Stakeholder engagement – the implementation and determination of value creation

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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Abstract

The title of this research paper is Stakeholder engagement – the implementation and determination of value. This research aims to establish the level of understanding of the implementation of stakeholder engagement among senior managers in organisations. The study further assesses the value that is created from stakeholder engagement with a particular emphasis on the co-creation of value between stakeholders and organisations. Then finally the study looks at how this value is apportioned or distributed. A critical sustainability and survival mechanism for any modern day organisation is effective and rigorous stakeholder engagement, particularly given the stakeholder rich environment in which organisations operate, characterised by the competing interests of the extended stakeholders (Loi, 2016).

The study employed a qualitative research design in meeting the aims. The subject of the research was large organisations, which included ten state owned entities and South Africa's largest energy and chemical company. Semi structured in-depth interviews were held with respondents from the eleven organisations who are senior managers within their organisations and are experts in stakeholder engagement. The interviews were recorded, transcribed and the results analysed using Atlas Ti.

The results of this exploratory study reveal that managers have a firm grasp and knowledge of the understanding and identification of their various stakeholder groups, however shows that the implementation of stakeholder engagement within organisation is still in a progressive state and not at the ideal maturity level of dialogue and information sharing as recommended by literature. Furthermore, literature has highlighted that the concept of value creation and distribution has not been sufficiently explored and that there is an information gap in the field of value creation and value allocation (Harrison and Wicks, 2013; Garriga, 2014; Govender & Abratt, 2016). Likewise the organisations interviewed demonstrated limited knowledge in understanding the value created from stakeholder engagement and in particular the issue of value apportionment.

Keywords: Stakeholders, Stakeholder engagement, Value Creation, Value Apportionment

Declaration

I declare that this research is my own work. It is submitted in partial fulfilment of the requirements for the degree of Masters of Business Administration at the Gordon Institute if business Science, University of Pretoria. It has not been submitted before for nay degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name: Makhosazana Thabethe

Signature:

Date: 07 November 2016

Dedication

To God Almighty who makes all things possible, thank you.

This research is dedicated to my mother, my inspiration and one who taught me that you are never too old for anything. To my son Owami, thank you for your patience and understanding. You completed your matric exams in the midst of my studies and I could not fully be there to support you but you did me proud.

To my sister Mbali, thank you for your quiet and unwavering support. We both know that I would not have made it this far had it not been for your support.

To my other siblings, Mbuso, thank you for your encouragement; Sarah, thank you for holding the fort and helping with Owami; Sam, thank you for your daily encouragement and doing the daily count down check and being the best uncle to my son. Thank you Banele, for all your assistance. My nieces and nephews, Mumu, Gaba and Letho, Aunty Khosi is back.

To my partner, Moloi, I know it has been hard for you to have an absent partner these last two years but thank you for your understanding. To my cousin Sphithi, you came at the right time, thank you for referring some good people to help me. To my new found friend, KB, you have been amazing and your support is appreciated.

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Chapter 1: Introduction to the research problem

1.1 Introduction

The title of this research is Stakeholder engagement – the implementation and determination of value. This research aims to establish the level of understanding of the implementation of stakeholder engagement among senior managers in organisations, the value that is created from stakeholder engagement as well as the understanding by organisations of how this value is distributed. One of the most important tool for sustainability and survival of any modern day organisation is effective and rigorous stakeholder engagement, particularly given the stakeholder rich environment in which these organisations operate, characterised by the competing interests of the extended stakeholders (Loi, 2016). This is further exacerbated by the gradual move over time by organisations from a shareholder-centric view that is focussed around the bottom line to more accountability to stakeholders and long term value creation (Androif, Waddock, Husted and Rahman, 2002).

The relationship between stakeholder engagement and value is also vital as value is defined as anything that has the potential to be of worth to stakeholders (Harrison & Wicks, 2013). According to Bridoux and Stoelhorst (2014), it is important to draw a distinction between value creation and value apportionment. The value that is created from stakeholder engagement is pertinent in the implementation of stakeholder engagement as a manager surely needs to understand the value derived before having a willingness to implement it. Thus far, only a few studies have examined value from the following standpoints; value creation from the stakeholder perspective (Post, Preston and Sachs, 2002; Bosse, Phillips & Harrison, 2009; Harrison, Bosse and Phillips 2010);), how stakeholders appropriate value (Coff 1999, ; Blyler and Coff 2003) and the processes or activities through which stakeholders create value (Post, Preston & Sachs, 2002).

The research has focused on the implementation of stakeholder engagement in large organisations. The definition of an organisation, from a stakeholder standpoint is that an organisation is an entity that exists as established set of interactions among individuals or groups that have a stake in the activities that make up that organisation (Parmar, Freeman, Harrison, Wick, Purnell & De Colle, 2010), and furthermore, organisations operate within networks formed by customers, partners, subcontractors, legislators and other stakeholders

(Rensburg & De Beer, 2011). This then places stakeholder engagement at the heart of any organisation's survival.

1.2 **Background**

Increasing public demand for accountability by organisations has made stakeholder engagement to be indispensable to any organisation as it is deemed a vital component of accountability (Rixon, 2010). That organisational answerability goes outside mere compliance with the law or meeting the fiduciary responsibilities inherent in the phrase 'maximizing returns to shareholders' (Androif et al. 2002). Organisations have to implement effective stakeholder engagement – defined as the process used by an organisation to engage relevant stakeholders for a clear purpose which is to achieve agreed outcomes (AccountAbility Institute, 2015) within a global environment that is underlined by diverse value systems. This renders the management of varied stakeholder interests a challenge for any organisation (Loi, 2016).

In implementing stakeholder engagement, these organisations have to realize value. Stakeholder engagement, according to Aakhus & Bzdak (2015), has also emphasized and reframed fundamental questions about value creation through business and how value is created and traded, which has become one of the complexities of today's business challenge (Parmar et al. 2010). Value, for the purpose of this research, is identified and defined as any tangible or intangible benefit as perceived by an organisation, societal group and individuals who are affected by an organisation's practices, policy and actions (Rescher, 1982). The value creation process is one that involves multiple parties, within and/or across the organisation's boundaries. The process of co creation of value, requires these multiple parties to jointly contribute to provide mutually supportive tasks and outcomes in their engagements (Bridoux & Stoelhorst, 2014).

Stakeholders are defined as "persons or groups whose interests and activities strongly affect and are affected by the issues concerned, who have a stake in a change, who control relevant information and resources and whose support is needed in order to implement the change" (Morgan and Taschereau, 1996); or any "group or individuals who can affect, or is affected' by, the achievement of an organisation's purpose (Freeman, 2010); or anyone with a material interest in the firm and with resources to influence an organisation's survival (Loi, 2016). While organisations can claim that they encourage stakeholder participation in their strategic planning processes, the true substance is in the level of implementation of stakeholder

engagement and how it creates an opportunity for stakeholders to influence the organization by advancing their own proposals regarding its strategic direction (Friedman & Miles, 2004) cited in Rixon (2010). Literature argues that although stakeholder engagement is recognised by many as being an important aspect of business – particularly with regard to corporate citizenship and reputation – companies on the whole have struggled with aspects of implementation, tending to respond in crisis mode, especially when interactions fall outside of the traditional scope of employees, customers and investors (PWC, 2015).

1.2.1 Relevance and importance of stakeholder engagement

Organisations have been under pressure to be strictly accountable to their publics and this is further exacerbated by the fact that public trust in business as an institution has suffered a "major blow" in recent years from various corporate scandals, some of whom led to the global financial crisis (Parmar et al, 2010 pg. 3), The effect of these occurrences demonstrates that organisational activities have the ability to impact a broad range of people from across the globe (Parmar et al, 2010). As a result, over time, businesses has moved away from the shareholder-centric, capitalist view of bottom line accountability spurred on by an increasing awareness of the need to be accountable to a wider stakeholder community (Visser, Matten Pohl & Tolhurst, 2010).

Donaldson & Preston (1995) defined organisations as entities designed for engaging in multiple relationships for conducting business within society. These relationships go beyond the ability of an organisation to engage stakeholders but also require an organisation to account as there are an increasing number of control mechanisms, regulations and standards being put in place to ensure accountability (Weybrecht, 2010). A leading organisation, according to Weybrecht, 2010, is one that has as one of its primary measurements the method of stakeholder engagement implementation with business partners, suppliers, peers and communities. As observed by Aakhus & Bzdak (2015 pg. 188), "organisations can no longer be black boxes with no obligations outside of efficient production".

The relevance and importance of stakeholder engagement is further highlighted in the King Committee on Corporate Governance (2002), where a model of stakeholder inclusivity and involvement is promoted. This model includes an accountability mechanism, balancing competing interests fairly and having processes that allow for corrective action and acting responsibly towards all stakeholders. The Global Reporting Initiative (GRI), which deals with reporting principles and standard disclosures, also states that that organisations should

identify their stakeholders, and explain how they have responded to their reasonable expectations and interests – this talks to the level and method of implementation of stakeholder engagement. While the King Code and the GRI represent guidelines to organisations and are not quite legislative, Weybrecht (2010) states that such guidelines are increasingly gaining momentum and will no longer be mere guidelines.

Another global initiative, the AA1000 Stakeholder Engagement Standard (2015 pg. 17), supports the view that effective stakeholder engagement improves an organisation's overall performance, builds social and relationship capital and contributes to their "licence to operate", something that is beneficial to the long term sustainability of an organisation. Organisations that have battled with stakeholder engagement and implementation now have guidelines and engagement standards which they can use as a basis for stakeholder engagement. The AA1000 Stakeholder Engagement Standard (2015) report for example, tables a list of tangible results for good quality stakeholder engagement plan which include enabling better management and risk reputation and product and process improvements which come about as a result of learning from stakeholders.

Stakeholder engagement involves time, resources and commitment, and therefore, if done with no strategic vision, buy-in and participation of leadership and a genuine motive, can result in wasted time and resources, but the biggest harm, according to Weybrecht (2010), could be cynicism and distrust amongst stakeholders which could result in eroding shareholder value. The diagram below demonstrates the shift that takes place over time in the approach to stakeholder engagement.

Figure 1: Generations of stakeholder engagement
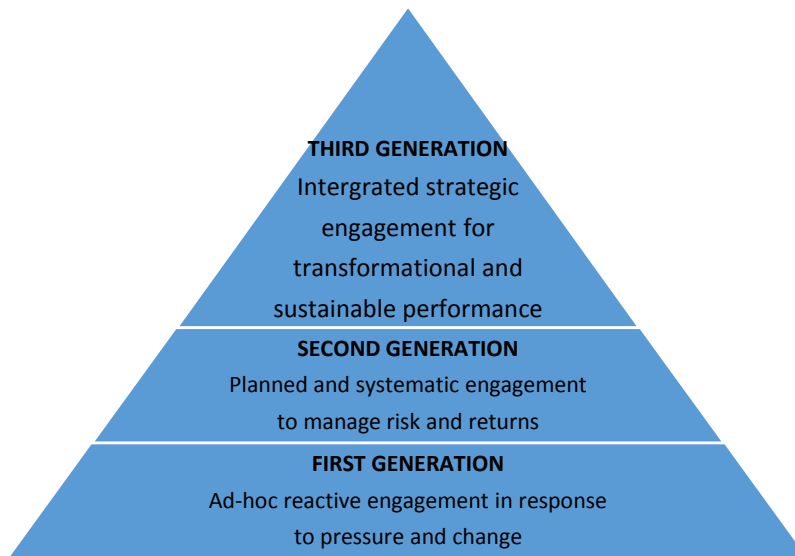
*Source: **AccountAbility Institute, (2015**)*

1.3 **Problem definition and Purpose**

As the public demand for accountability has increased (Rixon, 2010), pressure has mounted on managers to demonstrate an understanding of stakeholder engagement and value creation. This mounting challenge is exacerbated by the fact that literature claims that there appears to be limited understanding among senior managers of the full extent of all stakeholders that can influence the long term value and sustainability of the (Harrison and Wicks (2013); Garriga (2014); Govender & Abratt (2016).

Literature shows that there is evidence that the corporate world has moved to an inclusive engagement process with stakeholders (Ramlall, 2012). Although stakeholder engagement is recognised by many as being an important aspect of business – especially with regard to corporate citizenship and reputation – companies on the whole have struggled with aspects of implementation, tending to respond in crisis mode, especially when interactions fall outside of the traditional scope of employees, customers and investors (PWC, 2015). This then justifies this research work which will add to the body of knowledge on stakeholder engagement by reviewing the level of its implementation, the value created from it and the distribution of that value.

The purpose of this study therefore is to test managers' understanding of the level of implementation of stakeholder engagement; the perception of value created from this stakeholder engagement and how this value gets distributed.

1.4 Research Scope

This research is limited to large entities that are either state owned entities or have significant government shareholding in their ownership structure and with a very high level of stakeholder engagement and who have an interest in maintaining relations with stakeholders. Their operating environment is characterised by a framework of multiple pieces of legislation (Kanyane & Sausi, 2015), and they are accountable to public scrutiny.

All these organisations, although operating by statute, have an interest in maintaining a social licence to operate as it is defined by the World Bank, cited in Cui and Velasquez (2016) as the conduct of firms with regard to the impact on local communities, the environment, and legislators. In fact, Post, Preston and Sachs (2002) stated that the "legitimacy of the contemporary organisation as an institution within society – its social charter, or licence to operate – depends on its ability to meet the expectations of an increasingly numerous and diverse array of constituents". Virtually, every study of the SLO asserts or assumes that stakeholder analysis and stakeholder engagement are key to acquiring the SLO (Wilburn and Wilburn 2011).

The research explores stakeholder engagement from the perspective of the organisation s themselves.

1.5 Significance and contributions of the study

Svendsen, (1998) and Waddock, (2002), cited in Manetti (2011, p110), describe a 'gradual growth path of stakeholder involvement' model which is a three phase process that demonstrates the phases that an organisation goes through in order to achieve the highest maturity level in their implementation of stakeholder engagement where value is created and shared. This study is therefore significant because it attempts to provide an understanding of the progress made by the large companies in attaining a stakeholder maturity engagement level and whether they are effectively creating value through this stakeholder implementation. It explores the interaction between the stakeholder theory and value creation. Garriga (2014)

argued that even today there are still unanswered question on how an organisation should treat its stakeholders in order to create value and what this value means to stakeholders in the value creation process. This study therefore aims to contribute towards this body of knowledge.

1.6 **Layout of the report**

Chapter one of this report introduces the research problem by demonstrating the relevance and need for this study. It also outlines what the scope of the research will be and explains the business as well as academic need for the study. This chapter draws from both academic and business literature. Chapter two will explore the current existing academic literature in stakeholder issues to explore the debate around stakeholders and explore key definitions of concepts that are pertinent to the understanding of stakeholder engagement. Unlike chapter one, only academic literature is considered in this chapter. Chapter two then concludes with an analysis of the gap existing in the field of stakeholder engagement which leads to the research questions which are then posed in chapter three.

Chapter four outlines the research methodology chosen by the researcher as well as the unit of analysis and details the sampling method chosen for this research. Limitations that were encountered by the researcher are also detailed in this chapter. Chapter five will then explain in detail the results of the research from the data collection while chapter six analyses the results in relation to the research questions poised in chapter three as well as the literature presented in chapter two. Finally chapter seven will highlight the main research findings and will have recommendations for both the business and academic sector.

CHAPTER 2: LITERATURE REVIEW

According to Creswell (1994), cited in Boote and Beile (2015), a good literature review meets the following criteria – it presents results of similar studies, places the present study within the ongoing dialogue of literature as well as provides a basis for drawing comparisons among various studies. Furthermore, literature review is intended to identify existing theory and previous results which are relevant to the topic (Zikmund, Babin, Carr and Griffin, 2013). It serves to set the broad context of the study as well as to situate existing literature in a broader scholarly and historical context (Boote and Beile, 2015).

This chapter begins by defining a stakeholder and examining the scholarly definitions of stakeholders and how those have evolved over time. In doing so, it also examines the distinction between shareholders and stakeholder – an important concept that seeks to understand a manager's conflict when ascertaining who to be most accountable to. The literature review then attempts to shed light on the theoretical and practical perspective of stakeholder engagement and its interaction with value, being the co-creation of value and the apportionment thereof.

2.1. Definition and interpretations of a stakeholder

According to Parma et al (2010), in his assessment of the origins of the term stakeholder, the term first appeared as an internal memorandum for the Stanford Research Institute in 1963, the aim of which was to challenge the belief that shareholders are the only group to whom management need be responsive. However, it was only in 1984 that Freeman (1984), gave the term 'stakeholder' a theoretical base by formulating it into a stakeholder theory. In his work, Freeman (1984), initially conceptualized a stakeholder as "any group or individual who can affect or is affected by the achievement of an organization's objectives".

Donald & Preston (1995) unpacked the concept of internal and external definition of stakeholders that can best be explained through the distinction between a stakeholder conception of an organisation and a conventional input-output perspective of the organisation which is visually illustrated in figure 2 below. On this figure, the conformist model of an organisation where investors, employees and suppliers are depicted as contributing inputs, which are transformed into outputs for the benefit of customers (Donaldson & Preston, 1995) is demonstrated.

Figure 2: Input output model
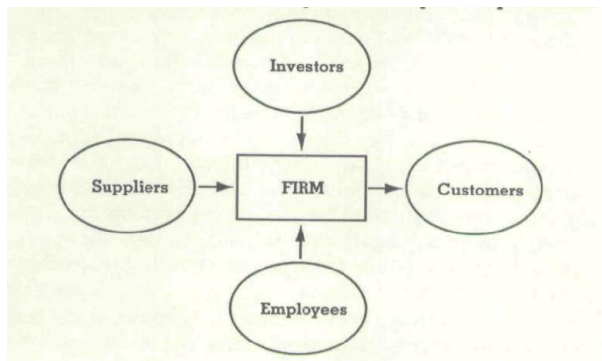
Source: (Donaldson & Preston, 1995)

The definition was broadly expanded on by Morgan and Taschereau (1996), who defined stakeholders as "persons or groups whose interests and activities strongly affect and are affected by the issues concerned, who have a 'stake' in a change, who control relevant information and resources and whose support is needed in order to implement the change" and thereby impressing on the notion that stakeholders do not only have a stake in an organisation but also at some level, have control over organisational operations or strategies.

The stakeholder concept has further been continually refined and expanded on a number of levels, including differentiating between primary and secondary stakeholders (Clarkson, 1995); claimant and influencer stakeholders (Kaler, 2002), restricted and unrestricted stakeholders (Buono, 2003); all for the purpose of assessing organisational performance through the lens of different stakeholders, Buono (2003).

Primary and Secondary - Clarkson (1995), described primary stakeholders as "one without whose continuing participation the organisation cannot survive as a going concern". Shareholders, employees, customers, suppliers and the public sector (being government and communities) usually make up the cosmos of this group of primary stakeholder whom, according to Fassin (2009), benefit from a direct and contractual relationship with the organisation. Secondary stakeholders, according to Clarkson (1995 pg. 107), are "those who influence or affect, or are influenced or affected by, the organisation", but are not involved in transactions with the organisation and are not cardinal for its survival. Those would include media, trade associations, and support groups (special interest groups) and competitors - who Post et al (2002) claims can affect or be affected by an organisation even though their interests are directly opposed to that of the organisation. Benn, Abrattab and 0 'Leary (2016) claim that secondary stakeholders can be the cause of major interference to an organisation even though

they do not have contract or authority with the organisation, and the organisation is not reliant on them for existence and survival.

Restricted and unrestricted - The concept of restricted stakeholders as explained by Buono (2003), refers to when an organisation maximizes the interests of a narrow set of primary stakeholders while the unrestricted stakeholder concept refers to when an organisation attempts to include a much broader stakeholder group in its accountability.

Claimant and influencer – According to Kaler (2002), stakeholder definitions can be divided into 'claimant' definition, referring to those that have some sort of claim on an organisation and 'influencer' definition which would be those that have the ability and capacity to influence the workings of an organisation. This distinction in definitions (claimant or influencer) plays a role in understanding and determining the level of implementation as it hampers empirical analysis.

Figure 3: The Stakeholder Model
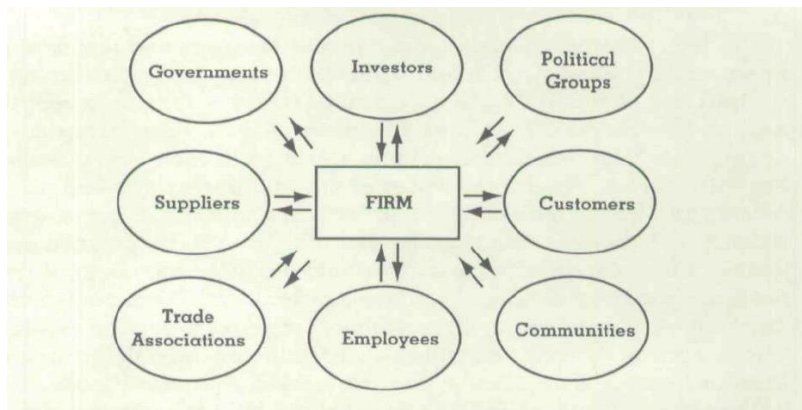
Source: (Donaldson & Preston, 1995).

The definitions described above all allude to the demonstration in Figure 3 which depicts all the groups with legitimate interest in the organisation. The key observation on figure 3 is that these stakeholders participate with no primacy of one set of stakeholders over another.

Whatever the definition, literature argues that all these stakeholders, some of whom are internal to the organisation such as owners, customers, employees and suppliers and others are external such as governments, competitors, consumer advocates, environmentalists, special interest group and the media – must be taken into account as groups that can affect or be affected by the accomplishment of the business enterprise (Laplume, Sonpar and Litz

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2008) or can contribute either voluntarily or involuntarily, to an organisation's wealth-creating capacity and activities and that are therefore its potential beneficiaries and/or risk bearers (Post et al, 2002),

Clarkson (1995), pointed out that stakeholder analysis, was a pre-requisite for successful implementation of stakeholder engagement. This could pose a challenge for an organisation whose established realm for stakeholder relations is largely portrayed by complex and dynamic environments containing a wide range of stakeholders, from hostile to conciliatory and from obstructive to collaborative (Kivits, 2011). The above demonstrates the importance of understanding the various stakeholders that are relevant to an organisation as Kivits (2011), observed that incorporating stakeholders' opinions is valuable for improving decision-making processes within an organisation.

2.1.1. Stakeholder definition from the view of the organisation

Donaldson & Preston, (1995) identified three approaches to stakeholder theory that considered the role of the organisation;

- *Descriptive* – which is what describes what the organisation does and is and includes the perception of the managers towards managing the interests of corporate constituencies (which could be interpreted as stakeholders); as well as the manner in which organisations are actually managed.
- *Instrumental* – which establishes a connection (or lack of connection) between the practice of stakeholder management and the achievement of what Donaldson & Preston, (1995) refer to as the traditional corporate objectives such as profitability or growth.
- *Normative* – which is the core of the stakeholder theory as it actually acknowledges that stakeholders are people with legitimate interests in procedural and substantive aspect of the organisation and that stakeholders are identified by their interest in the organisation, (Donaldson & Preston, 1995) the fundamental principle of the theory is centered on the normative aspect which has an ethical basis to it.

Post et al (2002), viewed a stakeholder from an organisation's perspective, specifically from defining what an organisation is and what it does. The modern organisation is defined as a "centre of a network of interdependent interests and constituents, each contributing to its performance and each anticipating benefits as a result of the organisations activities" Post et

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al (2002). In agreement with this perspective, Buono (2003), acknowledged that the purpose of the business was to create wealth, but went on further to state that wealth creation should happen within the context of all stakeholders and argued for a framework that placed stakeholder relationships within the context of a firm's resource base, industry setting and broader socio-political arena.

Post et al, cited in Fassin, (2009), visualised what they termed to be a New Stakeholder view which demonstrates the inter-connectedness of stakeholders (See figure 4 below) and the interaction with the organisation. This was supported by Manetti (2011) who observed that the original conception of the 'hub and spoke' approach had evolved over time to models of interactive relations (stakeholder thinking) in which the management and stakeholders agree to a management approach oriented towards transparency and accountability.

Figure 4: The New View of Stakeholder: The organisation and its Stakeholders
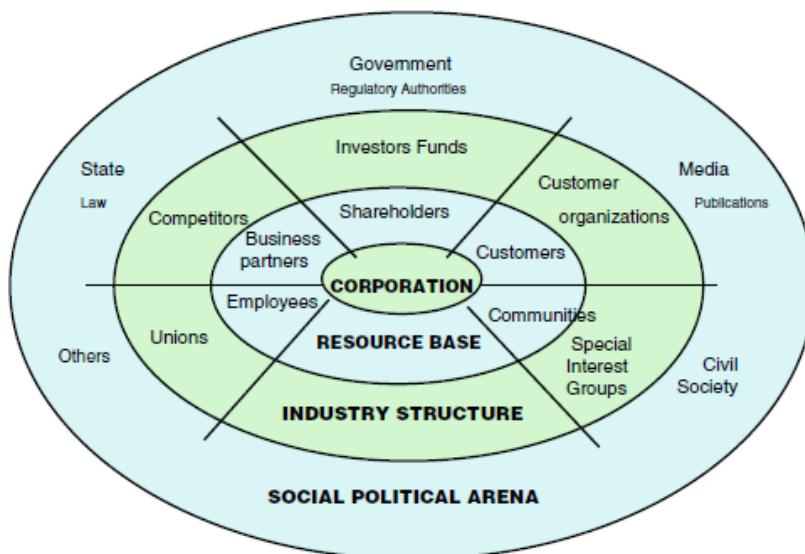
Source: Fassin, (2009).

The above demonstrate the evolution of stakeholder definition or viewpoints to a point where, as observed by Friedman and Miles (2004), stakeholder theory has been approached from the point of view of business and puts the organisation at the centre of the analysis.

It is clear from the literature that stakeholders constitute a big part in the definition of an organisation as pointed out by Vazquez-brust, Liston-heyes, Plaza-Úbeda, & Burgos-jiménez, (2010) who define an organisation as 'system of stakeholder groups in a complex set of relationships with stakeholders that each have different rights, objectives, expectations and responsibilities' and Lugovoy (2012) who defines the organisation as an entity that 'exists as a kind of merger of resources put in by stakeholders and used for the strategy implementation'.

2.1.2. *Shareholder as a Stakeholder*

Understanding what a stakeholder is requires the understanding of the distinction between a shareholder and a stakeholder - two perspectives that have been positioned in the literature as being in tension (Clark, Steckler & Newell, 2016; Mygind, 2009). In their journal entitled "Must Milton Friedman Embrace Stakeholder Theory?", Ferrero, Hoffman, & Mcnulty, (2014) argued that some academics rejected the notion of stakeholder theory when stating that "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits". In fact, in academic discourse on shareholder and stakeholder approaches, there is an implication that one should, or will, in effect, replace the other, with some literature having devised the concept of Shareholderism - which is a motivated, principled approach that generally considers it a desirable strategy to enhance shareholder value (Adams, Licht & Sagiv, 2011) as the shareholders have no other interest than maximizing the value of the share (Mygind, 2009) - while the alternative approach to shareholderism, was referred to as 'stakeholderism,' which was equally principled, yet viewed shareholders as one among several stakeholders whose interests deserve consideration (Adams et al. 2011). Stakeholder theory prescribes that a business should be run to benefit all those that have a stake in them (Govender & Abratt, 2016). The above views allude to the seemingly ongoing conflict experienced by organisation s in managing for stockholders while at the same time, having to account for the organisation's stakeholder as well. Clark, Steckler & Newell, (2016) asserts that the above debate occurs at a theoretical level while in practice, managers of organisations have a different view. The empirical research demonstrates that firms accept and accommodate the paradoxical tension between managing for shareholders versus balancing the interests of stakeholders (Clark et al, 2016). They further argue that the tension can be a source of innovation and change because it represents an active response on the part of management to accept the paradox, Clark et al (2016).

2.2 Implementation of stakeholder engagement

Organisational challenges lies not in identifying stakeholder but in closely aligning corporate priorities and actions with stakeholder needs as this fit would increase the probability of an organisation's success, Wolfe and Putler (2002). Shandas & Messer (2008), make an observation that the diverse range of stakeholders that an organisation faces, coupled with different interests and expectations requires flexible and indeed specialized engagement tools in the implementation of stakeholder engagement. This point was further confirmed by Rixon (2010) who stated that engaging stakeholders could be an intricate practise since there are usually a countless individuals and groups who consider themselves to be stakeholders.

Rixon (2010 pg 347), further stated that the true substance of the implementation of stakeholder engagement lay in "opportunities for stakeholders to influence the organisation by advancing their own proposal regarding its strategic direction" as implementing stakeholder engagement through incorporating stakeholders' opinions is valuable for improving decision-making processes as well as ensuring the legitimization of issues and the facilitation of a closer alignment between organizations and society (Kivits, 2011). On the other hand, stakeholder engagement is therefore that final process that 'creates a dynamic context of interaction, mutual respect, dialogue and change, not a unilateral management of stakeholders' (Andriof, Waddock, Husted, and Rahman, 2002). Patrizia and Glanluca (2013) agreed by highlighting that organisations must incorporate interaction with stakeholders into the decision making at every level of the organisation. In agreement, Greco, Sciulli and D'Onza (2015), further defined the implementation of stakeholder engagement as the process of effectively eliciting stakeholder views on their relationship with the organisation.

The implementation of the relational models between the organisation and stakeholders was observed by Manetti, (2011 pg 110) to assume a gradual growth path of stakeholders' involvement according to. The phases of the stakeholder implementation are depicted in Table 1 below which demonstrates that stakeholder engagement implementation begins with the identification and prioritisation (categorisation) of stakeholders.

Table 1: Three levels of implementation

Growth path steps	Activities
Stakeholder Management Step 1	Identify their stakeholders (stakeholder mapping), distinguishing between primary (which determine the very survival of the organisation) and secondary (that affect or are affected by the organisation but do not affect its sustainability
Stakeholder Management Step 2	Manage stakeholders' expectations and the social and economic issues that they support, balancing the positions (stakeholder management).
Stakeholder Engagement Step 3	Involve stakeholders in decision-making processes, making them participants in the business management, sharing information, dialoguing and creating a model of mutual responsibility.

Source: Adapted from Manetti (2011).

2.2.1. Stakeholder Categorisation – who counts as a stakeholder

While section 2.1 dealt with the various definitions of stakeholder, this section deals more with stakeholder mapping or the categorisation of stakeholders – an essential step as mentioned in the Table 1 towards implementing stakeholder engagement. According to Vazquez-brust et al, (2010), in implementing stakeholder engagement, organisations tend to allocate their resources to comply with 'primary' stakeholder demands – i.e. those whose interests are taken into account in organisational decisions because they have the power to affect the firm either economically, socially or legally - in other words, the satisfaction of stakeholder demands may not be based on the pressures exerted but on the importance given to each stakeholder groups' interests. This view is supported by Patrizia and Glanluca (2013), who claim that for stakeholder engagement, it is vital for organisations to know their stakeholders, and this involves knowing more than the risk they pose but understanding the stakeholder in the same manner that an organisation would understand its consumer.

Gibson (2000), grouped stakeholders into the following categories: institutional (law and regulators); economic (actors in the market place) and ethical (environment and social pressure groups while Fernández Gago, & Mariano (2004), propose that it is more appropriate to group stakeholders on the basis of four general attributes being power, urgency, legitimacy and salience. In contribution to this, Reed, Graves, Dandy et al (2009) defined the actual stakeholder analysis process as a three phase process of (i) defining an issue, (ii) identifying

individuals, groups and organisations who are affected by that issue and (iii) prioritising these individuals and groups for involvement in the decision-making process.

Despite the various categories outlined above, Boesso and Kumar (2016), highlighted that not enough work was being done to combine different perspectives into a meaningful framework, so that the implementation of stakeholder engagement can be analysed and evaluated in an effective way. Further critique came from Epstein & Widener (2011), who observed that organisations still have a narrow approach that they use when categorising their stakeholders in that they use a limited view of only looking at those stakeholder groups that have an active relationship with their organisation. In agreement to this point literature has observed that stakeholder analysis - the practise of classifying and categorizing stakeholders, which is a pre-requisite for successful stakeholder engagement has been insufficiently explored, with the predominant being based on stakeholder salience - the degree to which managers give priority to the claims of various stakeholders, Kivits, (2011); Boesso and Kumar (2016).

The debate on the attributes was enhanced by Boesso and Kumar, (2016) who stated that the attributes of power, urgency and legitimacy as highlighted by Fernández Gago, & Mariano (2004), create greater salience in combination than they do individually. Boesso and Kumar, (2016), unpack the three attributes as follows:

- Power – these are the stakeholder groups that control those resources that an organisation critically requires and that can also achieve the organisation's objectives;
- Legitimacy - refers to the assumption that a stakeholder's actions are desirable or appropriate within some socially constructed systems of norms, beliefs, and values; and
- Urgency refers to the degree to which stakeholder claims call for immediate attention, including for reasons of time-sensitivity and criticality for the stakeholder.

2.2.2. Stakeholder management versus stakeholder engagement

Rixon (2010) stated that organisations that claim to consult stakeholders as part of their strategic planning processes might actually be using this consultation process to respond to increased demands from stakeholders just to placate them. Reflecting again on Manetti, (2011), and the gradual growth path of stakeholders' involvement, we refer to Table 1 above as it draws a distinction between stakeholder management (being the first two steps) and the last phase which is stakeholder engagement – which is about mutually beneficial cooperation.

This seemingly vital stage (stakeholder engagement) is what organisations should strive for – engagement as opposed to mere mitigation, Manetti (2011). Stakeholder engagement is therefore that final process that "creates a dynamic context of interaction, mutual respect, dialogue and change, not a unilateral management of stakeholders" (Manetti, 2011 pg 114). The main feature of the implementation of stakeholder engagement, therefore, is not the mere involvement of stakeholders to mitigate or manage their expectations (stakeholder management), but to create a network of mutual responsibility, Manetti (2011). Implementation of stakeholder engagement therefore is an organizational learning process between the managers of an organization and its stakeholders (Girard & Sobczak, 2012). It is a necessary condition to improve the organization's impact on its economic, social, and natural environmental factors (Girard & Sobczak, 2012). Patrizia and Glanluca (2013 pg 101), further make a distinction between stakeholder involvement and stakeholder engagement by stating that involvement implies the process of "enfolding or enveloping" while to engage implies to "come together or interlock", therefore implying and confirming that organisations should strive to engage with stakeholders as a means of implementing an effective stakeholder programme.

Similar to Manetti (2011)'s three steps of implementation the twelve step Ladder of Stakeholder Engagement and Management as adapted by Friedman and Miles (2016), cited in Rixon (2010) is depicted in Table 3 below. This ladder focusses more on the mechanisms for implementation that would take place once the stakeholders have been identified. The ladder is reproduced in the table below.

Table 2: Twelve step Ladder of Stakeholder Management and Engagement

Management Tool	Description
12.Stakeholder control	Stakeholder control occurs if they obtain the majority of decision-making seats or full managerial power in an organization – this is extremely rare.
11.Delegated power	In this situation stakeholders are empowered by recourse of law
10. Partnership	Organizations engage in joint ventures and joint committees with a range of stakeholders. The difference between partnerships and collaborations is a matter of degree with partnerships being more substantial joint activities. Collaborations are focused on joint outcomes while partnerships also involve joint processes leading up to joint outcomes.
9. Collaboration	Strategic alliances are collaborations between organization and stakeholders
8. Involvement	Stakeholder involvement is positioned above negotiation because the balance of power is less extreme. Stakeholder roundtables are resource-intensive and tend only to be used for major policy matters. A degree of decision-making power is afforded to the roundtable since participants are expected to draft proposals, rather than just provide advice or recommendations as is the case with a focus group or advisory panel
7. Negotiation	Negotiations may be direct or indirect (through an intermediary such as a trade union, industry association, professional association).
6. Consultation	organisation s historically have used stakeholder surveys
5. Placation	Advisory panels, task forces and focus groups involve two-way dialogue prior to a decision being made. Such methods of stakeholder management can be used for advisory panels – this offers a degree of legitimacy. For acceptance all groups should be represented and participants should be authorized to speak on behalf of the stakeholder groups they represent.
4.Explaining	Holding workshops would be an example of explaining – the lowest level of tokenism.
3.Informing	Viewed to be genuine transparency when reports include both good news and negative information. Still considered to be one-way communication
2.Therapy	The most basic form of stakeholder management; involves information releases via the web, briefing sessions, leaflets, newsletters, etc.
1.Manipulation	There is no dialogue – only one-way communication, usually self-laudatory information. An example of this is corporate environment, social, and ethical reporting (as in step 2 above)

Source: Friedman and Miles (2006) cited in Rixon (2011).

A successful engagement by an organization needs to answer three questions: (1) why engage with stakeholders (the purpose); (2) what areas to engage in (the scope); and (3) who needs to be involved in the engagement, that is, (which stakeholders) Greco, Sciulli and D'Onza (2015),

2.3 Value Creation and distribution

From a stakeholder outlook, business is about how an organisation intermingles with its various constituencies or stakeholders to jointly create and trade value (Parmar et al, 2010). Harrison, Bosse and Phillips (2010) claim that there is little documented research that demonstrates that a certain level of an organisation's interactions with its stakeholders is positively related to that organisation's competitive advantage. In a later study, Harrison and Wicks (2013), made a claim that an organisation that meticulously pursues to serve the interests of a broad group of stakeholders will create more value over time. Patrizia and Glanluca (2013), also claimed that organisations that follow the principle of shared value, are those that integrate stakeholders into their strategy and this also reinforces competitive advantage for the organisation – a sentiment also highlighted by Garriga (2014) when she stated that an organisations' long term success and survival depends significantly on its ability to create value for its stakeholders (Garriga, 2014).

Even though as early as 1984, Freeman (1984), stated that the function of the executive within an organisation is to manage and form interactions with stakeholders create as much value as possible for stakeholders and to manage the distribution of that value, Harrison and Wicks (2013) observed the partial consideration that has been made to the question of what it means to create value for stakeholders and how it is measured. This outlook was further expressed by Garriga (2014) who lamented the limited breadth of studies on value creation in stakeholder theory, as well as Lankoski, Smith and Van Wassenhove (2016 pg 227) who stated that "stakeholder value is surprisingly neglected in literature". It is evident therefore that more answers are required around the questions of what value means for stakeholders and how the organisation should create these different types of value. Prior to delving into theories around the creation of value, a definition of value is first explained below.

The fact that some organisation s view stakeholder inclusion as some form of Corporate Social Responsibility (CSR) makes them to defer the practise of stakeholder engagement and only apply it if they can afford it or they are mandated or compelled to do so and this prevents them from understanding and realising the real value that they could co-create with stakeholder (Harrison, Freeman & Cavalcanti Sa de Abreu, 2015). Stakeholder inclusion in organizational decision-making, and the resulting issue of value creation, is one of the thorny problems that stakeholder theory has sought to address (Mitchell, Van Buren, Greenwood, & Freeman, 2015).

2.3.1 Definition of Value

Value is defined as anything that has the potential to be of worth to stakeholders (Harrison & Wicks, 2013) and by Lankoski et al (2016 pg 232) as the "subjective judgment of a stakeholder, of the total monetary and non-monetary utility experienced as a result of some decision or action by an organization" and by Andriof et al. (2002) as a valuable activity completed by two or more stakeholders. Harrison & Wicks, (2013) argued that the challenge around the value issue is due to the misconception that value is primarily understood as economic value. This they argue, creates conflict among stakeholders (because it poses the question: who benefits from that value and how will that financial value pie be distributed?). It also then contradicts the notion of joint value creation. Harrison & Wicks, (2013) further assert that business should rather focus on a stakeholder-based form measurement instrument as this enables managers of organisation to broaden their outlook on the value that their organisations are creating for stakeholders.

Two major schools of thought emerge in literature regarding the concept of the definition of value; the utility perspective as outlined by Harrison & Wicks (2013) and Sen's Capability Approach (SCA) as unpacked by Garriga (2014). The two concepts are elaborated below.

2.3.1.1 Utility Based Approach

The utility based approach is centred on the promised that value be defined from a stakeholder-based approach as it gives managers of organisations the necessary insight required to understand the value created which might eventually lead to further value being created (Harrison & Wicks, 2013 pg 100). While value is defined by Harrison & Wicks as "anything that has a potential to be of worth to a stakeholder", utility is understood to be a term that "reflects the value that a stakeholder receives that actually has merit in the eyes of the stakeholder" and is "a function of the stakeholders utility function, which expresses the stakeholder's preference for that particular type of value" (Harrison & Wicks, 2013 pg 102). Andriof et al. (2002), further claimied that in the value co-creation process, stakeholder engagement means "a dynamic context of interaction, mutual respect, dialogue and change, not a unilateral management of stakeholders". This point was emphasised by respondent 8 who said

The above espouses the idea that all of the organisation's legitimate stakeholders have "customer-like power" to engage or not to engage with an organisation and that the utility that is created for one stakeholder is dependent, in part, on the behaviour of the organisation's other stakeholders and in addition, stakeholders determine their own utility value (Harrison & Wicks, 2013 pg. 103). This is closely related to Bridoux and Stoelhorst (2014), who used the concept of the nexus of relationships, to define economic value created by the organisation as the difference between the customers' willingness to pay for the organisation's products and the sum of the payments stakeholders would receive if they joined the best alternative nexus of relationships.

The core of the utility perspective is that there are four factors that define the utility that stakeholders seek (Harrison & Wicks 2013). They are:

- Utility with regards to goods and services;
- Utility associated with organisational justice – of which trust is an important component;
- Utility from affiliation; and
- Utility associated with opportunity cost.

2.3.1.2 Sen's Capability Approach to value

Sen's Capability Approach to value, as outlined in Garriga (2014) is used to recognise and ascertain stakeholder welfare in the value creation. It is posited by Garriga (2014) as an enhancement or addition to what is supposed to be the limitations of the utility approach outlined above which falls short in addressing the issue of the measurability of the utility function. Garriga (2014) begins the discussion by stating that value is subjective, multifaceted and different for each stakeholder group. In unpacking this approach, Garriga (2014) also cites Harrison et al (2010) in their assertion that value be defined in terms of a stakeholder welfare – which the utility approach falls short in addressing.

The capability approach is centred on two main aspects being the inherent value of choice and the "temporality and dynamism of expectations and preferences of stakeholders" Garriga (2014). The approach is further premised on the principle that stakeholder welfare embraces the principles of "autonomy and empathy" and that capabilities can be similar or common, rendering it easier for organisations to appropriate value according to the similarities of capabilities (Garriga, 2014). Through this approach, organisations are encouraged to explore

the multi-dimensional and multi- contextual nature of stakeholder capabilities as well in creating value (Garriga, 2014).

2.3.2 Value Apportionment

Stieb, (2009) argued that a theory that purports a shift of the organisation's responsibility away from those who invest money, being shareholders to those who can affect or are affected by the organisation, being stakeholders (Stieb, 2009 pg 403) can be open to abuse. As this puts the free market system at risk and introduces concepts such as "value creation" and "distributive justice" which then begs the question how and to which stakeholders should the distribution happen. Jensen (2010), however proposed an organisational objective of an enlightened value maximization which accepts maximization of the long-run value of the firm as the criterion for making the requisite trade-offs among its stakeholders (Jensen, 2010). He further claims that the problem of multiple objectives that arise from the traditional stakeholder theory will be solved through the enlightened value maximisation as managers will have a better method of making trade-offs among organisational stakeholders. This is because they will focus on the meeting the demands of all important stakeholders by making the organisation's objectives to be centred on long term value maximisation (Jensen, 2010).

Mitchell et al, (2015) also agree that the understanding and acceptance of the concept of value creation has taken a slow pace. They suggest that the present accounting theory and practice is a contributor to this. This could be as a result of the perception of conflict regarding the issue of distribution of the value created. Shared value is when an organisation can create economic value in such a manner that it also creates value for its stakeholders and the result of this shared value is the creation of new needs, new markets and new value chain configurations, as asserted by Patrizia and Glanluca (2013).

In conclusion therefore, it is evident that stakeholder theory has clearly received diverse reviews, however, from the literature reviewed it appears that there has not been a sufficient exploration in terms of the actual implementation of stakeholder theory within organisation s. Further insight is required into the managers' understanding of the implementation of stakeholder theory and how they (managers) embrace the paradox of stakeholders versus shareholders. Value plays an important role in the implementation of stakeholder theory as a manager surely needs to understand the value derived before having a willingness to

implement it. Research is required about the perception of those who are involved in stakeholder management (Pacagnella, Porto, Pacifico & Salgado, 2015) with a subsequent analysis to quantify the value creation of effective stakeholder management.

CHAPTER 3: RESEARCH QUESTIONS

3.1. Introduction

Having reviewed the literature in chapter 2, stakeholder theory remains a topical and pertinent issue for organisations that exist in a multi stakeholder environment. Literature has provided the various definitions of a stakeholder, the process through which stakeholders are identified and prioritised. It has also shed light on the value created from stakeholder engagement. However, Govender and Abratt (2016), claim that "while literature is abound with stakeholder theory and salience", there appears to be limited understanding among senior managers' of the full extent of all stakeholders that can influence the long term sustainability of the firm which is derived in value creation. Benn et al. (2016) further claim that the bulk of stakeholder research has been based in developed economies and therefore called for a need to fill the gap in literature in developing countries, such as South Africa.

This research is an attempt to answer the following four questions:

3.2. Research Questions

***Research Question 1: Research Question 1: What is the* level of understanding by organisations of who or what a stakeholder is?**

The purpose of this question is to ascertain the level of understanding by managers of the universe of stakeholders in the environment that their organisations operate in.

Research Question 2: How do* organisation*s go about implementing stakeholder engagement including management of conflict?

The purpose of this question would be to ascertain the methodology followed by organisations in implementing stakeholder engagement once the stakeholders have been identified. The questions also takes into consideration the conflict that organisations might face in this process.

Research Question 3: *How does the* organisation *understand the concept of value creation or co-creation of value from stakeholder engagement?*

The purpose of this question is understand how organisations define, identify and establish a link between a successful stakeholder engagement and value creation. Included in this question, is the concept of co-creation of value between stakeholders and organisations.

Research Question 4: *How does the* organisation *treat the issue of the apportioning or allocation of value among the various stakeholders?*

The purpose of this question is understand the organisation's stance on value and how it should be apportioned.

Chapter 4: Research Methodology and Design

4.1. Introduction

In this study, the problem identified in chapter one, which the researcher sought to address was the challenges associated with effective implementation and management of stakeholder engagement and the perception of the value created. To address this problem, research questions were developed to serve as a guide. These questions were presented in chapter 3. This chapter details the research methodology and design that was used to address the research questions. The chapter further explains the nature of the study, the population that was deemed relevant for the study, the sampling method as well as the limitations and ethical considerations that were submitted at the beginning of this research project. The research involved face to face semi structured interviews with senior representatives from organisation s whose job functions is in the stakeholder engagement sphere.

4.2. Philosophical position of the research

A good starting point for any research process is the adoption of a research philosophy (Mayer, 2015). This philosophy is defined by Saunders & Lewis (2012), as a 'term that relates to the development of knowledge and the nature of that knowledge in relation to research'. According to Mayer, (2015), the foundation for the research process is built by the research philosophy implemented and research methods and questions are also influenced by this philosophy. Saunders & Lewis (2012) state that the research philosophy adopted by the researcher contains important assumptions about the way in which the researcher views the world around them and it is on this basis that the researcher is advised to be cognisant of their research philosophy as it impacts the way in which their research is conducted.

Four common types of philosophical positions of a research are identified by Saunders & Lewis (2012) and these are positivism, realism, interpretivism and pragmatism. Unlike positivism and realism which are described as relating to scientific enquiry and therefore most applicable in quantitative research, the philosophy of interpretivism, according to Hesse-Biber and Leavy (2011) cited in Mayer, 2015 is the primary approach to qualitative research. Saunders & Lewis (2012), agree with this concept of interpretivism in that it promotes the need to 'understand differences between humans in their role as social actors'. This is particularly

appropriate and relevant for a qualitative study primarily because organisation s are unique and are a depiction of 'individuals coming together at a specific time to create a unique social phenomenon', Saunders & Lewis (2012).

The researcher has however adopted the philosophy of pragmatism which according to Saunders & Lewis (2012) implies that the most important determinant of the research philosophy adopted are the research questions (as outlined in chapter three) as well as research objectives. This is further confirmed by Mayer, (2015) who states that despite the various philosophies outlined above, 'it is the concrete research problem or aim rather than the philosophical position which determines the design (or overall strategy) of the study. The use of open ended questionnaires and face to face interviews will incorporate interpretivism as the researcher will observe the respondents in their social settings.

4.3. Research Design

The research design was done according to the principles outlined in Serfontein, Basson, & Burden, (2009), which outlines three fundamental features of the research design, namely the research approach, research strategy and research methodology.

4.3.1 Research Approach

The researcher used deductive reasoning to explore and test the different theories on stakeholder that were used to develop research questions for the study. Deductive reasoning, according to Saunders & Lewis, (2012) is a research approach that involves the testing of a theoretical proposition by using a research strategy defined to perform this test. The researcher also used academic literature, whose purpose was to use credible literature to gain a more in-depth understanding of the issue and the theory supporting the business issue. However, as other broader theories or conclusions were framed based on observations, inductive reasoning was therefore used as well.

4.3.2 Research strategy

This phase represents a plan of how the researcher will go about answering the research questions. This was a methodological link between the research philosophy and the subsequent choice of the method (Denzil & Lincoln, 2008), cited in Amis (2011). (Zikmund, Babin, Carr & Griffin, 2013), provide several strategies that can be used including, case study, experimental, survey, action research, grounded theory and ethnography. The survey method was selected which according to Saunders and Lewis (2012) is more useful for exploratory and descriptive research which are indicative of a qualitative research.

4.3.3 Research method

A qualitative explorative research methodology was used. This was done to enable the researcher to further explore and probe the propositions developed during the literature review as well as to uncover any unchartered territory that had not been previously explored in the literature review section. Exploration is used to understand a phenomenon and test propositions resulting from the qualitative research (Bentahar & Cameron, 2015). Blumberg, Cooper and Schindler (2008), cited in Marais (2012) recommend this exploratory approach where the researcher wants to gain insight into what the respondents consider relevant and how they interpret the situation. This approach was deemed relevant by the researcher as, not only did it give insights on specific stakeholder engagement issues, but it also delved into underlying issues or primary themes that indicated the human motivation (Zikmund, Babin, Carr & Griffin, 2013), and also assisted in discovering true inner meaning and new insights. Measurement was therefore not the core outcome of this qualitative research but seeking meaning. Mayer (2015) further states that exploratory research seeks new insights into phenomena and sheds light on ambiguous situations and stakeholder engagement does tend to be an ambiguous subject. While this approach was aimed at exploring the subject further and gaining insights into the topic, the interviews were also designed to enable further in-depth analysis of related or causal aspects.

According to Buckle, Dwyer, and Jackson (2010), the primary feature of a qualitative research is the interactive nature of data collection which invariably involves meaningful communication between the researcher and the participants in the research. This point is further confirmed by Bock and Sergeant (2002), where they state that qualitative research is centrally concerned

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with understanding things rather than with measuring them. This type of research is also best suited for answering the question "Why" and "How", pertaining to the topic. In this research, the 'how' question is outlined in questions 2 – 5 in chapter 3 above.

4.4. Research setting

4.4.1. Population

Saunders and Lewis (2012) and Zikmund et al (2013) define a population as the complete set of group members that share the same set of characteristics. When looking at the subject of stakeholder, the population could include all organisation s that exist within a social context and have multiple stakeholders and this can be a myriad and a vast selection of companies. The population was therefore not readily known to the researcher. Given the limited resources in terms of time, money and physical resources, it was not practical to collect data from the whole population. In addition, the full extent of the population was not clearly known or identifiable. The researcher therefore limited the research to a number of organisation s as a representative sample on whom stakeholder impact is important. These organisation s have an interest in maintaining relations with stakeholders.

4.4.2. Unit of Analysis

A unit of analysis is defined as the entity that is being analysed in a scientific research (Dolma, 2010). Zikmund et al (2013) identifies four types of units of analysis, namely, the individual, the group, the organisation and the artefacts. Dolma further goes on to state that any type of social entity can be specified as the unit of analysis and further advocates the sorting or cataloguing of the units of analysis of studies into levels to assist in seeing the ranked relations between the possibilities that one can choose for her study. The organisation s themselves were the unit of analysis as the individuals interviewed represented the views of the organisation and were the mouth piece of the organisation.

4.4.3. Sampling Technique

Bock and Sergeant (2002), stated that the identifying of qualitative research as a sample research is usually a default position for researchers, a position concurred with by Zikmund et

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al. (2013), who asserted that qualitative research hardly ever includes samples with participants that run into hundreds. Instead a handful of people are usually the source of qualitative data. The sampling technique applied therefore was non-probability sampling primarily, because a complete list of the population was not available and non-probability sampling often requires smaller samples which was the case for this research (Saunders & Lewis, 2012). As part of the sampling process, the researcher used the information she had at her disposal to identify the relevant people within those organisation s that have a social impact. The researcher focussed her sample on senior managers dealing with stakeholder issues within some major South African organisation s.

Two techniques were used in the sampling process, purposive and snowballing.

Purposive sampling is the most widely used method of non-probability sampling, according to Saunders and Lewis (2012), as it is used particularly to select small samples when collecting qualitative data. The primary objective of purposive sampling is to 'maximise information and not facilitate generalisation', hence the researcher ceases the interviews once information saturation has been reached (Lincoln and Guba, 1985) cited in Bock and Sergeant (2002). The researcher's inclusion criteria was the top management of the organisation whose main function was to deal with stakeholders (corporate affairs managers and executives for stakeholder). Another inclusion criteria was organisation s who would have a significant community base as a stakeholder.

The purposive sampling was used for the first five interviews and thereafter it snowballed into further research participants. Snowballing is a type of non-probability sampling in which, after the first sample member, subsequent members are identified by earlier sample members (Saunders & Lewis, 2012). The researcher therefore obtained other possible respondents within the same field for the research, for example, a respondent at Sasol Mining then referred the researcher to two other respondents within the Sasol group. It is important to note though, that the participants only included stakeholder or governance managers in the selected organisation s.

4.4.4. Sample size

A complete sample size of twelve senior managers dealing with stakeholder issues within organisation s was selected. The ability of the experts selected to impact on the research was a factor as they were managers who are critical in the strategic planning for stakeholder relations and have an oversight on stakeholder issues from a business strategy level. The

respondents have direct exposure to the highest level of their respective organisation s being the board level, either through their direct reporting into that structure or through their immediate superior.

4.5. Data Collection

4.5.1. Measuring instrument

A questionnaire was prepared, see appendix 5, and used in all the one-on-one interviews. The measuring instrument was therefore the interview guide which was broken down into three sections:

Part one dealt with the background of the respondent which was aimed at understanding their roles in their organisation and to check if they met the inclusion criteria as mentioned in the sampling technique section.

Part two dealt with the actual subject matter of the research. It consisted of five questions aimed at understanding who the stakeholders of the organisation s were, how they identified and prioritised by the organisation and the engagement was implement with the stakeholders.

Part three dealt with the issue of value creation to establish if the organisation s created or co-created value with their stakeholders, what that value would be and how it would be apportioned.

The researcher noted that the due to the seniority of the participants, they would not enable structured questions to be asked and instead preferred to understand the overview of the interview and thereafter give an account based on the research questions. The researcher ensured that all topics were covered during the interviews.

4.5.2. In depth semi structured interviews

In-depth semi-structured interviews – these comprised one-on-one probing interviews. The purpose again was to gain a more in-depth understanding of the implementation or lack thereof of stakeholder management within an organisation. The use of in depth interviews enabled the researcher to use questions that were open ended, calling for views supplied by participants in a study and they spanned the scope of questions based on stories told by the

respondents (Creswell, Hanson, Clark Plano, & Morales, 2007). They also involved open ended questions that allowed for flexibility and further exploration on a number of issues (Saunders & Lewis, 2012). By using semi-structured interviews, the researcher had a list of topics to be covered and questions to be asked, although the order in which they were asked varied from one respondent to the next (Saunders & Lewis, 2012).

4.6. Data Analysis

Van Maanen (1979, p. 520) defines qualitative methods as 'an umbrella term covering an array of interpretative techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world'.

Data analysis represents a central step in qualitative research and has a major impact on the outcome of any research conducted (Mayer, 2015). Mayer further asserts that data analysis can start after data collection and preparation has been finished, however it can also take place simultaneously in a corresponding fashion with both steps being entangled.

Three major components are identified by Mayer (2015), in data analysis as depicted below.

Figure 5: Components of qualitative Data Analysis: Interactive Model
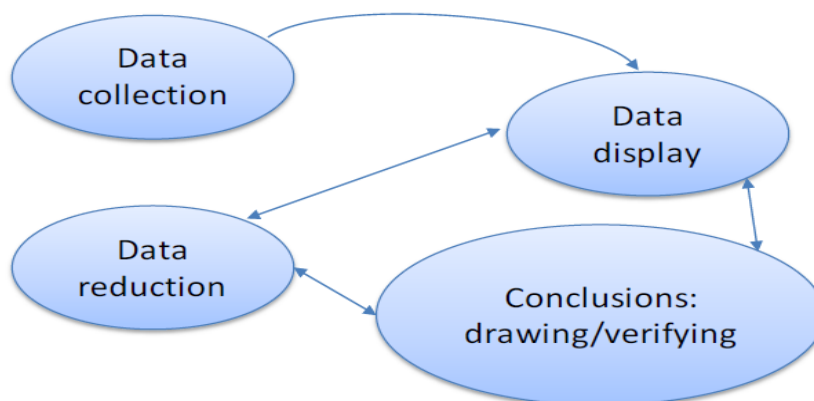
Source: Mayer (2015).

This was in agreement with the approach proposed by Krippendorff (2013) for analysing the empirical data using a content analysis. This author outlines the components of content analysis being:

- Unitizing – why data was chosen?

- Sampling – how is the data representative of the population?
- Coding – what is the interpretation of the data?
- Reducing – aggregating units of analysis or summarizing the data;
- Inferring – what do the data mean or cause?

Figure 6: Flow of data analysis to develop themes relative to the research questions

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┌─────────────────────────────────────┐
│     Primary documents (raw data)     │
└─────────────────────────────────────┘
              ↓
┌─────────────────────────────────────┐
│             Quotations               │
│           (Relevant data)            │
└─────────────────────────────────────┘
              ↓
┌─────────────────────────────────────┐
│               Codes                  │
│             (Concepts)               │
└─────────────────────────────────────┘
              ↓
┌──────────────────┐  ┌──────────────────┐
│    Networks      │  │    Families      │
│ (relationships)  │  │   (Categories)   │
└──────────────────┘  └──────────────────┘
              ↓
┌─────────────────────────────────────┐
│               Themes                 │
└─────────────────────────────────────┘
              ↓
┌─────────────────────────────────────┐
│        Research questions            │
└─────────────────────────────────────┘
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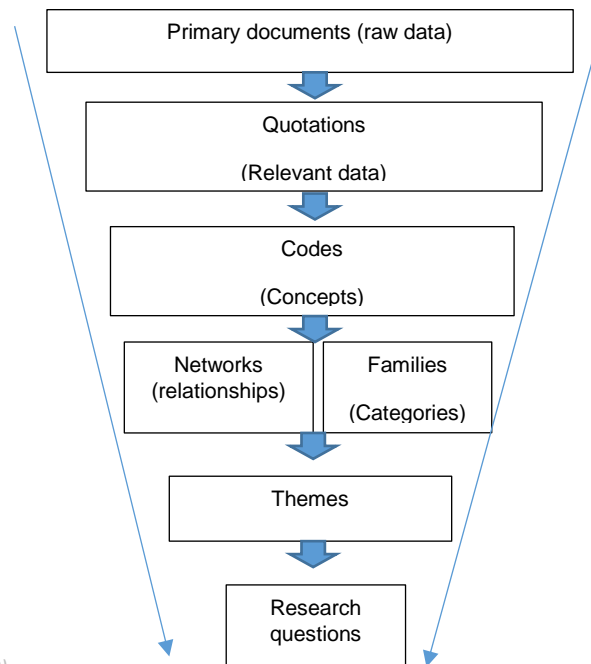
Source: Krippendorff. (2013).

Narrating – make results comprehensible to the reader, Data reduction, data display and drawing and verifying conclusions are defined as the three major components of qualitative data analysis. The figure above also shows that these three activities interact during the analysis. The purpose of data reduction according to Mayer (2015), is to reduce data without losing information while data displays, which involves assembling of information by graphs or any other diagram, provides information about the current status of the research. Both steps are important pre-requisites for drawing conclusions.

Zikmund, Babin, Carr and Griffin, 2013) suggest that data converted from a qualitative research must be converted into a format that will enable the researcher to answer research questions. This involves editing, identification, coding and categorising data patterns and themes found in the data. Saunders and Lewis (2012), on the other hand, stressed the importance of developing meaningful categories or codes as the first step in data analysis.

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A content and narrative analysis was done for each of the transcribed interviews by looking for patterns, themes and meanings. ATLAS.ti software was utilised for coding, reducing (families) and networks (relationship) stages with the process flow to answering the questions

4.7. Credibility and trustworthiness

There are four elements to credibility and trustworthiness. They are confirmability, credibility, transferability and dependability Lincoln and Guba (1985) cited in Bock and Sergeant (2002). Eleven interviews were conducted for this study which achieved the saturation. The data collected from these interviews was translated into findings using the process explained in the data analysis section. Through these steps, conformabiity and objectivity were achieved. In order to achieve credibility and internal validity, the raw data from the participants was not manipulated in any way and hence the findings of the research was a true representation of the views of the respondents.

Based on the findings of the study, which came from the empirical data from the 11 purposively selected participants the four research questions can be answered. Before the questions are answered it is noteworthy to address the threat to validity of the study. There were three aspects that would have threaten the validity of the study if they were not effectively addressed. These were theory (alternative explanation), description and interpretation. The data validation was done by sending back three interviews to confirm the content and the context for the interviews.

4.8. Ethics

This research was done in line with the relevant ethical guidelines as provided by Gibs and ethical approval was obtained from the institution (Appendix A). Within these guidelines, the following key aspects were safeguarded by the researcher:

(a) **Informed consent** – each responded signed the consent form as well as the interview declaration. This is after the purpose of the study had been explained by the researcher to each respondent.

(b) **Right to privacy and anonymity** – each respondent was assured that their responses would not be linked to their names. To this end, coding was done to link their response to a code which did not provide their identity, namely respondent 1 – 11.

(c) **Right to withdrawal** – each participant was informed of their right to withdraw from the

interview process at any point as they were voluntary participants. This was communicated in the consent form signed by the participants.

(d) **Purpose of the study** – the researcher advised all participants that their responses would only be used for academic purposes.

4.9. Limitations

This study was conducted and contextualised within the following methodological limitations:

(a) **Unknown population** – The research was focusing on organisation s that either are owned by the state or have significant shareholding by government in their ownership. The total extent of the population was not known and the results might be conclusive, they might not be reflective of the entire population. In addition, an effort was made to include several companies within different industries such as telecoms, mining, energy and branding to improve the credibility of the study.

(b) **Lack of generalizability –** In this research, the purposive and snowball sampling was used which meant that there was inadequate generalizability. This was not a major problem as purposive sampling strives to 'maximise information and not facilitate generalisation'. Despite this, the researcher ensured that the saturation was reached as recommended by Lincoln and Guba (1985) cited in Bock and Sergeant (2002).

(c) **Interviewee bias** might still result from the research both as a result of their views on the subject and their external influences on their thinking of the subject. The responses therefore could have been a combination of their view as well as the organisation that they represented.

4.10. Summary and conclusions

In this chapter, the research design and methodology was explained. This started with a philosophical position where a combination of interpretivism and pragmativism was employed. Flowing from this, the research design was discussed which the study appropriately selected a combination of a deductive and inductive reasoning as the approach, survey as a design and exploratory qualitative as the choice of the method. The study setting was the chosen organisations where the unit of analysis were the organisation s. The total population was unknown and thus the sampling was done using purposive sampling initially then later snowball sampling, resulting in a total of eleven interviews which were conducted using face to face interactions utilising a research questionnaire. The

empirical data collected from these interviews was analysed using content analysis with Atlas Ti.

In chapter five, the findings from the analysed data are presented and then later discussed and then subsequently compared with the literature in chapter six.

CHAPTER 5: Findings of the Research

5.1 Introduction

The purpose of this research was to explore the concept of stakeholder engagement within organisations, with a specific look at how stakeholder engagement is implemented within organisations. This was explored through the construction of five questions that were identified from the literature review in order to understand and answer the identified research. To achieve this purpose the qualitative research as explained in chapter 4 was conducted using face-to-face semi structured interviews. In this chapter the findings from the empirical data is presented by answering the research questions. The findings are discussed in-depth in chapter 6.

5.2 Overview of the sample

The overview of the sample is present by providing the details of the transcripts, Transcription of words through word count and profile of the participants.

5.2.1. Details of transcripts

There was a total of 11 of participants that were interviewed from the 12th of September until the Friday the 7th of October. The total duration of the interviews was 626 minutes, with the average times being sixty minutes. The shortest interview was thirty and the longest interview was seventy eight minutes.

Table 3: Details of the study

Description	Quantity
Number of interviews	11
Total duration of the interview	626 minutes
Average duration	57 minutes
Shortest duration	30 minutes
Longest duration	78 minutes

5.2.2 *Transcription of words through word count*

The total word count from the word cruncher document from the interviews comprises of 47 678 words. Edited, a total of 2059 words were found to be mentioned frequently by the participants. These words include stakeholder(s) most mentioned 462 times and comprised of 22% of the total count of the edited words. The other words most mentioned included our, issue(s), people all mentioned over 200 times.

Figure 7: Key words o empirical data
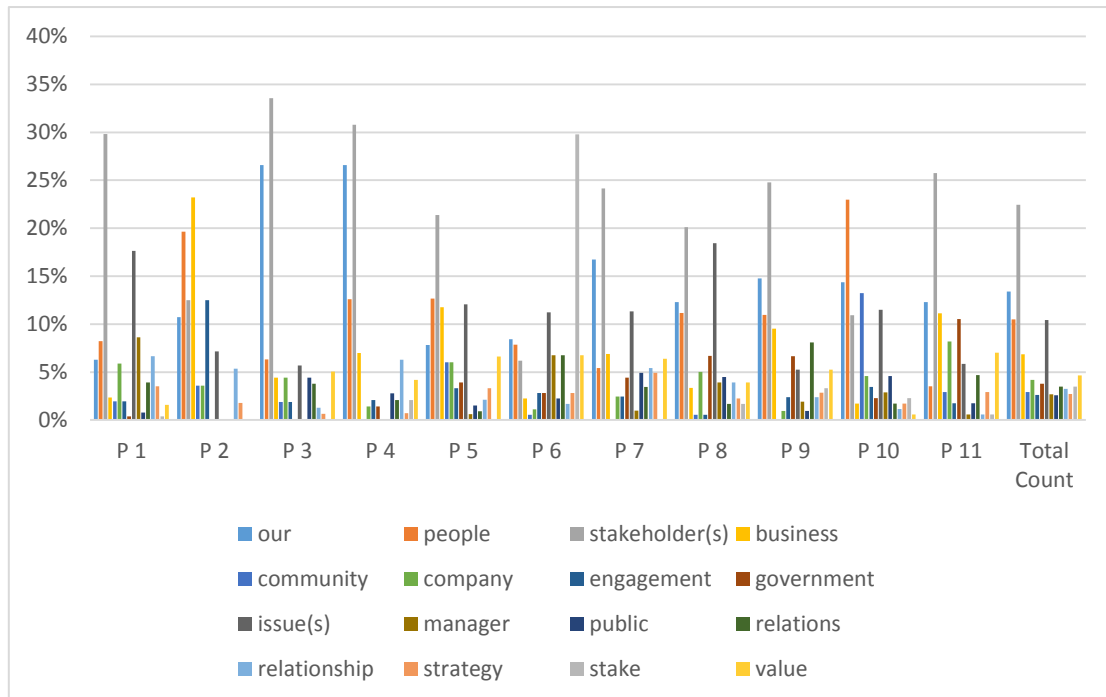
5.2.3 *Profile of the participants*

The profile of the participants comprises of 11 people. A total of five interviewees were males while six were females. These participants were from Eskom, Telkom, Transnet, Sasol, The South African Reserve bank, Shanduka group, Brand South Africa and Denel. The majority were found to be from Sasol. Their role were senior manager stakeholder relations, general manager stakeholder relations, Head of Corporate affairs, public policy and shareholder relations, Site public affairs and Executive for enterprise risk management.

Table 4: Profile of the respondents:

Participant	Gender	organisation	Role
RP1	Female	Shanduka group (recently former Eskom executive for stakeholder)	'In my current role I am responsible for strategy and partnerships so the person who is responsible for strategy is the person who is responsible for stakeholder relations'
RP2	Male	Sasol Secunda	I am senior manager for employee relations
RP3	Male	Eskom Gauteng Province	I am the corporate affairs business partner for the Gauteng operating unit. In simple terms I am the head of corporate affairs in Gauteng province only
RP4	Female	Denel	My role in stakeholders is to ensure that we benefit from the relationships with our stakeholders because we have a commercial mandate as well as a developmental mandate.
RP5	Male	Transnet	I am responsible for public policy and shareholder relations that is the original position. But in terms of the work we have evolved it is just that the restructuring couldn't…so the position was supposed to be social and relational capital but we are still using the old title until the process of restructuring is finished. But currently it is public policy and shareholder relations.
RP6	Male	The South African Reserve bank	They call me the stakeholder relations manager
RP7	Female	Eskom	I am the general manager accountable for stakeholder relations within Eskom and to a large extent we do both policy setting, strategy setting oversight but also operations
RP8	Female	Sasol Mining	Senior vice president Sasol Mining, senior vice president SSO and senior vice president SCO, I service all these three, so I am a Site Public Affairs VP.
RP9	Female	Brand South Africa	I am the general manager for stake holder relations
RP10	Female	Sasol, Sasolburg operations	senior manager stake holder relations
RP11	Male	Telkom	Executive for enterprise risk management which includes stakeholder as a function

5.3 Findings of the study

There was a total of 230 codes that were extracted from the empirical data (see appendix E). These codes were then consolidated based on their similarity and relevance resulting in a total of 40 consolidated codes being formed. This subsequently led to the formulations of six families, which are commonly known as themes. The themes are discussed in detail below.

Table 5: Consolidated Codes

1	Conflicting views between shareholders or stakeholders	21	Influence on value
2	Guideline for engagement	22	Information sharing
3	Stakeholder engagement	23	Internal conflict
4	Stakeholder involvement assessment	24	Key stakeholders in the industry
5	Benefit of engagement	25	Measuring success
6	Building relationship	26	Organised business as stakeholder
7	Client as a stakeholder	27	Organised labour as stakeholders
8	Coal industry as stakeholders	28	Partnership with labour or other
9	Co-creation of value	29	Provincial government stakeholders
10	Communication as support	30	Recognizing value
11	Conflict prevention	31	Regulator as stakeholder
12	Conflict resolution	32	Reputation of the company
13	Dealing with problems in a professional way	33	Research about the stakeholder
14	Department of defense	34	Resolving of issues
15	Employees as stakeholders	35	Stakeholder engagement groups
16	Engagement meetings	36	Stakeholder involvement
17	High commissioners as a stakeholder	37	Strategic
18	Impact of taking care of stakeholder	38	Strategy of stakeholder management
19	Impact on bottom power	39	Understanding of value
20	Independent producers as stakeholders	40	Value recommendation

5.3.1 Theme 1: Understanding and Classifying stakeholders

There was an assumption that all the participants of interviewees understood what stakeholders were due to their seniority within the organisations and that they were all stakeholder practitioners in their organisations. It was apparent from the interviews that these companies had multiple stakeholders which ranged from employees to shareholders, government, international ambassadors, key industries, regulators and organised labour. The profile is provided in the network of stakeholders figure depicted in figure 9. Respondents emphasised the importance of employees as the stakeholder as they play a key role towards the success of stakeholder engagement. A number of respondents acknowledged and understood the role of government as both shareholder and stakeholder

Figure 8: Network of stakeholders
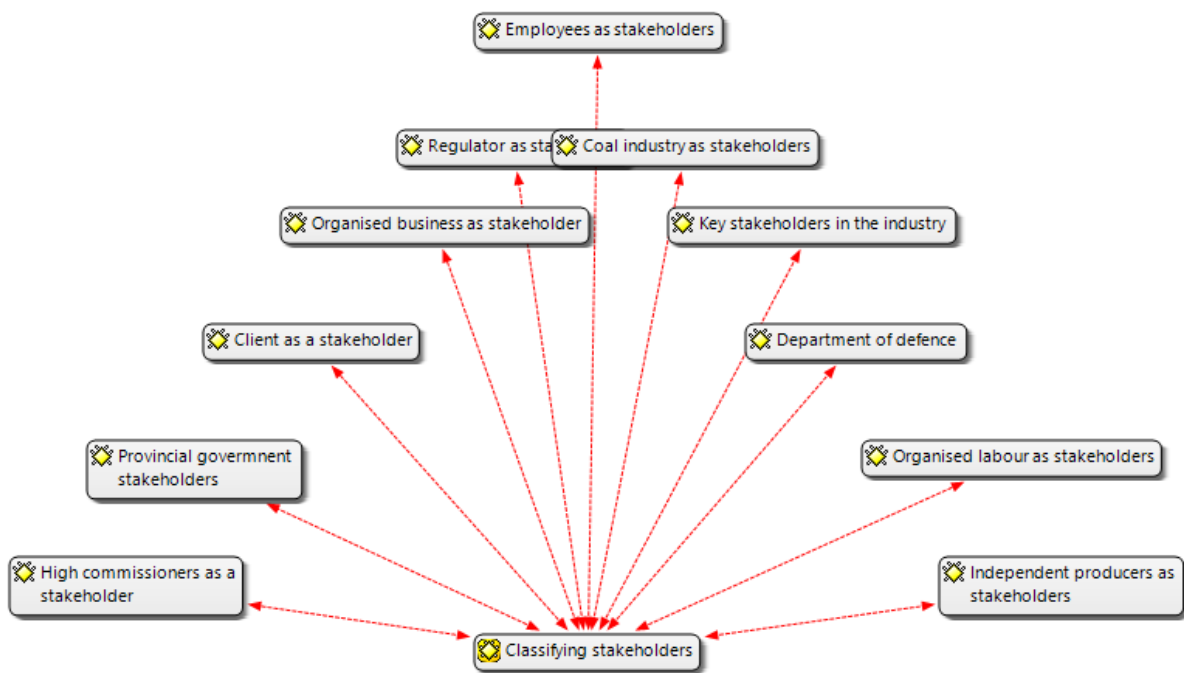
The respondents outlined a vast group of stakeholders according to the industries in which they operate. These stakeholder have been grouped into Table 5 and the applicable quotes from respondents included. It is key to note that only one respondent, operating in the competitive telecommunications space mentioned competitors as one of their key stakeholders.

Table 6: Stakeholder classification

Stakeholder grouping	Applicable quotations
Employees	**Respondent 4:** 'One of the most critical for us is the employee. They have always been a stakeholder but we are paying more attention to the employees.' **Respondent 11:** 'Our employees are every important stakeholder' **Respondent 2:** 'The impact of taking care of your employees…. it also talks about sustainability you know your stakeholders are the ones that sustains you.' **Respondent 3:** 'Because our employees have to be our ambassadors and support us and become and becomes stewards because if they are not that is going then it will sabotage the implementation of any process that we embark on.' **Respondent 7:** 'And you have the internal stakeholders like your board, exco, senior managers.'
Government	**Respondent 3:** 'The key stakeholders that we interact with are at the provincial level, we have engaged with the premier and the MEC for corporate governance who was previously Jacob Mamabolo and now it is Paul Mashatile. We are also engaging with the MMC. the members for mayoral council, and so we engage with them. The MMC for housing and MMC for infrastructure and MMC for safety and security.' *'political parties and government who have influence within the communities'* **Respondent 11:** 'We have government, government as a shareholder, government as a customer and government as a policy maker.' **Respondent 4**: 'We have done a mapping of the stakeholders and we have prioritised because we are state owned we have prioritised those that are a shareholder government and the Minister of Public Enterprises, parliament and the Ministry of Defence because we would not exist really without the Department of Defence. But I think because of the nature of our business whereby the South African Airforce and the South African Defence Force are our client and they are also our stakeholder.' **Respondent 5:** The Department of Public Enterprises is a key stakeholder as policy maker, shareholder and point of accountability
Organised Labour	**Respondent 3:** 'Because if we don't get the support of organised labour which is trade unions, our employees who are members of trade unions, will not support us **Respondent 2:** Based on this we have in terms of stakeholder engagement, a partnership charter that we sign with labour. In this partnership charter, you say sit top guys of the union sits with the top guys.'

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	'Our philosophy is that you cannot start a successful democracy without a successful business. Also there cannot be a successful business without labour being on the core that is the philosophy. It is a school of thought that Sasol has implemented very successfully **Respondent 11: '**In terms of all the restructuring that Telkom is doing obviously the unions are very important. So they are ranked in terms of one, their ability to influence the objectives of the company and contribute to the success of the company.'
Organised Business	**Respondent 3:** 'You see some of the stakeholder's engagements in fact we were even talking this morning when we were talking with the GM. We have got what we call independent producers.' **Respondent 11:** 'We have about eleven key stakeholder groups and obviously within the stakeholder groups it is differentiated so we have consumer customers, we have corporate customers, we have wholesale customers as well' **Respondent 3:** 'Some of the stakeholders which are not in the majority are some of the international stakeholders, your high commissioners and ambassadors partly because we are in Gauteng because the thing is Gauteng as a province contributes to the GDP 43%, it is a 1,3 trillion in economy Gauteng is a combination of 3 provinces except for KZN, and Western Cape. Most of the ambassadors and high commissioners in terms of the FDI, Foreign Direct Investment they always target Gauteng' **Respondent 3:** 'Another stakeholder that we interact with is organised business, as Eskom we are members of the BLLSA, BUSA, BMF, BBC the JCCI all the different chambers of commerce.' **Respondent 3:** 'And the coal industry is one of the stakeholders that we interact with because we get coal from them.'
Regulators	**Respondent 1:** 'When I was at Eskom, there used to have NERSA as a stakeholder and there was one person who was allowed to speak to NERSA.' **Respondent 3:** 'The other stakeholder that we interact with NERSA which is our regulator, we engage with them from time to time with our tariffs.' **Respondent 3:** 'Another stakeholder is the national treasury because Eskom derives its revenue from tariffs, as well as equity injection from governing, as well as lending. So if we want to borrow money from the IMF, from the world bank, or African development bank, we have to get the support of national treasury.' **Respondent 1:** 'Other people would say we are sneaky and all that but it is to make sure that whatever comes whether it is a legislation or what, benefits you more than any other person because you are in business to make money and I said to him do you want our voice to be there so that we are part of what shapes the legislation.'

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Communities	**Respondent 3: '**We decided that we will also move into the suburbs that is why we moved into Sandton and Midrand and the key stakeholders that we interact with.'
	Respondent 3;' But apart from the councillors that we interact with like in Soweto, we do interact with the Orlando East task team OTT ….is the chairperson , we meet with the NGOs and CBOs that are located in Soweto like the Soweto electricity crises task team, and we also interact with other political parties in Soweto.'
	Respondent 10: 'Because accessibility of the company to this community is primary.' and communities have the '*ability to stall or halt a project implementation'*
	Respondent 5: 'So social and relational, relational means the relationship between the stakeholder the social means what are you doing to create a social dividend for your stakeholders mainly the poor ones and the communities.
Other	**Respondent 4:** 'Yes, a client is a stakeholder that I feel that sometimes the key thing about a client is for you to get business. It is mainly about getting business.'
	Respondent 1: 'Let us say media, there is this journalist that is always writing about us, so your issue is the media, so you say maybe I should invite them to a briefing and tell them everything that they want to know about us. I had direct relationships with the media.'
	'*influencing* organisation*al perception as a result of their articles'.*
	Respondent 3: 'SANCO is also another organisation that we interact with.'
	Respondent 11: Competitors who have the ability to influence our business

Despite the above classification of stakeholders, certain respondents were of the view that one could not readily and easily name stakeholders and classify them. Instead they identified the issues prevailing in the company, positive or negative and subsequently assigned a stakeholder to each issue according to which stakeholder owned that issue or would be affected by or would impact on that issue.

> **Respondent 1:** 'So I will not come to you and say who are your stakeholders, I will come to you and say what are your issues, and for this issue who is affected and who isn't affected. That is how we get our list because you will forget others if I say what are your stakeholders.'
>
> **Respondent 5:** 'In terms of our policy we have got two criteria that we use, what are the stakeholders that we impact with our operations, negatively or positively then we list them. What are the stakeholders that have impact on our operations that if they pull the plug we cannot operate. So we use those two criteria.'
>
> .

5.3.2 Theme 2: Implementing stakeholders' engagement

Figure 9: Implementing stakeholders
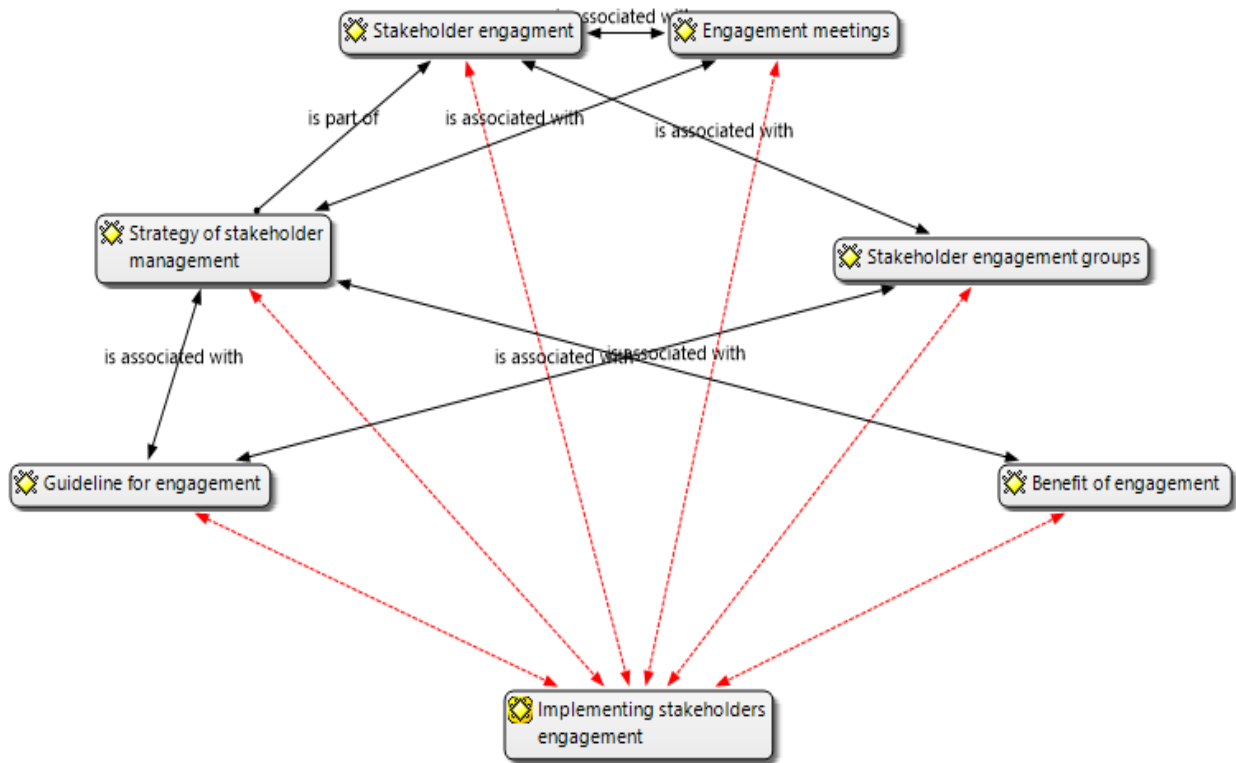
A number of differing responses were received in terms of how these organisations deal with stakeholders. The key issue was that whatever the method, it was a deliberate and well thought out plan and strategy which in some cases is guided by the regulatory environment or by the organisational strategy.

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> **Respondent 3: '**It has been given sufficient and the requisite prominence, we are essentially guided by king 3 chapter 8 if you read that chapter it talks about stakeholder relations. And as Eskom we have also committed on King 4 as well we are also guided by the GRI reporting and the international and the AA1000 stakeholder relations standards and what we do is from time to time as corporate affairs we brief the board on the kin reports and also those AA reports and the GRI and also the king 4 which will also be launched on the 2nd of November so we are guided by all these standards. We use them as a guideline when we engage.'

Respondent 1: 'Remember in stakeholder management we don't just engage with stakeholders for the sake of engaging, we must have objectives as to why we engage with those stakeholders. So I would normally say is this a neutral positive or negative stakeholder and if it is a negative stakeholder, how are we going to move this stakeholder from negative to neutral, what do we need to do.

Let us say media, there is this journalist that is always writing about us, so your issue is the media, so you say maybe I should invite them to a briefing and tell them everything that they want to know about us. '

Respondent 2: 'Based on this we have in terms of stakeholder engagement, a partnership charter that we sign with labour.'

Respondent 5: At the beginning of the year, the policy says that before we start a financial year ….. you should identify the stakeholders who are the key stakeholders that you need in order for you to deliver this plan, you identify them, they get approved, you log them. Why are you going to engage with them the engagement plan must be logged.

Respondent 8: So we have what we would call a 6 door model…. so every time a stakeholder engages you, whether it is about this or about that, the first thing would be awareness, information, understanding, knowledge, familiarity, then advocacy, so when a stakeholder opens the mouth, and they say something, it is either they are not aware of what the company is doing, they are not very well informed, they are not knowledgeable, they don't understand then you know exactly, it is sort of helps you to determine where do you start with them. You move them from these adversary state to a point where they can advocate for you.

While the stakeholder engagement activities seemed to be planned and structured for most organisations interviewed, there was a respondent who cited that they also had engagements that were based on a 'walk in' principle.

Respondent 10: 'So you could be sitting in your house and you suddenly smell something and you think this think must be from Sasol, so what their number is by the way, and somebody would say Zimbini, would you mind handling this please and finding out who this person could be speaking with.'

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Similarly, in implementing stakeholder engagement, the issue facing the organisation and the risk associated with that issue would determine the level of engagement as cited by on respondent.

> **Respondent 5:** So it is a bottom up (approach) we do not set the criteria the people at regional say this is an issue that is being raised and we think is critical and needs to be addressed. At the same time we are in the process of coming up with community grievances call centre which is going to be open to the community or any member. We will then raise the issue to the relevant operation division within a framework of let's say 48 hours the moment that issue is not being sorted it is escalated each issue is important but the minute it has been resolved then it is no longer an issue. That is what we do.

> **Respondent 5:** 'Issues that are coming from the stakeholders, what are the risks so that we put them into the risks of the company so that they can be addressed.

> **Respondent 5:** 'So we say okay they raised this issue to say that the train is making a noise. What is it that we are doing to address that? We might not be able to solve it immediately because the train must pass there but we can say what can we do to minimise the noise? So issues differ from issue to issue but the question is what are the issues that will affect you now, tomorrow and long term'.

> **Respondent 1:** That is how we get our list because you will forget others if I say what are your stakeholders. So we used to measure progress on issues, not on stakeholders

Although the various respondents used stakeholder management and stakeholder engagement interchangeably, one respondent cited a deliberate transition from stakeholder management to engagement.

> **Respondent 5:** Hence we are moving away from stakeholder management to stakeholder engagement. The problem with management it means that the manager has got the solution, I am going to manage them and I am going to tell them that this is the solution. From a social and relational point of view that is not sustainability that relationship is not going to be sustainable. So that is what we are trying to say, move away from trying to find the solution and come up with the solution together.

Structure of stakeholder engagement

Some respondents even described the structure that they had set up specifically to ensure the effective implementation of stakeholder engagement within their organisation. This could be in terms of resources placed at regions or branches or even structured meetings to plan and discuss stakeholder engagement internally.

> **Respondent 3**: 'In terms of our structure in Gauteng we have 4 zones, we have Ekurhuleni, 'Person A' is responsible for Ekurhuleni she is based there so in terms of any engagements with the executive mayor, the councillors, she manages it and similarly Tshwane we have 'Person B' and she is based there so all those engagements at that level are done there. At the Vaal we have got 'Person C' and he deals with Midvaal, Sedibeng, and so on, and for West Rand Mogale city we have 'Person D' who is based there if we want to meet with the mayor of Mogale city which is Randwest, a combination of Randfontein, Westonaria. Like on Thursday we are meeting with the mayor the Randwest municipality mayor and all the other areas as well in that zone and then we have got 'Person E' who is responsible for Sandton and Midrand.'

> **Respondent 8**: 'As the result the SASOL protocols have been defined in such a way that being in Secunda, being in this region we deal with government up to provincial level, so premier issues, MEC issues, mayoral issues that is my problem being in this region however when it gets to a national ministry presidency is now a point of escalation, my colleagues add group and my CEO's all they need to engage with the presidency, that is how it works'.

> **Respondent 7: '**And we have a whole game plan, before we go see a stakeholder, we analyse the stakeholder. So if the stakeholder is the premier of Gauteng, we analyse him, what is his political party, what are his aspirations. Is he negative or positive towards Eskom? If he is negative, how will we get him to be positive, and if we do that. Who is the best person is Eskom to, so we go through the whole game plan before we speak to a stakeholder'.

The strategy for stakeholder engagement would also receive input, support and buy in from the highest office of the organisation in certain instances.

> **Respondent 5:** On an annual basis we produce a stakeholder engagement report and it goes to the board and board sees the issues. So these are the issues, these are the

risks, these are the mitigating factors, these are the opportunities, this is what strategy is going to do to adopt this into corporate strategy so that the issues that come from stakeholders are adopted.

Respondent 7: 'We sit with them (EXCO) every Monday morning and we look at all the engagements for this week in a little more details. '

Respondent 8: Now that we even have two CEOs, they have schedule sessions with us….they just want to sit, and talk….. what are the issues in this region, what have we done, what are we doing and how do we communicate back to them.

Respondent 6: It is important that we get the trust and buy in from the CEO and Exco on stakeholder engagement.

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Strategy of stakeholder management

Research played a key role in the implementation of stakeholder engagement as some respondents expressed that it was crucial to research issues or stakeholder as part of engagement.

> **Respondent 2:'** Yes, the issue of research comes in again where you research the issue and engage everyone that works inside on the issue so that as an organisation you have a common understanding of an issue you don't have 10 different views on one issue.'

> **Respondent 1:** 'The role itself has a lot of research component which I call stakeholder intelligence. So before you even go and talk to the person, you must have spent a lot of time on looking at who do we deal with?'
> **Respondent 1:** So before you even go and talk to the person, you must have spent a lot of time on looking at who do we deal with….. So research on the industry would maybe a new legislation would be key.

An additional point that came out was the importance of building internal relationships before going out and engaging stakeholders.

> **Respondent 1: '**Building the relationships (with stakeholders) starts with building internal relationships it will never succeed outside without you building internal relationships'.

Figure 10: Key words used on implementation of stakeholders

- 51 -
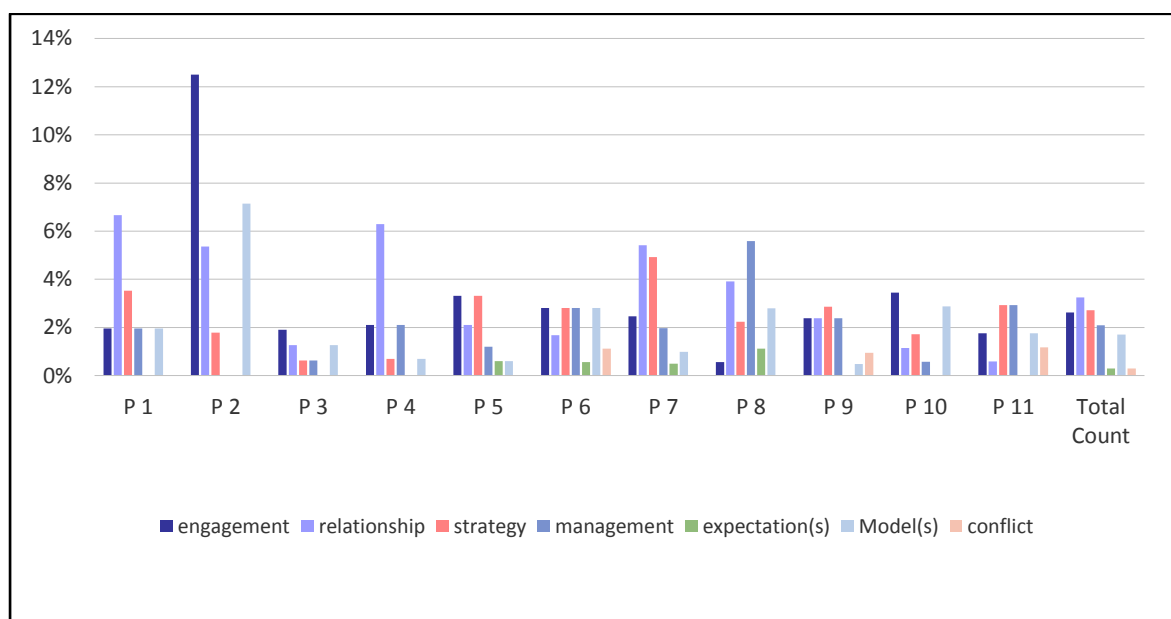
Figure 11 above demonstrates some of the key words that were used by the respondents during the key discussion on implementation of stakeholder engagement. The most prominent key words that were used in this discussion were engagement, relationships and strategy. Management as well as models also featured quite prominently. The context of these key words was already discussed.

5.3.3 Theme 3: Stakeholders conflict management

A theme dealing with various forms of conflict arose from the respondents. These varied from conflict with the stakeholders as well conflict among the organisations internally with regards to stakeholder engagement and who the company would be most accountable to.

Figure 11: Stakeholder conflict management
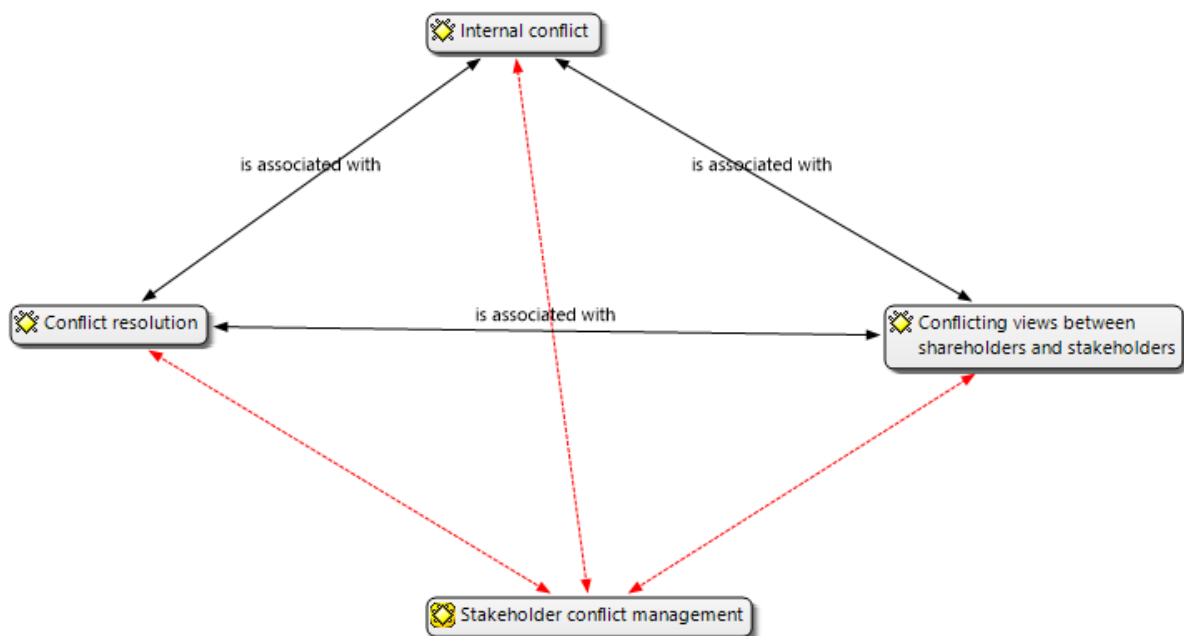
Conflict resolving

> **Respondent 1:** 'You know the stakeholders also keep track on you they will see that there is a new CEO. I used to be in the municipality as well that is why you will have a protest march 2 days after a new mayor has been appointed. Because they know this person has no history of this old issue because it wasn't resolved. So for me you have to resolve the issue and close it as a closed issue and if it isn't closed make sure you move it from negative to positive'.

Internal conflict

Respondent 6: 'These are internal conflicts in terms of your role in terms of the management.'

Respondent 1: 'Management tells us about a communications agency sitting there at London who they just tell that issue this press release and they ignore stakeholder intelligence.'

Respondent 1: 'So that is what we call stakeholder intelligence and unfortunately a lot of colleagues in this space don't do that – use the information about the stakeholders.'

Respondent 10: A technocrat wants to go and discuss a water issue with the municipality and they come to me and say they would like a meeting with manager technical (from the municipality) about the pressure of water which is too low for us and it is compromising our processes. I must bring him he must talk to me first. I need to understand what he wants to say to my stakeholder and how he says it. Often they want to bypass you and go straight to stakeholders. And I must also check the tone of voice when he is going to be addressing the stakeholder.

Respondent 1: 'Most stakeholder managers find resistance because they will want to come and own people's relationships'.

Respondent 9: And planning (organisational) must be joint (with stakeholder function) and planning doesn't always happen like that ….. people need to also listen to your recommendations but I'm pushing a bit harder, but some you win and some you don't; there's has been improvements but not as much as I would like

Conflicting views between shareholders and stakeholders

There was no significant concern regarding conflict between balancing shareholder and stakeholder interest. The organisations interviewed understood the role of their shareholder as well as their commitments to their stakeholders. Only one respondent cited conflicting views concerning shareholder interests.

Respondent 11: 'So you have conflicting views between your main shareholders and your other shareholders so these shareholders are driven for profit and the government is driven for connectivity of the land or of South Africa'.

Respondent 6: 'Shareholders are not or have no bearing on the operations of the bank. So that conflicts is not there. From stake holder relation or being a shareholder - It is just a prestige issue'.

5.3.4 Theme 4: Stakeholders inclusion

Figure 12: Stakeholder inclusion
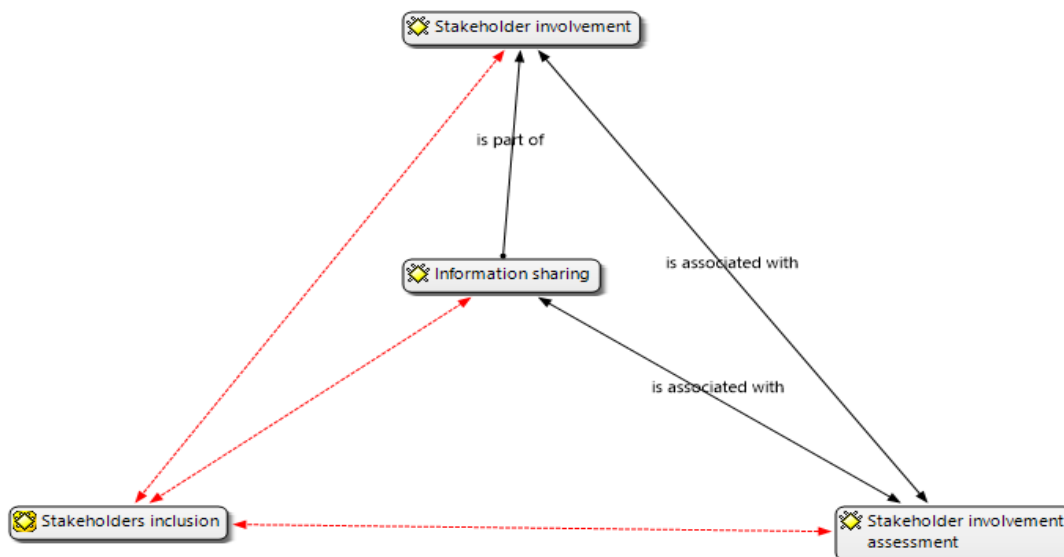
A key observations from the interviews conducted was the importance of Stakeholder inclusion in decisions made by the organisation as well as the importance of moving away from stakeholder management towards stakeholder engagement, a point clearly articulated by respondent 5.

Respondent 5: 'So there is a give and take we engage the stakeholder to see what it is that we can come up with together because the other problem with stakeholder which people do, hence we are moving away from stakeholder management to stakeholder engagement'.

Respondent 8: I can go out and involve the stakeholders and change the narrative, if our accreditation process was cumbersome which is one of the things they say that

our accreditation process can never qualify as them as service providers, we have had to hear that and take a seat back.'

Respondent 3: Yes like for instance when we started with the roll out of the prepaid metres, somehow people were not so receptive in Soweto and they rebelled, so we kept them abreast with what is happening, and the benefits that they can derive from that.

Respondent 6: the bank values the input from stake holders. So we have a three years stake holder engagement plan that was approved by the executive so the content that we are going to discuss they approve it'**.**

Respondent 5: 'We must not always tell people we must also hear from them. We might go to them and say we were thinking of building a community centre and they say no in this area the biggest problem is water we do not have water. So that is what we need to provide'.

Respondent 5: 'People say no that is not what we want. We want you to give our people skills we want you to train people. Business will find a service provider to train those people you might find that it is even cheaper than what we wanted to do.

'We are saying any stakeholder who withdraws their support it is a recipe for disaster that business will not perform optimally'.

Respondent 9: 'We have to formulate business plan and we will actually rope in stakeholders, we will call in BUSA, we will call in youth programmes that we work with and get input from them. What's key for them and the coming year, what are their plans and then we will develop a plan, submit through the channels exco board, minister'.

5.3.5 Theme 5: Evaluation of Stakeholder engagement success

Figure 13: Evaluation of stakeholder engagement success
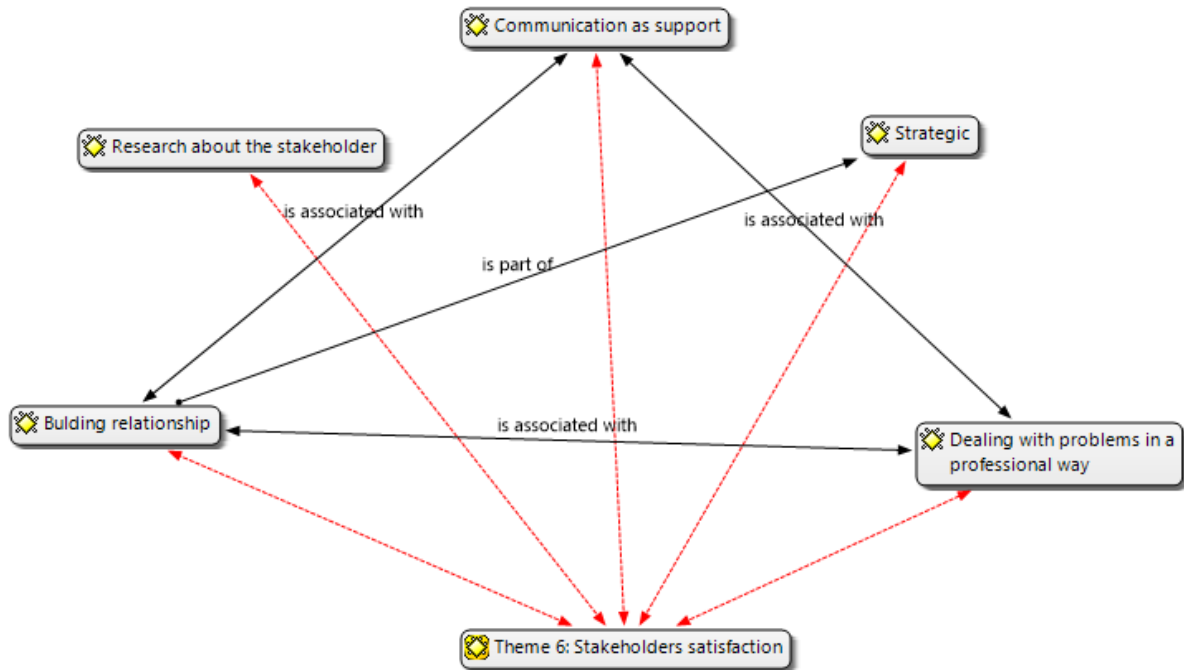
A number of organisations have tools and models that they use to monitor their stakeholder engagement in a number of ways, demonstrating commitment to their stakeholder engagement initiatives. Some tools measure the nature of relationships with stakeholders, stakeholder satisfaction or even the level of maturity in the relationship with stakeholders.

> **Respondent 3:** 'Currently we have done in the Free State, Western Cape, there is something we call stakeholder involvement assessment, we call it SIA.
>
> **Respondent 3:** 'All these stakeholders that we have identified, we have hired a research company that will interview the stakeholders and ask them how they view Eskom, and the quality of our engagements and if they are deriving any benefits from our engagements…… and the other one that we do, we do what we call reputation study'.

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Respondent 5: 'There are a number of tools that we use. Number one is the outcome based approach which uses satisfaction surveys. So each stakeholder might us their own survey so we have customer satisfaction surveys'.

'Now there is a new tool that we advocated two years back it is called Relational Proximity Model which assesses the quality of relationships'. So that is number one, you can measure a relationship in terms of the relationship with the stakeholders or you can measure in terms of the satisfaction. But there is a tool that we got from Australia that we use which is called Stakeholder Maturity Measurement that measures your systems how mature are you in terms of stakeholder relations.

Respondent 1: 'I was successful with my stakeholders in a very difficult space, but it is because you need to capacitate your colleagues to be able to resolve the issue that is the objective and the objective is to make sure that the company's reputation is intact and is able to do its business'.

Reputation of their organisation was also a key indicator of their successful stakeholder engagement.

Respondent 3: Yes we appoint a reputation institute, to assess the quality of our reputation as a company using the 8 drivers of reputation (which includes quality of stakeholder engagement), so they do all of that and give us results.

Respondent 5: 'Corporate communications are responsible for reputation surveys which include stakeholder satisfaction'.

Respondent 1: Other people will say I want this stakeholder to support our work and he is never available, we work around how we improve our relationship so that this person comes closer to us so that he can give us what we want. Because that is the objective of the company to make money now and in the future.

Respondent 10: 'People may not remember and forget what you said but they will not forget what you did, for us at the public affairs space because we deal with reputation it is something that has to be paramount. We must make people leave with a feeling that I might come back to these people.'

While the issue of the reputation was common among various respondents, it was also cited that stakeholder engagement should go beyond reputation in order to ensure sustainability.

Respondent 5: 'So we have looked long term because we are infrastructure based. We have looked to see if we put the infrastructure here in 20 years what will happen

to this infrastructure who are the people that will be benefiting will they still be there. So for me I would not put reputation. Reputation is just one of the elements I would put risk which are both long term and short term'.

5.3.6. *Theme 6: Value creation and apportionment*

Figure 14: Value creation and apportionment
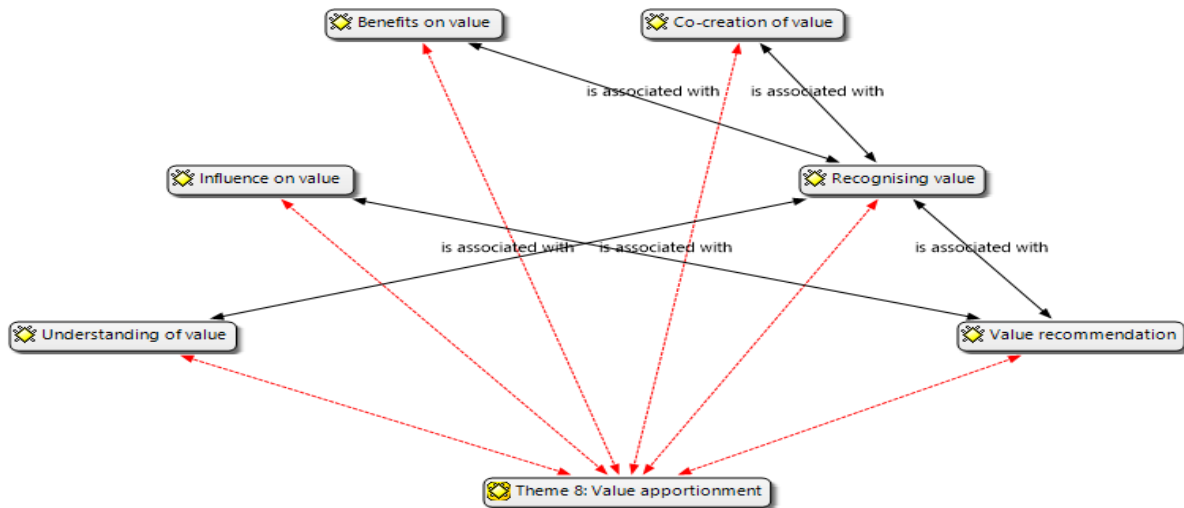
All respondents recognised the value that is created from stakeholder engagement and agreed that their organisations created value for their stakeholders though effective stakeholder implementation. There was an overwhelming observation among the respondent that the nature of the relationship between an organisation and its stakeholder directly affects the value that would be created through that stakeholder engagement process.

> **Respondent 3: '**A lot. To such an extent that even some of the business organisation s even wrote a letter to the minister of public enterprise to say that they derive a lot of value from the engagements they have with Eskom.'

> **Respondent 4:** 'It relies on engagements - informal engagements and networks and people trusting you and people having that glass of whiskey with you. They are very expensive hey if they want their 23 year old you must have their 23 year old…that is how it works. So those engagements work and add value.'

> **Respondent 6: '**How I interpret the role I would say it is a role that even before you develop the product you need to know what does the market need and what does the

market need to understand to ensure that you can develop the right commercial and social value.'

Respondent 6: 'If you limit your role to policy and say you are only going to manage that which you regulate it does not add much value. You can take care of relationship between yourself and those I regulate and say guys this is our mandate and the reason we need to comply is that it is expensive not to and does not add a lot of value.'

Respondent 7: 'That type of value that you want to have and that type of value comes from a relationship and that type of relationship comes from trust.'

Respondent 7: 'For me that value is the insurance that is your value contribution, the premium that we pay every month is that relationship, because the value comes from the relationship.'

Respondent 5: Number two from an integrated thinking and sustainability (point of view) you are because of your stakeholder. Business exists because of its stakeholders - if one of the stakeholders pulls out the business may cease to exist or will not be able to achieve its intended goals. So when we talk about value, for who, by whom, from whom? So we need to address all of those issues.

Respondent 9: From the partnerships that we have developed I have a seen a lot of value, there's a lot; and sometimes I can break it down to Rands and cents and say for instance now we are hopefully confirming, if it goes through or doesn't.'

Respondent 11: 'Not really profit even though it is part of it but there is a reputational element to it, there is a social element to it so it is bigger than just profit, that's what value is.'

Co-creation of value

An important factor in realising value that was apparent during the interviews, was the co-creation of value between an organisation and its stakeholders.

Respondent 5: So we need to listen to them so that even if the value is not material but they get something that will build them for the long term.'

Respondent 5: 'But for us it is more about dealing with the three issues poverty, unemployment and inequality and you can only do that through co-creation of value and stakeholder engagement.'

Respondent 5: So there is a give and take we engage the stakeholder to see what it is that we can come up with together'

Respondent 8: 'This last but one step, you should create shared value. So here, you are not doing it for them, and for your selfish reasons, you are doing it together, you will get your license, yes it's a spin off but the livelihoods will also change.'

Respondent 11: 'I think since the business has gone through transformation there is a better understanding that the value is shared it cannot always be about what we want you have to create value for both parties. And if you create value for both parties it will probably be more successful than if you are trying to create value for only yourself. Obviously there are limitations some stakeholder relationships are inherently flawed if I can put it like that.'

Respondent 9: The minister himself will come, they will make sure that we have created value for the stakeholders, and the reason we are doing this is that they don't have the capacity and the creativity to actually do it alone, but we do.'

In addition, the respondents demonstrated an understanding of the benefits of the value derived from stakeholder engagement in terms of the organisational success and long term sustainability to both the organisation and its stakeholders.

Respondent 11: 'Yes, I think everyone wins. If Telkom makes more profit it means the employees get better increases, it means we can invest more in our infrastructure for better customer experience. It means we can buy more from our suppliers, it means we can invest more into our communities from a CSI perspective. So it is really a win for all. It is more around the sustainability of the organisation and that is how we see it driving the real value.'

Respondent 5: I would not put stakeholder under corporate communications. It is the wrong place because those ones are managing how good we look. This (stakeholder engagement is more about sustainability and the long term it does not look for now - the reputation. It says I know that my reputation looks good but in the long term this reputation will change because people will start to realise that this is a façade there is something behind this.

Apportioning of value

The researcher specifically questioned the respondents on the allocation of value however it was clear among a significant number of respondents that they did not have a succinct and definitive answer on this issue as one respondent went on to say;

> **Respondent 1:** I should think the managers of the different units must come up with recommendations (on apportioning of value), they must work around the budget, although stakeholder relations is the accountability of the CEO I would say the value (apportioning) must come from the EXCO together with their colleagues that we are building a road and you procurement help us.

Other respondents related the value apportionment to issues of corporate social investment:

> **Respondent 3:** Yes we do a lot of corporate social investments work in all our communities we will go to a community if it is a renovation of the school. In fact there is a school that we went to they are taught electricity so we bought some of the material for the school.

> **Respondent 5:** Look you go to a place like what we normally do in our reports, a CSI project we build a school, we build a fence then you need to say to the community what do you expect what are your expectations?

One respondent specifically respondent to the question of value apportioning by looking at a whole circular concept and a chain reaction of how the apportioning trickles down to various stakeholder groups:

Respondent 11: Yes I think everyone wins. If Telkom makes more profit it means the employees get better increases, it means we can invest more in our infrastructure for better customer experience. It means we can buy more from our suppliers, it means we can invest more into our communities from a CSI perspective. So it is really a win for all. It is more around the sustainability of the organisation and that is how we see it driving the real value.

5.7   Answering of research questions

In this study, there were five research questions which the researcher aimed to obtain answers to.

5.7.1 Research Question 1: What is the level of understanding by managers of who or what a stakeholder is?

In this question, the focus was to understand whether the organisations were dealing with individuals or organisations who may be affected by or may affect it. In other words, did the organisations interviewed have a stakeholder engagement practises. The theme that emerged from the interviews to answer this question, was the theme of understanding the stakeholders and classifications of the stakeholders (Theme 1). From this themes and the outcomes of the discussions it was clear that the participants had a very good grasp and understanding of who comprised their stakeholders. These stakeholders comprised of a vast list which were either internally or externally inclined. The internal stakeholders were mainly employees and shareholders as well organised labour. These stakeholders, especially the employees and organised labour were deemed very critical for the success of the organisation as some of the participants acknowledged that their poor management could hamper the implementation of certain projects and initiatives.

The majority (if not all) of these companies had government as an internal stakeholder by virtue of being a shareholder and at the same time they are an external stakeholder whom the organisation accounts to. The respondents largely understood the dual role that government plays in their entities including the impact (negative or positive) that government can have on their organisations. The communities in which these organisations operate also came out prominently as an important stakeholder in that organisation understood the importance of working closely with them and engaging them on various issues.

5.7.2 Research Question 2: How do organisations go about implementing stakeholder engagement including management of conflict?

The purpose of this question was to ascertain the methodology followed by organisations in stakeholder engagement. Three themes emerged from this question, that of implementing

stakeholder engagement (Theme 2) and the evaluation of this implementation (Theme 5) and that of stakeholder inclusion (Theme 4). While a number of respondents cited that they had an established model which they used to engage with their stakeholders, another organisation also cited that they also implemented a 'walk in' strategy from stakeholders where they were open to stakeholders walking in to their offices to deal with issues that affected them. The method of implementation of stakeholder engagement was decided on at a corporate strategic level with where targets or objectives would be set against whom the implementation would be measured.

Other respondents cited that their organisations also did a scan of issues that they would be faced with and from that process they would identify the stakeholders that owned those issues and would engage with those stakeholders based on those issues. In agreement with this, one respondent spoke about a six step model which began with them understanding the level at which the stakeholder was on at the start of the engagement. This they used to determine the method of engagement, whether they should start with basic awareness building (for those stakeholders who would not be aware of the organisation's activities at all) or of the organisation should start at a higher level of engagement as there would already have been a certain level of awareness and information among those stakeholders. Perhaps the gap would be in terms of understanding.

The structure that enables effective stakeholder engagement was also key among the respondents. This varied from having regional offices with stakeholder practitioners in each office to assigning stakeholder relationship owners based on the level of engagement required, for example allocation of the organisation's CEO to deal with senior ranking government officials as stakeholders on a certain issue. This demonstrated among a number of respondents that stakeholder implementation received support from the highest level within an organisation.

In answering this research question which deals with the implementation of stakeholder engagement, respondent also highlighted the importance of evaluating their efforts as a measure of success. While a few companies used internationally acclaimed models to evaluate the success of their level of their engagement as well as the quality of their relationships with stakeholders, other respondent still used stakeholder surveys and

questionnaires although when probed further, one respondent cited that this was not very effective. There was a common principle of reputation evaluation as a method of evaluating stakeholder engagement success among organisations although some respondents saw this as but one of the tools and one which was not long term.

In terms of the second theme identified which is stakeholder inclusion, the respondents were in agreement by the majority that the key to implementation was stakeholder inclusion where a form of dialogue was encouraged with stakeholders. This was articulated by one respondent who mentioned that they were making a concerted effort to move away from stakeholder management, where the organisation's management would simply suggest solutions to stakeholders, to stakeholder engagement where they would be more inclusive of stakeholder and create a dialogue by engaging them.

In addition, this question also sought to understand the organisation's processes with regards to dealing with conflicting stakeholder. One of the main points that emerged was the understanding by organisations of the importance of balancing the shareholder expectations (whose main driver is profit) as well as the stakeholder expectations. This was not cited as a major challenge though as a majority of these organisations interviewed had government as their shareholder.

Another theme that developed was one of internal conflict. A number of observations were made by various respondents in terms of a lack of understanding of the importance of stakeholder engagement as well as conflicting views on dealing with stakeholders between project managers and stakeholder practitioners. Territorial issues were also cited by one respondent who claimed that the internal conflict arose when stakeholder managers disregarded the relationships that project managers held and wanted to own relationships directly with stakeholders, hence the importance of stakeholder managers understanding their role which is to capacitate the project managers and create an enabling environment for interaction on certain issues.

5.7.3 Research Question 3: How does the organisation understand the concept of value creation from stakeholder engagement?

In this question, the researcher sought to understand the depth of understanding of the value created from an effective stakeholder engagement implementation. In general, respondents recognised value from their stakeholder engagement initiatives. This is answered in Theme 6, where respondents cite various forms of value that they believed were created through effective stakeholder engagement. The general consensus was that the relationships that organisation pursued with stakeholders had a direct influence on the value they derived from stakeholder engagement as well as the trust that is established from those relationships.

One respondent went as far as saying that while profit is important as it is the reason for the existence of business, the value derived from effective stakeholder engagement surpassed the importance of profit. This is a point articulated by another respondent who observed that a business exists because of its stakeholders and that the dissatisfaction from a significant stakeholder group could possible destroy a business. Respondents also observed the importance of a win-win situation for everyone when value was created.

5.7.4 Research Question 4: How does the organisation treat the issue of the apportioning of value among the various stakeholders?

This question sought to understand the organisation's stance on how value should be apportioned among the various stakeholders. There was overwhelming agreement among the respondents that value that is derived from a successful stakeholder engagement goes back to various stakeholders in various forms. While there were very few direct responses in terms of the distribution or apportioning of value, with respondents rather reverting to the issue of co-creation of value, one respondent understood the issue of value distribution in terms of a chain effect of value apportioning to various stakeholder groups.

It was clear that some of the respondents were not confident of their organisation's strategy or policy around the distribution of value as much as they had a clear understanding and appreciation for the value created.

Chapter 6: Discussion of Results

6.1 Introduction

The findings of the study were presented in chapter five, where the four research questions of the study were answered. The key research questions of the study were as follows:

>*Research Question 1: What is the level of understanding by managers of who or what a stakeholder is?*

>*Research Question 2: How do organisations go about implementing stakeholder engagement and how do they manage conflicting stakeholders?*

>**Research Question 3:** *How does the* organisation *understand the concept of value creation from stakeholder engagement?*

>**Research Question 5:** *How does the* organisation *treat the issue of apportioning of value among the various stakeholders?*

In this chapter, the research questions are discussed and critiqued against the existing literature that was discussed earlier in chapter two. At the end of the discussion, the chapter is summarised, with the conclusions and recommendations provided in chapter 7.

6.2. Extensiveness and sufficiency of the sample

Extensiveness and relevance of the sample according to Guetterman (2015), are the two requirements that give credibility to a study. While the extensiveness requirement deals with the size of the sample, relevance looks at the appropriateness of interviewees as experts in the research subject and whether they fit the purpose of the study.

6.2.1 Extensiveness

Zikmund, Babin, Carr and Griffin, (2013), as mentioned in chapter 4, asserted that qualitative research hardly ever includes samples with participants that run into hundreds. Instead a handful of people are usually the source of qualitative data. To this effect, twelve respondents were interviewed for this study. This number was acceptable based on the following reasons. The first is that the number is within the acceptable range for the acceptable number of

interviews for semi structured interviews in an exploratory qualitative study. Saunders and Lewis (2012), recommends between five and 25 interviews ought to be conducted in this type of study. This was similar to the earlier assertion of Mason (2010) in the review of the range of the number of qualitative interviews. The second point was that the researcher ceased the interviews once information saturation had been reached as suggested by (Lincoln and Guba, 1985) cited in Bock and Sergeant (2002), no significant new information was found from the last two interviews.

6.2.2 Relevance of interviewees

Onwuegbuzie and Leech, (2007) explained that the relevance of the sample in a qualitative study is as important as the actual sample size which is evaluated using extensiveness as mentioned above. The relevance of the sample deals with the appropriateness of the respondents in terms of the subject matter. The respondents selected for interviews, although having varying titles, were all senior managers within organisational that had complex stakeholders, dealing with stakeholder issues within the organisations. The functions of the respondents included General Manager Stakeholder, Senior Manager Employee Relations, and Senior Management, Unit head for Corporate Affairs for Gauteng Operating Unit. As mentioned in chapter 4, they also had an oversight on stakeholder issues from a business strategy level and have direct exposure to the highest level of their respective organisations being the board level or EXCO, either through their direct reporting into that structure or through their immediate superior (Table 3, chapter 5)

> I am the general manager accountable for stakeholder relations within Eskom and to a large extent we do both policy setting, strategy setting oversight but also operations[RP7]

> My role in stakeholders is to ensure that we benefit from the relationships with our stakeholders because we have a commercial mandate as well as a developmental mandate [RP4]

In addition, the organisations selected (ten state owned entities and South Africa's largest energy and chemical company, Sasol) are organisations that have a complex set of stakeholder. These large organisations operating within a legislative environment and with significant government shareholding offered a practical opportunity to the respondents to strengthen their expertise within the stakeholder discipline. It is clear that the interviewed

personnel possessed characteristics and experience that made them relevant in line with the purpose of this study.

In addition, it was explained in chapter 4, that the threat to validity and reliability to the study was effectively dealt with so as to ensure the study was not compromised. This with regards to alternative explanation and interpretation. In so far as alternative explanations, all of them were considered with the researcher not limit the view but provided all possible explanation. While in so far as the interpretation the researcher did not imposing researcher's perspectives or meaning. This was confirmed by the feedback of the three the interview transcripts were randomly selected and sent to the interviewees for them to conform the content and context of the interview.

Based on the outcome of the extensiveness of the sample and the relevance of the sample, in addition to effectively addressing treat of validity and data verification, it can be concluded that this study had credibility in accordance with the Guetterman (2015).

6.3. Understanding of stakeholders

> ***Research Question 1:*** *What is the level of understanding by managers of who or what a stakeholder is?*

As this study, was dealing with the stakeholder engagement – the implementation and determination of value creation it was vital that the first point of departure be about the understanding of the stakeholders by the respondents in order to validate their expertise and more importantly to contextualise their understanding of the topic in line with the purpose of the study.

Morgan and Taschereau (1996) contexualise the stakeholder discussion with their definition of stakeholders as "persons or groups whose interests and activities strongly affect and are affected by the issues concerned, who have a stake' in a change, who control relevant information and resources and whose support is needed in order to implement the change". This definition was most relevant in this study as the researcher interviewed companies that

played a critical role in the economic and development agenda of the country. This meant, that central to the stakeholder engagement is ensuring that the services are delivered to a wide range of stakeholder groups (including businesses, communities, regulators and government) whose support is integral to this goal. It was evident from the findings of the study that these companies have a wide range of stakeholders and these were both internal and external and could be classified in different ways. The classification by Fassin (2009) cited in Post et al (2012), was used to categorise these stakeholders into four levels which were organisation, resource base, industry structure and social political area. In this study the following stakeholders were classified by the interviewees, and can be presented as follows:

Table 7: Stakeholder groupings

Stakeholder grouping	Classified stakeholders
organisation	Schedule 2 and related companies
Resource Base	Employees Communities Shareholders (most government as majority shareholder) Organised labour
Industry structure	Organised labour Organised business Regulators
Socio political arena	Political parties Government Civil society International (high commissions)

The depth of the stakeholders identified by the respondents showed their understanding of their stakeholders. Some of these stakeholders organisations interviewed had a dual function of contributing to the developmental agenda of the country as articulated by respondent 5 whose spoke of 'dealing with the three issues poverty, unemployment and inequality', while contributing to the fiscal of the country and being viable financial entities. Employees, organised labour, community and shareholder were regarded as the resource based stakeholder groupings. At industry level was the organised labour, organised business and regulators like the National Energy Regulator of South Africa (NERSA). At the socio-political

level were political parties, government, civil society and high commissions. These four level stakeholders all had interests in these organisations. What was pertinent was that the respondents demonstrated an understanding of the crux of the discussion by Kaler, (2002), who explained that a stakeholder can be a 'claimant' which refers to those that have some sort of claim on an organisation and a stakeholder could also be an 'influencer' who would be those that have the ability and capacity to influence the workings of an organisation. This was highlighted by the respondents during the interviews.

The role of government as a shareholder, stakeholder and in some instances policy maker was highlighted by the majority of the respondents. This was clear in all the organisations, including Sasol which, even though privately listed, has government as a significant shareholder. In addition, government though parliament or provincial legislature ensured the accountability and performance of these organisations. This was emphasised by respondent 3 as mentioned in chapter five stating that

> 'Prior to implementing certain projects, they would account to provincial structures including the Premier in the relevant province, the Executive Mayor and other local political structures'[RP3].

This point was also concurred with by respondent 8 as mentioned in chapter 5 who stated that they assigned stakeholder engagement roles to officials within their organisations based on the seniority of the politicians and government officials that they would be accounting to. As a shareholder, government would therefore a 'claimant' definition of a stakeholder and as a policy maker and as policy maker would be an 'influencer' definition.

Similarly, organised labour, as observed by the respondents, played a role in the industry, through the influence of industry policies, the influence on government policy and the influence on worker condition, and would therefore be an 'influencer' stakeholder but they (organised labour) are also critical internally as they have membership by way of employees who form part of the organisation's internal stakeholders, making them a 'claimant' stakeholder. Respondent 2 explained this in saying

> '*we have what we call a partnership charter with organised labour which translates into a satisfied work force*'[RP2].

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The other stakeholders that had dual role were the communities, as they were the consumers of the services, while at the same time they were influencing the processing of these services. They are the claimant as they see these companies as extension of the government, which have responsibilities to provide services.

The above principle is further elaborated on in the next section as Kaler (2002), states that the distinction in definitions (claimant or influencer) plays a role in understanding in determining the level of implementation as it hampers empirical analysis.

Respondents further agreed with the statement by Laplume et al., (2008) that claimed that 'both internal stakeholders – which would refer to owners, customers, employees and suppliers – as well as external stakeholders - which would refer to governments, competitors, communities, consumer advocates, environmentalists, special interest group and the media – must be taken into account as groups that can affect or be affected by the accomplishment of the business enterprise'. Respondents cited their responsibility to ensure that multiple stakeholders are taken into account such as

> *'political parties and government who have influence within the communities'*

as mentioned by respondent 3 and respondent 5 and communities who influence their operations as they have the

> '*ability to stall or halt a project implementation'*

as mentioned by respondent 10 and media as cited by respondent 1 who have the ability to affect the accomplishment of the organisation through '*influencing* organisatio*nal perception as a result of their articles'.*

To further exacerbate the complexity of the stakeholders that these organisation s are dealing with was the clear emergence of competition in some of these companies. For example, respondent 11 whose organisation is operating within the competitive telecommunications industry, had to deal with competition as one of the critical stakeholders. This is in agreement with Post et al, (2002) who states that competitors as an example, can affect or be affected by an organisation but their interests are directly opposed to that of an organisation. This implies that stakeholder can be organisational partners or organisational competitors.

In light of the structure of these companies, where the government was the main shareholder, it was critical to look for signals of their distinction between the stakeholders and the shareholders. This was critical as Mygind (2009) then later Clark et al (2016) argued that understanding what a stakeholder is requires the understanding of the distinction between a shareholder and a stakeholder. In fact, in academic dialogue on shareholder and stakeholder approaches, there is an implication that one should, or will, in effect, replace the other, with some literature having devised the concept of Shareholderism - which is a driven, ethical approach that generally considers it a required strategy to improve shareholder value (Adams et al 2011) The findings of the study have revealed that there was an agreement with the stakeholder approach where the stakeholders perspective deserve the consideration. This was also the case in Sasol, a privately owned JSE listed company where, according to the respondent 8, the conflict between shareholderism and stakeholderism did not play a factor as they classified shareholders being among several stakeholders whose interests deserved consideration. Furthermore, the findings from the respondents show an understanding of the role shareholders play versus other stakeholders and the two don't seem to be in conflict. Only one respondent (respondent 11) cited that there is shareholder conflict because as a listed organisation, they have 'conflicting views between your main shareholders and your other shareholders so these shareholders are driven for profit and the government is driven for connectivity of the land or of South Africa'.

Clark et al (2016) asserts that the above debate occurs at a theoretical level while in practice, there is a different interpretation. The empirical research demonstrates that firms accept and accommodate the contradictory strain between managing for shareholders versus balancing the interests of stakeholders (Clark et al, 2016). This is asserted by respondent 11 who claims that despite the conflict mentioned above, they have balancing mechanisms that ensure that organisational objectives are met.

In summary, it was evident from the findings that the respondents had a very good understanding of their stakeholders, their categorisation being resource based, industry or social political arena. In addition, these respondents could distinguish whether these stakeholders were claimants or influencers with a good understand these groupings and the role they were playing in the organisation. Generally, the respondent were in agreement with

the view expressed by Govender & Abratt (2016) on stakeholder theory which prescribes that an organisation should be run to benefit all those that have a stake in them.

6.4 Implementation of stakeholder engagement

Understanding the makeup of an organisation is important for stakeholder engagement as Vazquez-brust et al (2010), defined an organisation as a system of stakeholder groups in a complex set of relationships with stakeholders that each have different rights, objectives, expectations and responsibilities. The discussion in section 6.3 classified the stakeholders and demonstrated their complexity and their relationships with the organisation while this discussion deals with the implementation of stakeholder engagement, given the understanding of who stakeholder are. This meant that these organisation s are at an advantage to effectively implement stakeholder engagement as understanding stakeholders is the first stage of implementing stakeholder engagement as described by Svendsen, 1998 & Waddock, 2002, cited in Manetti (2011) where he explained the implementation of the relational models between the organisation and stakeholders which assume a gradual growth path of stakeholders' involvement. The phases of the stakeholder implementation are depicted in the diagram in Figure 6 in chapter 2.

Step 2 of Manetti (2011) involves managing of stakeholders' expectations and the social and economic issues that they support while balancing the positions. For example, it was mentioned in chapter 5 that some of the efforts the organisation do to manage the expectations and balance the positions of the stakeholders include the management of their expectations in terms of what the organisation can or cannot deliver. Respondent 5 as mentioned in chapter five articulates this when he said that communities complain about issues that affect their operations and the organisation responds by addressing immediate needs while seeking long term solution – a form of management of issues and balancing of positions.

> *'So we say okay they raised this issue to say that the train is making a noise. What is it that we are doing to address that? We might not be able to solve it immediately because the train must pass there and operations must continue but we manage the stakeholders by bartering with them and giving them a form of a short term solution - but we can say what can we do to minimise the noise? So issues differ from issue to issue but the question is what are the issues that will affect you now,* tomorrow and long term.

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This was also supported by respondent 8 who spoke of a six door model where at certain times management of stakeholders is a necessity. The respondent went on further to explain that even though the management of stakeholders still occurs to some extent, the organisation strives towards a higher order which is the engagement with stakeholders where their stakeholders will be advocates.

This demonstrates the required flexible and indeed specialized engagement tools in the implementation of stakeholder engagement as expressed by Shandas and Messer (2008), cited in Kivits, (2011). Rixon (2010) also stated that engaging stakeholders can be an intricate practise since there are usually a countless individuals and groups who consider themselves to be stakeholders. This view was clearly demonstrated by respondent 10

> '*We have got those broad categories. But in terms of stakeholder engagement anyone that has a bone to chew with Sasol, justified or unjustified, recognised or not recognised we have to engage with them, or that person or that entity or businesses.*

The engagement process that was stated by Patrizia and Glanluca (2013) who emphasised that organisations must integrate interaction with stakeholders into the decision making at every level of the organisation came quite strongly from the interview with respondent 6 who stressed the importance of trust and support from the CEO and EXCO in terms of stakeholder engagement processes; respondent 3 who mentioned that prior to implementing certain projects they would get buy in and approval from their shareholder (government) and respondent 7 who mentioned that they had a weekly EXCO meeting where they outline their stakeholder plans, implying buy in from senior officials within their organisations.

Manetti (2011), reflected on the gradual growth path of stakeholders' involvement, where the first two steps were about stakeholder management while the last step which stakeholder engagement is – is about mutually beneficial cooperation. In their quest to implement stakeholder engagement, several initiatives were put in place by these organisations. A growth path for stakeholder engagement was also presented by respondent 8 – which is a six step engagement planning model which culminates in a position of advocacy as a result of stakeholder engagement (Figure 17).

Figure 15: Respondent engagement model
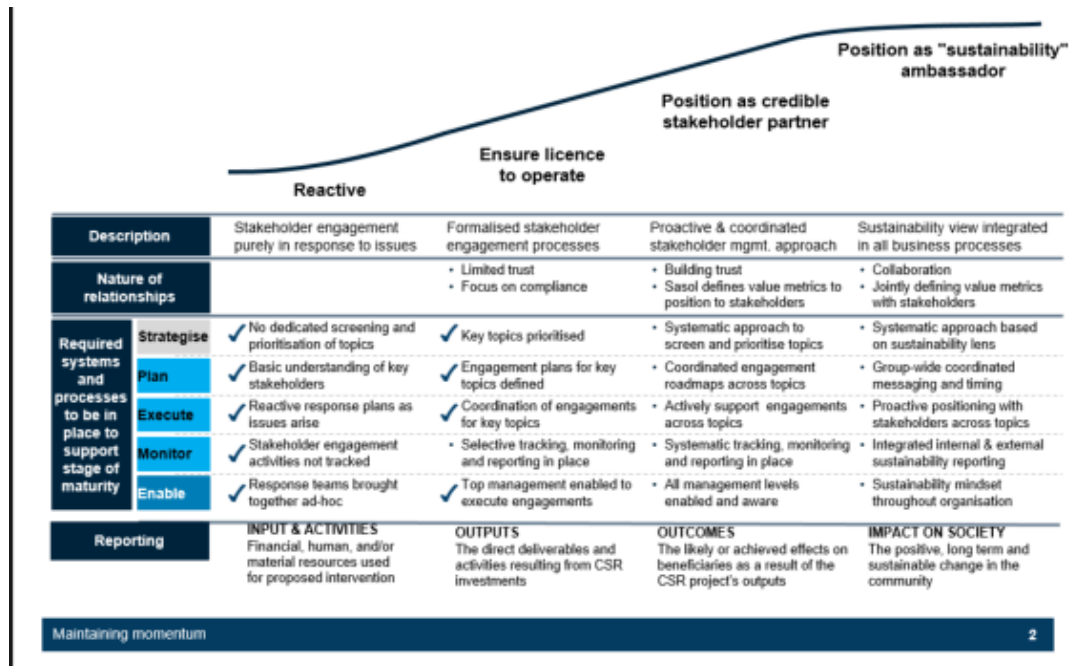
Source: Respondent 8

This ladder focusses more on the mechanisms for implementation so would take place once the stakeholders have been identified. This seemingly vital stage (stakeholder engagement) is what organisations are striving for – engagement as opposed to mere mitigation, Manetti (2011). This point was articulated by respondent 5 who expressed understanding of the give and take relationship with their stakeholder:

> '*hence we are moving away from stakeholder management to stakeholder* engagement. *The problem with management it means that the manager has got the solution, I am going to manage them and I am going to tell them that this is the solution. From a social and relational point of view that is not sustainability that relationship is not going to be sustainable'.*

On managing the conflict, the findings have revealed that in the course of engaging with the stakeholders, conflict would arise. Most notably, there was less emphasis on the conflict occurring with external stakeholders, instead there was a high level of internal conflict within the organisations themselves as articulated by respondent 10 who stated that various project managers would often disregard the stakeholder function and want to approach stakeholders and deal with issues themselves which compromised the organisation. This point was further emphasised by respondent 1 who stated that management would ignore stakeholder

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intelligence and research gathered and would suggest a press release as a solution to a stakeholder issue.

Stakeholder engagement is therefore that final process that 'creates a dynamic context of interaction, mutual respect, dialogue and change, not a unilateral management of stakeholders' (Andriof, Waddock, Husted, and Rahman, 2002). The main feature of stakeholder engagement, therefore, is not the mere involvement of stakeholders to 'mitigate' or manage their expectations (stakeholder management), but to create a network of mutual responsibility, Manetti (2011). In these organisations, the implementation was evident and while for some it had not yet progressed considerably from management to engagement, there was a clear understanding of the need to achieve that status.

Harrison et al. (2015) argues that some organisations view stakeholder inclusion as some form of Corporate Social Responsibility (CSR) and this makes them to defer the practise of stakeholder engagement and only apply it if they can afford it or they are mandated or compelled to do so and this prevents them from understanding and realising the real value that they could co-create with stakeholder. This assertion was not necessarily in line with the findings. As already discussed, there was a good level of stakeholder engagement and also when evaluating the findings it was clear that there was also stakeholder inclusion among the organisations interviewed. This was pointed out by respondent 5

> '*we must not always tell people we must also hear from them. We might go to them and say we were thinking of building a community centre and they say no in this area the biggest problem is water we do not have water. So that is what we need to provide'.*

Stakeholder inclusion in organizational decision-making, and the resulting issue of value creation, is one of the thorny problems that stakeholder theory has sought to address (Mitchell, Van Buren, Greenwood, & Freeman, 2015). Mitchell et al, (2015) also agree that the understanding and acceptance of the concept of value creation has taken a slow pace.

6.5 Understanding of value created from stakeholder engagement

Value plays an important role in the implementation of stakeholder engagement as a manager surely needs to understand the value derived before having a willingness to implement it. Research is required about the perception of those who are involved in stakeholder management (Pacagnella et al. 2015) with a subsequent analysis to quantify the value

creation of effective implementation of stakeholder engagement. The findings indicated that the organisations were well aware of the need and the importance of understanding the value that is created to both the stakeholders and the organisation. To objectively measure this value, these companies had models and systems in place which they used both to measure the value derived from stakeholder engagement and as a continuous improvement tool. One respondent 5 emphasised that they have a research company that looks into stakeholder perception of the value that they derive while respondent 3 and 5 cited tools that they used to measure the value created from stakeholder engagement and respondent 3 actually mentioned that they have even received a letter from their Minister, drafted by a stakeholder in appreciation of the value received from stakeholder engagement efforts.

This approach, mentioned in the findings, of assessing the satisfaction and relationship maturity levels with stakeholders is congruent with the definition of value by Harrison & Wicks, (2013) who explained that anything that has the potential to be of worth to stakeholders ought to be based in the eyes of the stakeholder as valuable. Harrison & Wicks, (2013) further asserts that business should rather focus on a stakeholder-based form of measurement instrument as this enables managers of organisations to broaden their outlook on the value that their organisations are creating. It is on this basis therefore that the performance of an organisation, other than being measured financially, should also be measured according to the total value that it creates through its operations and this is the "*sum of the utility created for each of a firm's legitimate stakeholders*" (Harrison & Wicks, 2013) as mentioned by respondent 11 that although profit played a big role, it was not the only determinant of value and respondent 5 who expressed the same sentiment that long term sustainable value goes beyond profits.

Andriof et al. (2002) describe value co-creation as a valuable activity completed by two or more stakeholders. There was an overwhelming agreement among the respondents that the shift from the organisation creating value towards joint value creation with stakeholders was definitely taking place as emphasised by respondent 11 who said '*I think since the business has gone through transformation there is a better understanding that the value is shared it cannot always be about what we want you have to create value for both parties. And if you create value for both parties it will probably be more successful than if you are trying to create value for only yourself*'.

Andriof et al. (2002), further claim that in the value co-creation process, stakeholder engagement means "a dynamic context of interaction, mutual respect, dialogue and change, not a unilateral management of stakeholders". This point was emphasised by respondent 8 who said

> '*this last but one step, you should create shared value. So here, you are not doing it for them, and for your selfish reasons, you are doing it together, you will get your license, yes it's a spin off but the livelihoods will also change.*'

and respondent 5 who agreed that it is important that they listen to their stakeholders and even if the value is not material, the stakeholders and the organisations would

'*get something that will build them for the long term'.*

It is evident that understanding of value created from stakeholder engagement is important for long term sustainability but more importantly, understanding whether that value is being created using objectives measures like models and systems is important for successful stakeholder engagement and improvement processes.

As mentioned in chapter 5, the issue of relationships and trust came out strongly in the creation of stakeholder value as mentioned by respondent 7 in saying **'**That type of value that you want to have and that type of value comes from a relationship and that type of relationship comes from trust.' This sentiment is in agreement with Harrison and Wicks (2013) who use utility as a concept to measure value. One of the four factors that determine this utility is distributive justice as one of its pillars and therefore they conclude that if a relationship of trust is established, then stakeholders are prone to be honest about how happy they are, especially if distributional justice has been exhibited in the past and a stakeholder therefore believes that any additional value created in the firm as a result of the information they share is likely to improve their own situation.

The issue of relationships as an important attribute and value creator for an organisation was also highlighted in chapter 2 where Post et al (2002) defined an organisation as a 'centre of a network of interdependent interests and constituents' implying relationships – a sentiment that received agreement from most respondents. Respondent 9 spoke of the partnerships they established that led to value being created and respondent 2 who spoke of a partnership

charter and respondent 7 who likened the investment in relationships as an insurance policy for future value.

The utility concept as articulated by Harrison and Wicks (2013), comes into play once again in terms 'goods and services' as one of the four factors that determine utility and this point is articulated by respondent 6 as mentioned in chapter 5 who stresses the importance of developing a product with the understanding of the needs of the market as a forming of creating value for stakeholders and commercial value for the organisation. Respondent 9 also talks of being able to break down the value in term rands and cents through confirmation of contracts. An addition to Harrison and Wicks (2013)'s concept of utility is Sen Capability Approach (SCA) cited in Garriga (2014) which is a model of assessing stakeholder value according to stakeholder capabilities. The SCA, as mentioned in chapter 2, states that organisations promotes stakeholder value if they strengthen stakeholder capabilities which talk to stakeholder autonomy – a sentiment that was expresses by respondent 5 who mentioned that value might not be material but it could be something that builds the competence of skills over the long term. This respondent went on further to speak of creating value by addressing poverty and unemployment which talks to the capabilities model that has empathy and autonomy as some of its dimensions.

> In summary, it is evident that the stakeholder value is complex and intertwined which justifies the earlier discussion where one finding revealed that if a stakeholder exists the system it might have an adverse effect on the company and furthermore justifies the sentiments expressed by respondent 11 on the chain effect of value creation for stakeholder 'Yes, I think everyone wins. If Telkom makes more profit it means the employees get better increases, it means we can invest more in our infrastructure for better customer experience. It means we can buy more from our suppliers, it means we can invest more into our communities from a CSI perspective. So it is really a win for all. It is more around the sustainability of the organisation and that is how we see it driving the real value.'

6.6 Value apportioning among various stakeholder groups

According to Bridoux and Stoelhorst (2014), it is important to distinguish value creation from value apportioning. This adds to the literature assertion that value is truly created when organisations take into account stakeholder groups who have a bearing on the organisation because they would therefore appropriate that value accordingly. Even though the respondents were specifically asked the question around the apportioning of value, there was no direct response on that.

How is the value that is created appropriated or distributed among various stakeholders?

It became apparent to the researcher that the area of apportionment of value was not very clear to the respondents questioned with one respondent even abdicating that role to unit manager. While the researcher was hoping to explore that area, it became very clear that there was a gap in understanding of value apportioning among the respondents.

According to Garriga (2014), some stakeholders have similar capabilities and therefore value may coincide which eases the strain of the decision around value apportioning. This, according to Garriga is important because previous stakeholder research has focused on differentiating one stakeholder group from another whereas if managers of organisations could find similarities in capabilities and a coincidence of values then they could satisfy multiple stakeholders simultaneously. This could address the gap in understanding among the respondents of the concept of value apportioning.

6.7   Summary and Conclusion

In summary, there was a good understanding of what and who the stakeholders of these organisations, and these organisations could classify them in term of their levels (resource base, industry or socio political arena) and in terms of the standing (claimant or influencer). Upon analysing the stakeholder, it came through, that several stakeholders had dual role like government and organised labour. Government being share holder and policy maker ensuring accountability and labour being internal as they represent the employees and external as part of NEDLAC contributing to shaping the economic and business space of the country.

The implementation of engagement was clearly understood by the respondents as a continuous process of improvement relying mainly on stakeholder relationships. The respondents interviewed demonstrated an understanding of the theoretical foundations that demonstrate the gradual improvement in implementing stakeholder engagement from stakeholder to management which is focussed around the management of issues and balancing of positions to stakeholder engagement which involves meaningful exchange of information and dialogue. This was further demonstrated by the tools that some respondents employed to monitor their level of interaction with stakeholders as they strived towards maturity level where they meaningfully engage with stakeholders.

There are several authors that are showing that the issue of stakeholder value is still in its infancy stage in terms of having limited research and that not enough has been done on research of stakeholder engagement value, (Harrison and Wicks, 2013; Garriga, 2014; Govender & Abratt, 2016) . There are two schools of thought that have surfaced in terms of value as a result of stakeholder engagement, one looking at the capabilities as described in the Sen Capability Approach and the other at the stakeholder utility function. Although some respondents cited examples which could fit into one or both of these positions (capabilities and utility), it was not as a result of a deliberate and concerted effort. From an organisation point of view, the value that they associated with stakeholder engagement was more aligned with utility factors rather than capabilities.

Even though the respondents were specifically asked the questions around the apportionment of value, it appeared that this question was not clearly answered by the respondents. This was one of the areas that the researcher was hoping to explore but it became clear that there was a gap in knowledge when specifically dealing with the issue of apportionment of value. In fact, only one respondent spoke of the chain reaction of value in stating how creating value for one stakeholder party within the network of the organisation's stakeholders, will have a ripple effect on all other stakeholder. Another respondent spoke about the alleviation of poverty and inequality when asked this question, therefore inferring that the apportioning was based on these values.

Chapter 7: Conclusion

7.1 Introduction

The problem statement which was driving this research is recapped and is centred on the following research question. The research question is around managers' understanding of the level of implementation of stakeholder engagement; the perception of value created from this stakeholder engagement and how this value gets distributed. The research was done using a qualitative method with an interview questionnaire that was used as a foundation of a structure for in depth interviews with 11 respondents. The interviews were recorded, transcribed and coded into themes using Atlas Ti and findings presented in chapter 5 of this study. These findings were subsequently discussed in chapter 6.

In this chapter, the principal key findings of the study which are aligned to the theory are discussed. This is followed by the limitations and conclusions of the study. Based on the outcome of this study, the implications for management of the large organisation s is presented and the recommendations for the academic fraternity are outlined for future research.

7.2 Principal findings

The key findings of this study can be outlined as follows:

7.2.1 Understanding of stakeholders

The context to stakeholder engagement starts with the knowledge and understanding of the definition of a stakeholder as well the mapping or categorisation of stakeholders. The study discovered that organisation s have an understanding of the role of shareholders as both owners and stakeholders of the organisation and these organisation s do have the necessary ability to manage any conflicting interests that may arise as a result of this dual role. This meant that there was congruence demonstrated between the respondents and the literature and the theoretical views in terms of understanding who or what a stakeholder is, how they are identified and categorised.

7.2.2 Stakeholder engagement (implementation)

The principal findings of the study reveal that organisations demonstrated a good understanding of stakeholder implementation process. Several of the organisations were in various stages of either the gradual growth path or the ladder of stakeholder engagement. These stages also differ from one stakeholder to the other. The major encouragement was that the organisations understood the importance of reaching or aspiring to a higher order of implementation where engagement is a determining factor as it harnesses principles of mutually beneficial dialogue and information sharing. In addition, there were models and tools that were employed by these organisation to assess their level of implementation of stakeholder engagement further attest to this point. A distinct point to note is the overwhelming association of relationships as a key factor to successful stakeholder engagement as mentioned by the respondents. This is in clear agreement with literature such as the ladder of stakeholder engagement which shows values of collaboration and partnerships as an organisation moves further up in the engagement ladder.

Manetti (2011) outlines a seemingly vital stage in the growth path which is stakeholder engagement where organisations strive to reach should strive for while Rixon (2010) cautions organisations from using the implementation process as a management process of merely responding to increased demands from stakeholders just to placate them. Again the sentiments expressed by the respondents demonstrate their similarity with theory in that they expressed the need for their organisation to move away from simply managing stakeholders towards stakeholder engagement. Key words such as stakeholder inclusion which were mentioned by the respondents further attest to this sentiment.

7.2.3 Value creation and engagement

This study demonstrates that respondents do make a vital link between stakeholder engagement and value created and demonstrated a buy-in into the concept of the co-creation of value with stakeholders as the ideal form of value creation. The relationships that they harness with stakeholders was the most common determinant of value among all the respondents. Another finding of this study was that the organisations were driving value creation but employing more the utility aspect of value (as explained in chapter 2, section 2.3.1.1 as opposed to capabilities, outlined in chapter 2, section 2.3.1.2.

7.2.4 Value apportionment

The concept of value apportionment still demonstrates a gap in terms of literature as outlined in chapter 2 and the organisation confirmed this as they revealed a lack of understanding of the basis for apportioning of value. This therefore remains a weak area both in terms of literature and in the understanding by organisations. This is despite evidence in literature that stakeholder theory, which includes the understanding of stakeholders as well as the implementation of stakeholder engagement has been written on and debated extensively there is still a gap in research on the value creation from stakeholder engagement

7.3 Recommendations

The following recommendations are made to organisations;

- The study reveals that organisations could strengthen governance on stakeholder engagement protocol particularly in light of increased accountability. This is pertinent in the organisation s studied which are public sector organisations largely and therefore are perceived in the public arena to be a target for manipulation.
- Organisations should strive to achieve increased reciprocation from stakeholder when implementing stakeholder engagement so there is advocacy from stakeholder as well as dual responsibility for value creation.
- Organisations can focus their efforts on understanding value apportionment to enable them to effectively manage this process in stakeholder engagement.

7.4 Research Limitations

The following limitations are applicable to this research:

- The study focused on the point of view of the organisation and not of the stakeholders. It would have added more value to the study to understand the sentiment expressed in this study from the point of view of the stakeholders. The combination of the two would have offered data triangulation which would have strengthen the study even further. Despite this limitation, the face-to-face interviews allowed for an in-depth discussion with stakeholder practitioners, who were deliberately selected to be senior managers in their organisations.
- Purposive sampling was used to select the sample for the purposive of this study and

therefore, the outcomes of this study could not be generalised. In addition the organisations studied had commonalities in that they all had significant government ownership and no private sector organisations were included in this study. The use of purposive sample fit the purpose of the study, as the aim was to get the in-depth information rather that generalisability.

- The response bias which is inherent in an explorative and qualitative study could as well be another potential limitation. It was possible that the respondents provide their perspective based on their belief of a particular subject, which could bring bias in the way he or she answered during the interviews.

7.5 Suggestions for Future Research

The following suggestions for future research are recommended:

- The issue of stakeholder value needs further development in literature, particularly as it relates to the interpretation of value from a stakeholder point of view as well as apportioning of value, as emphasized by Wood (2010), cited in Lankoski et al (2016) in stating that literature has "a theoretically strange focus on the organisation rather than stakeholders and societies".

- The literature on the utility concept of value as well as the capabilities concept of value is relatively new and requires further development. Furthermore, a relationship can be developed between the two to determine if they can co-exist, and investigate if these can improve the stakeholder value. This is necessary within the government associated organisations as it should be their goal to develop the sustainability of the stakeholder value.

- Further literature can be developed in terms of the relationship between stakeholder engagement and value and what the immediate effects of this are as opposed to long term sustainable effects.

7.6 Conclusion

This study could be regarded as successful because it met its objectives and answered the research question. Its main contribution was to from a corporate affairs perspective, in that it

dealt with theoretical and empirical issues relevant to one of the primary concerns of the discipline – the management of stakeholder relationships which is done through the engagement of stakeholders. This primarily talks to the implementation of stakeholder theory. In addition, it raised critically important questions for these professionals who are often in positions of influence with corporate decision-makers, which is - What can and should practitioners do to ensure the process of stakeholder consultation is sufficiently demonstrative of the principles of the highest order of interaction which is stakeholder engagement as opposed to management. Answering these questions, is expected to improve the practitioner's effectiveness in stakeholder engagement.

Thirdly it reveals a need for managers in organisations to not only be able to identify and understand the value that is co-created from stakeholder engagement but also to understand the issues dealing with the apportioning of value.

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APPENDIX A: Ethical Clearance

Dear Makhosazana Thabethe

Protocol Number: Temp2016-01683

Title: Stakeholder engagement – level of implementation and determination of value creation

Please be advised that your application for Ethical Clearance has been APPROVED.
You are therefore allowed to continue collecting your data.
We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker

APPENDIX B: Interview guide

I am conducting research on Stakeholder Management to understand how it is viewed and implemented. The interview is expected to last an hour, and will consist of a number questions that will be exploratory in nature to determine the level at which your organisation places stakeholder management and the perception on value creation.

The contents of the interview may be made publicly available, in the form of an MBA thesis without your name or any other personal details except gender and age being referred to. Your participation is voluntary and you can withdraw at any time without penalty.

PART 1: Personal Details

1. Purpose of the study: Explain the purpose of the research to the respondent including the details about how data will be collected. Indicate that each session will be recorded however the identity of the participants will be kept confidential should the wish.
2. Name of Respondent:
3. Position in the company: Can you tell me about your role in the organisation, explaining your division and reporting structures? This is to allow the respondent to elaborate on their role and what it encompasses. It also enables the researcher to understand the division where stakeholder relations is managed from in the organisation.

PART 2: Stakeholder engagement overview
1. Does your organisation interact with various groups or individuals or organisations who are not part of your company but have some level of influence on your organisation?

2. Who constitutes your stakeholder and how do you identify these stakeholders?

3. Do you prioritise stakeholders for engagement and if so what process do you use?

4. What are the channels and methods used to reach the stakeholders identified? And how do you deal with discourse from stakeholder groupings?

5. How do you measure success?

6. What would you view as challenges to stakeholder engagement?

PART 3: Value

1. Is there any value that is created/co-created from stakeholder management?

2. How is the value that is created appropriated or distributed among various stakeholders?

END OF INTERVIEW THANK YOU

INTERVIEW DECLARATION

I ………………………………. (Participant) declare that I have voluntarily participated in the interview and that the information I provide is honest and truthful.

Signature :   Date:

APPENDIX C: Consent Form

Gordon Institute
of Business Science
University of Pretoria

Unit 2 Waverly Gate

Carol Crescent

Waverly

2090

Dear Sir/Madam

I am conducting research on Stakeholder Management to understand how it is viewed and implemented. I therefore request an opportunity to interview the relevant principal/s dealing with stakeholder management in your organisation. The interview is expected to last an hour, and will consist of a number questions that will be exploratory in nature to determine the level at which your organisation places stakeholder management and the perception on value creation.

The contents of the interview may be made publicly available, in the form of an MBA thesis without your name or any other personal details except gender and age being referred to. Your participation is voluntary and you can withdraw at any time without penalty. If you have any concerns, please contact myself, Khosi Thabethe or my supervisor, Jabu Maphalala. Our details are provided below:

Researcher: (Miss) Makhosazana Thabethe
Email: 15407030@mygibs.co.za
Phone: 083 293 6097
Supervisor: (Mr) Jabu Maphalala
Email: jabumaphalala888@gmail.com
Phone: 071 679 2770
Signature of participant: _____
Date: _____

Signature of researcher: _____

Date: _____

APPENDIX D: List of interview participants

No.	Name	Position	Organisation
1	Mr. Lufuno Raliphada	**Senior Manager:** Social and Relational Capital	Transnet Capital Projects
2	Mr. Ace Magagadi	**Senior Manager:** Employee Relations	Sasol Mining (Secunda)
3	Ms. Marion Hughes	**GM:** Stakeholder	Eskom (Head Office)
4	Mr. Nkosana Sibuyi	**Senior Manager and Unit Head**: Corporate Affairs for Gauteng Operating Unit	Eskom
5	Mr. Leo Makgamate	**Senior Manager:** stakeholder:	Reserve bank
6	Ms. Mmabatho Mabuyi	**Manager:** Stakeholder Relations	Eskom
7	Ms. Mpumi Mabuza	**GM** Stakeholder	Brand South Africa
8	Ms. Maureen Mboshane	**Senior Vice President:** Public Affairs	Sasol (Secunda)
9	Ms. Zimbini Zwane	**Senior Manager:** Stakeholder Engagement Policy & Regulations	Sasolburg Operations
10	Ms. Vuyelwa Qinga	**Group Executive:** Communication & Public Affairs	Denel SOC (Ltd)
11	Mr. Garth	**Executive:** Enterprise Risk Management	Telkom SOC (Ltd)

Appendix E: Initial codes of the study

1	Acceptance of projects	116	Minister of public enterprise

2	Act	117	MMC for infrastructure
3	Allegations	118	MMC for safety and security
4	Authorisers	119	MYPD3
5	Bad publicity	120	National treasury support
6	Basis of request	121	Nature of stakeholder elevation
7	BBC	122	Negative perceptions
8	Benefit of engagement	123	NERSA
9	BLLSA	124	NERSA as a stakeholder
10	BMF	125	Net promoter score
11	Borrowing	126	NGOs and CBOs
12	Briefing the board	127	Not servicing debt
13	BUSA	128	Number of provinces
14	Business structure	129	Operational regions
15	Buy in from stakeholders	130	Organisation's objective
16	Bypassing metre	131	Organisation background
17	Cable theft	132	Organisation structure
18	Capital types	133	Organised business as stakeholder
19	Challenges faced	134	Organised labour as stakeholders
20	Challenges with consumers	135	Our stakeholder matrix
21	Client as a stakeholder	136	Participants responsibility
22	Coal industry as stakeholders	137	Participants role
23	Codes of practices	138	Participants title background
24	Communications	139	Partners
25	Community associations	140	Partnership charter
26	Community grievances call centre	141	Partnership forum
27	Community relations	142	Perception interview tool
28	Community stakeholders	143	Point of entry
29	Company divisions	144	Political influence
30	Company interaction	145	Political intervention
31	Company reputation	146	Political parties
32	Company's acknowledgment	147	Political proximity
33	Complain to portfolio committee	148	Prepaid payment solution
34	Complain to public protector	149	Principles
35	Conflict prevention	150	Prioritised stakeholders
36	Conflict resolution	151	Profitable urge
37	Conflicting views between shareholders or stakeholders	152	Project with community
38	Core skills	153	Protection of customers
39	Corporate governance	154	Provincial government stakeholders
40	Corporate plan communicated	155	Public affairs
41	Corporate social investment	156	Purpose

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42	Credit rating	157	Qualities of stakeholder management
43	Criteria used on the policy	158	Quality of engagement
44	CSI	159	Quarterly board meeting
45	CSI focus area	160	Reason for stakeholder
46	Customer audit	161	Regulator as stakeholder
47	Customer management	162	Regulators
48	Customer self-management	163	Rejection of project
49	Customers into prepaid	164	Relational capital
50	Decision of value	165	Relationship building
51	Definition of victory	166	Relationship level
52	Department of defence	167	Reporting structure
53	Department of energy	168	Reputation study
54	Department of public enterprises	169	Reputation study tool
55	Department of transport	170	Request funding
56	Different level	171	Resolving an issue
57	Disadvantages of ignoring an issue	172	Responsibility for engagement
58	Easy execution	173	Revenue from tariffs
59	Effect of support	174	Sasol protocols
60	Effect on business	175	Sasol's philosophy
61	Electrification project	176	Schedule 3
62	Employees as stakeholders	177	Security of electricity supply
63	Engagement meetings	178	Senior manager social investment
64	Engagement plan	179	Shareholder as stakeholder
65	Environmental effects	180	Social capital
66	Environmental managers	181	Source of funding
67	Equity injection	182	South African Airforce stakeholders
68	Eskom corporate plan	183	South African Defence Force stakeholder
69	Evidence for consultation	184	Stakeholder clusters
70	EXCO	185	Stakeholder denied
71	Executive mayors	186	Stakeholder engagement groups
72	Foreign direct investment	187	Stakeholder engagement
73	Funding of the organisation	188	Stakeholder engagement report
74	Game plan	189	Stakeholder intelligence
75	Government as stakeholders	190	Stakeholder interaction
76	Guideline for engagement	191	Stakeholder involvement
77	High commissioners as a stakeholder	192	Stakeholder involvement assessment
78	High GDP contribution	193	Stakeholder landscape
79	Hold staff hostage	194	Stakeholder management plan

80	Illegal connection	195	Stakeholder management
81	Impact of poor service	196	Stakeholder matrix
82	Impact of stakeholders	197	Stakeholder policy
83	Impact of strategy	198	Stakeholder relation standards
84	Impact of taking care of stakeholder	199	Stakeholder relations
85	Impact on bottom power	200	Stakeholder relationship
86	Imposing in community	201	Stakeholder structure
87	Independent producers as stakeholders	202	Stakeholders in the industry
88	Influence on investors	203	Strategic objectives
89	Influencers	204	Strategy of stakeholder management
90	Information for accountability	205	Study material
91	Information sharing	206	Success factor
92	Intact reputation of organisation	207	Sugar tax
93	Interest of stakeholders	208	Support from stakeholders
94	Internal ambassadors	209	Sustainability report
95	Internal conflict	210	Target investment destination
96	International team or structure	211	Targets
97	Issues addressed	212	Team involvement
98	JCCI	213	The ranking of stakeholders
99	Keeping up momentum strategy	214	Threatening of staff
100	Key stakeholders in the industry	215	Top prioritised stakeholders
101	Lack of buy in	216	Understanding of issues
102	Lack of consultation claims	217	Building relationship
103	Lack of stakeholder support	218	Co-creation of value
104	Lack of support consequence	219	Communication as support
105	Learning for stakeholders	220	Dealing with problems in a professional way
106	Limitation of alternative	221	Influence on value
107	Lobby groups	222	Measuring success
108	Local government stakeholders	223	Partnership with labour or other
109	Manage interaction	224	Recognising value
110	Management of challenges	225	Reputation of the company
111	Mandate	226	Research about the stakeholder
112	Mapping of issues	227	Resolving of issues
113	Maturity rubric	228	Strategic
114	Media	229	Understanding of value
115	Method of getting stakeholder list	230	Value recommendation