

Use of Stakeholder Theory to Examine Groups Salient in Decisions Related to A La Carte Offerings

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ABSTRACT

Objectives

The purpose of this study is to use a business model, called “stakeholder theory,” as a framework for examining the role that various stakeholder groups have in determining the sale of a la carte foods in high schools, from the perspective of school foodservice directors (SFDs).

Methods

Forty-eight SFDs participated in in-depth telephone interviews to ascertain how decisions are made concerning the types of foods that are sold as a la carte items.

Results

Four stakeholder groups were identified: district administrators, principals, students, and parents. SFDs indicated that the goals and priorities of district administrators regarding a la carte sales relate to generating income. They felt that principals were concerned with maintaining good student behavior and avoiding complaints about food offerings. SFDs pointed to a student focus on food price and demand for a wide variety of choices, showing a partiality for foods of low nutritional value. Parents were seen by the SFD participants as having the power to influence the decision-making of their child’s school foodservice program, but this power is neither recognized nor utilized unless their children complain about the food choices available. SFDs expressed the opinion that they have little power to make major changes related to a la carte sales on their own.

Application to Child Nutrition Professionals

The local school wellness policy requirement of the Child Nutrition and WIC Reauthorization Act of 2004 establishes both a mandate and an opportunity for SFDs and other stakeholders to develop a common vision for their individual school nutrition environments.

INTRODUCTION

Over the past three decades, the rate of childhood obesity in the United States has more than doubled (Ogden et al., 2002). Currently, approximately nine million children are considered obese. Childhood obesity has immediate and long-term effects on physical and emotional health, as well as considerable economic costs to the health care system (Finkelstein et al., 2003). Society has undergone dramatic changes during this period, including changes in home and community environments. More parents are working away from home; more meals are eaten out;

community design often discourages outdoor activity; safety concerns keep children in their homes; and computer, video game, and television usage has increased (Koplan et al., 2005).

Changes also have occurred in school environments. Emphasis on core curriculum subjects has resulted in less time for nutrition and physical education (Action for Healthy Kids, 2004). Funding needs have led to contracts with soft drink companies that allow sales and advertising of their products in schools (U.S. General Accounting Office, 2000). Funding concerns also have led to the introduction of foods that compete with reimbursable school meals. These competitive foods--often offered as a la carte options in the cafeteria, as well as through vending machines, school stores, and fundraisers-- may be low in nutritional value and are only minimally regulated at the federal level (U.S. Department of Agriculture, 2001). As the media, government, and community groups focus on childhood obesity and the role that schools can play when addressing this issue, attention has been drawn to foods offered in schools, particularly competitive foods. The 2004 Child Nutrition and WIC Reauthorization Act required each local education agency sponsoring federal school meal programs to develop a local wellness policy by the 2006-07 school year. This policy must address, among other things, nutrition guidelines for all foods available on each school campus during the school day, with the objectives of promoting student health and reducing childhood obesity.

Sale of foods through vending machines, school stores, and fundraisers fall under the authority of different individuals and/or groups within schools and school districts. School foodservice directors (SFDs) generally have at least initial responsibility for decisions relating to the sale of a la carte items in schools. The majority of self-operated school foodservice programs are required to generate sufficient income to support the operation, with no additional funding provided by the district (Probart et al., 2005). A la carte sales contribute to this income, providing a median of 24% of school foodservice revenue (ASFSA, 2002). A la carte service also has been seen as a tool to counter sales of foods that do not generate revenue for the school foodservice program, such as those items sold through student stores and club fundraisers, as well as food outlets and convenience stores that surround schools. Generally, a la carte sales vary by school level, with the fewest items offered in elementary schools and the widest array of selections being available in high schools (Fox et al., 2001).

While the SFD is often the front-line manager who must defend the offering and selection of foods sold to students at school, the decision usually is based on the relative power and authority of various stakeholder groups. Making changes in the school environment requires understanding the forces that determine the decisions made relative to foods sold in schools. A concept developed in the business literature, called stakeholder theory, offers a framework to explain the dynamics of the school foodservice environment and analyze the decision-making authorities involved in selling a la carte items.

Stakeholder Theory

Stakeholder theory has been used to identify and understand multiple and often competing social, political, legal, ethical, and economic relationships among the individuals involved in management decisions (Freeman, 1984). The focus of stakeholder theory is to articulate the purpose, sense of value and responsibility of a particular enterprise to the identified stakeholders (Freeman et al., 2004). A refinement of the original stakeholder theory includes stakeholder

identification and salience based on the perception of one or more of three attributes: power, legitimacy, and urgency. Salience is defined as the degree to which managers give priority to competing stakeholder claims in the decision-making process (Mellahi & Wood, 2003; Mitchell et al., 1997).

Although stakeholder analysis is typically conducted in the corporate environment, where stakeholder relationships are subject to a degree of control by the manager, this is not reflective of the situation faced by SFDs in the school setting. The concept does, however, offer a way to analyze and explain the dynamics of the school foodservice management environment and examine its decision-making process. An understanding as to why and how each stakeholder influences SFD decisions, from the perspective of the SFD, could result in systematic strategies to improve the nutrition of a la carte items and, thus, the health of students. Successful development and implementation of school wellness policies relating to food sales will require an insight into the forces involved in the decision-making structure. This research explores these forces through identification and examination of authority and salience of stakeholders in Pennsylvania high schools concerning to a la carte food sales.

METHODOLOGY

The conceptual framework of stakeholder theory was used to identify and analyze the relative authority and salience of major stakeholders in a la carte food sales in Pennsylvania high schools. A semi-structured interview protocol was developed, pilot tested, and revised for the purpose of conducting telephone interviews to explore this concept. Questions were constructed according to the guidelines of Krueger and Casey (2000) to obtain a broad range of information about a la carte food sales. The survey was used to help identify the major groups that have a stake in school foodservice; and ascertain their power, influence, interests, and goals; and understand the relationships between each other and the SFD. Data collection occurred during two time segments. The first segment of interviews took place near the end of the 2002-03 school year (May 2003 to June 2003). The second segment of interviews took place near the middle of the 2003-04 school year (January 2004 to February 2004).

Sample Description

A random sample of 271 high schools participating in the National School Lunch Program (50% of the total) was identified to receive a survey regarding competitive food sales. Based on chosen demographic characteristics, these schools were representative of the entire Pennsylvania high school population. Two hundred twenty-eight SFDs returned surveys, for a response rate of 84%. The sampling frame for the interviews consisted of these 228 SFDs (Probart et al., 2005). Telephone calls were made to each SFD, requesting an interview concerning their foodservice operation. In most cases, messages were left with the request to return the call. From this first round of calls, 37 SFDs agreed to participate in the interview, with 42 declining, and the remainder not returning the call. Follow-up calls were not immediately initiated, pending results of initial analyses and a review of data. After initial analyses were conducted, it was determined that additional probing was needed on key variables of interest. A second round of calls commenced, with the sample consisting of participants who did not return the phone call during

the first segment of interviews. Twenty SFDs were contacted during this phase and 11 agreed to participate.

A total of 48 SFDs participated in in-depth telephone interviews. Selected characteristics of study participants and the sample population are provided in Table 1. Compared to the sample population, study participants included a slightly higher percentage of females (79.2%; n = 38 vs. 69.3%; n = 158), represented school-based management more than management companies (91.7%; n = 44 vs. 78.8%; n = 175), and were associated with smaller schools (826.9 students vs. 992.7 students). This analysis was exploratory and was intended to identify issues in an area not previously studied. The non-response rate is a limitation of this study and results may not be applied to a wider context. The Pennsylvania State University Institutional Review Board approved the study.

Data Collection

Each telephone interview lasted approximately 20-40 minutes. The interview phase was considered complete when constructs became saturated, i.e. no new information was gained from the last few interviews. After each interview, recordings were transcribed using a word-processing program and imported into Atlas.ti (Scientific Software Development, 1997), a computer program for qualitative data analysis.

Data were coded using the method of Miles and Huberman (1994) to find the relationship between the common themes and individual codes in the data. A list of provisional codes was developed from the literature with open codes used for data not fitting into provisional codes. A second sweep of the data was conducted to reassign data into added open codes, where necessary. A second coder independently coded all transcripts using previously developed codes, as well as open coding, to provide inter-rater reliability. Reliability was 100% between the two coders. A codebook of agreed upon codes was developed and used to organize codes.

RESULTS AND DISCUSSION

SFDs identified, almost unanimously, four stakeholder groups as being important in the a la carte foods decision-making process: school district administrators (including school boards, superintendents, and business managers), principals, students, and parents. Other groups, such as teachers, cafeteria employees or other school staff, vendors, governmental agencies, and other community members were not mentioned as being salient stakeholders initially or through additional probing. Each stakeholder group emerged as having different interests, priorities, and authority relative to a la carte foods (Figure 1).

School District Administrators as Stakeholders

A theme that emerged from the data was the ultimate authority that district administrators have regarding decisions made by SFDs about sales of a la carte items. The perception of salience and priority given to this stakeholder group is the highest of those identified by SFDs. This is understandable, as the administrators have the final authority and responsibility for all school decisions, including hiring and firing SFDs.

The school board and superintendent have fiscal authority over the district's general funds, and they determine what money, if any, is allocated to the school foodservice program. Seventy-three percent of the SFDs (n=35) interviewed stated that their districts require their programs to operate without additional funding. This lack of additional funding entails making fiscal solvency the primary directive. SFDs indicated that goals and priorities of district administrators concerning a la carte foods were related to generating income, with nutritional quality not being an issue. A consistent theme was the perceived certainty that failing to generate sufficient income would result in SFDs losing their jobs. There was a sense that some SFDs were uncomfortable with the emphasis on money, but most accepted the necessity to meet the objectives of district offices. Another SFD acknowledged, "There is only so much funding to go around."

Although it was clear that SFDs felt fiscal solvency was the main goal of district administrators, they did not feel that district offices were hostile to considerations of nutrition. Rather they felt that nutrition considerations were of lesser importance to these individuals and would only be tolerated if income was not in jeopardy. As one SFD explained, "I don't think that the board would be happy if we were losing money. I mean, that's what I'm here to do. I'm here to run the program and keep in the black." As a result of the district administration's emphasis on finances over nutrition, revenue has become the key factor in a la carte food sale decisions.

Principals as Stakeholders

The theme that emerged regarding principals and a la carte food was their primary interest in keeping students calm and under control in the cafeteria. A related perception that emerged was that as long as students were "happy," the principals were not interested in what foods were being offered for sale. As one SFD expressed it, "The principals do not know what foods the cafeteria sells as a la carte or how I choose the food items offered."

With few exceptions, SFDs stated that principals observed the cafeteria to monitor student behavior rather than reviewing the nutritional quality of foods served. This emphasis on "keeping students happy" was said by some SFDs to decrease their ability to experiment with more nutritious foods for fear of generating complaints. SFDs voiced strong opinions that principals would not, in general, support their decisions to alter the food mix if doing so would generate discontent or complaints. As described by one SFD: "I would love to get rid of [the unhealthy food], but I would have a revolt. [The students] would complain to the principal, and I would be forced to bring it back because he won't take pressure from the kids. I would be forced to put it back, and I would not be allowed to get rid of it. So I'm stuck, I have to keep selling it. I hate it, but that's the truth."

Another SFD claimed that her principal's "favorite thing of all is to say that he never gets any complaints about the cafeteria anymore. That's what he likes the best." Although generally hired by school districts, not local schools, this group of SFDs was sensitive to the priorities of principals who can communicate displeasure to district offices. Since the priority of most principals, according to the SFDs interviewed, was to keep students satisfied, nutritional quality of foods sold at school was diminished in importance.

Students as Stakeholders

SFDs recognized students as their main customers and they identified student food preferences as playing a dominant role in driving decisions about a la carte items. The consistent theme of responses was that students demand a variety of foods with no restrictions on what or when specific items can be purchased. In the process of deciding which foods to sell a la carte, SFDs cited student requests as their main source of input. While all SFDs indicated taking student opinions into consideration, most confirmed that they only offered the most profitable items. All SFDs admitted selling foods relatively high in fat and sugar and low in nutrients, whether they agreed if these were items that students should be buying and eating. One SFD stated that she sold high-fat and -calorie foods "because that is what the kids want and that's what they will buy." Nutritional quality was not a concern of most students, according to SFDs. A common theme that emerged was that SFDs did not think students would buy more healthful alternatives if they were offered. When asked how students would react if unhealthy foods were eliminated, one SFD speculated, "The kids would riot" and probably "complain to the principal."

SFDs expressed the perception that students expected the type of foods available outside of school, such as in convenience stores and fastfood restaurants, to be offered at school. Some operations renovated their cafeterias to resemble food courts so students could "have more choices and they wouldn't be pigeon-holed into a normal, reimbursable lunch." One SFD said she tried to mimic "advertisements on TV or the food court at the mall." SFDs want the school cafeteria to appear as "familiar as possible to the outside world," in order to promote student participation in the program. One SFD said that she goes "down to the Uni-mart or the Sheetz [convenience store] and look[s] around at what they are selling and at what price." SFDs believed that "giving the students what they want is important so that they will keep coming back." A recurring theme was concern that if the students could not obtain the a la carte foods they desired, the foodservice program would lose customers and money. Pleasing students is a primary objective when ensuring the continued participation of students, maintaining revenue, and minimizing complaints.

Parents as Stakeholders

SFDs also identified parents as stakeholders in a la carte school foodservice, although they were seen as the least-powerful group. SFDs perceived that parents abdicate control to their children and do not recognize their own power in schools. This lack of perceived power by parents in relation to school foodservice operations is supported by previous research (McDonnell et al., 2004). SFDs in the present study saw parents as uninvolved unless their children complained. They also felt that parents of high school students appear to be either uninterested or unable to enforce nutrition and other standards relating to their children's food purchases at school. According to the SFDs, parents exercised a "hands-off approach in the cafeteria" and that this behavior emphasized their children's desires over the nutritional quality of purchases, a concept also found in previous research (Hendel-Paterson et al., 2004). In the current study, parents were seen as sensitive to price, however, and were said to react with complaints as prices rose.

Stakeholder Interactions

Students have increased power and saliency to SFDs because of their ability to influence the other three major stakeholder groups. This is achieved through formal complaint mechanisms set up by schools to hear their requests, such as student government, as well as informal

mechanisms, such as complaining to parents, acting out, protesting, and ceasing participation. Student complaints become magnified as they reach multiple stakeholders. Complaints to parents can result in the parents criticizing the entire foodservice operation to principals and school board members. These complaints can result in principals requesting foodservice changes or asking district administrators to intervene and address the district office that employs the SFD. These overlapping and multiplicative channels can escalate even a fairly minor complaint and make it appear to require the immediate intervention of the most powerful stakeholder group, the district administrators. Therefore, interactions between stakeholder groups can have the effect of channeling greater power to students, giving students an increasingly important role in decisions about what foods are served as a la carte items.

CONCLUSIONS AND APPLICATIONS

Results of this study suggest that the SFDs perceive district administrators, principals, students, and parents as having overlapping goals for the foodservice operation. They felt that nutrition is not among the top priorities of any of these groups, that they hold little power to make changes that are inconsistent with those priorities, and that the decision-making process concerning a la carte sales values generating revenue and avoiding complaints from students about providing foods of high nutritional quality. Foods most preferred by students also were those items with the highest profit margin — processed snack foods high in fat, sugar and/or salt. These foods have, therefore, become ubiquitous in a la carte food sales, as has been found in previous studies (Harnack et al., 2000; Probart et al., 2005; Story et al., 1996). While this concept of powerlessness to implement change was not universally expressed by all respondents and does not represent the experience of all SFDs, it does reflect a portion of the school foodservice population and warrants additional research.

Stakeholder theory provides a way to identify stakeholders, examine their level of salience and interactions, and make business decisions that address the sometimes competing needs and desires of these groups. It also has been used in business to examine ethical issues related to decision-making. This study used stakeholder theory to identify stakeholders and analyze salience and interactions among these groups. Future research should be conducted to determine how to use this information to make decisions that optimize the needs of the stakeholders and address any ethical issues that arise from such interactions. Additional research examining ethical issues relating to the sale of competitive foods as a source of income to support school foodservice operations is needed, as well.

Although stakeholder groups and their level of salience varies, this research indicates that, while SFDs may have authority over the selection of specific items sold, some may feel they have little power over structural changes that may improve the nutritional quality of foods sold. As long as district administrators must rely on the revenue generated by the sale of a la carte foods as a primary way to sustain the foodservice program, principals put meeting student demands ahead of nutritional needs, and parents remain only marginally involved, many SFDs will be expected to sell profitable, popular foods – most of which are high in fat, sugar and/or salt. Although SFDs have experimented with initiating price changes, changing the mix of food offerings, and use marketing strategies to encourage nutritious choices, these efforts may not be successful unless

supported by salient stakeholder groups. It is clear from this study that SFDs alone may not be able to initiate the changes that are needed to provide healthier a la carte items for students in their districts. The local school wellness policy requirement of the Child Nutrition and WIC Reauthorization Act (2004) provides an opportunity for SFDs and other identified stakeholder groups to come together and develop a common vision for school nutrition environments that address childhood obesity.

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