# DRUSSA

## Development Research Uptake in Sub-Saharan Africa

# Handbook Series:

## Stakeholder engagement and participation

**Authors**[1]
Sara S (Saartjie) Grobbelaar
CREST
Stellenbosch University

# INTRODUCTION

This essay aims to examine stakeholder theory by paying attention to three aspects, namely the history of the field, various typologies that have been developed in the theory of stakeholder participation and the process of stakeholder participation. Throughout it is also attempted to present a critical review of the stakeholder participation literature and to highlight various criticisms of the key concepts.

Firstly, the document contains an in-depth review of the field of stakeholder theory, tracking the early roots of the field and how it has evolved since the 1960s. Here we pay special attention to how the various perspectives of stakeholder theory progressed from management theory, policy and development, and how they influenced each other.

Secondly, we present an analysis of various key typologies of stakeholder participation that have developed from various perspectives. This includes the theoretical basis of stakeholder theory, the typologies that have been developed in the literature that describe the aims and objectives of stakeholder theory, the different degrees of participation, and the nature of participation.

Thirdly, we describe the process of stakeholder participation and provide key frameworks that have proven to be useful to guide the stakeholder participation process. This section is intended to be more practical and guides the reader through the process of planning and implementing participation.

According to Ramirez (1999) the term stakeholder dates from the 17th century where it was used to describe a third party who had been entrusted with a stake in a bet. Schilling (2000) cites Follet (1918) who wrote on the management literature and developed insights much of that was proposed several decades later by Freeman in his seminal work in 1984 entitled "Strategic management: A stakeholder approach" (Freeman, 1984).

Over the period of the 1960s to the 2000s discussed in this section, we attempt to highlight the interactions and pressures that have been placed on the corporate sector, as well as the policy and development theory field to shift, and to condition and constrain the way they view stakeholder participation.

Reed (2008) developed a very useful account of the evolution of the literature as it relates to the concept of stakeholder engagement. Writing from a perspective of natural resource management, he observed that the field developed through a number of phases and both in and across various contexts, geographies and fields.

### Phase 1: Awareness in the 1960s

The 1960s can be characterised as a period where general awareness was raised of the effect of organisations on society and the environment (Reed, 2008). The consumer and environmental movement of this period brought the recognition that people and organisations can be affected or can affect business activities. This ushered in an era where it became a priority to empower the affected individuals or organisations. Chandler and Mazlish (2005), described this time as a period where the major role of global history was shifted from the nation-state to movements (e.g. women's causes), NGOs and MNCs (Andriof and Waddock, 2002)then there is reality and not simply legal fiction in the proposition that the managers of the unit are fiduciaries for it and not merely for its individual members, that they are \u2026 trustees for an institution with multiple constituents rather than attorneys for the stockholders (E.M. Dodd, Jr, 1932.

Although the recognition of business and society had already started to appear in academic literature earlier (Berle and Means, 1932; Kapp, 1950; Boulding, 1953) it was in the 1960s that the concept of 'social responsibility' was explored. Early works on the topic started to articulate that business needed to be responsible to society (Andriof and Waddock, 2002)then there is reality and not simply legal fiction in the proposition that the managers of the unit are fiduciaries for it and not merely for its individual members, that they are \u2026 trustees for an institution with multiple constituents rather than attorneys for the stockholders (E.M. Dodd, Jr, 1932.

It was also during the late 1960s and early 1970s that modern environmental politics started to become institutionalised. This was characterised by the emergence of environmental issues on the societal and political agenda, which was linked with the emergence of participation (Tatenhove and Leroy, 2003). Van Tatenhove and Leroy (2003) provide an account of the various anti-modern critiques, which raised two main arguments.

- Firstly, the modern state was criticised for its ignorance of the political and economic establishment on the environment, and the impact that their decisions on energy, infrastructure, industrial zones etc. could have.
- Secondly, criticism was raised over the exclusion of stakeholders from consultation on or even being informed about such decisions.

Tatenhove and Leroy (2003) observed that these criticisms were made against a backdrop of a much wider critique of the capitalist system and the state. The so-called social movements were a precursor to the environmental movement and included groups such as the Civil Rights Movement (USA), students, anti-Vietnam war, and Third World movement criticising the establishment against:

- A unilateral emphasis on growth which paid no heed to its external effects;
- An autocratic decision-making process where no participation was allowed.

It can therefore be concluded that the roots of the environmental movement was part of the anti-modern critique on modern society and the improvement of political participation.

A parallel development, as summarised by Penderis (2012), captured the disillusionment with mainstream development theory during the late 1960s, and its inability to address poverty and inequality, and to bring about transformation in the developing world. This resulted in the exploration of alternative theories and a shift of focus away from economic growth and towards the social dimension of development.

### Phase 2: Incorporating local perspectives in the 1970s

Towards the end of the 1970s and during the early 1980s, the business and society paradigm moved yet again. Frederick (1987) observed that the field of corporate social responsibility that resulted from the activism of the

1960s and the first part of the 1970s moved towards 'corporate social responsiveness'. This paradigm was articulated by a range of authors like Ackerman and Bauer (1976), Steiner (1972. The key nature of the new models that were suggested by these authors incorporated links between business and society. This meant that they acknowledged the fact that businesses needed to become responsive to their environments' and society's needs. This had implications for the structure and functions of such enterprises (Andriof & Waddock, 2002) then there is reality and not simply legal fiction in the proposition that the managers of the unit are fiduciaries for it and not merely for its individual members, that they are \u2026 trustees for an institution with multiple constituents rather than attorneys for the stockholders (E.M. Dodd, Jr, 1932.

As articulated by Preston and Post (1975), corporate responsiveness was also echoed in the range of public responsibilities of the management of enterprises. A range of boundary-spanning functions was created within companies, such as communication relations functions, and other functions aimed at fostering proactive interactions with stakeholders (media relations, customer relations and investor relations).

Also in the public sector, the double critique of the lack of consideration of affected people as well as the lack of transparency in making decisions, drove certain developments in policy and government structures. This led to the development of a political context in the environmental arena, which, for instance, resulted in the gradual introduction of environmental policies. Structures were also established to deal with these new issues on the agenda, which included environmental policy departments, the setting of environmental standards, the implementation of permits and environmental planning (Van Tatenhove, 2003).

As a direct result of the previous decade's activism for the anti-modernist stage, new policy mechanisms were developed that would "reflect the claim for countervailing power". Consequently, instruments were introduced that included cost-benefit analysis and risk assessments and technology assessments (Van Tatenhove, 2003).

The "green discontent" continued to be critical of the lack of transparency of environmentally damaging industries and infrastructure development projects. Various local conflicts ensued with this critique at their core: groups and individuals who would be significantly affected by various actions ought to be consulted or engaged with (Van Tatenhove, 2003).

## Phase 3: Recognising local knowledge and "putting the last first" in the 1980s

Hickey and Mohan (2004) refer to developments in the 1980s where the participatory development approach in its mainstreamed form emphasised the acknowledgement of local context as a central consideration in development. Reed (2008) characterises this phase as a period where techniques such as farming-systems research and rapid and participatory rural appraisal were developed. Stakeholder engagement also started to recognise that local knowledge plays an important role in defining successful development interventions (Chambers, 1983; Reed, 2008).

Over the period between the 1970s and the 1980s there was much emphasis placed on participatory approaches in development practice. Concepts like "people-centred development", "state society synergies", "participatory democracy" and "grassroots development" came into focus (Rahman, 1993; Penderis, 2012).

These people-centred development approaches argued for a world where individuals are in charge of their futures (Burkey, 1993; Chambers, 1983). This focused on the development of social capital, capabilities, freedom, empowerment and the capacity to self-manage development (Penderis, 2012). This rhetoric became significant on the international stage as it was argued that the participation of local people and gaining grassroots support would acknowledge the importance of improving insight into local conditions, ensuring the way was prepared for implementation processes and might enhance development outcomes (Gupta, Grandvoinnet and Romani, 2004).

In this way participatory approaches for development were mainstreamed in the 1980s, with much emphasis being placed on drawing on local knowledge and facilitating the participation of the beneficiaries of development programmes in all stages of the process (Hickey and Mohan, 2004). It became virtually impossible to attempt any development initiative without following this kidn of approach. Participation was seen as the "new paradigm of development" (Penderis, 2012).

## Phase 4: The increased use of participation in the 1990s – from local to global and a planetary perspective

Around the 1992 UN Conference on Environment and Development (The Earth Summit), the local focus of environmental and social concerns started to make way for a more global view. This was a result of the forces of globalisation in the business world and a more informed and "connected" public, along with a growing community of non-governmental organisations (NGOs)(UNCED, 1992). Andriof and Waddock (2002)then there is reality and not simply legal fiction in the proposition that the managers of the unit are fiduciaries for it and not merely for its individual members, that they are \u2026 trustees for an institution with multiple constituents

rather than attorneys for the stockholders (E.M. Dodd, Jr, 1932 argued that contributing factors, such as the discovery of global threats like climate change, ozone depletion and water issues, also contributed to the development of a more global view.

Acknowledgement of an increasingly complex world and a more sophisticated understanding of long-term and worldwide impacts of industrial development brought the realisation that stakeholder engagement would have to be expanded from its mostly localised nature to a more global scale. Organisations like Greenpeace, for instance, challenged Shell's behaviour in the Brent Spar incident. Companies that had traditionally been seen to only have a limited impact on the environment, such as Nike and GAP, were also pressured into accounting for poor labour conditions in their supply chains (*Reference - Practice report).

It was also during the 1990s that corporations were compelled to account for the affect that their corporate practices were having on society and the environment (Waddock, 2002). The concept of Corporate Responsibility (CR) and Corporate Citizenship (CC) evolved from this, as corporations were expected to become more proactive in doing "social good". Through corporate citizenship the stakeholder engagement process, in particular, became more interactive – pushing it even further than proactivity. In corporate citizenship, ethical considerations were now also acknowledged (see Preston and Post, 1975; Marsden and Andriof, 1998; Waddock, 2002). It has become commonplace for organisations to provide progress reports for their development of environmental and social projects.

Andriof and Waddock (2002)then there is reality and not simply legal fiction in the proposition that the managers of the unit are fiduciaries for it and not merely for its individual members, that they are \u2026 trustees for an institution with multiple constituents rather than attorneys for the stockholders (E.M. Dodd, Jr, 1932 argue that good corporate citizenship is about effectively managing organisational influences and relationships with the rest of society in order to minimise adverse effects and maximise positive impacts.

The evolution of the concept CSR to CC and CR therefore has a set of implicit features (Andriof and Waddock, 2002)then there is reality and not simply legal fiction in the proposition that the managers of the unit are fiduciaries for it and not merely for its individual members, that they are \u2026 trustees for an institution with multiple constituents rather than attorneys for the stockholders (E.M. Dodd, Jr, 1932:

- There was a shift from reactive- to proactive postures, to boundary-spanning functions and then interactive management with stakeholders (Preston and Post 1975; Waddock 2002);
- There was a movement of a systematic analysis and better understanding of organisations and their relationships with stakeholders.

## Phase 5: Disillusionment - participation's limitations

According to Hickey and Mohan (2004) the practice of participation in areas such as international development grew unchecked between 1980 and 1990, and they argue that this period witnessed the practice of participation to derail and "tyrannise" the development debates that were going on. People were starting to ask for proof that the participatory approaches were indeed achieving their goals of empowering and transforming the development trajectories of marginalised people (Reed, 2008).

New insights from the 1990s included that organisations like the International Monetary Fund and World Bank were implementing participatory approaches for palliative reasons (Hickey and Mohan, 2004). It was argued that participation was used as a device to depoliticise development and to legitimize action, and that it was a rather narrow focus for improving the effectiveness of development projects. Critics suggested that this detracted from addressing the structural issues of inequality and social justice (Leal, 2007; Gaventa, 2006).

Mohan and Hickey (2004) attributed these issues to "an absence of a coherent theory of participation that sought to explain and articulate the role of agency within development processes" and an inability to "theorize the potential contribution of participation to a transformatory political process".

Penderis (2012) reflects on these criticisms and concludes that citizenship, social justice and development were issues of social change, and that participation was seen as an easy solution for addressing the problems of poverty and inequality. Penderis continues that the discourse during this period therefore started to question and consider the link between participation and the transformation of social, political and economic systems (Hoff and Stiglitz, 2001; Penderis, 2012).

## Phase 6: Working together but… much progress is yet to be made

More recent evidence from the 2000s shows the deepening of participation, together with novel approaches emerging across the domains of theory, policy and practice. Very significant new and innovative strategies have been developed by stakeholders in developing countries in order to express their claim in the development arena (Van Tatenhove, 2003).

The World Summit of Sustainable Development in 2002 signalled a new era for participation. A number of leading businesses, governments and NGOs came to the realisation that the global issues of the environment and social justice could not be addressed by acting unilaterally. This led to large corporations engaging in multi-stakeholder dialogues and partnerships, and the establishment of global agencies such as the UN Global Compact or UNEP industry-sector initiatives (Van Tatenhove, 2003).

Large corporations and their stakeholders are becoming more strategic and sophisticated in the mechanisms and approach towards engaging with organisations, groups and networks. Questions are asked about the transparency and accountability of not only corporations, but CSOs and multi-stakeholder institutions too (Van Tatenhove, 2003).

In spite of these developments, developing countries continue to face escalating inequality and poverty. Even though many large corporations are tackling these issues, still others (and SMMEs) have not yet engaged in these debates. Thus, despite this being an era of much progress, still many businesses remain indifferent to the interests of some of their stakeholders (Van Tatenhove, 2003).

Having outlined the context and pressures on the development of stakeholder participation and the mainstreaming of these practices in development and policy making, we now turn our attention to the various research traditions. The following section provides an overview of stakeholder theory in management sciences and stakeholder participation in development, policy and the environment.

## Research traditions and roots of stakeholder participation

According to Lawrence (2006) who examined the field of stakeholder participation from an environmental perspective, the objectives of participation are wide open to criticism. He says that due to the wide range of perspectives applied to this area of study, it is difficult to compare the various approaches and projects (an observation the author of this essay concurs with). The field of stakeholder participation is very broad indeed, and there are considerable differences between the philosophies and theories of participation within the various research traditions.

This section aims to briefly introduce some of the research traditions or areas of work under review. The field of stakeholder theory presented by Freeman (1984) draws on various fields of research: sociology, economics, politics and ethics. Some of the more recent lessons learnt have been contributed from even broader geographical- and theoretical contexts. The table below lists selected studies from various areas that have contributed to the area of stakeholder theory.

*Table 26: Selected studies in the area of Stakeholder Theory or stakeholder participation (adapted from Reed, 2008)*

| Domain | Example studies |
|---|---|
| Social activism | Freire and Ramos, 1970 |
| Adult education | Kolb, 1984; McKernan, 1991 |
| Applied anthropology | e.g. IDS, 1979; Rhoades, 1982 |
| Complex systems | von Bertalanffy, 1968; Gunderson and Holling, 2000 |
| Management | Freeman, 1984 |
| Behavioural science | Wood and Gray, 1991 |
| Natural resource management | Johnson et al., 2004; Reed, 2008 |
| Ecology | Mapinduzi et al., 2003 |
| Health policy | Varvasovszky and Brugha, 2000 |
| Ethics | Gibson, 2000 |
| Large infrastructure programmes | Kivits, 2011 |
| Evaluation | Brody, 2003 |

## Management sciences

> **"In business management, the growing realisation that stakeholders could affect the success of a firm led naturally to the development of approaches to analyse stakeholders, in order to understand their interests and influence, and how these could support or threaten the performance of the firm" (Brugha and Varvasovsky, 2000).**

The concept of the business-society relationship as evolved and the debate on the concept has moved through a number of phases. Mohan (2003) provides a very useful overview of concepts that have been added to the

debate over the 1950s to 2000s (see Figure 9). Over the years authors have observed the introduction of various concepts including business ethics, sustainable development, corporate philanthropy, organisational citizenship and social accountability.
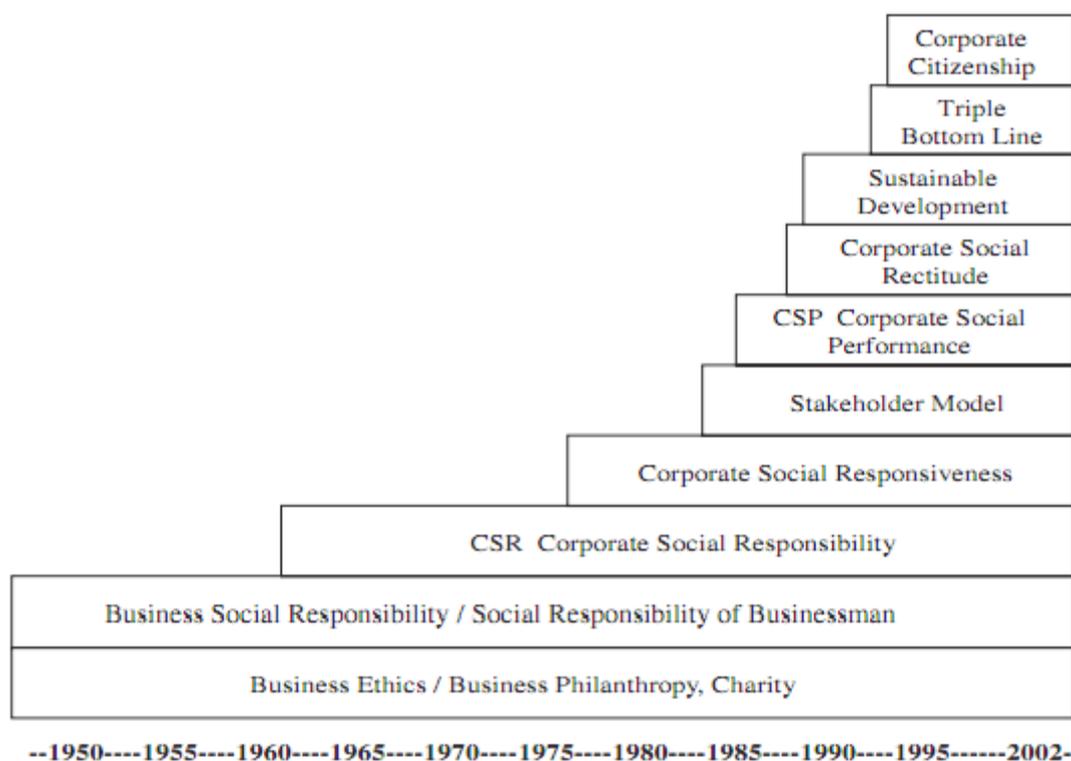


*Figure 9: Evolution of the debate on the business-society relationship (Copied from Mohan, 2003)*

Most of the more recent definitions of the term 'stakeholder' derive from the original definition from Freeman's seminal work (1984). Freeman defined a stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984: 46).

Mainardes, Alves and Raposo (2011) note that Freeman's model visualises the relationship between the company and its external environment with the company occupying a central position, from where it interacts with its external environment. As observed by a number of authors, Freeman's company-stakeholder relationship is two-way and mutually dependent (Frooman, 1999).The realisation that the business community is also dependent on the external environment and its various component groups or individuals thus gave birth to the Stakeholder Theory (Freeman, 1984; Frooman, 1999).

Mitchell, Agle and Wood (1997) state that although the management literature does not really distinguish what kinds of entities need to be recognised as stakeholders (persons, groups, neighbourhoods, organisations, institutions, societies, and even the natural environment) many other areas did, and key authors in the field adopted different approaches. A central debate in the management sciences on stakeholder theory is the definition of stakeholders. Here, much attention was given to how broad or narrow this definition should be, and how to best to define groups that have a legitimate stake.

As such, some of the early authors in the fields like Friedman (1962) in the business management research field on stakeholders, initially focused on the development of a strategy to mobilise, neutralise or defeat stakeholders, with the key objective of meeting the strategic objectives of firms. Here the only legitimate stakeholders were defined as the stockholders of the firm (Reed, 2008). According to Friedman and Miles (2002), the literature made implicit assumptions about what would constitute a legitimate stake.

Mitchell and colleagues provide a very useful account of contrasting and comparing wide and narrow views of stakeholder identification. He argues that the narrow views were developed on the practical basis that managers have time- and resource constraints in dealing with stakeholders.

Narrow views aim to identify core groups that have direct relevance to the firm's most important economic interests. The rationale for developing the narrow view was to search for a "normative core" of legitimacy to enable managers to define a core group of stakeholders to relate to (Mitchell et al., 1997). Here factors like firm survival are taken into consideration and stakeholders are defined as (Freeman and Reed, 1983; Bowie,

1991):

- Groups or individuals who have placed something at risk in their relationship with the firm;
- Contractors or participants in exchange relationships.

A small number of authors have argued for moral claims, their key argument being that the firm should focus on creating and sustaining moral relationships. Another argument is the duty of the firm to fairly distribute the risks and benefits of the firms' actions (Freeman, 1994; Donaldson and Preston, 1995).

Modern stakeholder-analysis authors have proceeded to provide a wide range of criteria through which the justification can be made to involve stakeholders, be they individuals or groups (Mitchell et al., 1997; Freeman, 1984). Key theories for stakeholder engagement include:

- Bidirectional theories of stakeholder engagement (Freeman, 1984; Starik, 1995), i.e. "those who affect or are affected by";
- Theories of national capital investment (Schlossberger, 1994);
- Externalities (Freeman, 1994);
- Property rights (Donaldson and Preston, 1995).

Although Freeman (1999) dismissed the need for stakeholders to have established legitimacy over an organisation, Friedman and Miles (2002) stress that it remains important to be aware of the wider stakeholder group, and that clarity therefore needs to be achieved on how to define a legitimate and rightful stake.

In contrast with the narrow view, the broader view is based on an empirical reality that companies may be affected or may affect almost anyone. This however becomes "bewilderingly complex" for managers to apply. However, it may be important to ensure that a systematic and comprehensive stakeholder analysis is done in order to ensure that entities that do not have a legitimate claim, but that could affect or be affected by the firm, be included in the analysis as this may affect those who do have a legitimate claim (Freeman, 1999).

## Stakeholder analysis in policy, development and the environment

### Policy

The policy analysts adapted stakeholder anlaysis from the management field in the 1970s and 1980s. Here, stakeholder analysis developed as a tool for analysing the distribution of power as well as the role of interest groups.

According to Reed et al (2009), within the policy development and natural resource management literature the focus of stakeholder analysis was more on the empowerment of marginal stakeholders and how the decision-making process may be influenced. This added dimension contributed to stakeholder theory, but also significantly increased its complexity and posed certain challenges to conducting such research, as various conflicting and diverse agendas also now needed to be considered.

From the policy perspective, the process of agenda development was highlighted as to how it is influenced by information, institutions and their decisions and power. Similar to the management studies field, the same question of who the relevant actors are surfaced in the policy studies field. Stakeholder analysis was used as a tool to generate insight into "relevant actors" to understand behaviour, interests, agendas and influence on the decision-making process (Brugha and Varvasovsky, 2000).

Policy actors are recognised not only as an interst group but as players (active or passive) in the policy-making process. From this perspective, stakeholder analysis provides a framework for assisting in the analysis of the interests and influence of the policy actors. Attention is also given to the interrelationships between groups and organisations (Brugha and Varvasovsky, 2000).

The identification and recognition of "political will" resulted in a policy-making process where the "rational policy-making model" had to make way for a much bigger recognition of the role of actors or stakeholders and their "political will" – a much more intuitive and less systematic way of performing policy analysis (Brugha and Varvasovsky, 2000).

## Development and the environment

More recent definitions from the natural resources literature build on Freeman's view and attempt to distinguish between those who affect or are affected by a decision or action – or active and passive stakeholders (Grimble and Wellard, 1997). Other authors have also attempted to define stakeholders, some from the public sector or non-profit organisations:

> 'All parties who will be affected by or will affect [the organization's] strategy' (Nutt and Backoff, 1992: 439).
>
> 'Any person, group or organization that can place a claim on the organization's attention, resources, or output, or is affected by that output' (Bryson, 1995: 27).
>
> 'People or small groups with the power to respond to, negotiate with, and change the strategic future of the organization' (Eden and Ackermann, 1998: 117).
>
> 'Those individuals or groups who depend on the organization to fulfil their own goals and on whom, in turn, the organization depends' (Johnson and Scholes 2002: 206).

The literature on stakeholder analysis in the areas of development and the management of natural resources has mostly focused on studying projects that failed due to a lack of understanding of stakeholder dynamics. Brugha and Varvasovsky (2000) conclude that this is why these fields now focus on developing insight into power dynamics, and more transparent and equitable decision-making.

Brugha and Varvasovsky (2000) highlighted the work of Lindenberg and Crosby (1981) where a political dimension of development is added, and the need for a systematic analysis to understand actors and their positions and interests is stressed. Lindenberg and Crosby's process included many of the elements that were later termed 'stakeholder analysis':

- The process allowed for the elimination of marginal actors in order to concentrate efforts on those who would make final decisions as well as those who would influence the principal decision-maker;
- The quantification of actors' level of influence (e.g. high, medium and low), as well as their interest and support for a specific outcome;
- Assessment of theory capacity, and willingness to activate resources towards the goal; and
- The mapping of actors in terms of their relationships towards each other, the potential for alliances between actors as well as their relationships, with a view to the desired outcome.

One of the most-quoted authors on the topic of stakeholder engagement is Reed (2008). Reed's (2008) account is written from an environmental decision-making perspective. A significant number of recent stakeholder-engagement research outputs have been produced within this paradigm. He notes that much learning is now taking place in the developed world, drawing on the experiences of developing countries where action-oriented, site-specific approaches are being implemented (Dougill et al., 2006; Lawrence, 2006).

## Typologies and topics in the theory of stakeholder participation

As illustrated in the sections above, the development of the field of stakeholder analysis has resulted in a wide range of concepts and methodological approaches, which are open to a wide range of interpretations (Lawrence, 2006; Reed et al., 2009). Reed et al. argue that instead of seeing these as competing approaches, one should view such mechanisms as typologies and invest time in understanding the different contexts and approaches to establish where their application would be most appropriate. Reed et al. (2009) identify a range of topics on which the stakeholder-participation literature focuses, as discussed in this section:

- The theoretical basis of stakeholder theory
- Claims and risks of participation
- Principles of participation
- Objectives of participation
- The degree of participation
- The nature of participation.

## Donaldson and Preston's typology

Donaldson and Preston (1995) developed a very insightful framework for explaining the various types of stakeholder theory. Their approach was rooted in the philosophy of science, which distinguishes between how descriptive theory, normative theory and instrumental theory link means and ends.

Donaldson and Preston (1995) published a paper on theories for stakeholder participation in an attempt to categorise and describe key concepts and distinctions between the various perspectives and issues in the field of stakeholder theory. The article also attempts to categorise the existing literature within the management sciences into three interrelated, but distinct, categories. Donaldson and Preston proposed a number of theses to describe the field of stakeholder theory:
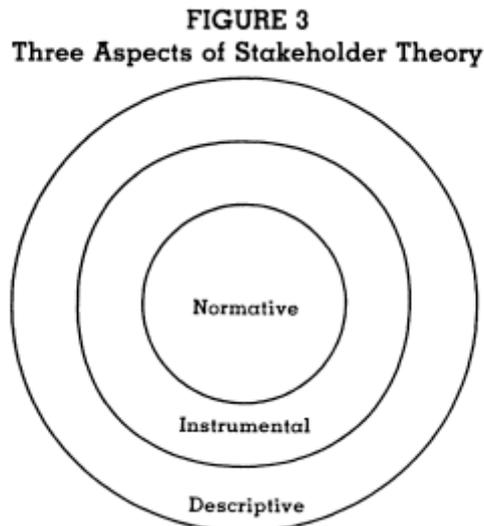


*Figure 10: Three aspects of stakeholder theory (Copied from Donaldson and Preston (1995))*

Donaldson and Preston's (1995) article distinguishes three aspects of stakeholders, which, they argue, are nested (see the figure above):

- Descriptive theory: This is the outer circle of stakeholder theory and contains the descriptive aspect of the theory. Within this perspective, the relationships between stakeholders are presented and explained.

- Instrumental theory: According to Donaldson and Preston the middle core explains the effects of implementing stakeholder participation, i.e. "if certain practices are carried out, then certain results will be obtained".

- Normative theory: The central core "presumes that managers and other agents act as if all stakeholders' interests have intrinsic value. In turn, recognition of these ultimate moral values and obligations gives stakeholder management its fundamental normative base".

## Descriptive stakeholder theory

Thesis 1:

> The stakeholder theory is unarguably descriptive. It presents a model describing what the corporation is. It describes the corporation as a constellation of co-operative and competitive interests possessing intrinsic value. Aspects of this model may be tested for descriptive accuracy: Is this model more descriptively accurate than rival models? Moreover, do observers and participants, in fact, see the corporation this way? The model can also serve as a framework for testing any empirical claims, including instrumental predictions, relevant to the stakeholder concept (but not for testing the concept's normative base) (Donaldson and Preston, 1995:66).

The premise of descriptive stakeholder theory from Donaldson and Preston's perspective is that it describes or explains characteristics and behaviours of firms. Much research has been done here, for instance:

- The nature of the firm (Brenner and Cochran, 1991)
- The management of the firm (Brenner and Molander, 1977)
- The diffusion of social information (Ullmann, 1995)

- The firm's view and significance attributed to each stakeholder (Jawahar and Mclaughin, 2001).

According to Reed et al. (2009), the descriptive approach provides insight into the relationships in light of a specific phenomenon and various stakeholders, but fails to provide more than a descriptive analysis of the connection to be made between the objectives of the firm and the stakeholders.

Reed et al. (2009) therefore suggest that descriptive analysis be done in conjunction with normative or instrumental analysis, as this serves as a precursor for such analysis. The main outcome of a descriptive analysis then is an understanding of the various role players, together with a description of their roles and objectives and linkages.

## Instrumental stakeholder theory

Thesis 2:

> The stakeholder theory is also instrumental. It establishes a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals. The principal focus of interest here has been the proposition that corporations practicing stakeholder management will, other things being equal, be relatively successful in conventional performance terms (profitability, stability, growth, etc.) (Donaldson and Preston, 1995: 66-67)

Advanced by Jones (1995), the theory can be used in conjunction with descriptive or empirical data to explore the connections (or lack thereof) between effective stakeholder management and performance objectives such as profitability or growth (Reed et al., 2009).

Reed explains that this pragmatic approach mostly focuses on improving the understanding of how organisations, project leaders or policy-makers can identify, explain or manage stakeholders' behaviour in order to achieve the desired outcomes.

This view has been supported from the business management literature (Freeman, 1984) to natural resource management literature (Reed, 2008 where stakeholder analysis has played a contributing role to overcome obstacles (Johnson et al., 2004 in Reed et al, 2009):

- Adopting new technology or approaches
- Guiding the process of adapting to new technologies or approaches
- Disseminating ideas or technologies to various groups.

Furthermore, stakeholder analysis been used to ensure that a wider range of knowledge is considered in order to provide more robust solutions or more buy-in, especially in fields where agreement to targets are required (Berkes, 1999; Olsson et al., 2004; Reed et al., 2009; Woodhill and Roling, 1998).

## Normative stakeholder theory

Thesis 3:

> Although Theses 1 and 2 are significant aspects of the stakeholder theory, its fundamental basis is normative and involves acceptance of the following ideas: (a) Stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity. Stakeholders are identified by their interests in the corporation, whether the corporation has any corresponding functional interest in them. (b) The interests of all stakeholders are of intrinsic value. That is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareowners (Donaldson and Preston, 1995: 67).

The goal of normative stakeholder theory is to describe what the managers or people ought to do in terms of driving stakeholder participation. Reed et al. (2009) allude to stakeholder analysis adopted in policy, development and natural resource management that emphasises the legitimacy of stakeholders, as well as how they should be empowered and involved in the decision-making process.

Criticism of the typology

Freeman (1999) referred to Donaldson and Preston's typology as the "separation thesis". Freeman argues that they rely heavily on the fact that it is meaningful to separate the discourse on business with the discourse on ethics.

> "Now, if we drop the tripartite typology of Donaldson and Preston, then plainly there is no need for anything like convergent stakeholder theory. There is nothing to converge—no separate contributions for philosophers and management theorists" (Freeman, 1999).

Freeman (1999) is critical of the logic as he argues that the decision to call groups 'stakeholders' rather than keeping their original distinctive names like 'constituencies' or 'publics' results in the mixing up of fact and value. He continues by saying that the concept of value-free or value-neural stakeholder theory is a contradiction in terms.

## Normative vs. Pragmatic participation

Other typologies of stakeholder theory focus on distinguishing between participation that is normative and/or pragmatic. As with instrumental use, pragmatic arguments focus on participation as a means to an end, which can deliver more useful decisions (see instrumental use section above). Where normative participation, as discussed above, has a focus on process, and what those processes should look like for allowing people to have a democratic right to participate in environmental decision-making, pragmatic participation is to achieve a goal through participation (Reed, 2008).

## Claims and risks of participation

Building on the above-mentioned concept of the normative and pragmatic distinction, the following claimed benefits of stakeholder participation have been suggested:

Normative claims focus on the benefits to stakeholder groups;

Pragmatic claims focus on the development of higher quality and more useful decisions and more robust policy.

The following two sections provide statements compiled from the literature that list these claims (Reed, 2008) (Luyet et al , 2012):

### Normative claims

- Stakeholder participation reduces the likelihood of ignoring groups or individuals on the fringes of the decision-making context;
- Trust in decisions will be enhanced as stakeholders would have been consulted during the decision-making process, creating buy-in;
- Stakeholders will be empowered to contribute to the generation of knowledge along with researchers, which in turn also improves the capacity of stakeholders to make use of the knowledge;
- Social learning is promoted;
- The probability that the decision will be perceived to be holistic and fair is increased;
- The probability that there will be public acceptance of the decisions is more likely.

### Pragmatic claims

- Project design is improved by using local knowledge;
- Higher quality decisions will result as they will be based on a much more complete information and negative impacts may be raised and considered early on;
- Improved understanding of the projects and key issues for each stakeholder group
- Research will be more robust due to higher quality information inputs;
- Sense of ownership over the process and outcomes will be more likely if it has been shared by a broad coalition of stakeholders;
- The establishment of common ground between stakeholders by creating an appreciation of the validity of each other's point of view and the integration of interests and opinions of stakeholder groups;
- Adversarial relationships may be transformed through the creative exploration of how to work together.
- 

Despite the above-mentioned benefits of stakeholder participation, there is some scepticism towards this process fulfilling its promises. A range of risks have been highlighted in the literature (Luyet et al, 2012; Reed, 2008):

- Stakeholder participation can become very resource-intensive, demanding time and money;

- The participation process does not take place in a power vacuum and the empowerment of various groups may have negative implications for existing power structures;

- Some participants may have insufficient capacity to take part in the engagement process, for example, due to a lack of technical skills if the participation process becomes very technical;

- Expectations may remain unfulfilled which could result in a further deterioration of relationships between stakeholders resulting in stakeholder frustration;

- New issues may come to the fore which may create additional conflicts;

- Involvement of stakeholders who are not representative;

Luyet et al (2012) also warn that stakeholder engagement in the literature is often reduced to the process of workshops or the dissemination of information. This may lead the engagement process being focused too much on only one part of the process. It may also lead to a situation where the process does not adequately provide for the heterogeneity of the stakeholders or the complexity of the decision-making process.

Hickey and Mohan (2004) argue that even though stakeholder participation may result in unwanted and undesirable outcomes, the careful management of such issues can create conditions where meaningful involvement can take place.

## Principles of participation

Normative work has been done by Reed (2008) who provides a very useful outline of key principles for successful participation with stakeholders:

- A process needs to be established through which stakeholder engagement that is fair, equitable can take place and through which trust and respect can be developed between stakeholder groups.

- Through the stakeholder engagement process, the integration of scientific knowledge must happen in parallel with the integration of local knowledge.

- It is important to establish the rules of engagement in advance and stakeholder groups need to agree that the process is acceptable.

- It is important to ensure that stakeholders are engaged with at an early stage in order to ensure that buy-in is achieved early on.

- Luyet also suggests that the stakeholder groups need to be integrated early on.

- The process must be facilitated by experienced moderators.

- The resources assigned to the stakeholder engagement process need to be adequate, both funding and time resources, so as to ensure effective engagement.

Luyet et al (2012), however, does warn that the blind application of these principles may not yield the results required. It is important to ensure that due consideration is given to the political, cultural and historical context in which the engagements and the project take place.

## Objectives of participation

A number of authors have developed typologies of participation based on objectives for participation. This has included Okali's (1994) "research-driven" opposed to "development-driven" participation or "planning-centred" versus "people-centred participation" (Michener, 1998). White (1996) takes this a step further and provides a framework for the analysis for the dynamic nature of the participation process. Error! Reference source not found.Table 1 outlines the diversity of form, function and interest that she argues is encapsulated in the term participation:

Table 1: Interests in participation (Copied from White, 1996)

| Table 1 | Interests in participation | | |
|---------|---------------------------|--------------|-----------|
| **Form** | **Top-Down** | **Bottom-Up** | **Function** |
| Nominal | Legitimation | Inclusion | Display |
| Instrumental | Efficiency | Cost | Means |
| Representative | Sustainability | Leverage | Voice |
| Transformative | Empowerment | Empowerment | Means/End |

The table distinguishes between types of participation and the character of participation:

- The first column provides insight into four mayor types of participation.
- The second shows the interest in participation from "top-down" – i.e. the designers and developers of the project.
- The third column represents a 'bottom up' perspective – i.e. how participants see themselves and what they expect to achieve.
- The final column characterises the overarching function of the engagement.

Stringer et al (2007) explains that they view the purpose of stakeholder participation as a process through which the quality of a project can be improved. This could be achieved through social learning and appropriate technical solutions which take place through support and co-operation between parties as well as the knowledge inputs.

Carney et al (2009) provides a useful overview of the objectives of stakeholder participation during the research process:

- Firstly, a rationale for engaging with stakeholders may be to study stakeholders. In this case the researchers has as his/her goal to have a better understanding of stakeholders and aims to characterise their behaviour, review their perceptions or attitudes of issues as well as their interactions with each other and with the researcher;
- The second goal may be the co-production of knowledge. Through this activity the researcher is concerned with gathering active inputs from stakeholders to improve the quality of research by incorporating stakeholder knowledge, insight and ideas;
- Thirdly stakeholder participation in research may increase the legitimacy of a project. Through the involvement of stakeholders in the process of developing research findings, greater weight may be added to the research by public entities as key stakeholders have been involved in the development of the research;
- A study may be conducted on behalf of stakeholders. In this case the research is done on behalf of stakeholders who are recipients of the findings through a knowledge dissemination process.

## Degree of participation

Both Lawrence (2006) as well as Reed (2008) make the distinction of the degree of participation as one of the key interpretations of stakeholder participation. An important author who contributed to this perspective was Arnstein (1969) who coined the term 'ladder of participation' with later adaptations by Pretty et al. (1995) as well as Goetz and Gaventa (2001).

Table 2: Review of literature on identifying degrees of participation

| Author | Degrees of participation |
|--------|--------------------------|
| Arnstein (1969) | Manipulation > citizen control. |
| Pretty et al. (1995) | Manipulation and information > Partnership > self-management. |

| Biggs (1989) | Describes the level of engagement as a relationship that can be 'contractual', 'consultative', 'collaborative' and 'collegiate'. |
|---|---|
| Farrington (1998) | Simplified this to a distinction between participation that is 'consultative', 'functional' (i.e. enhancing project implementation through local labour and knowledge), or 'empowering'. |
| Lawrence (2006) | 'Transformative' participation as an alternative top rung of the ladder, and emphasising the idea that empowerment should lead to the transformation of the communities who are involved. |
| Wilcox's ladder (2003) | The ladder has five rungs that reflect various aspects of user involvement: deciding together, acting together, supported independence. |
| Burns (1994) | Burns' ladder of citizen empowerment attempts to incorporate degree of participation and quality of engagement. |
| Choguill (date) | Only Choguill's adaptation, for use in 'underdeveloped countries', explicitly considers the potential for organisations to exert a malign influence under the guise of user involvement. |

Through the hierarchical levels of the 'ladder' some of the authors explicitly state that higher rungs of the ladder are preferable to lower rungs of the ladder (e.g. Arnstein, 1969; Johnson et al., 2004).

Tritter (2006) states that although a number of interpretations and refinements have been made to the ladder approach, the hierarchical approach does have its limitations. This includes that the process "uncritically embraces citizen control as the pinnacle of involvement", and that it is too simplistic in that it does not:

- Consider the process through which stakeholder participation takes place,

- The methods though which it takes place, or

- The feedback systems that exist.

Reed et al. (2009) state that it is likely that different levels of engagement are likely to be appropriate in different contexts, and that these will depend on the nature of the work as well as the identified stakeholder category. In order to address this issue, Davidson (1998) suggested a "wheel of participation" as an alternative to emphasise the various degrees of engagement.

## Nature of stakeholders and participation

Some authors also refer to the nature of the stakeholder in order to explain the nature of participation (Carney et al, 2009). ODA (1995) refers to primary and secondary stakeholders.

- Primary stakeholders: People / groups ultimately affected by the project (e.g. intended beneficiaries or those negatively affected)

- Secondary stakeholders: Intermediaries assisting in the delivery of the project (e.g. governmental, NGO and private-sector organisations).

In this document, Carney et al, (2009) also outline other commonly utilised categories for stakeholders groups such as:

- Active / passive or

- Internal and External Stakeholders

- Key stakeholders

- Low level stakeholders

- Strongly concerned stakeholders

Building on the classification of stakeholders, Milligan et al (2004) distinguishes between the nature of engagement as limited interaction, full interaction, mediator achieved, key stakeholders, or full interaction (face-to-face).

As discussed by Reed (2008), Rowe and Frewer's (2000) writing from a public participation perspective focused on the nature of engagement, which is mostly concerned with the different types of engagement, as well as direction of the flow of communication.

Carney et al (2009) provides a useful overview of typologies of the nature of participation. Here they refer to Farrell et al. (2001) who distinguish between nominal participation and engaged participation:

- Nominal participation: This results due to a number of resource constraints or due to participants who lack interest in the issue but who also want to appear engaged.
- Engaged participation: This refers to real and active participation in meetings, writing and editing of reports and influencing decisions.

Reed (2008) also reviews other authors who make the distinction between a need for 'public acceptance' versus 'decision quality', or 'political' versus 'technical' participation (Beierle, 2002; Thomas, 1993).

Carney (2009) considers this attempt to distinguish between different types of participation useful, as it is insightful to link the different potential stakeholders and their perceived competence and reason for selection.

## The stakeholder participation process and practical frameworks

Many studies in the literature provide guidance on the available methodologies and approaches towards stakeholder participation. From a practical perspective, the following reasons may suffice for developing a stakeholder participation plan (University of Kansas, 2014):

- Firstly, to involve stakeholders in planning an intervention such as a community intervention. Here the knowledge gained by engaging with the various stakeholder groups may prove to be very valuable for ensuring your approach is sound and that the right groups are involved in the process.
- Secondly, if research is to be conducted in participation with stakeholders through participatory action research, for example, stakeholder involvement may be useful for ensuring that the relevant parties understand the research process.

> - "Validating different knowledge systems: Stakeholder analysis can provide a meeting ground for various systems of knowledge. In recognising the value and relevance of both popular and scientific knowledge, and in focusing on the implications of such knowledge for management, it creates bridges between two systems of knowledge that seldom communicate, thus providing the basis for dialogue and co-operation in management." (Renard, 2001)

According to Eden and Ackermann (2013) the process is useful as it:

- Guides us in applying clear and useful definitions of stakeholders which pertains to the uniqueness of the stakeholders;
- Assists in analysing and defining the relative significance of the stakeholders;
- Assists the project manager in effectively managing the multiple and interdependent linkages with and between stakeholders and potential stakeholders;
- Helps with planning how and when to intervene, when appropriate, in order to develop or change the underlying reasons for stakeholder significance.

Table 3 outlines three excerpts from the literature that outline the various steps towards developing, implementing and evaluating a stakeholder participation process.

*Table 3: Stages and phases for the stakeholder participation process*

| Luyet et al. (2012) | (Ravnborg & Westermann, 2002) | (Renard, 2001)) |
|---|---|---|
| Stakeholder identification | Defining the area and its users<br><br>Identifying stakeholders | Determine need for planning process<br><br>Stakeholder identification |
| Stakeholder characterisation<br><br>Stakeholder structuring | Introduction of the notion of interdependencies<br><br>Bringing conflicts and interdependencies into the open | Stakeholder mobilisation<br><br>Stakeholder analysis |

| | | |
|---|---|---|
| **Choice of participation techniques** | | **Definition of mechanism for stakeholder participation and process to be used to arrive at decisions and solutions**<br><br>**Identification of problems, issues, and needs**<br><br>**Definition of goals and objectives**<br><br>**Collection of information on which to base decisions** |
| **Implementation of participatory techniques** | **Negotiating options for improved Natural Resources Management**<br><br>**Implementing and adjusting action plans** | **Analysis and sharing of results with stakeholders**<br><br>**Identification and assessment of options**<br><br>**Negotiation**<br><br>**Formulation of decisions and agreements** |
| **Evaluation** | | **Monitoring and Evaluation** |

As far as practical frameworks are concerned, Luyet et al. (2012) provide a useful process framework for guiding the stakeholder participation (and considered by the authors to be comprehensive in terms of the process), which includes the following steps:
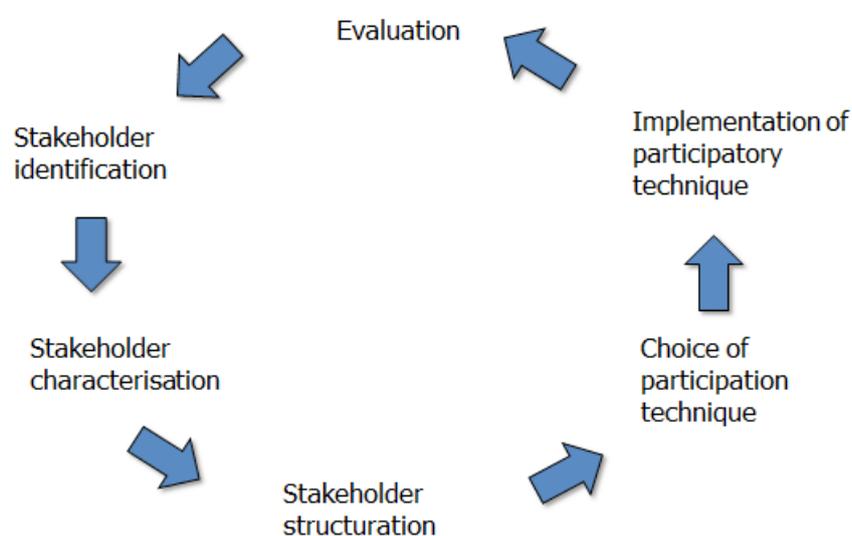


*Figure 1: The stakeholder participation process (Redrawn from Luyet, 2012)*

In this section we focus on the first five steps namely:

- Stakeholder identification
- Stakeholder characterisation
- Stakeholder structuring
- Choice of participatory technique
- The participation plan.

## Stakeholder definition and identification

As the identification of all relevant stakeholders is one of the principles of successful participation, failure to identify the stakeholders may mean that some bias is introduced into the process and the following stages of the project. It may also result in certain stakeholders being added to the engagement process later on, which may have a negative effect on the project's progress. In order to effectively complete this step in the process, the following actions must be taken:

- Agree on how to define stakeholders
- Develop a mechanisms through which we can develop a stakeholder list e.g. a set of questions to answer to develop stakeholder list – this will depend on the definition

As defined in the previous section, the nature of stakeholders can be defined according to stakeholders and their relationship to the project in question.

Primary stakeholders include the beneficiaries or targets of the effort

- Beneficiaries are those groups that stand to gain something from the effort, be that knowledge, advice, skills, money, goods, or connections to organisations;
- Targets are those who stand to gain personally or whose activities will result in a benefit to a specific population or community.

<div style="border:1px solid #000; background:#dce6f1; padding:1em;">

***Examples***

- A particular population – a racial or ethnic group, a socioeconomic group, residents of a housing project, etc.
- Residents of a particular geographic area – a neighbourhood, a town, a rural area.
- People experiencing or at risk for a particular problem or condition – homelessness, lack of basic skills, unemployment, diabetes.
- People involved or participants in a particular organisation or institution – students at a school, youth involved in the justice system, welfare recipients.
- People whose behaviour the effort aims to change – delinquent youth, smokers, people who engage in unsafe sex, people who do not exercise.
- Policy-makers and agencies that are the targets of advocacy efforts.

</div>

*Box 1: Examples of beneficiaries or targets (Copied from Reference - Community Toolbox)*

Secondary stakeholders:

Group 1: Those groups or individuals that are involved with or responsible for the beneficiaries or targets. In other words, this includes the organisations or individuals that are living with, caring for or provide services to the beneficiary groups.

<div style="border:1px solid #000; background:#dce6f1; padding:1em;">

***Example***

- Parents, spouses, siblings, children, other family members, significant others, friends.
- Schools and their employees – teachers, counsellors, aides, etc.
- Doctors and other medical professionals, particularly primary care providers.
- Social workers and psychotherapists.
- Health and human service organisations and their line staff – youth workers, welfare case workers, etc.
- Community volunteers in various capacities, from drivers to volunteer instructors in training programs to those who staff food pantries and soup kitchens.

</div>

*Box 2: Examples of individuals involved with beneficiaries or targets (Copied from Reference - Community Toolbox)*

Group 2: Those whose livelihoods or existence may be affected by the process or implementation of the effort. Some of this group's stakeholders may have overlap with the above-mentioned group.

> **Examples**
>
> - Police and other law or regulation enforcement agencies. New approaches to violence prevention, dealing with drug abuse or domestic violence, or other similar changes may require training and the practice of new skills on the part of members of these agencies.
>
> - Emergency room personnel, teachers, and others who are legally bound to report possible child abuse and neglect or other similar situations.
>
> - Landlords. Landlords' legal rights and responsibilities may be altered by laws brought about by campaigns to stop discrimination in housing or to strengthen tenants' rights.
>
> - Contractors and developers. Open-space laws, zoning regulations, and other requirements, as well as incentives, may affect how, where, and what contractors and developers choose to build.
>
> - Employers. A workplace safety initiative or strengthened workplace safety regulations, health insurance requirements, and other mandates may affect employers' costs. Those that hire and make a commitment to workers from at-risk populations may also have to institute worker assistance programs (personal and drug/alcohol counselling, for example, as well as basic skills and other training).
>
> - Ordinary community members whose lives, jobs, or routines might be affected by an effort or policy change, such as the location of a homeless shelter in the neighbourhood or changes in zoning regulations.

*Box 3: Examples of individuals affected by the process or effort (Copied from Reference - Community Toolbox)*

Key stakeholders

The key stakeholder categories consist of:

Group 1: Government officials and policy-makers. These are individuals who are in a position to devise, pass and enforce laws or regulations; these groups or individual's actions will have either the effect of fulfilling the goals of the effort or completely cancelling it out;

> **Examples**
>
> - Legislators. Federal and state or provincial representatives, senators, members of parliament, etc. who introduce and pass laws and generally control public budgets at the federal and state or provincial levels.
>
> - Governors, mayors, city/town councillors, selectmen, etc. the executives that carry out laws, administer budgets, and generally run the show can contribute greatly to the success – or failure – of an effort.
>
> - Local board members. Boards of health, planning, zoning, etc., through their power to issue permits and regulations, can be crucial allies and dangerous opponents.
>
> - State/federal agencies. Government agencies often devise and issue regulations and reporting requirements, and can sometimes make or break an effort by how they choose to regulate and how vigorously they enforce their regulations.
>
> - Policy-makers. These people or groups often have no official power – they may be "advisers" to those with real power – but their opinions and ideas are often followed closely. If they are on your side, that is a big plus.

*Box 4: Examples of Government officials and policy-makers (Copied from Reference - Community Toolbox)*

Group 2: This group includes those that may influence others

> **Examples**
>
> - The media.
> - People in positions that convey influence. Clergy members, doctors, CEOs, and college presidents are all examples of people in this group.
> - Community leaders – people that others listen to. These might be people who are respected because of their position of leadership in a particular population, or may be established or lifelong residents who have earned the community's trust over years of integrity and community service.

*Box 5: Examples of individuals that have influence over others (Copied from Reference - Community Toolbox)*

Group 3: Those with an interest in the outcome of the effort. These people or groups may be unaffected by the process or outcome of the project, but care about the cause and may be willing to work towards achieving objectives. This includes individuals with a natural constituency like academics, senior business people or activists.

> **Examples**
>
> - Business. The business community usually will recognise its interest in any effort that will provide it with more and better workers, or make it easier and more likely to make a profit. By the same token, it is likely to oppose efforts that it sees as costing it money or imposing regulations on it.
> - Advocates. Advocates may be active on either or both sides of the issue you are concerned with.
> - Community activists. Organisations and individuals who have a philosophical or political interest in the issue or population that an effort involves may organise to support the effort or to defeat it.
> - People with academic or research interests related to a targeted issue or population. Their work may have convinced them of the need for an intervention or initiative, or they may simply be sympathetic to the goals of the effort and understand them better than most.
> - Funders. Funders and potential funders are obvious key stakeholders, in that, in many cases, without their support, the effort will not be possible.
> - Community at large. When widespread community support is needed, the community as a whole may be the key stakeholder.

*Box 5: Examples of interested groups or individuals (Copied from Reference - Community Toolbox)*

## How do you identify stakeholders?

The general categories with extensive examples have been provided above. The process of identifying stakeholders needs to involve the careful consideration of all the potential stakeholders, whoever needs to be involved to further the project goals.

Luyet et al. (2012) suggest that the stakeholder identification process should include a heterogeneous group of persons in order to ensure that the risk of failing to identify crucial stakeholders is minimised. It must, however, be kept in mind that a greater number of stakeholders may result in a more complex and more costly process. Therefore, the choice of method for stakeholder identification will largely depend on the context of the project, the phase of the project and the resources available (Luyet et al., 2012).

### Mechanisms

Various mechanisms are suggested for identifying stakeholders. These include:

- Brainstorming: The team members all sit together and call out names and groups of stakeholders;

- Focus group: A smaller group brainstorm about the stakeholders, their interests, influence and other attributes, and categorise them;
- Semi-structured interviews: Interviews are conducted with a cross-section of stakeholders to check or supplement the focus group data;
- Snow-ball sampling: Individuals from initial stakeholder categories are interviewed to identify new stakeholder categories and contacts;
- Stakeholder map: A map or chart visually representing the various stakeholders and their relevant categories may prove useful.

## Stakeholder characterisation

According to Luyet et al. (2012), the size and complexity of the project will determine to what extent the stakeholder identification and analysis process will take place. The characterisations of stakeholders have been discussed at length in the literature (Luyet et al., 2012). Some of these characteristics include (Rist et al., 2007)methodological and practical framework within which the limitations of the conventional notion of natural resource management (NRM:

- The various attitudes of stakeholders towards a project;
- Potential conflicts and coalitions between stakeholders;
- Interest in the project;
- Access to resources;
- Political influence over the project;
- Degree of implication;
- Power, stakeholder urgency, proximity and legitimacy; and
- Scale of influence.

Stakeholder classes can be divided into groups: direct and indirect, primary and secondary, internal and external (Bailur, 2007; Karlsen, 2002).

In the natural resource management literature some very useful lists of questions have been developed to assist in the stakeholder characterisation process. Typically, a stakeholder analysis exercise will aim to answer questions such as (Reed, 2008; Reed et al., 2009):

- What are the current and future interests of the various stakeholders in the use and management of the resource? What are their needs and expectations? How do they use the resource and what benefits do they derive?
- What are their past and current power, rights and responsibilities, both formal and informal? What are the networks and institutions of which they are part?
- What are the social and environmental impacts, both positive and negative, of their past and current uses of and relationships with the resource?
- How ready and willing are they to participate in and contribute to the management of the resources?
- What are the potential areas of agreement and shared interest upon which consensus and collaboration can be developed?
- What are the human, technical and financial resources that they are prepared to contribute to the management process?

### Mechanisms

As suggested by Karlsen (2002) an option for classifying stakeholders is along two dimensions, namely the potential that they have to affect the project and their potential to collaborate with project staff. Various mechanisms have been developed for stakeholder analysis through which characterisation can be done:

- Power versus interest grids: Interest-Influence matrices where a 2-by-2 matrix is used to represent characteristics of stakeholders;
- Stakeholder maps through which links, connections and relationships can be visualised;
- Interest-Influence matrices: Stakeholders are placed on a matrix according to their relative interest and influence;

- Stakeholder-led categorisation: Stakeholders themselves categorise stakeholders into categories which they have created;
- Q methodology: Stakeholders sort statements drawn from a concourse according to how much they agree with them. The analysis of this allows social discourses to be identified;
- Radical transactiveness: Snow-ball sampling can be used to identify fringe stakeholders, followed by the development of strategies to address their concerns.

However, there does not seem to be a single systematic approach through which stakeholder characterisation takes place. Luyet et al. (2012) state that it seems to depend very much on the project's context and complexity.

The process of ranking stakeholders by their various characteristics may be affected by subjectivity, and thus it may be advisable to engage a range of individuals in the process of ranking stakeholders.

## Stakeholder structuring and degree of involvement

The aim of this step in the process is to assign stakeholders to groups and to assign each group to a planned level of involvement. Luyet et al. (2012), use the following degrees of involvement for each stakeholder group for their process:

- Information: Explanation of the project to the stakeholders;
- Consultation: Presentation of the project to stakeholders, collection of the suggestions, and then decision-making with or without taking stakeholder input into account;
- Collaboration: Taking the stakeholder's views into account and then making decisions based on that;
- Co-decision: Co-operation with stakeholders towards an agreement for solution and implementation; and
- Empowerment: Delegation of decision-making over project development and implementation to the stakeholders.

### Mechanisms

Eden and Ackermann (2013) describe a range of practical frameworks that have been developed to assist in the stakeholder structuring process:

- Stakeholder influence diagrams: Stakeholders are tabled onto a two-dimensional matrix and their relationships described using codes;
- Social Network Analysis: This is used to identify the network of stakeholders and to measure the relational ties between stakeholders by means of a structured interview/questionnaire;
- Knowledge mapping: This involves semi-structured interviews to identify the interactions and knowledge of stakeholders and is used in conjunction with SNA; and
- Radical transactiveness: Snow-ball sampling is used to identify fringe stakeholders and to develop strategies to address their concerns.

## Planning participation

### Choice of participatory techniques

To support the participation process the participation technique needs to be agreed on. This is dependent on the objectives and the appropriate degree of participation that have been defined with the stakeholder group (Reed, 2008). A wide range of techniques have been defined in the literature but there is currently no standardised approach. The choice of participation technique may depend on:

- Degree of involvement;
- Type of stakeholders (prior knowledge and experience, time available, interest, etc.);
- Local cultural and social norms;
- Past events (history of development, etc.);
- Intended timing of the use of the techniques within the project; and
- Knowledge and experience of the project manager/facilitator.

Reed et al. (2009) provide the following table for supporting the choice of participatory technique:

*Table 5:Participatory techniques according to degree of involvement*

Table 2. Some participatory techniques with their degree of involvement, inspired by IAP2, 2009; Tippett et al., 2007; HarmoniCOP, 2005; Richards et al., 2004; Van Asselt et al., 2001; OECD, 2001 and Rowe and Frewer, 2000.

| Participation technique | Information | Consultation | Collaboration | Co-decision | Empowerment |
|---|---|---|---|---|---|
| Newsletter | X | | | | |
| Reports | X | | | | |
| Presentations, public hearings | X | X | X | | |
| Internet webpage | X | X | | | |
| Interviews, questionnaires and surveys | X | X | X | | |
| Field visit and interactions | X | X | X | | |
| Workshop | | X | X | X | X |
| Participatory mapping | | | X | X | X |
| Focus group | | | X | X | X |
| Citizen jury | | X | X | X | X |
| Geospatial/ decision support system | X | X | X | X | |
| Cognitive map | X | X | X | | |
| Role playing | | | X | X | X |
| Multicriteria analysis | | | X | X | |
| Scenario analysis | | X | X | X | X |
| Consensus conference | | X | X | X | X |

Table options ▼

## The participation planning matrix

The participation planning matrix below (Table 31) combines the levels of participation, which range from a minimum of simply informing stakeholders through to empowerment in which the stakeholders or some subset of them are given final decision-making authority. Each level has a different goal and makes a different kind of promise -implicitly if not explicitly.

*Table 6: Participation planning matrix*

| Stakeholder group | Objective of their Intervention | Approach to Participation (information generation/ sharing, consultation, collaboration or partnership) and Depth | Participation Methods (e.g., workshop, participatory assessment, survey, community mobilisation or service provision by CSO, participatory M&E) | Timeline | Resources required | |
|---|---|---|---|---|---|---|
| | Why included | | Method | Who is Responsible | Start Date | End Date |
| Government | | | | | | |
| Civil Society | | | | | | |
| Private Sector | | | | | | |

# Conclusion

This essay provides an in-depth review of the field of stakeholder participation from a range of angles. We tracked the evolution of the field from its earlier roots towards the present day. It is evident that the business-society relationship has evolved over the decades and that pressure from various angles drove changes in the areas of how businesses relate to society and how policy making and development projects take place.

We reviewed the literature on the theoretical bases and typologies and then considered the categorisation of claims and objectives of stakeholder participation. It was found that normative claims focus on the benefits to stakeholder groups, while pragmatic claims focus on the development of better quality decisions and improving the robustness of policy. We also investigated the categories, degrees and nature of participation as they are represented in the theory.

The third section of this essay suggested practical frameworks and made suggestions towards developing a stakeholder participation plan. This included the identification, characterisation and structuring of stakeholders, which are commonly included in stakeholder analysis.

# References

Waddock, S., Husted, B., & Rahman, S. S., (2003). Unfolding stakeholder thinking. J. Andriof (Ed.). Greenleaf.

Ackerman, R. W., & Bauer, R. A. (1976). Corporate social responsiveness. Reston, VA: Reston

Arnstein, S. R., (1969). A ladder of citizen participation. Journal of the American Institute of planners, 35(4), 216-224.

Berkes, F. (1999). Sacred Ecology: Traditional Ecological Knowledge and Management Systems. Taylor and Francis, Philadelphia, Pennsylvania, USA and London, UK.

Berle A.C. and Gardiner C., (1968). Means, the modern corporation and private property New York: Harcourt, Brace and World.

Biggs, S., (1989). Resource-Poor Farmer Participation in Research: a Synthesis of Experiences From Nine National Agricultural Research Systems. OFCOR Comparative Study Paper, vol. 3. International Service for National Agricultural Research, The Hague.

Boulding, K.E., (1953). The organizational revolution: A study in the ethics of economic organization. New York: Harper and Brothers.

Bowie, N., (1991). New directions in corporate social responsibility. Business Horizons, 34(4), 56-65.

Brenner, S. N., & Cochran, P., (1991). The stakeholder theory of the firm: Implications for business and society theory and research. Paper presented at the annual meeting of the International Association for Business and Society, Sundance, UT.

Brenner, S. N., & Molander, E. A., (1977). Is the ethics of business changing? Harvard Business Review, 58(1): 54-65.

Brody, S.D., (2003). Measuring the effects of stakeholder participation on the quality of local plans based on the principles of collaborative ecosystem management. Journal of Planning Education and Research, 22 (2003): 407–419.

Brugha, R. and Varvasovszky, Z., (2000). Stakeholder analysis: a review. Health Policy and Planning, 15(3), 239-246.

Bryson, J.M., (1995). Strategic planning for public and non-profit organizations: A guide to strengthening and sustaining organizational achievement. San Francisco: Jossey-Bass Publishers.

Burkey, S. (1993). People First: A Guide to Self-Reliant Participatory Rural Development. Atlantic Heights: Zed Books.

Burns D, Hamilton R, Hogget P.,( 1994). The politics of decentralisation. Basingstoke: MacMillan;

Carney, S., Whitmarsh, L., Nicholson-Cole, S. A., & Shackley, S. (2009). A dynamic typology of stakeholder engagement within climate change research.Tyndall Center for Climate Change Research, Working Paper, 128.

Chambers, R. (1983). Rural development: Putting the last first (Vol. 82). London: Longman.

Chandler, A. D., & Mazlish, B. (Eds.). (2005). Leviathans: Multinational corporations and the new global history. Cambridge University Press.

Choguill G.A., (1996). A ladder of community participation doe underdeveloped countries. Habitat International 1996:20(3): 431-444

Cornell, B. and Shapiro, A.C. (1987). Corporate stakeholders and corporate finance. Financial Management, 5-14.

Davidson, S., (1998). Spinning the wheel of empowerment. Planning (3), 14–15.

Donaldson, T. and Preston, L.E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. Academy of Management Review, 20(1), 65-91.

Dougill, A.J., Fraser, E.D.G., Holden, J., Hubacek, K., Prell, C., Reed, M.S., Stagl, S.T. and Stringer, L.C. Learning from doing participatory rural research: Lessons from the Peak District National Park. Journal of Agricultural Economics, 57 (2006), pp. 259–275.

Eden, C. and F. Ackermann. (1998) Making strategy: The journey of strategic management. London: Sage.

Farrell, A., Van Deveer, S. D., Jäger, J. (2001). Environmental assessments: four under-appreciated elements of design. Global Environmental Change, 11(4), 311-333.

Farrington, J., (1998). Organisational roles in farmer participatory research and extension: lessons from the last decade. Natural Resource Perspectives 27, 1–4.

Follet, M.P. (1918). The new state: Group organisation, the solution of popular government. New York: Longmans.

Frederick, W. C.: (1987). 'Theories of Corporate Social Performance', in S. P. Sethi and C. M. Flabe (ed.), Business and Society: Dimensions of Conflict and Cooperation (Lexington Books, New York), pp. 142–161.

Freeman, R.E. (1984). Strategic management: A stakeholder approach. Boston: Pitman.

Freeman, R. Edward. A stakeholder theory of the modern corporation: Kantian capitalism. (1988).

Freeman, R. E. (1994). The politics of stakeholder theory: Some future directions. Business ethics quarterly 1994: 409-421.

Freeman, R.E. (1999). Divergent stakeholder theory. Academy of Management Review, 24(2), 233-236.

Freeman, R.E., Reed, R.E., Red, D.L., (1983). Stockholders and stakeholders: A new perspective in corporate governance. California Management Review, 25 (1983): 88-106.

Freire, P., Ramos, M.B. (1970). Pedagogy of the oppressed. New York: Seabury.

Friedman, A.L, and Miles, S. (2002). Developing stakeholder theory. Journal of Management Studies, 39(1), 1-21.

Friedman, M. (1962). Capitalism and freedom. Chicago: University of Chicago Press.

Frooman, J. (1999). Stakeholder influence strategies. Academy of Management Review, 24(2), 191-205.

Gaventa, J. (2006). Triumph, deficit or contestation? Deepening the 'deepening democracy' debate (Vol. 264). Brighton: Institute of Development Studies, University of Sussex.

Goetz, A-M and Gaventa J., (2001). 'From Consultation to Influence: Bringing citizen voice and client focus into service delivery'. IDS Working Paper 138.

Grimble, R. and Wellard, K. (1997). Stakeholder methodologies in natural resource management: a review of principles, contexts, experiences and opportunities. Agricultural Systems, 55(2), 173-193.

Gupta, M.D., Grandvoinnet, H. and Romani, M. (2004). State–community synergies in community-driven development. Journal of Development Studies,40(3), 27-58.

Hickey, S., & Mohan, G. (Eds.). (2004). Participation--from tyranny to transformation?: Exploring new approaches to participation in development. Zed Books.

Hill, C.W. and Jones, T.M. (1992). Stakeholder agency theory. Journal of Management Studies, 29(2), 131-154.

Hoff, K. and Stiglitz, J. (2001). Modern economic theory and development. Frontiers of Development Economics: The Future in Perspective, 389.

Jawahar, I. M., & McLaughlin, G. L. (2001). Toward a descriptive stakeholder theory: An organizational life cycle approach. Academy of Management Review, 26(3), 397-414.

Johnson, N., Lilja, N., Ashby, J.A., Garcia, J.A., (2004). Practice of participatory research and gender analysis in natural resource management. Natural Resources Forum 28, 189–200

Johnson, G. and Scholes, K. (2002) Exploring corporate strategy (6th ed.). Harlow, England: Pearson Education.

Jones, T. M. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics. Academy of management review, 20(2), 404-437.

Kapp, K.W. (1950). The social costs of private enterprise. Cambridge, Mass: Harvard University Press.

Kivits, R. A. (2011). Three component stakeholder analysis. International Journal of Multiple Research Approaches, 5(3), 318-333.

Lawrence, A. (2006). No personal motive? Volunteers, biodiversity, and the false dichotomies of participation. Ethics, Place and Environment, 9: 279–298.

Leal, P. A. (2007). Participation: the ascendancy of a buzzword in the neo-liberal era. Development in Practice, 17(4-5), 539-548.

Lindberg, M. and Crosby, B., (1981). Managing development: the political dimension. Hartford: Kumarian Press.

Mainardes, E.W., Alves, H. and Raposo, M. (2011). Stakeholder theory: issues to resolve. Management Decision, 49(2), 226-252.

Marsden, C. and Andriof, J. (1998). Towards an understanding of corporate citizenship and how to influence it. Citizenship Studies, 2(2), 329-352.

Milligan, J, Hills J, Smith, T, and Le Tissier, M, (2004). A typology of coastal researchers' modes of interactions with stakeholders Journal of Science Communication 2(3): 1-11

Mitchell, R.K., Agle, B. R. and Wood, D.J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. Academy of Management Review, 22(4), 853-886.

Mohan, A. (2003). Strategies for the management of complex practices in complex organizations: A study of the transnational management of corporate responsibility, University of Warwick, United Kingdom.

Nutt, P. and Backoff, R. (1992) Strategic Management of Public and Third Sector Organizations: A Handbook for Leaders. San Francisco, CA: Jossey-Bass.

ODA (1995). Guidance Notes on How to do Stakeholder Analysis of Aid Projects and Programmes, Overseas Development Administration. Social Development Department

Olsson, C. Folke, T. Hahn, (2004.). Social-ecological transformation for ecosystem management: the development of adaptive co-management of a wetland landscape in southern Sweden

Penderis, S. (2012). Theorizing Participation: From Tyranny to Emancipation. Journal of African and Asian Local Government Studies, 1(3).

Post, J. and Preston, L. (2012). Private management and public policy: The principle of public responsibility. Stanford: Stanford University Press

Preston, L. E. and J. E. Post: 1975, Private Management and Public Policy. The Principle of Public Responsibility (Prentice Hall, Englewood Cliffs, NJ).Rahman, M.A. (1993). People's self-development: perspectives on participatory action research. A journey through experience. NJ: Zed Books.

Pretty J. '(1995). Participatory learning for sustainable agriculture. World Development 1995;23(8):1247-1263.

Ramirez, R. (1999). Value co-production: intellectual origins and implications for practice and research. Strategic Management Journal, 20(1), 49-65.

Reed, M.S. (2008). Stakeholder participation for environmental management: A literature review. Biological Conservation, 141(10), 2417–2431. doi:10.1016/j.biocon.2008.07.014

Reed, M.S. Dougill, A.J. and Baker, T. (2008). Participatory indicator development: what can ecologists and local communities learn from each other? Ecological Applications, 18 (2008), pp. 1253–1269

Reed, M.S., Graves, A., Dandy, N., Posthumus, H., Hubacek, K., Morris, J. and Stringer, L.C. (2009). Who's in and why? A typology of stakeholder analysis methods for natural resource management. Journal of Environmental Management, 90(5), 1933-1949.

Rhoades, R. (1982). The art of the informal agricultural survey. Lima: International Potato Center.

Rowe, G., & Frewer, L. J. (2000). Public participation methods: A framework for evaluation. Science, technology & human values, 25(1), 3-29.

Schlossberger, E. (1994). A new model of business: Dual-investor theory. Business Ethics Quarterly, 459-474.

Schilling, M.A. (2000). Decades ahead of her time: Advancing stakeholder theory through the ideas of Mary Parker Follett. Journal of Management History, 6(5), 224–242. doi:10.1108/13552520010348371

Starik, M. (1995). Should trees have managerial standing? Toward stakeholder status for non-human nature. Journal of Business Ethics, 14(3), 207-217.

Steiner, G. (1972). Social Policies for Business. California Management Review (1972): 17–24

Stringer, L.C., Twyman, C., Thomas, D.S.G., (2007). Combating land degradation through participatory means: the case of Swaziland. Ambio 36 (5), 387e393.

Van Tatenhove, J. and Leroy, P. (2003). Environment and participation in a context of political modernisation. Environmental Values, 12(2), 155–174. Retrieved from http://www.ingentaconnect.com/content/whp/ev/2003/00000012/00000002/art00002

Tritter, J. Q., & McCallum, A. (2006). The snakes and ladders of user involvement: moving beyond Arnstein. Health Policy, 76(2), 156-168.

Ullmann A. A. (1985), "Data in Search of a theory: A Critical Examination of the Relationships among Social Performance, Social Disclosure, and Economic Performance of U.S. Firms", Academy of Management Review, vol. 10, n°3, pp. 540-557

UNCED. (1992). The Rio Declaration on Environment and Development. Retrieved from http://www.unesco.org/education/nfsunesco/pdf/RIO_E.PDF.

Waddock, S.A. (2002). Leading corporate citizens: Vision, values, value added. Boston: McGraw-Hill.

White, Sarah C., (1996). "Depoliticising development: the uses and abuses of participation." Development in practice 6.1 (1996): 6-15.

Wood, D. J., & Gray, B. (1991). Toward a comprehensive theory of collaboration. The Journal of Applied Behavioral Science, 27(2), 139-162.

Woodhill and Röling, (1998). J. Woodhill, N. Röling The second wing of the eagle: the human dimension in learning our way to more sustainable futures.

N. Röling, A. Wagemakers (Eds.), Facilitating Sustainable Agriculture: Participatory Learning and Adaptive Management in Times of Environmental Uncertainty, Cambridge University Press, Cambridge (1998), pp. 46–69