intersection of stakeholder management and paradox theory. Finally, in section 2.5, we juxtapose and synthesize the literature found in both research fields to clearly establish the theoretical frame that acts as a foundation for our analysis.

### 2.1 Introduction to Stakeholder Theory

Stakeholder theory emerged in the late twentieth century, much due to researchers such as Edward Freeman (1984) and Eric Rhenman (Parmar et al., 2010). The stakeholder perspective challenged the traditional view of business management, which focused solely on maximizing profits and shareholder value (e.g. Friedman, 1970). In contrast, stakeholder theory acknowledges that corporations have a broader set of responsibilities and obligations to various stakeholders, such as employees, customers, suppliers, and communities (Freeman, 1984). Furthermore, shareholders, i.e. owners, are considered a central stakeholder group (see e.g. Laplume et al., 2008). A significant and persistent challenge of stakeholder management lies in effectively prioritizing stakeholders, including but not limited to shareholders (Mitchell et al., 1997).

With the publication of Edward Freeman's book "Strategic Management: A Stakeholder Approach" in 1984, stakeholder theory was introduced to the field of strategic management (Parmar et al., 2010; Freeman, 2009; Laplume et al., 2008). In 1995, Donaldson and Preston contributed to the stakeholder literature by dividing stakeholder theory into three categories: descriptive, instrumental, and normative, recognizing that stakeholder theory encompasses multiple fields of study. The descriptive approach illustrates that companies have stakeholders, the instrumental approach highlights that companies that consider their stakeholders in turn develop successful strategies, and the normative approach explains why companies should take all their stakeholders into consideration (Donaldson and Preston, 1995).

Despite being the natural bridge between stakeholder theory and strategic management, the instrumental category of stakeholder theory has been somewhat neglected over time; as a result, stakeholder theory has developed in isolation from the field of strategic management (Bridoux and Stoelhorst, 2022). However, the past 15 years have marked a significant shift in the way strategic management is approached (e.g. Barney, 2018; Klein et al., 2012; Zollo et al., 2018). In what can be described as a stakeholder *turn*, greater emphasis has been placed on considering the diverse interests of multiple stakeholders, which has led to the reintegration of stakeholder theory into the field of strategic management (Bridoux and Stoelhorst, 2022).

A clear indication of the growing emphasis on stakeholders in the field of strategic management is the integration of Resource-Based View (RBV) and stakeholder theory (e.g. Freeman et al., 2021; McGahan, 2021; Barney, 2018). One aspect of integrating the two theories is addressing how a company's resources are acquired and nurtured, which McGahan (2021) argues is achieved through a

network of relationships with stakeholders. Hence, effective resource management primarily requires management of these relationships; i.e. *stakeholder management*.

## 2.2 Stakeholder Management

A significant contribution in the field of stakeholder management was made by Mitchell et al. (1997) who presented a subsequently oft-cited (Wood et al., 2021) model on stakeholder salience to aid managers in the task of managing multiple stakeholders. In short, the model describes how managers identify and prioritize different kinds of stakeholders and their claims based on the presence of three attributes: power, legitimacy, and urgency (Mitchell et al., 1997). The model has received great scholarly attention, and many further developments have been proposed (Wood et al., 2021). For instance, a multilateral stakeholder salience model that includes stakeholder-stakeholder relationships in addition to stakeholder-organization relationships (Raha et al., 2021). For a recent, extensive summary of prominent developments, validations, and critiques of the model since the introduction, see Wood et al. (2021).

A large critique to this approach to identify and prioritize stakeholders is that it prioritizes powerful stakeholders and discriminates against marginalized stakeholders (Derry, 2012; Bondy and Charles, 2020; Martin and Phillips, 2022). Another critique is that the model lacks the ability to incorporate the complexity of the real world: even if a manager is able to identify stakeholders according to the salience logic, there would be multiple stakeholders with high or moderate salience competing for managerial attention (Pinto, 2019).

Much subsequent stakeholder management research builds on this approach to identify and prioritize stakeholders, but explores other key factors relevant to the task. For instance, managers' cognition and motivational factors in relation to stakeholder attributes (Weitzner and Deutsch, 2015), or organizational cognition in terms of strategic frame, i.e. an organization's understanding of cause-effect relationships in the competitive environment, and organizational identity (Bundy et al., 2013). Furthermore, managerial responses are determined by whether stakeholder issues, not stakeholders as such, are either consistent, conflicting, or unrelated to these two factors. Consistent and conflicting demands call for attention, whereas unrelated demands are not considered salient (Bundy et al., 2013).

The organizational-stakeholder fit framework (Bundy et al., 2018) fills the gap that the previously discussed models created by putting emphasis on either the focal firm or the stakeholders. In contrast, the organizational-stakeholder fit framework describes the compatibility between a firm and its stakeholders with two main dimensions: value congruence, the "supplementary fit of organizational and stakeholder values", and strategic complementarity, "the complementary fit of strategic needs and resources" (Bundy et al., 2018). The framework makes an interesting contribution by explaining the mechanisms of (un)successful stakeholder relationships, moving from explaining merely what stakeholders are important to organizations and why. Furthermore, it corresponds well with approaches to identify and carefully select key stakeholders (Minoja, 2012).

Another, rather conceptual perspective on how to manage multiple stakeholders is the instrumental view on how to optimally distribute available firm resources between multiple stakeholders. "More is always better" does not apply to stakeholder treatment (Harrison and Bosse, 2013), and while there is a minimum level of resource allocation, there is also a maximum where firms may experience losses from over-allocation (Harrison and Bosse, 2013). Whether under- or over-allocation is at risk is

determined by the strategic importance of stakeholders to the firm, as well as the stakeholders' power (Harrison and Bosse, 2013). Furthermore, firms can determine the optimal level of resource allocation to each stakeholder by analyzing some explanatory contingencies and factors to achieve the highest possible return on investment and highest possible firm performance (Garcia-Castro and Francoeur, 2016). Moreover, firms should aim to distribute their time and resources with a moderate variation, i.e. an optimal imbalance, to achieve highest firm performance in an inverted *U-curve* (Laplume et al., 2022). A large focus on current, strong stakeholder relationships may cause firms to be too distracted by these to identify, develop, and commit to novel, salient stakeholder claims: thereby increasing the possibility of overlooked stakeholders (Martin and Phillips, 2022).

However, instead of making trade-offs, firms may (whenever possible) establish *joint value creation* by, for example, integrating *synergistic utility functions*: i.e. taking actions that benefit multiple stakeholders instead of one, and avoiding to reduce value already received by another stakeholder (Tantalo and Priem, 2016).

To manage multiple stakeholders *in practice*, firms have some established strategies within the literature to guide them. For instance, firms may apply an across-decision approach, i.e. focus on balancing stakeholder interests across a series of decisions over time rather than on a decision-by-decision basis (Reynolds et al., 2006). By applying this strategy, a firm may completely dismiss the interests of a stakeholder in one decision, but might compensate that stakeholder in future decisions (Reynolds et al., 2006). The opposite is a within-decision approach, i.e. a manager treats every decision as a singular and independent unit, which generally, has been proven to be instrumentally less valuable to the firm (Reynolds et al., 2006). Depending on whether the stakeholder is reciprocal or self-regarding, firms ought to apply a fairness approach or an arms-length approach, respectively (Bridoux and Stoelhorst, 2014). However, firms with powerful stakeholders may be forced by those stakeholders into strategies that primarily benefit *them*, which might weaken the treatment of less powerful stakeholders (Bridoux and Vishwanathan, 2020). A potential solution is to apply a managing for *all* stakeholders approach to move focus from material short-term interests to a long-term, fair and equal treatment of all stakeholders (Bridoux and Vishwanathan, 2020).

Generally, stakeholder management literature is focused on *avoiding* conflicting stakeholder interests, because conflicting stakeholder interests may be *detrimental* to the focal firm (Minoja, 2012). The lack of stakeholder management approaches that explicitly describe how to embrace and/or manage conflict, and tend to multiple stakeholders simultaneously, calls for an integration of paradox theory and stakeholder management. It has even been argued that “if paradox theory is not harnessed to facilitate stakeholder management, the result could be disastrous” (Pinto, 2019). Other scholars have called for the integration of paradox theory and stakeholder management as well; Martin and Phillips (2022) request a paradoxical lens on stakeholder theory, arguing for the need with a paragraph by Lewis and Smith (2014): “Our earliest theories asked, ‘Is it best to use A or B?’ Contingency theories then posed the question, ‘Under what conditions do we choose A or B?’ A paradox perspective, in contrast, now asks ‘How can we support both A and B simultaneously?’”

## 2.3 Paradox Theory

Paradox theory is a study of organizational contradictions and conflicts. Specifically, a paradox is defined as a set of “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith and Lewis, 2011). The building blocks of a paradox are two dualities: opposites that exist within a unified whole, with an internal boundary that creates distinction between them and an



external boundary that unifies them (Smith and Lewis, 2011). Why the need for a theory of paradox? The modern business climate is increasingly global, fast paced, and competitive, and organizational processes are increasingly complex; contradictory demands are, therefore, increasingly salient (Lewis, 2000). Examples of such paradoxical contradictory demands, i.e. organizational *tensions*, are those for collaboration versus control, individual versus collective, flexibility versus efficiency, exploration versus exploitation, and profit versus social responsibility (Smith and Lewis, 2011).

To bring more clarity into the field of organizational paradoxes, Smith and Lewis' (2011) influential work categorized organizational tensions into four categories: learning, belonging, organizing, and performing. Performing paradoxes, as a relevant example, stem from the plurality of stakeholders and result in competing strategies and goals, and are surfaced by internal as well as external stakeholders that define success in different ways and therefore want to pull the organization in different directions. Furthermore, tensions arise both within and between these four categories (Smith and Lewis, 2011).

There are some different views on the definitions of a paradox as such, and there are discussions on how and when tensions are created and perceived; are they socially constructed by actors, or are they inherent in the organizational systems?

Schad and Bansal (2018) argue that too much of the research focus lies on the perceived, salient tensions, and too little focus lies on the nested, latent tensions, thereby focusing on the epistemological and not on the ontological. As a solution, the authors propose a systems perspective that separates the epistemological understandings from the ontological reality of tensions, which may be better understood by “zooming in” and “zooming out” (Schad and Bansal, 2018). Smith and Lewis (2011) agree that paradoxical tensions are both inherent and constructed and that they are either latent or salient, and moves from the former to the latter due to the environmental conditions of plurality, change and scarcity, as well as due to actors' paradoxical cognition. *Plurality* involves competing demands from multiple stakeholders (Schad et al., 2016): a diversity of views from multiple stakeholders with differing demands (Denis et al., 2012) that actors may try to attend to, which fosters a sense of being pulled in opposing directions (Schad et al., 2016). *Scarcity* “challenges managers to meet competing yet coexisting demands with limited resources (i.e. time, financial resources, etc.), fueling a tug-of-war between divisions and/or stakeholders” (Schad et al., 2016). And lastly, *change* requires an organization to create a future distinct from the present, which creates a conflict between the current practices and the future opportunities (Schad et al., 2016).

As previously established, a paradox is defined as contradictory yet interrelated elements that exist simultaneously and persist over time (Smith and Lewis, 2011), and there is some discussion about the relationship between paradoxes and nearby concepts such as dialectics, trade-offs, and dilemmas. A recent work by Berti and Cunha (2022) discusses the similarities and differences apparent in the literature; the authors define a trade-off as a typical *Pareto optimality* situation, i.e. the outcome for one party cannot be improved without reducing the outcome for the other (Jeffries and Reed, 2000). In a business context, this implies that superior performance in one competitive objective is gained primarily by lowering performance in another (Berti and Cunha, 2022).

Dilemmas are closely related to trade-offs, and are defined as a situation with competing choices that each has advantages and disadvantages (Smith and Lewis, 2011); pure either/or choices (Berti and Cunha, 2022). However, dilemmas are paradoxical if the options are contradictory and interrelated, such that any either/or choice is temporary, and tensions will resurface (Smith and Lewis, 2011).

In relation to this discussion, Berti and Cunha (2022) state that “authors and reviewers become locked in fruitless discussions on whether a set of contrasting demands is truly a paradox; practitioners are puzzled by the use of the word paradox – evoking absurdity and irrationality – to describe relatively everyday challenges they encounter; and scholars unfamiliar with organizational paradox theory are less likely to be attracted by its conceptual toolbox”, thus taking some distance to the *fruitless* discussions on defining *true* paradox: a matter further discussed in the final section of this chapter.

There are several established strategies in the literature for dealing with organizational paradoxes. Schad et al. (2016) categorize these into *individual approaches* and *collective approaches*.

Individual approaches focus on organizational actors' cognitive, emotional, and behavioral reactions to paradox, with particular focus on leaders as key actors of paradox management (Schad et al., 2016). Furthermore, since paradoxes include uncertainty and ambiguity, individuals might react by feeling anxious, threatened, and defensive (Schad et al., 2016). However, if managed correctly by leaders, subordinates may display greater adaptability, proficiency, and proactivity in the face of contradictory demands (Zhang et al., 2015). Furthermore, subordinates may reframe paradoxical tensions, question either/or assumptions and instead consider both/and alternatives (Schad et al., 2016). Specifically, individual approaches for successfully managing paradox include: paradoxical thinking/sensemaking (Hahn et al., 2014), reflexivity/discursive thinking (Dameron and Torset, 2014), behavioral complexity (Denison et al., 1995), humor (Hatch and Erlich, 1993), rhetorical skills (Fiol, 2002), and response informed by national culture (Chen and Miller, 2011). As made explicit by these individual approaches, they are cognitive, psychological and/or behavioral in nature.

Collective approaches, on the other hand, explicate organizational practices, processes, and structures used to manage paradox (Schad et al., 2016). One prominent such theory was introduced by Poole and van de Ven (1989), who called these approaches *opposition*, *spatial separation*, *temporal separation*, and *synthesis*.

*Opposition*, often referred to as acceptance in subsequent research (Schad et al., 2016), refers to accepting the paradox and learning to live with it; not to ignore it, but to actively juxtapose the contradictory elements, even if incompatible (Poole and van de Ven, 1989). As an example, Lüscher and Lewis (2008) found that middle managers successfully managed the stability-change paradox by applying paradoxical inquiry, i.e. asking themselves how to address the two contradictory elements simultaneously, which allowed the managers to keep from getting stuck in the face of the paradoxical tensions (Schad et al., 2016). While this strategy is one of acceptance, the following three are for resolution (Smith and Lewis, 2011).

*Spatial separation* resolves paradoxes by separating levels of reference or analysis into distinctions such as part-whole and micro-macro, allowing for interrelated contradictions to operate at different levels simultaneously (Poole and van de Ven, 1989). In practice, organizations may separate management of the contradicting demands into separate units, such as having one unit assigned to manage exploitation with demands for efficiency and incremental innovation, and another to manage exploration with demands for change and radical innovation: called structural ambidexterity (Schad et al., 2016). However, to utilize this strategy successfully, it is necessary to understand and specify how these different levels interrelate (Poole and van de Ven, 1989). Furthermore, while structural separation can help minimize both conflict and inertia, it can also create power imbalances between the two poles (Schad et al., 2016).

*Temporal separation* takes into account the role of time (Poole and van de Ven, 1989), and allocates competing demands to sequential time periods (Schad et al., 2016). One pole of a paradox is assumed to hold during one time period and the other during a different time period, and these separate processes may exert internal and external influence as well as influence each other (Poole and van de Ven, 1989). One side of the paradox may influence the conditions under which the other will operate, and one side may create the conditions necessary for the existence of the other, and there might be mutual influence over time, with swings between one side and the other (Poole and van de Ven, 1989). Again, exemplifying with the tension between exploration and exploitation, a practical example is a temporary focus on former at one point in time, and a temporary focus on the latter at another point in time (Schad et al., 2016).

The strategies of temporal and spatial separation leave the two poles of the paradox basically intact (Poole and van de Ven, 1989). However, there might be some inherent limitations to a paradox and thereby a need to overcome these by introducing new elements, which is done with the collective approach called *synthesis* (Poole and van de Ven, 1989). Synthesis involves identifying a novel solution that takes both paradoxical elements into account (Schad et al., 2016), where managers seek new perspectives or elements that link or accommodate the opposing poles of a paradox (Hahn et al., 2015). Smith and Lewis (2011) define this process as dialectics: integrating two contradictory elements, thesis and antithesis, into a new combined element called synthesis. However, if the contradiction is *truly* paradoxical, the integration by synthesis is only temporary (Smith and Lewis, 2011). Synthesis does not really merge the two paradoxical poles into a new entity, but rather offers a new frame that can hold both of these oppositions simultaneously (Hahn et al., 2015).

These four strategies may be successfully combined in practice, for example by accepting the paradox as a first step before adopting some of the other three approaches, or by using both methods of separation (Poole and van de Ven, 1989).

Furthermore, approaches to paradox can be categorized into either-or, both-and, and finally, more-than approaches (Putnam et al., 2016). Either-or approaches include, for example, selection and separation; selection is a coping mechanism that chooses one pole of a contradiction over the other, and is often a result of time pressures (Seo et al., 2004). According to Putnam et al. (2016), the two separation approaches discussed above are included in the either-or category as well. However, the both-and category include vacillation and integration and balance; the former implies that if vacillation is used to oscillate between separated poles, it can be regarded as a both-and approach (Putnam et al., 2016). Integration and balance is a *weaker* form of synthesis (see above) that accepts a paradox, finds a middle ground, and neutralizes tensions (Putnam et al., 2016). More-than responses include, for example, the *stronger* form of synthesis discussed above, by Putnam et al. (2016) labeled as reframing and transcendence. Another more-than approach is connection, third spaces, and dialogue (Putnam et al., 2016); *connection* refers to an interactive practice that engages opposites in dynamic interplay (Seo et al., 2004) and *third spaces* refers to a sanctuary for *dialogue* that seek energy from tensions (Putnam et al., 2016).

The outcomes of managing paradoxes can be severely different depending on the applied approach. Schad et al. (2016) conducted an extensive meta-study of the paradox literature and concluded that, for example: collective approaches that are defensive in nature, prefers one pole over the other, or completely avoids engagement with the paradox, can cause conflict (Chung and Beamish, 2010), chaos (Thietart and Forgues, 1995), and various other undesired consequences (Bartunek et al., 2000).

In time, this may lead to organizational decline (Sundaramurthy and Lewis, 2003). On the other hand, effective paradox management can lead to improved innovation (Gebert et al., 2010), creativity (Miron-Spektor et al., 2011), and effectiveness (Drach-Zahavy and Freund, 2007). Furthermore, research frequently proves superior long-term performance within firms that succeed in meeting *competing yet complementary demands* over time (Schad et al., 2016).

## 2.4 At the Intersection of Stakeholder Management and Paradox Theory

The potential that lies at the intersection of stakeholder theory and paradox theory was clearly explicated by Pinto (2019); the arguments proposed by the author for the needed integration of the two theories are: (1) both theories deal with multiple elements, (2) both theories deal with conflict between or among these multiple elements, and (3) both theories are about managing, and not eliminating the conflict. Furthermore, stakeholder theory provides guidance on the ‘what’ (i.e. simultaneously address multiple, often conflicting interests), and paradox theory provides guidance on the *how* (i.e. how to manage competing objectives simultaneously) (Pinto, 2019). The author even states that “if paradox theory is not harnessed to facilitate stakeholder management, the result could be disastrous”. The conceptually proposed solutions are mainly individual approaches, e.g. paradox mindset, paradoxical thinking, paradoxical framing, and cognitive flexibility (Pinto, 2019).

Although a satisfactory analysis of stakeholder management practices with a paradox lens has not been previously done, some work exists that touches upon the matter. For instance, it has been concluded that stakeholder tensions are paradoxical within Swedish football clubs (Junghagen, 2018), construction projects (Labelle et al., 2019), as well as in hybrid organizations (Gigliotti and Runfola, 2022).

However, the management of stakeholder tensions is weakly explained in the literature. Stakeholder tensions *can* be managed with a dialectic view: broad participation of affected stakeholders in decision processes, and decisions should be based on a wider spectrum of information gathered from a large number of diverse sources (Junghagen, 2018). Further, firms ought to manage stakeholder tensions by categorizing them and then prioritizing among these strategies (Labelle et al., 2019), or tailor “relational paths” to handle each *social vs economic* tension with each stakeholder (Gigliotti and Runfola, 2022). Furthermore, the concept of ‘paradoxical leadership’ (Zhang et al., 2015) lies quite near the intersection of stakeholder management and paradox theory, in particular the behaviors that emphasize a focus on shareholders and the stakeholder community simultaneously (Zhang et al., 2015).

As made explicit by this section, firms find quite limited advice in the literature at the intersection of stakeholder management and paradox theory on *how* to manage stakeholder tensions in practice.

## 2.5 Putting the Literature Together

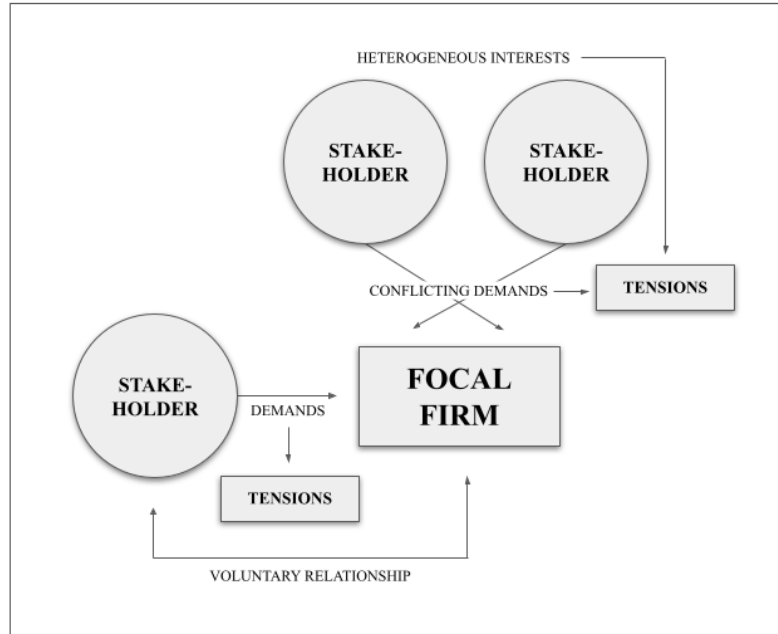
In the following section, a brief summary and interpretative synthesis of the literature is provided in order to clearly define the research gap and the phenomena of interest for this study. First, we contrast the two literature streams in terms of the characteristics of the respective *tensions*. Second, the key firm-level approaches for managing tensions found in both stakeholder literature and paradox

literature are summarized and categorized into three categories: either-or, both-and, and more-than approaches, inspired by the categorization framework of Putnam et al. (2016).

The organizational tensions that paradox theory explores are in a sense involuntary, and *persist over time* (Smith and Lewis, 2011). For example, the need for both exploration and exploitation, and their contradiction, exist whether an organization accepts it or not. In contrast, according to the literature on stakeholder management, the tensions between stakeholders and firms take a different form. Many of the stakeholder-firm relationships are in some sense voluntary, as explicated by Minoja's (2012) arguments on the importance of choosing key stakeholders.

The contradictions, i.e. tensions, in this study are the interests and demands of stakeholders and the interests of the focal firm. The stakeholders are separate from the focal firm, but the stakeholder-firm relationship makes them interrelated. Since many such relationships are voluntary, one or both of the involved parties may choose to enter or leave the relationship, thereby splitting the *paradox* and ending the interrelation. Furthermore, in the common case of a stakeholder network with multiple stakeholders, heterogeneous interests such as those described by Minoja (2012), and conflicting demands from various stakeholders such as those described by Smith and Lewis (2011), creates additional tensions. Therefore, the tensions that arise when managing multiple stakeholders take two forms: stakeholder-firm tensions, and stakeholder-stakeholder tensions. The former is constituted by stakeholder demands and interests that contradict the interests of the firm, i.e. the tension is between one stakeholder and the focal firm. The latter is constituted by heterogeneous interests and conflicting demands amongst the firm's stakeholders, i.e. the contradiction is between multiple stakeholders in their relationship to the focal firm. Both of these types of tensions need to be managed by the firm, and both are referred to as *contradictions*.

With these characteristics in mind, we revisit the discussion on definitions and characteristics of paradoxes; are stakeholder-firm and stakeholder-stakeholder tensions, then, *true paradoxes*? Probably not. However, to iterate the words of Berti and Cunha (2022): "authors and reviewers become locked in fruitless discussions on whether a set of contrasting demands is truly a paradox", and we take a similar stance and instead look to the toolbox of paradox theory to manage stakeholder tensions, thus neglecting whether the tensions are truly paradoxical or not. Figure 1 visualizes the phenomena of stakeholder-firm and stakeholder-stakeholder tensions.



**Figure 1:** The studied phenomena

What strategies are available in the literature for the focal firms to navigate this situation? First, from the research stream on stakeholder prioritization initiated by Mitchell et al. (1997), it is clear how and why firms prioritize among their stakeholders' interests and demands. Much subsequent research draws upon prioritization of powerful stakeholders, and choosing key stakeholders (Minoja, 2012) based on the compatibility of firms and stakeholders, e.g. using strategic frame and organizational identity (Bundy et al., 2013) or value congruence and strategic complementarity (Bundy et al., 2018). What these theories have in common is the selection of one stakeholder over the other to avoid or decrease tensions; hence, they are categorized as *either-or approaches* (Putnam et al., 2016).

The second group of stakeholder management strategies found in the literature are categorized as *both-and approaches* (Putnam et al., 2016), because their aim is to accommodate multiple stakeholders with heterogeneous interests and/or conflicting demands simultaneously. Specifically, stakeholder management theories such as managing for all stakeholders (Bridoux and Vishwanathan, 2020), the within- and across-decision approaches (Reynolds et al., 2006) fall into this category, as well as the conceptual views on optimal resource allocation among stakeholders (Harrison and Bosse, 2013).

Finally, regarding *more-than approaches* (Putnam et al., 2016), none were found in the stakeholder literature that explicates how to embrace stakeholder tensions and leverage the contradictions' potential synergistic effects.

In summary, the stakeholder management literature falls short on approaches to how heterogeneous interests and conflicting demands can be embraced and managed effectively in a *more-than* manner, which has been implicitly stated by several authors, such as Pinto (2019) and Martin and Phillips (2022).

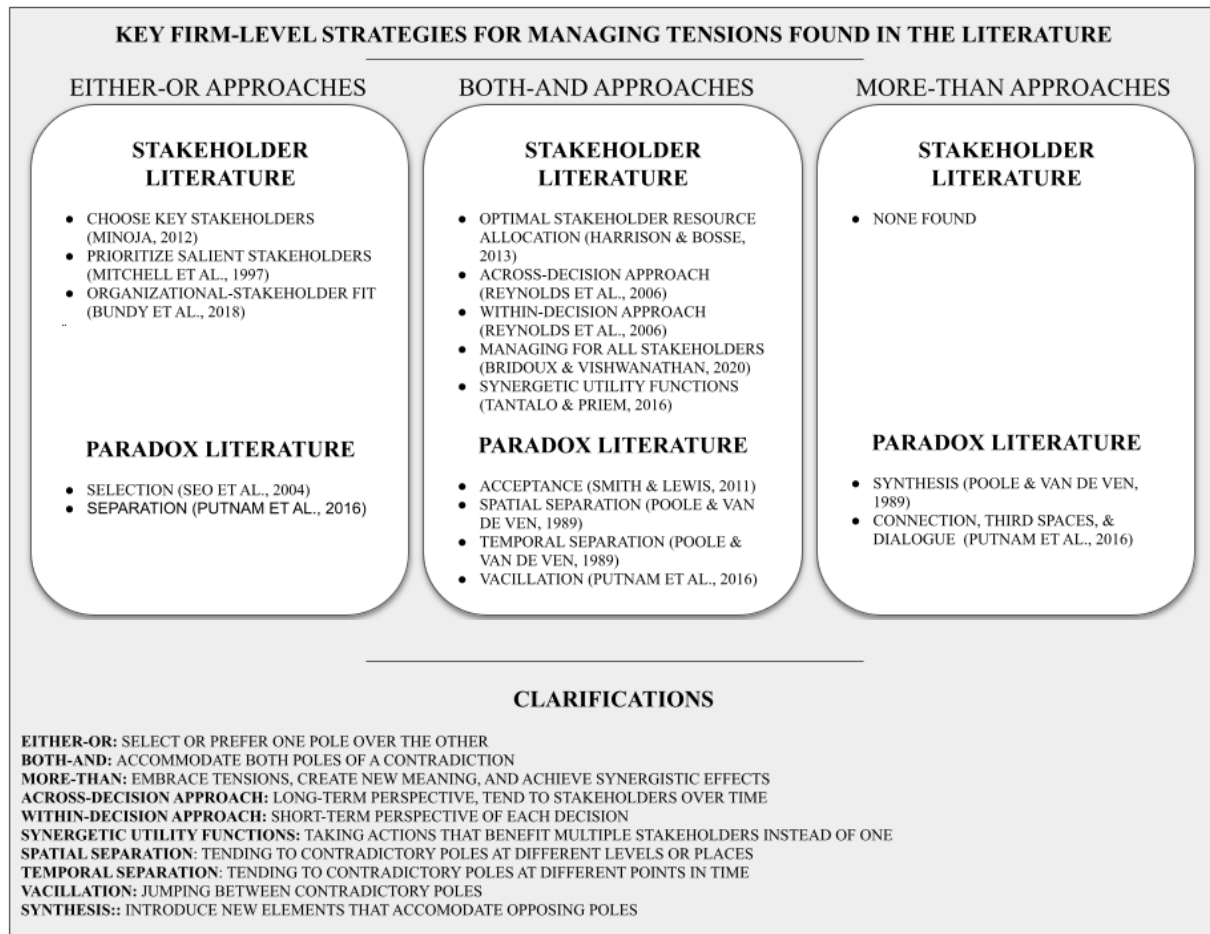
In the paradox literature, there are several strategies on how to achieve effective paradox management of contradictions, and those that are deemed most interesting to stakeholder management at the organizational level are those that Schad et al. (2016) define as *collective* approaches, as these are processes that take place between organizational actors and stakeholders, instead of *within a managers mind*, as many of the individual approaches do.

First, the *either-or* approaches found are primarily selection (Seo et al., 2004) and separation (Putnam et al., 2016); these are non-paradoxical in that they either select or prefer one pole over the other, or they disregard the interrelation of a paradox and aims to separate the interrelated poles completely (Putnam et al., 2016).

Furthermore, five salient *both-and* approaches are found in the paradox literature: acceptance (Smith and Lewis, 2011), spatial separation and temporal separation (Poole and van de Ven, 1989), and finally, vacillation and integration and balance (Putnam et al., 2016). These are both-and approaches in that they accept the interrelation of a contradiction and aim to tend to both poles of it (Putnam et al., 2016). Although Putnam et al. (2016) categorized all *separation* strategies as either-or, we take a different perspective due to the stakeholder management context, and define temporal and spatial separation as both-and approaches. Why? In the context of stakeholder management, these approaches *do tend to both poles* of a contradiction, although the approaches imply that this is done separately. Albeit the synergistic effects of a more-than approach are lost with separation, over time, both poles of the contradiction are in fact tended to when applying temporal or spatial separation.

The two firm-level, more-than approaches identified in the paradox literature are synthesis (Poole and van de Ven, 1989) and connection, third spaces, and dialogue (Putnam et al., 2016). They are more-than approaches in that they not only accept and embrace contradictions, but also seek to create new meaning from tensions, and seek to use the tensions to create novel, positive benefits from them (Putnam et al., 2016).

When the approaches from stakeholder management are juxtaposed with the approaches from paradox literature and categorized into either-or, both-and, and more-than approaches, some interesting insights are provided (see Figure 2). While the stakeholder management literature provides insights on how to manage stakeholder tensions with either-or and both-and approaches, *no* established, *practical* approaches are found that correspond well with the more-than category. In contrast, paradox literature explicates several strategies within all of the three categories, and so provides insights on how to optimally approach contradictions with more-than approaches as well. When e.g. Pinto (2019) requested more research on paradox approaches within stakeholder management, we believe that what he was looking for, using our own terminology, is the use of more-than approaches within the stakeholder management.



**Figure 2:** Synthesis of the literature review



### 3. Methodology

In this chapter, we present the methodological approach employed in our study, outlining the rationale behind our decisions. The chapter comprises five sections, each addressing a specific aspect of our methodology. Section 3.1 introduces our research strategy, encompassing the research paradigm, approach, cross-sectional design, respondent selection, and sampling method. In section 3.2, we detail the data collection process. Section 3.3 elaborates on the data analysis techniques employed. Ethical considerations that guided our study are discussed in section 3.4. Finally, section 3.5 focuses on quality considerations that were taken into account throughout the study.

#### 3.1 Research Strategy

##### 3.1.1 Research Paradigm and Approach

The purpose of this study was to investigate how high-tech, knowledge intensive start-ups manage the tensions that arise when managing multiple stakeholders, and to what extent these start-ups leverage approaches from paradox theory. The research question was approached with a constructivist ontological position<sup>2</sup> and an interpretive epistemological position<sup>3</sup>. In line with these philosophical assumptions, the study was conducted using a qualitative research design, because qualitative research makes it possible to capture the subjective experiences of individuals (Flick, 2009, p. 59), which are central to these philosophical positions (Bell et al., 2019, p. 26-31) and to the research question. In addition, a qualitative research design enables the collection of rich and detailed data (Corbin and Strauss, 2008), making it a suitable choice when exploring stakeholder management in practice, as it allows for a deep-dive into approaches and strategies employed by individuals who manage stakeholders. Moreover, qualitative research is well-suited for exploring unknown areas (Edmondson and McManus, 2007), such as the intersection of stakeholder theory and paradox theory.

When conducting qualitative research, it is essential to employ a systematic analysis and rigorous interpretation methods (Gioia et al., 2013). Qualitative research is sometimes criticized for its inability to sufficiently justify its assertions, which lead to skepticism regarding the extent to which qualitative researchers engage in creative theorizing on the basis of rather thin evidence (Gioia et al., 2013). To ensure credible and defensible findings in our study, we employed grounded theory (Glaser and Strauss, 1967; Strauss and Corbin, 1997) as our research method. Grounded theory is a systematic method that involves iterative data collection and analysis, resulting in the development of a theoretical framework (Bell et al., 2019, p. 521). More details on how grounded theory was employed are provided in sections 3.2 *Data Collection Process* and 3.3 *Data Analysis Process*.

In line with using a qualitative research design and applying a grounded theory method, an inductive approach was employed initially. An inductive approach explains the interplay between empirical observations and theoretical frameworks (Bell et al., 2019, p. 23-24), which begins with the collection of empirical data and uses it to formulate new theories (Brink et al., 2006, p. 186). However, drawing on Charmaz's (2008) work, we transitioned toward an abductive approach in the later phase of the

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<sup>2</sup> A constructive ontological position recognizes that social reality is constructed and subjective, and that our understanding of it is shaped by social interaction and context (Bell et al., 2019, p. 27).

<sup>3</sup> An interpretive epistemological position emphasizes understanding social phenomena through the subjective meanings and interpretations of the individuals involved, rather than attempting to discover objective truths or laws (Bell et al., 2019, p. 31).

study. An abductive approach draws on both inductive and deductive<sup>4</sup> approaches and allow for consulting both the empirical data and existing theory when generating new concepts and developing theoretical models (Dubois and Gadde, 2002). To ensure the credibility of our findings, it was important to remain true to the data in this study. However, to explore patterns at the intersection of stakeholder management and paradox theory, we also needed to consult the relevant literature in both fields. Thus, an abductive method was deemed more appropriate in the later phase of our research.

### 3.1.2 Cross Sectional Study

To gather the data necessary to answer our research questions, we choose to conduct a cross-sectional study, at the organizational level. A cross-sectional study involves collecting data from multiple cases at a single point in time, with the aim to produce general findings, without giving significant consideration to the unique contexts of each individual case (Bell et al., 2019, p. 58-59).

Given that the objective of this study was to explore the approaches employed to manage tensions that arise when managing multiple stakeholders, not to focus on specific actors or actions, a cross-sectional study design was deemed suitable. By investigating stakeholder management approaches across a multitude of organizations, the study could identify common themes in approaches employed. Moreover, the cross-sectional approach allowed analysis of data collected from a diverse range of organizations, capturing a broad range of experiences and perspectives.

However, the limitations of the cross-sectional study should be recognized. In retrospect, it could have been beneficial to conduct a single case study<sup>5</sup> or a comparative case study<sup>6</sup>, which would allow for a deeper understanding of the approaches used to manage stakeholder tension, at one or two companies. In our study, we gained a broad understanding of the approaches utilized when managing stakeholders, but we had to compromise on the depth. Nevertheless, given the purpose of our study and the research questions, we deemed this choice suitable.

### 3.1.3 Choice of Research Objects

While observing stakeholder management approaches at a large corporation, we found ourselves contemplating whether these approaches would vary significantly in companies that were resource constrained. This sparked our interest and made us want to conduct further research. Ultimately, the decision was made to investigate start-ups.

The selection of start-ups as the research object was motivated by two main factors. First, research within the realm of stakeholder management has been predominantly centered on larger organizations (to iterate: example are found in the literature stream on identifying and prioritizing stakeholders following Mitchell et al. (1997), which almost exclusively focus on large organizations), making the investigation of start-ups an interesting addition to this field. Second, the contextual factors of start-ups were deemed valuable to study. In particular, there are three primary factors that make start-ups an interesting object: (1) it was deemed that start-ups generally face resource constraints,

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<sup>4</sup> The deductive approach starts with existing theory as a framework and guides empirical research to test its accuracy (Bell et al., 2019, p. 21).

<sup>5</sup> Conducting research on a single case with the aim of exploring its unique characteristics and essential features (Bell et al., 2019, p. 72; Flick, U., 2009).

<sup>6</sup> Conducting comparative research involving a direct comparison between two or more cases (Bell et al., 2019, p. 72; Flick, U., 2009, p. 134).

which can complicate stakeholder management (Yang et al., 2014), (2) start-ups, being small and recently established, are typically smaller in relation to their stakeholders and more reliant on them, resulting in lower bargaining power (Yang et al., 2014), and a greater need to tend stakeholder interests (Bridoux and Vishwanathan, 2020), and (3) the relatively small size of a start-up enhances the probability that its leaders possess a comprehensive understanding of all stakeholder interests and demands, and how they can be effectively managed. For instance, it is believed that it is easier to obtain an overview of a company with a limited number of employees, as opposed to a large organization with tens of thousands of employees. Thus, we could get a full picture of their stakeholder management approaches by interviewing only one to two company leaders.

Moreover, the decision was made to focus on start-ups that were knowledge-intensive<sup>7</sup> and high-tech<sup>8</sup>, as we wanted to include organizations with inherent complex stakeholder networks and a high need for stakeholder management. Given their complex business models, knowledge-intensive and high-tech start-ups were expected to exhibit complex stakeholder networks, thereby adding to the need for stakeholder management.

We further believed that the characteristics of high-tech, knowledge-intensive start-ups, such as high levels of innovation, demand for skilled workers, and rapid growth, would significantly impact their approaches to manage stakeholder. For example, in the pursuit of innovation, companies must place a high priority on their employee satisfaction (Flammer and Kacperczyk, 2016). However, while striving for rapid growth, they must also prioritize the demands of investors, suppliers, and other stakeholders (Tantalo and Priem, 2016). This complex set of demands creates tensions that must be effectively managed (Harrison et al., 2010). Successful stakeholder management is therefore critical in navigating these challenges and achieving organizational success (Harrison et al., 2010), making these start-ups a great object for this research.

### 3.1.4 Sampling

In line with grounded theory (Strauss and Corbin, 1997), our research utilized theoretical sampling as the sampling method. Theoretical sampling is an iterative process where data collection and analysis occur simultaneously, allowing for the development of theoretical insights and the generation of new ideas (Strauss and Corbin, 1997; Mello and Flint, 2009). Thus, the sources of the subsequent interviewee/respondent/case is dependent on previous insights and what is needed to get further theoretical understanding (Bell et al., 2019, p. 393).

Our theoretical sampling was conducted in three steps. First, the start-ups were selected based on four key criteria: (1) the start-up was deemed knowledge-intensive and high-tech, (2) had established relationships with multiple stakeholders, (3) an employee count from four to twelve, and (4) been in operation for less than four years. These criteria were set to ensure comparability between the studied firms. It was, for example, believed that firms with a greater number of employees could lead to other sets of approaches to manage stakeholder tensions. One example of a start-up (MedTech III) that fulfills these criteria and was included in the study, is a company that provides a medical device and software solution, enabling seamless communication between patients and healthcare professionals. Another example is a start-up (FinTech) that offers a platform which enables financial

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<sup>7</sup> 'Knowledge-intensive' is defined as "needing a lot of experience, understanding, information, and skills in order to be successful" (Cambridge, 2023a).

<sup>8</sup> 'High-tech' is defined as "using the most advanced and developed machines and methods" (Cambridge, 2023b).

recommendations and micro investments for individuals. However, it was also necessary to exclude start-ups that did not meet the established standards; during the selection process, several start-ups were contacted, but later excluded from the study when it became apparent that these did not ultimately meet all four criteria. For instance, a start-up that offers a platform to help users come in contact with employers more efficiently; while the start-up utilized technology and could be defined as high-tech, it did not meet the knowledge-intensive standards required for the study. As a result, the start-up was excluded from the study.

Second, respondents from each start-up were selected based on their relevant knowledge about and experience from managing stakeholders at the respective studied firm. This selection criterion was instrumental in securing respondents who could provide rich and valuable insights into their approaches to managing stakeholder tensions; as a result, the number of respondents per start-up varied, and the roles held by the participants also varied, including (although not limited to) positions such as CEO, CTO, CSO, and founder. To maximize the depth of the collected data, all employees involved in the respective studied firm's stakeholder management were interviewed, which ensured that no perspectives or insights were overlooked.

Third, as data collection and analysis progressed, additional respondents were selected based on their potential to provide valuable insights, in accordance with our four key criteria.

The number of start-ups included in the study was determined by the theoretical saturation point. Theoretical saturation is reached when new data no longer contribute significant insights to the study (Charmaz, 2008, p. 96-122; Bell et al., 2019, p. 394). The study included 18 companies, with a variable number of participants one to two at each start-up. It was determined that saturation was achieved when interview 25, 26 and 27 was conducted. The responses obtained during these interviews did not provide any novel insights regarding their approaches used to manage stakeholder tensions. As a result, it was anticipated that conducting further interviews would not significantly alter the study's findings.

## 3.2 Data Collection Process

We wanted to ensure that the data collection was conducted in a way that allowed us to see things from the perspective of individuals who manage stakeholder tensions, and we wanted the respondents to have flexibility when talking about their experiences. Moreover, we wanted to have an open mind when conducting the interview; which would allow new insights and ideas, regarding approaches utilized when managing stakeholders, to emerge. When combining these factors, semi-structured interviews were deemed a suitable choice for empirical data collection. Conducting semi-structured interviews involves asking general and open-ended questions in a flexible manner, while maintaining some structure and consistency in the interview process (Bell et al., 2019, p. 211).

To ensure that the interviews were thorough and productive, we created an interview guide (see appendix 2 and 3), which was centered around stakeholder management and included open-ended questions related to the research questions. The guide did not include questions drawn from theory, in line with the inductive approach. Instead, we aimed to conduct the interviews in such a manner that insights would emerge organically from the respondents' experiences which drove the conversation.

After conducting the first interview, it became apparent that the first version of the interview guide (see appendix 2) needed revision. The first version did not yield sufficient information on the

start-up's comprehensive stakeholder management approaches, as there were too many questions, which resulted in that the respondent was somewhat *too* guided down a path predetermined by us. To address this issue, the interview guide was revised to include fewer, more open-ended questions (see appendix 3). After revising the guide, a follow-up interview was conducted with the first respondent to gather additional insights.

Before conducting each interview, the respondent received an email (see appendix 4) at least three days in advance. The email contained details of the logistics of the interview, as well as the purpose of the study and the interview itself. The interviews were conducted in either Swedish or English, depending on the respondents' preferences; since we are both fluent in English, it was not deemed to risk lessening the quality of the collected insights in those cases where the respondents selected English. For interviews conducted in Swedish, the translation of quotes was performed after the analysis had been completed, preserving the integrity of the data throughout the process. Moreover, respondents had the option to meet either in person or virtually, based on their preferred mode of communication. Each interview was recorded, which the respondent provided consent for prior to the interview by signing a consent form (see appendix 5). Subsequently, each recording was transcribed, initially using transcription software by Microsoft (Word and Teams). However, given the software's limitations in producing fully accurate transcripts, we listened to the recordings, reviewed and adjusted the transcripts to ensure accuracy, which contributed to a deep familiarity with the data. All interviews were transcribed within 24 hours of the interview.

As grounded theory (Strauss and Corbin, 1997) was employed in this study, an iterative and continuous process of data collection and analysis was conducted. Going between data collection and analysis allowed for the emergence of new ideas throughout the study; however, revisiting certain respondents was sometimes necessary to gather additional information as new ideas generated by the iterative process required further exploration (see appendix 1 for overview of conducted interviews)

### 3.3 Data Analysis Process

Our data analysis drew upon the Gioia method (Gioia et al., 2013). The Gioia method is a specific application of grounded theory that is used to transform raw data from interviews and raise it to a conceptual level (Gioia et al., 2013; Gehman et al., 2018). Applying grounded theory is a multi-step process that starts with identifying first-order concepts, then grouping the concepts into second-order themes, and finally integrating the themes into aggregated dimensions (Gioia et al., 2013; Bell et al., 2019, p. 527).

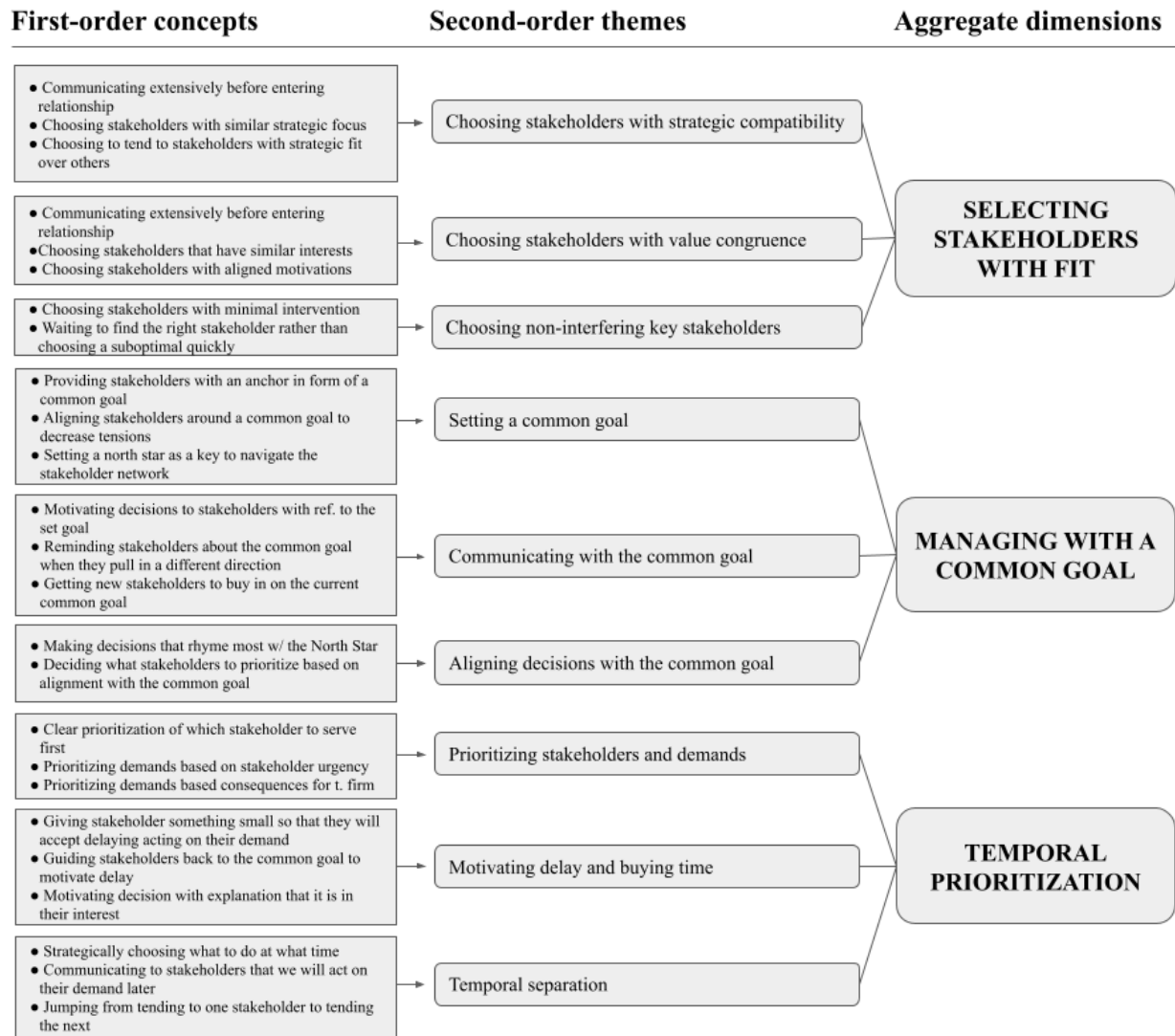
We started the analysis by becoming familiarized with the data, which was done in parallel with the interview process. As suggested by ground theory (Bell et al., 2019, p. 531), we became familiar with the data and initiated the coding process immediately after conducting the interviews. The data was coded individually before comparing and synchronizing codes between us authors. The qualitative data analysis software *Quirkos* was used to manage and organize the data effectively. As suggested by Gioia et al. (2013) the first-order coding, we aimed to stay true to the language and terminology used by the respondents. Therefore, we made no significant effort to extract or distill categories. We started with first-order coding that included and distinguished between different stakeholder types. However, this created a somewhat unnecessary complexity in regards to the objective of our study, and so we decided to disregard the stakeholder type discussed and re-did our first-order coding. To iterate, our main objective was to gain understanding of the approaches utilized when managing stakeholder tensions. Each startup had its own set of stakeholders that they discussed, and so we decided to put all

focus on the stakeholder manager's discussions regarding the approaches utilized. See section 5.3 on our recommendations for future research on the subject of approaches to manage stakeholder tensions in relation to different stakeholder types.

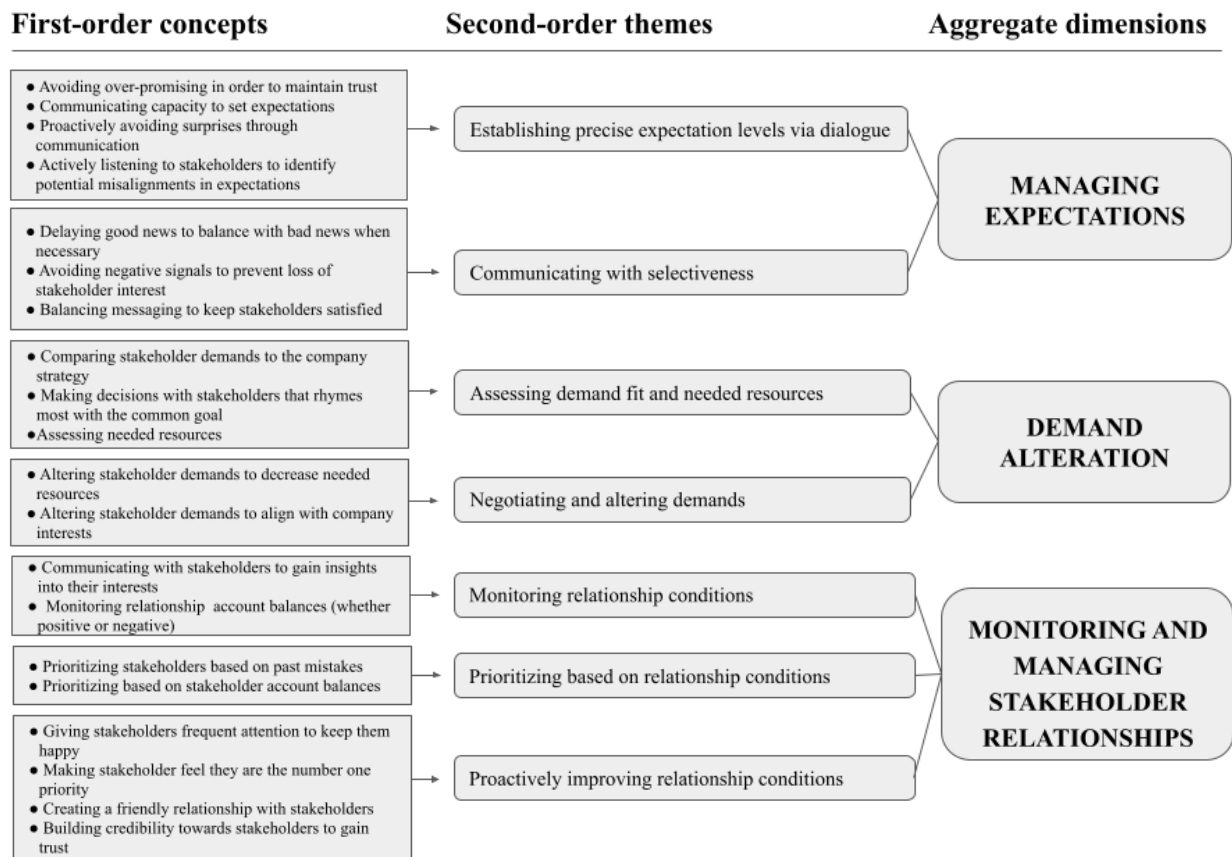
As discussed in section 2.1, owners are often a central stakeholder type for firms. The owners, in the case of our study, were often (amongst others) the stakeholder managers themselves. While the respondents acknowledged the importance of owners as stakeholders, the majority of respondents (17 out of 24) were founders of the businesses we interviewed and still held equity in their respective companies. Naturally, we could not discuss in an insightful manner how these respondents, i.e. owner-managers, are managed as a stakeholder. Consequently, the question of owner versus manager, which is relevant in the context of principal-agent theory (Jensen & Mechling, 1976), i.e. corporate governance, held limited applicability in our study: even in the case of those respondents who were not founders, all held equity in the respective studied firm.

In many cases, the firms also had external investors that held equity, and these were a salient stakeholder type in discussions of management of stakeholder tensions. Again, taking a corporate governance perspective, most such research views corporate governance as a solution to agency conflicts between management and shareholders (Renders & Gaeremynck, 2012). That conflict of interest between principal and agent is somewhat eliminated by the fact that all stakeholder managers interviewed also held equity in the studied firms, often more than the external investors. Even though the owner-managers and external investors had tensions, i.e. heterogeneous interests or conflicting demands, the principal and agency conflict were not deemed a central aspect of our study.

Following first-order coding, we searched for similarities and differences among the concepts. When similarities were found, we merged concepts and translated them into themes. In this step, our use of an abductive approach became apparent. While collecting and analyzing data, we simultaneously explored existing literature and theory in an extensive literature review. By deep-diving into the realm of stakeholder management and paradox theory, we identified themes that were already addressed in existing literature. This allowed us to steer focus towards the emerging themes that were unexpected; themes that did not appear to have adequate theoretical referees in the existing literature. Finally, the emerged themes were synthesized into aggregated dimensions that capture the approaches used to manage stakeholder tensions found in the empirical data.



**Figure 3:** Data structure (1/2)



**Figure 4:** Data structure (2/2)

### 3.4 Ethical considerations

Ethical considerations are crucial when conducting a qualitative study (Bell et al., 2019, p. 109-34), and to ensure ethical integrity of this study, the ethical aspects proposed by King, Horrocks, and Brooks (2019)<sup>9</sup> were addressed. All participants provided informed consent before the interview, and they were fully informed about the research purpose and publication plans. The participants were offered anonymity as well as the opportunity to withhold answers or discontinue the interview at any time. Moreover, all participants were offered the option to review the report before publication. In addition, all recordings were made with participants' consent. In light of this, it can be concluded that this study was conducted in an ethical manner.

### 3.5 Quality Considerations

To assess the study's trustworthiness and quality, the four quality criteria outlined by Lincoln and Guba (1985) were utilized; *credibility*, *transferability*, *dependability*, and *confirmability*. Credibility refers to the trustworthiness of the findings, transferability to their applicability to other settings,

<sup>9</sup> These ethical aspects include: *informed consent*, *confidentiality*, *right to withdraw*, *assessing risk of harm*, *deception*, *debriefing*, *use of incentives*, *limitations to researchers' role*, and *honesty and integrity in the research process* (Lincoln and Guba, 1985).



dependability to their consistency and stability over time, and confirmability to their corroboration by others (Forero et al., 2018; Bell et al., 2019, p. 365).

### 3.5.1 Credibility

Since our study was built on semi-structured interviews as the primary data source, we relied heavily on subjective human perceptions and interpretations. Therefore, establishing credibility (Lincoln and Guba, 1985) is crucial. We took three main actions to ensure that the findings are reliable and trustworthy (Bell et al., 2019, p. 363). First, employing Gioia's grounded theory method allowed for a systematic analysis and rigorous interpretation method. Second, a researcher triangulation approach (Lincoln and Guba, 1985) was employed; i.e. both authors were present during all interviews, which allowed for interpretations to be discussed and validated between us, thereby minimizing the risk of errors and biases in the analysis. Finally, respondent validation was utilized to give all respondents the opportunity to review and provide feedback on the analysis and the thesis as a whole, thus ensuring nothing was *taken out of context*.

### 3.5.2 Transferability

While the respondents of the study shared certain characteristics, such as being knowledge-intensive and high-tech start-ups, they also exhibited differences. For instance, most case companies worked in different industries, had diverse levels of experience, and had different educational backgrounds, among other variations. By selecting participants that showed different types of characteristics, the study was able to capture a broad spectrum of experiences, perspectives, and insights that were essential in examining how start-ups manage the tensions that arise when managing multiple stakeholders, resulting in *increased transferability*. Moreover, the study also included "thick descriptions" (Bell et al., 2019, p. 365) of the phenomenon being studied (see Chapter 3 *Methodology*).

### 3.5.3 Dependability

To ensure the dependability of this study, i.e. that the research process is systematic, well-documented, and traceable (Lincoln and Guba, 1985; Bell et al., 2019, p. 365), we employed an *auditing* approach; we kept comprehensive records of all research phases, including interview transcripts and tracks of the analysis process. We received support from our peers and our supervisor, who acted as auditors to ensure that proper procedures were followed, which strengthened the dependability of the study.

### 3.5.4 Confirmability

To improve the quality aspect known as confirmability (Lincoln and Guba, 1985), we made significant efforts to practice reflexivity, i.e. critically examine our assumptions and biases throughout the research process (Lincoln and Guba, 1985). For example, we took reflexive notes during the sampling process and the interview process, we reflected on our potential biases and assumptions, and we subsequently discussed these with each other to ensure objectivity. In addition, we employed triangulation (Bell et al., 2019, p. 364) to minimize the presence of biased interpretations, and we are transparent in describing our theoretical, methodological, and analytical choices throughout the paper, with the aim to provide readers with a comprehensive understanding of the decision-making process.

## 4. Results and Analysis

In this chapter, we present our findings structured according to the six aggregate dimensions found in our analysis (see Figure 3 and 4): ‘selecting stakeholders with fit’ (4.1), ‘managing with a common goal’ (4.2), ‘temporal prioritization’ (4.3), ‘managing expectations’ (4.4), ‘demand alteration’ (4.5), and ‘monitoring and managing stakeholder relationships’ (4.6). Each section is dedicated to one aggregate dimension and contains empirical data, analysis, and discussion, which allows for a focused examination of each distinct dimension. The main purpose of section 4.1 through 4.6 is to answer our first research question. The final section of the chapter, 4.7, contains a final synthesis and discussion of all the identified approaches, i.e. dimensions.

Some of these findings were quite expected because they correspond well with previous stakeholder management literature, and they are therefore presented but discussed more briefly than those that are not as salient in the previous literature. For the latter, we make propositions that may guide future research. Furthermore, we do *not* provide any in-depth descriptions or comparisons of each case company and its related findings, since the focus of our study is not to provide such comparisons, but rather to generate insights on the *approaches* found amongst the case companies.

Throughout the following chapters, we frequently label the studied high-tech, knowledge intensive start-ups *firms* for an easier reading. For the same purpose, we put all of our first-order codes, second-order themes, and aggregate dimensions within single quotation marks. Furthermore, we refer to the identified approaches as ways to manage stakeholder tensions, not as the broader term stakeholder management practices. The former can be viewed as sub-activities of the latter, in that the former specifically address how to manage the contradictions between the firm and its stakeholders, and the contradictions between the firm’s stakeholders.

### 4.1 Selecting Stakeholders with Fit

A fairly expected finding in the study was that firms actively look for stakeholders that will *fit* the company in terms of values and strategy, and for stakeholders that will not intervene much with the current business. Specifically, the eight identified activities emerged into three themes (see Figure 3), which correspond well with previous literature: ‘choosing stakeholders with strategic compatibility’ (Bundy et al., 2018), ‘choosing stakeholders with value congruence’ (Bundy et al., 2018), and ‘choosing non-interfering key stakeholders’ (Minoja, 2012). This approach was found to be used for managing (future) stakeholder-stakeholder tensions as well as stakeholder-firm tensions.

Before entering a voluntary stakeholder-firm relationship, our analysis shows that the firms conduct extensive work on assessing the strategic compatibility between the two parties and then, the firms ‘choose stakeholders with strategic compatibility’. Specifically, the theme emerged from three identified activities: ‘communicating extensively before entering the relationship’, ‘choosing stakeholders with a similar strategic focus’, and ‘choosing to tend to stakeholders with strategic fit over others’. These first two activities are made explicit by the following quote by the CEO of the BioTech II, discussing the search for the *right* investors:

*“Before you even enter a dialogue, you want to have an alignment on whether this is a match, and it is very simple. I send over my pitch deck, they send over theirs. Ok, so, what are their tracking, what are their markers, what are they looking at, what are their horizons, what is their ticket size? Fairly quickly, you arrive at a triangulation whether it is a match or not. And it is super important to not have active investors that try to pull the company in a different direction, it brings more harm than benefit.”*

Furthermore, firms conduct a similar procedure in ‘choosing stakeholders with value congruence’; they actively seek stakeholders that match the firms’ values. The activities are similar to those of ‘choosing stakeholders with strategic compatibility’. Specifically, this theme emerged from three identified activities: ‘communicating extensively before entering relationship’, ‘choosing stakeholders that have similar interests’, and ‘choosing stakeholders with aligned motivations’. A clear example of such choices is provided by the Director of BioTech I, that have built the entire stakeholder network based on the interest in sustainability, and the Director further describes how that contributes to the firm’s success:

*“But all the mentioned stakeholders are more or less interested in sustainability and work actively with it. That is one of the reasons our product works so well, that it is like the most sustainable you can find on the market. We actively choose our suppliers based on sustainability criteria. Our investors have chosen to invest in us based on sustainability criteria. Our communities see direct impact from the sustainability problems in the world and are, like, interested in solving them and thereby also interested in sustainability, and all who work for our company are passionate about sustainability. So that is like the common factor.”*

Finally, firms ‘actively choose non-interfering key stakeholders’. Specifically, the theme emerged from two identified activities: ‘choosing stakeholders with minimal intervention’ and ‘waiting to find the right stakeholder rather than choosing a suboptimal one quickly’. These choices are made based on the firms’ *expectations*. In simple terms, firms tend to avoid stakeholders that are expected to be *too active*. The theme is well highlighted by the founder of the Biotech I:

*“So I think you really have to pick and say, OK, which ones can move quickly, with the least amount of friction and focus on those stakeholders. I think that's a big thing... and the same goes for the customers and the resorts that are supplying us with the seaweed as well. You know, turning down business is never really a bad thing if it's not working for the company.”*

As previously noted, these activities were fairly expected, since these are explicated in previous literature rather well. First, the organization-stakeholder fit framework by Bundy et al. (2018) corresponds well with the first two of the themes, as the labels that are drawn from their model reveal. Strategic complementarity, the first dimension of their model, implies in this case actively choosing stakeholders with complementary fit of strategic resources and needs, which is well explicated by the first theme of this section and the appurtenant quote. Value congruence, the second dimension of their model, refers in our case to choosing stakeholders with supplementary fit of values, also well explicated by the quote by the Director at the BioTech I.

Second, identifying and ‘choosing non-interfering key stakeholders’ correspond well with Minoja’s (2012) arguments that serving a plurality of stakeholders with conflicting interests may be detrimental to the firm, and hence, firms ought to choose stakeholders with minimal amount of interference to avoid these *detrimental* effects: which our analysis shows that firms indeed do. Taking a paradox

perspective, ‘selecting stakeholders with fit’ is similar to the *either/or* approach (Putnam et al., 2016) selection (Seo et al., 2004), i.e. choosing one pole over the other, in this case one stakeholder over the other, to avoid tensions.

Even though firms put large effort into choosing stakeholders with value congruence, strategic compatibility, and minimal interference, these efforts do not result in *no* tensions. The firms describe that tensions indeed arise in spite of their efforts to avoid them, and an example is provided by the founder of the BioTech I that, although they tried to choose investors with fit, are faced with what they label a *tug of war*:

*“They're gonna push us in the direction that they want, because that's why they invested in us. But somebody else might not have invested for the same reason. So you have to balance those things because we do care about both longer term. We have to balance them with each investor and it becomes very challenging .. So you have this tug of war between these different types of even major investors. And then the other investors are gonna go towards what they know and what they're interested in. We have an agriculture product. If somebody knows agriculture or cares about food and, you know, the food crisis that we're facing globally, they're going to push us in that direction. Ask more about that. So it becomes very challenging to balance the messaging.”*

Hence, ‘selecting stakeholders with fit’ is not sufficient to manage stakeholder tensions: other strategies must be applied as well.

## 4.2 Managing with a Common Goal

A less expected finding was the strong support in our empirical data that firms manage their stakeholders with a common goal that guides activities, interactions and decisions within the stakeholder network. Specifically, the eight identified activities emerged into three main themes (see Figure 3): ‘setting a common goal’, ‘communicating with the common goal’, and ‘aligning decisions with the common goal’. This approach was found to be used to manage stakeholder-firm tensions as well as stakeholder-stakeholder tensions.

The theme ‘setting a common goal’ emerged from three identified activities described by the firms: ‘providing stakeholders an anchor in form of a common goal’, ‘aligning stakeholders around a common goal to decrease tensions’, and ‘setting a north star as a key to navigate the stakeholder network’. The essence of these activities is well captured by a quote by the CEO of the BioTech II;

*“The most important thing, well, to be able to navigate this at all, we need to set a north star, like, what are we doing. It does not matter if we, maybe go a little east or a little west as long as we aim north, so it is at least some form of direction so that you get an alignment at what this is, what our existence depends on, what is our identity, and what are we doing? What is the goal and that everyone buys it. So to really set the north star is incredibly important, and before you start, like roll out a plan, it has to be in place because otherwise you will get into a conflict with contradictory opinions.”*

When making decisions that may create salient tensions (Smith and Lewis, 2011) among stakeholders, the common goal can be used as a communicative tool to get stakeholders on board, which was the second theme that emerged in this dimension: ‘communicating with the common goal’. Specifically,

the theme emerged from three identified activities: ‘motivating decisions to stakeholders with reference to the set goal’, ‘reminding stakeholders about the common goal when they pull in a different direction’, and ‘getting new stakeholders to buy in on the current common goal’. The CEO of the CarTech explains how to motivate decisions using the common goal, which in this case, was set jointly with the stakeholders:

*“What are we achieving this year? And then, you just like, but we have said that this is our goal. Everyone have signed off on it and are “on” with the plan, and for us to make it, we need to make these changes, we need to switch to this product line, and sometimes people will be uncomfortable, but if they have signed off and feel like a part of the bigger vision, then it is easier to make a decision that does not feel 100% for everyone at the beginning.”*

Furthermore, in decision processes that involve stakeholders, our analysis shows that firms are ‘aligning decisions with the common goal’, by juxtaposing decision material with the set common goal. The firms consider which of the available options rhymes best with their common goal, and thereafter, they ‘make decisions that rhyme most with the north star’. The second activity within this dimension is ‘deciding what stakeholder to prioritize based on alignment with the common goal’. The CEO of the CRMTech explicates the latter:

*“I would say all [internal stakeholders and investors] are aligned in that growth is our main focus .. and in that particular decision, it is not super clear what goes first and is most important since we are in the middle of it, so I do not have an answer on what we are going to solve it. But what we have done so far is trying to understand one stakeholder’s incentives, KPIs, the other ones incentives, KPIs, and then take it to the board and discuss what rhymes best with our common goal, that is growth.”*

To manage stakeholder tensions using a common goal is a particularly interesting finding as no models that explicate this strategy was found within the context of stakeholder management, and the approach was rather salient in our data. However, the use of goals is well explicated in business research on individual firms; for example, mission and objectives as key components of firm strategy (Hambrick and Fredrickson, 2001), and core values and belief systems as key components of management control (Simons, 1995). Why is the concept of establishing common goals found in studies of individual firms, but not within stakeholder management? A possible explanation is the lack of research on stakeholder management within high-tech, knowledge intensive start-ups, and that ‘managing with a common goal’ is an approach used more frequently in this context than in the extensively studied context of large corporations. Whether this holds true is an interesting topic for future research.

Although the approach ‘managing with a common goal’ is not explicitly found in the previous stakeholder management literature, some similarities to established theories can be found in both the stakeholder literature and the paradox literature.

First, taking a paradox perspective, the rather conceptual *more-than* approach (Putnam et al., 2016) called synthesis (Poole and van de Ven, 1989) has corresponding elements to ‘setting a common goal’. Recalling that synthesis means identifying a novel solution that takes both paradoxical elements into account (Schad et al., 2016), where managers seek new perspectives or elements that link or accommodate the opposing poles of a paradox (Hahn et al., 2015); the opposing poles in this case are the stakeholders’ heterogeneous interests and conflicting demands, which create tensions. The

similarities are particularly apparent if the process of setting the common goal is *informed by these contradictions*, as explicated by the CEO of the MedTech I:

*“Well, [a regulatory stakeholder] has not set these rules for nothing, it’s to protect society and to ensure that high quality medicines are introduced to the market. And the investors will, if you succeed in introducing a high quality medicine that can address and help many patients, they will earn money, etcetera. So we look for common factors among these stakeholders that pull in different directions, and then try to lay out a path that in the end will benefit everyone.”*

From the data set, we can conclude that the focal firm’s interests and the stakeholder network’s interest are not always perfectly aligned. To close in on alignment, therefore, the studied firms introduce a novel solution; a new perspective; a new element; the *common goal*. Smith and Lewis (2011) argued that in the case of a true paradox, a synthesis is only temporary, it does not really merge the two poles together. Our analysis of the stakeholder relationships and a common goal implies the same: the two (or more) parties’ interests are not perfectly aligned or merged by the common goal. The interests are, however, partly well aligned in terms of the set common goal. What happens when that goal is fulfilled? That goes beyond our study, and it would be interesting for future research to investigate what the effect is of a reached common goal, and what approaches are subsequently applied. However, some form of effective *synthesis* is achieved, our findings conclude, although it may be temporary.

However, this precise process of setting the goal *informed by contradictions* was not found across all firms that used the approach. Therefore, we urge future researchers to examine the difference of these applications of the approach, conceptually and outcome-wise, to gain further understanding on how to leverage the approach optimally.

Second, many of the activities within the two latter themes of this dimension are aimed to maintain direction towards the common goal. For example, by ‘reminding stakeholders about the common goal when they pull in a different direction’. These activities correspond to the paradox approach called *selection*, which means choosing one pole over the other (Seo et al., 2004). The one pole that is chosen in this case, is the interests that lie within the scope of the common goal. As explicated by the two latter themes of this dimension that aim to *maintain the direction*, other stakeholder interests and demands that arise outside the scope of the common goal are often disregarded. Hence, these themes imply *selection* of the interests within the common goal’s direction and the activities that support it. Therefore, although setting the common goal is a way of integrating two separate poles into a new whole, in extension it can be used as an either/or approach (Putnam et al., 2016) as well, by neglecting what lies without the new whole.

In summary, our analysis shows that ‘managing with a common goal’ is a way for firms to decrease tensions by uniting stakeholders with a set common goal. The approach can be leveraged to create a *synthesis* of stakeholder-firm and stakeholder-stakeholder tensions, and a way to subsequently *select* that which lie within the scope of the common goal. Although we find some evidence of this dimension being used as a more-than approach, it is mostly broadly used as a *both-and approach* in that it tends to both poles of stakeholder contradictions. Therefore, we categorize it as the latter.

This dimension was found in 10 of our studied firms (see Figure 5). Hence:

**Proposition 1:** High-tech, knowledge intensive start-ups manage stakeholder tensions by setting a common goal and consistently using it as a communicative tool

### 4.3 Temporal Prioritization

To tackle the issue of time and resource scarcity while managing stakeholders tensions, our analysis shows that the studied firms use ‘temporal prioritization’, i.e. separating activities that cater to stakeholders’ demands and interests into different points in time: not randomly, but with certain prioritization criteria. The eight activities identified in this dimension (see Figure 3) emerged into three themes: ‘prioritizing stakeholders and demands’, ‘motivating delay and buying time’, and ‘temporal separation’ (Poole and van de Ven, 1989). This approach was found to be used for managing stakeholder-stakeholder tensions as well as stakeholder-firm tensions.

The first theme, ‘prioritizing stakeholders and demands’, emerged from three identified activities: ‘clear prioritization of which stakeholder to serve first’, ‘prioritizing demands based on stakeholder urgency’, and ‘prioritizing demands based on consequences for the firm’: of acting upon it or not, that is. A quote from the co-founder and CTO of the PropTech provides a great example of prioritizing stakeholder demands based on the stakeholder’s urgency and the consequences for the firm, and of the two subsequent themes of this dimension:

*“But it is multiple parameters, like what has the most severe consequences? Can we delay it? Can we buy time? That is always my way of working with things, can I get their will through, not today, but tomorrow? So try to push it forward. Or, I mitigate it by down-scoping it. Let’s take this ball and make it into a pingpong-ball instead, so they will be satisfied with that. They might not even think about it being a ping pong-ball right now, and then you can promise more later. Because it is always time constraint, and what you do right now is super important.”*

The above quote transitions well into the second theme: ‘motivating delay and buying time’, which emerged from three main activities: ‘giving stakeholders something small so that they will accept delaying acting on their demand’, ‘guiding stakeholders back to the common goal to motivate delay’ (see 4.2), and finally, ‘motivating decisions with explanation that it is in their interest’. The first activity is well explicated by the above quote from the co-founder and CTO of the PropTech, with the example of “take this ball and make it into a pingpong-ball instead”, i.e. severely down-scoping the stakeholder demand temporarily to decrease the needed time and resource input here and now. Furthermore, as to motivating decisions, the firms describe that instead of responding in accordance with demands, they try to argue for how *not* doing so right now tends to that stakeholder’s interests, by, for example, working on something else that is more beneficial to that stakeholder as well.

In regard to ‘guiding stakeholders back to the common goal to motivate delay’, the CEO of the TalentTech provides an example:

*“You try to, in a diplomatic fashion, because it is so easy to step on toes here, so generally you try to lead them [stakeholders] back to their own insight that maybe this is not in line with that [the firm's current path], by asking questions like how, how does this help us in achieving our main goals right now? And often, they are pedagogically led to understanding our reasoning for postponing.”*

The third theme of this dimension emerged from three activities: ‘strategically choosing what to do at what time’, ‘communicating to stakeholders that we will act on their demand later’, and ‘jumping from tending to one stakeholder to tending to the next’. Corresponding to the paradox literature, this theme is labeled *temporal separation* (Poole and van de Ven, 1989). The essence of these activities is the choice made by the firm to separate their responses to stakeholder demands and interests into different points in time. As an example, the following quote by the founder of the BioTech I explains how they are strategically choosing at what point to act on a stakeholders request for an expansion, communicating that they will act on it in the future, as well as ‘motivating the delay and buying time’ (recalling the previous theme):

*“I say well yes, that makes a lot of sense from a strategy perspective. But we're not ready to do that. So I think that's, that's a situation where I really do want to expand to India. I want to accelerate that. But managing the stakeholder and saying, hey, here's one, we can do this. Maybe in 2024 we can start to look at local manufacturing. But in the meantime, here's a thought. Let's find local distribution where we can actually just ship larger volume and package it in India. So you have to balance these things and that's a great example where every investor, especially further along the company gets and want to add some value.”*

Further insights to the process of temporal prioritization are provided by the co-founder and CEO of the PropTech, explaining how they must go from tending to one stakeholder to tending to the next, and that the other stakeholders “can wait”:

*“Then, we go for that, Norway can wait, [internal engineering] team can wait, you do not have a lot of problems regarding that right now and the tech team, you will have to postpone your cleaning. Now we have to go for the customer's request. That is how it is all the time, the different wills pull in what we can and should develop in our product, our service, our offering. But not just our software, but also us as a company.”*

As previously stated, this dimension corresponds well with key elements of the paradox approach *temporal separation* (Poole and van de Ven, 1989). Recalling that temporal separation takes into account the role of time (Poole and van de Ven, 1989), and allocates competing demands to sequential time periods (Schad et al., 2016), our analysis shows that this holds true in the case of managing stakeholder tensions as well. At one point in time, the firms choose to act on one stakeholder's demand, whilst at another point in time, that stakeholder is temporarily set aside and another stakeholder's demand is acted upon. The choice of when to serve which stakeholder seem to be dependent on several factors: the stakeholder's level of prioritization (i.e. importance), the stakeholder's expressed urgency, the firm's assessed consequences of acting or not acting upon the demand, and strategic choices on what makes sense to do at what point in time. This list of factors, however, is not believed to be exhaustive: but these were the salient ones in our collected data.

These choices of when to cater to which stakeholder holds similarities to the large string of research on identifying and prioritizing stakeholders, in particular the *stakeholder salience* model (Mitchell et al., 1997) and the two factors stakeholder power and urgency. Urgency, as a factor of temporal prioritization, is strongly supported by the data set, as well as stakeholder power as an input factor to stakeholder level of prioritization and the firm's assessed consequences. Our analysis shows that this dimension also corresponds to the strategic cognition view of issue salience (Bundy et al., 2013), in determining what stakeholder issues are salient in the view of the managers. However, the question of what determines which stakeholders are important to the firm is well documented in previous



stakeholder management literature (see Wood et al., 2021), therefore, we will not discuss the matter in any further depth.

Returning to a paradox perspective: these processes that are temporally separated may influence each other; for instance, one can affect the conditions under which the other will operate (Poole and van de Ven, 1989). Whether this holds true in regard to managing stakeholder tensions is not thoroughly investigated in our study. However, the opposing poles, i.e. the conflicting stakeholder demands, *may* be interrelated in such a way that they exert mutual influence (Poole and van de Ven, 1989) and in many cases, the effect of tending to one stakeholder demand may affect under which subsequent conditions a conflicting demand is acted upon. Taking the previous example of the BioTech I's stakeholders pushing for a full expansion to India, the founder chose not to act on that stakeholder's demand now, but communicated that they intend to delay that action and instead cater to those stakeholders that push for a focus on the European market. It is believed that the stakeholder demand to expand to India may be influenced by the process of acting upon the opposing stakeholder demand, i.e. the outcome of focusing on Europe instead. Whether this holds true, and how this interrelation takes form, would be interesting to see investigated by future research.

Furthermore, the identified activity 'jumping from tending to one stakeholder to tending the next' holds similarities to the idea of temporal separation that there may be with *swings* between one side and the other (Poole and van de Ven, 1989), i.e. vacillation (Putnam et al., 2016). Furthermore, the essence of integrating stakeholder prioritization elements into the concept of temporal separation is to fully capture how the focal firms are managing these stakeholder tensions when they cannot cater to all at once. What temporal prioritization captures, thereby, is how firms separate the processes of catering to conflicting stakeholder interests and demands, as well as how the firms are making the choice as to what comes first. However, once a stakeholder's demand is acted upon, that stakeholder's interests will likely not be fully satisfied *indefinitely*; that stakeholder's interests will likely require additional attention at some point in the future. The activity of jumping between these stakeholder's interest is well captured by the final quote of this section by the co-founder and CEO of the PropTech, corresponding to the concept of vacillation (Putnam et al., 2016), i.e. shifting back and forth between the poles at different times or in different contexts (Poole and van de Ven, 1989). In this context, therefore, the approach temporal prioritization is leveraged as a *both-and approach* (Putnam et al., 2016).

Taking a stakeholder management perspective, temporal prioritization holds some similarities to the across-decision approach (Reynolds et al., 2006) in that the focal firm "may completely dismiss the interests of a stakeholder on one decision, but that might be compensated in future decisions" (Reynolds et al., 2006). The across-decision approach, therefore, corresponds well with the temporal separation concept of tending to one stakeholder demand at one point in time, while delaying another, which the firm tends to at a later point in time. By looking at stakeholder management across the system (Reynolds et al., 2006) temporal separation is accepted in that not every stakeholder's demands or interests must be acted upon or satisfied at all times; the firm can compensate stakeholders for lack of attention now, at a later point in time. The similarity between these two concepts from paradox literature and stakeholder literature raises an interesting question; if an across-decision approach is instrumentally more valuable to the focal firm (Reynolds et al., 2006) than a within-decision approach, does the same argument hold for temporal prioritization?

As ending remarks to this discussion, the following proposition is made:

**Proposition 2:** High-tech, knowledge intensive start-ups manage stakeholder tensions by leveraging prioritization techniques to decide which stakeholder's interest to tend to at what point in time

## 4.4 Managing Expectations

Our analysis shows that firms proactively manage the expectation of their stakeholders. Specifically, seven identified activities emerged into two themes: 'establishing precise expectation levels via dialogue' with stakeholders, and 'communicating with selectiveness' (see Figure 4). The former was a fairly expected finding, as it corresponds well with existing literature on stakeholder management (e.g. Morsing and Schultz, 2006; Golob and Podnar, 2014; Kaptein and Van Tulder, 2003; Lehtimäki and Kujala, 2017). On the contrary, the latter theme is less salient in previous literature and was thereby less expected. This dimension was found to be used primarily for managing stakeholder-firm tensions.

First, the theme 'establishing precise expectation levels via dialogue' with stakeholders emerged from four identified activities: 'avoiding over-promising in order to maintain trust', 'communicating capacity to set expectations', 'proactively avoiding surprises through communication', and 'actively listening to stakeholders to identify potential misalignments in expectations'. An example of the process, and the importance of, 'establishing precise expectation levels via dialogue' is provided by the CEO of the BioTech II:

*"It's very important to listen to them and try to make sure, already before they enter, that they know what they are entering into and what you give. So it's not like: they believed this was a three year [investment] and then it was six. That's lethal for the whole company so it must be super clear. This is the terms, this is what we are going for: are you with us, yes or no? So that you don't have to take that later, so that you don't have to fight them, and like, try to buy them out."*

Second, the theme 'communicating with selectiveness' emerged from three identified activities: 'delaying good news to balance with bad news when necessary', 'avoiding negative signals to prevent loss of stakeholder interest', and 'balancing messaging to keep stakeholders satisfied'. The co-founder and CEO of the InsureTech provides an example of being selective with, and rationing, their good news:

*"Something we do towards some of our stakeholders is that we usually don't share all our good news at the same time. We ration a bit, because as a start-up, it goes up and it goes down, and so when five good things have happened in a week you don't share the five good things but you say two of them, and when it is a bad week then you tell them the bad news alongside the rest of the three good news. And, I don't know, maybe that's being a bit cynical, we don't want to keep them in the dark but we see it as more pragmatic. You should never beat the expectations too much, you should constantly lay slightly above them."*

The first theme, 'establishing precise expectation levels via dialogue', corresponds well with previous literature; for example, Kaptein and Van Tulder (2003) argue that effective stakeholder dialogue is a crucial tool for setting expectations that benefit both the firm and its stakeholders. By involving stakeholders in the decision-making process and discussing their expectations, a common understanding can be reached, leading to better outcomes and greater stakeholder satisfaction

(Kaptein and Van Tulder, 2003). Ultimately, clear and open communication is key to ensuring that expectations are aligned and that everyone is working towards the same goals (Bosse and Sutton, 2019).

In contrast, the second theme ‘communicating with selectiveness’ is less salient in previous literature. The use of ‘communicating with selectiveness’ to manage stakeholder tensions hold some similarities to *strategic ambiguity*, which refers to the deliberate use of language that is vague, ambiguous, or open to interpretation in order to achieve a specific goal or objective (Scandellius and Cohen, 2016). Our analysis suggests that ‘communicating with selectiveness’ is used as an approach for managing the volatility of business within the studied start-ups, by optimizing the use-case of the information at hand, which interestingly, goes in stark contrast to Bosse and Sutton’s (2019) argument that “clear and open communication is key”. Which approach is instrumentally more valuable to the firm? Is one more effective in the short-term and the other in the long-term? These questions go beyond the scope of our study, and we urge future researchers to further investigate the matter.

Taking a paradox perspective, there is no established approach found in the literature that corresponds particularly well with the ‘managing expectations’ approach identified. However, our data suggests that the approach is not used as a way to manage, and far less embrace, tensions; rather, it is an approach that seeks to *avoid* tensions by setting an expectations level that primarily suits the focal firm, and further, communicate selectively so that stakeholders will experience that their expectations are being met. The approach is, then, shaped to fit the focal firm; therefore, the approach corresponds to selection (Seo et al., 2004), i.e. an *either-or* approach (Putnam et al., 2016).

## 4.5 Demand Alteration

Our analysis shows that firms manage stakeholder tensions with ‘demand alteration’. Specifically, the five activities identified emerged into two themes (see Figure 4): ‘assessing demand fit and needed resources’, and ‘negotiating and altering demands’. The approach was found to be used primarily for managing stakeholder-firm tensions.

The first theme ‘assessing demand fit and needed resources’ emerged from three identified activities: ‘comparing stakeholder demands to the company strategy’, ‘making decisions with stakeholders that rhymes most with the common goal’ (see 4.2), and ‘assessing needed resources’. The essence of the theme is well captured by the co-founder and CSO of the TalentTech, who describes the act of *sanity-checking* stakeholder demands against multiple parameters:

*“It goes two ways, and I mean, it’s [the stakeholders’] job to do that, like, it’s fantastic that they come with improvement ideas, but it’s also necessary then to sanity-check these against your own competencies, capacity, capital, and strategy. So yeah, you have to take such requests through, let’s say, a vetting process.”*

A similar point on assessing demand fit is explicated by the CEO of the CarTech:

*“It’s super important to ask, what is the potential in this [acting on the stakeholder demand]? How aligned is it? Is it perfectly aligned with what the company wants, or what I and the other founder, and everyone else in the company believes in right now?”*

The second theme within this dimension, ‘negotiating and altering demands’, emerged from two identified activities: ‘altering stakeholder demands to decrease needed resources’, and ‘altering stakeholder demands to align with company interests’. A clear example of the first activity is provided by the co-founder and CEO of the PropTech:

*“What ways do I have to manage this? Do I have to put all these resources into this stakeholder demand? Or can I change the target for it? That’s what you try to work around, so that less resources are needed for this ask.”*

The second activity, ‘altering stakeholder demands to align with company interests’, is well explicated by the CEO of the CRMTech:

*“Can I tweak this into something that is very aligned? Something that is in between, that is aligned with us. So you try to redirect it a bit, so the alignment is better, maybe with us, but also with more of the other stakeholders, so you try to hit the spot that benefits others as well.”*

In section 4.3 *Temporal Prioritization*, some of the elements identified correspond with the strategic cognition view of issue salience (Bundy et al., 2013), and this dimension holds some similarities to said framework as well. In particular, firms’ assessments whether demands are conflicting or consistent with the firms’ strategic frame, which decides issue salience (Bundy et al., 2013), are similar to the activities focused on assessing demand fit with company interests. They are similar in that stakeholder issues are weighed against the firm strategy in the framework and in our empirical cases. However, a large difference is that issues that are both conflicting and consistent with the strategic frame in Bundy et al.’s (2013) framework calls for equal salience, although in a negative or positive sense (respectively). In contrast, our data suggests that the studied firms use that assessment to decide how to proceed: act upon the demand as requested by the stakeholder, or alter and negotiate the demand to better fit with the company interests (for techniques used to *deny* stakeholder demands, see e.g. 4.2). In other words: whereas the strategic cognition view of the issue salience framework anticipates how much *attention* the issue will receive, the activities identified in this dimension are more focused on shaping the *subsequent actions* to better fit with the firm’s current path.

Both themes of this dimension hold similarities to the instrumental view on stakeholder management, in particular those theories that emphasize how and why to *not* over-allocate resources to specific stakeholders, i.e. to optimally distribute available firm resources between multiple stakeholders (Harrison and Bosse, 2013). Specifically, the activities ‘assessing needed resources’ and subsequently ‘altering demands to decrease needed resources’, can be viewed as practical approaches to avoid over-allocation of resources to certain stakeholders, thereby avoiding instrumental losses that over-allocation may cause (Harrison and Bosse, 2013). If this relationship holds true, then the identified approach that leads to less resource allocation for the responses connected to the *right* stakeholder demands, is instrumentally valuable to the firm as well. This raises interesting questions; what is the *right* stakeholder demand to decrease resources allocation to? In the current study, the firms rely on their own assessment of the fit and the needed resources, but their assessment may not be accurate. Their assessment may not lead to optimal resource allocation, and in extension, the highest instrumental value. While over-allocation of resources is more likely for important stakeholders, the cost of over-allocation is somewhat mitigated by the strategic importance and the value these stakeholders may create for the firm (Harrison and Bosse, 2013). In the case of start-ups with time and resource scarcity in our study, however, over-allocation to one important stakeholder

may pose a high risk of under-allocation of resources to another important stakeholder, corresponding to a trade-off scenario where the allocated resources to one party cannot be increased without reducing the allocated resources to the other (Jeffries and Reed, 2000). It seems, therefore, that optimal resource allocation is a key part of managing stakeholder tensions within high-tech, knowledge intensive start-ups. We have explicated and analyzed the approaches leveraged by the firms, but which approach leads to *optimal* resource allocation when managing stakeholders tensions is an interesting topic for future research.

Taking a paradox perspective, the essence of the ‘altering stakeholder demands to align with company interests’ is severely different depending on whether the firm (a) alters a demand in such a manner that the response tends to opposing poles, i.e. contradictions, simultaneously or (b) alters a demand in such a manner that it fits well with the firm's interests by decreasing the fit with the stakeholders interest substantially. In (a), the firm would conceptually apply a synthesis approach, i.e. introduce a novel solution that takes both contradictory elements into account (Schad et al., 2016), and suggest a response that is not what was requested by the stakeholder, nor what was previously intended by the firm. Although, the response would succeed in tending to both opposing poles simultaneously. However, as explained by the CEO of the CarTech and the CEO of the CRMTech above: the data-set is heavily weighted toward approach (b) in that the firms try to alter the responses to find as much alignment with the company interests as possible. This implies that the firms leave the realm of more-than approaches (Putnam et al., 2016), leaning towards *either/or* approaches like selection (Seo et al., 2004), where the firms’ interests are prioritized, and hence, the synergistic benefits that may be achieved from more-than approaches (Putnam et al., 2016) are lost.

## 4.6 Monitoring and Managing Stakeholder Relationships

Our analysis shows that firms use the approach ‘monitoring and managing stakeholder relationships’. Specifically, the eight identified activities emerged into three themes (see Figure 4): ‘monitoring relationship conditions’, ‘prioritizing based on relationship conditions’, and ‘proactively improving relationship conditions’. The approach was found to be used to manage both stakeholder-firm tensions and stakeholder-stakeholder tensions.

The first theme, ‘monitoring relationship conditions’, emerged from two identified activities: ‘communicating with stakeholders to gain insights into their interests’, and ‘monitoring relationship account balances (whether positive or negative)’. The latter, a view of stakeholder relationship conditions as *accounts* with varying balances, is well explicated by the co-founder and CTO of the PropTech:

*“Everything is about relationships. You must constantly work to have a buffer and a positive balance on these accounts. When it starts to get tough, that’s when you have a plus, minus equals zero balance. If you have postponed something with a client, for example, five times, you will be on negative balance. The next time you postpone something with that client, they will say, ‘damn it, I cannot stand you anymore. You always make promises but never fulfill them’. So you have to keep track of the balance; what have I done with this stakeholder lately? Is there space to postpone? Or do we have to prioritize it?”*

The latter part of the quote transitions well into the second theme of this dimension, ‘prioritizing based on relationship conditions’, which emerged from two identified activities: ‘prioritizing stakeholders based on past mistakes’, and ‘prioritizing based on account balances’. The Director of

the BioTech I explains a situation where they prioritized one stakeholder over others due to a previous incident, i.e. the relationship condition in that stakeholder-firm relationship was deemed to be poor:

*“Not only did they get a delayed product, they also got a defective product, so I had to send new samples to them. We did that super quickly and managed to solve it. But the gist was that they started to question us and be like, ‘will you even be able to deliver 500 kilos? That’s not trustworthy right now’. So in that situation, you have to solemnly swear that, like, you are our priority number one now .. I won’t care if we get an order of 1000 kilos from India or 5000 kilos from Bangladesh.”*

Furthermore, firms ‘proactively improve relationship conditions’; by utilizing one or several of the identified activities to improve relationship conditions, firms work to build up a *reserve*, which constitutes the third theme of this dimension. Specifically, the theme emerged from four identified activities: ‘giving stakeholders frequent attention to keep them happy’, ‘making stakeholders feel that they are the number one priority’, ‘creating a friendly relationship with stakeholders’, and ‘building credibility towards stakeholders to gain trust’. The first three activities are made explicit the CEO of the MedTech II:

*“I think the success factor is to become best friends with most people and make them feel important. You can, like, send them pictures, tell them that you think about them and so on. That makes people feel important, and then they will calm down.”*

This dimension corresponds well with previous literature on stakeholder management. Specifically, the first theme ‘monitoring relationship conditions’ and subsequently prioritizing actions based on these correspond with stakeholder theorists’ emphasis on fairness and justice (e.g., Bridoux and Vishwanathan, 2020; Donaldson and Preston, 1995; Mitchell et al., 1997; Jones and Wicks, 1999). This dimension can be viewed as an approach to ensure fairness and justice in the firm’s management of stakeholder tensions, by understanding and prioritizing stakeholders that have a *poor relationship condition*, i.e. those whose interests have not been adequately addressed.

Furthermore, the second theme, ‘prioritizing based on relationship conditions’, corresponds well with, and may be viewed as an extension of, the across-decision approach (Reynolds et al., 2006). To iterate: the across-decision approach takes a long-term perspective and aims to balance stakeholder interests over a series of decisions made over time (Reynolds et al., 2006). In practice, this implies making decisions that may put one particular stakeholder at disadvantage in the short term, but the firm would then compensate for that disadvantage in the long term, which corresponds well with the ‘monitoring and managing stakeholder relationships’ approach in that firms prioritize stakeholders with poor relationship conditions, thereby aiming to increase those relationship conditions. If there are contradictions among stakeholders and/or a trade-off scenario, the firm would in practice weaken the conditions of other stakeholder relationships with a deemed *reserve*. Ultimately, each stakeholder is supposed to have a *good-enough* relationship condition, i.e. experience that their interests are being met.

The third theme ‘proactively improving relationship conditions’ corresponds well with stakeholder theorists’ emphasis on the significance of investing in stakeholder relationships (e.g. Freeman, 1984; Donaldson and Preston, 1995; Mitchell et al., 1997). As argued by McGahan (2021), a firm’s resources are obtained and nurtured through a network of relationships with stakeholders, and furthermore, managing these resources primarily involves managing these relationships (Bridoux and

Stoelhorst, 2022). Thus, ‘proactively improving relationship conditions’ can be viewed as an approach to selectively invest in and manage stakeholder relationships.

In addition, this dimension corresponds well with the notion of optimal resource allocation (Harrison and Bosse, 2013) in the sense that by ‘monitoring relationship conditions’, ‘prioritizing based on relationship conditions’, and ‘proactively improving relationship conditions’, firms ensure that each stakeholder relationship maintains a good-enough condition; hence, this dimension can be viewed as a practical approach to ensuring that each stakeholder receive the *minimum level of resource allocation* (Harrison and Bosse, 2013).

Taking a paradox perspective, this dimension corresponds well with the *both-and approach* vacillation (Putnam et al., 2016) i.e. swings between poles at different times or in different contexts (Poole and van de Ven, 1989): similar to our dimension ‘temporal prioritization’ presented in section 4.3. A key difference between these dimensions, however, is that while temporal prioritization takes into account the role of time (Poole and van de Ven, 1989), this dimension takes into account the *relationship condition*. Similar to temporal prioritization, in the short term, firms *select* one pole over the other with the approach ‘monitoring and managing stakeholder relationships’, i.e. it is temporarily an either-or approach. But in the long-term, the firms aim to keep all relationship conditions well, hence, we categorize it as a *both-and approach*.

In summary, the dimension ‘monitoring and managing stakeholder relationships’ corresponds well with previous stakeholder management literature on fairness, the across-decision approach, and optimal level of resource allocation. A contrast to the stakeholder literature, however, is the studied firms’ framing of relationships as monitored conditions, in their words *accounts*, that guide the firms’ decision-making. From a paradox perspective, the approach corresponds to *vacillation*.

## 4.7 Putting the Analysis Together

In the following section, our final analysis of all the previously discussed findings is presented. First, we summarize which themes and dimensions each case company demonstrated and briefly discuss the matter. Second, we provide a high-level summary of the findings from a theoretical standpoint. Third, we answer our second research question: *to what extent do these start-ups leverage approaches from paradox theory when managing stakeholder tensions?* and synthesize the identified approaches into either-or, both-and, and more-than approaches: once again, inspired by the categorization framework of Putnam et al. (2016). Finally, we discuss the implications of our findings in light of the final synthesis, and we discuss possible reasons behind the outcomes.

Dimension	Theme	MedTech I	CRMTech	PropTech	InsureTech	CarTech	TalentTech	BioTech I	SaaS Tech	EcoTech	Web3Tech	MedTech II	DeliveryTech	AITech	FinTech	MediaTech	EduTech	BioTech II	MedTech III	Σ
Selecting stakeholders with fit	Choosing stakeholders with strategic compatibility	△	△	△	△	△	△	△	△	△	△	△	△	△	△	△		△		15
	Choosing stakeholders with value congruence	△		△		△	△	△	△	△	△		△	△	△		△	△	△	14
	Choosing stakeholder with minimal tensions	△		△	△	△	△	△	△		△		△			△	△	△		12
Managing with a common goal	Setting a common goal	△	△		△	△			△	△	△				△		△	△		10
	Communicating with the common goal	△	△		△	△			△		△				△		△	△		9
	Aligning decisions with common goal	△	△			△					△				△			△		6
Temporal prioritization	Prioritizing stakeholders and demands	△	△	△	△	△	△	△	△		△	△	△	△		△	△	△	△	16
	Motivating delay and buying time	△	△	△		△	△	△			△	△	△	△		△	△	△	△	14
	Temporal separation	△	△	△		△	△	△			△	△	△	△		△	△	△	△	14
Managing expectations	Establishing precise expect. levels via dialogue	△		△	△		△	△	△			△		△	△	△		△	△	12
	Communicating with selectiveness	△		△	△		△		△			△		△	△	△		△		10
Demand alteration	Assessing demand fit and needed resources	△	△	△	△	△	△	△	△		△	△		△	△		△	△		14
	Negotiating and altering demands	△	△	△	△	△	△		△		△	△		△	△		△	△		13
Monitoring & Managing Stakeholder Relationships	Monitoring relationship conditions		△	△	△	△	△	△		△			△		△	△			△	13
	Prioritizing based on relationship conditions		△	△	△	△	△	△		△			△		△	△			△	12
	Proactively improving relationship conditions			△	△	△	△	△		△		△	△		△					9

**Figure 5:** Approaches used by the case companies

Six approaches for managing stakeholder tensions were identified in the study (see Figure 5). *None* of the case companies demonstrated all dimensions, and *none* of the dimensions were demonstrated by all case companies: which is deemed a natural outcome. According to our selection criteria, the case companies' active time of business is limited; hence, the fact that no firm exhibited all dimensions may be explained by the fact that the firms have not had the time, needs, or capabilities to apply all approaches (yet). However, even if the active time of business would have been significantly longer, it is deemed *natural* that not all firms use the exact same set of approaches to manage stakeholder tensions. While no dimension was demonstrated by all of the studied firms, some are more widely used than others. For instance, the dimension 'selecting stakeholders with fit' and its themes are demonstrated by a majority of the case companies, which may be explained by the salience of such approaches in previous literature and that there is, thereby, extensive knowledge on how to apply them. Other dimensions were demonstrated by fewer case companies, such as the 'managing with a common goal', and in particular the theme 'aligning decision with the common goal' that was demonstrated by six of the case companies. The explanation for *why* may be the opposite to that of 'selecting stakeholders with fit'; the 'managing with a common goal' approach is not salient in previous stakeholder management literature, and so, knowledge about the approach and how to apply it is scarce. Even so, it is notable that a substantial part of our case companies actually applies the approach. As discussed elsewhere, this discrepancy to previous literature may be due to contextual factors.



Expectedly, most of the identified approaches to managing stakeholder tensions hold elements that correspond well with previous stakeholder management literature. One approach that stands out in this sense, i.e. is not found in previous literature, is the ‘managing with a common goal’ dimension, which is a salient topic in management and strategy literature, but not in stakeholder management literature. The reason for *why* the approach is not found in the latter might be due to the context of this study, i.e. high-tech, knowledge intensive start-ups, and the scarcity of previous research within it.

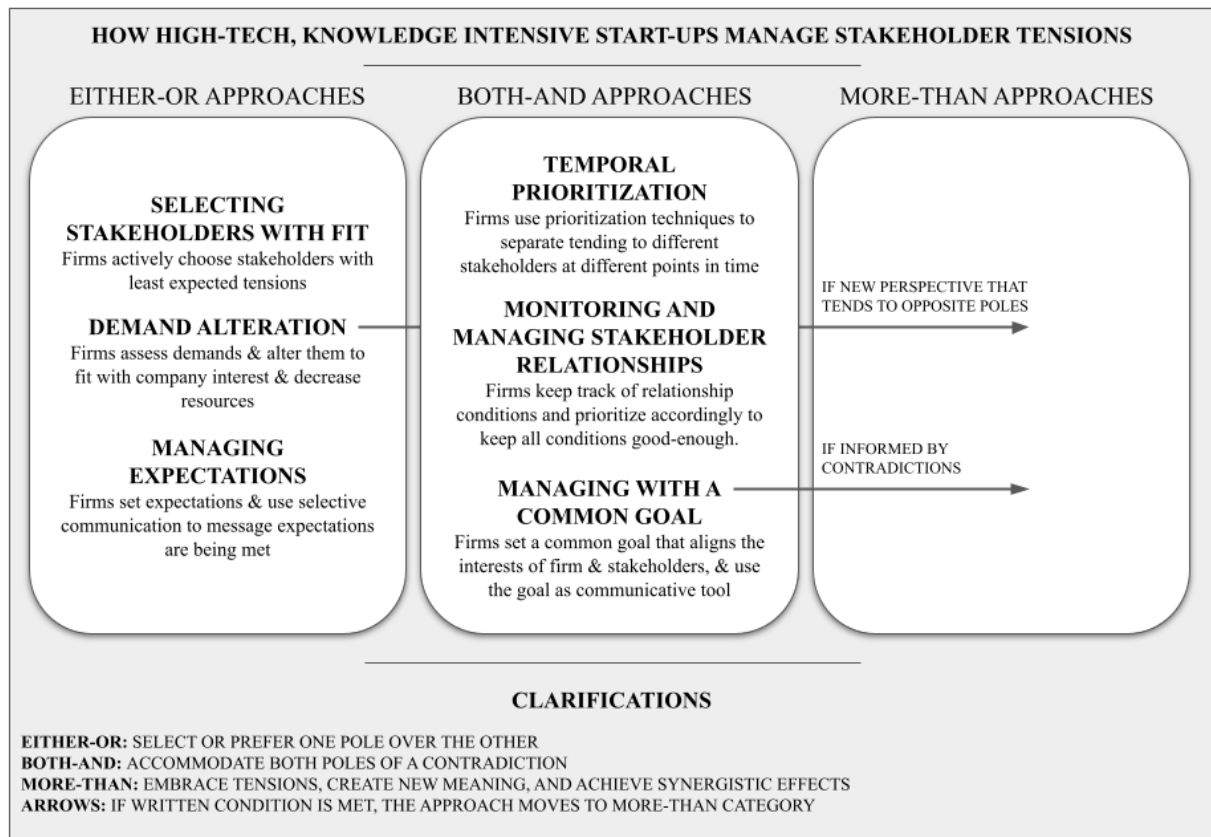
Furthermore, ‘monitoring and managing stakeholder relationships’ and ‘demand alteration’ hold some similar elements to each other, and can be viewed as two sides of the same coin. While the former is used to ensure that stakeholders receive at least the minimum amount of resource allocation (Harrison and Bosse, 2013), the latter is used to keep away from over-allocation (Harrison and Bosse, 2013) of scarce resources. While previous literature has emphasized the conceptual importance of optimal resource allocation (Harrison and Bosse, 2013; Garcia-Castro and Francoeur, 2016; Laplume et al., 2022), this study contributes in identifying these two practical approaches used to achieve it.

Taking a paradox lens, analysis shows that three of the six identified approaches can be *explicitly* connected to established paradox approaches that tend to both poles of a contradiction. In particular, ‘managing with a common goal’ corresponds well with the paradox approach synthesis (Poole and van de Ven, 1989) when informed by contradictions, and ‘temporal prioritization’ corresponds well with temporal separation (Poole and van de Ven, 1989), and ‘monitoring and managing stakeholder relationship’ corresponds well with the paradox approach vacillation (Putnam et al., 2016). The common goal is a way to accommodate opposing poles simultaneously, and it is the one identified approach that most evidently corresponds with paradoxical more-than approaches (Putnam et al., 2016) and thereby, may leverage the synergistic effects of managing contradictions (Putnam et al., 2016). This holds true especially if the common goal is set and informed by contradictions in the stakeholder network, as done by the BioTech II; if not, it is more accurately categorized as a both-and approach. Because the case companies were more frequently using it with the latter characteristics, we categorize the approach as *both-and*, and we illustrate the evident possibility to use it as a more-than approach with an arrow to the right in Figure 6, accompanied by the condition for said movement.

While Putnam et al. (2016) categorize temporal separation as an either-or approach, the studied firms combined temporal separation with vacillation, i.e. oscillating between opposite poles. The latter is categorized as a both-and approach, which is different from either-or approaches in that it accepts the contradiction and tends to both poles (Putnam et al., 2016). Furthermore, our analysis shows that the approach ‘monitoring and managing stakeholder relationships’ is used to tend to opposing poles of tensions over time, similar to the aim of the ‘temporal prioritization’ approach. The key difference, however, is that the former focus on actively managing the condition of stakeholder-firm relationships. In tending to both sides of contradictions over time, ‘monitoring and managing stakeholder relationships’ and ‘temporal prioritization’ are categorized as *both-and* approaches.

Although ‘demand alteration’ can be used as the paradoxical more-than approach synthesis if it includes a new perspective that tends to opposite poles simultaneously, our analysis shows that it is primarily used as an *either-or* approach, i.e. dismissing contradictions and choosing one pole over the other: specifically, the firms’ interests. Furthermore, ‘selecting stakeholder with fit’ corresponds particularly well with the *either-or* approach selection (Putnam et al., 2016), which is mainly applied to avoid or decrease future tensions in the stakeholder network. Analysis implies that the approach ‘managing expectations’ lacks a clear conceptual connection to established paradox approaches, but that it is used to avoid tensions in favor of the firms’ interests, and it is therefore categorized as an

*either-or* approach. However, the possibility to use demand alteration as a more-than approach is similar to ‘managing with a common goal’, illustrated by an arrow accompanied by the condition for such movement to the right in Figure 6.



**Figure 6:** Synthesis of the findings

*What are the implications* from the fact that the studied firms mostly rely on either-or and both-and approaches? As previously explicated, either-or approaches may, for example, cause conflict (Chung and Beamish, 2010) and lead to organizational decline (Sundaramurthy and Lewis, 2003). Since three of the identified approaches correspond with the either-or category from paradox theory, firms may experience similar negative long-term effects from applying these when managing stakeholder tensions. Furthermore, while there are no explicated negative consequences in previous literature that result from both-and approaches, research suggests that firms that leverage more-than approaches, and consistently succeed in meeting competing yet complementary demands, achieve superior long-term performance (Schad et al., 2016). The cited studies of outcomes from managing paradoxes, however, are primarily focused on managing organizational paradoxes; therefore, future researchers are encouraged to investigate whether this relationship holds true for managing stakeholder tensions as well. If so, there may be substantial advantages for firms in transitioning toward both-and and more-than approaches. Pinto (2019) argued that indeed the same holds true for stakeholder management; to iterate, “if paradox theory is not harnessed to facilitate stakeholder management, the result could be disastrous”.

*Why* do the firms rely mostly on either-or and both-and approaches? One possible factor is that the previous stakeholder management literature tends to recommend *avoiding tensions* and are heavily weighted towards either-or approaches, like selecting and prioritizing stakeholders, and to some extent

both-and approaches (see section 2.5). Another explanation may lie in the individual factors of decision-makers, such as cognitive and behavioral complexity and emotional equanimity, that spur virtuous cycles in terms of paradox management (Smith and Lewis, 2011); but these lie beyond the scope of this study.

**Proposition 3:** High-tech, knowledge intensive start-ups primarily use either-or and both-and approaches when managing stakeholder tensions, neglecting the potentially synergistic effects of more-than approaches

## 5. Conclusion

This study answers the call from Pinto (2019) and Martin and Phillips (2022) to conduct research at the intersection of stakeholder management paradox theory. The purpose of this study was to investigate how high-tech, knowledge intensive start-ups manage stakeholder tensions, and to investigate to what extent these firms leverage approaches from paradox theory when managing stakeholder tensions. The six approaches identified were synthesized to either-or, both-and, and more-than approaches, and the analysis showed that the studied firms rely mostly on the former two categories of approaches. Three of the six identified approaches correspond particularly well with established approaches from paradox theory. In the following sections, we discuss the study's theoretical contributions, managerial implications, and finally, limitations and suggestions for future research.

### 5.1 Theoretical Contribution

The findings of this study contribute to the stakeholder management literature in four ways. First, this study expands the stakeholder management literature by collecting empirical data on the approaches utilized by high tech, knowledge intensive start-ups when managing stakeholder tensions, which have been scarcely researched; previous literature on stakeholder management is heavily weighted towards studying large corporations. This study presents the six main approaches to managing stakeholder tensions: 'selecting stakeholders with fit', 'managing with a common goal', 'temporal prioritization', 'managing expectations', 'demand alteration', and 'monitoring and managing stakeholder relationships'.

Second, this study answers the call for research at the intersection of stakeholder management and paradox theory. By collecting data on approaches utilized when managing stakeholder tensions and drawing links to the paradox literature, this study explicates to what extent high-tech, knowledge intensive start-ups are actually leveraging approaches from the paradox literature, which, if not done properly, could be disastrous (Pinto, 2019). The analysis highlights that the studied firms mostly rely on either-or and both-and approaches, thereby neglecting the synergistic possibilities in more-than approaches (Putnam et al., 2016). Paradox theory has been characterized as something extraneous and exotic, possibly because it is rather abstract (Pinto, 2019); we contribute to making it more concrete by explicating practical approaches to harness paradox theory within the realm of stakeholder management. While Pinto (2019) pointed out the need to harness paradox theory in stakeholder management practices, our study explicates the need even further by categorizing the approaches used by our case companies into either-or, both-and, and more-than approaches. We show that there may be large untapped potential within the latter category, and we specifically explicate how to use which approach to transition into the realm of more-than approaches.

Third, this study identifies two practical approaches to managing stakeholder tensions not previously found in the literature, that correspond well with the established conceptual stakeholder theory argument for optimal resource allocation (Garcia-Castro and Francoeur, 2016; Harrison and Bosse, 2013). Specifically, 'demand alteration' and 'monitoring and managing stakeholder relationships' are two approaches leveraged by the studied firms to ensure that they do not under- or over-allocate resources, respectively, to certain stakeholders.

Fourth, a novel approach to managing stakeholder tensions is identified: ‘managing with a common goal’. Although setting a common goal, mission, or vision is a salient theme in management and strategy literature, it has not previously been identified as a stakeholder management strategy.

## 5.2 Managerial Implications

As our analysis shows that high-tech, knowledge intensive start-ups mostly rely on either-or and both-and approaches when managing stakeholder tensions, the study contributes to identifying substantial improvement potential in these practices. Paradox literature have explicated the negative consequences of suboptimal paradox management, as well as the positive outcomes of successful paradox management (Schad et al., 2016; Sundaramurthy and Lewis, 2003). If the same holds true for stakeholder management in terms of outcomes, which Pinto (2019) argues for, then firms may experience large instrumental benefits from transitioning towards more-than approaches in their management of stakeholder tensions.

Two explicit ways that firms may achieve the above are presented in the analysis. First, firms can manage stakeholders with a common goal that is informed by contradictions, and in doing so, introducing a novel solution to the stakeholder tensions, that tends to the opposite poles. Second, firms can leverage demand alteration to, in the same manner, find a novel solution that is informed by and tends to both contradictory poles simultaneously.

Furthermore, by identifying two practical approaches that correspond with the established conceptual stakeholder theory argument of optimal resource allocation (Garcia-Castro and Francoeur, 2016; Harrison and Bosse, 2013), our study offers guidance on how firms may apply the theory in their management of stakeholder tensions. By leveraging ‘demand alteration’ and ‘monitoring and managing stakeholder relationships’, firms actively work to not under- or over-allocate resources to certain stakeholders.

## 5.3 Limitations of the Study and Future Research

There are some limitations of this study that ought to be acknowledged. First, the data collected is limited to *interviews* with company leaders. Incorporating a *longitudinal approach* (Lincoln and Guba 1985) could have enhanced the credibility of the study’s finding and provided deeper understanding of approaches used to manage stakeholder tensions, similarly so if we had used *participant observations* (Bell et al., 2019, p. 403-432). Longitudinal participant observations would have been particularly beneficial in the cases where respondents explained that they were navigating ongoing conflicts during the time of the interview and the respondents could not explain how they would solve them. Paradoxes, tensions and management thereof are quite complex phenomena, and although it was not feasible within the scope of this study, we recommend future researchers to incorporate a longitudinal approach and/or participant observations when studying the management of stakeholder tensions to fully capture this complexity.

Second, this study solely focuses on the approaches used to managing stakeholder tensions, without empirically investigating the outcomes of using these approaches. While we provide novel perspectives on the approaches used, the framework introduced does not offer prescriptive guidance on what constitutes effective or ineffective management of stakeholder tensions in terms of outcomes. In the analysis, we draw from research on outcomes within paradox literature and pose the question

whether the same holds true for managing stakeholder tensions, which would imply that there would be substantial advantages for firms in transitioning towards both-and and more-than approaches. Therefore, we urge future researchers to explore the outcomes of using some, or all, of the identified approaches to managing stakeholder tensions.

Third, as discussed in section 3.3, we decided to not incorporate the type of stakeholders in our analysis of the data set. It is possible that different stakeholder approaches are leveraged more frequently for certain stakeholder types, which is not discussed in depth in the current study. However, considering our scope, including stakeholder types would have introduced additional complexities that would not have served the objective of our study: understanding the approaches utilized when managing stakeholder tensions. Our findings serve as a foundation for future research, in which the approaches are hoped to be further examined through a lens that specifically considers each approach in regards to different stakeholder types: not only the usage frequency of the approaches, but also a more normative perspective on the effectiveness of the approaches in regards to the types of stakeholders.

Finally, it is important to note that our study does not constitute an end-point, but rather a contribution at the starting point of the intersection of stakeholder management and paradox theory. Whereas our study's explorative aim was to research the context of high-tech, knowledge intensive start-ups to gain insights on how they manage stakeholder tensions, and to analyze these approaches from a paradox perspective, future research may leverage a similar approach to other contexts, e.g. large corporations. Furthermore, we hope that quantitative researchers will extend the credibility of our findings by conducting large-scale studies to validate our findings. Throughout the analysis, we have provided several propositions and posed several questions for future researchers to investigate. We hope that future researchers will explore these further, in particular those questions connected to the novel approach 'managing with a common goal', and 'demand alteration', and how firms may leverage these as more-than approaches.

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# Appendix

## Appendix 1: Interview overview

Interview Overview					
#	Company Alias	Role	Date	Duration	First or second interview
1	MedTech I	CSO	2023-02-21	60 min	First
2	CarTech	CEO	2023-02-23	60 min	First
3	PropTech	Co-founder and CTO	2023-02-24	60 min	First
4	MedTech I	CSO	2023-02-28	30 min	Second
5	BioTech I	Director	2023-03-01	60 min	First
6	Web3Tech	Co-founder and CEO	2023-03-01	60 min	First
7	BioTech II	CEO	2023-03-01	60 min	First
8	TalentTech	Co-founder and CSO	2023-03-02	60 min	First
9	InsureTech	Co-founder and CFO	2023-03-03	60 min	First
10	InsureTech	Co-founder and CEO	2023-03-03	60 min	First
11	CRMTech	CEO	2023-03-06	60 min	First
12	FinTech	Co-founder and CEO	2023-03-07	60 min	First
13	PropTech	Co-founder and CEO	2023-03-08	45 min	First
14	AITech	Co-founder, former CEO and board member	2023-03-09	60 min	First
15	AITech	CEO	2023-03-09	60 min	First
16	SaaSTech	Co-founder and COO	2023-03-09	60 min	First
17	MediaTech	Founder and CEO	2023-03-10	60 min	First
18	BioTech I	Founder	2023-03-13	45 min	First
19	MedTech III	Co-founder and CEO	2023-03-14	60 min	First
20	DeliveryTech	Co-founder and CEO	2023-03-14	60 min	First
21	EcoTech	Co-founder and CEO	2023-03-17	60 min	First
22	MedTech II	CEO	2023-03-17	60 min	First
23	TalentTech	Co-founder and CSO	2023-03-17	20 min	Second
24	EduTech	Co-founder and CEO	2023-03-20	60 min	First
25	MedTech I	Co-founder and CEO	2023-03-24	60 min	First
26	BioTech II	CEO	2023-03-28	15 min	Second
27	TalentTech	Co-founder and CEO	2023-03-28	60 min	First



## Appendix 2: The first interview guide

### Introduction

- **Introduction:** Introduce ourselves
- **Gratitude:** Thank the participant for their time and willingness to participate in the interview.
- **Purpose of Research and Interview:** Explain the overall purpose of the research and how the information from this interview will contribute to our study. Describe what types of questions will be asked during the interview and why they are relevant to the research.
- **Selection Criteria:** Explain why the participant was selected for the interview, highlighting any specific qualifications or experiences that make them a good fit for the research.
- **Confidentiality and Anonymity:** Assure the participant that all information they provide during the interview will be kept confidential and that their anonymity will be protected.
- **Use of Data:** Describe how the data collected from the interview will be used in the research, and how it will contribute to the overall findings of the study. Be clear about who will have access to the data and how it will be analyzed.
- **Voluntary Participation:** Emphasize that participation in the interview is completely voluntary and that the participant can withdraw from the interview at any time for any reason without penalty.
- **Review of Findings:** Explain where and how the findings will be published, and how the participant can access and review the content prior to publication. Offer the opportunity for the participant to provide feedback or make comments on the content.
- **Recording the Interview:** Explain that the interview will be recorded, and what measures will be taken to protect the privacy and confidentiality of the participant. (Ensure the consent form is signed by the participant).
- **Timeframe:** Clarify the expected length of the interview and ask if the participant has any time constraints or a hard stop that must be accommodated.

*Whenever a deemed interesting answer is presented by the interviewee, we will ask many “why” and “how” in order to gain a deeper understanding of the discussed phenomenon.*

### Background and warm-up

1. Where do you work? Tell us about your start-up
2. What is your position at the company?
3. How long have you worked there?
4. What is the purpose of your organization?

### Identify and list stakeholders

5. Which are your current stakeholders? (Identify stakeholders together with the participants, help with common examples if they struggle to name stakeholders)

Definition of “stakeholder” (if needed): *“any group or individual who can affect or is affected by the achievement of the organization's objectives”*

### Decide which are the most important ones

6. Which of your stakeholders do you classify as “most important”?
7. What makes the stakeholder important?

**Each stakeholder in isolation.**

Let's deep dive and go through the "most important" stakeholders and talk about their interests, demands, and your relationship with the stakeholder.

- a. Who is this stakeholder? What are their interests? What are their demands in relation to your firm?
- b. What characterizes your relationship with this stakeholder? How frequent do you have contact? How frequent are your transactions?
- c. What kinds of issues, if any, usually arise? How are these issues managed?
- d. How has this stakeholder affected your business? And what potential to affect your business does the stakeholder have?
- e. How much resources/time/etc. do you allocate to this stakeholder? What kind of resources? Why?
- f. What is the most challenging task of managing this stakeholder?

**Comparing management of the important stakeholders:**

8. According to our discussion of the important stakeholders, there are apparent differences in interests and/or demands with regards to the firm...
  - a. How do you deal with these differences; what is your strategy to balance these stakeholders interests and demands in the long term?
    - i. Why?
    - ii. How does it work? Effects? Success?
9. Can you recall any specific situation when the stakeholders' competing interests and/or demands were explicit and you had to make some form of decision?
  - a. When you realized the conflict, what was your reaction?
    - i. Why?
    - ii. How did it work? Effects? Success?
10. What works best in terms of dealing with the conflicting interests and demands? What have you learned from your experience of dealing with different stakeholders?
11. Have you always dealt with your stakeholders in this way? Or has your approach shifted with time? If so, why is this?
12. If you had endless resources, would you deal with the conflicting interests and demands, in any other way?

**Wrap up**

13. Is there anything else you would like to add in regard to how you manage your stakeholders?
14. Is there anyone else at your firm that is involved in managing the firm's stakeholders? If yes, could we talk to that person?
- Thank the participant for their time and participation, and provide contact information for the researcher in case the participant has any additional questions or concerns following the interview.

*Thank you!*

## Appendix 3: The second interview guide

*Whenever a deemed interesting answer is presented by the interviewee, we will ask many “why” and “how” in order to gain a deeper understanding of the discussed phenomenon.*

### Introduction

- **Introduction:** Introduce ourselves
- **Gratitude:** Thank the participant for their time and willingness to participate in the interview.
- **Purpose of Research and Interview:** Explain the overall purpose of the research and how the information from this interview will contribute to our study. Describe what types of questions will be asked during the interview and why they are relevant to the research.
- **Selection Criteria:** Explain why the participant was selected for the interview, highlighting any specific qualifications or experiences that make them a good fit for the research.
- **Confidentiality and Anonymity:** Assure the participant that all information they provide during the interview will be kept confidential and that their anonymity will be protected.
- **Use of Data:** Describe how the data collected from the interview will be used in the research, and how it will contribute to the overall findings of the study. Be clear about who will have access to the data and how it will be analyzed.
- **Voluntary Participation:** Emphasize that participation in the interview is completely voluntary and that the participant can withdraw from the interview at any time for any reason without penalty.
- **Review of Findings:** Explain where and how the findings will be published, and how the participant can access and review the content prior to publication. Offer the opportunity for the participant to provide feedback or make comments on the content.
- **Recording the Interview:** Explain that the interview will be recorded, and what measures will be taken to protect the privacy and confidentiality of the participant. (Ensure the consent form is signed by the participant).
- **Timeframe:** Clarify the expected length of the interview and ask if the participant has any time constraints or a hard stop that must be accommodated.
- **Definition of “stakeholder”** (if needed): *“any group or individual who can affect or is affected by the achievement of the organization's objectives”*

### Background and warm-up

1. Where do you work? Tell us about your start-up
2. Tell us about your role at the start-up

### Identify and list stakeholders

3. Who are your stakeholders?
4. Which of your stakeholders do you classify as “most important”?

### Management of your stakeholders

5. Let's deep dive and go through the “most important” stakeholders and talk about their interests, demands and your relationship with the stakeholder
6. How do you tend to these stakeholders? What is your strategy to balance these stakeholders interests and demands?

7. Can you recall any specific situation when the stakeholders' competing interests and/or demands were explicit and you had to make some form of decision? What works best in terms of dealing with the conflicting interests and demands? What have you learned from your experience of dealing with different stakeholders?

**Wrap up**

8. Is there anything else you would like to add in regard to how you manage your stakeholders?
9. Is there anyone else at your firm that is involved in managing the firm's stakeholders? If yes, could we talk to that person?
  - Thank the participant for their time and participation, and provide contact information for the researcher in case the participant has any additional questions or concerns following the interview.

*Thank you!*

## Appendix 4: Email sent to respondents prior to interview

Dear respondent,

We look forward to our meeting on X! Below is some information regarding the interview. If you have any questions, do not hesitate to reach out. Many thanks again for agreeing to participate and contribute to our research!

During the interview, we will talk about your experiences of managing stakeholders at your start-up company. The definition of a stakeholder that we use is “any group or individual who can affect or is affected by the achievement of the organization's objectives”. We are particularly interested in talking about those stakeholders that you perceive as important to your firm, and our focus will lie in discussing your firm’s relationship with these stakeholders and how you work to balance their (maybe contradictory) interests and demands. You are very welcome to think beforehand about your important stakeholders, and about particular situations when you have made decisions that concern them.

In order to create the best possibility for us to analyze the conducted interview, we will record it so that we later can transcribe it and work with the transcribed text during analysis. We will not use the recording for any other purpose than transcription and analysis. Please see the attached form for more information. We kindly ask you to sign the form before we conduct the interview. It is perfectly fine with a digital signature. We can conduct the interview in English or Swedish, whichever you prefer.

You may choose to remain anonymous or to receive credit for your valuable participation in our published paper. If you choose to remain anonymous, we will leave out any information that could be used to identify you or your company.

We are very much looking forward to speaking with you!

Best regards  
Hugo and Lina

## Appendix 5: Consent form signed by respondents prior to interview



### Standard text and consent to participation student's survey / interview

**The student's project.** As an integral part of the educational program at the Stockholm School of Economics, enrolled students complete an individual thesis. This work is sometimes based upon surveys and interviews connected to the subject. Participation is naturally entirely voluntary, and this text is intended to provide you with necessary information about that may concern your participation in the study or interview. You can at any time withdraw your consent and your data will thereafter be permanently erased.

**Confidentiality.** Anything you say or state in the survey or to the interviewers will be held strictly confidential and will only be made available to supervisors, tutors and the course management team.

**Secured storage of data.** All data will be stored and processed safely by the SSE and will be permanently deleted when the projected is completed.

**No personal data will be published.** The thesis written by the students will not contain any information that may identify you as participant to the survey or interview subject.

**Your rights under GDPR.** You are welcome to visit <https://www.hhs.se/en/about-us/data-protection/> in order read more and obtain information on your rights related to personal data.

Project title <b>Thesis in Business and Management Spring 2023</b>	Year and semester <b>2023 Spring</b>
Aim of the study <b>Uncover the secrets behind successful stakeholder management in startups</b>	
Students responsible for the study or interview <b>Hugo Durelius and Lina Car</b>	
Supervisors and department at SSE <b>Suvi Nenonen Department of Marketing and Strategy</b>	Supervisor e-mail address <b>Suvi.Nenonen@hhs.se</b>
Type of personal data about you to be processed <b>We are interested in hearing about your experiences balancing the needs of your various stakeholders. We will, therefore, collect data concerning organisation, strategy and processes of your firm. In line with this, the only personal data we will collect is your name and the name of your employer. You will have the option to be anonymous.</b>	

**I have taken part of the information provided above and consent to take part in this study:**

Name	Place and date
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