

Social Contract Theory
Stakeholder Analysis


MGMT 482

Social Contract Theory


Morality consists in the set of rules,
governing how people are to treat one another,
that rational people will agree to accept,
for their mutual benefit,
on the condition that others follow those rules as
well.

Social Contract Theory


**Only an enforceable agreement could
provide a way out of the dilemma, for
either of you...what Garret Hardin refers
to as mutual coercion, consistently
applied.**




- What '*problem*' is social contract theory meant to resolve?




- What *examples* of social contracts can you provide from our own country's history?




- By what *process* do you think social contracts ought to be established? More specifically, *who* should be involved in 'writing' the social contract?



- How *formal* should social contracts be? *Why*?




- If you were designing an organization, what *rules* would you propose be part of the organization's social contract with its *shareholders*? Its *customers*? Its *employees*? The *public at large*?




Stakeholder Analysis

- What is a '*stakeholder*,' and why should stakeholder interests be taken seriously?




Stakeholder Analysis

- Stakeholder: Any group which either...
 - ...can affect the ability of the corporation to achieve its mission,
 - or
 - ...which is affected by the corporation's activities



Stakeholder Analysis

- What is implied by shareholder wealth *maximization*? Specifically, what does this perspective 'mean' for the interests of other *stakeholders*?

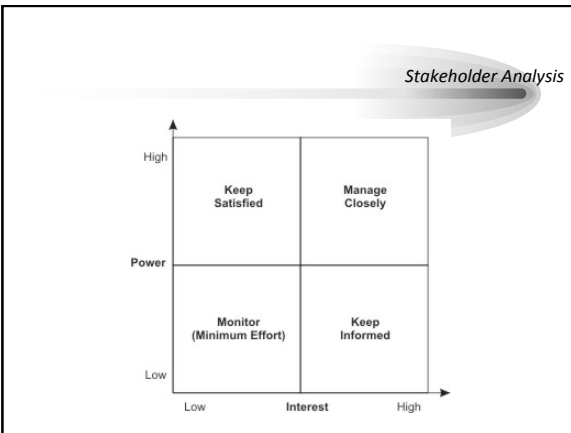


Stakeholder Analysis

- How would you go about *prioritizing* the interests of stakeholders? With what *justification* would you establish these priorities?

Stakeholder Analysis

- The first step in Stakeholder Analysis is to identify who your stakeholders are. The next step is to work out their power, influence and interest, so you know who you should focus on. The final step is to develop a good understanding of the most important stakeholders so that you know how they are likely to respond, and so that you can work out how to win their support - you can record this analysis on a stakeholder map.



Stakeholder Analysis

- **High power, interested people:** these are the people you must fully engage with, and make the greatest efforts to satisfy.
- **High power, less interested people:** put enough work in with these people to keep them satisfied, but not so much that they become bored with your message.
- **Low power, interested people:** keep these people adequately informed, and talk to them to ensure that no major issues are arising. These people can often be very helpful with the detail of your project.
- **Low power, less interested people:** again, monitor these people, but do not bore them with excessive communication.

Stakeholder Analysis

- You can summarize the understanding you have gained on the stakeholder map, so that you can easily see which stakeholders are expected to be blockers or critics, and which stakeholders are likely to be advocates and supporters of your project. A good way of doing this is by color coding: showing advocates and supporters in green, blockers and critics in red, and others who are neutral in orange.

Stakeholder Analysis

- The benefits of using a stakeholder-based approach are that:

You can use the opinions of the most powerful stakeholders to shape your projects at an early stage. Not only does this make it more likely that they will support you, their input can also improve the quality of your project

Gaining support from powerful stakeholders can help you to win more resources - this makes it more likely that your projects will be successful

By communicating with stakeholders early and frequently, you can ensure that they fully understand what you are doing and understand the benefits of your project - this means they can support you actively when necessary

You can anticipate what people's reaction to your project may be, and build into your plan the actions that will win people's support.

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