

Stakeholder Theory
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... can be impacted by a firm
... (Arlow et al., 1997).
... strategic goals are more easily achieved
... are engaged with stakeholders
...
... stakeholders leads to better
... decision making (Donaldson &
...)
... and effective business practice
... it is ethical.
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• Effective identification and management of stakeholders is crucial.

What is effective stakeholder identification and management?
Look to stakeholder theory.

- Government
 - Mining Industry
 - Investors
 - IUCN
- Dependent: -
Definitive: -

• Criticisms over reactive policy (Sahay & Stahl, 2009).

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Course Materials | course_id=20_103673_1

Oxipouco - An Endangered Species

Resource Negotiation (B):

PharmaCaring - Confidential Instructions

nt relevance

group has
ts relationship
(Mitchel et al.

6) Dependent: legitimacy and urgency
7) Definitive: power, legitimacy and ur

Definitive stakeholders require priority when managing stakeholders or developing stakeholder policy (Tracey, 2012).
Dominant, dangerous or dependent stakeholder are not to be overlooked (Tracey, 2012).

Stakeholders - why so important?



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- It is essential to build a corporate reputation based on sustainable stakeholder practice (Jagersma, 2009).
- Effective identification and management of stakeholders is crucial.

What is effective stakeholder identification and management?

Look to stakeholder theory.

Theee

Stakeholder Theory

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Anyone can be impacted by a firm
(Mitchel et al., 1997).

A firms strategic goals are more easily achieved
when they are engaged with stakeholders
(Tracey, 2012).

Involving stakeholders leads to better
managerial decision making (Donaldson &
Preston, 1995).

Sensible and effective business practice.
It is ethical.

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n, 1995).

sible and effective business practice

It is ethical.

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Stakeholder Salience

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Different stakeholders have different relevance (Tracey, 2012).

The degree to which a stakeholder group has power, legitimacy and urgency in its relationship with a firm determines its salience (Mitchel et al., 1997).

Power: degree the stakeholder can attain influence in the relationship with the firm.

Legitimacy: degree of legitimacy the firm feels the stakeholder has in its influence.

Urgency: time sensitivity and criticality of stakeholder's claims to the firm.

(Mitchel et al., 1997; Tracey, 2012).



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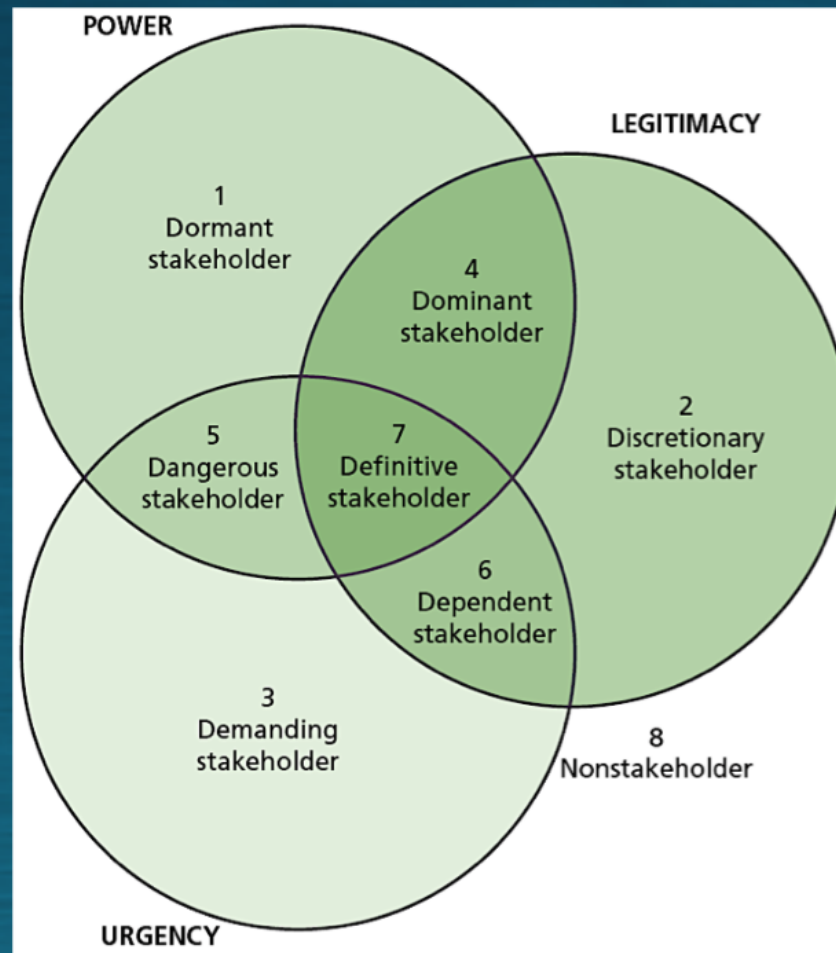


Figure 1 - Stakeholder Typologies
(Mitchel et al., 1997)

Tata Steel's Stakeholders

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- Indian Government
- Indians
- Global Community
- Indian/Global Economy
- Steel Industry
- Mining Industry
- Joint venture/associate companies
- Investors
- Customers
- Suppliers
- Tribal landowners
- The environment
- International Union for the Conservation of Nature (IUCN)
- Greenpeace and other environmental groups
- Tata Steel leadership (Vice President Mr Nerurker)
- Employees, their families and others within its region of operations

Stakeholder Salience Typologies

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- 1) Dormant: power
- 2) Discretionary: legitimacy
- 3) Demanding: urgency
- 4) Dominant: power and legitimacy
- 5) Dangerous: power and urgency
- 6) Dependent: legitimacy and urgency
- 7) Definitive: power, legitimacy and urgency

! Definitive stakeholders require priority when managing stakeholders or developing stakeholder policy (Tracey, 2012).

! Dominant, dangerous or dependent stakeholder are not to be overlooked (Tracey, 2012).