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Staking a claim: the role of stakeholders in government

Sandra Beach
Queensland University of Technology

Kerry A. Brown
Queensland University of Technology

Robyn L. Keast
Queensland University of Technology

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AUTHORS:
Ms Sandra Beach, Queensland University of Technology, Australia, sandra.beach@qut.edu.au
Professor Kerry Brown, Queensland University of Technology, Australia
Doctor Robyn Keast, Queensland University of Technology, Australia

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ABSTRACT

The stakeholder approach which emerged under the auspices of new public management has been in use in public agencies for the past 25 years. However it remains a difficult and demanding task for agencies to determine who their stakeholders are and how to optimise interactions with them.

This paper will examine how government agencies identify, classify and engage with stakeholders who have competing demands, differing access to resources and the ability to exert political pressure. To do this, the stakeholder approaches of nine agencies at three levels of government in Queensland were studied.

The contribution of this paper is the development of a Stakeholder Classification Model for Public Agencies which could be used to create more focused and relevant stakeholder interventions.
INTRODUCTION

Within the context of citizen disengagement, finite resources and the need to resolve intractable social problems, the strategic management approach to stakeholders has been adopted more broadly by public organisations (Bryson, 2004). In keeping with this, Gomes and Gomes (2008) have argued that public organisations need to recognise and understand the expectations of their stakeholders in order to deliver effective and responsive services. Furthermore, interactions with stakeholders have provided a means of improving the quality of policy development by harnessing different ideas and perspectives, and improving service delivery by exerting pressure on bureaucracies through direct engagement in planning and delivery of services (Martin, 2003).

Given the potential benefits, the meaningful and effective engagement of citizens and other actors, including stakeholders in public decision-making processes is one of the key issues facing public organisations (Stern and Fineberg, 1996). Determining ways of engaging those who could or should have input into public decision making and action has become particularly relevant as governments respond to increasing calls for services as the result of deteriorating financial conditions.

The first part of this paper will explore how stakeholders are defined, identified and classified by government agencies. It will also examine stakeholder engagement by public agencies. The discussion in part two will focus on the major themes emerging from this study: stakeholder identification and classification, the scale of the stakeholder task, the range of stakeholder initiatives implemented and changes in agency-stakeholder relationships. The final part will
address a proposed stakeholder classification model for public agencies that has been drawn from the analysis and findings of this study.

The forthcoming section will briefly outline the literature on stakeholders and government agencies and discuss stakeholder definition, identification, classification and engagement.

**STAKEHOLDERS AND GOVERNMENT AGENCIES**

Within the public good domain, stakeholders have been studied in a number of contexts including performance management (Bovaird and Halachmi, 2001; Lawton, McKevitt, and Millar, 2000), strategic management (Moore, 1997), ethical conduct (Martin, 2003), service delivery (Bryson, Cunningham, and Lokkesmoe, 2002; Bryson, Koegel, Koegel, Openden, Smith, and Nefdt, 2007) and to test administrative responsiveness in citizen involvement (Yang and Callahan, 2007). However, these studies have not identified optimal ways for public agencies to develop the requisite combination of stakeholders to achieve successful outcomes, potentially limiting the effectiveness of stakeholder engagement activities.

Fundamental to developing effective stakeholder relationships is the need for agencies to define relevant stakeholders. The issues surrounding stakeholder definition will be discussed next.

**Defining Stakeholders**

Despite the “apparent clarity” and general applicability of the stakeholder concept (Antonacopoulou and Meric, 2005, p. 22), there is a continuing lack of agreement about who should be regarded as a stakeholder (Freeman, 1984, 1994; Mitchell, Agle, and Wood, 1997)
due to ongoing definitional ambiguity (Laplume, Sonpar, and Litz, 2008). The focus of this study, the strategic management perspective (Moore, 1997), identifies stakeholders from two standpoints namely: broad and narrow (Freeman and Reed, 1983). This distinction is important because it influences which actors or groups are perceived by public managers as stakeholders with a legitimate role and where managerial effort in dealing with stakeholders might be directed. Narrow stakeholder definitions tend to take an economic risk based approach (Clarkson, 1995) thus confining stakeholder groups to parties with whom the agency has fiduciary or contractual obligations (Orts and Strudler, 2002). However this narrow approach overlooks actors and groups who influence government agencies but have no economic or contractual ties e.g. the media, lobby groups, politicians.

More inclusive definitions tend to expand the scope of the stakeholder group significantly by allowing for involvement of a broader range of individuals, groups and organisations that may be affected or could affect the decision making of public organisations. It could be argued that the broader focus tends to be adopted by public organisations due to a number of factors. Firstly, public organisations have historically, although not always voluntarily, engaged with a broader range of clients and groups, including the nominally powerless in an effort to achieve democratic and socially just outcomes (Bryson, 2004). Secondly, the impact of rapidly changing environmental conditions and the need to resolve complicated social problems has forced public organisations to take a broader approach, to enable better information or more resources to be directed to problem definition and resolution and to share delivery costs. Finally, tighter stakeholder definitions imply impervious boundaries between agencies and their environments.
which runs counter to the collaborative approach emerging in public organisations (Keast, Mandell, and Brown, 2006).

While broader definitions of stakeholders expand the set of actors involved in public decision making, the co-ordination required to balance the conflicting needs of a range of stakeholders is likely to increase the associated time and costs. Having explored the dichotomous positions on defining stakeholders in the public management context, the identification and classification of stakeholders will now be addressed.

**Stakeholder Identification and Classification**

The literature has acknowledged that the identification, classification and prioritisation of stakeholders claims is not a straightforward matter and is difficult to operationalise (Mitchell et al., 1997; Rowley, 1997). However, as a way forward, a range of descriptive stakeholder classification systems have been developed (Achterkamp and Vos, 2007). Within the public context, stakeholder identification and classification has been informed by Bryson’s (1995) taxonomy of stakeholders which included citizens, taxpayers, service users, other levels of government, employees, trade unions, interest groups, and political parties, the financial and business communities. The composition of Bryson’s taxonomy was generally corroborated in a recent study of a Brazilian local authority (Gomes and Gomes, 2008). This study confirmed the existing categories and suggested two new categories: the management team and the judiciary. However it could be argued that these categories are context specific and not necessarily broadly applicable.
The findings of Bryson (1995) and Gomes and Gomes (2008) are also consistent with an earlier study undertaken by Kanter and Summers (1987). In the context of public sector performance management this study identified three groups of stakeholders: customers and clients, resource providers and internal stakeholders. The extent of consistency between the three studies suggests that there is a core group of stakeholders which are likely to be relevant to public organisations. Furthermore, it indicates that a wide array of groups is likely to regularly interact with public organisations as stakeholders. However the extent of inclusion has not been satisfactorily resolved in the literature. It could be argued that decisions about inclusion are further complicated by the broad spectrum of actors and groups who may have, or believe that they have a legitimate claim to participate in state led public participation including, industry groups, the media and activist groups.

Notwithstanding the consistency of previous studies, the literature has stopped short of identifying a definitive list of stakeholders for government agencies or providing a stakeholder classification model that fits the public context. Despite this lack of clarity about who should be regarded as a stakeholder and limited subsequent action to classify stakeholders, public organisations routinely undertake programs of stakeholder engagement, particularly at the grassroots level (Brown and Keast, 2003). Given the importance of stakeholder engagement for government agencies, the concept will be examined in the next section.

**Stakeholder Engagement**

Stakeholder engagement describes a range of practices in which organisations take a structured approach to connecting with stakeholders (Thomson and Bebbington, 2005). Over the past
decade, the value of stakeholder engagement has become more apparent to public organisations seeking to create dialogue with and between community groups and business interests to achieve policy reform and enhanced service delivery. The desire for closer involvement of a range of stakeholders in achieving public outcomes has emerged from two earlier participatory approaches: policy networks and public participation.

The first approach, policy networks brings together a range of separate but interdependent organisations whose contributions are considered to be important to policy problem solving (Hanf and Scharpf, 1978; Heclo, 1978). While policy networks are structures which can either constrain and facilitate interactions, they effectively institutionalise power relations (Marsh and Smith, 2000). It could be argued, therefore, that policy networks have a propensity to limit engagement because of restricted membership and institutional control over the policy agenda and processes (Daugbjerg and Pedersen, 2004). Furthermore, policy networks can be problematic because they can take inordinate amounts of time to eventuate decisions (Mazey and Richardson, 2001).

The second approach, public participation, is considered to be the practice of “consulting and involving members of the public in the agenda-setting, decision making, policy-formulation and implementation activities of public organisations” (Rowe and Frewer, 2000, p.512). This definition alludes to one of the major issues associated with both public participation and stakeholder engagement: who to involve. Inclusion in policy processes, it is argued by Harrison and Mort (1998), can be approached from a normative or instrumental perspective. Normative approaches seek to create benefits for citizens and provide them with the opportunity to exert
influence in policy processes process (Morone, 1998). Instrumental approaches tend to focus on the costs, benefits and outcomes of public engagement initiatives (Moynihan, 2003). However, stakeholder engagement has moved interactions between government agencies and their various constituencies beyond the controlled participation of policy networks and the normative/instrumental dichotomy of public participation to a more strategic approach which seeks to include stakeholders in decision-making processes from an early stage.

Stakeholder engagement has been studied in a number of managerial contexts including the acquittal of organisational accountability and responsibility to stakeholders (Gray, 2002), eliciting stakeholder contributions (Sillanpää, 1998), managing risk (Deegan, 2002), constructing organisational image (Livesey and Kearins, 2002) and achieving managerial control (Owen, Swift, Humphrey, and Bowerman, 2000). With the exception of a study by Leach, Lowndes, Cowell and Downe (2005) which evaluated stakeholder engagement by British local government authorities, evidence about how stakeholder engagement operates in the public arena is scarce.

In finding that engagement opportunities should be tailored to stakeholder needs, particularly for marginalised or previously excluded groups, Leach et al.’s (2005) study pointed to a link between stakeholder classification and engagement practices. However it did not explore how the agencies involved defined and classified stakeholder groupings. While Leach et al.’s (2005) study began to illuminate the results of stakeholder engagement practices undertaken by local authorities; it has not resolved how stakeholder classification processes operate or identified the optimal stakeholder engagement activities for various stakeholder categories. These questions
are fundamental to agencies seeking to implement the most effective forms of stakeholder engagement for different stakeholder groupings.

Therefore, this study will begin to close the gap in our understanding of stakeholder classification and engagement by answering the following research questions:

1. What stakeholder classifications are used by government agencies in Queensland?

2. How do stakeholder engagement activities relate to various classifications of stakeholders?

The methodology for answering these questions will be addressed next.

METHODS

An exploration of the interactions between stakeholders and government agencies was undertaken using a qualitative approach to develop an initial picture of the complexities and intricacies of stakeholder/organisational relationships developed in the public context. As this was an initial exploratory study, a cross sectional research design involving multiple cases was chosen. Data were collected at a single point in time i.e. December 2007.

A purposeful sampling approach was selected to obtain “information rich cases” (Patton, 2002, p. 230) to answer the research questions about how agencies deal with stakeholders. The rationale for selecting agencies was twofold. Firstly, as the research was focused on public agencies in Queensland, the agencies were required to have a physical presence in Queensland, although not necessarily a head office. Secondly, the agencies were required to be at different levels of government: federal, state, local to identify differences between sectors.
Using these criteria, key senior executives of government agencies in Queensland were contacted to identify agencies understood to be actively involved in stakeholder engagement. Using a snowball approach, this list was supplemented with additional agencies recommended by informants during interviews. Upon reaching information redundancy, nine organisations across three levels of government in Queensland i.e. federal, state and local government were selected as the sample for this study.

To understand the changing nature of stakeholder/agency interactions and processes, a series of semi-structured interviews was undertaken with a senior executive who had corporate responsibility for stakeholders in their agency. The purpose of using a semi-structured interview approach was to elicit an understanding of the unique experience of the managers involved and the context within these experiences occurred (Marshall and Rossman, 1989). This format allowed issues to emerge and provided a level of flexibility in asking follow up questions specific to each agency.

While ensuring that the interview content focused on the research questions (Minichiello, Aroni, Timewell, and Alexander, 1995, p. 65) this type of questioning resulted in a discussion of stakeholder issues which were linked the business or sectoral focus of each agency. An interview protocol was utilised to ensure that all questions were answered by the subjects. Furthermore, interviews were recorded to reduce the potential for bias during the analysis phase (Patton, 2002). Questions were asked about identification of stakeholders, how the organisational approach to stakeholders had changed over the past several years, what methods
were used to engage with stakeholder and the positive and negative outcomes of the agency’s dealings with stakeholders. These questions were designed to gain an understanding of how the stakeholder approach was operationalised by agencies.

The interview data were supplemented with a review of annual reports and strategic and corporate plans to understand the stated or implicit public position of agencies about stakeholders. Along with the interview transcripts, these documents were imported into the Nvivo 7 program. Themes and categories were then identified (Bryman, 2004) and a thematic analysis was undertaken. To preserve the anonymity of the agencies involved in this study, each agency was allocated one of the following codes A to I.

From the analysis of the data, the following themes were revealed: stakeholder identification and classification, scale of the stakeholder task, the range of stakeholder initiatives and changes in agency/stakeholder relationships. The findings of this study will now be discussed under these four themes.

**THEMES**

**Stakeholder Identification and Classification**

To identify how each agency approached its stakeholders, the first step was to obtain an understanding of which actors and groups were considered to be stakeholders. It became quickly apparent that this was a very complicated task for agencies for several reasons including a general lack of agreement over who constitutes a stakeholder, the breadth and complexity of the potential stakeholder pool and the existence of stakeholders at many different levels within the
agency. Figure 1 presents the categories of stakeholders and the frequency with which they were mentioned by agencies during the interviews.

**Figure 1 Frequency of Stakeholder Categories Mentioned**

Figure 1 highlights and confirms the array of stakeholder groups with whom government agencies regularly interact. However, the data did not indicate differences based on level of government.

Given the breadth of stakeholders identified in Figure 1, it appears that a broad definition of stakeholders is in general use. At an aggregate level, there is agreement among agencies that government departments, peak bodies and lobby groups, staff, community and citizens and politicians, are considered to be stakeholders. It also suggests that there is a high level of
stakeholder identification with groups who could potentially exert significant power over the agencies. For example, several agencies nominated central agencies e.g. Queensland Treasury, as stakeholders. Conversely, eight stakeholder categories: suppliers, interest groups, customers, universities, unions, scrutineers, clients and business investors were only mentioned by one or two agencies. As indicated, the scale of the stakeholder task facing agencies can be considerable. Therefore, how agencies managed this scale will be discussed next.

Scale of Stakeholder Task

The scale of the potential stakeholder pool identified by agencies varied significantly. Only one small agency with a very clear and specific service charter was easily able to identify and delineate its stakeholder groupings. However for large agencies with multiple service delivery objectives, stakeholder groups may be diverse and numerous. Agency A reported that it had “at least 1,500 groups of stakeholders…. That’s not what we would do with our projects, which is on top of it”. This was supported by Agency G which characterised its stakeholder cohort as a list which “is very long and varied and makes for a very complex set of stakeholders”. This appears to indicate that there is potential for agencies to have to manage interactions with unwieldy numbers of stakeholder.

To manage the size and complexity of the stakeholder group, two large agencies, A and G adopted a strategic management approach. Agency A opted for a structured organisational wide approach in which stakeholder groups were segmented into different types and levels. Using this approach, Agency A categorised its 1500 stakeholders into two levels: key and project stakeholders. The management of stakeholders in these categories was delegated to different
parts and levels of the organisation. Despite overlaps because some stakeholders have multiple roles and move between categories, this approach provided agency staff with clarity about the type and level of stakeholder with whom they interact and improved stakeholder engagement at the project level by strengthening processes for identifying project stakeholders.

In contrast, Agency G addressed the issue of handling large numbers of stakeholders by building intensive relationships between senior managers and key stakeholders. This relational approach was then cascaded throughout the organisation with the intention of encouraging the development of street level stakeholder relationships. This was in keeping with the emergent change processes being implemented in Agency G. However, unlike agency A, stakeholders were not explicitly classified nor stakeholder engagement processes documented.

An examination of the stakeholder approaches of the remaining agencies revealed that their approaches were at various stages of maturity from spontaneous engagement and response to issues through to enunciation of stakeholder categories and undertaking deliberate/targeted engagement activities. The types of stakeholder initiatives identified by agencies will be discussed next.

**Stakeholder Engagement Initiatives**

The findings of this study have revealed that agencies undertook a wide range of activities to engage with stakeholders. It emerged from this research that stakeholder initiatives were undertaken for the following purposes: strategic, engagement, communication and measurement as depicted in Table 1.
Furthermore, the findings indicated that the majority of agencies undertake stakeholder activities under each of these categories. However two agencies, A and G, were distinctive for adopting a strategy driven approach to stakeholder engagement. For Agency A, the organisational vision included a stakeholder component, “Connecting with Stakeholders diverse needs”. This agency also had clearly elaborated strategies for delivery of this vision and used an extensive array of techniques from focus groups to surveys to measure the success of stakeholder engagement initiatives, publishing the results in annual reports.

Agency G opted for a more organic approach to implementing its stakeholder interventions, deliberately eschewing the mechanistic approach to stakeholder engagement in which “You identify a stakeholder and their certain characteristics and then you tick the checklist as you go and then magically you’ve completed your engagement.” The approach of Agency G was driven by a strategic management methodology using performance, relationships and alignment as a focus for engaging with internal and external stakeholders. The associated dialogue based engagement processes mentioned in Table 1 were personally championed by the agency’s
Director-General, attaching a high level of organisational significance and legitimacy to these interventions. Unlike Agency A, Agency G did not have specified corporate strategies for stakeholder engagement rather it opted for an embedded approach where stakeholder interests were considered to be inherent part of organisational activities. Agency G deliberately cultivated an ethos of continuous learning and growth, based on the work of Senge, Kleiner, Roberts, Ross, Roth, and Smith (1999) and Wheatley (2004), which underpinned corporate stakeholder engagement activities.

Both agencies made a strategic decision to adopt a relational approach to the management of their key stakeholders. This is evidenced by a significant investment of resources by senior executive staff in the task of better understanding stakeholders and working more closely with them to create better relationships and achieve improved results. These changes in agency/stakeholder relationships will be covered next.

**Changes in agency/stakeholder relationships**

As relationships with stakeholders have evolved and adapted to environmental changes, it was apparent that agencies were seeking to interact with stakeholders in ways that were more participatory. All agencies reported changes in organisational/stakeholder relationships which resulted in stakeholders being drawn into agency activities: “…now it’s part of life… It’s expected and it’s just got to happen”.

Predictably, the reported extent of stakeholder involvement varied between agencies and in response to specific issues or events. For example in biosecurity emergency situations
stakeholder involvement predominantly occurred with industry and the three levels of government. However in the social welfare context, major stakeholders included clients and their families and peak organisations. Therefore, it could be argued that the nature of the agency’s business may impact on the types of stakeholders with whom they engage.

Some of the agencies in this study went to considerable lengths to establish and maintain relationships with their stakeholders to ensure that they have a sound basis for problem resolution when difficult situations arose, particularly as a result of political commentary. This may indicate that agencies have an understanding the dynamics and intricacies of relationships with stakeholders and the investment required to effectively maintain these relationships.

The findings identified in several agencies a shift in the approach to stakeholders from an internal expert driven model of engagement to a more externally focused approach. For one agency, this “involved a major shift in how we looked at the world. We wanted … to have an outside in look rather than inside out look…”.

The change to more external focus was reported as resulting from cost shifting between levels of government, the need to resolve difficult social problems, service delivery improvement, particularly through better co-ordination, to gain the benefits of collaboration including resource exchange and to overcome the threat of organisational extinction. Two agencies reported that acrimonious or disconnected stakeholder relationships contributed to the threat of dissolution of the agency by government. As a result, both agencies have taken a strategic approach to
stakeholder relationship development and have invested heavily in developing the skills of staff 
in stakeholder engagement and reconnected with their stakeholders, particularly central agencies.

While there was general agreement among agencies that stakeholder engagement provided 
organisational benefits, it was widely acknowledged that significant costs were involved. 
However, none of the agencies could quantify these costs. Nevertheless, in reflecting upon the 
perceived benefits and costs of undertaking stakeholder engagement, two issues were 
consistently raised by agencies; the extraordinary results that are achieved by collaborating with 
stakeholders and the time and cost associated with undertaking stakeholder initiatives. All 
agencies indicated that the benefits associated with stakeholder engagement outweigh the costs 
with one indicating that “the costs of not doing it would probably be far greater than the 
investment it takes to do it...”.

The findings showed that agencies in this study faced high complexity and uncertainty in the task 
of interacting with stakeholders. Agencies sought to meet these challenges by implementing a 
vast array of stakeholder engagement programs and techniques. Nevertheless, there is a 
continuing lack of clarity about the applicability of these programs to specific stakeholder 
groups, whether the programs are meeting objectives and the value derived from them. While a 
shift to a more systematic approach is apparent, only two agencies linked stakeholder 
engagement activities with stakeholder classification and this was confined to the “key” level.
This study set out with the aim of identifying the stakeholder classifications used by government agencies and understanding how such classifications relate to stakeholder engagement activities. The forthcoming section will discuss what the findings of this study have revealed about these questions.

**DISCUSSION**

One of the key findings of this study is that the agencies have identified a core group of stakeholders that is generally consistent with both the Bryson (1995) taxonomy and Gomes and Gomes (2008) study. However, some different stakeholders that are outside the usual set have emerged i.e. partners and alliances, universities, external scrutineers. To some extent identification of these groupings could reflect the business and regulatory environments in which the agencies operate. For more commercially focused agencies involved in alliance contracting and joint ventures with universities, there has been recognition that engagement with different types of stakeholders, such as suppliers and industry based networks is required. For those agencies giving weight to partners and alliances as stakeholders, this is generally reflective of an environment which is more accepting of collaborative governance approaches.

However from the data, it was unclear how most agencies defined stakeholders or grouped stakeholder into different classifications. Figure 1 illustrates the confusion that besets agencies in identifying and interacting with stakeholders. For instance, it was unclear whether or not some groups which are labelled differently by agencies were actually the same category e.g. peak bodies and lobby groups and interest groups. It could be argued, therefore, that peak bodies and
lobby groups are part of the category of the generic category of interest groups. Combining the two groupings would indicate that interest groups remain key stakeholders.

These discrepancies can be explained in several different ways. Firstly, it could indicate that the infrequently mentioned categories of stakeholders are agency specific. For example, an agency delivering research and development outcomes identified an important group of stakeholders; “research bodies in universities”. In the case of welfare services, an important stakeholder group was “service providers that the government engages in delivering services...”. Alternatively, it could indicate that a number of agencies have a lower level or no awareness of infrequently mentioned groupings of stakeholders because they are not currently seeking to influence the organisation.

It was also apparent among agencies that there is no shared understanding of the meaning of the terms stakeholders, community and citizens, clients and customers. Nor was it clear whether or not they are different concepts incorporating different assumptions about inclusion and methods of engaging. Two agencies explicitly differentiated between stakeholders and community. Drawn from its strategic management approach, Agency G identified a difference between stakeholders and community thus, “…stakeholder is one who has an immediate impact on our core mission,…” while the community was considered to be an actor in policy implementation processes. This seems to indicate that stakeholders have a higher priority for that agency and that community is less important in decision making processes. However in practice, the agency found differentiating between community and stakeholder challenging because “… industry is
very broad and to a really large extent they are at times difficult to distinguish from the community...”

Agency A adopted an approach that is more consistent with participatory democracy and considered community and stakeholders to be the same concept in that they “…identified three types of community… your community, your industry and government… who can impact or influence your decision making”. For this agency, community appeared to encompass industry and government all of whom have a role in decision making.

Several implications are evident from this confusion regarding stakeholder definitions and classifications. Firstly, the uncertainty about who is a stakeholder and how interactions with various stakeholders may occur could lengthen decision making time frames while the agency develops a shared understanding of whether or not stakeholders and community are one and the same concept. Secondly, the uncertainty could also create difficulties in determining whether to use a community development or a stakeholder approach in dealing with different groups. This may be indicative of a lack of clarity about outcomes being sought and the purpose of engaging stakeholders. Thirdly, as a result, inappropriate strategy selection could cause significant wastage of time and resources because agencies are not clear about what tangible outcomes are required, the cost of doing so and whether or not the benefits exceed the costs.

While the types of stakeholders identified by agencies generally confirms previous studies (Bryson, 1995; Gomes and Gomes, 2008), there are several issues impeding the further development of the stakeholder approach by public agencies. Firstly there is ongoing definitional
confusion about types and categories of stakeholders as revealed in Figure 1. Secondly, the stakeholder literature has not advanced to the point of identifying a model of stakeholder classification for agencies. Finally, the large scale of the stakeholder task for many government agencies and the complexities that this creates has received little attention in the literature. Drawn from the findings and analysis of this study, the next section will present a preliminary model of stakeholder classification for government agencies which could simplify the task of engaging with stakeholders.

Towards a New Model of Stakeholder Classification for Government Agencies

This study has highlighted that there has been a shift in the way that stakeholders are perceived and managed by the agencies involved in this research. Agency A illustrated it in this way, “you do have to take note of all the various stakeholders. And if you can do that in a collaborative way, you are going to achieve a better outcome.” The shift has involved a move away from an expert-driven to a stakeholder needs driven approach so that agencies can “… work towards the right solution”, rather than imposing one.

As a result of taking a more stakeholder oriented approach, some agencies were seeking to simplify the task of engaging very large numbers of diverse stakeholders. However, this was hampered by the lack of an explicit framework for understanding the impact of different stakeholder approaches. Furthermore, the linkage between stakeholder strategy and the definition and classification of stakeholders relevant at different organisational levels and choices of engagement styles remains unclear.
Since Freeman’s (1984) publication of the strategic management approach to stakeholders, a range of stakeholder models which focus on various segments of the stakeholder strategy formulation process have been created (Friedman and Miles, 2006). Models that have focused on stakeholder identification and classification have led to classification structures such as primary and secondary stakeholders (Clarkson, 1995), voluntary and involuntary stakeholders (Clarkson in Mitchell et al., 1997) and fiduciary and non-fiduciary stakeholders (Goodpaster, 1991). However it could be argued that these models are not sufficiently attuned to the public good context to be meaningful in complicated stakeholder situations facing public organisations.

Therefore, incorporating the dimensions of stakeholder definition, classification and engagement style, a public management specific stakeholder classification model has been constructed from the research data and findings and is depicted in Figure 2.
The model in Figure 2 shows how the stakeholders of government agencies in Queensland could be defined and categorised and the optimal relational styles for engagement activities undertaken with stakeholders at each level. Assignment of stakeholders into the three categories appears to be consistent with the framework first identified by Kickert, Klijn and Koppenjan (1997) and later by Keast, Mandell, Brown and Woolcock (2004) and Waterhouse and Keast (2007).

Within the Stakeholder Classification Model for Public Agencies, it is theorised that key stakeholders would have a high level of legitimacy and that stakeholder engagement would occur through personal interactions with senior managers with the intention of creating value for both the organisation and stakeholders. In contrast, it is envisaged that the interactions with operational stakeholders would be more pragmatically focused and undertaken to obtain legitimacy or advance organisational interests. Finally, it is proposed that interactions with project stakeholders would be designed to meet specific project goals mandated by the organisation. This approach of customising stakeholder engagement activities based on stakeholder classification is supported by the findings of Leach et al. (2005).

The proposed classification scheme provides a framework for effectively sorting and classifying large numbers of stakeholders into manageable segments. It also proposes that different relational styles may be adopted with different levels of stakeholders and that these styles would impact on the form and intent of stakeholder engagement processes undertaken.

Given that agencies have confirmed that stakeholders are of considerable importance in improving service delivery and policy outcomes, it is theorised that interest in and activity
associated with engaging stakeholders by public agencies will continue to grow. By linking stakeholder identification, classification and engagement style, the proposed stakeholder classification model offers a systematic way for agencies to minimise wasted effort and resources associated with inappropriate or poorly targeted engagement processes.

The contribution of this research is to extend the public management stakeholder literature by offering a model of stakeholder classification for public agencies. Using Bryson’s (1995) taxonomy and studies by Kanter and Summers (1987) and Gomes and Gomes (2008) as building blocks, this study has departed from the established models of stakeholder classification (Clarkson, 1995; Goodpaster, 1991; Clarkson in Mitchell et al., 1997) and suggested a trilateral categorisation of stakeholders: key, operational and project levels which are linked with specific engagement styles. The next step in developing the Stakeholder Classification Model for Public Agencies is to undertake empirical testing to determine if the categorisation of stakeholders can be substantiated and to test the applicability of the engagement styles proposed for each level.

**CONCLUSION**

The study has gone some way towards enhancing our understanding of how government agencies in Queensland identify, classify and engage with stakeholders and how these classifications relate to stakeholder engagement activities undertaken. The findings suggest that while there are some stakeholder classifications in general use across agencies, there remains considerable confusion about how stakeholder classification should be operationalised. This research has also found that irrespective of agencies’ difficulties with determining stakeholder
status, and despite not being able to quantify costs or benefits, agencies continue to implement significant programs to engage with stakeholders.

The findings of this study also suggested that a public sector specific model of stakeholder classification could be developed around the elements of stakeholder definition, classification and engagement styles. Combining these elements, a Stakeholder Classification Model for Public Agencies has been developed and is a starting point for agencies seeking to develop workable strategies for engaging with large numbers of stakeholder groups and designing fit for purpose and cost effective stakeholder engagement programs.
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