1 Introducing Stakeholder Management

Ezekiel Chinyio and Paul Olomolaiye

1.1 Introduction

This book discusses stakeholder management as it is particularly applicable to construction practice. This chapter sets the scene by defining stakeholders and the concept of stakeholder management. Readers who are fairly conversant with stakeholder management may wish to skip this introductory chapter.

The generic origins and nature of stakeholders' interests are identified. The pluralistic nature of stakes and the need to manage these in an undertaking is portrayed. In most construction projects, there will be many stakeholders and their presence in itself is a potential conflict of interests. There is a need to manage this diversity proactively to forestall conflicts and even disputes. Therefore, most of the stakeholders that are visible in construction are flagged up in this chapter.

1.1.1 Stakes and stakeholders

A stake is an interest or a share in an undertaking while a stakeholder is an individual with a stake (Weiss, 2006). Moloney (2006) argues that stakeholders are individuals or groups that benefit from an organisation. Further, stakeholders can be harmed or have their rights affected by an organisation. Fundamentally, stakeholders affect and are affected by an organisation and its activities. Stakeholders can affect an organisation's functioning, goals, development and even survival. Stakeholders are beneficial when they help you achieve your goals and they are antagonistic when they oppose your mission. In effect, stakeholders have power to be either a threat or a benefit to an organisation (Gibson, 2000).

Sometimes stakeholders will trigger project schemes in other organisations (Orndoff, 2005) and can support or obstruct an ongoing project (Vogwell, 2002). Their influence can be small or great and can be exerted either deliberately or incidentally. Individuals and organisations need to be wary of their stakeholders and their influences.

Diverse sources can trigger stakes, e.g. stakes can be influenced by economic and other considerations. Mintzberg (1995) reckons that stakes can have cultural or political origins too. Shareholders constitute a stakeholder group, and often have a vested interest in the profits their organisation will make. To them, if keeping other stakeholders happy will yield more profit, then so be it.

If stakeholders can have a negative influence on us, why should we deal with or bother about them? The reason is that most often you cannot do without them. Organisations often depend on external stakeholders for resources, services, information, etc. Our operations make us interact with several stakeholders. Most often, an organisation would depend on others for something and this can give the latter some leverage (Frooman, 1999). The argument is that stakeholders have claims, rights and expectations that ought to be honoured and not taken lightly (Carroll and Buchholtz, 2006). Thus, stakeholders must be managed in each undertaking to avoid any of their negative influences, especially those that could be contrary to a firm's objectives. Conversely, business endeavours and indeed construction projects affect stakeholders. So it is a tit-for-tat affair. Businesses must recognise their stakeholders and manage them and vice versa.

1.1.2 Government as a stakeholder

Governments can be counted as stakeholders in some way as they certainly affect organisations and groups through their fiscal and regulatory policies (Moloney, 2006). Governments could have an interest in the operations and existence of certain organisations. For instance, in terms of operations, some governments have regulated the tobacco industry obliging the latter to warn that its product can kill. Another instance of the influence of government as a stakeholder can be seen in the food industry wherein manufacturers have been compelled through regulations to label their food products in certain ways. However, the relationship between organisations and the government is on a different dimension. According to Moloney (2006):

> Non-government stakeholders can threaten organisational existence but rarely in the sovereign way of governments against which there is ultimately no constitutional defence. A business can be threatened by another in a hostile takeover bid; employees can strike against their firm; a cause group can interfere with building a by-pass road. These actions, however, do not have the sustained potential for continuous damage that a government with executive and legislative power can have, albeit a liberal, democratic one.

Government is a type of stakeholder with unique interests. Their involvement with firms is on a different level and scale. For instance; in terms of the survival of organisations, the UK government recently came to the rescue of 'Northern Rock' when it faced adverse financial problems. In addition, the UK Government has injected billions of pounds (£) into its finance sector to forestall some banks like HBOS and Royal Bank of Scotland from collapsing. Similarly, some financial institutions in the United States faced serious crises and the US government intervened to avoid these banks going under.

1.1.3 Stakeholders in construction

There are stakeholders in construction undertakings, just as there are stakeholders in other endeavours. The checklist of stakeholders in a construction project is often large and would include the owners and users of facilities, project managers, facilities managers, designers, shareholders, legal authorities, employees, subcontractors, suppliers, process and service providers, competitors, banks, insurance companies, media, community representatives, neighbours, general public, government establishments, visitors, customers, regional development agencies, the natural environment, the press, pressure groups, civic institutions, etc. (Newcombe, 2003; Smith and Love, 2004). Each of these would influence the course of a project at some stage. Some bring their influence to bear more often than others. If diverse stakeholders are present in construction undertakings, then the construction industry should be able to manage its stakeholders.

1.2 Types of stakeholders

Stakeholder management involves identifying and classifying stakeholders, thus facilitating both initial and subsequent engagement with them in a timely, planned and coordinated manner. This engagement involves identifying different categories of stakeholders; gathering information about them; identifying their missions in a project; determining their strengths and weaknesses; identifying their strategies; predicting their behaviour and developing and implementing a strategy for managing these stakeholders (Cleland, 2002). Stakeholders have been grouped in several ways and some of these are discussed below.

The stakeholders in a project can be divided into (Calvert 1995; Winch and Bonke 2002):

– Internal stakeholders, that is those who are members of the project coalition or who provide finance.
– External stakeholders, that is those affected by the project in a significant way.

Stakeholders can be internal or external to the project team or project scope (Sutterfield *et al.*, 2006).

Similar classifications are inside and outside stakeholders (Newcombe, 2003), and direct and indirect stakeholders (Smith and Love, 2004).

Another delineation considers primary versus secondary stakeholders (Carroll and Buchholtz, 2006). A primary stakeholder group is one without whose continuing participation the corporation cannot survive as a going concern, whereas secondary stakeholders are those who influence or are influenced by the firm, but who are not essential to its survival (Clarkson, 1995; Pajunen, 2006). Some stakeholders can be very critical to an organisation and others less critical (Calvert, 1995; Winch and Bonke, 2002).

Stakeholders could also be contrasted between those that are contracted to provide services (e.g. contractors, subcontractors, consultants) that is in a primary or direct relationship with an organisation; in contrast to those that have no contracted responsibility or formal redress, but are in an indirect or secondary relationship with an organisation (Smith and Love, 2004; Carroll and Buchholtz, 2006). The un-contracted stakeholders (e.g. members of the community and potential end users who are committed to occupy/use the facilities) can have power to disrupt projects through their actions, which can be political, but are not easily liable for their actions.

Some stakeholders could be viewed as financial developers and regulatory authorities. Carroll and Buchholtz (2006) have also considered the categories of social versus non-social, and core, strategic or environmental stakeholders.

Given the several dimensions on which stakeholders can be interpreted, some stakeholders may be members of two or more types; so a multidimensional plot is really needed to capture the full complexity of stakeholders and their often large number.

In terms of decision-making, it is worthwhile to consider stakeholders as being supportive, neutral, or anti (Chinyio and Akintoye, 2008). The anti's are often in the minority but can be very vocal. The idea is to endeavour to shift stakeholders from the neutral and especially anti side of the fulcrum to the supportive side.

1.2.1 The legitimacy and power of stakeholders

Stakeholders and their associated stakes will manifest the attributes of legitimacy and power (Carroll and Buchholtz, 2006). Legitimacy is the perceived validity of a claim to a stake. Power is the capacity to induce, persuade or coerce the actions of others and is displayed when one part in a relationship is able to impose its will on the other part (Johnson *et al.*, 2005). Power may be displayed through (Ihlen and Berntzen, 2007):

- force (coercive power),
- material or financial resources (utilitarian power), or
- symbolic resources (normative power).

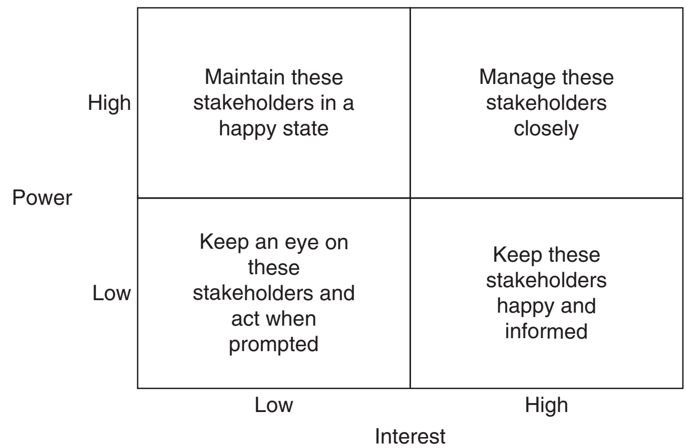

Figure 1.1 A Power-interest matrix.

As stakeholders have claims, rights and expectations, they must be managed in each project to avoid any of their influences that could be contrary to a firm's objectives. Conversely, business endeavours and indeed construction projects affect stakeholders. So businesses must recognise their stakeholders and manage them, and vice versa. The ideal is to optimise by maximising the benefits that are derivable from stakeholders while minimising their potential negative impacts.

Templates are useful for mapping stakeholders. Figure 1.1 is a simple and popular tool for mapping an organisation's stakeholders. The power differential between a firm and its stakeholders will inform the strategies and tactics for dealing with each other (Frooman, 1999; Kolk and Pinkse, 2006). This book discusses different ways of relating with stakeholders especially Chapters 7 and 8.

In addition to the power-interest dimension Newcombe (2003) also considered a power-predictability matrix. A risk perspective overshadows the predictability of stakeholders. In this regard, an organisation should be able to identify those stakeholders that can spring a surprise to them in terms of making a demand on or exercising power in the project. When things are progressing well with an organisation and its stakeholders, it does not necessarily mean that a stakeholder cannot place a sudden and unnecessary demand on the project. Thus in running projects, organisations may often act in a tolerance zone which is a performance band in which the firm is satisfying the interests of all its key stakeholder groups (Doyle and Stern, 2006). As projects can swing out of this tolerance band, there is a need to monitor their progress continuously.

1.2.2 The saliency and dynamism of stakeholders

Saliency (or urgency) is the intensity of claim, attention and priority attached to a stake (Mitchell *et al.*, 1997). It is also the degree to which a claim demands immediate attention (Gago and Antolìn, 2004). It seems thus that urgency influences the manner and extent to which power is exercised in stakeholder engagement. A tri-axial template can be used to map stakeholders. Chapter 7 considers stakeholder mapping in more detail.

The urgency associated with stakes is often not static but dynamic. Thus, stakes must be monitored regularly for any (major) changes. The levels of power and saliency of stakeholders may change with the passage of time. Also, coalitions of stakeholders may emerge in the course of a project and their compositions could change with prevalent circumstances (Freeman, 1984). In each project therefore, there is a need to monitor the stakeholders and their stakes and respond to their dynamism in order to avoid any negative effects. Being proactive is worthwhile in this regard. The continuous assessment of stakeholders' power and urgency informs the choice of approaches for engaging with them. As stakeholders are dynamic, the choice and use of any engagement approach or combination of approaches is always circumspect. It is thus worthwhile for stakeholders to be familiar with the array of engagement approaches, including their strengths and weaknesses, and be able to use these effectively and circumspectly. When the differing expectations of all stakeholders cannot be achieved at the same time, compromises become worthwhile (Johnson *et al.*, 2005). In this regard, an organisation may sometimes have to trade-off the needs of one stakeholder against another (Thompson, 2002).

Any matrix used for mapping stakeholders should be updated regularly to track their positions, especially regarding those stakeholders that are critical to the operations or survival of an organisation. A dynamic matrix is essentially not an answer to everything, rather it helps to (Vogwell, 2002):

- bring order to a very complex situation,
- bring collective understanding if compiled by a group,
- suggest up-to-date strategies for management and communication between the various groups,
- manage resources and time and use these where most benefit will be derived.

1.3 Stakeholder management

Stakeholder management, the subject of this book, is about relationships between an organisation and its stakeholders. These relationships impact on individuals and organisations both positively and negatively. Stakeholders need to be managed in order to minimise their negative impacts and ensure that they do not hinder the achievement of goals by individuals and organisations.

An organisation can be influenced on several dimensions and in different ways, as the checklist of stakeholders in most undertakings is often long and their differing stakes can also become a major source of conflict. It is thus worthwhile to manage stakes in most undertakings. As stakes are not static but dynamic, there is a need to manage the constantly shifting balance between the interests of stakeholders (Goodijk, 2003).

Stakeholder management dictates that an organisation should relate with many constituent groups and should engender and maintain the support of these groups by considering and balancing their relevant interests (Goodpaster, 1991; Freeman, 1994; Logsdon and Wood, 2000). Stakeholding is thus a form of social inclusion and so it diminishes barriers to the expertise that is flowing into and out of organisations and groups (Moloney, 2006).

Differing stakes can become a major source of conflict between stakeholders and hence it is worthwhile to manage stakeholders in most undertakings. Stakeholders' influences are varied (Lynch, 2006) hence the need to respond to different stakeholders in different ways. Even if all stakeholders have good intentions, and they often do, their large number in a given project warrants their management because the pursuit of their individual objectives may not necessarily be congruent. A proactive approach is needed in dealing with stakeholders as opposed to being reactive. While minimal effort is required in satisfying stakeholders with low levels of interest, greater effort is required in keeping those with high levels of interest happy (Carter, 2006).

The differing claims, rights and expectations of stakeholders can exert tangential forces in different directions. This effect must be countered by managing stakeholders collectively in accordance with the objectives of a given cause (Gibson, 2000). Firstly, each stakeholder should be managed uniquely on the basis of their disposition. That way, the missions, strengths, weaknesses, strategies and behaviour of the different stakeholders will be engaged circumspectly (Cleland, 2002) to avoid any threats they may pose to projects and corporate governance, processes and outcomes (Freeman, 1984; Logsdon and Wood, 2000). Secondly, each project-based set of stakeholders must be managed as a cohort. This activity extends beyond the construction phase of a project. Users of facilities, members of the public, etc. may exert their interests after the construction phase and so stakeholder management stretches in consonance with the life of a facility.

1.3.1 Need for construction stakeholder management

Modern construction clients tend to manifest as dynamic configurations of stakeholders who engage with a multifaceted market (Newcombe, 2003). In projects involving multifaceted clients, large project teams and many other stakeholders, there is a dire need for effective coordination and general management of the different stakes, and this warrants effective client leadership. This role of the client is underachieved (Latham, 1994; Egan, 1998, 2002; Boyd and Chinyio, 2006). Stakeholder management enhances greater competency in relational issues and minimises risks therein.

In order to achieve a successful project outcome, the project manager must be adept at managing the interests of multiple stakeholders throughout the entire project management process (Sutterfield *et al.*, 2006). Although principles can be adopted across boundaries, construction has its peculiarity, hence the need to evolve principles of construction stakeholder management based on empirical research.

1.4 Aspects of stakeholder theory

The concept of stakeholder management is accepted as theory, especially in academic discourse. Stakeholder management theory evolved from business management and aims to describe, understand, analyse and manage stakeholders. Many scholars identify the book by Freeman (1984) as a pacesetter; thus some scholars attribute the introduction of modern stakeholder theory to Freeman. Stakeholder management evolved as a tenet of 'corporate social responsibility' and is underpinned on ethical, social and economic considerations. Socially responsible organisations endeavour to employ ethical behaviour in their conduct (Moloney, 2006) and this informs their management of diverse stakes.

Stakeholder management involves managing relationships in order to motivate stakeholders to behave in ways that support the objectives of a firm. The theory posits that businesses, causes, interests and pressure groups have to manage their relationships with those external entities that can influence the achievement of their goals (Moloney, 2006). Stakeholder management is about creating the most positive environment in which to develop a project (Vogwell, 2002).

A stakeholder management approach takes many factors into account, for example moral, political, technological and economic interests (Weiss, 2006). Three approaches are useful for dealing with stakeholders (Goodpaster, 1991):

1. *Strategic approach* – This approach allots shareholders' profit a greater priority above the interests of other stakeholders.
2. *Multifiduciary approach* – This assumes a fiduciary responsibility to stakeholders, allotting them equal stakes with shareholders.
3. *Stakeholder synthesis approach* – This approach assumes a moral but non-obligatory responsibility to stakeholders, e.g. dealing with them ethically.

To an organisation, the key considerations in practical stakeholder management should include the following (Caroll and Buchholtz, 2006):

1. Who are our stakeholders?
2. What are their stakes?
3. What opportunities do they present?
4. What challenges or threats do they present?
5. What responsibilities do we have towards our stakeholders?
6. What strategies or actions should we use to engage our stakeholders?

Caroll and Buchholtz (2006) elaborated on their sixth point above. This significant and loaded point considers such aspects as:

– Should we deal directly or indirectly with our stakeholders?
– Should we be aggressive or defensive in dealing with stakeholders?
– How and when should we accommodate, negotiate, manipulate or resist the overtures of our stakeholder?
– How and when should we employ a combination of the above strategies or pursue a singular course of action?

The foregoing are decisions which each organisation has to make. Ideally, there should be an organisational approach to stakeholder management. This approach should be coordinated within the organisation and guide a company and its employees or representatives while engaging their stakeholders. Individuals may bring their personal attributes to bear in stakeholder engagement, for example some will be more dramatic in their communication, some will be more formal than others and so on. However, each character outlook in the course of corporate stakeholder management should be based on a pre-defined approach.

As organisations nurture and sustain stakeholder management, they should endeavour to specify their approach to this activity. An organisational approach could be pitched at two levels: macro and micro. At the macro level will be the broad guidelines while the micro-level will concern operational tactics. Chinyio and Akintoye (2008) discussed some practical approaches in this regard.

Freeman (1984) explicitly linked stakeholder interests to corporate strategy (Goodpaster, 1991; Freeman, 1994; Logsdon and Wood, 2000). A major purpose of stakeholder theory is to help corporate managers understand their stakeholder environments and manage them more effectively. A larger purpose is to help corporate managers improve the value of the outcomes of their actions while minimising any harm to stakeholders. In essence, stakeholder theory concerns relationships between corporations and their stakeholders (Logsdon and Wood, 2000).

Stakeholder management is useful to procurement in general and has been fostered in several disciplines, for example land remediation, forestry; business marketing; IT; electronics industry; hospitals; automotive industry and so on. Construction practice and procurement in particular has embraced stakeholder management and is now promoting its full implementation. Chapter 3 provides an evolution of construction practice and the conjoint growth of stakeholder management while Chapter 2 discusses other dimensions of stakeholder theory. Stakeholder management is now being researched in both construction and other disciplines (Kolk and Pinkse, 2006).

1.4.1 The principles of stakeholder management

The key principles of stakeholder management (Table 1.1) were first proposed by Max Clarkson who became legendary for his early support of the stakeholder concept.

Table 1.1 Principles of stakeholder management

Principle	Stipulation – that managers should:
No. 1	*Acknowledge* and actively *monitor* the concerns of all legitimate stakeholders, and should take their interests appropriately into account in decision-making and operations.
No. 2	*Listen* and openly *communicate* with stakeholders about their respective concerns and contributions, and about the risks that they assume because of their involvement with the corporation.
No. 3	*Adopt* processes and modes of behaviour that are sensitive to the concerns and capabilities of each stakeholder constituency.
No. 4	*Recognise the interdependence* of efforts and rewards among stakeholders, and should attempt to achieve a fair distribution of the benefits and burdens of corporate activity among them, taking into account their respective risks and vulnerabilities.
No. 5	*Work cooperatively* with other entities, both public and private, to ensure that risks and harms arising from corporate activities are minimised and, where they cannot be avoided, appropriately compensated.
No. 6	*Avoid altogether* activities that might jeopardise inalienable human rights (e.g. the right to life) or give rise to risks that, if clearly understood, would be patently unacceptable to relevant stakeholders.
No. 7	*Acknowledge the potential conflicts* between (a) their known roles as corporate stakeholders and (b) their legal and moral responsibilities for the interests of stakeholders, and should address such conflicts through open communication, appropriate reporting, incentive systems and, where necessary, third-party review.

Source: http://www.mgmt.utoronto.ca/~stake/Principles.htm

The principles emerged organically after an international group of management scholars, including Clarkson himself, explored the role of the large corporation in modern, highly interdependent economies. Their goal was to develop a broad concept of the firm as a vehicle for advancing the interests of multiple and diverse stakeholders. The principles thus incorporate a variety of perspectives and provide a template and guide to organisations for managing their stakeholders (Donaldson, 2002).

Although principles can be adopted across boundaries, construction has its peculiarity, hence the need to adopt, evolve or refine principles of construction stakeholder management based on empirical research.

1.4.2 Engaging with stakeholders

An organisation has to engage with its stakeholders during normal and difficult times. There are different avenues for engaging with stakeholders and these include consultation, dialogue, partnership and regular supply of information. These avenues can be exploited at corporate events, exhibitions and meetings. Channels of communication could also be exploited, such as uses of posters, websites, newsletters and emails. The idea is to use an approach and tactics that are effective.

1.5 The firm and corporate social responsibility

Corporate social responsibility (CSR) can be perceived as the voluntary integration of social and environmental concerns into business operations and interactions with stakeholders (Enquist *et al.*, 2006). From this perspective, stakeholding can be said to have its origins in the theory of the firm (Freeman 1984; Moloney, 2006). Although the term CSR gained earlier and more widespread use in the United States, the European business environment has long been associated with the presumption that corporations have societal obligations that go beyond their responsibilities to shareholders (Doh and Guay, 2006). An argument thus emerged from a CSR perspective that corporations have a moral obligation to their stakeholders.

It seems worthwhile that in corporate affairs, stakeholder management should be pursued and this activity should be backed by policy. That way, its implementation will be empowered directly and certain individuals will be tasked with its responsibility. It has been argued that stakeholder management should be driven from board and executive level and be auditable (Wheeler and Sillanpää, 1997). At least, one board member should have the responsibility of overseeing an organisation's stakeholder management practice.

Corporate existence and activities are conceivable in the three domains of governance, processes and outcomes (Logsdon and Wood, 2000). These three domains have a bearing on stakeholder management. Governance and processes have a direct relationship with the way a firm engages its stakeholders. The achievement of outcomes is then influenced by an organisation's stakeholders. This reinforces the need for stakeholder management in organisations.

Good corporate governance deals in part with how to manage the involvement of an organisation with its stakeholders and to balance their interests. This objective is arranged in such a way as to enable the optimum weighing of stakeholders' diverse interests (Goodijk, 2003). The top-management duties of issuing press releases, press conferences and advertising – referred to generally as reputation management activities – should in part influence the perception of a firm's reputation by its stakeholders' (Carter, 2006).

With firms also, customer-retention management is in place in order to create distinctive, long-lasting relationships with customers (Normann, 2001). This is a blending of neo-institutional and stakeholder theory (Doh and Guay, 2006). Neo-institutional theory has suggested that organisations and their strategies are substantially influenced by the broader institutional settings in which they operate, and are also shaped by the institutional legacies that reflect the culture, history and polity of the particular country or region where they are located (Doh and Guay, 2006). The prime merit of the stakeholder concept is that it points out the important relational aspects of organisations, and it functions as a useful heuristic in this sense (Ihlen and Berntzen, 2007).

Relationship marketing has not fully replaced conventional transactional marketing as the dominant paradigm but the concept is often used where appropriate (Knox and Gruar, 2007). Relations with stakeholders are also evidence of organisations and groups using cooperation as well as competition while searching for means of gaining advantage over each other (Moloney, 2006).

Is stakeholder theory sensitive to the differences between employees, contractually bound to the organisation in a servant–master relationship, and customers who are free agents in the market and often called 'sovereign'? (Moloney, 2006). Ideally yes. However, what stakeholding does is to seek to strike a balance that yields optimal benefit. It looks at that which is good and bad for everybody and identifies the optimum in the given circumstances. It is about looking at the wider picture.

Corporations are cognisant of stakeholder management and implement it. Some do it implicitly while others do it proactively and explicitly. Each organisation should implement it in a way they deem fit and employees should be made aware of the practice that is acceptable.

1.5.1 Shareholders

Shareholders constitute one set of internal stakeholders who have invested in a firm in expectation of rewards in terms of dividends, share appreciation and capital repayments

(Doyle and Stern, 2006). Shareholders have an influence on the objectives of an organisation. Likewise, other stakeholders can influence the pursuit of an organisation's objectives (Freeman, 1984). While shareholders can influence an organisation from within, most other stakeholders often influence it from without. The management drive of a company is in someway sandwiched by its shareholders and stakeholders. Both shareholders and stakeholders place demands on the management of a company and it is worthwhile to address both sets of demands.

An organisation needs to satisfy its shareholders as well as its other stakeholders. Enquist *et al.* (2006) described this as a balance between shareholder strategy and the social-harmony strategy. The former focuses on satisfying the desires of shareholders (e.g. profitability and return on capital), while the latter emphasises the balancing of the various stakeholders' demands. The ideal is to strike a balance where the objectives of a business are achieved while satisfying stakeholders, that is, a win–win approach (Carroll and Buchholtz, 2006).

1.5.2 Acceptability of stakeholder management

It should be noted that not all researchers agree on the importance of stakeholders, and that stakeholder theory has been criticised on both theoretical and empirical grounds (Doh and Guay, 2006). However, the need for customer retention has made companies to esteem and implement stakeholder management either formally or informally, or on both counts. Employees in construction and other disciplines will thus find themselves having to manage stakeholders in their endeavours. A useful approach to this activity is to be prepared. This book brings a comprehensive understanding to the subject matter and should provide a useful guide for managing stakeholders.

It is reckoned that over 95% of organisations in construction practice are either small- or medium-sized enterprises. To some of these firms, maintaining or loosing a customer can be very critical to their continued existence. Stakeholder management will enable organisations to understand their stakeholders better, manage them properly and enhance repeat business opportunities. Those who can manage their stakeholders better will reap the rewards while those who cannot may live to bear the pains. There are gains and pains in stakeholder management and it is worthwhile to aim for the gains. Chapter 15 explores this aspect further.

1.6 Summary

This chapter has defined stakes and stakeholders. The power, urgency and saliency of stakeholders have been highlighted. The concept and theory of stakeholder management have been introduced as well. In doing so the usefulness of stakeholder management to organisations (including those in the construction sector) has been demonstrated. Stakeholder management was discussed as a corporate function that should be supported by top-level management. Employees should be empowered to carry it out, and clear lines of responsibility for its effective implementation should be drawn.

The scene is now set to discuss stakeholder management in more detail. The following chapters discuss various aspects of the concept and its theory.

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