

2

Stakeholder Centric Approach

James Bostock

Learning objectives

- To understand the importance of a stakeholder centric approach to event creation.
- To appreciate the various communicative media that promote stakeholder engagement.
- To comprehend the complexities of stakeholder mapping and the importance of locality.

Introduction

The extent to which event creators should dedicate time and careful thought to stakeholder relationships and engagement cannot be overstated. Events are co-produced by a collection of stakeholders, which includes those we immediately think about such as the host organisation who initiated the event, key funders, performers and attendees, but also less obvious stakeholders such as the communities that surround the event. Strategic event creators, as defined in the previous chapter, orchestrate, and more importantly facilitate, the event outcomes by interpreting the contributions, aims and/or concerns, of stakeholder groups and harnesses them to deliver the event and associated activity. Event creators who do this effectively enable truly co-produced events and outcomes, a process that cultivates relationships that endure. This is crucial as one event is a moment in time that very quickly becomes the precursor to future events and other activity. A valuable lasting legacy of an event is the 'orgware', as referred to by Richards and Palmer (2010, p.343), which are the relationships formed and their future potential.

This chapter introduces new ideas to achieve the stakeholder centric approach, introduced in Chapter 1, which lies at the heart of Strategic Event

Creation. It challenges many of the conventional views which can lead to a skewed and hierarchical view of stakeholders, and instead advocates a wider, more consultative, and importantly moral, perspective. It is argued that this approach provides the foundation for more sustainable event creation, economically, socially, and environmentally. It complements the interests of immediate stakeholders such as the key funders, organisers, and audience, with those of the wider community, and ensures that event creation reflects the interests and contribution of wider and often marginalised stakeholders.

The events sector is under increased pressure from a progressively more aware consumer base, the public, authorities and media to consider issues such as Corporate Social Responsibility (CSR), sustainability and the so called triple-bottom line. Consistent with the above paragraph, Pelham (2011) argues convincingly that the sector is adapting its business model in order to counter these changing demands by adopting business practices that seek to achieve a multitude of outcomes – a challenge that was highlighted within Chapter 1. A key part of this ‘challenge’ is that event creators are being held more accountable by a multitude of stakeholders (Smith, 2009). Indeed, if we wish to deliver events that can achieve strategic objectives then it is important that we seek positive stakeholder involvement, and also ascertain their viewpoints when evaluating whether these outcomes have been achieved (Getz, 2009; Elkington, 2004; Freeman, 1984). Getz (2009, p.65) stresses the importance of the stakeholder by stating that “the event’s worth can only be ascertained, and the event deemed responsible and sustainable, if it meets the goals (or at least does not impede them) of all influential stakeholders”. Therefore stakeholder approaches that promote wider engagement are integral to the future success of events.

The difficulty for many existing events, and in the approaches often advocated, is that too often stakeholder engagement is guided by a shorter term event-centric viewpoint rather than a longer term strategic view that also involves a sense of moral obligation. Traditional thinking places the event at the centre of the relationship between stakeholders, with different individuals seeking to influence the content of the event (Reid, 2011; Hede, 2007; Reid and Arcodia, 2002). This promotes a narrow focus upon immediately obvious stakeholders, and also a hierarchical view of these with the implication being that many other parties are marginalised or perhaps ignored. In seeking an antidote to this, it is provocative to reflect on the question posed by Derry (2012, p.263), “Who or what should be at the hub of the stakeholder model?” The argument presented in the latter half of this chapter is that the event should be removed from the centre and replaced with the locality – the actual physical location of event delivery, but shaped within the context of values of those delivering the event and engaging with those who potentially could be affected. Although this is not intended

to indicate priority for the economic, social, and environmental wellbeing of the locality, by considering stakeholder mapping in this way it ensures that a wider range of stakeholders are considered, and consulted, which strengthens the possible outcomes the event can generate.

Why a stakeholder centric approach is needed

Stakeholder engagement is often viewed as being important to legitimise the event we create. Therefore we need to ask, as event creators, who is it we are legitimising the event for? There is universal acceptance that stakeholders can be seen as those individuals, groups and organisations that are connected to the event and can be affected by or affect the successful outcome of the event - these are defined as legitimate stakeholders (Freeman, 1984). Freeman's view of the stakeholder, applied to an event context, is that they can influence the event creator's ability to achieve specific objectives, and through effective engagement with these stakeholders the event creator can facilitate benefits for all parties. This is significant, from a stakeholder engagement perspective, because single events are increasingly being used to meet a diversity of goals, and therefore touch a growing number of stakeholders, which is evidenced through the discussion in Part Two of this book, and also in Chapter 11. It is easy to see how certain stakeholders within this grouping can become marginalised; often this includes those that comprise the locality. For example, McKercher et al. (2006) found that many so-called tourist attractions actually attracted very few international tourists. Local visitors, in fact, made up the majority of attendees. By prioritising tourists as a primary stakeholder group and making the design decisions about the attraction on that basis, the experience of local visitors is diminished as they do not receive such a positive contextual experience. In many other cases the stakeholder groups that comprise the locality, for example residents, businesses, authorities, and interest groups, who could become advocates and positive contributors to the event, are neglected.

Engaging with a broader range of stakeholders presents the event creator with an opportunity, to not only achieve strategic objectives, but also to minimise adverse impacts. These direct relationships, but also the interplay of these with other stakeholders, have a much greater propensity to leverage positive economic, social, cultural, and environmental impacts for the totality of stakeholders. Consider a community market like that at Sharrowvale in Sheffield (see <http://sharrowvalecommunityassociation.co.uk/market>) that connects with charities, local groups, and the media, who have a shared interest in creating a socially inclusive event that engages with the different ethnic minorities that live and work in the community. This four way collaboration achieves outcomes beyond the immediate scope of the

event but of considerable legacy and place benefit for all. Conversely, if we don't engage with stakeholders in a meaningful way then the gap between their expectations and ambitions and the actual outcomes of an event will only widen (Friedman, et al., 2004). This neglecting of interests limits the achievements of the current event, but also reduces the potential for future collaboration and therefore the sustainability of events going forward (Larson, 2004).

If stakeholders can be engaged in a fashion that seeks to create a consensus between the host organisation and the stakeholders, then events have the potential to operate in a more stakeholder centric manner and avoid what is called a 'democratic deficit' (Noland and Philips, 2010; Green and Houlihan, 2006). This happens when wider stakeholder involvement is limited, or eliminated, and the event becomes exclusively about the key power interests, for example, governmental departments, key funding agencies, commercial sponsorship or private interests. The Hong Kong Government engaged in a communication process that allowed the event creators of the bid to host to 2023 Asian Games to ascertain the needs and wants of the stakeholders concerned, and engage in participatory practices that were not simply tokenistic in nature – see the case study below. Arnstein (1969) would recognize this as an opportunity for the stakeholders to move up the 'participatory ladder' and create a more engaging approach to the decision making process, to ensure better representation of stakeholder values. Through this approach the event creators in Hong Kong could create greater satisfaction when they engage stakeholders in the future as their views and opinions have actually influenced decisions rather than just being listened to and then ignored.

Case study: The Hong Kong 2023 Asian Games Bid

On the 14th January 2011 the finance committee of Hong Kong's legislative council voted overwhelmingly not to finance or support a proposed bid to host the 2023 Asian Games. This decision was made even though Hong Kong had successfully hosted the East Asia Games in 2009, which featured over 260 events and 2,000 athletes in over 20 sports. The proposed bid failed because the council took their commitment to stakeholder consultation very seriously and acted on their views. Whilst the East Asian Games reaped benefits at an economic, social and cultural level the Hong Kong government felt that these benefits could be replicated and enhanced through hosting the much larger Asian Games. This major event would see over 40 countries/regions competing, with an estimated 11,000 athletes competing. Officials felt the event could have significant economic and tourism impact, estimating that over 300,000 spectators would attend the event.

In order for the Hong Kong government to be able to submit a bid, they had to achieve a broad consensus of support for the games from Hong Kong citizens through a consultative exercise. The consultation document proposed that HK\$ 10.5 billion would be spent on capital spending and a further HK\$3.2 billion to \$ 4 billion on operating costs.

The consultation sought responses from Hong Kong citizens through a telephone survey (3,041 Hong Kong residents), public forums (5,271 individuals and 72 organisations), an on-line discussion forum (19,363 messages) and a Facebook page (1,863 persons joined). It should be noted that one person posted 1,631 messages in the discussion forum!

The public consultation revealed that there was a general feeling of animosity towards the event, with around 57% of respondents opposing the bid. The public felt that Hong Kong had more pressing issues to deal with such as soaring property prices and lack of social mobility. There was also a lack of understanding about the games as the government had spent little time communicating the benefits of hosting the games to the population. Most people consulted simply felt the government had better things to spend their money on.

In response the government changed the funding package of the games from HK\$14.5 billion to HK\$6 billion to try and increase support. This new package, which focused on operational issues rather than capital infrastructure, actually had a negative effect because the general population now felt that the government had little or no control over the costs of the games and disapproval actually went up to 63%. Shortly after this the finance committee voted against funding the games and Hong Kong's bid to host the Asian Games was over.

■ The separation thesis

There exists a tendency in events to focus upon 'who and what really counts' within stakeholder engagement, which Derry (2012) refers to as the separation thesis. Stakeholders are separated in terms of their levels of interaction with the event; primary (those at the heart of the event) and secondary (cooperation is sought) stakeholders (Clarkson, 1995). A subsequent issue may be that the host organisation, facilitated by the event creators, concentrates on how the attributes of the stakeholder can meet the immediate needs of the event, and not how sustainable wider and longer-term beneficial relationships can be formed (Greenwood, 2007). The dominant emphasis of this approach is short term self-interest, with the host and their organisational objectives being placed at the heart of the decision making process (Derry, 2012). However, this approach has its flaws as it unintentionally disregards many other important groups. Sautter and Liesen (1999) reflect on this arguing that by adopting this approach, marginalised groups are created and they will engage less positively with the event and at the extreme may actively seek to hamper the event as was the case for Derby City Council (see the case study later in this chapter).

This approach allows the event creator to make an assessment of the connection of stakeholders through their power (to control the event), legitimacy (the right to be involved) and urgency (importance of related issues) in relation to the event. It will also allow decisions to be made relating to engagement and involvement through a concept called *saliency*, 'the degree to which managers give priority to competing stakeholder claims' (Mitchell et al., 1997, p.854). It is argued by Clarkson (1995) that the event creator should focus on the attributes of the stakeholder and view the interactions more like a business transaction whereby you identify the primary or secondary stakeholder in terms of 'what can we give you and what can you give us?' (See Figure 2.1.) There will be clear winners and losers, which would seem to be flawed as this promotes stakeholder exclusivity and denies certain legitimate stakeholders (the losers) the opportunity to have a voice and positively shape the event.



Figure 2.1: The traditional view of stakeholders. Adapted from Sautter and Leisen (1999, 315)

Stakeholder engagement – A moral and strategic distinction

From an event creation viewpoint, we have argued the importance of the stakeholders collectively influencing the decision making process. The reason for this approach is that: "to be an effective strategist you must deal with those groups that can affect you, while to be responsive (and effective in the long run) you must deal with those groups that you can affect" (Freeman 1984, p.46). This distinction poses a challenge for event creators

in how to simultaneously consider and involve such a multiplicity of individuals and groups, and facilitate mutual value creation through the events delivery (Prebensen, 2010; Sautter and Leisen, 1999). Noland and Philips (2010) contend that actually there is no distinction and that 'good strategy' must morally accept this challenge, with the engagement of stakeholders being essential to strategy formulation if the event is to achieve desirable outcomes. In the earlier example of the East Asia Games the engagement of the public, as a group that 'can affect you', demonstrates the necessity of engaging with the full range of stakeholders which is one of the reasons that the business of event creation is strategic and event creators must adopt a strategic persona. It is also noteworthy that by acting in what is a more ethical manner (rather than persistently serving self-interest) the event, the host organisation and partners, will increase legitimacy within the eyes of the stakeholders community as a whole. Indeed Greenwood (2007, p.277) takes this viewpoint further and states 'rather than conceive of stakeholders in either a narrow or broad sense, it may be more useful to consider definitions as depicting the stakeholder as either moral or strategic'. This language opens up a useful perspective for event creators in how they perceive stakeholder engagement.

■ Moral stakeholders

In advocating a view of stakeholders as either moral or strategic, we are not arguing that one group has primacy over the other, or that either group has attributes to be celebrated or neglected. Simply by organising the stakeholders as either moral or strategic, the event creator enables a more transparent approach, which in turn achieves a higher level of engagement clarity (Kaler, 2002). Moral stakeholders are usually those groups that have the potential to be impacted by the event, but have little if any obvious or direct involvements in its delivery, such groups are discussed in Chapter 6 of the book. This distinction helps the event creator identify those stakeholders that are a moral claimant on the event being created, so that all legitimate individuals and groups are engaged. However, we need to be careful and not confuse legitimacy with the interests of powerful groups – it is a broader term to reflect their right to be consulted and involved.

The simple act of engaging with moral stakeholder does not ensure that they are treated in a truthful and honest manner, because traditionally this engagement process has usually focused on the needs and wants of the organisation, with stakeholder views being secondary. In fact Derry (2012) would argue that the event creators could arbitrarily decide who their moral stakeholders actually are (either deliberately or accidentally), seeking only those 'who and what really counts', often ignoring those stakeholders who might be perceived as being unable to bring value to the event. The key here

is to remember that these legitimate stakeholders can become obstacles that may even mobilise against the event, either at this time or in the future, and the event creator needs to strive to 'to obtain optimal benefits for all identified stakeholder groups' (Sautter and Leisen, 1999, p.314). Fundamentally, successful event creators represent the interests of all stakeholders and attempt to mitigate any adverse effects of the event.

■ Strategic stakeholders

Strategic stakeholders possess the power and/or urgency attribute rather than legitimacy. There is usually some kind of resource dependency that shapes the relationship between this stakeholder and the event creator, such as financial, marketing or regulatory powers. Event creators can respond to this 'dependency' and simply react to stakeholder issues and pressures, perhaps becoming dependent on one or more powerful actors (Getz and Andersson, 2010). Strategically, the event creator should not be developing the aims and objectives for the event host organisation in isolation. There is a strategic 'sense' to ascertaining the needs and wants of stakeholders, as this can be a method of enhancing the events goals. For example, it would almost be counterintuitive for an event host, who needs to engage with sponsors, local groups, funders and regulatory organisations in order to make financial return, not to align their own aims and objectives with this much wider range of stakeholder (Getz and Andersson, 2010). Thus the event creator's role is to help the event host to improve their reputation and legitimacy and helps the 'organization determine what the nature of their stakeholder management strategies should be' (Greenwood, 2007, p.322).

Derry (2012, p.257) argues that making decisions based on 'competing stakeholder groups as more or less powerful, or more or less legitimate, does not necessarily lead to greater moral sensitivity or firm ethical grounding'. For example, due to a perceived resource dependency a conference facility might routinely decide to hire a large catering chain because of the size of an up and coming event, inadvertently marginalising a local caterer and missing an opportunity to engage a local stakeholder who could have supported the facility to become more sustainable. Had they acted in this manner the organisation could have created more positive outcomes through the event, and for a greater number of stakeholders (Freeman et al, 2007). If the conference facility had engaged with the local caterer, and through them a number of local food producers, it could have communicated a number of sustainable values (food miles, fresh produce, bespoke menus etc.), whilst at the same time acknowledging the concerns of the caterer (cost, keeping money in the local community, partnerships with local firms). In this way the event creator could have interwoven the venue's aims and objectives with that of the local stakeholder to ensure mutual benefit. Once we learn

to accept that stakeholder aims and objectives may be different we can seek to create a strategy that, through stakeholder engagement and communication, attempts a convergence of viewpoints. As Noland and Philips (2010, pp.47-48) state:

A business that is not instrumental in the pursuit of these stakeholder goals is not a successful business... for a firm to determine its strategy without having first engaged its stakeholders would be, literally, to disengage its mission and vision from its identity.

Communicating with stakeholders

Key to this notion of stakeholder-centricity is the aspiration to deepen relationships with stakeholders in order to deliver events that can provide mutually beneficial experiences and outcomes for all concerned. As event creators we need to develop clear strategies for communicating with stakeholders that encourage proactive and straightforward communication, that promotes integrity in the relationship. Communicating in this manner can achieve a transparent discussion between the event creator and stakeholders allowing 'acceptance and subsequent support, for a diverse range of interests' (Hede, 2007, p.20). By interacting in a transparent manner the event creator engages in 'reciprocal communication' where the emphasis is on the opportunities and benefits to the stakeholder, and under these circumstances the other party will be more likely to provide their support and guidance, or be impartial, rather than negative or hostile (Pajunen, 2006). It is important, as shown in Table 2.1, that communication is undertaken in a manner that serves mutual stakeholder interests and not just the goals of the event host and other more powerful stakeholders.

Table 2.1 illustrates how the event creator can create partnerships with different stakeholder groups, and the methods that can be employed to do so. The first column contains the type of stakeholder (which will be explained in more detail in the following section) and the rationale for communication, while the subsequent columns identify different methods for engagement. The event creator will have to spend time and energy building these relationships, but there are clear benefits. First, if the event creator is proactive with stakeholder communication and actively seeks to engage with these groups, there is the potential for the stakeholder to support the development and creation of the event. Second, and probably more beneficial for the event creator, is that the erratic demand for events and high levels of interdependence that exist within event delivery can be more effectively managed (Harrison, and St. John, 1996).

Table 2.1: Communicating with stakeholders. Adapted from Harrison and St.John (1996, p.53).

Stakeholder	Strategic Stakeholders	Moral Stakeholders
The internal		
The event Make a commitment to stakeholders but retain overall direction of the event	Locality is the focus Ensure that stakeholders are not exploited	Locality is the focus Ensure that stakeholders are not marginalized
Involved Open, regular and transparent communications	Long term contracts and future joint ventures	Seek input for key decisions Clear communication links available
The external		
Explicit Keep informed and positive Seek their opinions	Involved in the design team of the event	Public consultations on sensitive issues and advocate local requirement
Implicit Keep informed	Market research that feeds into planning	Community groups informed Public relations advertising
Marginalised Potential/lost Communicate proactively to explain and overcome fears.	Lost stakeholders could be appointed to the board Joint ventures in future events	Public/political relations efforts to offset and protect from negative and promote positive publicity
Hidden	?	?

Table 2.1 gives the event creator a focus for the development of their communication strategy, but should not be seen as a prescriptive method to communicate with stakeholders. The event creator should enter into a substantial amount of face-to-face communication as this has been found to enhance mutual understanding of the event, eliminate mistrust and promote cooperation between stakeholders (Getz and Andersson, 2010; Brown and Eisenhardt, 1997). An event coordinator for a national sport organisation spent a long time engaging with local clubs as their national championships were experiencing decreases in attendance. These communications were presented and structured as a learning process, to understand the views, ideas, and opinions. This proactive stakeholder engagement and consultation identified significant changes in the makeup of the attendee base and the need for much more junior competition rather than adult. By identifying this shift, the event coordinator ensured that the event design altered to reflect the needs of the customer base. By engaging before the future events were designed, the competitions became more co-produced, with involved and interested stakeholders perceiving more of a vested interest in future events.

■ A model of stakeholder communication

We have already argued that two-way, face-to-face communication should be the main tool used by the event creator to engage with stakeholders, however there will be times when this method is simply impractical, unachievable or too expensive. Daft and Lengel (1984) developed a model that evaluated different communication media by the degree of communicative richness they provide. For example, a media that offers 'richness' has a high capacity for carrying information, while 'lean' media has the capacity to carry limited information. This model helps us understand that although non face-to-face engagement does have its merits, these so-called mediated communication methods actually filter non-verbal cues (eye contact, gesture, body movement), verbal cues (tone of voice) and social cues (name, status) out of the communication process, which has increased potential to disengage those who are being communicated with (Keil and Johnson, 2002). Daft and Lengel (1984) explain the concept of richness in terms of asking three questions about the proposed communication media, allowing an assessment of its suitability for stakeholder engagement:

- 1 Does the media promote and provide feedback quickly, and/or, two-way communication?
- 2 Does the media allow the opportunity for different communication cues (social, verbal, non-verbal)?
- 3 Does the media allow customised communication for individual recipients, or for specific situations?

Assessment: Does it promote stakeholder engagement?

It would be a mistake, particularly from a stakeholder engagement viewpoint, to view this as a choice between picking those media which are rich and those that are lean. The model that Daft and Lengel (1986) present (see Figure 2.2) gives the event creator an evaluation tool to decide whether the media they are employing is appropriate for the stated stakeholder group. For example, if the event creator needs to discuss a Temporary Events Notice for an event, that would have a late night finish and would involve the serving of alcohol and involve loud music, then a lean method of communication would fail, disengaging the recipients, as they may only focus on the negative aspects of the event. Through a richer communication method the event creator will be able to alleviate fears, to discuss the positives of the event and through these discussions alter the event to try and create mutual benefit. This would help the event creator to erase any ambiguous feelings that the stakeholders may have towards the event. The process may be complex and involve multiple methods (individual meetings, group consultations, clear lines of communication), however the richer the communication the greater value that is created by the consultation

process and the greater the chances of the event meeting the goals of the event creators and wider stakeholder groups (Pajunen, 2006).

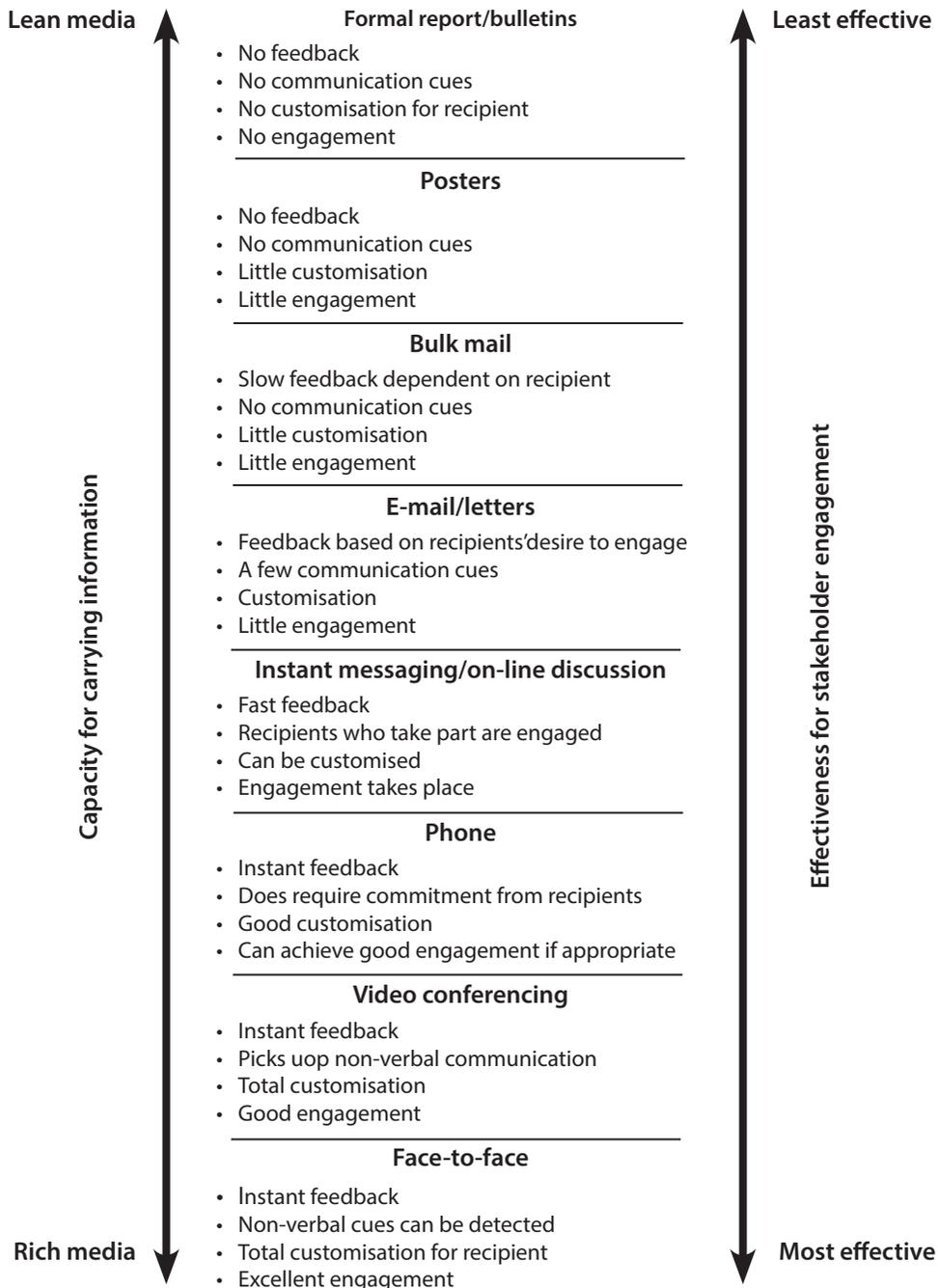


Figure 2.2: Appropriate media for stakeholder engagement. Adapted from Daft and Lengel (1984); Daft and Lengel (1986); Robbins et al (2012, p.301)

Stakeholder mapping and building relationships

As event creators we should endeavour to be accountable for the events we create, and part of this is advancing a more ethical approach to stakeholder engagement. In doing this, it is useful to flip the conventional notion and instead focus on how the events we deliver can have a wider benefit. Derry (2012) holds that if we move the focus of stakeholder engagement and mapping to concentrate more on locality, then we are encouraged to view the event host and key funders as “one of many stakeholders whose needs must be balanced in order to maximize the sustainability of our environment and social well-being” (p.263) - see Figure 2.3.

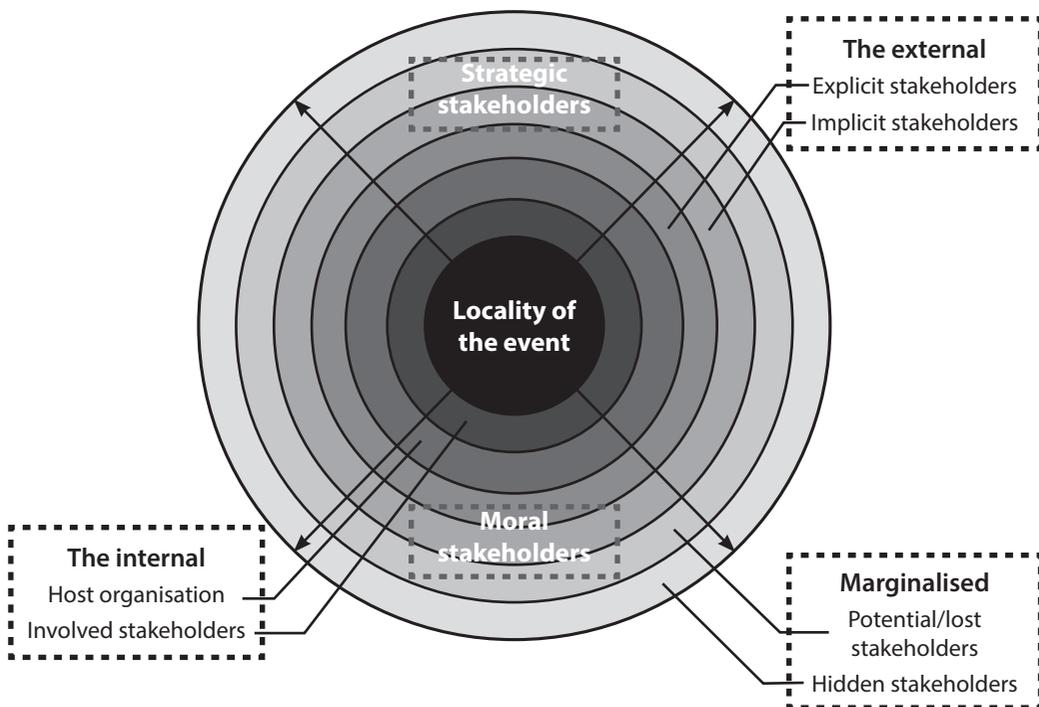


Figure 2. 3: A stakeholder centric approach. Adapted from Getz et al (2007)

To illustrate the implications of this viewpoint we will now follow the decisions of Derby City Council in relation to the building of a new multiple purpose leisure/event venue, and the consequences of not placing the locality of venue at the heart of the stakeholder engagement process - see below for background detail of the case study.

Case study: Derby Arena – An Overview

In April 2011 Derby City Council unveiled proposals to invest £27.5m to build a multi-purpose leisure and event centre. This would not have an indoor cycling track but would have general fitness suites, a sports hall that would accommodate twelve badminton courts and an indoor concert area that could cater for up five thousand people. This project was at the heart of the council's Leisure Strategy, which aimed to:

- Supplement the ageing Assembly Rooms event venue
- Create a new facility that could provide bespoke music, conference, convention and business event facilities
- Invest £50m to improve the city's leisure facilities and to meet residents' dissatisfaction in regards leisure facilities (www.sportengland.org/research)

Building work commenced in November 2012 and appeared to be running smoothly. It was expected to open on time in spring 2014. However, one group, The Sanctuary Bird Reserve, felt their concerns were being ignored. When the project decided to build an additional outdoor cycle track that went through the reserve, despite Richard Winspear stating that the planned track would 'destroy a significant part of the sanctuary', these stakeholders felt Derby City Council were ignoring their viewpoints. They decided to take action.

The following sections of the chapter make reference to this case study.

■ The locality as a focus

By placing locality at the centre of the stakeholder engagement process we are seeking to solve the issue of exclusively serving the self-interest of stakeholders, and the temptation of allocating primacy to individual stakeholders, and instead we are seeking to create value for the greatest number of stakeholders. By using the physical locality of the event as the focus, we seek to understand the wider impacts the event will have. It also provides a more constructive starting point to identify and interpret stakeholders, particularly at a moral level. For example, in the Derby Case study the bird sanctuary group voiced their opposition by calling it 'irresponsible' as the Council had lost sight of the impact on the actual physical location, and in turn alienated stakeholders associated with the locality. While Derby City Council was seeking to create benefit for several moral and strategic stakeholders, its stakeholder approach placed greater importance on its own strategic goals and therefore overlooked, to a large degree, the importance of locality. A locality focus helps anchor the stakeholder mapping process and allows us to envisage how to create value for both the strategic and moral stakeholders. This focus creates greater legitimacy for the event,

resulting in the event being 'regarded as desirable, proper or appropriate among its stakeholder' (Larson, 2004, p.11). By ignoring the bird sanctuary group they created unnecessary complications which were negative for both the interest group and the Council.

Figure 2.3 contains several layers. The event creator role is not classified into one of the layers of the diagram but instead is a facilitator that coalesces the varied stakeholder interests, including the interests of the event host, to ensure that outcomes are ably achieved. The event creator may be an individual or group charged with the design of the event. Commissioned, in some way, by the host organisation, their role is to engage with all stakeholders. Their status may be that of employee(s) of the host organisation or agents instructed by them. Having interpreted the stakeholder groups and their interests they will make prioritising decisions about the aims and objectives of the event, and will provide the leadership and event design decisions to achieve the goals. Their role is therefore pivotal.

■ Internal stakeholders

If we move outwards from the centre of Figure 2.3 we encounter a group which Getz et al (2007) would define as internal stakeholders. These are stakeholders that are very closely involved in the creation of an event and are at the heart of the outcomes that are achieved. However, Getz et al (2007) identified a weakness with this approach, suggesting that with the variety of internal stakeholder lines of responsibility can become blurred. Indeed, by looking at the Derby case study, there is an argument to place the bird sanctuary group as internal stakeholders, given their potential to positively or negatively impact the event site and subsequent events. By engaging with them and identifying the contextual issues surrounding the locality they could have become a positive co-creator of the event site and forthcoming events. Instead, by trying to placate them with assurances that the new cycling track was only a proposal, this group moved further away from the centre and became disenfranchised with the whole programme (the model allows for movement between the layers).

Figure 2.3 separates the internal stakeholders into host organisation and those involved to ensure these lines of responsibility remain clear. The host organisation means the principal organisation that hosts and/or initiates the event. There are several reasons for this distinction. First, this enables those with focal responsibility to set a clear and cohesive vision for the event – ensuring that the objectives of all stakeholders, including locality, are carefully considered. Second, it provides a way to avoid the event being hijacked by individual stakeholders for self-seeking proposes which risks distorting the event. Last, it creates a more positive and consultative environment which ensures that decisions are not made arbitrarily and instead

the event creator actually seeks interactions with stakeholders to avoid producing what might be referred to as an 'ivory tower event' – a mistake that Derby clearly made with the bird sanctuary group. Here are some general examples relating to the host organisation and internal stakeholders:

- Host organisation
 - Manufacturing business delivering a product launch
 - City hosting a major sport event
 - Company planning a large international conference
 - Charity hosting a fundraising fun run
- Internal stakeholders
 - Sponsors and other funders
 - Partners
 - Sub-contractors and Employees
 - Volunteers
 - Regulatory bodies
 - Suppliers (invited)
 - Venue

If Derby City Council had adopted this approach it would have allowed its own aims and objectives to remain at the heart of the process but also be merged with those of other stakeholders, including the locality. This would create the conditions for the event creator to draw in those stakeholders (the bird sanctuary group for instance) that are further away from the centre by inviting them to take a much greater part in the development of the event venue and design of future events.

■ External stakeholders

Organisational literature would argue that because they cannot be managed (controlled) then there is little point in seeking to engage all stakeholders. However, rather than seeking to control their viewpoints, by proactively engaging and creating relationships with these stakeholders, it can generate organisational flexibility (Harrison and St. John, 1996). It enables the event creator to be much more responsive to changes in the external environment, with the stakeholders providing the lens examining and making sense of the business environment within which the event will be delivered (Harrison and St. John, 1996). In the case study, the plans for the cycle track were recommended for approval even though there were 639 letters in support and 826 objecting. The campaigners against the track were left 'absolutely stunned' as the track was built even though public opinion clearly did not support its construction. There was general support for the development of the new event facility, but not the addition of the track. This approach could

be seen as being inconsistent with stakeholder engagement, as it viewed that organisations with an outward facing business model generally outperform those that do not (Xu et al, 2003). Through stakeholder engagement, the event creator has a channel through which to locate, engage and communicate with other external stakeholders, improving the organisation's ability to identify threats and opportunities with the event sector (Freeman, 1984).

Again we build on Getz et al's (2007) work in employing the concept of external stakeholders. These are stakeholders who are not directly involved in the operational delivery of the event, but whose contribution can greatly influence the successful outcome of an event. While Getz et al (2007) sub-divide external stakeholders into four distinct categories, this chapter advocates a simpler approach with two types of external stakeholders: explicit and implicit. Explicit stakeholders are those individuals/groups that are targeted through the core aims and objectives of the event, while the implicit stakeholders might still experience the event but are not actively targeted. Implicit stakeholders are therefore likely to have a stronger link to the locality, although it is clearly possible that explicit stakeholders also have this connection. The risk to the event creator is that the decisions they make can easily marginalise implicit stakeholders, particularly when they are not engaged.

If the event creator sought to engage with this group to avoid implicit stakeholders becoming marginalised and becoming an obstacle, then there is a need to build coherent, transparent and equitable relationships with such stakeholders (Quero and Ventura, 2009). This change of 'focus' by the event creator would enable the external stakeholder to make a positive decision to continue the relationship ensuring a long-term relationship because they can see the benefits of cooperation which should ultimately be centred around locality (Alexander et al. 2005). As indicated by Lusch and Webster (2011, p.132) 'a good relationship is one that creates value for both parties and leaves each wanting to continue the relationship in some form'.

■ Marginalised stakeholders

The relationships the event creator is engaged in will be dynamic and will not remain static. For example, as work began on clearing the site for the £900,000 cycle track, Derbyshire Wildlife trust started a legal challenge against the project, stating unless it stopped they would apply for a court injunction. This is just one example of how an internal or external stakeholder can become marginalised through the decisions made by the event creator. Getz et al (2007) does not include this group within his model, but they are an important consideration as this group feels less engaged with the process and often feels powerless to influence the event. The event still has potential to influence them although negatively as they have not been

fully engaged. They become disenfranchised and in so doing this becomes a missed opportunity for the event creator in terms of affecting wider positive outcomes. However, this does not mean the group is entirely lost. By working at a strategic level, the event creator can recognise the stakeholders influenced by the event and engage with them, otherwise the event creator would fail to see how these groups and the event fits into the stakeholder's value-creating process (Lusch and Webster, 2011).

Potential stakeholders are those individuals and groups that, if engaged and involved with the event, have the potential to create and generate value. This group might have not been engaged due to lack of planning, lack of understanding of the potential benefit of their engagement or a simple oversight. An example of positively engaging with stakeholders was at the Liverpool European City of Culture 2008, where the organisers identified that school children were a marginalised group within their arts and culture provision. By engaging and involving every child from every school (67,000 in total) the event sought to move individuals from being potential stakeholders to being implicit or even explicit stakeholders. Indeed, young person's participation rates at arts and cultural events, has increased significantly in Liverpool (Garcia et al., 2010).

Derby Council made decisions during the building of the cycle track that were clearly in their best interests, rather than the interests of their stakeholders. The legal challenge by the Wildlife Trust was successful and work was forced to halt by the ruling judge based on planning permission irregularities. The failure of creating a meaningful dialogue with the sanctuary concluded with the relationship completely breaking down and a vital stakeholder group for the project being lost. With the injunction slowing down the building of the track, the council decided to abandon the project due to increased costs. Not only was it evident that the project needed to engage with the group, strategically they will now struggle to achieve their stated aims and objectives. The council stated 'our vision of becoming a regional centre for cycling excellence is now under serious threat'. A further consequence was that the venue was needed to replace another event venue in the area that had been damaged through a fire. This led to several important events being cancelled, including a comedy festival. Another consequence is that other stakeholders have lost trust in the council as they were viewed as showing a 'remarkable degree of misjudgement' over the project, so it is vital that the event creator understands decisions that influence one stakeholder can also influence others. The Arena is due to open in January 2015, a year overdue.

The hidden group is different as it is unseen, unheard and not engaged. This group is clearly the hardest to identify as the event creator is probably unaware of their existence, they are almost impossible to identify and may

not even exist – so why include them? We have included this final group as both a challenge and a warning. As events creators, the foremost question we should be asking is not “have we included the main funder in our decision making process?”, or “have we attempted to engage with our community groups?”, but “have we truly attempted to think about who will affect, or be affected by, the event we plan to deliver?” We support the assertion that Derry (2012, p.263) makes, in that it is not who we engage with that is most important, but when making decisions about the events, the key question is “who are we making disappear?”

Concluding thoughts

As event creators we should be constantly aware of the need to engage and “listen to one’s stakeholders” (Derry, 2012, p.263) throughout the event creation process. This is relevant to event creators delivering events in all contexts as they seek to co-produce events with their stakeholders to affect positive and enduring relationships. Central to the argument in this chapter is that in order to create events that properly address stakeholder aspirations and concerns we must place the locality of the event at the centre of our engagement. In this way we engage with the fullest range of stakeholders and do not adopt a blinkered approach. Stakeholder-centricity enhances our ability to create events that are designed to achieve specific objectives for the host organisation and other key funders of the event. Moreover, according to Noland and Philips (2010), it also helps to create an event which places a synergetic link between business objectives, ethical and moral responsibilities and strategic goals.

Study questions

- 1 Is the stakeholder centric approach achievable within event creation or will there always be certain stakeholders that are seen as having primacy?
- 2 Look at the communication methods discussed within Figure 2.3. Analyse the communication media that have been omitted and assess their suitability for stakeholder engagement.
- 3 Conduct some background research into an event (can be a small community event or even a mega-event like the World Cup) and conduct a mapping exercise using the stakeholder centric model. Now take out locality as the focus and replace with a different stakeholder group, maybe one that was stated within the aims and objectives of the event, and re-draw the map. For example, maybe put the Stratford Bangladeshi

community at the heart of London 2012 Olympic stakeholder map? How does this change the stakeholder map and what could be the benefits or limitations of changing the focus?

References

- Alexander, C. S., Miesing, P. and Parsons, A. L. (2005). How important are stakeholder relationships? *Academy of Strategic Management Journal*, **4**, 1-7.
- Arnstein, S. R. (1969). A ladder of citizen participation. *Journal of the American Institute of Planners*, **35** (4), 216-224.
- Brown, S. L. and Eisenhardt, K. M. (1997). The art of continuous change: Linking complexity theory and time-paced evolution in relentlessly shifting organizations. *Administrative Science Quarterly*, 1-34.
- Clarkson, M. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, **20** (1), 92-117.
- Daft, R. L. and Lengel, R. H. (1984). Information richness: A new approach to managerial information processing and organizational design. In B. Staw and L. L. Cummings (eds.), *Research in Organizational Behavior*, **6** (191-233). Greenwich, CT: JAI Press.
- Daft, R. L. and Lengel, R. H. (1986). Organizational information requirements, media richness, and structural design. *Management Science*, **32**, 554-571
- Derry, R. (2012). Reclaiming marginalized stakeholders. *Journal of Business Ethics*, **111** (2), 253-264.
- Elkington, J. (2004). Enter the triple bottom line. In A. Henriques and J. Richardson (eds.), *The Triple Bottom Line: Does It All Add Up*, 1-16. Routledge.
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston: Pitman Publishing
- Freeman, R. E., Harrison, J. S. and Wicks, A. C. (2007). *Managing for Stakeholders: Survival, Reputation, and Success*. London: Yale University Press.
- Friedman, M., Parent, M. and Mason, D. (2004). Building a framework for issues management in sport through stakeholder theory. *European Sport Management Quarterly*, **4**(3), 170-190.
- Garcia, B., Melville, R. and Cox, T. (2010). *Creating an impact: Liverpool's experience as European Capital of Culture*. Liverpool: University of Liverpool/Impacts, 8.
- Getz, D. (2009). Policy for sustainable and responsible festivals and events: Institutionalization of a new paradigm. *Journal of Policy Research in Tourism, Leisure and Events*, **1**(1), 61-78.
- Getz, D. and Andersson, T. D. (2010). Festival stakeholders: Exploring relationships and dependency through a four-country comparison. *Journal of Hospitality and Tourism Research*, **34** (4), 531-556.

- Getz, D., Andersson, T. and Larson, M. (2007). Festival stakeholder roles: Concepts and case studies. *Event Management*, **10** (2/3), 103–122.
- Green, M. and Houlihan, B. (2006). Governmentality, modernization, and the ‘disciplining’ of national sporting organizations: Athletics in Australia and the United Kingdom. *Sociology of Sport Journal*, **23**(1), 47.
- Greenwood, M. (2007). Stakeholder engagement: Beyond the myth of corporate responsibility. *Journal of Business Ethics*, **74** (4), 315–327.
- Harrison, J. S. and St. John, C. H. S. (1996). Managing and partnering with external stakeholders. *Academy of Management Executive*, **10** (2), 46–60.
- Hede, A. M. (2007). Managing special events in the new era of the triple bottom line. *Event Management*, **11**(1-2), 13–22.
- Kaler, J. (2002). Morality and Strategy in Stakeholder Identification. *Journal of Business Ethics*, **39** (1), 91–99.
- Keil, M. and Johnson, R. D. (2002). Feedback channels: Using social presence theory to compare voice mail to e-mail. *Journal of Information Systems Education*, **13**(4), 295–302.
- Larson, M. (2004). Managing Festival Stakeholders. In 13th Nordic symposium in tourism and hospitality research. 4th–7th November.
- Lusch, R. L. and Webster E. (2011). A Stakeholder-Unifying, Co-creation Philosophy for Marketing. *Journal of Macromarketing*, **31** (2), 129 – 134.
- McKercher, B., Mei, W. S. and Tse, T. S. (2006). Are short duration cultural festivals tourist attractions? *Journal of Sustainable Tourism*, **14** (1), 55–66.
- 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.
- Noland, J. and Phillips, R. (2010). Stakeholder engagement, discourse ethics and strategic management. *International Journal of Management Reviews*, **12** (1), 39–49.
- Pajunen, K. (2006) Stakeholder influence in organisational survival. *Journal of Management Studies*. **43**, 6, 1261–1288
- Pelham, F. (2011). Will sustainability change the business model of the event industry? *Worldwide Hospitality and Tourism Themes*, **3** (3), 187–192.
- Prebensen, N. K. (2010). Value Creation Through Stakeholder Participation: A Case study of an Event in the High North. *Event Management*, **14** (1), 37–52.
- Quero, M. J. and Ventura, R. (2009). The role of stakeholders in the management of cultural organisations: The case of performing arts organisations in Spain. *Journal of Relationship Marketing*, **8** (1), 17–35.
- Reid, S. (2011). Event stakeholder management: developing sustainable rural event practices. *International Journal of Event and Festival Management*, **2**(1), 20–36.
- Reid, S. and Arcodia, C. (2002) Understanding the role of the stakeholder in event management, *Journal of Sport and Tourism*, **7**(3), 20–22.

- Richards, G. and Palmer, R. (2010). *Eventful Cities: Cultural Management and Urban Revitalisation*. Amsterdam; London: Butterworth-Heinemann.
- Robbins, S. P., Judge, T. A. and Campbell, T. T. (2012). *Organizational Behavior 15th Edition*. London: Prentice Hall.
- Sautter, E.T. and Leisen, B. (1999). Managing stakeholders a Tourism Planning Model. *Annals of Tourism Research*, **26**, (2), 312-328.
- Smith, A. (2009). Theorising the relationship between major sport events and social sustainability. *Journal of Sport and Tourism*, **14**(2-3), 109-120.
- Xu, X. M., Kaye, G. R. and Duan, Y. (2003). UK executives' vision on business environment for information scanning – A cross industry study. *Information and Management*, **40**(5), 381-389.