4 Stakeholder Management

Donald Getz

Introduction

This chapter presents concepts and principles for stakeholder management in a time of crisis, and how stakeholder management is an essential part of recovery and resilience. Definitions, stakeholder theory, case studies and practical advice for event stakeholder management has been provided in the book *Event Stakeholders* by Mathilda van Niekerk and Donald Getz (2019). However, it was written before the 2020 pandemic and did not specifically address crisis management.

A number of interviews and case studies have been incorporated in this book, reflecting the views of experts in a wide range of event settings and types. The interviewees were asked to comment on the impacts of the Covid-19 pandemic on the events sector, from their perspectives, on actions taken and plans for recovery, and on the key stakeholders for recovery and building resilience. A summary of the interviews and case studies is contained in the final chapter. While not all crises are as serious as the pandemic, 2020 generally being seen as a worst-case scenario, this material is valuable in shedding light on any form of crisis facing events, and in particular on the vital roles played by internal and external stakeholders.

Who or what is a stakeholder? For a privately owned event, owners and direct investors are the *shareholders*, while *stakeholders* can broadly be defined as persons or organizations that have something to gain or lose by the actions of the event. They might have an investment in an event, or a perceived interest. An investment can be tangible or intangible. For example, tangible investments can be in the form of being a marketing or logistical partner, supplier, volunteer, paid employee, sponsor or other type of participant. Communities, cities and destinations invest in events and consider themselves to be important stakeholders, their investments being both tangible (e.g., money, venues, marketing, other services) or intangible (e.g., moral and political support, attendance, or – at a minimum – tolerance).

Just about everyone else who wants to have an influence, or feels impacted by the event (and this can include *potential* involvement and *possible* impacts) can be considered a stakeholder. When multiple events are considered, such as a managed portfolio or the entire population of events in a city, the number and interests of potential stakeholders becomes very large. This complexity is why many organizations classify stakeholders into *primary and secondary* types, or use even more sophisticated methods such as those described in this chapter to classify them on the basis of power, urgency and legitimacy, then develop appropriate strategies.

Drawing from the generic stakeholder literature, (Freeman, 1984, p. 46) defined stakeholder as "*Any individual or group who can affect the firm's performance or who is affected by the achievement of the organization's objectives*". Carroll (1993, p. 60) broadened the definition this way: "*those groups or individuals with whom the organization interacts or has interdependencies*", while Savage et al. (1991, p. 61) described stakeholders as "*groups or individuals who have an interest in the actions of an organization and […] the ability to influence it.*" If a normative, or value-based approach to stakeholder management is taken, as advocated by Clarkson (1995) and in line with principles of corporate social responsibility, then all real and potential stakeholders should be acknowledged, given a voice, and their interests considered when making decisions.

In summary, an organization can define its stakeholders in narrow or broad terms, related to a number of criteria, and then apply management principles as necessary. In a time of crisis, however, adaptation will be required.

Classifying stakeholders and formulating appropriate strategies in a time of crisis

The nature of the crisis will influence stakeholder relationships and how they are managed. We first have to consider *incidents*, being one-off, sudden and unwanted threats or damages. Accidents with injury, crowd violence, terrorist attacks, damage during bad weather, or other incidents dictate that responses are immediate and hopefully pre-planned and rehearsed, so the number and types of stakeholders involved is set in policy. Staff and volunteers must have assigned duties through contingency planning and emergency-response drills, and liaison with professional first responders should ideally be automatic. These types of incidents can be resolved satisfactorily for all concerned if there is no lasting negative impact such as death or serious injury, lawsuits or other legal proceedings, or financial losses that threaten viability. Whether or not an incident becomes a crisis is therefore a matter of context and perspective.

Given that a crisis can be defined as either the cause or trigger of a problem, such as an incident described above, or the challenges imposed by organizational response (including uncertainty, chaos or do-nothing), we have to consider how stakeholders are related to both short-term and long-term crises. A smoldering or enduring crisis might also be evident in mismanaged organizations or where organizational culture has led to internal conflicts, but these are of quite a different nature than those caused by external stimuli because they might remain invisible or deliberately hidden for some time.

During long-term crises, with the focus on how the organization responds (assuming it has survived the initial shock), the participation of many more stakeholders will be necessary. The 2020 pandemic illustrates this point, as not only were events seriously impacted but also their venues, sponsors, performers, suppliers, audiences and communities all suffered. Events were forced to consider priorities and conduct risk-reward assessments when deciding if they should go on as usual (a few did, even after it was clear that a pandemic was spreading globally), postpone or cancel. In this context, outright cancellation was the extreme option, meaning there was no prospect of holding the event again (for one-time events) or the future was completely uncertain. Most periodic events elected to announce they would postpone and picked a later date or committed to returning next year, same time, if feasible. Some sports eventually created 'bubbles' to continue competition in tightly controlled venues with no live audiences. Many virtual events were created online, while the term 'hybrid event' took on new meanings. What the world witnessed in 2020 was an externally imposed crisis with immediate and severely negative impacts, followed by a prolonged period of uncertainty and planned recovery. The stakeholders for any given event or organization were radically redefined in terms of power, legitimacy and urgency.

Salience: Power, legitimacy and urgency

The famous 'salience' model of Mitchell et al. (1997) provides a useful starting point for thinking about stakeholder management during a time of crisis and for the purposes of planned recovery. It consists of three overlapping circles representing the attributes of *power, legitimacy and urgency* which together define salience and delimit seven categories of stakeholder. Outside the circles is an eighth category labelled 'non stakeholder', but it has to be asked if there is such a thing – in theory, anyone or any organization could potentially become important. High stakeholder salience means that organizations should give priority to managing these relationships. The categories are:

- *definitive stakeholders* possess all three attributes;
- *dependent stakeholders* have two attributes, but no power;
- *dangerous stakeholders* have power and urgency but no legitimacy; they pose a threat;