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Stakeholder Engagement:
A Mechanism for Sustainable Aviation

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ABSTRACT

The aviation sector has mixed impacts on economic development and environmental degradation. Market instruments and regulations are not always sufficient to balance these conflicting demands. Stakeholder engagement has been recognized as a possible non-market and non-regulatory mechanism that could complement both market instruments and regulations. This paper provides a stakeholder engagement framework to support airport companies in formulating and implementing strategies for sustainable airport development and suggests a practice guide to operationalize the framework. Copyright © 2006 John Wiley & Sons, Ltd and ERP Environment.

Introduction

AVIATION IS ONE OF THE WORLD'S FASTEST GROWING INDUSTRIES, WITH AN EXPONENTIAL DEMAND for aviation services exerting significant pressures on airports' infrastructure (IATA, 2004). Hitherto, airports and their facilities have mainly been the prerogative of national and regional governments. With the increasing trend in privatization of airports, in line with the demands of the liberal economy and in recognition of the role of the private sector in economic development, airports are becoming more commercially focused and as such are less likely to compromise their profits to address the negative externalities of their activities. It is not uncommon for these negative externalities to be combated using market and regulatory mechanisms.[1] While recognizing the importance of these different mechanisms in fostering sustainability in the aviation sector, stakeholder engagement[2] has been recognized as a possible effective complementary mechanism to both regulatory and market mechanisms

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[1] In the UK, for instance, carbon tax levy has been introduced to mitigate the emission of CO_2, while emission trading is currently considered as an option for controlling pollutant emissions in general. A restriction on number of night-time flights is a form of regulatory mechanism in place to check noise pollution arising from airport activities.
[2] Stakeholder engagement is primarily how firms *relate* to their stakeholders. It is that process that creates a dynamic context of interaction, mutual respect, dialogue and change, not one-sided management of stakeholders (Andriof *et al.*, 2002). In the context of this paper, stakeholder engagement will be used as an umbrella concept to include stakeholder dialogue, stakeholder consultation or stakeholder participation. It is not the intention of the paper to delve into the semantics of these concepts, as the concepts would be used interchangeably.

(Graham and Guyer, 1999; Thomas and Lever, 2003; Gago and Antolin, 2004; Kaszewski and Sheate, 2004).

Interest in stakeholder engagement as a mechanism for enhancing environmental sustainability is not new. Stakeholder engagement, in sustainable aviation for instance, has often been examined within the broad practice of environmental impact assessment (EIA), which has become a widely accepted tool for environmental management (Ramanathan, 2001). EIA normally entails wide ranging data gathering activities across very broad bio-geophysical and socio-economic environments (Wathern, 1988; Wang *et al.*, in press[3]). In this regard, one of the major challenges of EIA is managing the different stakeholders' perspectives involved in the process (Marttunen and Hailmailaiinen, 1995), for effective environmentally compatible decisions and actions. What might be new, therefore, is the growing centrality and vigour of stakeholder engagement practice within EIA (Hunsberger *et al.*, 2005), which could be argued to be, in part, orchestrated by the growing interest in corporate social responsibility. However, despite the centrality of stakeholder engagement in EIA, Hartley and Wood (2005, p. 320) point out that '. . . debate continues about exactly how to undertake . . . (stakeholder engagement) . . . and confusion remains about when it should commence, the methods that should be used and which members . . . should be consulted'. In practice, this makes EIA an intrinsically complex multi-dimensional process (Ramanathan, 2001; Moon, 1998), which could be enhanced by uncoupling its different components to further understand how each of them, independently and/or jointly, contribute to environmentally compatible decision making and actions.

In this paper, we explore how stakeholder engagement could be applied to enhance sustainable aviation, with particular reference to airport development. The contribution of the paper is twofold. First, it provides a practice framework to foster the link between stakeholder engagement and sustainable airport development. Second, it reinforces the role stakeholder engagement could play in enhancing the effectiveness of both regulatory and market mechanisms in meeting the demands of sustainable aviation. The paper starts by arguing the case for sustainable airport development and its link to stakeholder engagement, prior to suggesting a stakeholder engagement framework and checklist to support airport companies in formulating and implementing strategies for sustainable airport development. The implications of the framework are also discussed.

The Need for Sustainable Airport Development

Sustainable airport development is an exercise in balancing the demands of the varied strands of sustainability – i.e. economic, social, environmental and ecological. It falls within the overall concept of sustainable transport, which Black (1996, p. 151) defines as 'satisfying current transport and mobility needs without compromising the ability of future generations to meet these needs'. It is a concept that broadly applies to all areas of effectively running an airport – including finance, operations, human resources, community and investor relations, the environment *et cetera*. To attain its goals, Greene and Wegener (1997) argue that sustainability as applied to transport has to meet the following basic conditions: (1) the rates of use of renewable resources not exceeding their rates of generation; (2) the rates of use of non-renewable resources not exceeding the rate at which sustainable renewable substitutes are developed and (3) the rates of pollution emission not exceeding the assimilative capacity of the environment.

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[3] EIA, according to Wang *et al.*, is concerned with the systematic identification and evaluation of the potential impacts (effects), both beneficial and harmful, of proposed projects, plans, programmes or legislative actions related to the physical–chemical, biological, cultural and socio-economic components of the total environment to support environmentally compatible decision-making and actions.

These conditions constitute what Graham and Guyer (1999) succinctly described as the *environmental carrying capacity*.

In the emergent free competitive economy, governments are encouraged not to distort the markets, thereby devolving substantial ownership powers to private investors through privatization. The growing trend in privatization of airports to enhance efficiency and productivity is forcing most airports to assume commercial outlook and responsibilities. Free and perfectly competitive markets[4] are at the risk of market failures, because producing firms do not *always* internalize the full social costs and benefits[5] associated with production of goods and services in the society.[6] In this regard, markets fail to ensure the most efficient or beneficial allocation of resources. Market failures necessitate government interventions to restore the socially optimal equilibrium in production, and to enable firms internalize the externalities (especially negative ones) resulting from their production activities.[7] This role of the government becomes even more important when large scale players in the economy, such as the airports, are in the hands of private investors.

Given the breadth and scale of environmental impacts associated with air travel and airports it is no surprise that the growth of the aviation sector is often seen to be at odds with the goal of sustainable development (Hooper *et al.*, 2003). On one hand, aircraft engines, for instance, release a number of harmful pollutants that could potentially contribute to climate change and affect the ozone layer (Brasseur *et al.*, 1998). On the other, the aviation industry ranks significantly high in its contributions to other aspects of sustainability such as economic sustainability, since it provides jobs, supports trade and increases the inflow of capital in terms of tourism and passenger revenues (Caves, 2003; Maughan *et al.*, 2001). It is within this context of economic development potential that air transport moved away from being a highly regulated, government-owned and subsidized mode of travel run as a public utility towards an industry where economic market regulations are increasingly being removed (Humphreys, 2003, p. 22) to enhance efficiency (Inamete, 1993). It is also through this economic shift that the aviation sector is most likely to impact negatively on the other indices of sustainability – especially environmental and social wellbeing.

Following the seeming contradiction arising from the pursuit of different routes to sustainability, and the inability of market forces and regulatory instruments, respectively, to solely address market failures, it becomes quite necessary for policies and decisions to be based on broader perspectives in order to attain some sort of balance, across the board. This broader approach, in principle, involves multi-stakeholder perspectives to sustainability, which is growing in significance (Graham and Guyer, 1999) and is being recognized as an approach that could provide a more practical basis for socially responsible decision-making (Hensher and Brewer, 2001; Gago and Antolin, 2004; Kaszewski and Sheate, 2004).

Stakeholder Engagement for Sustainable Airport Development

Stakeholder theory perspective to organizing and managing firms is one of the major management paradigm shifts in the late last century. The theory, in its present form, is traceable to Freeman (1984, p. 246) who defined stakeholders as '. . . those groups and individuals who can affect, or are affected by

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[4] In the free and perfectly competitive market, the firm maximizes profit at a point where marginal revenue (MR) equals marginal cost (MC) and price (P) – i.e. (MR = MC = P).
[5] Social costs = private costs (cost to the firm) + external costs (cost to society not borne by the firm).
[6] This discrepancy is technically referred to as market failure: the inability of markets to reflect the full social costs or benefits of a good, service or state of the world.
[7] The government uses a basket of policy instruments (such as taxes, subsidies, quotas, tradable permits and regulations) to achieve the required social optimal level in production.

the achievement of an organization's purpose'. Since then, the concept has been embedded in management scholarship and in managers' thinking (Mitchell *et al.*, 1997). Effective stakeholder relationship management[8] is, *inter alia*, characterized by dialogue and engagement (Phillips, 1997; Swift, 2001). It is the act of managing the relationship between the firm and different stakeholders in order to enhance the effectiveness of the firm's decisions and strategies. This *engagement* at the core of effective stakeholder relationship management is essential to realizing the goals of sustainable development, especially as the main issue for sustainable development concerns primarily the choices companies make between the conflicting interests of stakeholders.

To emphasize the relevance of stakeholder engagement to sustainability decisions within firms, Kaszewski and Sheate (2004) examined the feasibility of four scenarios encouraging more sustainable airport development, focusing on airport terminal building design and surface access transport. The scenarios were what they described as (1) a 'business as usual' (BAU) plan for an airport's surface access transport and terminal building design, (2) a green transport plan (GTP), (3) a green architecture plan (GAP) and (4) a best practice approach combining (2) and (3), using a range of renewable energy and energy efficiency technologies. When stakeholders' responses to the scenarios were explored, the study found a unanimous support for the best practice scenario (4), and as the scenarios became more energy efficient and incorporated more renewable energy technologies stakeholders considered the approaches more sustainable, cost effective and feasible. However, stakeholder engagement is not about an organization abdicating responsibilities of its activities (Accountability, 1999, p. 106), neither does it imply that stakeholders have the right to be involved in all decisions, that all stakeholder expectations have to be met, or that the company can hide behind the stakeholder dialogue (Kaptein and van Tulder, 2003, p. 211). It is rather a 'partnership'[9] between the firm and stakeholders.

Notwithstanding that there is a growing pressure on corporations, nowadays, to effectively manage their stakeholders, even where there are no institutional rights on the part of the stakeholders to warrant doing so, stakeholder engagements are becoming complementary alternatives to both market instruments and regulations for negotiated solutions. As such, it is suggested that corporations should consider the interests of their stakeholders, whether for ethical reasons or for the achievement of strategic and economic objectives (Crane and Livesey, 2003). In this light, Andriof *et al.* (2002, p. 9) wrote

> . . . in today's societies successful companies are those that recognise that they have responsibilities to a range of stakeholders that go beyond mere compliance with the law or meeting the fiduciary responsibility inherent in the phrase 'maximising returns to shareholders'. If in the past the focus was on enhancing shareholder value, now it is on engaging stakeholders for long-term value creation. This does not mean that shareholders are not important, or that profitability is not vital to business success, but that in order to survive and be profitable a company must engage with a range of stakeholders whose views on the company's success may vary greatly.

The comment by Andriof *et al.* highlights the need for airports to be engaged with a diverse range of stakeholders in their drive towards sustainable airport development. Accordingly, Thomas and Lever (2003, p. 108) stated that the purpose of airport development is to facilitate airport growth and enhance the economic and social well-being of the local and national community. This will mean taking into account the views of the local community on airport development plans and how they are to be achieved.

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[8] Andriof *et al.* (2002, p. 7) argued that stakeholder *relationship* management is preferable in usage to stakeholder management, as popularly used in the literature, since '. . . companies can manage their *relationships* with stakeholders, but frequently cannot actually manage the stakeholders themselves . . .'. This meaning will run throughout this work even where the term 'stakeholder management' is used. Stakeholder relationship management will be used interchangeably with stakeholder engagement.

[9] This form of partnership does not necessarily carry any legal obligations.

In this regard, there is need for airport developments to be socially inclusive and participatory in approach – i.e. allowing people to be involved in determining the outcomes of issues that concern them and their society.

Relating stakeholder engagement to sustainable airport management, Thomas and Lever (2003) further opined that it contributes to the chances of airport development being sustainable because (a) in drawing upon a wide range of interested parties, prospects for appropriate development and a mutually beneficial commitment to achieving objectives is likely to be maximized; (b) it is more sustainable – people brought into the process feel part of the development, thus gaining their consensus for future development – and (c) development is seen as more transparent, responsive and accountable by local communities. In a similar line of thought, Accountability (1999, p. 107), affirmed that meaningful engagement with stakeholders can anticipate and manage conflicts, improve decision-making from management, employees, investors and other external stakeholders, build consensus amongst diverse views, create stakeholder identification with the outcomes of the organization's activities and build trust in the organization. However, one of the major challenges confronting airports, like other sectors, is how to apply the stakeholder engagement strategy to effectively meet the growing demands of sustainable airport development. The following section will present a framework and checklist to support this goal.

Overview and Application of the Effective Stakeholder Engagement Framework

The literature on stakeholder engagement emphasizes the need for stakeholder engagements to be far reaching, inclusive and balanced. This means that an effective stakeholder engagement exercise should, amongst others, clearly identify those who 'can affect or is [sic] affected by the achievement of an organization's objectives' (Freeman, 1984, p. 46) (i.e. stakeholder mapping) and the intensity and priority of the issues they bring on board (i.e. stakeholder salience and issue balancing – Donaldson and Preston, 1995). Stakeholder engagement exercises are very effective when they are embedded in an organization's culture and are conducted in a manner that guarantees two-way communication. As such, this paper argues the case that good stakeholder engagement practice needs to incorporate the following major components: (1) issue/stakeholder identification and prioritization, (2) execution (preparation, during and post), (3) evaluation and (4) an on-going relationship management. This is further illustrated in the diagram in Figure 1.

Stakeholder engagement involves identifying and prioritizing stakeholder issues based on managerial perceptions of stakeholder salience (Mitchell *et al.*, 1997). Mitchell *et al.* identified these stakeholder salient variables as power, legitimacy and urgency. It could be said that a stakeholder has power when it can impose its will on the firm. Legitimacy implies that stakeholder demands comply with prevailing norms and beliefs. In other words, power accrues to those who control resources needed by the firm (Pfeffer, 1981) and legitimacy is achieved if patterns of organizational practice are in congruence with the wider social system (Scott, 1987; Powell and DiMaggio, 1991). However, power and legitimacy can appear together, giving authority to those who have both, but they can also appear independently. Finally, urgency is a concept sustained on two elements: (1) the importance stakeholders accord their own demands and (2) their sensitivity to how long it takes managers to deal with their demands (Gago and Antolin, 2004). These salient variables according to Mitchell *et al.* will determine how a firm responds to its stakeholders. Despite these salient variables of stakeholdership, Jawahar and McLaughlin (2001, p. 397) argue that in addition to them firms are more likely to respond to stakeholders depending on where firms are in their life cycle stages – for instance, organizations in start-up or decline/revival stages are likely to favour certain stakeholders depending on the extent to which they are dependent on these stakeholders for resources critical to organizational survival. Other scholars have, also, suggested that
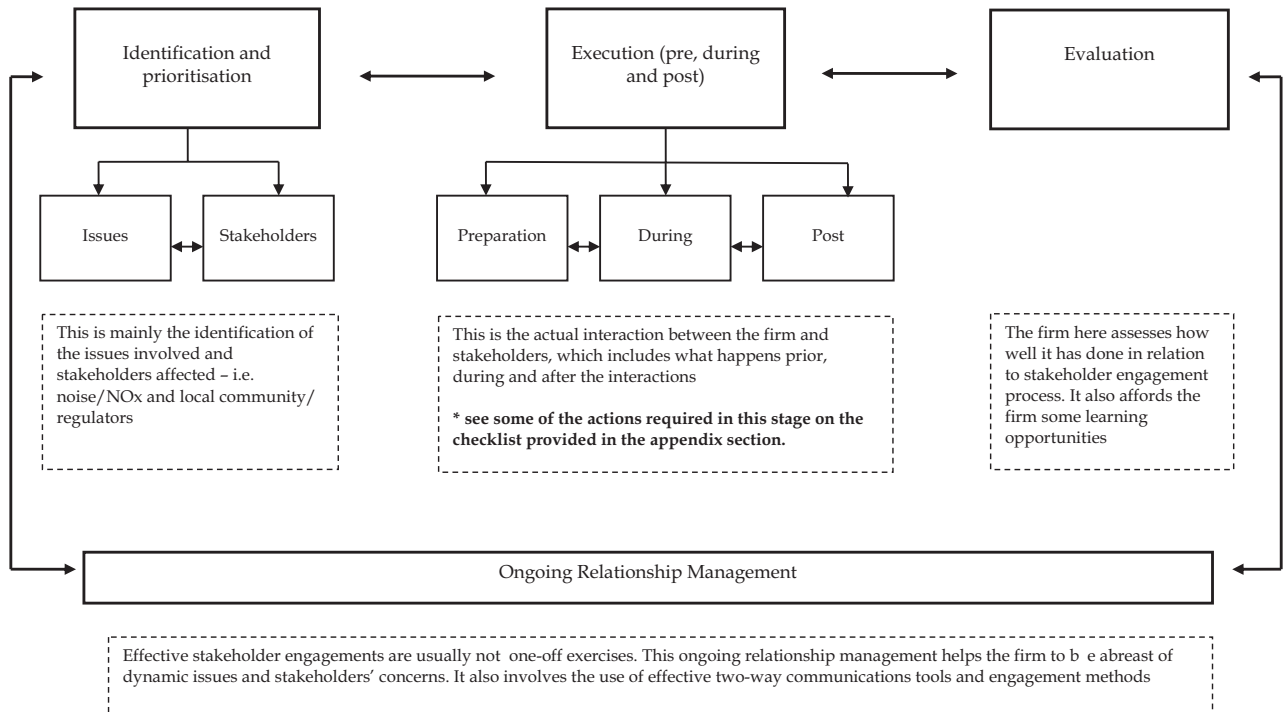
Figure 1. Effective stakeholder engagement framework

an organization can adopt different approaches to deal with its stakeholders, including pro-action, accommodation, defence and reaction (Carroll, 1979; Clarkson, 1995; Gatewood & Carroll, 1981; Wartick & Cochran, 1985).

Issue identification is primarily an attempt on the part of the firm to situate itself within the realities of its business environment. In what has become a classic article, Baron (1995) proposed that robust corporate strategies should incorporate elements of the market and non-market environments, respectively. According to Baron (1995, p. 47), '. . . the market environment includes those interactions between the firm and other parties that are intermediated by markers or private agreements. These interactions typically are voluntary and involve economic transactions and the exchange of property'. On the other hand, the non-market environment is characterized by interactions that are '. . . intermediated by the public, stakeholders, government, the media, and public institutions'; and these interactions may be voluntary, such as when the firm adopts a policy of developing relationships with government officials, or involuntary, when government regulates an activity or activist groups organize a boycott of a firm's product. Going further, Baron (1995, p. 48) outlined the following as the major components of the non-market environment: issues, institutions, interests and information. The non-market strategies address issues, by seeking to influence institutions (such as regulatory bodies) and interests (e.g. activists, individuals and groups) that drive these issues. The non-market strategies, also, seek to ascertain the information available to these different drivers through environmental scanning.

Baron strongly advocates that effective firm strategies incorporate both the market and non-market environments. In relation to airport companies, in particular, and the aviation industry, in general, examples of the non-market and market environment issues, respectively, could be as in Table 1.

Market environment issues	Non-market environment issues
Revenue generation activities (i.e. landing charges, passenger handling charges, etc)	Noise
Competition	Rate of pollution
Regulation	Community/civil society campaigns
Costs of running the airport	Health and safety
Shareholder pressure	Security (terrorism)

Table 1. Examples of non-market and market environment issues

Stakeholder group	Interests
National/regional government	Policy formulation, regional development
Airport company	Growth and development
Airport employees	Stable employment and opportunity
Airport service partners	Commercial development
Local government	Social and economic development
	Environmental protection
Airport users	Airport services/route development
Communities affected by airport operations	Noise nuisance and other local impacts
	Employment and access to aviation
NGOs, e.g. environmental pressure groups	Global and local environmental impacts
Business commerce, tourism, arts, sports and education organizations	Route development/passenger growth
	Trade and inward investment
Airport suppliers	Growth of market
Providers of other local transport services	Growth and integration of services

Table 2. Examples of main stakeholders with interests in airports. Reproduced by permission of the Centre for Air Transport and the Environment, MMU
Source: ARIC (2003, p. 34).

The identification of these issues, also, requires appropriate matching with corresponding stakeholder champions, and stakeholder analysis – which, according to ARIC (2003, p. 35), includes

- identifying and defining the characteristics of key stakeholders;
- assessing the way they might affect or be affected by current operations and future development;
- understanding the relations between stakeholders, highlighting any potential for conflicts of interest and expectations;
- assessing the different capacities of stakeholders to participate in airport development and
- determining the most appropriate method of engagement for each.

Graham and Guyer (1999), for instance, identified the following as interested parties or stakeholders in the relationships between environmental sustainability, airport capacity and European air transport liberalization: the airlines themselves, wider society, airline customers, regulators and their airport operators. In a more elaborate fashion, Thomas and Lever (2003) listed the following as the main stakeholder groups with an interest in airports: the government; the airport company; employees; airport service partners (especially airlines); local authorities; the travelling public; communities affected by airport operations; NGOs, such as environmental bodies; business, commerce, tourism, arts, sports and education organizations; providers of other transport services in the area and airport suppliers. Examples of the likely issues to be pursued by these main stakeholders could be as shown in Table 2.

Stakeholder	First issue	Second issue	Third issue
Local authorities	Transport (i.e. accessibility)	Noise	Air quality
Local community	Transport	Community (i.e. local involvement)	Air quality
MPs/MEPs (politicians)	Noise	Transport	Air quality
Pressure groups	Air quality	Noise	Environment[1]
Media	Community	Transport	Noise
Government	Transport	Employment	Air quality
Business associations	Transport	Community	Employment
Passengers	Transport	Community	Need of growth
Business partners	Need of growth	Transport	Other economic
Employees	Waste	Transport	Environment
Retailers	Employment	Need of growth	Environment
Suppliers	Waste	Air quality	Environment

Table 3. BAA stakeholders and issue priorities
Source: BAA Stakeholder Survey Results (BAA, 2003).
[1] Environment, as used here, refers to 'the effects aviation has on climate change' (BAA, 2003).

This list is in no way exhaustive, as new *issues* are likely to be driven by new stakeholder groups. Stakeholder identification and salience is, therefore, a dynamic activity that flows with the tide of events and issues within the business environment.

Unfortunately, balancing the needs of these different groups of stakeholders is difficult, and different stakeholders have differing concerns and interests. An example of differing stakeholder concerns and interests is as presented in the case of BAA stakeholder management issues in Table 3.

To balance the needs of different interests, for instance, it is suggested that airports consider the multiple interactions that exist in stakeholder environments (Rowley, 1997) and prioritize their issues according to their salience, urgency, legitimacy (Mitchell *et al.*, 1997) and power (Pfeffer, 1981). The challenge, then, is to bring these groups into the development process by understanding and responding to their concerns through provision of a platform in which airport development would be viewed by government and community groups as more participatory and inclusive (Thomas and Lever, 2003).

It is in this challenge of bringing these groups together that the execution phase of the engagement process becomes quite important. This stage mainly involves setting the stakeholder engagement strategy into action. For ease of illustration, it has been divided into three sub-practices – preparation, during and post. The preparation sub-practice could be both internal and external. Internal preparation might include selecting an in-house 'champion' and or stakeholder team (Gable and Shireman, 2005). Gable and Shireman suggest that this champion should be someone who is respected, has credibility, is not afraid to speak honestly about consequences and is able to deliver bad news or bold recommendations if needed. These characteristics signal the relevance of leadership to the success of the engagement process. The stakeholder team, it is recommended, should have a broad representation across the key functions of the firm (e.g. marketing, communications, operations, environmental and governmental affairs, human resources and investor relations). On the other side of the fence, external preparation involves reaching out to the stakeholders to understand their concerns, to involve them in formulating the agenda of the engagement, setting out action plans and possibly identification and selection of missed-out important stakeholders. It also involves defining the terms of the engagement with stakeholders, and provision of necessary resources (e.g. venue information, lodging, travel funds, training *et cetera*) that will facilitate effective and efficient engagement.

A good example of how internal champions and stakeholder team are effectively deployed would be the case of Manchester International Airport, United Kingdom, which has a good reputation for its stake-

holder engagement that enabled it to successfully launch its second runway without significant stakeholder conflicts (Amaeshi, unpublished MBA dissertation). The airport has 'community champions' who act as a contact point and part of a wider group, able to co-ordinate and facilitate its community involvement. All champions are appointed by their peers and representatives are drawn from each department. In addition, the airport has a consultative committee set up in 1969 as the formal interface between Manchester Airport and its neighbouring communities. The committee today comprises 33 members representing local authorities affected by the airport's operation, amenity groups and user groups. The consultative committee meets on a quarterly basis, in public, with the press in attendance; and requests reports from the airport company on current issues of interest to the community, such as (a) results of environmental monitoring, particularly aircraft noise and track keeping, (b) analysis of community complaints, (c) development proposals, (d) progress reports on environmental management initiatives and (e) traffic statistics.[10]

The 'during' and 'post' sub-practices, highlighted in the framework, are concerned with what happens in and after consultation. There is a wide range of stakeholder consultation methods, which include seminars, community advisory committees, public meetings, focus groups *et cetera*. Each of these methods has its strengths and weaknesses and is fit for specific purposes (for details, see Macfarlane and McIntosh, 2000). However, irrespective of the method chosen, stakeholder consultations require good communications, negotiation, diplomacy and dialogue skills. As such, it is recommendable to use experienced facilitators to effectively draw out the key issues to deliberate on during and after the consultation. Setting clear rules for each dialogue and ensuring that stakeholder views are listened to and noted will further enhance the quality of the consultation. Points may be challenged, but should not be dismissed, as this might engender bad feelings within the camp of concerned stakeholders. It should be ensured that communication tools used address issues of cultural, racial, gender or education bias.

Power struggles are dominant in stakeholder engagements since stakeholders are not homogenous groups and come to the consultation to pursue their different interests (Hensher and Brewer, 2001; Wolfe and Putler, 2002). Stakeholders should, therefore, be encouraged to voice their views without restriction and without fear of penalty or discipline; and quieter stakeholders are drawn out and allowed time to express their views. It is equally important that the process of consultation and participation include precise agreements that could be adapted and monitored throughout the engagement process, ensure confidentiality where it is desired by stakeholders and enable stakeholder feedback post consultation.

Malvey *et al.* (2002) observed that most stakeholder engagements fail or appear unproductive due to lack of clear performance measurement objectives. This lack may not be unconnected to the difficulties involved in defining stakeholder engagement measurement criteria. Nonetheless, it is suggested that firms should have some sort of set performance measurement targets, linked to the objectives of the engagements. This should not only inform their strategic decisions, but also serve as a source of organizational learning. The stakeholder engagement model proposed in this paper firmly incorporates this evaluation component, which does not strongly come across in most stakeholder management models. We recognize that measurement of stakeholder engagement outcomes is still an evolving area. It is worthwhile to acknowledge that this performance measurement component is gradually becoming frequent in recent award winning corporate social reports.[11]

Finally, these stages provide the 'space' in which the engagement takes place and bear equal weight of importance, as a mistake in one stage can ruin the entire engagement process. These stages, also, show that the stakeholder engagement approach to sustainable airport development could be an ongoing

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[10] http://www.manchesterairport.co.uk/web.nsf/Content/ConsultativeCommitteeLinksWithTheCommunity [15 July 2005].
[11] For details of the awards and reports, http://www.accaglobal.com/sustainability/awards/ [1 December 2004]. Gable and Shireman (2005, p. 13) listed a number of measures currently available.

process and not just a one-off event. It is the proposition of this paper that ongoing relationships are much more likely to generate higher social capital value for the engaging firm than one-off exercises. However, this does not imply that one-off contacts with some stakeholders might not be better and much more beneficial if the issue involved is just a one-off, as well. The stakeholder engagement framework presented in this paper adopts a 'discrete' phase approach only for ease of illustration. In practice, stakeholder engagement does not necessarily imply a unidirectional linearity. It is rather an interactive (as well as iterative) system of stages that feed into and enrich one another. It could also be an on-going process as opposed to an idea of an 'event' to be managed. This framework could, therefore, be argued to have borrowed from 'good practices' across management, in general, and not necessarily from any one particular field – e.g. EIA. A detailed checklist is presented in the appendix to highlight how this framework could be operationalized.

Discussion and Implications

There is today a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximizing short-term profits, but instead through market-oriented yet responsible behaviour. Companies are aware that they can contribute to sustainable development by managing their operations in such a way as to enhance economic growth and increase competitiveness whilst ensuring environmental protection and promoting social responsibility, including consumer interests. However, translating the rhetoric of corporate social responsibility and sustainable development into practice has been one of the many major challenges confronting contemporary managers, in a period when sustainable development issues are becoming more dominant in management debates and mainstream business activities. The stakeholder engagement model proposed in this paper is only one such attempt to assist firms, in this case airports, to assess how well they conform to the dictates of sustainability.

It is worthwhile to clarify that the proposed model does not in anyway suggest 'the best way' to go about sustainable airport development, nor is it a one-size-fits-all approach. Accordingly, Thomas and Lever (2003) argue that there is no all-encompassing model or tool kit for effective stakeholder participation. Effective stakeholder participation depends upon a variety of place-specific social, economic and environmental criteria. It is, also, a model that will enable airport companies to come up with strategies to match both their non-market and market environments (Baron, 1995). Still from the practitioners' perspective, this model could be useful for both internal and external auditing. It could as well serve to facilitate inter-organizational learning via peer reviews and healthy co-operations. As a workplace artefact (Bechky, 2003), it is most likely to assist in resolving inter-occupational jurisdiction crisis, problematic knowledge boundaries and community of practice rivalries (Swan *et al.*, 2001) by serving as a knowledge boundary object (Carlile, 2002).

This framework benefits not only practitioners but also academics interested in this area of research. One of the contributions of this paper to extant literature is to link up all the components of the model as presented in this work: issue/stakeholder identification, execution, ongoing relationship management and evaluation. The model specifically could be used to answer, for instance, some of the questions below.

• To what extent do practices of airport companies compare with each other in different aspects of stakeholder engagement practice?
• Does the size of an airport affect its ability to adopt good practices in stakeholder engagement for sustainable development?

Airport/terminal	Estimated investment	Opening date/major projects
Amsterdam-Schiphol	US$18.7 billion	Terminal expansion, fifth runway; new offshore airport after 2025 (project on hold)
Paris (third airport)	US$3.6 billion	New airport after 2015
Berlin-Schonefeld	US$3.6 billion	First-phase expansion until 2007
Frankfurt	US$2.3 billion	cargoCity South and pax terminal expansions: fourth runway
London Heathrow T5	US$2.3 billion (UK£1.46 billion)	Complete by 2013? Decision pending March 2001 – complete by 2013
Athens-Spata	US$2.3 billion	

Table 4. Some major European airport projects
Adapted from Humphreys (2003).

- Do airport companies maintain the same level of stakeholder engagement across their subsidiaries?
- Are there location (national or regional) differences amongst airport companies in their commitments to sustainable airport development? Academics such as Whitley (1992a, 1992b), and Child and Warner (2003) have argued that business practices are to a large extent shaped by national business systems and national cultures, respectively.

It could also be used to examine whether ownership contributes to adoption of good practice in stakeholder engagement for sustainable airport development. Humphreys (1999) postulated that perhaps airports with some form of state ownership, for instance, could claim to work to the triple bottom line of environment, social and economic needs of the community/region. This might be worth testing empirically with the aid of this stakeholder engagement framework.

Following the current and anticipated number of major new airport development projects in Europe, for instance, as shown in Table 4, this proposed stakeholder engagement model becomes an invaluable tool to assist policy makers and airport regulators in their dealings with the airport companies. The model provides a performance management framework that will enable policy makers and regulators to set realistic and beneficial targets that will not hurt the industry excessively.

This model could also be used to promote a continuous improvement mindset within the entire aviation industry.

The limitations of this framework, however, are primarily tied to the inherent criticisms against stakeholder management. The stakeholder theory of management has been criticized on the grounds that it provides unscrupulous managers with a ready excuse to act in their own self-interest, thus resurrecting the agency problem that the shareholder wealth maximization imperative was designed to overcome (Phillips *et al.*, 2003). Opportunistic managers can more easily act in their own self-interest by claiming that the action actually benefits some stakeholder group or other (Jensen, 2000; Marcoux, 2000; Sternberg, 2000). In this regard, Marcoux (2000, p. 97) argued that 'All but the most egregious self-serving managerial behavior will doubtless serve the interests of some stakeholder constituencies and work against the interests of others'. In the same trend, Sternberg (2000, p. 51f) argues that stakeholder theory 'effectively destroys business accountability . . . because a business that is accountable to all, is actually accountable to none'.

In response to this criticism of opportunistic self-interest on the part of managers, Phillips *et al.* (2003) argue that no small measure of managerial opportunism has occurred in the name of shareholder wealth maximization, as well. While this sounds like a *tu quoque* (and you too!) fallacy, Phillips *et al.* simply describe this criticism as a version of the evil genie argument – '. . . one that is no more (or less) problematic for any one theory or idea than only of the extant alternatives' (p. 482). Continu-

ing, they argue that although managerial opportunism is a problem it is no more a problem for stakeholder theory than the alternatives. On the criticism of multiple master service (i.e. accountability to all), Phillips *et al.*, citing examples from the stakeholder-agency theory by Hill and Jones (1992), argue that managers' interest in organizational growth runs contrary not only to the interests of stockholders, but also contrary to the interests of stakeholders. As such, the claims of different groups may conflict; however, on a more general level, each group can be seen as having a stake in the continued existence of the firm (Hill & Jones, 1992, p. 145). Stakeholder theory, therefore, does not advocate the service of two masters. Rather, '. . . managers serve the interest of one master: the organisation' (Phillip *et al.*, 2003, p. 484).

Sustainability is not an easy concept to work with either in theory or in practice. It even becomes a more difficult issue when applied to the transport sector and particularly the aviation industry. This challenge arises from the conflict and inevitable trade-offs amongst the varied strands of sustainability propositions (i.e. economic, social, environmental, ecological etc.). The reality of these difficulties, however, does not constitute a strong reason to drop the stakeholder engagement approach, as other management concepts and practices come with their challenges as well.

Conclusion

This paper has traced and elaborated on the link between stakeholder engagement, which still constitutes some practical challenges in EIA, and sustainable airport development. Going further beyond this link and drawing from across general management practices, the study has also proposed a good practice stakeholder engagement framework for sustainable airport development, to assist airport companies, academics and policy makers interested in the aviation industry, in particular. Some of the benefits of this framework, amongst others, include that it will assist airport companies in matching their sustainability strategies to their non-market environment; and facilitate inter-organizational and inter-occupational learning by serving as a knowledge management boundary object. It is also anticipated to help academics in answering some puzzling research questions relating to airport size, location, national business systems, ownership *et cetera* and the quest for sustainable airport development. Policy makers and regulators stand to benefit from this proposed framework, as well, as it could provide them with a realistic target setting and performance-monitoring standard.

Despite the good uses this model could be put to, it is necessary to point out that it is not a panacea to the myriads of 'sustainable airport development' challenges confronting both airport companies and policy makers. It should be used with caution and as a complementary mechanism to the regulatory and market mechanisms, respectively. It is not a static model and as such should adapt to the changes in stakeholder engagement and sustainability practices. The model should be context specific and reflect local challenges in airport developments. For instance, the control of CO_2 emissions might not be an issue in some American states since the US is yet to sign up to the Kyoto protocol on climate change. Finally, it is a very flexible model, which is only presented as a guide.

Appendix. Stakeholder Engagement: Good Practice Checklist

This checklist seeks to capture airports' stakeholder engagement practices and is formulated from the Effective Stakeholder Engagement framework presented in this paper.

Effective Stakeholder Engagement framework	4 = Always 1 = Rarely 3 = Often 0 = Never 2 = Sometimes				
	4	3	2	1	0

Issue identification and management
1. Our stakeholder management practice is driven by specific issues (i.e. noise, pollutant emissions, customer complaints etc.)
2. We identify risks arising from our activities as a company, in relation to stakeholder interests and our corporate goals
3. We have designated budgets for stakeholder engagements

Stakeholder identification and prioritization
4. We identify and prioritize stakeholders in line with the specific issues considered
5. We involve stakeholders in the identification of other stakeholders
6. We acknowledge the differences amongst stakeholder groups and therefore relate to them as independent entities

Stakeholder engagement (preparation)
7. Engagements are driven by action plans (including timing and indicators for monitoring) – typical business plans, including identification of objectives, responsibilities and inputs to be accomplished by each stakeholder
8. We assign specific office or committee 'champions' to specific issues
9. We draw a stakeholder team across major functions/departments of the airport
10. Stakeholders are involved in defining the terms of the engagement[1]
11. Stakeholders are encouraged to understand the context of the engagement
12. Stakeholders are involved in the design of questions to be addressed in the stakeholder engagement process and the format of the engagement
13. Stakeholders are briefed by the organization to ensure that opinions and decisions are well informed
14. Engagement tools are designed to be understandable, easy to complete and encourage constructive feedback
15. We provide resources (e.g., food, shelter, travel funds etc.) so persons can attend the consultations from distant villages or their representatives can attend consultations in district, provincial or national capitals
16. We create appropriate settings and locations for the consultations

Stakeholder engagement (during)
17. We set clear rules for each dialogue
18. Stakeholder views are listened to and noted; points may be challenged, but are not dismissed
19. Stakeholders are allowed to voice their views without restrictions and without fear of penalty or discipline
20. Confidentiality is ensured where it is desired by stakeholders
21. Communication tools used address issues of cultural, racial, gender or educational bias
22. Quieter stakeholders are drawn out and allowed time to express their views
23. Leading questions are avoided
24. Senior and local managers are involved in stakeholder engagements
25. We encourage stakeholders to comment upon engagement processes and to recommend improvements
26. Key performance indicators (KPIs) are developed[2]
27. The process of consultation and participation includes precise agreements that could be adapted and monitored throughout the life of the project
28. We use external facilitators

Effective Stakeholder Engagement framework						4 = Always 1 = Rarely 3 = Often 0 = Never 2 = Sometimes
	4	3	2	1	0	

29. We use facilitators who know the indigenous languages and are knowledgeable about the indigenous cultures

Stakeholder engagement (post)

30. Consultation takes place throughout project design, implementation, monitoring and evaluation
31. Stakeholder fatigue is avoided through innovative methods of engagement
32. We retain personnel that interact with stakeholders; as in personal relationships, continuity and familiarity build trust

Stakeholder communication

33. We build dialogue and trust through two channels of communication, preferably in local language[3]
34. Our stakeholder communication includes a public disclosure and feedback process that offers other stakeholders information that is valuable in assessing the engagement and allows them to comment upon it

Our stakeholder communication tools

35. disclose who the organization's key stakeholders are, and explain how these stakeholders were identified
36. identify at which stakeholder groups the report is targeted
37. include and involve the stakeholders throughout the report preparation process
38. describe the dialogue process and disclose it in the report
39. explain how stakeholder feedback was used
40. give details of how this has changed the reporting process and internal management procedures, and disclose the influence different stakeholder groups have to facilitate change

Stakeholder engagement effectiveness

41. We assess the effectiveness of each stakeholder engagement
42. We document the rationale and processes of each stakeholder engagement to facilitate internal and external audit
43. Consultations add value to our decision making process
44. We ensure the independence and objectivity of the social and ethical accountant (internal or external) that is collecting and processing the results of the engagement

Methods of stakeholder engagement we use:

45. One-to-one interviews, face to face and distance
46. Group interviews
47. Focus groups
48. Workshops and seminars
49. Public meetings
50. Questionnaires – face to face, by letter, telephone, internet or other techniques

[1] The terms will include, but are not limited to, the issues covered, the methods and techniques of engagement used, the questions asked, the means of analysing responses to questions and the stakeholder feedback process.
[2] Proper KPIs have to be developed for the reporting on and internal management of the sustainable company. This provides the essential translation of ambitions and responsibilities contained in the code into measurable objectives for management and staff, as well as external stakeholders (Kaptein and van Tulder, 2003, p. 209).
[3] According to Silanpaa (1999), stakeholders who have been consulted need to know (1) what was the output of the consultation and (2) what is the company's response.

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