

Abstract

The study examines whether the stakeholder orientation and integration influence innovativeness and performance of select Indian companies. A measure is developed to assess the orientation of firms towards non-governmental organizations (NGOs) and the impact of orientation towards this stakeholder on firm performance is examined. Also, the synergy of stakeholder integration with stakeholder orientation and synergy of NGO orientation with other stakeholder orientations and their effects have been verified. Perceptual data from senior level managers including CEOs representing 61 companies were collected through a questionnaire survey. Firm performance was assessed on the social and financial dimensions. Six dimensions of stakeholder orientation such as customer orientation, competitor orientation, shareholder orientation, employee orientation, supplier orientation, and NGO orientation and three dimensions of stakeholder integration such as stakeholder knowledge, stakeholder interaction and adaptational behavior have been aggregated to obtain the composite measures for the constructs. Findings suggest neither on the basis of financial and social parameters nor on the basis of financial and innovativeness parameters, the companies are clearly differentiated into high and low performing companies. Setting aside the financial performance, the companies are classified into four groups on the basis of their level of corporate social performance (high vs. low) and innovativeness (high vs. low). These four groups differ with regard to their orientations towards various stakeholders and capabilities to integrate stakeholders. Firm classifications suggest firms that have higher stakeholder knowledge are basically innovative and firms those interact more with stakeholders and adapt more to the demands of stakeholders are not only innovative but also social. Type of industry a firm is in and the growth phase of the firm have confounding effects on the financial performance and social performance respectively. Firm level stakeholder orientation and integration have positive effect on financial, social and innovativeness dimensions. Moreover, stakeholder integration moderates the relationship between stakeholder orientation and the innovativeness of firms. Orientations towards customers and NGOs have a positive effect on the innovativeness of the firms. Employee orientation has a positive effect on both the financial and social performance of the firms. Firms' knowledge of stakeholders and behavior of adapting to them also influence the innovativeness and financial performance of firms. It develops a model, which would help the firms to adopt stakeholder management culture, and capabilities that can lead to higher innovativeness and firm performance. Some of the studied companies are both having innovativeness and performing well on social front. Most of the companies are still lagging behind on both the aspects. But, by improving social performance and fostering innovativeness, a company has greater potentiality to differentiate itself from others.

Key words: corporate social performance, firm innovativeness, financial performance, NGO orientation, stakeholder integration, stakeholder orientation,