

# Stakeholder management: a case of its related capability and performance

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## Abstract

**Purpose** – A central claim of stakeholder theory is that the purpose of business is to create value for various stakeholders. However, managing diverse interests of stakeholders can be challenging in a business environment entrenched with different value systems. Lacking of qualitative narratives and complicated nature of corporate governance perhaps have impeded the stakeholder theory to become a major theory of strategic management and organizational ethics on its own. The purpose of this paper is to ascertain the strategic values of stakeholder management.

**Design/methodology/approach** – Three stakeholder management case studies, taken in the context of a large corporatized public organization, were conducted in attempting to amplify the underpinning theories of stakeholder identified by Laplume *et al.* (2008). Tape-recorded semi-structured interviews were transcribed into texts. To reduce retrospective bias, some typical secondary records were examined.

**Findings** – Stakeholder management can be a core competence that draws resource capabilities throughout a firm for generating desirable triple bottom line results, which also eases the tensions between shareholders and stakeholders of the firm.

**Research limitations/implications** – Stakeholder management is an organizational mechanism tightly embedded in the firms' strategic organizing and strategizing routines. It is vital for generating desirable triple bottom line results. This conjures up potential linkages between the stakeholder theory and the resource-based view (RBV) theory as pursuing stakeholder management can be a hard-to-emulate strategic asset within the framework of the RBV theory.

**Originality/value** – There is relatively scant literature that pays attention on amplifying stakeholder management theory in the public sector organizations. Through the unlocking of some valuable public sector data sets, this research can make a positive contribution in the areas.

**Keywords** Stakeholders, Public sector organizations, Stakeholder analysis, Core competences, Social responsibility, Corporate strategy

**Paper type** Case study

## Introduction

Operating in the globalized, turbulent geopolitical and business environments, entrenched with different value systems, managing diverse interests of stakeholders can be challenging for any organization. Stakeholder management is an indispensable part of daily organizational routines. However, lacking of focussed empirical research and qualitative narratives remain key challenges in advancing the stakeholder theory as a major theory of strategic management and organizational ethics on its own (Harrison and Freeman, 1999; Laplume *et al.*, 2008, p. 1181; Phillips *et al.*, 2003). Some scholars even argue that stakeholder theory is controversial as it questions a



deep rooted value, profit maximization for shareholders (Jensen, 2002), increases unnecessarily managerial opportunism (Cennamo *et al.*, 2009), and complicates corporate governance (Sundaram and Inkpen, 2004). Against the backdrops and with a view to ascertain the strategic values of stakeholder management, we conducted three major stakeholder management case studies, namely, the RM7 billion[1] Rio Tinto aluminum smelter plant project, the RM500 million Azenertel-Kanuli Tanjung Batu beach resort project, and Trienekens scavenging services, taken in the organizational context of a large Malaysian governmental authority, Bintulu Development Authority (BDA), entrusted to develop the premier energy town in Malaysia, Bintulu, located in Sarawak, the only state in the country rated A by Standard & Poor's.

This paper has the following organization. First, we conduct the related search on stakeholder management literature. The rationales of qualitative research methods and background of key stakeholders are then discussed. In what follows, we analyze and synthesize the three stakeholder management cases with BDA taken as the focal firm, as well as discuss the implications of the works before drawing conclusions. Though stakeholder engagement could be a complex process, it is an indispensable organizational action for the firm to fulfill its economic self-interest and stakeholder expectations via its organizational strategic management mechanisms. By drawing resource capabilities throughout the organizations, stakeholder management can be a valuable organizational capability for sustained value creation.

### Theoretical development

A stakeholder is any group or individual who can affect or is affected by the achievements of a firm's objectives (Emshoff and Freeman, 1978; Freeman, 1984). The stakeholder group can be organizational, societal, and economic (Werther and Chandler, 2011). Stakeholder management is the integration of constituents with a legitimate interest in the firm into managerial decision making (e.g. Bowie, 2012, p. 180; Emshoff and Freeman, 1978; Freeman, 1984). In this section, we review the related literatures of stakeholder theory by encapsulating the four themes of stakeholder theory identified by Laplume *et al.* (2008), used as the guiding framework for designing a related interview questionnaire (see the Appendix) and for analyzing the three stakeholder management cases. Reviewing 179 articles on the stakeholder theory literature developed between 1984 and 2007, Laplume *et al.* (2008) discover five major themes, within the stakeholder theory research[2]. The themes are: stakeholder definition and salience; stakeholder actions and responses; firm actions and responses; firm performance; and theory debates. They conclude that the stakeholder theory seems to have gained acceptance in the various strands of management theory. We exclude the theory debates theme which encompasses the dimensions of normative foundations, critics, and competing theories of stakeholder theory in the following encapsulations. Besides, we also conduct related literature search on capability and performance in order to ascertain the valuable characteristics of stakeholder management.

#### *Stakeholder definition and salience*

Stakeholder is anyone with a material interest in the firm (Cragg and Greenbaum, 2002), and has resources to influence organizational survival (Pajunen, 2006). Power, legitimacy, and urgency of stakeholders are the three most important attributes that determine the stakeholder salience to managers. The relative importance of each

attribute determines the level of stakeholder salience to which managers give priority to competing stakeholder claims (Agle *et al.*, 1999; Mitchell *et al.*, 1997). The stakeholder salience varies by stakeholder culture and industry's politicized framing.

#### *Stakeholder actions and responses*

Stakeholders can assert influences on the firms via forming coalitions (Neville and Menguc, 2006), influencing strategies (Frooman, 1999), altering power and legitimacy (Welcher, 2002), and configuring relationship structure (Friedman and Miles, 2002). The stakeholder groups will mobilize when they desire to protect interests (Rowley and Moldoveanu, 2003), they are capable (Rowley and Berman, 2000), or they perceive the target organization is responsive to their needs (Butterfield *et al.*, 2004). They will support the firms when the firms are not a source of significant environmental impact (Hendry, 2006), the firms are reliable, legitimate, accountable, and established (Choi and Shepard, 2005), or the firms have treated them fairly (Hosmer and Kiewitz, 2005).

#### *Firm actions and responses*

Building stakeholder trust (Heugens *et al.*, 2002), making charitable contribution (Adams and Hardwick, 1998; Haley, 1991), managing organizational identity (Scott and Lane, 2000) and reputation (Carter, 2006), and having stakeholder representation on corporate boards (Luoma and Goodstein, 1999) are some measures the firms can take to gain supports from their stakeholders. By maximizing the long-run value of the firms (Jensen, 2002), taking the perspective of multiple stakeholders (Schwarzkopf, 2006), and the use of mediation (Lampe, 2001), the firms can gain balanced stakeholder interests.

#### *Firm performance*

Stakeholder management provides the underlying logic connecting the social performance and financial performance of the firm (e.g. Barnett, 2007; Berrone *et al.*, 2007; Bouckaert and Vandenhove, 1998). On other organizational outcomes, it increases societal legitimacy (Heugens *et al.*, 2002), improves organizational learning and innovation (Harting *et al.*, 2006), and reduces hostile takeover frequency (Schneper and Guillen, 2004). It may also jeopardize chief executive office's personal wealth (Coombs and Gilley, 2005).

*Capability and performance.* Organizational capabilities are the firms' ability to deploy purposefully integrated resources to achieve desired ends (Hitt *et al.*, 1999). A capability should be neither too simple that it is highly imitable by rivals, nor too complex that it defies internal control (Schoemaker and Amit, 1994). Freeman (1984, Chapter 3) advocates a whole stakeholder approach to strategic management. He argues that a firm ought to possess a stakeholder management capability capable of integrating the interests of stockholders and stakeholders when developing sound corporate policies for effective implementation. On the other hand, organizational resources, can either be tangible or intangible, are factor inputs into a firm's production process (Barney, 1991; Grant, 1991). The resource-based view (RBV) of the firm, which focusses on internal factors of the firm, purports that the firm's unique combination of its internal resources and capabilities is the critical link to the above average returns (e.g. Barney, 1986, 1991; Barney *et al.*, 2011; Collis, 1991; Wernerfelt, 1984). Core competence, an organizational pooled of valuable resource capability that serves as a source of competitive advantage for a firm over its rivals, is a key concept linked to the RBV (Prahalad and Hamel, 1990).

Organizational performance is multidimensional. Its measurements should consider the interdependencies of environmental, social, and economic aspects, i.e., reflecting the triple bottom line aspect in achieving business sustainability and common good (Elkington, 1994, 1998). A central claim of stakeholder theory is that the purpose of business is to create value for various stakeholders (Freeman, 1984; Freeman *et al.*, 2010; Preston and Sapienza, 1990). Stakeholder management affects a firm's triple bottom line performance as organizational stakeholder groups influence managerial activities internal and external to the firm. It provides a more complex perspective and new way of measuring the notion of value and the corporate sustainability (Harrison and Wicks, 2013; Perrini and Tencati, 2006) that have been overly narrowed to focus on economic returns (Jensen, 2002), and emerges as important weapon for strategic management in managing complex stakeholder interests (Lim *et al.*, 2005). Some research results also show that a firm can simultaneously meet the interests of its shareholders and other relevant stakeholders, consistent with stakeholder theory (e.g. Berman *et al.*, 1999; Bridoux and Stoelhorst, 2014; Galbreath, 2006; Henisz *et al.*, 2014; Ogden and Watson, 1999).

## Context and methodological issues

### *Methodology*

Stakeholder management processes are complex and multi-faceted. We adopt an in-depth case study approach to capture the insights of three stakeholder management cases selected, i.e., the Rio Tinto aluminum smelter plant, the Azenertel-Kanuli Tanjung Batu beach resort, and Trienekens scavenging services. The qualitative research approach amplifies the abstract theory from multiple perspectives, thus giving the research results a more human face and holistic view. As such, it improves the validity of theories (Bettis *et al.*, 2015; Grant, 2003; Yin, 1994). Via a formal permission given in 2012, BDA permitted us to conduct a research into its practicing CSR aspects. The study on the three stakeholder management cases are part of the said larger CSR research project. Building upon the understandings gained from the existing larger fieldworks and secondary data analyzed, we carried out two further tape-recorded semi-structured interviews based on the interview questionnaire presented in the Appendix, concerning the chronological developments in the three stakeholder management cases taken in the context of BDA.

Strategically located along the route between the Far East and Europe, the region of Bintulu is the host city for all the three stakeholder management cases. Many of the mega industrial projects implemented in Bintulu such as the Bakun hydroelectric dam, Malaysian Liquefied Natural Gas plants, and Shell Middle Distillate Synthesis plant are classic examples of what could be achieved when there is a close cooperation among Malaysia, the East, and the West. BDA has autonomous power to conduct its affairs in the designated Bintulu region as well as on the three stakeholder management cases. As a corporatized governmental agency with multi-faceted governmental, societal, and business roles, the organization has to compete openly with other city councils and governmental agencies to attract investments, migrants, tourists, and other meaningful exploratory and exploitation undertakings to Bintulu. Its managerial decisions and corporate missions will affect many aspects of the well-being of business communities, societies, and ecologies. Hence, taking BDA as the focal firm for the research on the three stakeholder management cases, covering the core functions of BDA in the areas of municipal services, developments, and promotion of investments,

will be more practical to frame the scope of research, analysis, and result discussions for meeting the stated research objectives.

The interviews were conducted between June 2014 and July 2014 at the headquarters of BDA. Two members of the BDA top management team, responsible in the areas of corporate affairs and municipal services were interviewed. They can speak with authority on the subject matters under studied. On average, an interview took about 60 minutes. The tape-recorded interviews were transcribed into texts. To reduce retrospective bias, we examined also some typical secondary records such as endorsement documents, policy clarifications, and correspondences from the organizations concerned, press releases, office minutes, contract documents, websites, newspapers, newsletters, magazines, and annual reports.

#### *Background of key stakeholders*

*BDA.* BDA was incorporated on July 8, 1978 under the BDA Ordinances 1978 as a corporatized government agency to take charge of physical planning, infrastructural development, and promotion of industrial investment in Bintulu. It assumed the city council role on April 1, 1980. Located in the state of Sarawak, Bintulu is known as a town of resource-based industry, oil and gas, as well as renewable energy in Malaysia. The discovery of large reserves of natural gas offshore in 1968 saw the turning point for Bintulu from a coastal settlement to an industrial town. Bintulu is the home to some largest industrial establishments in the country and the world, for examples, Petronas Liquefied Natural Gas Complex, Shell Middle Distillate Synthesis plant, and Bakun hydroelectric dam. It is the major exchange earner of the country.

BDA has a vision of developing “Bintulu into a friendly industrial city by 2020,” and a mission of becoming “a development agency and a city council, committed to manage the advancement of Bintulu, in partnership with its people, into a friendly and sustainable city through the provision of quality physical, social and economic development services” (e.g. The BDA Ordinance, 1978; Bintulu Development Authority, 1989, 2008). The phrase “in partnership with its people” portrays strong stakeholder management embeddedness in the core business routines of BDA. BDA is also entrusted by the state government of Sarawak to coordinate the development of the Samalaju Industrial Park, launched in 2008, hosting several multi-billion RM industrial projects. The park is being powered by the renewal energy generated mainly from the RM9 billion Bakun hydroelectric dam (Regional Corridor Development Authority, 2015).

*Rio Tinto.* Headquartered in the UK, Rio Tinto is a major international mining group combining Rio Tinto plc, a London and New York Stock Exchange listed company, and Rio Tinto Limited, listed on the Australian Securities Exchange. The firm’s core businesses are finding, mining, and processing mineral resources.

*Azenertel-Kanuli group.* Azenertel Holdings Sdn Bhd and its wholly owned subsidiary Kabuli Sdn Bhd were the pioneer local property development companies which undertook the Tanjung Batu beach resort project in Bintulu in the early 1990s.

*Shin Yang group.* Shin Yang a major local Chinese-based huge conglomerate of companies with diversified business activities such as construction, reforestation, shipping, real estate, plantations, quarrying, hypermarket, and hotel business. The group succeeded Azenertel-Kanuli group to complete the phase I of the Tanjung Batu beach resort project.

*Trienekens.* Trienekens GmbH is a Germany-based company with more than 90 years of experience in the field of waste and environmental management.

On November 7, 1998, it joint-ventured with the state government of Sarawak to form a company named Sarawak Waste Management Sdn Bhd to implement an Integrated Solid Waste Management System in the state. The system is concerning the successful integration of collection, transportation, treatment, and disposal of municipal and scheduled waste. Trienekens (Sarawak) Sdn Bhd, incorporated on June 8, 1999 is the operating company appointed by Sarawak Waste Management Sdn Bhd to develop, implement, and operate the Integrated Solid Waste Management System commencing in June 2000.

### Development, data analysis, and finding

Strategic actions of BDA have direct impacts on the local communities, economic, and environmental infrastructures. The three real-life stakeholder management cases covered the core businesses of BDA, namely, attracting foreign direct investments, promoting private investments, and provision of municipal services. We analyzed the three cases into the following dimensions: background; development and stakeholder issue; recent developments; and stakeholder management approaches so as to capture their major happenings, which also have direct bearing with BDA.

#### *Rio Tinto aluminum smelter project*

*Background.* Under its first master development plan, the Bintulu Regional Center Study, BDA intended to build an aluminum smelter plant to be located 15 kilometers away from the downtown of Bintulu. The master plan, prepared by the consultants from Australia for the government of Malaysia, guided the orderly development of Bintulu from 1979 to 1995 (Australian Development Assistance Bureau, 1979).

*Development and stakeholder issues.* Rio Tinto in partnership with Cahya Mata Sarawak Bhd, planned to construct a RM7 billion aluminum smelting plant at the Samalaju Industrial Park, Bintulu. Cahya Mata Sarawak, listed on the Bursa Malaysia, is the largest company in infrastructure development in Sarawak. The proposed state-of-the-art smelter had a maximum capacity of 1.5 million tons a year. A feasible study on the project was carried out in August 2007. Both firms signed a memorandum of understanding in February 2008. Later, they entered negotiation with Sarawak Energy Bhd on a power supply of between 900 megawatt to 1,200 megawatt, to be generated from a renewable source, i.e., the RM9 billion Bakun hydroelectric dam (Ali, 2012).

There were numerous debates on the merit of the project. The project was expected to capitalize the growing demand from the Asian market, especially from China and India (Ali, 2012), create 5,000 jobs, strengthen the bilateral relationship between Australia and Malaysia (*The Borneo Post*, 2011), and use ample hydro-electricity in Sarawak to power heavy industries (Thukral, 2008). However, sceptics argued that the project can be detrimental to the natural environment where the plant was to be located. It only benefits government-linked corporations with favorable access to the project. The prolonged subprime and Euro-zone crises triggered job cuts and debt restructuring exercises in the firms concerned. The financial risk of the project was heightened (Malaysiakini, 2008; Towie, 2012).

*Recent developments.* No viable terms on commercial power supply with Sarawak Energy Bhd were finalized. The proposed aluminum smelting plant was shelved in the early 2012. On another development, Cahya Mata Sarawak Bhd invested 20 percent shareholding in the 600,000-ton manganese and ferroalloy smelter established at the Samalaju Industrial Park by an Australian firm, OM Holdings Ltd (Ali, 2012).

*Stakeholder management approaches.* Sarawak has been regarded as less competitive in comparison with other more developed states in Malaysia such as Selangor and Penang in setting up manufacturing plants for large scale production. Lately, its state of competitiveness is enhanced following the completion of two hydroelectric dams, the RM9 billion Bakun dam and the RM3-billion Murum dam, which generate massive renewable energy for industrial developments. The proposed aluminum smelter plant was expected to harness huge volume of the energy generated from the Bakun dam. Besides, the smelter plant project seemed to be in line with the development goals of Sarawak and BDA in uplifting the GDP growth of the state to a whole new level:

Since there is abundant of renewable source of hydro power in Sarawak, firms in other parts of the world are now going for world-size plants [...] So, what we have at our Samalaju Industrial Park are our world-size plants. A world-size plant means the raw materials can come from any parts of the world and the markets are any parts of the world. Being a world-size plant, the unit cost should be lower [...] The plant is able to operate in Bintulu. That is the scenario of manufacturing we are looking for in Sarawak [...]. The local market is also very limited. So, we need world-size plants to be located in Bintulu [...].

Rio Tinto was among the first committed to invest in the Samalaju Industrial Park. The local communities were scared by the potential negative causes such cancer and pollution that the plant would bring. There were big outcries from the general public on the proposed project even though it was 60 kilometers away from their backyards, as opposed to the 15 kilometer one originally planned under the first master plan, the Bintulu Regional Center Study:

But even now Bintulu, Sarawak, and Malaysia need Gross Domestic Product (GDP) growth. Economic activities have to continue. As I said earlier, we can only grow by using our hydro power potentials to attract world-size plants to Bintulu. The new site for the planned aluminium smelter is 60 kilometers away from the downtown of Bintulu. So, the public should have lesser concerns in comparison with the one proposed before [...] Our job is more to the politicians and the people of Sarawak. The aluminum plant's issues had been raised in the parliament and the state assembly. We answered the queries raised [...].

Regarding the environment issue, it is all about misconception. The issues are minimal. The production and refinery of aluminum are in Australia. The proposed plant at the Samalaju Industrial Park only makes it into aluminum pellets. All the processes are reported in the Environmental Impact Assessment report to make sure that the environment is untouched [...].

The Environmental Impact Assessment report was displayed to the general public for scrutiny. Only with no serious objection, the firms concerned can proceed with the proposed project.

As a governmental development agency, BDA provided the sites and infrastructural facilities at the Samalaju Industrial Park. BDA also provided those interested firms with anything that they wanted to know about Bintulu, and facilitated their liaison with the state government of Sarawak:

Our [BDA's] job is more to the politicians and the people of Sarawak. The aluminum plant's issues have been raised in the parliament and the state assembly. We answered the queries raised [...].

Somehow the aluminum market was slowing down in the past few years. China, which is the biggest importer of aluminium, slowed down. The United States and the European Union also

slowed down. The firms found it not feasible to proceed. The GDP in the world major economies are not growing. Rio Tinto also carried out some corporate restructuring exercises in Australia. The site allocated to the proposed Rio Tinto plant at the Samalaju Industrial Park was reallocated to other firms [...].

When the interested firms wanted to carry out the project, the aluminum price in the world market was attractive. When the plant was ready to be built, there were recessions everywhere around the world. So, there was a timing mismatch. From the economic and risk perspectives, there was no longer the need for the world-size plant. Subsequently, a smaller aluminum smelter plant was built in 2012 by Press Metal Bhd, a Malaysian investor, with production capability of 320 thousand tons per year for the local and the Southeast Asia region markets (Lai, 2014; Wong, 2012).

#### *Azenertel-Kanuli Tanjung Batu beach resort project*

*Background.* In the early 1990s, Azenertel Holdings Sdn Bhd, a local-based company, and its wholly owned subsidiary Kabuli Sdn Bhd undertook a RM160 million beach resort project in Bintulu. The project was expected to be developed in two phases. Phase I comprised two blocks of luxury apartments scheduled for completion by the middle of 1996. On the other hand, phase II had a five-star international hotel, two blocks of condominiums, and an island completed with marina and recreational facilities. It was set for completion by 1997 (Berita BINDA, 1995). The beach resort project was approved by BDA under its Tanjung Batu Coastal Reserve Master Development Plan[3]. When the beach resort project is fully completed, the area will become a vibrant place in the state of Sarawak.

*Development and stakeholder issues.* Bintulu is the premier industrial town of Sarawak. The beach resort project would make the affluent lifestyle of living in the town possible. It was in line with the development blueprint of BDA at the time. The responses from the local communities to the sales of the condominium units, under the phase I, were encouraging. Unfortunately, there was stoppage of the project before its scheduled completion in 1996. Poor corporate governance from the project initiation to implementation, questionable financial and technical strengths of the project's promoters, and the looming Asian economic crisis 1997/1998 could be some reasons that led to the stoppage. The general public concerned was aggrieved by the stoppage. There were uncertainties associated with the future direction of the project.

*Recent developments.* In 2009, the 11-storey and 16-storey condominiums, under the phase I, were formally completed by a large local conglomerate group, Shin Yang, as part of their RM500 million investment to revive the beach resort project (Wong, 2007). The earthworks and reclaiming land from sea for the phase II of the project were completed. The construction works are progressing with a major milestone expected in 2015[4].

*Stakeholder management approaches.* The beach resort project was one of the recreation facilities proposed under the Tanjung Batu Coastal Reserve Master Development Plan:

Coming back to the benefits to the people of Bintulu, I think we need some landmarks whereby they indicate that BDA is promoting developments [...] The Tanjung Batu coastal reserve area is a rare coastal asset in the whole of Sarawak because not many beaches in Sarawak have rocks and hills. But, they are mostly swamps. To enhance the value of the coastal reserve, there shall be an apartment complex at its entrance to provide high-class living style to the local and expatriates living in Bintulu [...].



It was a private sector development approved by BDA. In this case, the role of BDA was indirect as the development function was given to the private sector. The State Planning Authority in Kuching later endorsed the approval:

As said, the beach resort enhances the value of Tanjung Batu coastal reserve whereby in every city you need to build green lands just like the Central Park in New York, the Hyde Park in London, and the Lake Gardens in Kuala Lumpur. There was no such park in Sarawak [...] We were just playing the role of approving on the site, building, and engineering plans [...].

There were some problems with the developers as there was some delay in the project for almost ten years. The developers had to restructure and to get new partners to complete the project:

I think there were some internal problems with the developer. It had to restructure and to get new partners to complete the project [...] This has nothing to do with BDA. BDA only approved the site and the engineering plans [...] BDA didn't delay the project. It is not the government's duty to be actively involved in the private developments. In some abandoned housing projects, the buyers complained that they can't move in. The government took over and completed the projects. BDA may need to communicate more to the buyers that the minimal role that BDA played is only on the approval of the site and the engineering plan [...].

As buyers had already paid the booking fees, the existing developers had to negotiate with new partners to complete the project. For any issues raised in the public and the parliament, the role of BDA was to answer any queries. Subsequently, the project was revived. BDA approved the new engineering plans without delay. The new developer, Shin Yang group, completed the phase I of the project in 2009:

Bintulu is undergoing fast pace of economic and population growth all the time even though there were ups and downs. As a whole in the past 30 years, it has grown more than any other divisions in Sarawak [...] The studio at the apartment was very small (less than 200 square feet) but can be rented out at RM1,200 per month. That is good money. I just read that in a high-class area of Mumbai, one unit apartment can fetch only about RM800 per month [...].

The buyers bought the units at low prices in the 1990s. Now, they can enjoy good rents and/or more than double price appreciation on their units:

Because there are insufficient units of residential properties in Bintulu, the prices of properties are skyrocketing [...] The buyers were given an option to sell back [if they felt aggrieved]. Given the price advantages [as a result of the booming local property market], most of them didn't sell back but continue to commit to existing purchases [...] After negotiation, the price of a unit studio increased from RM60,000 to RM130,000. But, the buyers still felt that the revised price was a fair price [...] for a similar unit, it could cost between RM280,000 to RM400,000 now in Bintulu [...] So, it was a win-win situation for both the developers and the buyers. The prices of property and rental are good. Everybody is happy [...].

The stoppage of the beach resort project was well before the happening of the Asian economic crisis 1997/1998. It was completed about ten years later in 2009 when Bintulu began to embrace its new wave of economic growth and industrial development driven by the implementation of the Samalaju Industrial Park. The economic circumstances during that time were well set to take on and, then, complete the project. As of June 2014, the Samalaju Industrial Park had attracted foreign direct investments of about RM30 billion since its inception in 2008 (see Table I).

Company	Investment RM	Principal activity
1. Press Metal Bhd	RM2 billion	Aluminum smelter plant
2. Tokuyama Corporation	RM7 billion	Poly-crystalline plant
3. Asia Mineral Ltd/Pertama Ferroalloy	RM790 million	Manganese ferroalloy smelting plant
4. OM Holding	RM1.8 billion	Ferroalloy smelting plant
5. Sakura Project (Sumitomo J/V Assmang and China Steel)	RM1.05 billion	Manganese smelting plant
6. Malaysian Phosphate Additive Sarawak Sdn Bhd	RM1.04 billion	Phosphorous plant
7. Dongbu Metal Co Ltd and Asian Cement Co Ltd	RM1.95 billion	Metalic silicon plant
8. Smelter Asia Sdn Bhd	RM4.5 billion	Aluminum smelter plant
9. Elkem A.S.	RM32.1 million	Electrode paste plant
10. Asia Advance Material Sdn Bhd	RM720 million	Metal silicon plant
11. Cosmos Petroleum & Mining Sdn Bhd	RM1.6 billion	Polysilicon plant
12. Press Metal Bhd Carbon	RM500 million	Carbon plant
13. Leader Universal Aluminum	RM2 billion	Aluminum smelter plant
14. Aimbest Steel	RM200 million	Alloy manganese plant
15. Ho Wah Genting Bhd	RM200 million	Alloy manganese plant
16. Makmoni Sdn Bhd	To be confirmed	Polymer-related plant
17. SIG Gase Bhd	RM5.2 million	Air separation unit
18. Samalaju Property Development	To be confirmed	Samalaju township development

**Table I.**  
Major confirmed investment projects at Samalaju Industrial Park

**Source:** The Renewable Corridor Development Authority, Sarawak and BDA

### *Trienekens scavenging services*

**Background.** BDA outsourced its municipal scavenging services to Trienekens on August 1, 2005. Under the arrangement, “all domestic and commercial wastes in Bintulu will be collected and transported by either direct to the landfill for sorting, treatment and disposal or to a transit station for shorting or segregation before being disposed of at the respective disposal facilities.” The refuse collection was scheduled at regular interval, allowing for optimization of the waste management system while keeping the city hygienic (Bintulu Development Authority, nd; Member of Parliament Bintulu News Room, 2005).

**Development and stakeholder issues.** The scavenging outsourcing contract assured that the general public did not incur additional rates for the new refuse collection services which employed environmental-friendly technology (Member of Parliament Bintulu News Room, 2005). During festive seasons, Trienekens also provided additional collection services and containers to cope with the increased volume of domestic and commercial wastes (*The Star*, 2013). Trienekens received payment from Sarawak Waste Management Sdn Bhd, a government-linked corporation, for its services instead of individual households. In the Peninsular Malaysia, there are problems to collect similar payments from individual households (Thien, 2001). Trienekens organized corporate social responsibility programs to less fortunate local communities (*Sarawak Tribune*, 2013). It used to receive some notable industrial environmental awards (Chia, 2014; *The Borneo Post*, 2010).

As Bintulu is growing, so are its domestic and commercial wastes. In 2011, there were many complaints on various waste management-related issues received. Irresponsible waste dumping, construction waste, and shortage of refuse collectors, among others, posed challenges for BDA as well as Trienekens. Meanwhile, BDA identified a new 500-acre refuse dumping site at the Maskat Village. Trienekens is

doing the feasibility study to ensure the site is suitable as a dumping ground for solid waste (Bintulu.org, 2013; Yussop, 2012).

*Recent developments.* In September 2012, BDA indicated its intention to take over the waste collection from Trienekens if the scavenging services-related problems continued to persist. As one of the recovery measures, BDA had provided more trucks to Trienekens to cope with increased waste collection volume (*The Borneo Post*, 2012). Starting from October 1, 2013, Trienekens handed over the collection of municipal waste to BDA. The company, however, continues to manage the waste dumpsite located at the Tanjung Kidurong area, Bintulu (*The Star*, 2013). BDA conducted a study on management of waste disposal before taking over the services from Trienekens. The study minimized the negative effects from the service transition (Yussop, 2013).

*Stakeholder management approaches.* As a public authority with sound financial positions, BDA intends to create shared value or to allow its stakeholders to enjoy more legitimate benefits from the activities of its core businesses. Financial aspect was still the utmost important issue for BDA to consider whether or not to outsource its municipal scavenging services:

Because the rate collected is the amount that we can bid for in the annual budget meeting [...]. We have to provide the municipal services within our financial limits [...].

For municipal services, we have put out the statistics and we also have meeting twice a year. The [Total Quality Management] TQM council will look at the statistics and complaints [regardless] whether it is landscaping, potholes, road maintenance, or all other kind of services. We have performance targets. If the complaints exceed the bottom-line set, we ask the divisions to come out with measures not only to fit the problems but also to how to prevent it to happen again [...].

Against the above backdrops, Trienekens was contracted to handle the scavenging services in Bintulu:

Trienekens is a big company with international expertise in the areas. It has more advanced facilities and waste management techniques. It did things systematically [...]. It is worthwhile to privatize the job [scavenging services]. The private sector can be more efficient in handling the services [...].

Previously, BDA divided the refuse collection areas into several zones. They were contracted out to smaller contractors. As a big contractor, Trienekens took over the whole areas:

The moment Trienekens came, we handed the areas to the company for refuse collection. As usual, we monitored it as a contractor. Any reactions from the public went directly to the company. At the end of the month, the company sent us the bills asking for payments. I did the certification. And, BDA made the payments accordingly [...]. BDA provided free fleets and trucks to it during its tenure on the contract [...].

Initially, Trienekens did its jobs very well. The things started to change in the past two years (since 2011/2012). The company seemed to have concerns with worker issues. As the Samalaju Industrial Park is getting more fully developed with lots of lucrative employment opportunities, most of the workers of Trienekens prefer to work there. The company found it difficult to retain and recruit workers. Eventually it handed back the scavenging services to BDA:

The costs of fuel increased. Labor costs also increased. These affected Trienekens' costing and services. The general public called its hotline. It didn't respond promptly [...].

We investigated. We decided that all complaints went to us directly so that we knew what was going on [...] With this, it was easier for us to do rescue works [...] In the past two years, its services deteriorated. It told us many of its workers left to join big firms at the Samalaju Industrial Park [...].

Actually what BDA has collected from the general public is not quite sufficient to cover the cost of scavenging services. The rate has not been revised for so many years to reflect the current state of the cost of living in Bintulu, among the highest in the country:

So, I hope the public should understand. If the services were not up to their expectations, they should think how to help BDA instead. They can help on reducing the number of their household wastes or they can do recycling on their own [...].

The scavenging services of Trienekens were good initially. With the inception of the Samalaju Industrial Park, the park is open for any refuse collection services. Trienekens is concentrating on the area:

Actually, we didn't withdraw the services of the company. The company has 25 years of concession. It handed the scavenging services back to us. If BDA deactivated the company, BDA would have been ready for all required to take over the services. We ought to buy more vehicles first rather than receiving all aging vehicles from the company with lots of maintenance requirements. You are supposed to have vehicles running smoothly for the services. BDA used to provide the company something good initially [...] When the company informed BDA its intention to hand over, there were several meetings to sort out the problems to make the transfer smoothly. We informed the Board of BDA what was going on. After all concerned were informed, we went to press to announce publicly that the refuse collection to be handled by us again [...] Trienekens should put in more efforts to ask for more upward revision on the contract price [...].

Trienekens was firm on its decisions to hand over. BDA had no choice. Trienekens is permitted to retain the dumping site maintenance under the existing contract, perceived to be more profitable to handle. This is a goodwill gesture that BDA values Trienekens' international expertise and participation in the local social, environmental, and economic developments.

## Result discussion and strategic implication

### *Mapping stakeholder management issues*

The three stakeholder management case studies, taken in the context of a large corporatized public organization, BDA, attempt to amplify the underpinning four themes of stakeholder theory identified by Laplume *et al.* (2008). Tables II-IV basically analyze and map the related developments and stakeholder management issues into the four stakeholder themes to capture the major happenings of the cases as well as the stakeholder management issues at stake at different stages which have direct bearing with the key actors in the cases as well as BDA.

### *Result discussions*

In term of the "shareholder definition and salience" theme, the investing firms, the local communities, the natural environment, and BDA were salient stakeholders who can assert powerful influences on the projects. BDA and the investing firms perceived that the projects were feasible, and to an extent, with no detrimental effect on the general

Case	Stakeholder definition and salience	Dimension		
		Stakeholder actions and responses	Firm actions and responses	Firm performance
Rio Tinto	To negotiate with the state authority on favorable terms of investment To search for an established local partner to jointly undertake the proposed project	The proposed RM7 billion mega project only benefits some government-linked corporations Detrimental effects on the natural environments, and the health of local people will be felt after implementation of the project There was concern in finalizing the energy price for the project	To conduct feasibility study and prepare the prescribed Environmental Impact Assessment report To joint venture with a strong local partner to undertake the project To label the proposed aluminum plant as "green" which meant it complied with the applicable legislative requirements	To reap low-priced huge renewable energy To capture growing China, India, and other emerging markets Withdrawn from the project to avert risks as a result of sluggish global economy
Bintulu Development Authority	To attract major firms to operate world-size plants in Bintulu To liaise with the related governmental agencies so as to report on the progress of the proposed project To pay close attention to the reactions from the general public, environmentalists, and members of parliament on the project	The general public did not want any pollutant industries located at their backyards The general public and the politicians raised the project related issues in the press and the parliamentary meetings They expected BDA to do more to address their concerns satisfactory	To provide the interested firms all that they wanted to know about Bintulu and doing business there To answer queries from the politicians during the state assembly and parliamentary meetings To keep all information concerning the project at salient places for inspection by the general public To coordinate meetings with all concerned in the project for results	To promote large scale industrial development To create job opportunities to the local communities A site vacated as a result of Rio Tinto's withdrawal was duly filled by other mega projects such as Press Metal and OM Holdings

**Table II.**  
Analyzing and mapping stakeholder management issues – Rio Tinto aluminum smelter project

public and the natural environment. We discuss the findings on the remaining three stakeholder theory themes identified as below:

*Stakeholder actions and responses*

- (1) Aluminum smelter project: among others, the general public worried about the detrimental effects on the public health and the natural environment that the project would bring. They used multiple means to mobilize their agendas.

Case	Stakeholder definition and salience	Dimension		
		Stakeholder actions and responses	Firm actions and responses	Firm performance
Azenertel-Kanuli	To present engineering plans to BDA and the State Planning Authority for approval To handle angered buyers on the project work stoppage	The buyers felt cheated by the non-performing private developers, and to an extent, the authorities concerned as a result of the project work stoppage They took corrective actions via political, social media, and legal means	To carry out corporate restructuring The firms were unable to solve the stoppage problems To seek corporate bailouts to revitalize the beach project	To capitalize the growing and affluent Bintulu economy during the 1990s Suffered corporate illegitimacy as a result of the project work stoppage
Shin Yang Group	To negotiate with the authorities concerned, the existing ailing developers, and the buyers on a revival plan for the beach project To present revised engineering plans to BDA and the State Planning Authority on the resort project for approval	The existing buyers felt that the deal under the revitalized plan was good. Most of them opted to stay on the plan until the completion of the project	To get required means, for example, RM500 million investment, ready to complete the project To capitalize favorable economic circumstances by completing the project on time in 2009 with desirable outcomes for all concerned	To capitalize the growing and affluent Bintulu economy during the late 2000s To work with Azenertel-Kanuli and the buyers to reach win-win solutions for completing the construction works
Bintulu Development Authority	To implement the Tanjung Batu Coastal Reserve Master Plan as required to discharge its statutory obligations To select and approve credible engineering plans for the development of the beach resort	This was a development project by private firms Apart from approving the engineering plan, BDA had no direct involvement in the project	This was a development project by private firms. Apart from approving the engineering plan, BDA had no direct involvement in the project	To have some iconic landmark in Bintulu to reflect the progression of the town To promote private investments To approve promptly engineering plan when the project was revitalized

**Table III.**  
Analyzing and mapping stakeholder management issues – Azenertel-Kanuli Tanjung Batu beach resort project

- (2) Beach resort project: the buyers felt that the property developer was dishonest, and the authorities concerned had not done enough to screen and select the right developers to carry out the project. They protested. With the new developer and the revised terms, the buyers were happy to accept the revised plans for completion.

Case	Stakeholder definition and salience	Dimension		
		Stakeholder actions and responses	Firm actions and responses	Firm performance
Trienekens	To manage the interaction with multiple institutional actors and governmental agencies in order to secure a formal scavenging services outsourcing contract from BDA	The general public paid no additional assessment rates They filed complaints promptly to Trienekens on those areas where refuse collections were not well addressed The general public were encouraged to do waste recycling on their own and to appreciate the low assessment rates charged	To carry out its duties and responsibilities as per the outsourcing contract To reflect to the authorities concerned the actual operational problems faced in discharging its obligations under the outsourcing contract To inform the authorities concerned about its future intention in performing the outsourcing contract	To penetrate lucrative emerging markets through joint-venturing with some local well-connected firms To capture a more lucrative scavenging service opportunity at the Samalaju Industrial Park area after handing over the existing scavenging services back to BDA
Bintulu Development Authority	To improve scavenging services by outsourcing the services to some well-qualified private firms To monitor the performance of scavenging services in accordance to the outsourcing contract	Any issues associated with the refuse collection shall be resolved under the spirit of the outsourcing contract, i.e., between Trienekens and those concerned including the unhappy general public To interfere only when the problems associated with the scavenging services persisted	To pay Trienekens timely and sufficiently on all services rendered To understand the complaints from the general public on its own To hold meetings to solve the issues at stake with all those concerned To take over the scavenging services from Trienekens with a preparatory study	To provide necessary support and rescue measures to Trienekens in order to smoothen the scavenging services To retain Trienekens with an existing refuse dumping site maintenance which has more lucrative profit margin to serve

**Table IV.**  
Analyzing and mapping stakeholder management issues – Trienekens scavenging services

- (3) Scavenging services: the outsourced refuse collection services were good initially. The services were with concerns lately. As the tax and rates payers, the general public filed their legitimate complaints through official channels to Trienekens for corrective actions.

*Firm actions and responses*

- (1) Aluminum smelter project: the investing firms carried out a feasibility study and prepared the environmental impact report to address the concerns raised.

BDA answered all queries raised on the project and coordinated meetings with all concerned in the project.

- (2) Beach resort project: the existing developer, Azenertel-Kanuli, had not been able to do much to resolve the project work stoppage. The new developer, Shin Yang group, was equipped with required resource capabilities to complete the project. By taking advantage of booming local economy, the group was able to revise new terms with the existing and potential buyers to complete the project in 2009. BDA approved the new engineering plans promptly.
- (3) Scavenging services: meetings were held to make known the concerns of Trienekens and the general public to BDA. To salvage the situations, there were several means BDA had offered to the company and the general public to seek to overcome the refuse collection issues. Trienekens asked for more upward revision on the existing outsourcing contract price so as to reflect the escalating prices of goods and services.

#### *Firm performance*

- (1) Aluminum smelter project: as the energy price cannot be finalized, the proposed aluminum smelter project did not materialize but with replacements. However, this outcome seems to be reasonable to the investing firms, the general public, and BDA.
- (2) Beach resort project: Azenertel-Kanuli suffered deteriorated corporate reputation. For the buyers and the new developer, they were able to capitalize the booming local economy by capturing more value appreciation for their property units and achieving better sales record. By having more iconic buildings in Bintulu, BDA discharges its role as the promoter of private investments.
- (3) Scavenging services: the general public did not incur additional assessment tax charges under the scavenging services by Trienekens. BDA values Trienekens' international expertise and participation in the local economic and social developments. Trienekens is able to explore further business opportunities in the growing local economy.

#### *Strategic implications and future research*

The three stakeholder management cases *inter alia* suggest that stakeholder management is an organizational mechanism, tightly embedded in the firms' strategic organizing and strategizing routines, vital for generating desirable triple bottom line results, which also ease the tensions between shareholders and stakeholders of the firms. By creating shared responsibility, joint decision making and learning, open consultations, dialogues, prioritizing stakeholder interests, and responding to stakeholder demands in ways that maximize both economic and social value, stakeholder management can be a core competence (e.g. Werther and Chandler, 2011, pp. 36-39) or a hard-to-emulate strategic asset, within the framework of the RBV, which draws resource capabilities throughout the firms for generating positive triple bottom line performances.

As in the Rio Tinto aluminum smelter project, the initial interested firms withdrew their proposed investments as a result of energy price and risk issues. The site vacated



at the Samalaju Industrial Park, Bintulu was duly taken up by other new investors, who invested in a smaller scale smelter plant, contributing to the desirable triple bottom line performances. For example, the new investing firms are able to generate new wealth from the plant, the local communities have access to more job opportunities, and BDA could discharge its obligations by endorsing the projects with viable economic, social, environmental preservation clauses. Up to July 2014, major confirmed projects to invest in the Samalaju Industrial Park are with total monetary value worth more than RM30 billion (see Table I). This consolidates Bintulu as the premier industrial town in the state of Sarawak and Malaysia. The projects also create ample job opportunities for the local communities[5].

In an interview with the Oxford Business Group (2011), the top management BDA *inter alia* made the following remarks on the positive spin-off effects of the Samalaju Industrial Park which has attracted investments more than RM30 billion:

Bintulu has gone through a period of rapid growth that is set to continue until at least 2014. Much of this growth has been a result of development throughout Sarawak and the Sarawak Corridor of Renewable Energy (SCORE) project. Fast economic growth over the next few years will enable and encourage Bintulu to transform from being a major industrial center, with its core strategic advantages in oil and gas, into a diverse business center. This transition is being aided and driven by the major investment projects in the SCORE project. These projects are creating a number of business opportunities across the state, including Bintulu, which will attract local and international investors [...] A clear example of this is the new deepwater port that will be constructed in Samalaju. This port will be dedicated to heavy industries serving the aluminum and manganese smelting plants, and other such industries located at the Samalaju Industrial Park. The port area will be only three kilometers from the sea, making it extremely efficient and enabling it to provide the best possible service to the sector. Looking ahead, the economic development that is projected for the area [the Samalaju Industrial Park] is capable of providing 30,000 jobs to locals, of which 50% are for skilled workers. This will encourage further prosperity, growth and business opportunities, while also moving Bintulu in the direction of becoming a high-income society [...].

That said, the establishment of the Samalaju Industrial Park in 2008 also provides the essential economic impetus for the revival of the Tanjung Batu beach resort project, completed in 2009, and the new level of playing fields for the scavenging services. The park can host at least three aluminum smelter investments (see Table I).

Apart from that, the company-stakeholder relationship is not one-way street. Gaining stakeholder support enhances the financial valuation of a firm (Henisz *et al.*, 2014). The stakeholder-driven firms may face both fewer yet lower-cost explicit claims (Hui, 2008, p. 458). Some scholars also advocate stakeholder reciprocity, i.e., stakeholders should also treat the firms in a fair and responsible way (Bosse *et al.*, 2009; Fassin, 2012). Integrating stakeholder perspectives in the firms' strategic planning process and daily routines can increase organizational responsiveness to stakeholder needs (Minoja, 2012; Noland and Phillips, 2010; Werther and Chandler, 2011). Also, the firms practice stakeholder democracy by engaging their stakeholders in different corporate agendas (Andriof *et al.*, 2002, 2003). This represents a stakeholder democracy as the stakeholder interests are represented fairly in the organizational processes of modern corporations (Bendell, 2007; Matten and Crane, 2005). As in all the three stakeholder management cases, as analyzed under the themes of "stakeholder actions and responses" and "firm actions and responses," there were multiple interactions and actions taken among the key stakeholders for addressing the issues at

stake of the projects. In term of the stakeholder reciprocities, the existing aluminum smelter project investors were allowed to invest further in the manganese and ferroalloy smelter established at the Samalaju Industrial Park, the official approval of a new engineering plan was given promptly to the new developer of the Tanjung Batu beach resort project so as to enable the firm to capture fuller the economic growth opportunities presented in Bintulu, and the international scavenging service provider was given supports to perform its jobs better and to retain more lucrative areas of scavenging services.

International investors in partnership with large local government-linked firms were observed in the aluminum smelter project and the scavenging services. The projects were only representing one of their many global projects. Their stakeholder management approaches taken in the projects could be localized and specified to the projects and the institutional contexts concerned, and may not be representing the firms' total stakeholder management philosophy. In the beach resort project, the governmental interventions in terms of stakeholder engagements and engineering plans approval were crucial to its revitalization. As said, all the three stakeholder management cases have Bintulu as their host whereby BDA is the public administrative authority in the region. The selection of BDA as the focal firm for the analysis would frame a more focussed scope of the research and the resulting analyses in reflecting BDA's underlying stakeholder management approaches. Nonetheless, there are still venues to expand the current research. We propose a complimentary stakeholder survey on measuring the perceptions of BDA's major stakeholders on the firm's performance against its core businesses, stakeholder engagement, and corporate social responsibility programs. The survey helps to gauge areas of performance that the stakeholders recognize or derecognize that would provide valuable inputs to the policy-making processes of BDA. When the cost and research accessibility permit, there is also merit in soliciting additional field notes to document fuller the percept of other key stakeholders in the three stakeholder management cases on the four stakeholder theory themes identified.

## Conclusion

Coming to the era calling for greater stakeholder democracy and multiple dimensional corporate performances, the firms must find a strategic organizational platform that addresses the diverse interests of their stakeholders and shareholders. Any practice with a negative externality that leads others to suffer loss without consent, can be seen as unethical (Cosans, 2009). The acceleration of the age of accountability prompts the unlocking of some valuable data sets in public sector servers. Governmental data sets are often restrictive, but significant enough in shaping the well-being of a nation (Hood and Margetts, 2007). This paper examined three richly stakeholder management cases taken in the context of a large governmental agency. The case studies sought to amplify the underpinning theories of stakeholder reviewed. The contextual settings of the research were examined. Then, some qualitative methods were used to collect primary and secondary data. We analyzed and synthesized the three stakeholder management cases in accordance to the framework of stakeholder themes identified by Laplume *et al.* (2008). The research findings from the cases, as presented in the "result discussion and strategic implication" section, suggest that stakeholder management can be the strategic organizational platform that draws resource capabilities throughout the firms for balancing the interests of stakeholders and shareholders. The Samalaju Industrial Park has attracted investments worth more than RM30 billion. As a social and economic

impetus which creates spin-off effects on other related industries in the greater Bintulu region, the park is in the position to host at least three aluminum smelter investments. Thus, the firm's distinctive capability in organizing and strategizing its stakeholder management activities would constitute a hard-to-emulate strategic asset for sustained value creation. We believe the case studies also contribute to the potential of convergence between the stakeholder management and the organizational strategic planning so as to enhance the stakeholder theory as a major theory of strategic management with broader acceptance.

### Notes

1. RM stands for Ringgit Malaysia, the official currency of Malaysia.
2. Donaldson and Preston (1995) synthesize the evolving stakeholder literature after a decade of Freeman's (1984) work. They find four different types of stakeholder theory in the literature: first, descriptive stakeholder theory which describes the firm as a collection of cooperative and competitive interests possessing intrinsic value; second, instrumental stakeholder theory which establishes a framework for examining how the management of stakeholders connects with traditional corporate objectives (e.g., profitability and growth); third, normative stakeholder theory which assumes that all interests of stakeholders are legitimate, and of intrinsic value; and fourth, managerial stakeholder theory which recommends attitudes, structures, and practices that, taken together, constitute stakeholder management. The four stakeholder theories are mutually supportive and found in the work of Freeman (1984). The work of Laplume *et al.* (2008) seeks to address a gap in the stakeholder literature after more than a decade ago the work of Donaldson and Preston (1995) published.
3. Prepared by Hijjas Kasturi Associates in association with Arthur Erickson Associate, a Canadian-based architecture firm, the master plan provided overall plans for the development of recreational, social, cultural, and tourism-related facilities with attractive landscaped areas at the Tanjung Batu coastal reserve area, Bintulu in line with the development policies of BDA.
4. Sources from our interview with BDA, site visit to observe the beach resort, and some discussions with the senior officers based in the completed portion of the resort.
5. Bintulu was the city in Malaysia that attracted largest foreign direct investments in 2011 (Hillson, 2012). In the other two cases, both financial and social implications along with sound environmental clauses were considered by the key actors of the cases. Due to the word limit, the readers can use the similar or alternative approaches on their own to analyze, evaluate, and debate on the related triple bottom line contributions of the other two stakeholder management cases from the perspectives of BDA and/or the key stakeholders (see also the "firm performance" theme in Tables II-IV).

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### Further reading

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## Appendix. Stakeholder management interview questionnaire

### (A) Project specific question

1. Could you please describe the rationale of the project?
2. Who were the key promoters of the project?
3. Who gave the seal of approval for the project?
4. To what extent the project was in line with the mission and objectives of BDA?
5. What were the salient benefits to and implications of the project on the people of Bintulu?
6. What were the roles and responsibilities of BDA in the project?
7. What made or broke the project? Or, what were the key turning points of the project?

After asking the question from no. 8 to no. 30 in the Section (B) below, the interview question in this portion continues at question no. 31 until no. 34.

31. As a whole, how would you like to describe the consistency and the integration of the BDA's stakeholder management approach on the project with its strategic planning process in terms of: (a) intent and mission; (b) plans; (c) implementation; and (d) results evaluation?
32. What were the communication or media strategies of BDA?
33. Do you think that stakeholder management is still important to explain the performance of BDA? and
34. What is BDA's commitment on this?

### (B) Stakeholder management question

#### (I) Stakeholder salience

*What stakeholders should managers pay attention to?*

8. Who were the key actors in the project?
9. What were their roles and interests?

*Which stakeholders do manager really care about?*

10. Which group of stakeholders of the project did BDA give more prioritized attentions?
11. Why the interests of such group of stakeholders deserved more urgent consideration?
12. How did BDA discharge those stakeholders with marginal interests in the project?

#### (II) Stakeholder actions and responses

*How do stakeholders influence firms?*

13. How did stakeholders of the project influence BDA's positions and decision makings?
14. How would you like to describe the state (pervasive, marginal, etc.) of the influences on BDA?

*How will stakeholder groups mobilize?*

15. When did the stakeholder groups in the project mobilize to protect their interests?
16. How did they mobilize to protect their interests in the project?

*When will stakeholders support firms?*

17. When did the stakeholder groups in the project support BDA's positions and the performance clauses of the project?
18. How did they show their supports?

## (III) Firm actions and responses

*How do firms gain stakeholder support?*

19. What were BDA's strategies in gaining supports from the stakeholder groups of the project?
20. How were the responses from the stakeholders or the stakeholders' reciprocities?

*How do/should firms manage stakeholders?*

21. At this point in time, what do you think the ways BDA should manage the stakeholder groups of the project?

*How do firms gain balance stakeholder interests?*

22. How did BDA address or balance the interests of different stakeholders (e.g. self, the general public, and the key actors of the project)?
23. By what means and what were the expected ends?

## (IV) Firm performance

*What is the relationship between stakeholder management and firm financial performance?*

*What is the relationship between stakeholder management and corporate social performance?*

24. After taking into account question from no. 1 to no. 24, did the stakeholder management efforts of BDA pay or improve its: (i) financial; (ii) social; and (iii) environmental performances?
25. Were all three performance dimensions equally importance? If not, how did BDA prioritize?
26. Did BDA achieve all three performance dimensions simultaneously? If not, how was their relative importance?

*What other organizational outcomes are affected by stakeholder management?*

27. Apart from the three performance dimensions, what other organizational outcomes (corporate reputation, societal legitimacy, learning, innovation, etc.) were affected by the BDA's said stakeholder management approaches on the project?
28. What were the strategic lessons learned that could be applied in recent contexts to assist BDA to achieve better its current corporate mission and objectives?

**About the author**

Dr Teck Hui Loi is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), UK, and a Postgraduate of Warwick University, with distinction in Engineering Business Management. His research works have appeared in major international refereed journals and books, such as *International Journal of Operations and Production Management*, *Accounting Forum*, *Industry and Higher Education*, *International Journal of Social Economics*, *Emerald Emerging Markets Case Studies*, *Palgrave MacMillan*, *LAP*, *Edward Elgar*, *Information Age Publishing*, *World Scientific*, and *Emerald Publishing*. He has also reviewed regularly for several international refereed journals and received outstanding reviewer awards. Loi had worked in a Big Four firm, a British International Bank, and a Chinese state-owned enterprise. He is a Chartered Accountant in public practice and a strategy and corporate social responsibility consultant. Occasionally, he teaches at universities and in China. His research areas are strategic management, international management, and corporate social responsibility. Dr Teck Hui Loi can be contacted at: loiteckhui@yahoo.co.uk

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