

A Microfoundations of Strategy Agenda for Developing Project Stakeholder Theory

Summary

This development paper sketches a research agenda into how microfoundations of strategy can enrich project stakeholder theory. Project stakeholder literature in the main examines stakeholders as groups or networks. Microfoundations can be used to unpack the black box of project stakeholder management and theory to develop parsimonious structures that explain individual actions, to examine the relationship between project context and individual actions and influence, and to investigate individual relational factors in stakeholder groups and networks.

Track: Project Experiences

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1.0 Introduction

How to attain a goal is a question that is central to organizational strategy (Mintzberg, Ahlstrand & Lampel, 1998; Felin, Foss, & Ployhart, 2015). It is an existential one to project organizing and management, as project is an organization that exists solely to attain a goal (King & Cleland, 1977, Turner & Müller, 2003) This is a link illustrating how organizational strategy theory informs the development project theory and the practice of project management.

Stakeholder theory is a branch of organizational strategy investigating how groups and individuals can affect or be affected by how an organization achieves objectives (Freeman, 1984). The theory has long enriched project organization and management (King & Cleland, 1977; Bourne & Walker, 2003; Gil, 2023). Besides stakeholder theory, project theory has been informed by many other strategic management theories including theory of constraints (Jacob & McClelland, 2001), strategy-as-practice (Martinsuo, Geraldi, Gustavsson, & Lampel, 2020), and resource-based theory (Müller, Drouin, & Sankaran, 2019). This development paper follows in this vein and investigates how the microfoundations of strategy can be applied to project stakeholder theory. The microfoundations of strategy are concerned with how strategic outcomes at the organizational level are attained through actions performed by individual actors at what is called the microlevel (Foss, 2003; Foss, 2011; Teece, 2007). The theory examines how individual actors are influenced by organizational factors and in turn influence other individual actors and groups of actors to produce organizational outcomes. This paper looks how the framework of microfoundations can be used to theorize how individual actions can produce project outcomes with and by stakeholders. This paper broadens avenues of research indicated by Chow and Leiringer (2020).

2.0 Literature Review

Before sketching a framework on how the microfoundations of strategy can further stakeholder theory in project management, the paper first reviews microfoundational literature then stakeholder research in project management.

2.1 Microfoundations of Strategy

Rational choice, which has its roots in cognitive and behavioural theory (Hodgkinson Hughes & Leite, 2023), is a starting point for microfoundational literature (Lindenberg, 1998 & 2000; Foss, 2003). Rational choice and signals of relationship stability (Lindenberg, 2000) are used to hypothesize about the development of trust relationships as characterized by long-term contracts and partnerships. Lindenberg and Foss (2011) expand on signaling in relationships between individual actors to formulate goal framing theory that sets forth governance structures to encourage individual actors to work towards the collective gain instead of personal gain. Governance structures at the macro level influence individual actions at the micro level that result in outcomes at the macrolevel in alignment with Coleman's bathtub, or boat, model of individual and social interaction (Coleman, 1994), as illustrated by Figure 1. This model is central to the microfoundations of strategy (Felin, Foss, & Ployhart, 2015). The model has a theoretical basis in rational choice theory (Raub and Voss, 2017), which is also a theoretical basis for the microfoundations of strategy. The development of microfoundational strategic

theory using rational choice theory (Lindenberg 2000; Foss and Lindenberg, 2011) illustrates the framework's positivist worldview.

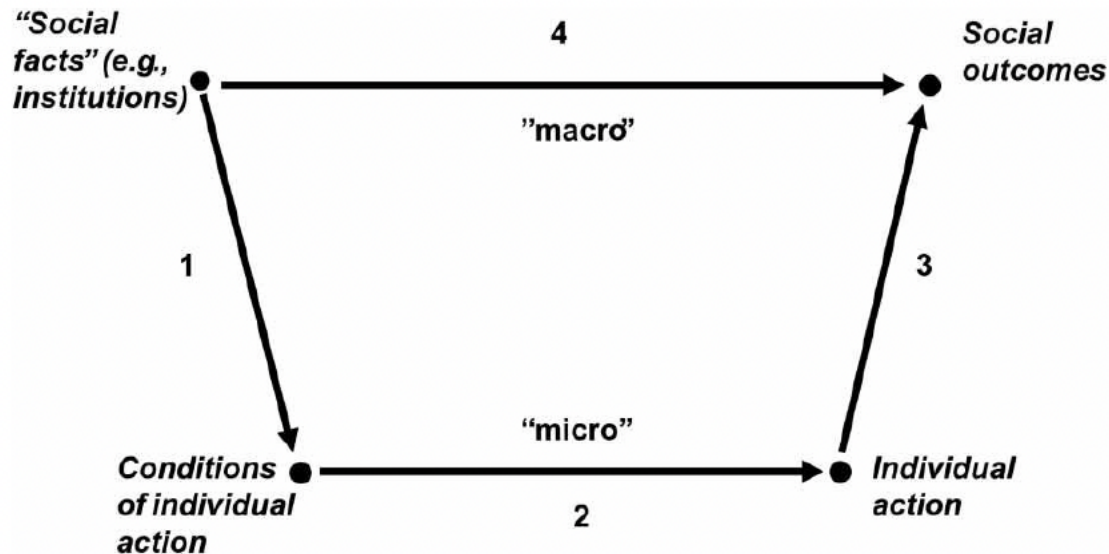


Figure 1. The Coleman "Bathtub" as shown in Felin et al, 2015, p. 591.

Resource-based theory (Penrose, 1959) is another theoretical starting point for the development of the microfoundations of strategy (Molina-Azorín, 2014; Felin et al., 2015). Elaborating on dynamic capability theory, Teece (2007) uses the microfoundational perspective to investigate individual factors including those of executive managers, are capable of sensing and seizing opportunities to transform an organization. Scuotto, Nicotra, Del Giudice, Krueger, and Gregori (2021) hypothesize how individual's digital capabilities can bring out digital transformation in organizations. North, Aramburu, and Lorenzo (2020) expand Teece (2007) to develop a digital transformation growth framework. Positivism is a lens in these investigations applying resource-based theory to developing microfoundational strategic theory.

2.2 Project Stakeholder Theory

Whereas microfoundations of strategy encompass both the individual micro level and organizational macro level, stakeholder theory has largely concentrated on the macro. Freeman (1984) constructed the seminal theory on stakeholder and organizational strategy based on organization's relationship to multiple stakeholder groups. Barney and Harrison (2020) reaffirm that an organization's relationships with multiple stakeholder groups are central to stakeholder theory. The project management literature has largely been concerned with stakeholders on a macro-level (Aaltonen, Kujala, Havela, & Savage, 2015; Eskerod, Huemann, & Ringhofer, 2015; de Oliveira & Rabecchini., 2019). Di Maddaloni and Sabini (2022) discuss microfoundations in the context of sustainability in construction projects, but the micro-level is that of local communities rather than individual actors. They highlight the tension between the normative and the instrumental in stakeholder management, which is a recurring theme in the stakeholder project management literature (Huemann, Eskerod, & Ringhofer, 2016).

However, research into stakeholder theory is becoming inclusive of the micro level. By examining the value created by an individual entrepreneur and stakeholders exploiting an opportunity, Wooley, Young, and Alvarez (2022) discuss individual actors as well as stakeholder groups. In the project management literature, Chow and Leiringer (2020) use a network approach to analyze stakeholder power as it unfolds. Power can be held by individuals and groups. It is dynamic as power held by stakeholders is translated into action, as conceptualized by translation theory (Callon & Latour, 1981). Stakeholder analysis therefore is an unfolding process in this case study, which aims to place understanding motivation as the focus of stakeholder analysis. Chow and Leiringer, as well as stakeholder literature cited here, take a constructivist worldview, which can also broaden the positivist microfoundations literature, especially on individual motivation and choice.

3.0 A Microfoundations of Strategy Agenda to Furthering Project Stakeholder Theory

With the emphasis on understanding motivation, Chow and Leiringer indicate how microfoundations of strategy can further project stakeholder theory by investigating the choices individual stakeholders make to influence the outcome of a public projects. Although their research into individual behaviour rejects positivist theory (Coleman, 1994, Lindenberg 2000), it shares with the microfoundational literature a basis in sociological theory examining motivation (Lindenberg & Foss, 2011). An examination of stakeholder theory through the lens of sociological theory such as rational choice or power translation at the micro-level can be further applied to project stakeholder theory. This is one research avenue for studying the microfoundations of project stakeholders.

Using microfoundations of strategy to open the black box of macro-level phenomenon is discussed by Felin et al. (2015), from which this developmental paper draws inspiration. Using microfoundations to open the black box of stakeholder management is the encompassing aim of this proposed microfoundational research into project stakeholders. Following are other points taken from Felin et al. that are used to suggest areas of microfoundational project stakeholder research:

- **The role of context:** One pillar of microfoundations is the explicit recognition of contextual factors (Ibid, p. 602). Microfoundations can be used to further examine the project context of stakeholder theory. This is another area of opening the black box, in which the project context is unpacked. Investigating the role of context aligns with constructivist point enriching microfoundational theory.
- **Explanatory parsimony:** A microfoundations structure can serve to explain the long chain of events that lead individual actors to take certain actions to influence macro-level outcomes (Ibid, 589). For example, microfoundations theory such as goal framing (Lindenberg & Foss, 2011), which is concerned with individual normative behaviour, can be used to theorize about the individual stakeholders influencing normative stakeholder management.
- **Relational constructs (Ibid., p. 588):** Microfoundations can be used to better understand the composition and dynamics of stakeholder structures, such as stakeholder groups and networks.

Finally, Teece (2007) and North et al. (2020) can be a starting point to theorize about the microfoundations of stakeholder management as a dynamic capability.

4.0 Conclusion

This development paper sketches a research agenda for applying the microfoundations of strategy to project stakeholder theory. To flesh out this agenda out, a structured literature review (Armitage & Keeble-Allen, 2008; Massaro Dumay, & Guthrie, 2016) of project stakeholder literature and the microfoundations literature is required. This paper presents a few areas where microfoundations can enrich project stakeholder theory, and a structure literature review can further develop additional areas. Project theory has long been enriched by strategy theory. This proposed research follows in this tradition as its intention is to deepen the theoretical understanding of stakeholders in project organizing and management.

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