

Beyond coal: When can outsider stakeholders drive transformative change?

When can environmental activists overcome resistance within organizations and influence major strategic change, and when does their pressure produce only smaller investments in alternatives?

Organizations depend on insider stakeholders, such as employees and local communities, who provide essential resources and receive influence in organizational decision-making. However, these commitments can create resistance when technological, regulatory or market changes require organizations to abandon established resources. Outsider stakeholders, including activist groups, may encourage adaptation but generally lack direct access to organizational governance.

The study examines coal-retirement and solar-investment decisions in the U.S. electric utility industry from 2008 to 2015. It analyzes 570 retirement announcements involving 1,159 coal generators, along with solar investments by 263 utilities. Local news coverage was used to measure pressure from the Sierra Club's Beyond Coal campaign, while additional measures captured utilities' relationships with workers, communities, consumer advocates and customers generating solar electricity, known as prosumers.

Coal retirements were delayed when closures threatened local employment or a significant portion of a utility's workforce. Activism accelerated retirement decisions, although for-profit utilities were generally less receptive to activist influence. Consumer advocates strengthened the effect of activism on coal retirements, while prosumers increased the likelihood that activism would encourage solar investment. These findings show that alliances between outsiders and insiders shape both whether organizations adapt and the form that adaptation takes.

MAJOR TAKEAWAYS:

- Commitments to workers and local communities can slow organizational adaptation when proposed changes threaten employment and local economic interests.
- Outsider activism can accelerate adaptation, but its influence depends on organizational governance. For-profit utilities were generally less responsive to activist pressure than government and cooperative utilities.
- Alignment with influential insiders shapes the organizational response. Consumer advocates helped activism produce transformative coal divestments, while prosumers helped direct activism toward incremental solar investments.

WHO NEEDS TO KNOW:

- Electric utility executives and strategy leaders
- Energy regulators and public utility commissions
- Consumer advocates
- Sustainability and energy-transition professionals
- Environmental and social movement organizations

CONTACT US:

- Todd Schifeling, associate professor of management

todd.schifeling@temple.edu

- "Beyond coal: When can outsider stakeholders drive transformative change?"
- Journal: *the Strategic Management Journal*
- DOI: <https://doi.org/10.1002/smj.70087>