

# 2 Perspectives on Stakeholder Theory

## Learning objectives

At the end of the chapter readers should be able to:

- Differentiate between the descriptive/empirical, instrumental, managerial, and normative perspectives on stakeholder theory
- Understand the Clarkson Principles in the context of Corporate Social Responsibility (CSR)
- Describe Carroll's CSR Pyramid Model adapted and modified for events and tourism
- Identify primary and secondary stakeholders; active and passive
- Define and classify stakeholders
- Demonstrate stakeholder salience (combining power, legitimacy, and urgency) in the context of events and tourism
- Compare event and tourism stakeholders and their roles

## 2.1 Introduction

This chapter provides elaboration of stakeholder theory, commencing with four general perspectives on stakeholder theory as identified by Donaldson and Preston (1995). This is followed by a discussion of how CSR or corporate social responsibility has influenced thinking about stakeholders and forms an integral part of the normative perspective. Carroll's (1993) popular CSR model has been adapted and modified for this book, providing a more integrated and relevant approach.

Defining and classifying stakeholders is the third major topic covered, drawing first on generic stakeholder theory and commencing with a discussion of primary and secondary, active and passive stakeholders. Particularly attention is given to the framework provided by Mitchell, Agle and Wood (1997) that defines 'stockholder salience' as a combination of 'legitimacy, power and urgency'. These terms are explored in detail. The chapter concludes with an examination of event and tourism stakeholders, including a diagram and research notes from the events and tourism literature.

## 2.2 Key terms defined

### Primary stakeholders

Primary stakeholders are those stakeholders that have a direct stake in the organization and its success. (Clarkson, 1995).

### Secondary stakeholders

Secondary stakeholders are those that have a public or special interest stake in the organization. (Clarkson, 1995).

### Active stakeholders

Active stakeholders want to be involved and therefore require a variety of engagement efforts, from public meetings to inclusion on boards of directors. (Ponsford and Williams, 2010).

### Passive stakeholders

Passive stakeholders just want to be kept informed, necessitating attention to the various media that can best reach them, and to two-way communication channels. (Ponsford and Williams, 2010).

## 2.3 Case study - Commonwealth Games, Gold Coast Australia

*Karin Weber – Hong Kong Polytechnic University – Hong Kong*

*Xin Jin – Griffith University - Australia*

### Overview of the Games

The Commonwealth Games are an international sport event involving athletes from the Commonwealth of Nations. Similar to the Olympic Games, the event is held every four years. The Games have taken place since 1930, only interrupted twice by the Second World War in 1942 and 1946. The event evolved with the decolonisation of the British Empire, reflected in the title change of the event from British Empire Games (1930-1950) to the British Empire and Commonwealth Games (1970-1974) and finally, the Commonwealth Games since 1978. Rituals and symbols, such as the Games flag and Queen's Baton, as well as opening and closing ceremonies still carry a legacy, tradition, and British effect. Only six nations have attended every Commonwealth Games: Australia, Canada, England, New Zealand, Scotland, and Wales. Only three games were hosted outside of these six nations, twice in Asia (Malaysia and India) and once in the Caribbean (Jamaica). The Commonwealth Games are overseen by the Commonwealth Games Federation (CGF) which also controls the sporting program and selects the host cities. The games movement consists of the International

Sports Federations, Commonwealth Games Associations and organising committees for each Commonwealth Games. Apart from many Olympic sports, the Games also include some sports that are played predominantly in Commonwealth countries but which are not part of the Olympic program, such as lawn bowls, netball, and squash. A survey by the authors indicated that games and medals, Commonwealth of Nations, star athletes, the opening and closing ceremonies, and the host cities are the top associations related to the event.

## GC2018

The Gold Coast 2018 Commonwealth Games were hosted at the Gold Coast, Australia from 4-15 April 2018. They were managed by the Gold Coast 2018 Commonwealth Games Corporation (GOLDOC), formed by the Government of Queensland. GOLDOC, a statutory body, having one chairman and 12 Board members, was responsible to the Minister for the Commonwealth Games. There were eight divisions within the organisation that respectively were responsible for executive, commercial, communications and marketing, strategic engagement, finance and business services, sport and operations, venues and services, and planning and readiness. GC2018 Games partners also included the City of Gold Coast, Commonwealth Games Australia, and Office of the Commonwealth Games. GC2018 was the world's first multi-sport event which inaugurated an equal number of women's and men's medal events. It was also a multi-sport event that included athletes with a disability as full members of their national teams, ensuring that their medals were included in the medal count.



**Photo 2.1:** Official mascot . Picture credit: Author's own K. Weber.

The main venue for GC2018 was Carrara Stadium, which hosted the opening and closing ceremony; its seating capacity was increased to 40,000 during the Games by the installation of a large temporary North Stand. About 16 other venues at the Gold Coast, in Brisbane, Cairns and Townsville hosted the competitions or the preliminary

rounds of basketball competitions. More than 4,000 athletes from 71 Commonwealth Games Associations participated in the Games, watched by an estimated 16 million viewers in Australia, and 1.5 billion viewers worldwide. During the Games, the GC2018 website attracted around 113 million (69 million unique) page views, while the various social media channels had around 733,600 followers and more than 108.3 million impressions.

The Queensland state government spent about A\$1.5 billion for the delivery of the event, mainly on venues and the Games Village, the procurement program, and security. A pre-game economic impact study indicated that expenditures from both government and private sectors on infrastructure construction was the main contributing factor to pre-games economic impacts. Key sources of direct revenue for the Games included broadcast rights, sponsorship, ticket sales, licensing, visitor expenditures, interest, and related services. Broadcast rights were estimated to be a key revenue source, despite large markets (such as China and the USA) potentially not being covered for TV broadcast (as they were not participating in the Commonwealth Games). Apart from attracting visitors during the game year, the event was estimated to attract induced visitors during post-game years due to enhanced destination awareness. Induced tourism effects to the host city could also spill over to other states in Australia, with the event and its advertising campaigns also potentially acting as a catalyst for promoting exports for other major Queensland industries (for example, food products, education, professional services, health and entertainment). It was estimated that the Games would generate about 16,000 jobs on an FTE basis (Jones, 2018; Pham et al. 2018).

## Community

With the aim of leading the local community to a healthier, active and sustainable lifestyle, as well as using the event as a way to promote community pride, GOLDOC and the local city council developed a series of Connect Community programs. These programs sought to engage community groups from across the state, and involve them in the delivery and sharing of game experiences. Organisers developed the Reconciliation Action Plan, which aimed to engage and strengthen respect between Aboriginal and Torres Strait Islanders and other Australians. They also developed the Festival 2018 program on the Gold Coast – cultural programs that engaged the local community during the event. The community legacy programs not only targeted residents of the host sites but all Queensland residents as to instil an increased sense of community. Education programs and related cultural programs were rolled out across Queensland's schools as a legacy for community engagement. Cultural activities engaged local residents and visitors in the lead-up to, during and after GC2018. However, anecdotal evidence also indicated that culturally and linguistically distinct communities were less engaged due to social and cultural reasons. GC2108 has been very successful in volunteer participation – an indicator of community engagement - with 15,000 volunteers, called 'game shapers', invigorating this event with their high spirit and services.