



Figure 2 - Stakeholder Management Strategy (Tracey, 2013).



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#### Key Points

- 1 Stakeholder salience is based on power, legitimacy and urgency
- 2 Definitive stakeholders are the key stakeholders to Tata Steel
- 3 Stakeholder analysis was conducted against fundamental principles and core policies of Tata Steel
- 4 Tata's employees and others in Tata's operating region and the environment are the key stakeholders to Tata Steel
- 5 Tata Steel must establish a Sustainability Stakeholder Group

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# 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.

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).

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group has  
ts relationship  
(Mitchel et al.

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# 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).

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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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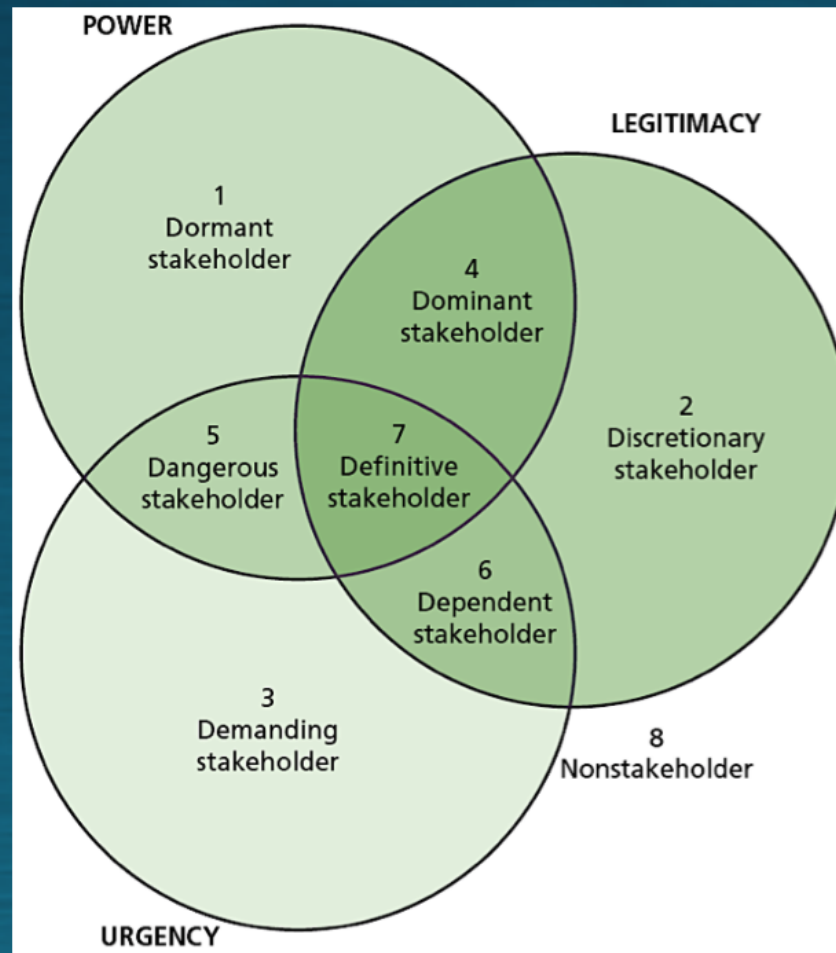


Figure 1 - Stakeholder Typologies  
(Mitchel et al., 1997)

# 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).