

A Study of Crisis Management Based on Stakeholders Analysis Model

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Abstract. From the view of stakeholder theory, not only the enterprises should provide services to shareholders, but also take care of the demands of stakeholders. Stakeholders for the enterprise crisis are the organizations and individuals, which cause crisis, respond to the crisis and affected by the enterprise crisis. In this paper, first of all, to comb the development of stakeholder theory systematically; secondly, with the help of the enterprise crisis stakeholder analysis model, analyze the concept of stakeholders for the enterprise crisis and membership, and with the example of Shuanghui Group for further analysis; finally, we put forward relevant proposals for the enterprise crisis from the view of stakeholders.

1. Introduction

Stakeholder theory originated in the 1960s. At the beginning, stakeholder theory and shareholder supremacy theory are two aspects of enterprise value orientation. The theory of modern contract: "Compared with the human capital, the corporate material capital is more specific and assume the financial risk of business, so corporate investors (shareholders or capitalists) should be the owner of the enterprise, enjoy the residual control of enterprises and residual claim." Blair (1995) argues that "not only shareholders are the bearers of residual risk, but employees, creditors, and suppliers can be the bearers of risk." [1] In the 1970s and 1980s, the theory of stakeholder has made great progress. In 1984, Freeman, a strategic management expert, gave the broad definition of stakeholders a classic definition that "stakeholders are those individuals or groups that can influence the achievement of business objectives or are influenced by the achievement of corporate objectives". [2] In addition, under the guidance of Churchman, system theory researchers "rediscover" stakeholder analysis. They believe that many social problems can be solved by redesigning the basic system with the support and interaction of stakeholders in the system. Since the 1990s, stakeholder theory has gradually become mature. On the one hand, multidimensional subdivision method and Mitchell scoring method provides a scientific research methods and tools for the development of stakeholders theory; On the other hand, as an effective analytic tool, stakeholder theory is widely applied to organization management, as George thought: "Stakeholder analysis can improve policy processes and overcome policy deficiencies in risk assessment". [3] Peter's study found that the role of stakeholders in the governance of Dutch universities is changing with the emergence of "stakeholder society". [4] In the field of enterprise crisis management, stakeholder theory has been applied to crisis management. Freeman [5], Robert Heath [6] and Larry Barton [7] have made representative work. The identification and division of stakeholders in the crisis of enterprises will help us to understand the interests of the stakeholders, so as to adopt a reasonable coordination strategy to enhance the enterprise crisis management capacity. Based on the stakeholder analysis model of enterprise crisis, this paper systematically analyzes the characteristics and types of stakeholders, so as to provide relevant coordination strategies for enterprise crisis management. This not only has important theoretical significance, but also has



realistic practical value to enhance the ability of enterprise crisis management.

2. Stakeholder Analysis Model of Public Crisis

2.1 The definition of corporate crisis stakeholders

In 1963, the Stanford University Institute for the first time made a clear definition of stakeholders: "Stakeholders are such groups, the organization can not survive without their support".^[8] In contrast, Freeman proposed a more comprehensive definition, he believes that stakeholders are "those who can affect the achievement of corporate goals, or be able to achieve the objectives of the process of enterprises to achieve any of the individuals and groups."^[9] In addition, Mitchell analyzed twenty-seven types of stakeholder delineation, and proposed the conditions that stakeholders must have: First, influence, whether a group has the status, ability and corresponding means to influence enterprise decision-making; second, legitimacy, whether a group is legally and morally had ownership of enterprises; third, urgency whether a group of requirements can immediately aroused the attention of business management. According to the different characteristics of different types of stakeholders, this definition for the stakeholder division has important theoretical significance. To sum up, the stakeholders of enterprise crisis are the organizations and individuals that cause enterprise crisis, react to enterprise crisis and be affected by enterprise crisis. Specifically, the initiators of the crisis are mainly the organizations and individuals that cause the crisis of the enterprise; the responders of the crisis are organizations and individuals concerned with the crisis of the enterprise or participating in the enterprise crisis, such as the government, the media and the trade association; Organizations and individuals whose interests are directly or indirectly affected by the crisis, including both positive and negative impacts.

2.2 Hypothesis of stakeholder analysis model

Clarkson has proposed two more representative methods to classify: On the one hand, stakeholders are classified as voluntary stakeholders and involuntary stakeholders according to the type of risk the stakeholder takes in the enterprise; On the other hand, stakeholders are divided into primary stakeholders and secondary stakeholders according to the degree of stakeholder engagement with the firm. In conjunction with Clarkson's proposed compactness dimension, Weller divides all stakeholders into four categories according to social impact: The primary social stakeholders, the secondary social stakeholders, the primary non-social stakeholders, and the secondary non-social stakeholders. From the perspective of legitimacy, power and urgency, Mitchell divides the enterprise stakeholders into three types: Determinative stakeholders, who have the legitimacy, power and urgency of the enterprise problem; Prospective stakeholders, who are in close contact with the business and have two of the three attributes described above; Potential stakeholders, refers to only one type in the legitimacy, power, emergency. Based on the above methods, this paper constructs the stakeholder analysis model from three aspects: influence ability, willingness and close degree. (As shown in Figure A)

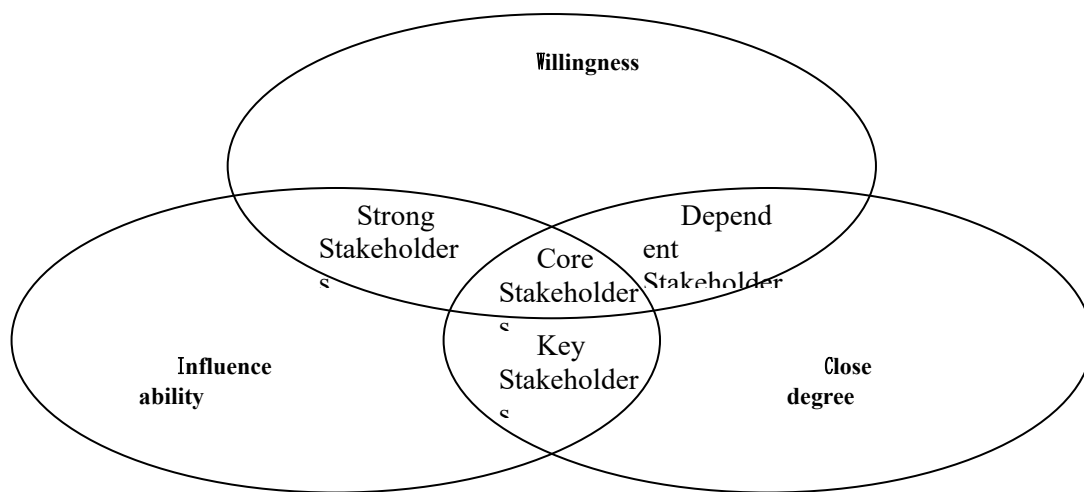


Figure A. Stakeholders analysis model

2.3 Stakeholder Category Analysis

According to the membership of the above three attributes, we can classify the stakeholders of the crisis into four categories: strong stakeholders, dependent stakeholders, key stakeholders and core stakeholders. First of all, the core stakeholders are both representatives of the interests of the enterprise, but also the leading crisis management, mainly related to the decision-making enterprises (such as directors, controlling shareholders, etc.). Secondly, the strong stakeholders are organizations and individuals who have great influence and willingness to participate in the occurrence and processing of enterprise crisis. They are the legal or moral obligation to enterprise crisis management, such as the relevant agencies of government. Thirdly, dependent stakeholders are organizations and individuals, such as consumers, who are concerned with the crisis of enterprises, have obvious interest demands and relatively low influence ability. Finally, key stakeholders are organizations and individuals, such as distributors, who have the ability and ability to participate in crisis management in a certain way after being affected by an enterprise crisis.

3. Stakeholder analysis about the lean meat powder accident for Shuanghui Group

3.1 Event Overview

News program exposes Shuanghui in food production using "lean meat" pork. After the news, a number of stores in Guangzhou are under investigation, part of the stores' shelves dismissed relevant goods. At the same time, the Ministry of Agriculture attaches great importance to the incident, quickly instructed Henan, Jiangsu agriculture, animal departments to seriously investigate and strictly rectify as well as strengthen supervision, and immediately sent a supervision team rushed to Henan supervision and investigation work. In the course of events, Shuanghui Group's crisis management mainly adopts three measures: Firstly, corporate managers issued a statement to apologize to consumers, said it would stop its production plant in relevant factories, and actively cooperate with government departments to check; Secondly, the Jiyuan plant ordered to stop production and self-examination, and sent the deputy general manager of group to rectify and deal manage in Jiyuan plant; Finally, Shuanghui Group held a meeting of thousands of employees, summed up the basic lesson, invited employees representatives, suppliers, vendors to join. More than 30 investment group representatives, more than 30 domestic media, more than 50 journalists, as well as relevant Bank of China to participate in the General Assembly.

3.2 Stakeholder analysis

The stakeholders of this event include: Shuanghui Group, regulators, media, dealers, investors,

shareholders, consumers, employees and so on. According to the above classification of stakeholders, the core stakeholders, strong stakeholders, key stakeholders and dependent stakeholders in the event as shown in the table. As a core stakeholder, the stock prices and sales of Shuanghui Group have been seriously affected, the leadership of company has a full responsibility for the crisis. As a strong stakeholder, the media played a leading role in the emergence of the crisis, regulators personally went to Henan thorough investigation, showing their degree of participation and influence. Dealers and speculators were the key stakeholders in the event. They focused on and influenced the event in terms of product circulation, and the willingness to participate was increasing as the event progressed. Consumers, employees and other dependent stakeholders, despite the existence of their own interests, but in the crisis management has always shown a passive and marginalized trend.

Table 1. Stakeholders analysis

Stakeholder	category	Willingness	Influence ability	Close degree
Core Stakeholders	Shuanghui Group	High	High	High
Strong Stakeholders	Functional departments, mass media.	High	High	Low→Increase
Key Stakeholders	Distributors, suppliers.	Low→Increase	High	High
Dependent Stakeholders	Consumers, employees and so on.	High	Low	High

4. Conclusion

Through the analysis of stakeholder model, we summarize four types of stakeholders from the enterprise crisis. Different stakeholders have interest differences and interest conflicts, similar stakeholders also have a variety of interests. At the same time, the stakeholders of the enterprise crisis and its composition are dynamic changes. If the interests and demands of stakeholders are not reasonable coordination, not only is not conducive to enterprise crisis management, but also exacerbate the spread of corporate crisis. Therefore, we put forward the relevant policy recommendations for the enterprise crisis from the perspective of stakeholders, which is significant and far-reaching for the scientific and rational prevention and control of enterprise crisis. Due to different levels of willingness, influence and close degree of different stakeholders, we need to systematically analyze the structure and level of stakeholders and give full play to the positive role of different stakeholders.

Acknowledgments

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