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# The decision making process for social issue behaviors : a stakeholder perspective / Katherine Carol Lafreniere

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**THE DECISION MAKING PROCESS FOR SOCIAL ISSUE BEHAVIORS: A  
STAKEHOLDER PERSPECTIVE**

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B. Mgt., University of Lethbridge, 2009**

A Thesis  
Submitted to the School of Graduate Studies  
of the University of Lethbridge  
in Partial Fulfillment of the  
Requirements for the Degree

**MASTER OF SCIENCE IN MANAGEMENT**

Faculty of Management  
University of Lethbridge  
LETHBRIDGE, ALBERTA, CANADA

Dedication

For Mom and Dad,

True mentors of what it takes to be a good person.

## **Abstract**

This study argues that Stakeholder Theory (Mitchell, Agle, & Wood, 1997) can be applied from the stakeholder's perspective in order to understand how stakeholders perceive their claims in an organization and consequently decide how to influence an organization. Using this audience-centric perspective, organizations can influence the stakeholder's claims and ultimately how the stakeholder will support the organization. These arguments are supported based on the case of farmers who voted in the 2007 water transfer agreement between the Municipality of Rocky View and the Western Irrigation District (WID). Personal interviews, employing Narrative Research, were conducted to document the participant's interpretations. The interview transcripts were analyzed in order to test and expand Stakeholder Theory as well as determine how marketers can use this perspective to successfully target different groups of stakeholders. This understanding contributes to potential management effectiveness because it explains how managers can deal with multiple stakeholder interests.

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## **Introduction**

It is commonly accepted in the stakeholder management literature that different groups of stakeholders have different levels of impact on the organization. This statement is made clear by Freeman's (1984, p. 46) classic definition of stakeholders: "A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives." However, according to Mitchell, Agle and Wood (1997), this broad definition neither reliably identified stakeholders from non-stakeholders nor explained to whom and to what managers actually paid attention.

In order to fill these theoretical gaps, Mitchell et al. (1997) formulated the widely accepted and cited Stakeholder Theory, a dynamic model, based upon the identification typology (power, legitimacy and urgency), that permitted the explicit recognition of situational uniqueness and managerial perception to explain how managers prioritize stakeholder relationships. However, Stakeholder Theory has been primarily applied and expanded from the management perspective. The stakeholder perspective has a limited history that, for the most part, focused on how stakeholders influence organizations (Rowley & Moldoveanu, 2003). The perspectives of stakeholder groups are often considered homogeneous (e.g., Rowley & Moldoveanu, 2003). It does not consider how key stakeholders perceive their claims and stakeholder position in the stakeholder-management relationship and ultimately decide whether or not to influence an organization. Therefore, a more in-depth analysis of the stakeholder perspective is beneficial.



It is also argued in Stakeholder Theory that “each attribute is variable, not a steady state, and can change for any particular entity or stakeholder-management relationship” (Mitchell et al., 1997, p. 868). Previous research speculated that stakeholders change positions because of factors related to stakeholder interests and identity (Rowley & Moldoveanu, 2003). However, Stakeholder Theory does not suggest that the management intervention can change a stakeholder position and ultimately how they will support the organization. These concepts, if supported by the evidence, provide theoretical and practical implications for marketers, public policy, and stakeholders, themselves.

The purpose of this study was to explore the stakeholder perspective and the nature of dynamism in the stakeholder-management relationship. The analysis of qualitative interviews conducted with farmers who decided whether or not to support their irrigation district in a 2007 plebiscite revealed: (1) organizations can change which claims stakeholders paid attention to and (2) four stakeholder perspectives (Power Savers, Water Savers, Efficiency Savers and Product Disbelievers), derived from stakeholder theory, describe how farmers made a decision on whether or not to support the WID. These four categories require a comprehensive sales message, targeting each of the four stakeholder perspectives, in order to convince stakeholders to positively support the organization.

This study begins with a review of Stakeholder Theory and the resulting research questions. Then the framework that this study is situated, including water transfer agreements and specifically, the 2007 water transfer case is presented. The methodology section discusses Narrative Inquiry in regards to the selection of respondents,

interviewing, and analysis issues. Next, the findings in this research report the dynamics of the four categories and why those categories exist. The discussion section comments about theoretical contribution. Then, the management implications section discusses the practicality of the findings. Finally, the study's limitations and directions for future research are presented and the study is concluded.

## **Literature Review**

### **Stakeholder Theory**

Since the stakeholder's perspective is closely tied to Stakeholder Theory (Mitchell et al., 1997), it is appropriate to provide an overview of that theory and its role in decision making. Stakeholder Theory was developed by Mitchell et al. (1997, p. 854) in order to (1) classify groups of stakeholders from a managerial perspective and (2) suggest a dynamic model, based upon identification typology, that permits the explicit recognition of situational uniqueness and managerial perceptions to explain how managers prioritize stakeholder relationships. Unlike previous stakeholder management literature, Stakeholder Theory argues that identification typology predicts managerial behavior with respect to each stakeholder position as well as how stakeholders change from one position to another and what that means to managers (Mitchell et al., 1997). Consequently, Stakeholder Theory specifies "how and under what circumstances managers can and should respond to various stakeholder types" (Mitchell et al., 1997, p. 885).

According to Mitchell et al. (1997), stakeholders can be classified in terms of the relative absence or presence of all or some of the attributes: power, legitimacy, and/or urgency (PLU). These attributes were selected based on the normative assumption that these variables define the field of stakeholders. They were compared against the broad definition of stakeholders to ensure that all stakeholders, potential or actual, were accounted for. This classification explains to what degree of attention managers give to different classes of stakeholders.

In Stakeholder Theory, power relates to a stakeholder's ability to get a firm to do something that the firm would not have otherwise done (Dahl, 1957; Pfeffer, 1981). Legitimacy refers to a stakeholder's stake or claim on the firm. It is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman, 1995). Thus, stakeholders have a claim when they have the legal or moral right to expect an organization to satisfy their interests. For example, legitimacy may be based on contract, exchange, legal title, legal right, moral right, at-risk status, or moral interest in the harms and benefits generated by an organization's actions (Agle, Mitchell, & Sonnenfeld, 1999). Finally, urgency refers to the degree a stakeholder's claim calls for immediate attention (Agle et al., 1999; Mitchell et al., 1997). It manifests when (1) a relationship or claim is time sensitive and (2) when that relationship or claim is important or critical to the stakeholder (Mitchell et al., 1997).

In Stakeholder Theory, seven stakeholder positions emerge from various combinations of PLU. They include dormant, discretionary, demanding, dominant, dangerous, dependent, and definitive (Mitchell et al., 1997). Table 1 presents brief descriptions of these stakeholder positions as originally explained by Mitchell et al. (1997). These classifications not only identify different stakeholders but also "constitutes the set from which managers select those entities they perceive as salient" (Mitchell et al., 1997, p. 873).

Saliency refers to the "degree managers give priority to competing stakeholder claims" (Mitchell et al., 1997, p. 869). The managers' perceptions of various positions of stakeholders dictate stakeholder salience. Stakeholders in the low salience position only

possess one of the attributes (i.e., dormant, discretionary, demanding). Low salience stakeholders and managers most likely do not give any attention or acknowledgement to each other. Moderately salient stakeholders possess two of the attributes (i.e., dominant, dangerous, dependent). These stakeholders are actively engaged in the stakeholder-management relationship because they are seen as “expecting something” (Mitchell et al., 1997) from the firm. Consequently, firms are more responsive to moderately salient stakeholders. Finally, stakeholders who possess all three attributes are considered highly salient (i.e., definitive). Stakeholder salience is high because the manager perceives that this group of stakeholders possesses all three attributes (Mitchell et al., 1997). Thus, the number of attributes that a manager perceives to be possessed by a stakeholder determines the level of stakeholder saliency.

Mitchell et al. (1997, p. 868) posited three assumptions of PLU. First, each attribute is dynamic, not static, and can change for any particular entity or stakeholder-manager relationship. Second, stakeholder attributes are socially constructed, not objective reality. The existence of an attribute is constructed from multiple perspectives not an objective one. Finally, a stakeholder may not be aware that they possess one or more of the attributes or they may be aware of possession but choose not to exercise it. These assumptions must be further explored because they lay the foundation for future analyses of dynamism in stakeholder-management relationships (Mitchell et al., 1997). Their ability to explain dynamism is considered in the next two sub-sections of the literature review in order to ensure the gaps in Stakeholder Theory are theoretically sound.

Table 1

*Description of Stakeholder Positions (Mitchell et al., 1997, pp. 875-878)*

<b>Type of Stakeholder</b>	<b>Possessed Attribute(s)</b>	<b>Saliency from Manager's perspective</b>	<b>Description</b>	<b>Example(s)</b>
Dormant	Power	Low	Those who possess power to impose their will on a firm but their power remains unused	Those who can acquire media attention
Discretionary	Legitimacy	Low	Those who possess a desirable social good that organizations can choose to ignore	Nonprofit organizations who receive donations from companies
Demanding	Urgency	Low	Those with urgent claims but do not warrant the organization's attention	pickers
Dominant	Power, Legitimacy	Moderate	Those who have legitimate claims upon the organization and can act on those claims	Owners, creditors, community leaders, employees, government
Dangerous	Power, Urgency	Moderate	Those who are coercive and possibly violent towards the organization	Terrorism
Dependent	Legitimacy, Urgency	Moderate	Those who rely on others for the power necessary to carry out their will	Citizens, animals, and ecosystems
Definitive	Power, Legitimacy, Urgency	High	Dominant stakeholders whose claim has become urgent. Organizations must give priority to those stakeholders' claims	Stockholders who saw their stock values plummet

## **The Management vs. Stakeholder Perspective**

Mitchell et al. (1997, p. 871) argue that the perspective of the manager is the most vital in the stakeholder-manager relationship because the manager has direct control over the decision making apparatus of the firm and determines which stakeholders to pay attention to. However, this perspective does not accurately represent all stakeholder-manager relationships. For example, union members can have direct control over the decision making apparatus of the firm instead of managers during a plebiscite.

Furthermore, there are an overwhelming number of stakeholders that have the ability to affect the long-run survival of the organization (Handelman & Arnold, 1999). Consider consumers and their ability to affect a retailer by means of intentions to shop at the store, providing word-of mouth references or even boycotting (Handelman & Arnold, 1999). However, Stakeholder Theory has never been studied from the stakeholder perspective.

Many marketers have already argued that future marketing theory development needs to consider both strategy and consumer behaviour (Sheth, Gardner, & Garrett, 1988). This combination requires that “the marketing function initiates, negotiates, and manages acceptable exchange relationships with key interest groups, or constituencies, in the pursuit of sustainable competitive advantages, within specific markets, on the basis of long run consumer and channel franchises” (Day & Wensley, 1983, p. 83). Thus, according to Sheth et al. (1988), the challenge for future marketing theorists is to develop theories that adequately incorporate both a thorough understanding of the consumer’s needs and behaviours and a critical analysis of opportunities for a competitive advantage. From this perspective, it can be seen that the stakeholder perspective is also vital in the

stakeholder-management relationship because assuring stakeholder support can lead to a competitive advantage.

In the traditional commercial context, organizations that have not adopted the new marketing theory have resulted in lower financial returns. As explained by Srivastava, Shervani and Fahey (1998), developing and managing customer, channel, and partner relationships increases shareholder value by enhancing cash flows, lowers the volatility and vulnerability of cash flows and increases the residual value of cash flows. Thus, not obtaining the stakeholder's perspective would result in less effective stakeholder-management strategies and could negatively affect the organization.

Similarly, Institutional Theory (DiMaggio & Powell, 1983) and other multi-stakeholder theories posit that "in a free society, any business operates only as long as societal members continue to grant it that right" (Varadarajan & Menon, 1988, p. 59). The stakeholder's effect on the organization's wellbeing is the reason why institutional theorists argue that organizations try to infuse themselves "with value beyond the technical requirements of the task at hand" (Sleznick, 1996, p. 271).

In developing Stakeholder Theory, Mitchell et al. (1997) discuss this dilemma regarding key stakeholders, where managers can be fired when they don't sufficiently or appropriately meet the claims of definitive stakeholders. They write,

In 1993 stockholders (dominant stakeholders) of IBM, General Motors, Kodak, Westinghouse, and American Express became active when they felt that their legitimate interests were not being served by the managers of these companies. A sense of urgency was engendered when these powerful, legitimate stakeholders saw their stock values plummet. Because top managers did not respond sufficiently or appropriately to these definitive stakeholders, they were removed, thus demonstrating in a general way the importance of an accurate perception of power, legitimacy, and urgency; the necessity of acknowledgement and action that salience implies; and, more specifically, the consequences of the



misperception of or inattention to the claims of definitive stakeholders (Mitchell et al., 1997, p. 878).

Therefore, Stakeholder Theory from the management perspective only provides a partial view of the dynamic stakeholder-management relationship. It is also vital to understand how key stakeholders perceive themselves and other stakeholders and decide whether or not they will support the organization. Furthermore, since the stakeholder's position is socially constructed and not objective reality (Mitchell et al., 1997), one cannot assume that both the manager and stakeholder perspectives are the same. The stakeholder perspective will in turn give managers a better understanding of whether their actions sufficiently or appropriately meet the claims of multiple stakeholders and thereby avoid negative repercussions.

Within the limited amount of studies that have focused on the stakeholder perspectives, the primary focus was how stakeholders influence the organization. For example, Frooman (1999) argued that the type of influence strategy adopted by stakeholders to influence the stakeholder-management relationship depends on the resource relationship (who's depended on whom). Rowley (1997) considered stakeholder influences and how firms respond to those influences by means of Social Network Theory. Specifically, the density of a stakeholder network and the organization's centrality in that network influences the organization's degree of resistance on stakeholder demands. However, this narrow focus does not fully consider the identification typology described in Stakeholder Theory. Since the identification typology was designed to include all possible stakeholders, it is worth considering how it describes the stakeholder perspective. Therefore, a more in-depth analysis of the stakeholder perspective is useful.

## **Dynamism in Stakeholder-Management Relationships**

Dynamism is a vital concept to stakeholder-management relationships because it explains how managers identify and prioritize stakeholder relationships (Mitchell et al., 1997). In their discussion of dynamism, Mitchell et al (1997) argue that the identification typology were also intended to predict how stakeholders change from one position to another and what that change means to the manager. They write:

Stakeholders change in salience, requiring different degrees and types of attention depending on their attributed possession of power, legitimacy, and/or urgency, and that levels of these attributes (and thereby salience) can vary from issue to issue and from time to time (Mitchell et al., 1997, p. 879).

The nature of stakeholder dynamism is further explained as the stakeholders' cleverness and actions that allow them to move into different positions (Mitchell et al., 1997, p. 879).

There has been some research on the nature of dynamism in the stakeholder-management relationship from the stakeholder perspective. For example, Rowley and Moldoveanu (2003) posit that the stakeholders' interests and identity induce dynamism in the stakeholder-management relationship. Specifically, stakeholder groups may be more inclined to influence the stakeholder-management relationship when: (1) they have engaged in collective actions in the past; (2) there is high stakeholder density; (3) their members value their common identity; and (4) there is less stakeholder group overlap with other groups.

However, the Stakeholder Theory literature has not fully considered the nature of dynamism in stakeholder-management relationships. A stakeholder's position may also change because of a variety of factors that has not been discussed in the stakeholder theory literature. For instance, managers can strategically intervene and change the level

of attributes in a stakeholder. This type of intervention is commonly studied in the marketing literature. For example, one can observe a manager's intervention in stakeholders' positions before and after a campaign is introduced. Thus, from the stakeholder's perspective, dynamism may also manifest from the stakeholder's reaction to the intervention undertaken from the organization.

Dynamism in the stakeholder-management relationship most often considers members within stakeholder groups as homogeneous (e.g., Rowley & Moldoveanu, 2003). However, just because an organization can change stakeholders' positions doesn't mean that stakeholders will have congruent reactions. Rather, a piece of information can be perceived in several different ways. The notion of multiple perspectives from a group is widely supported in the social psychology and priming literature (e.g., Ha & Hoch, 1989). This literature further suggests that when a piece of information is interpreted from several perspectives, people do not consider all possible connotations. Instead, a person's evaluation of a message generally comes from one implication (Yi, 1990, p. 216). This implication is primed by contextual factors preceding or accompanying the message which affects evaluations of the message (Janiszewski & Warlop, 1993; Yi, 1990).

The nature of dynamism in stakeholder-management relationships must be further explored from the stakeholder perspective in order to gain a deeper understanding of the effects of management interventions and how they influence stakeholders' position. Furthermore, the notion that a piece of information can be perceived in several different ways suggests that dynamism in the stakeholder-management relationship should be considered at the individual level. Studying the effect of management interventions on

stakeholder positions at the individual level contributes to potential management effectiveness because it explains management influences on the stakeholder-management relationship and predicts how stakeholders will respond to that intervention.

## **Research Questions**

In stakeholder-management relationships, one cannot solely consider the perspective of the manager because just like the manager can decide whether or not to listen to the stakeholder, the stakeholder can also decide whether or not to support the organization. Since the stakeholder's position is socially constructed and not objective reality, one cannot assume that both the manager and stakeholder perspectives are the same. Furthermore, the stakeholder's perspective may provide insight regarding how they will influence an organization. Thus, it is vital to understand both the manager and stakeholder's perspective when exploring the stakeholder-management relationship.

In Stakeholder Theory, the nature of dynamism has been minimally explored. However, situations occur where stakeholders move into different position because of management interventions. This change in position may affect how stakeholders perceive their claims and consequently behave. Furthermore, the stakeholder perspective of dynamism has not been considered at the individual level. Therefore, the dynamism of the stakeholder-management relationship requires further exploration. This study intended on filling these gaps in the literature by answering the following research questions:

1. What is the stakeholder perspective of Stakeholder Theory?
2. How do stakeholders move from different positions and how does that movement affect the stakeholders' decision to support an organization?
3. How can organizations sustain effective stakeholder-management relationships?

## **Research Framework**

Although it has never been studied, management interventions may have an effect on stakeholders' positions. Furthermore, although Stakeholder Theory has been applied in the common resource management framework (e.g., Sharma & Henriques, 2005), this theory has never been studied from the stakeholder perspective. Finally, a recent publication from the Marketing Science Institute (MSI) designated research on marketing to special populations (e.g., teens, ethnic groups, developing markets, etc.) as a research priority. Thus, farmers who were faced with a management intervention and consequently decided whether or not to support the organization's water transfer proposal provide an exceptional research framework for this study.

## **Water Transfer Agreements**

Several Canadian and international communities have exhausted their current water supply. In order to resolve this crisis, researchers have considered water management strategies such as transferring water licenses (Bjornlund et al., 2008) and adopting improved irrigation technology (Nicol, Bjornlund, & Klein, 2008). However, numerous attempts to implement these solutions have been resisted by the seemingly unpredictable responses of farmers whose way of life relies on irrigation. Irrigation is the largest consumer of water in southern Alberta. As such, the success of any water management policy primarily depends on the participation of this sector (Bjornlund, Nicol, & Klein, 2007).

In the past, research studies on the decision making of farmers had the perception that farmers were homogeneous in nature and primarily driven by financial incentives. However, these studies have failed to adequately explain and predict the irrigator's reaction to water problems, resulting in an inadequate acceptance of proposed water

solutions (Maybery, Cras, & Gullifer, 2005). Instead, the farmers' reactions show that the water issue is laden with emotion and that the research needs to be approached with tact and discretion (Kuehne & Bjornlund, 2006). Maybery et al. (2005) argued that this limitation occurs because the studies failed to appreciate the diversity and complexity of triggers that motivate farmers' decisions.

More recently, studies have demonstrated the heterogeneous nature of the irrigation sector by classifying farmers according to their behaviour (e.g. Kuehne & Bjornlund, 2006; Maybery et al., 2005). This technique may help policy makers more accurately target farmers when planning for significant changes (Kuehne & Bjornlund, 2006). The heterogeneous nature of the irrigators suggests that the water problem should be investigated at the individual level.

Maybery et al. (2005) recognized the value of the strategies and tactics inherent in marketing and psychology in order to determine and target the distinctive features of the irrigators. Overall, farmer responses are influenced by not only financial incentives but also: risk, leisure time, management complexity (Gómez-Limón & Riesgo, 2004), local production conditions, output and input prices, and individual characteristics of the irrigator, such as goals, debt situations and family situations (Bjornlund et al., 2007).

The need for more research on how farmers perceive policy makers and water transfers and consequently decide whether or not to support them makes farmers excellent candidates for testing the stakeholder's perspective in Stakeholder Theory. Furthermore, the decision making process of the irrigators from the lens of Stakeholder Theory has not been examined until now.

## **The 2007 Water Transfer Agreement**

Farmers who voted for or against the 2007 water transfer agreement between the Western Irrigation District (WID) and the Municipality of Rocky View were selected as participants in this study because they were identified as key stakeholders in a controversial water transfer agreement in Alberta, Canada. In September, 2007, Alberta Environment approved the agreement where the municipality of Rocky View agreed to pay the WID \$15 million to convert a leaky canal into an efficient pipeline in exchange for 2,000 acre feet of water. At \$7,500 an acre-foot, this set a new Alberta water market record (Bjornlund, Nicol, & Klein, 2009). This water transfer created substantial opposition from many parties - urban users, environmental interest groups as well as some farmers within the WID that eventually provided water to the development—demonstrating the need for better persuasion tools to promote such transfers within all sectors of the community in such a way that all parties can accept them as win-win solutions (Bjornlund et al., 2009).



## **Method**

Guided by the qualitative paradigm, the design of this study focused on the collection of stories—from farmers who voted in the 2007 water transfer agreement between the WID and MD of Rocky View—employing Narrative Inquiry as the methodological approach. Narrative Inquiry involves the documentation of narratives and focuses on the particularity of individual experience in unique historical and societal locations and processes, or on the retelling of culturally and socially shared grand narratives (Eriksson & Kovalainen, 2008). The narratives provided by the participants are both contextually rich and temporally bounded. Contextually rich narratives are those that are experienced first-hand and are most remembered (Eriksson & Kovalainen, 2008; Swap, Schields, & Abrams, 2001; Tulving, 1972). Temporally bounded narratives have a beginning, a sequence of events, and an ending (Eriksson & Kovalainen, 2008). The findings were also presented in the form of a narrative.

Narrative Inquiry allowed for the emergence of multiple themes created by the participants themselves (Eriksson & Kovalainen, 2008, p. 219). It provided a critical and reflexive view about the social world of business and its core processes (Eriksson & Kovalainen, 2008). Therefore, this method not only considerably developed the conceptual framework at hand, but also provided a deeper understanding of the stakeholder perspective than would be obtained from purely quantitative data (Silverman, 2001).

## **Sampling**

Selective sampling procedures were first used to determine which farmers would participate in the study. Selective sampling refers to a decision made prior to beginning a

study to sample participants according to an initial set of criteria (Gladstone, Dupuis, & Wexler, 2006). Of the fifteen participants in this study, fourteen were farmers from different areas of the district who, according to the WID, were able to express representative views of the water transfer agreement situation. They all ranged in age, income and education. This type of sampling allowed the researcher to differentiate between those who opposed agreement and those who were for the agreement, while capturing both common and divergent themes related to their experiences.

One of the fourteen farmers was selected through snowball sampling. This participant was described by some of the participants as someone with unique insights as to what was going on in the district at that time. Additional data was collected by interviewing a manager of the WID and gathering pertinent marketing material to permit triangulation of data (Eriksson & Kovalainen, 2008) and to verify the validity of retrospective interviews (Côté, Ericsson, & Law, 2005). For example, farmers might have confused the communication material sent after the water transfer agreement with the communication material sent before the agreement. Thus, multiple data sources suggested to the researcher which information was relevant to their decision making process leading up to the water transfer and which was not.

Prospective participants were initially contacted by telephone. Those who expressed an interest in the project were provided further information on the consent form (see Appendix 1). The letter of consent asked the participant for written permission to record the interview, assured the participant's anonymity and informed them of their right to withdraw from the study at any time without consequence. Individual interviews were then scheduled with each farmer who volunteered. There were no participants who

withdrew from the study. The Faculty of Management Human Subject Research Committee at the University of Lethbridge reviewed and approved this study, the consent form and the interview protocol before the interviews took place.

### **Interview Procedure**

In order to ensure that the interviews emphasized the research participants' personal experiences, an interview protocol (see Appendix 2) was employed to guide a detailed discussion of the farmer's background and personal experience. The interview protocol was developed based upon the Long Interview Technique (McCracken, 1988). This form of data collection allowed the researcher to transform the organizing ideas into categories and themes (McCracken, 1988). The interviews were semi-structured and open-ended to allow for new questions that might emerge during the conversation (Myers, 2009). It provided the participant with an opportunity to add important insights as they came up during the interview, while the previously prepared questions provided focus (Myers, 2009, p. 125).

Each interview was conducted via telephone and was audio recorded. Transcripts were then prepared and actual names were replaced with pseudonyms. The interviews were designed to elicit a narrative regarding how the participants thought about and described their decision making process, how they perceived their options, what preexisting factors influenced their decision, what type of information gathering was performed, whether or not their perceptions changed at all during the decision making process, and if so, what caused them to change, and finally, how their decision compared to the other alternative. Questions were also asked about why other farmers may have a different perception about the water transfer than their own and therefore provided

additional triangulation of data (Eriksson & Kovalainen, 2008). Interviews lasted from 15 to 79 minutes.

## **Analysis**

Thematic categories relating to the decision making process and to the factors associated with influencing the final decision were inductively derived from the data using a theoretical-based, thematic analysis (Eriksson & Kovalainen, 2008). Emerging themes were identified by analyzing individual interview transcripts and then by comparing the themes from other interview transcripts. This analysis is an accepted practice in qualitative research because it supports the analysis of textual data (Thompson, 1997). The researcher then took all observations and subjected them to collective scrutiny according to what the literature says ought to be there, how the decision making process is constituted in the researcher's experience, and what took place in the interview itself (McCracken, 1988).

Originally, the data were compared according to those who voted yes versus those who voted no (see Appendix 3). However, it became evident that there were similarities between some farmers who voted for and some farmers who voted against that were not similar within the groups of farmers who voted for and against. Specifically, some farmers seemed to only consider community issues when making their decision while others considered a more broad perspective of societal issues. Thus, a negative case analysis was conducted in order to determine why these cases were different from the others. These perspectives became clearer and more refined as interviews progressed and thus the notion of four stakeholder perspectives evolved. By the time theoretical

saturation was reached, there were at least three interviews accounted for in each of the four perspectives.

Theoretical saturation is the point at which no new insights are obtained, no new themes are identified, and no new issues arose regarding a category of data (Glasser & Strauss, 1967; Strauss & Corbin, 1990). Saturation of all categories signifies the point at which to end the research (Morse, 1995). Through the coding process and constant comparison, theoretical saturation occurred after the twelfth interview (see Table 2). In Table 2, the column labeled ‘themes identified’ represents when the themes were discovered. The column entitled ‘insights obtained’ represents when additional properties of those themes arose. For example, an additional property of Efficiency Savers arose in the eighth interview when an Efficiency Saver described a new angle regarding what he perceived the government and WID was hiding from the farmers. When additional properties arose, they were coded and compared. When no new themes or thematic properties were identified, the data were perceived to have reached theoretical saturation. However, three more interviews were conducted in order to ensure this claim.

Researcher bias was reduced by using researcher triangulation. Researcher triangulation occurs when multiple researchers analyze the same empirical data and cross-check their findings (Eriksson & Kovalainen, 2008, p. 124). In this study, the researcher’s previous conclusions were compared to that of an independent coder in order to discuss the developed properties of the decision making process within the group under study. Discrepancies were found and discussed until a consensus was reached about the emerging themes and their properties.

Table 2

*Theoretical Saturation*

<b>Interview</b>	<b>Themes Identified</b>	<b>Insights Obtained</b>
1	Management Perspective	4
2	Power Saver	3
3	Water Saver	0
4	Product Disbeliever	1
5	0	1
6	Efficiency Saver	2
7	0	1
8	0	2
9	0	1
10	0	1
11	0	1
12	0	1
13	0	0
14	0	0
15	0	0

The social psychology and priming literature also confirmed the reasonableness of these interpretations. This comparison to past research is referred to as theoretical transferability (Eriksson & Kovalainen, 2008). Member checks were also carried out with the WID management and board of directors. Member checks increase validity by verifying the extent to which the conclusions give an accurate description of what happened (Eriksson & Kovalainen, 2008). Trustworthiness (Guba & Lincoln, 1989) was established by concerted efforts to develop a trusting relationship with the participants. For example, questions were asked as part of a conversational, mutual exchange that allowed participants to take the role of “storyteller” and to present their experiences in the form of narratives (Gladstone et al., 2006).

According to the sense-making literature, the retrospective design of this study increases the risk of measurement error and weakens validity and reliability (Côté et al., 2005). Therefore, it was also important to test for any recall bias. According to Côté et al. (2005), the validity of retrospective interviews can be assessed by checking against public records, evaluating the quality of resources used throughout the decision problem, or by independently interviewing other people involved in the situation. This study ensured the validity of these retrospective interviews by (1) independently interviewing WID employees involved in the 2007 water problem, (2) analyzing the marketing and communication material concerning the 2007 water problem, (3) reading public documents such as media articles and government documents (e.g., Massot, 2007), and (4) speaking to experts in the 2007 water transfer agreement.

## Findings

In general, Mitchell et al.'s (1997) identification typology can be used to explain dynamism. Stakeholders change positions depending on their possession of power, legitimacy and/or urgency. From the management perspective, this dynamism affects how managers pay attention to different stakeholders. The WID perceived the government's movement from dominant to definitive and had to act in a manner that was perceived as win-win for the WID and all key stakeholders. From a stakeholder perspective, dynamism affects how stakeholders pay attention to their claims in an organization. The farmers perceived different changes in their stakeholder position and reacted in a manner to produce win-win or at least tolerable solutions. For example, Power Savers perceived a potential loss in power and reacted in a manner that aligned their claims to that of the government in order to sustain their way of life.

Additionally, the nature of dynamism affected which claim the stakeholders paid attention to. For example, the WID's intervention, in the form of a sales message, induced Efficiency Savers to primarily consider their claim to efficiency above all other claims (e.g., share water, lower member fees, etc.). The analysis in this study induced four distinct stakeholder perspectives among farmers (see Table 3). These perspectives are: Power Savers, Water Savers, Efficiency Savers and Product Disbeliever. These categorical labels were selected primarily to promote recall for the reader but were based on the claims farmers used to consider the WID's sales message. Specifically, some farmers considered the sales message of sharing water while other farmers considered the sales message of how the revenue from that sale would be spent. Farmers then made their



decision based on whether or not that sales message adequately met the claim that was primed by the sales message.

In presenting these findings, the stakeholder-management relationship in the 2007 water transfer agreement, is first discussed from both the management and stakeholder perspective. Next, the four categories of stakeholder perspectives and how dynamism affected the perception of their claims are presented. Finally, the nature of dynamism in stakeholder-management relationships is described.

Table 3

*The Four Stakeholder Perspectives of Farmers*

		<b>The Sales Message considered</b>	
		<b>Sharing water</b>	<b>How revenue should be spent</b>
<b>WID's sales message adequately met claim?</b>	<b>Yes</b>	<i>Power Savers</i>	<i>Water Savers</i>
	<b>No</b>	<i>Efficiency Savers</i>	<i>Product Disbeliever</i>

**Stakeholder-Management Relationship: Management Perspective**

Under the rules and procedures of the Irrigation Districts Act, the WID supplies irrigation water for over 400 farms and 96,000 acres of land. It also supplies municipal water to over 12,000 people in four communities (The district today, n.d.). The WID is therefore responsible for the maintenance of 1,200 kilometers of canal system and associated structures. The WID is comprised of approximately 30 employees that service a board of 6 directors. Together, they have a working budget of about \$4.5 million per year. According to the WID management, about \$2.4 million of that budget goes towards

rehabilitation each year. 75% of that budget comes from government funding and 25% comes from the members of the WID.

Prior to the 2007 water transfer agreement, the Government of Alberta was originally a dominant stakeholder (power and legitimacy) to the WID. That position changed to definitive (power, legitimacy and urgency) when the government realized that most parts of the South Saskatchewan River Basin (SSRB) were fully allocated and they were forced to close most of the Basin with the effect that no new licenses were likely to be issued. In order to meet the predicted growth of economic activity, population, and environmental needs, the government needed innovative mechanisms to facilitate a reallocation of existing water resources from current to new users (Bjornlund et al., 2008).

Since irrigation accounted for 75% of water consumption in the SSRB (Bjornlund et al., 2008), the WID was compelled to give priority to the government's urgent claim to share water. Board members and employees of the WID were highly receptive to the government's claims because they thought that the government could take their water rights by decree in the future. As one WID representative stated:

If you don't put it to use someone's going to come up with the bright idea you didn't need it in the first place, and the Water Act executive director, if he believes it's not being used they'll claw it back, change your license by decree. So we have to put it to use (Manager).

As Stakeholder Theory suggests, there are huge consequences to organizations who do not sufficiently or appropriately respond to the claims of definitive stakeholders (Mitchell et al., 1997). The WID recognized this change in stakeholder position and had to come up with a solution that would be acceptably meet the urgent claim of the government.

Farmers are also key stakeholders to the WID. The WID exists for the sole purpose of supplying water to its members, the farmers. Therefore, the farmers' primary claim in the WID is to provide them with a sustainable water source. Furthermore, the WID did not have the ability to approve water transfers without the consent from its members, the farmers. As stated by a WID representative, "the Irrigation Districts Act requires any transfer of a license in part or in whole to have to go to plebiscite to the farmers first" (Manager). Therefore, the WID had to find a way to satisfy the claims of both the farmers and the government in order to avoid negative repercussions from one or both parties.

The opportunity to sufficiently respond to both the government and the farmers' claims occurred when another water supplier rejected an offer from the municipality of Rocky View to sell 2,000 acre-feet of water for \$15 million. As the WID representative stated:

And then we understood they offered Drumheller 15-million dollars to upgrade their infrastructure within Drumheller as an incentive to let them hook onto the Kneehill pipeline and extend it beyond the Kneehill commission's range to supply Balzac. And they went through a lot of politics and they had developers sort of sitting, hovering, and waiting for a decision. And the political pressure on them was so immense that Drumheller turned them down (Manager).

The WID already knew that a leaky old canal in its district required \$15 million to be rehabilitated into a pressurized pipeline. At \$7,500 an acre-foot, this would set a new Alberta water market record (Bjornlund, Nicol, & Klein, 2009). Since (1) this development was estimated to create another 4,000 acre-feet of water, and (2) the district already saved 22,000 acre-feet of water since 1979 without much expansion, this transfer appeared to meet the claims of both the government and the farmers. Therefore, the WID

perceived this water transfer as a win-win and jumped at the deal. As a WID manager reflected on the idea of the water transfer, he stated:

Well, we saw our opportunity, saying, well, if you're willing to spend 15 over there why don't you come and spend 15 here and we'll create the water for [Rocky View] in terms of water saving through conservation. And that's how it started. So it was an opportunity that kind of came together just at the right time, and we had the materials already just at the right time. And as such the supply and demand kind of matched, bang, job done. Then we went into the transfer process which is quite elaborate, so—but the actual deal itself was really almost like a question of fate.

In order to get the agreement passed, the WID needed to show the farmers how the proposed water transfer sufficiently and appropriately met the claims of the farmers. The process to do so was all laid out. The WID held public meetings, advertised, and sent each farmer a special letter from the board of directors recommending the water transfer and other information they might need to make an educated decision (see Appendices 4-7). The communication material elucidated that the sale of water would go to Rocky View and the revenue from that transfer would be used to convert a leaky canal into an efficient pipeline in the Cluny area. The sales message was positively framed to discuss how the water transfer was mutually beneficial for all parties involved. Or so they thought. When the WID proposed the water transfer agreement to the farmers, it primed farmers to reconsider which of their claims in the WID were priorities.

### **Stakeholder-Management Relationship: Four Stakeholder Perspectives**

Although farmers were aware of the growing social norm to be more efficient and share water, legitimacy arose primarily from their claim to have a reliable and consistent source of water for irrigation. Steve explains how irrigation is mandatory in order to farm in this area. His feelings were:

Irrigation is a big factor too, eh? Like, there's – irrigation is very critical to our area here. I think in the – all the times we've used the pivots, the irrigation at all, there's only one year I didn't start some of my pivots up. And I can't remember the year it was but I remember there was never even water put in one pipe – in two pipelines maybe is what it was.

Another farmer, Harry, indicated similar feelings by stating:

If the Irrigation District doesn't pump water I'm out of business here and everything I have has no value cause the crop I grow and what we do on our fields – it's not even that I would have half a crop; I'd have no crop. It isn't viable without the irrigation. So we've invested and based our business and our farm based on the availability and the reliable availability of water.

However, the farmers perceived their legitimate claim in the WID most often as not urgent. Although they need to irrigate in order to sustain their way of life, the WID, for the most part, has done a good job supplying the water and therefore, this claim has not been at the top of most farmers' minds. As Mitch stated:

You know, the most valuable commodity in the world is oxygen and water, right? So however you prioritize that is up to the individual but I believe that we're in an area here where we have an abundance of water so we take it for granted. But you get down not very far into the United States, especially into that whole California corridor where I think at some point—well, this is an interesting fact. If you go buy a liter of oil or a liter of water at the grocery store, water is more expensive than oil. And people don't think about that right, but it's not different than irrigation water or whatever water that you're looking, that at some point in time, it's going to be like electricity or any other commodity.

Similarly, Phil expressed how the farmers' perception of legitimacy changes with the amount of water available. He stated:

Today, this year, the value of an acre-foot of water when you never did use it, hardly isn't very much. But if you're getting droughted out an acre-foot of water is worth quite a bit, isn't it? So, yeah. So it's hard to say. I know if you offered 2,000 acre-feet of water to somebody in California growing strawberries it would be worth a lot more than that. You know, they depleted their water. So a lot of their irrigations from aquifers or the Colorado River, and you know, it's – they're feeling the pinch. They value the water. Every big city in the US values the water, whereas up here nobody values the water.

Thus, since water was readily available for the farmers, their perception of legitimacy stemmed from some of their other claims in the WID. For example, Steve described how a lot of farmers in his area focused on the cost of irrigation. He stated:

We're very fortunate to be able to have pressurized irrigation here. We've got two pivots on pressurized lines and it's so simple and so cost effective for what they're charging us. It's unreal. Uh it's just really a good deal. And I've heard some guys complain that their pressure charges too much, and gee, they don't even know what – I don't understand why they should complain. 'Cause their cost of carburetion is very expensive, plus your motors and your servicing of your motors and pumps all the rest is just – well it just – more than they – I don't know, I just don't understand why they complain.

As a result, although these farmers were from the same stakeholder group, they all focused on the legitimacy of different claims in the WID because their primary claim was, at that point in time, satisfied.

With exception to Water Savers, farmers originally thought that they had power over the WID. Leo described how the WID's core purpose is to satisfy the farmers' irrigation needs:

Well, essentially, the WID's core purpose is to look after trade payers by supplying them with adequate water in a timely and efficient manner, and run efficiently. In other words, you know, their business is supplying water. And if they can do that efficiently and raise money in the process that's their job to do it at the least cost and most efficient way they can.

Kyle indicated similar feelings by stating:

The WID – like you know, it's a co-op of farmers, of water users. The CP built the irrigation system, gave it to the water users for a buck or something like that so it's ours.

Farmers suggested that if the WID did not adequately meet their legitimate claims then the WID could face legal repercussions. As Dave stated:

I guess at the end of the day if you're a permanent water right holder that they should—you know, that they have to kind of almost – I think if you took it to task, to court or whatever, they'd have to come out and do some work.

Thus, it can be understood that most farmers, with exception to Water Savers, originally perceived to have power and legitimacy.

Farmers were not urgent about their legitimate claims until the WID proposed the 2007 water transfer agreement. Harry, who attended WID public meeting prior to the proposal of the water transfer agreement, described the meetings in the following way:

There wasn't that many people at the meetings. Usually most of them when you have a WID meeting or a Western Irrigation meeting, even their annual meetings, there's probably more employees of the district there, and government people, than there is land owners. People just, I don't know, they don't really take an interest in stuff until it's too late.

However, once the WID sent out promotion and communication material regarding the proposed water transfer, the urgency of the farmer's claims was clearly evident during the subsequent meetings. As Mike reflected on the increase in urgency at the subsequent meetings, he stated:

They sent us letters out and then they were going to have meetings. They had one in the Cluny area and –instead of having one big one—they finally had one big one but they had one on each of the director's areas, right, then the process got ugly after when they had the big meeting. They were hollering at each other and it was [laughs] sort of entertaining actually. Yeah, I mean people felt pretty strong about it, eh? More so, on the Cluny end.

Harry described his personal involvement in the subsequent meetings by stating:

You know, it didn't make any sense to me and I got so mad I just figured I'd better get out of there before I get hauled off to jail [laughs].

Although the WID might not have intentionally changed the farmer's stakeholder position, the way they presented the 2007 water transfer agreement changed the farmers' perceptions of their position and ultimately influenced their voting decision.

Therefore, with exception to Water Savers, all groups of farmers originally perceived themselves in the dominant position (power and legitimacy). Once the WID's sales message was received, Efficiency Savers and Product Disbelievers perceived a

position change from dominant to definitive (power, legitimacy and urgency). Water Savers perceived a position change from dependent (legitimacy and urgency) to definitive. Finally, Power Savers perceived a position change from dominant to dependent. The position change for Power Savers and Water Savers are described in the next two subsections

Similar to the social psychology and priming literature (Ha & Hoch, 1989; Janiszewski & Warlop, 1993; Yi, 1990), when farmers initially heard about the proposed water transfer, it was found that farmers' perceptions were generally evidence to one of four implications. It can be seen that the farmers' perceptions were primed by their claims preceding or accompanying the sales message and that the farmers used that claim as the decision frame to make a decision on whether or not to support the WID. The four perspectives will now be discussed in turn. A summary of all participants and their relation to the stakeholder perspective is presented in Table 4.

#### **Power Savers.**

For these farmers, the proposed water transfer made them realize the same implication as the WID management and they subsequently voted yes to the agreement. Power Savers considered their stakeholder position and compared it to the government. They felt that if they did not respond to the urgent claims of the government, then the government will just take their water away by decree. They were not concerned with how the revenue from water transfer would be allocated. In a sense, these farmers looked beyond community issues and considered the dynamics of society as a whole. As one Power Saver reflected on the problem, he stated:

So long term I guess if you ask me is water irrigation in Alberta going to be viable I really don't think so. What's going to happen to the current irrigation acres or



allocation of water, I think when push comes to shove, whatever that is, another big mall, another manufacturing facility that, you know, they now talk about the magnesium smelt that Don Getty built and the pipelines to put water to that thing cause it was going to use – oh man, it’s just like who sold them that? But anyway, my point is government was able to provide the facilities, the infrastructure, the water for a magnesium smelter which was just the most ridiculous thing ever, yet government could make all of those things happen. The huge electricity it would require, the vast amounts of water that it would require, and it just wasn’t a problem. And I think in the future that is going to be the same sort of thing. I would hope that our politicians are smarter and better than that but I don’t think they are and I think the water issue is always going to come from agriculture (John).

Table 4

*Participants and their Stakeholder Perspective*

<b>Pseudonym</b>	<b>Stakeholder Perspective</b>	<b>Voting Decision</b>
Manager	N/A	N/A
Phil	Product Disbeliever	No
Harry	Product Disbeliever	No
Mike	Product Disbeliever	No
Kyle	Efficiency Saver	No
Steve	Efficiency Saver	No
Mitch	Efficiency Saver	No
John	Power Saver	Yes
Leo	Power Saver	Yes
Joe	Power Saver	Yes
Dave	Water Saver	Yes
Frank	Water Saver	Yes
Peter	Water Saver	Yes
Jeff	Water Saver	Yes
Tom	Water Saver	Yes

Leo indicated similar feelings by stating:

The Western Irrigation District, if we go back to the original agreements, had enough water rights that they could short the city of Calgary, if we had to, from the original agreements that we got from the CPR (Canadian Pacific Railway). The city of Calgary is a growing city. There is no way they’re going to give up any water rights at this point in time and curb their ability to grow. That would really be foolish on their part. So their action in regards to that is very

understandable. Why would they do that? And in Western Irrigation's case they had such huge water rights that they had got for years with that—and we're not using it for one thing. We're not using all those water rights, and we have a waste in the system. Then that's a much more logical choice isn't it? And you think any government's going to allow this to happen indefinitely where somebody's got a resource and they're just going to hold it and not use it, then you will get some stupid legislative change.

Joe expressed how the government was a part of his decision by stating:

They're always on the back burners, the provincial government, for sure. You know, trying to force you—well, not really force you, but in a way kind of pushing their agenda or threatening you with that use it or lose it mentality.

As a result, the support for the water transfer was an attempt by these farmers to protect their right to irrigate from the government's possible perdition. The sales message primed the government's definitive position and they felt the need to find a way that at least gave them power indirectly. Essentially, the loss of power increased the urgency to their claim.

Leo, for example, described his increase in urgency to get the agreement passed in the following way:

I think not to have done it would have been a high risk decision, cause ultimately there would have been legislation or a time—maybe they would have taken another 10 years, but ultimately it would have been a high risk decision because you hold out too long and before you know it the politicians—I mean, votes count, and there would have been some legislative situation. And of course, for proper compensation you've got to go to the courts. I think this was much cheaper, this was much better and it gave us as individual owners of water rights the ability to also participate in the decision, because we can now sell our water rights.

Thus, the proposed water transfer made Power Savers perceive that their position changed from dominant to dependent (urgency and legitimacy).

Now in the dependent position, Power Savers had to determine new ways to find power. One Power Saver voted yes because he felt that selling water to develop huge industrial complexes meant that they were now tied to their powerful lawyers and leaders.

Therefore, the government could not take their water rights away arbitrarily without repercussions from the powerful people running the industrial complexes. He stated:

But without setting a precedent, without saying hey, wait a minute. Our water is worth so much money and we plan to do business with other businesses rather than just farmers you move into a whole new area. You move into an area where the government can no longer arbitrarily just go in and say we're going to reduce your water. They can't do that because that water is now tied to industrial complexes, to people who have large amounts of money, to people who have lawyers, to people who have friends in high places. And at that point, it becomes a different game (John).

Other Power Savers felt that the sale of water aligned with the claims of the government and by matching their claim to the governments, they were able to depend on the power of the government. As one Power Saver stated:

You know, the change has two components to it. It will occur, that's the first component. And then we have two reactions to change: one, we can fight it all the way, or we can figure how we can adapt to it and extract the most benefit we can out of the change. That's the only choice you've got. So are you going to be miserable or are you going to work with it and make sure you get your just cause? But it will change (Leo).

Either way, these farmers tried to attain their power by depending on the power of a more powerful stakeholder. Thus, their perception of themselves from dominant to dependent was finalized and they voted yes to the water transfer agreement.

### **Water Savers.**

For Water Savers, the proposed water transfer agreement moved them from a dependent to definitive position. These farmers originally had urgent and legitimate claims because they saw and used an inefficient water system regularly and sometimes they couldn't even get the water they needed to irrigate. However, they had little or no power to enforce their will with the WID. As one Water Saver stated below:

We knew how much water they're losing. Like, just on the land I have it was unbelievable. Like, I phoned—I used to complain a little to the WID saying, well,

there's seepage all through here and there, and they'd just say, well, that's just coming out of that and that's normal. And the WID could have got really sued if they'd have started fixing up little spots here and there, so they just kind of denied it, the seepage and stuff, cause it was wreaking lots of land. Yeah, so— the WID's just kind of, you know, they wouldn't pay anything. They'd maybe dig in a little drainage ditch to get rid of it and stuff, but—but then besides, they didn't have any money to build, fix the ditch up properly anyway (Frank).

Unlike Power Savers, their change in position was not based on the perceptions of other stakeholder groups, such as the government. In fact, these farmers did not perceive any government urgency or stake to the share the water. As Jeff stated:

No, I don't think the government really came up at all. It was—no, the government really—they pretty much had to follow what we told them basically is how it—it was basically up to us to decide, and then the government pretty much red stamped it.

Thus, Water Savers did perceive a gain in power, at least in these circumstances, which moved them from dependent to definitive due to the proposed water transfer agreement. It gave these farmers the power to carry out their will with the WID.

Further, Water Savers did not indicate any effects that the water transfer might have at the societal level. They appeared to be more concerned about the wellbeing of the farmers in the district by only considering how the revenue from the water sale would be used. They felt that this agreement not only benefited them by fixing up their leaky canal, but also benefited farmers in other areas of the district. Now the WID could fix up the whole district faster. As one Water Saver stated:

I think putting this pressurized pipeline was a very, very good move. The amount of water that we gave up to put in this pipeline had certainly been saved. You know, like we didn't lose the amount of water in the area. I think we actually gained because there's, you know, the seepage isn't there anymore. You know, it's a little hard to say right now because we had 25 inches of rain this year, [laughs] which we never, ever had. Maybe that was why. I don't know. But anyway, I think that pipeline was a really, really good move. And I think now it enables us to spend more time fixing up other ditches further west to help conserve water again in another way (Frank).

Peter also spoke about why the pipeline benefitted the whole district:

Maybe I'm a little more bias just because I'm in this area, but people have to have an open mind. I mean, it's—whatever is best for the district is what's best, and I believe that was the best decision. You give up a little bit of water but the long-term gains are huge. You don't lose any to evaporation, and everybody's land, you know, you're not broken into small parcels because of an open canal. Its just, in my opinion, a no brainer.

Therefore, since the water transfer agreement gave them the power to do something that benefitted all the farmers in their area, Water Savers voted yes to the agreement.

### **Efficiency Savers.**

Similar to Power Savers, the proposed water transfer primed the Efficiency Savers to look beyond the scope of the agreement and consider the society as a whole. They were not concerned with how the revenue from the sale would be utilized. However, unlike Power Savers, Efficiency Savers did not consider the change in position of other key stakeholders, such as the government. Rather, Efficiency Savers looked at the effectiveness of the water transfer in general in solving societal problems. From this perspective, Efficiency Savers did not see the water transfer as an appropriate way to solve the goal of efficiently sharing water. Thus, Efficiency Savers moved from dominant to definitive. One Efficiency Saver recognized that the water management system itself was inefficient, stating that:

There's a pipeline from the City of Calgary going through the county of Wheatland and Rocky View but Rocky View and the county of Wheatland can't hook into that line because it's the City of Calgary's. And I, you know, I just think the way—what we're really doing is making a very inefficient water management system, and a very expensive one, because of politics between municipalities (Kyle).

Efficiency Savers were not against water transfers but they wanted it to be done effectively. Mitch, for example, described his opinion of sharing water in the following way:

You know, I have no problem sharing—like philosophically the resources here. The water and stuff, there's a lot of efficiencies that could be utilized for us as tax payers, water users, citizens that the canal doesn't have to be just for irrigation for farms or whatever.

Thus, if the offer that the organization is selling is inherently bad, it may not ever be able to convince these farmers to support the organization.

Although Efficiency Savers were not primed to consider the government's change in position, all of the Efficiency Savers indicated that the government had the ability to affect their water situation. As Mitch stated:

The issues with this stuff as far as I'm concerned is, if a city is out of water there's no way the government's going to let the farmer just pump the water on the field for our food production. So, it's just something to think about that there'll be some kind of—like they can take land from somebody if you—like, if a city—like the expropriation of the land. I think we're kidding ourselves if you don't think they're not going to expropriate water.

However, this message of the government's definitive status was neither delivered to the Efficiency Savers nor suggested in any of the WID's communication and marketing material (see Appendices 4-7). Instead, Efficiency Savers perceived the WID as trying to hide the government's urgent claim on the proposed water transfer. As Steve stated:

They did not really tell us all the full story of that deal cause no one knew that after they took it or they got it that the provincial government, Alberta Environment, took back another, 200, they took 10 percent too.

Another Efficiency Saver indicated similar feelings by stating:

I honestly believe that the provincial government had approved this development in Balzac and the thing was almost—it was being built and there were buildings there and the development was going ahead and the mall was already started. And they had no water license or way to get rid of the sewer. There was nothing there. And so there was huge political pressure to settle this. The city of Calgary was going to do absolutely nothing to help them unless Rocky View would have annexed the area to the city of Calgary and it would become city of Calgary development. And then they could have plugged in to the lines that were stubbed into there already. And it was very embarrassing, awkward situation on a billion dollar development. And the provincial government had to figure a way out of it.

And I think the back room politics and that, this is the deal that we got and I honestly believe that's the kind of—not the total reason that it was all settled was the provincial government but that was all part of the back room politics of the thing (Kyle).

This perception of secrecy really had an effect on the Efficiency Saver's perception of WID. As one Efficiency Saver stated:

Well really I don't trust them. I hope to hell they never, ever, ever, ever sell water out again. If they do sell it off, I don't know how we're going to control it (Steve). Efficiency Savers even indicated that if the WID had been honest about the political nature of the water transfer, they would have supported the agreement. As Mitch reflected on the WID's sales message, he stated:

It was all about money and politics. Like, their answers, some of the members, to us was that the Alberta government's making us. But if I was a chairman through that time period I would have stood up and said Alberta government is making us do this and use that as a supporting reason. My vote might have been different if I knew that was a fact and everyone told the truth.

Therefore, Efficiency Savers saw an offer that was inherently bad for farmers and society as a whole and voted no to the proposed water transfer agreement.

### **Product Disbelievers.**

Similar to Water Savers, the proposed water agreement did not prime Product Disbelievers to consider other stakeholders' position, such as the government. Instead, Product Disbelievers were primarily concerned with how the agreement benefited all the members in the WID. From this perspective, these farmers did not think that the proposed water agreement benefited all the members in the WID. As a result, Product Disbelievers changed positions from dominant to definitive. In the passage below, Mike explained how the water transfer agreement was not acceptable because Cluny didn't need the upgrade:

Well, it was the location for the reason I said that they really don't need it in the area. It's not that dry there in comparison to some of the dry land north of

Strathmore on the sea canal. In the previous years I attended the meetings and these people want to sign their acres off; they're not even using it right? Then all of a sudden they're going to get a pipeline and then they all go to bat for this bloody thing. So it didn't make sense.

Another Product Disbeliever, Harry, spoke about why pipelines don't actually save water without other infrastructure:

And that's my biggest beef when they said the very biggest of what they sold to people here, that when they're going to sell this water license and be putting this pipeline in on the other end, they're going to save water, you know, cause there's no seepage or anything on the pipeline versus the ditch. It all makes sense to a point, but they have no reservoir so at the head of the pipeline, which is east of Strathmore, Hammer Hills is the place it's called, they have to spill it. They've got to, you know, to irrigate you got to have the pipeline full all the time. So they don't have this lake at the front so they always got to be wasting water to keep this pipeline full.

Selling an appreciating asset for a depreciating asset was also shown to be the basis for Product Disbelievers to not support the water transfer. As one farmer stated:

You know, I've always had the belief you never sell a non-depreciating asset. I've sold a quarter once when I started farming to buy a truck and that quarter was—I sold it—this is the story I use. I sold a quarter that was quite a ways away; I bought it on spec. I bought it, I think it was \$40 an acre, had it for five years, sold it for \$100 an acre, and I took the money to buy a grain truck. And that land today has got two oil wells on it and it's probably worth \$3,000 an acre and my truck is at my brother's holding up a fence line for the last 25 years. Now tell me which was the smart move (laughs). To me, it costs you nothing—like land you still got to pay the taxes, but like the water license it doesn't cost us to have and we could have used it and it's got nowhere to go but up (Harry)

Regardless of the specific reason, Product Disbelievers were primed to consider operational issues regarding where to spend it rather than the effectiveness of water transfers in general at solving societal problems. Thus, these farmers would not transfer their water rights because they perceived that the revenue from the sale was used inappropriately.



Similar to Efficiency Savers, although Product Disbelievers were not primed to think about the government's urgent claim, all Product Disbelievers indicated that the government could affect their water situation. Harry described how the government had arbitrarily taken the farmer's water in the past:

But I think it was in the 1950's that the government more or less decided they were going to reduce our license, which meant they reduce the flow. You can have flow from the river in a high stream is more and then when it's low you can only take something. And I remember when I was on the board we were taking the government to court because there was no paper signed that they could take this license away from us. They arbitrarily did. And the only thing we could find was a record when they sent the manager up there to talk about it and he said in a letter that the low flow wasn't enough water. We needed more than that.

Once they were asked about the government during the interview, Product Disbelievers even suggested that the government had more power than the WID. As Mike stated:

Western Irrigation is a very powerful organization. It actually has a huge mandate and whether the government will let them keep it will be very interesting. Like if they want to build a new canal close to me they will come and tell me that they are doing this and I have no say. So they are very powerful but whether the government will let them keep that power, I don't know. With the water license we have sufficient water licenses now for our area but whether the government will let us have water to irrigate crops and not the people in the big city of Calgary for instance, I don't know if that'll happen. I suspect not.

However, unlike Efficiency Savers, Product Disbelievers did not mention the government in their rationale of their voting decision. Thus, these farmers voted no to the proposed water agreement because it did not benefit the entire WID.

Overall, the farmers perceived a change in their positions depending on their possession of power, legitimacy and/or urgency. From a stakeholder perspective, farmers suggested that dynamism affected how they paid attention to their claims in an organization. The farmers perceived different changes in their stakeholder position and reacted in a manner to produce a win-win or at least tolerable solutions. Furthermore, the

nature of dynamism appeared to affect which claims the farmers paid attention to. Table 5 provides a summary of the stakeholder position changes and its effect on their voting decision.

Table 5

*Summary of Stakeholder Position Changes & its Effect on the Voting Decision*

<b>Stakeholder Perspective</b>	<b>Initial Position</b>	<b>Final Position</b>	<b>Basis of Position Change</b>	<b>Voting Decision</b>	<b>Rationale</b>
Power Savers	Dominant	Dependent	Vote primed loss of power	For	“Use it or Lose it”
Water Savers	Dependent	Definitive	Vote primed power gain	For	Win-win solution
Efficiency Savers	Dominant	Definitive	Vote primed societal inefficiencies	Against	Transfer doesn’t benefit all society
Product Disbelievers	Dominant	Definitive	Vote primed communal inequality	Against	Product doesn’t benefit whole WID

### **Dynamism in Stakeholder-Management Relationships**

As the earlier findings demonstrate, the nature of dynamism affected which claims the stakeholders paid attention to. Management interventions, in the form of a sales message, made some farmers (Water Savers and Product Disbelievers) consider how the revenue from the water sale would be spent and other farmers (Efficiency Savers and Power Savers) consider how the water transfer affected society. Both messages seemed to move stakeholders into one of four categories depending on how one of the two messages was perceived by the stakeholder. Thus, management interventions may cause changes in stakeholder positions and which claims the stakeholders pay attention to.

Changes in stakeholder positions affected how the farmer paid attention to their claims. Efficiency Savers and Product Disbelievers originally perceived no real reason to be urgent about transferring water for Rocky View or rehabilitating the Cluny water system. However, when the WID presented the water transfer, these farmers perceived their claims as not being met. Furthermore, the nature of the dynamism affected which claims the farmers paid attention to. Product Disbelievers, caught up in how the revenue would be allocated, didn't think the Cluny pipeline benefited the entire WID. Efficiency Savers were caught up in the notion of selling water and didn't think the water transfer was efficient. Thus, the management intervention primed these farmers to consider different claims in the WID that were not solved by the WID's sales message and to therefore vote against the agreement.

Similar to Efficiency Savers and Product Disbelievers, Power Savers originally perceived no reason to be urgent about Rocky View's water crisis. However, when the WID presented the water transfer, Power Savers perceived that a lack of change would harm them and therefore used the water transfer to align their claims with those of the government. In this case, the management intervention primed Power Savers to consider how the government could affect their way of life if they didn't comply and to therefore vote for the agreement.

Water Savers also perceived no reason to be urgent about Rocky View's water crisis. However, they were already urgent about one of their own claims. Specifically, Water Savers were urgent about the conditions of their irrigation system and wanted it to be rehabilitated. Thus, since the WID's proposed water transfer meet the claims of both

the government and the Water Savers, the management intervention primed Water Savers to consider the win-win solution and to therefore vote for the agreement.

In the case of the 2007 water transfer agreement, both dynamism and the nature of dynamism appeared to affect how farmers perceived their claims in the WID and ultimately how they decided whether or not to support the organization. Overall, management interventions can explain some of the dynamism in stakeholder-management relationships. Management intervention may also move stakeholders from the same group into different stakeholder positions.

## Discussion

This study was stakeholder-centric in order to better understand the reasons behind the stakeholders' positions in Stakeholder Theory. It is important to consider the perception of stakeholders because it determines behavior, however fault or erroneous those perceptions may be. The dynamics of the stakeholder-management relationship was also explored in order to provide a deeper understanding of how dynamism may occur and its effect on the stakeholder-management relationship. Particularly, farmers seem to change positions based on management interventions and that position change may affect how they will support the organization.

Other decision making theories such as Institutional Theory (DiMaggio & Powell, 1983) and Prospect Theory (Kahneman & Tversky, 1979) were also considered as means to explain the data. However, Institutional Theory focuses on how entities become similar and therefore could not explain why the stakeholder perspectives became dissimilar after the exposure to the sales message. Prospect Theory could explain the basis of the final decision by means of the decision frame but could not explain how the four stakeholder perspectives developed. Stakeholder Theory was ideal because it could explain not only the four stakeholder perspectives but also the effect of the sales message on the dynamism in stakeholder-management relationships.

Previous to this study, Stakeholder Theory literature focused primarily on the management perspective. Specifically, how managers perceive different groups of stakeholders and decide which stakeholders to pay attention to. However, this study suggests that the stakeholder perspective and the management perspective were different. Unlike the WID, Product Disbelievers and Efficiency Savers did not perceive any urgency to neither share water nor rehabilitate the Cluny irrigation system. Furthermore,

Water Savers and Power Savers only shared one part of the management perspective. Specifically, Power Savers only shared the WID's perception to share water and Water Savers only shared the WID's perception to rehabilitate the Cluny pipeline. These differences in perceptions may be associated with the substantial opposition to the 2007 water transfer agreement.

The stakeholder perspective shows that the identification typology can also be used to describe how stakeholders pay attention to their claims in an organization. Additionally, this study provides evidence that stakeholder claims may not be homogeneous to the entire stakeholder group. Rather, a stakeholder's perspective depends on how the nature of dynamism affected their perception of their claims. If the nature of dynamism is ambiguous, then multiple stakeholder perspectives within a group of stakeholders may occur.

The four stakeholder groups are associated with the way farmers reacted to the ambiguous sales message of the WID. Since the WID tied both the sale of water and how the revenue from that sale would be used into one message, farmers considered different implications regarding their claims to the WID. These findings are similar to those in the social psychology and priming literature (Ha & Hoch, 1989). When a sales message is ambiguous, it may be perceived in many different ways. Furthermore, a person's evaluation of that sales message generally comes from one implication (Yi, 1990). In the 2007 water transfer agreement, some farmers only thought about the sale of water (Efficiency Savers and Power Savers) while others only thought about how the revenue from that sale would be used (Water Savers and Product Disbelievers). It was then found that the farmers' evaluations of that message generally came from one claim. Those

claims explained how they perceive the proposed water transfer and ultimately decide whether or not to support the WID.

An explanation for why farmers only paid attention to one part of the sales message may come from the advertising and communication literature (e.g., Belch, Belch, & Guolla, 2003). Specifically, highly accessible attributes may be used to interpret a sales message (Yi, 1990). According to Higgins and King (1981), attribute accessibility may be determined by prior exposure to the concept. Farmers perceived that their final decision was based on prior knowledge of the concept. For example, Product Disbelievers indicated that they didn't think Cluny needed the rehabilitation because prior to the 2007 water transfer agreement, they witnessed farmers from the Cluny area trying to sell their water rights. Thus, Cluny didn't want the water anyway. Another example can be seen from the perspective of Power Savers. They indicated that prior exposure to the Government taking their water was the basis for their final decision. Thus, prior exposure to the concepts in the sales message may be associated with why farmers only paid attention to one part of the sales message.

It is important to consider the stakeholder perspective because, as it was seen in the findings and the marketing theory literature (e.g., Sheth et al., 1988), key stakeholders can affect the long-term survival of the organization. Furthermore, the perspectives of key stakeholders explain which claims they consider the most important at a given time. As the findings demonstrate, one cannot assume that the stakeholders' perspectives and the management perspective will be the same. This assumption matches that of Stakeholder Theory which states "the existence of each attribute is a matter of multiple perspectives and is a constructed reality rather than an 'objective' one" (Mitchell et al.,

1997, p. 868). Thus, one cannot fully understand the stakeholder-management relationship without both the stakeholders and the management perspectives at the individual level.

This study provides further explanation regarding the nature of dynamism in the stakeholder-management relationship. Previous Stakeholder Theory literature posits that the level of stakeholder salience to managers depends on the possession of attributes. Through cleverness and strategy, stakeholders can acquire more attributes and therefore increase their salience to managers (Mitchell et al., 1997). Furthermore, the interests and/or identity of the stakeholder group may cause stakeholders to act in a manner that influences the stakeholder-management relationship. However, as the findings suggest, the dynamism in the stakeholder-management relationship can further transpire by other means. Particularly, management intervention can also change the stakeholders' position and therefore how they will react to the organization. These findings are supported by the marketing and consumer behaviour literature arguing that consumer perceptions and behavior can change due to marketing campaigns.

An improved understanding of the nature of dynamism in stakeholder-management relationships demonstrates why a manager's perceived win-win solution to the key stakeholder's claims may or may not be perceived as an appropriate solution by all stakeholders. Management interventions, in the form of a sales message, may cause stakeholders to consider different claims than the one intended by the manager's intervention. Thus, the manager's response to the stakeholder's claim may not appear acceptable.



If there was no management intervention and farmers were still asked to vote on the 2007 water transfer agreement, one could speculate that Power Savers and Efficiency Savers may have the same decision making process because they were already concerned with the notion of sharing water. However, Product Disbelievers and Water Savers would not have received the same message (how the revenue would be spent). If the notion of sharing water was not relevant to them, it is possible that many Product Disbelievers and Water Savers might have ignored the plebiscite all together (Belch et al., 2003). In that case, they would not have changed positions from dominant to definitive and the amount of non-voters would have increased. If the notion of sharing water was relevant to them, Product Disbelievers and Water Savers might have considered their prior exposure to sharing water as the basis of their final decision. However, there is no guarantee that the notion of sharing water would be interpreted based on prior exposure. Belch et al. (2003) posit that people often interpret information in a manner that supports their own position. For example, selling water at a price below what the farmer perceives as reasonable may be seen as a rip-off or win-lose, and the notion of sharing water may not be accepted. Therefore, management interventions, when properly executed, may provide managers with more control in the stakeholder-management relationship because it is associated with changes in stakeholder perception.

Management interventions are also associated with changes in stakeholder positions. Stakeholders perceived that this position change affected their perception of the stakeholder-management relationship and ultimately the 2007 water transfer agreement. For example, Power Savers, who moved from dominant to dependent, perceived a gain of urgency and the loss of power from the sales message. The gain of urgency made them

very interested in whether or not the water transfer adequately met their legitimate claim. The loss of power made them try to find indirect power from another source (the Government) at the cost of their previous views of selling water for urban use. Consequently, the nature of dynamism in stakeholder-management relationships was important to explore further in order to fully understand the stakeholders' decision making process regarding whether or not to support the organization. The findings of this study have practical implications for managers, which will be discussed in the next section.

## **Management Implications**

The findings in this study demonstrate that management interventions can change stakeholder positions and ultimately which claims the stakeholder will pay attention to. Appropriate management interventions can change stakeholder positions in order to align the claims of different stakeholders together. For example, the WID's sales message aligned the government's claim to share water with the Water Savers' claim to rehabilitate the leaky canal. The alignment of stakeholder claims (e.g., those of the government and farmers) suggests that when managers sufficiently respond to a claim that response will be perceived as appropriate by all key stakeholders. Thus, in order to create win-win solutions for all involved entities, managers should enhance their control in the stakeholder-management relationship through management interventions.

In the case of the 2007 water transfer agreement, the WID's marketing campaign created an ambiguous sales message because it discussed not only the sale of water but also how the revenue would be used. This sales message drew attention to multiple claims for stakeholders. Power Savers were the only group of farmers whose claim became the same as the government after the management intervention. They both perceived that sharing water was an adequate solution to solving the water crisis. Thus, management interventions that change the primary claims of key stakeholders to match the claims of other primary stakeholders can also allow stakeholders to perceive the manager's response as at least an acceptable solution.

Although Water Savers voted yes to the proposed water transfer, their decision derived from the second part of the WID's sales message: how the revenue would be used. Since Water Savers were already adamant about the rehabilitation of the Cluny

pipeline, this proposal sufficiently met their claims to the WID and aligned their claims with the government. However, the proposal of another water transfer to rehabilitate a different section of the WID may not be successful with this group in the future because they would have no reason to be urgent about rehabilitation in other areas. It is logical to consider this possibility because of the perspective of Product Disbelievers.

Product Disbelievers felt no urgency to rehabilitate the Cluny pipeline. Their urgency was associated with the idea that WID would sell water to fix an area that they perceived did not need rehabilitation. Thus, in the long run, the second part of WID's sales message (how the revenue would be used) is not a sustainable sales message to create a win-win solution for all key stakeholders. Although it will surely meet the claims of some stakeholders, overall, it will not sufficiently meet the claims for all stakeholders of the WID.

In the case of Efficiency Savers, the WID might have been more successful if they had created a sales message that primed them to consider the definitive position of the government. Efficiency Savers were well aware of the government's ability to take their water away but did not recognize the government's newfound urgency. Instead, they considered what would be the most efficient way to share water and the proposed water transfer did not fit the bill. However, Efficiency Savers even stated in hindsight that if the WID had just been honest about the government's pressure to share water then their opinions would have changed because they cannot risk losing the ability to irrigate. This statement by the Efficiency Savers is logical because having a reliable water source is the farmer's primary claim in the WID. All other claims would not matter in the eyes of the farmers if they lost their ability to irrigate.

The findings in this study suggest that there are two ways to produce a successful management intervention. First, the manager can respond in a manner that aligns the claims of multiple stakeholders together (as seen in Water Savers). Second, the manager can change which claims some stakeholders think about to match the primary claim of other stakeholders (as seen in Power Savers). In the case of the WID, its sales message would have been ideal if all farmers were as urgent about the rehabilitation of the Cluny pipeline as the Water Savers. However, since that was not the case, the WID should have taken the second approach and changed which claims the farmers thought about to match the primary claims of the government. It should have primed farmers to also consider their primary claim in the organization. As previous research indicates, stakeholders will act to protect their interests (Frooman, 1999; Savage, Nix, Whitehead, & Blair, 1991).

For Power Savers and Efficiency Savers, an explanation regarding the government's increased urgency would have been sufficient because they were already aware of the government's possible perdition. However, for Product Believers and Water Savers, the WID should have primed the governments past actions such as arbitrarily taking their water because this implication did not come to them naturally. Therefore, a cohesive sales message that targets each of the four groups separately might change the claims that farmers thought about to match the primary claims of the government. Farmers would feel urgent about sharing water because it protects their bottom line, irrigation, from government perdition.

On a related note, Ostrom's 1990 book (as cited in Klooster, 2000) provides a framework regarding how users of a commonly-held resource (e.g., water, forests, fish, etc.) will be more inclined to participate in collective action. First, resource users must

share the perception that lack of change will harm them. Second, users must highly value the continued use of the commonly-held resource. Third, there are relatively low switch-over and maintenance costs. Fourth, they share norms of reciprocity and trust. Finally, the group of resource users is well-defined.

This framework indicates that the farmers in the WID are less likely to collectively agree to water transfers in the future because the 2007 water transfer manifested feelings of distrust towards the WID. For example, Efficiency Savers knew that the government had some claim to the water transfer but since it was not addressed in the WID's sales message, they perceived the water transfer as dishonest. This perception was further enforced by Product Disbelievers who felt like the WID tried to "sell" the water transfer to people in the Cluny area. This distrust may hinder the WID's attempt to share water in the future because trust is a necessity for collective action.

According to the findings, so long as farmers perceive that there will be enough water to irrigate, they have no issue sharing water. Furthermore, if farmers receive a sales message indicating risk to their bottom line, the claim of holding on to water solely because it's an appreciating asset becomes obsolete. For most farmers, holding onto water is not worth the risk of not having enough water to farm in the future. This implication is congruent with the first point in Ostrom's framework indicating that users of a commonly-held resource (e.g., water, forests, fish, etc.) will be more inclined to participate in collective action if they perceive that the lack of change will harm them (Ostrom, 1990, 1992). Thus, management interventions should ensure that stakeholders realize the consequences of non-action.

Overall, this study contributes to potential management effectiveness because it explains how managers can deal with multiple stakeholder interests. The stakeholder perspective shows which claims the manager should pay attention to and how to create a management intervention that meets the claims of all stakeholders. Managers must ensure that their solution sufficiently meets the claims that are currently in the minds of all key stakeholders. Management interventions can ensure that the stakeholders' claims are the same or at least aligned to each other. In the water context, management interventions appear to be beneficial if they (1) align the claims of key stakeholders together or (2) change which claims are paid attention to by some stakeholders to match the primary claim of other stakeholders. In order to change which claims stakeholders pay attention to, managers must prime that claim and suggest that a lack of change will harm them. However, management interventions must be based on reciprocity and trust or stakeholders may perceive this intervention negatively and react against collective action (Ostrom, 1990, 1992).

## **Limitations and Future Research**

The purpose of this study was not to make broad generalizations about Stakeholder Theory but rather to come to an in-depth understanding of the stakeholder perspective and the nature of dynamism in the stakeholder-management relationship. Nonetheless, in order to expand this understanding further, researchers should broaden their sample to include stakeholders and organizations from a larger pool of stakeholder-management relationships and in other contexts. The dynamism in the stakeholder-management relationship may be related, in part, to the organizational and stakeholder culture. Greater variance among stakeholders in different contexts and/or positions would provide more information regarding the dynamism in the stakeholder-management relationship under varying conditions.

In addition, the exploratory design of this study only includes an explanation of the stakeholder perspective and dynamism in the stakeholder-management relationship from the participants themselves. Therefore, this study does not preclude the existence of other factors that activate changes in stakeholder position and ultimately their decision to react positively or negatively towards an organization. Environmental factors and other types of management interventions beyond sales messages may influence a stakeholder's position. For example, we can observe an example of environmental factors influencing stakeholder dynamism in recent events in the Gulf of Mexico. The citizens, animals and ecosystem dependent on the Gulf of Mexico began with a legitimate claim in the multibillion dollar oil company, BP, but not an urgent one. They also had no power. At first, they were discretionary stakeholders. However, when BP caused one of the most horrific oil spills in history, they directly triggered the stakeholders' change in class from



discretionary stakeholders to dependent stakeholders of BP. Thus, while the necessity of the stakeholder perspective and how stakeholders change positions should be generalizable to other resource management situations, the four perspectives derived from the management intervention in this study may indeed be restricted to the 2007 water transfer agreement. Future research should consider multiple interventions and their effect on the stakeholder's position.

This study did not employ a longitudinal design. Instead, it relied upon the farmers and manager's reflective narratives of past experiences. Following stakeholders throughout the stakeholder-management relationship (e.g., from before and after a stakeholder position change) would provide a more thorough, comprehensive understanding of the stakeholder perspective and dynamism in the stakeholder-management relationship over time.

Finally, this study employed selective sampling procedures in order to ensure that the participants were able to express representative views of the 2007 water transfer agreement. However, it is possible that the participants in this study were better informed and have stronger opinions than the whole population of WID farmers. Future research should consider sampling from the potentially marginalized population of farmers.

## **Conclusion**

This study investigated the stakeholder perspective and the nature of dynamism in the stakeholder-management relationship. The purpose was to explore the reasons behind stakeholder claims and how they affect a stakeholder's decision of whether or not to support an organization. Participants recalled different claims for the basis of their final decision due to the management's intervention in their stakeholder position. The four stakeholder perspectives were Water Saver, Efficiency Saver, Power Saver and Product Disbeliever. The observed stakeholder perspectives are consistent with the priming literature described by Yi (1990). Furthermore, the observed nature of dynamism in the stakeholder-management relationship is consistent with the marketing theory literature (e.g., Sheth et al., 1988).

The results of study suggest that the management perspective cannot sufficiently explain the stakeholder-management relationship. Rather, both the stakeholder and the manager perspective should be used to get a holistic view of the stakeholder-management relationship. This combined perspective is vital for managers because key stakeholders can affect the long-term survival of the organization. The stakeholder perspective shows that the identification typology can also be used to describe how stakeholders pay attention to their claims in an organization. Since the existence of each attribute is a constructed reality and not an objective one, researchers cannot assume that the stakeholders' perspectives and the management perspective will be the same. Furthermore, stakeholders within a group may have different stakeholder perspectives. Thus, one cannot fully understand the stakeholder-management relationship without both the stakeholders and the management perspectives.

Furthermore, key stakeholders can change stakeholder positions due to actions from other entities involved in the stakeholder-management relationship. These entities include but are not limited to the stakeholder, the manager and/or other stakeholders. The entity that intervenes may or may not be aware of their intervention. An improved understanding of the nature of dynamism in stakeholder-management relationships demonstrates why a manager's perceived win-win solution to the key stakeholder's claims may or may not be perceived as an appropriate solution by the stakeholders.

Finally, this research contributes to potential management effectiveness because it explains how managers can deal with multiple stakeholder interests. It demonstrates that manager interventions must sufficiently meet the claims that are currently in the minds of all key stakeholders. Management interventions can ensure that the stakeholders' claims are the same or at least aligned to each other. In the water context, management interventions appear to be beneficial if they (1) align the claims of key stakeholders together or (2) change which claims are paid attention to by some stakeholders to match the primary claim of other stakeholders. In order to change which claims stakeholders pay attention to, managers must prime that claim and suggest that a lack of change will harm them. However, management interventions must be based on reciprocity and trust or stakeholders may perceive this intervention negatively and react against collective action (Ostrom, 1990, 1992).

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## **Appendix 1: Letter of Consent**

### **Re: Irrigator Decision Making Study—Consent Form**

My name is Katie Lafreniere and I am a graduate student in the Master of Science (Management) Program at the University of Lethbridge. I am involved in a research project that is examining the decision making process of people who have been in a situation to decide whether to share or withhold their water rights. This study is for partial fulfillment of the requirements for the degree. It is designed to test my competency to complete independent research and present the findings. My role is to report the decision making process of irrigators. This letter seeks your consent to talk with me and provide me with your opinions on a variety of issues related to the project.

Three professors at the university will guide my thesis: Dr. Sameer Deshpande, Dr. Gordon Hunter and Dr. Henning Bjornlund. However, I will conduct your interview.

We are asking to meet with you because of your involvement with the 2007 water transfer agreement between the Western Irrigation District and Balzac. Your opinions are important to us and will help us understand the decision making processes that you experienced. Your opinions will be used to arrive at common themes that arise from interviews. We will publish reports and academic articles only from the interview data. All of the information that we receive from you will be kept confidential. None of these publications will contain respondent names or any other identifying characteristics. You will be entered under a pseudonym in the publications. Only the thesis committee and I will have access to the data which will be kept in secure storage. The digital recordings and transcripts of interviews will be destroyed after all the data has been published.

Your participation in the interview is entirely voluntary. You have the right to say no to the entire interview or withdraw at any time with no consequences. In order to capture your responses accurately, I will record our conversation.

After the interview, if you have questions, or if you wish to receive the final report containing our findings, please contact me at 403-382-7158 (work); 403-393-7944 (cell); katie.lafreniere@uleth.ca or my supervisor, Dr. Sameer Deshpande at 403-329-5196; sameer.deshpande@uleth.ca. Questions regarding your rights as a participant in this research may be addressed to the Office of Research Services, University of Lethbridge (Phone: 403-329-2747 or Email: research.services@uleth.ca).

This study has been reviewed and approved by the Faculty of Management Human Subject Research Committee at the University of Lethbridge. The study conforms to the



ethical guidelines and standards as described in the Tri-Council Policy Statement for ethical conduct of research involving humans.

I hereby consent to this interview.

Yes\_\_\_ No\_\_\_

I hereby grant permission to be audio recorded.

Yes\_\_\_ No\_\_\_

Respondent\_\_\_\_\_ Date\_\_\_\_\_

## **Appendix 2: Interview Protocol**

### **Irrigator Decision Making Study**

#### **Irrigator Interview Protocol**

1. Participant Background
  - a. Education
  - b. Work Experience
  - c. Family/family history
    - i. How long have they lived here?
    - ii. Where are their forefathers from and what did they do?
  - d. Farming Experience
    - i. How long have you been farming?
    - ii. How did you acquire the land?
    - iii. What is your future plan about farming and where?
    - iv. So you see any trends in farming?
    - v. Do you think that you will need more licenses in the future or are you fine with the amount you have?
    - vi. How secure is your right to water?
  - e. Worldviews
    - i. How do you think the Canadian policy makers treat their farmers?
    - ii. What do you think about the growing urban development?
    - iii. What do you think about the irrigation situation in Canada?
2. Water Transfer Issue
  - a. What did you think about the 2007 water transfer agreement between Rocky View and the WID?
    - i. How important was this decision to you? Why?
    - ii. Who approached whom? and so on
  - b. How did you hear about the agreement?
    - i. How did you initially feel about the agreement?
    - ii. What made you feel this way?
    - iii. Were they an individual, organization or group?
    - iv. What did you talk about? What did they say?
    - v. Were they positive or negative about the agreement?
  - c. What do you think about the WID?
    - i. What did you think about the WID for coming up with this idea?
    - ii. Did they have any influence on your decision?
    - iii. Why do you think they were interested in this agreement?
  - d. Were there any politics involved in the decision?
    - i. Was the government involved in this decision?
  - e. Can you remember any occasion where you were able to discuss the agreement with other voters involved?
    - i. What did you talk about?

- ii. What did they say?
    - iii. What happened at the meetings?
    - iv. Were they positive or negative about the agreement?
    - v. Did you agree or disagree with what they said?
    - vi. Did this situation affect your vote?
    - vii. Did you seek any further information on the agreement?
  - f. How would you describe your involvement up to that period that the agreement was voted upon?
    - i. Leader/Innovator – active in influencing the vote including activities of organizing meetings, writing letters, and convincing others
    - ii. Less active – being convinced by others and voting (no other involvement)
  - g. Why did you choose to vote that way?
    - i. Compared to the other option, was this choice high or low risk? Why?
    - ii. How did you feel about your options? Why? (Decision frame)
    - iii. What influenced your decision?
    - iv. Were there any other options that you would have preferred to do if it was possible? Why was that not an option?
    - v. Do you still feel the same way about your decision?
  - h. What might have made you vote the other way?
  - i. Why do you think other farmers voted yes/no?
    - i. Did you perceive the west against east?
  - j. Can you describe events that have occurred after the agreement?
    - i. What has been the fallout of the agreement?
    - ii. How do you feel about each one of those events and experiences?
    - iii. How does that make you feel about your vote three years after the actual vote?
- 3. General Comments
  - a. Do you have any further comments to add?
  - b. Can you recommend anyone else who would be beneficial to interview for this study?

### Appendix 3: Comparing those For and Against the Agreement

Category	Those Against	First Against then For	Those For
<b>Background info</b>	Gov't arbitrarily took water	Gov't arbitrarily took water	Gov threatens to take water
	no room to expand		
	Calgary hoards water	Calgary hoards water-	Calgary hoards water- needed to grow
	rely on gov't subsidization	rely on gov't subsidization	rely on gov't subsidization
		Gov exploited farmers	Gov fairly good to farmers
		water comes from glacier	
<b>Society's Perception of Farmers</b>	inefficient with water/land	inefficient with water/land	inefficient with water/land
	minimal power		
	complainers		
<b>Perception of water/irrigation</b>	water is appreciating/valuable		
	irrigation is mandatory	irrigation is mandatory	irrigation helps
	water is commodity		
	no water shortage		
	water will be worth more than land		
			farmers cant hoard water or gov't will take it
<b>Water Security</b>	minimally secure	minimally secure	Generally high security
<b>Perception of WID</b>	should focus on efficiency		
	BoD just push own agenda		BoD just push own agenda
	money shouldn't be motivation		
	always short of money		always short of money
	bad decision makers	bad decision makers	

Category	Those Against	First Against then For	Those For
<b>Perception of Water Transfers (general)</b>	rent don't sell		cant lease water
	farmers still need more water		cant hoard unused water- must sell it or get it taken
	let farmers sell personally not WID		Creates a liquid system
	Run water like utility		
	subsidized water can't be sold at market value		
	hope it doesn't happen again	WID will do WT again for money	WT will happen again
			Gov has say b/c they subsidize it
			good if its win-win
<b>Why you voted yes/no</b>	inefficient water mgt system		
	Cluny didn't need pipeline		Cluny best bang for buck/needed water
	whole district needs work		benefits whole WID-some more than others
	Cluny just wanted added land value		increased land value
	WID didn't need money (gov't settlement)		gave money needed to expand
	AB wants water savings	AB wants water savings	AB needs water
	don't sell water for depreciating asset		
	water worth more than selling price		increases water value/could have gotten more \$
	AB gov't cohesion WT/done deal		AB cohesion WT-use it or lose it
	(pipeline) didn't save water	unsure if it will save water	water savings/improved efficiencies
	doesn't solve big problem (water mgt)	doesn't solve big problem (water mgt)	
		ties WID to powerful urban	

Category	Those Against	First Against then For	Those For
<b>Why you voted yes/no (cont.)</b>		establishes price for water/limits gov't exploitation	
			win-win-WID had good point
<b>Why others voted yes/no</b>	shortsightedness		
	Money grab		
	saving water	savings offsets sale	
	WID sales pitch (Win-win)	WID sales pitch (Win-win)	fear of shortchanged/inefficiencies /water security
	their area got pipeline		not invested in their area/Cluny got it
		had no choice	
			don't sell depreciating asset
			water should be rented
<b>What might change your vote</b>	told truth about AB gov't cohesion		
	Use "proven" Australian method		Australian system won't work here
	build better infrastructure than pipeline		can't afford other infrastructure
	money invested in their area		
	betterment for whole WID		
		didn't have a choice- can't do nothing	
			if there's not water for farmers

## **Appendix 4: Water License Transfer Advertisement<sup>1</sup>**

### **SCHEDULE**

#### **Form 2 A**

### **IRRIGATION DISTRICTS ACT**

(Section 11)

### **NOTICE OF PUBLIC MEETING WESTERN IRRIGATION DISTRICT WATER LICENCE TRANSFER**

TAKE NOTICE that a public meeting will be held at the Strathmore Travelodge, 350 Ridge Road, Strathmore, Alberta on the 21<sup>st</sup> day of June, 2007 beginning at 7 o'clock in the pm to discuss the proposed transfer of 2,000 acre-feet of water from the water licences issued to the Western Irrigation District to the Municipal District of Rocky View No 44.

This notification will refer to a major water conservation project funded by the MD that will generate water savings for potential transfer. Additional information regarding this proposed transfer is available to the public at the offices of the District.

Dated at Strathmore, this 30<sup>th</sup> day of May, 2007

James Webber, Manager  
Western Irrigation District

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<sup>1</sup> Obtained permission to publish Appendices 4-7 from the Western Irrigation District.

## Appendix 5: Letter to the Farmers from the WID Chairman

Dear Wateruser,

We invite you to participate in the WID Plebiscite Vote on August 2<sup>nd</sup>, 2007. This is an important issue where you as irrigators make the decision. The WID Board is bringing forward an agreement, with its unanimous request for your support. The Agreement is with the MD of Rocky View No. 44 to transfer 2,000 acre feet of the WID Water License. A motion that was passed by the Board in accordance to the Irrigation Districts Act saying: -

*“It was Moved by \_\_\_\_\_, Seconded by \_\_\_\_\_, THAT the Board hold a plebiscite on the proposed transfer of 2,000 acre feet of water from the water license issued to the Western Irrigation District, to the Municipal District of Rocky View No.44. CARRIED on July 11, 2007”*

The Board further undertakes to take this \$15 million purchase and install the South Cluny pipeline and water conservation project. This commitment means that this conservation project, built with urban growth monies, will save an estimated 3,400 acre feet of water currently lost to the return flow channels. Therefore the on-farm deliveries remain the same, and the risk is unchanged as the WID canal operations need less water to make the same delivery to the farm gate.

At the Information Meeting of July 21, 2007 there were many ideas debated. One influential input was for alternate water leasing. That is not the deal on the table, which is for an outright sale only. Leasing is an interesting concept but it is a different and more temporary market, and a different price structure will result. The MD, seeking water security, has not expressed interest in a leasing option.

The deal before you is simple, affordable in water terms because of the planned conservation, and in the Board's eyes it is financially generous. Leasing can be explored for another time. There will be another time for this formula to be repeated.

**Please vote, for or against the proposal, but make your vote count.** The WID Board sees this Agreement as a win-win opportunity. This vote will be important in setting the future direction of this District.

The Plebiscite Vote will be conducted on Thursday August, 2nd 2007 at the WID Office in Strathmore. Please check the information in your package for voting information.

Respectfully yours

Henry Colpoys,  
Chairman, for the Board of Directors



## Appendix 6: Rocky View and WID Fact Sheet

### **BENEFITS TO ROCKY VIEW**

- The agreement will help Rocky View move forward with the East Balzac development, which will assist in addressing one of the major challenges facing rural municipalities across Alberta: the loss of key essential services and employment opportunities.
- The East Balzac development will help the M.D. to diversify its tax base. This is essential following the reduction of the municipality's non-residential tax base as a result of the City of Calgary's recent annexation application and other applications currently occurring in the M.D. The M.D.'s current assessment base is 79% residential.
- The development will provide enhanced opportunities for the local agriculture industry by creating markets for things like hay and oats and veterinary services.
- The development will also provide an opportunity to establish a post-secondary educational institution within Rocky View, through construction of a proposed satellite campus for Olds College. Currently, Rocky View residents have to leave the M.D. for post-secondary education.

### **BENEFITS TO THE CALGARY REGION**

- The East Balzac development comprises some 4,500 acres of land and incorporates a variety of commercial/industrial developments.
- The development will attract people to live and work in both Rocky View and surrounding rural and urban areas through the establishment of a regional employment centre. This will compliment the City of Calgary's goal, highlighted during annexation negotiations, to create alternate employment nodes that will ease traffic congestion in the downtown core. There will also be less impact on the provincial transportation network through a reduction in the number of commuters traveling to Calgary as the region grows.
- The first development in the East Balzac area was the Rancher's Beef facility, which was approved in 2004 with a view to providing province-wide economic benefits to the cattle industry in the wake of the BSE crisis.
- A 410-acre retail development and entertainment complex is expected to create employment for approximately 5,000 employees. Horse Racing Alberta estimates the racetrack facility will increase the provincial economic benefit by more than \$200 million annually. Complimenting these are development nodes that will accommodate a variety of business uses, such as general agriculture, athletic and recreation facilities, financial institutions, health care services, child care facilities, religious organizations, veterinary clinics, and more.
- A 57-acre portion of the East Balzac area is zoned for development of a post-secondary educational institution, with the proposed Canadian Equine Centre of Excellence operating as a satellite campus of Olds College. This area would also provide for potential additional commercial uses such as agricultural tourism facilities, seasonal vegetable sales, warehousing, and more.

### **BENEFITS TO WID & LANDOWNERS**

- Water conservation is one of the WID's top priorities.
- Recognizing the water conservation benefits, the WID has already started to pipeline small sections of its 1,200 km long canal system.

- The M.D.'s contribution toward converting a 35 km section of the canal to pipeline will accelerate the WID's water conservation efforts, reducing water loss due to evaporation and seepage within the canal.
- Operational savings will also occur, as a pressurized pipeline will require less pumping by members.
- Agricultural production will increase, as sections of canal that are converted to pipeline can be used for farmland.
- Farming will also become more efficient, as farmers won't have to navigate equipment around the canal system.

## **BENEFITS TO THE ENVIRONMENT**

- The agreement allows for the transfer of water being conserved as a result of the conversion to pipeline, and therefore no additional water will be drawn from the Bow River.
- The agreement is in accordance with the provincial *Water for Life Strategy*, which: "...authorizes water allocation transfers within all watersheds"; and has a key focus of shifting "...to a shared responsibility through a network of partnerships, use of outcome-based approaches and collaboration in delivery of services."
- The agreement is also in accordance with the approved *South Saskatchewan River Basin Water Management Plan* (and the moratorium on new licenses off the Bow River), which: provides for "...market mechanisms, such as water allocation transfers, to encourage redistribution of water already allocated through voluntary actions by license holders."

## **WATER CONSERVATION MEASURES ON-SITE AT EAST BALZAC**

- To ensure ecological protection of Nose Creek and adjacent riparian areas, a 72-acre section of the development will be designated as Reserve and provide for a regional public park and pathway system.
- In accordance with the *Water for Life Strategy*, the M.D. is currently amending the Balzac Area Structure Plan (ASP) to put into place additional water conservation policies.
- The M.D.'s enhanced Water Conservation Policy will require businesses within the East Balzac ASP to improve water use efficiency and implement innovative water conservation methods.
- Design standards already require developers to maximize use of precipitation for irrigation, as none of the WID water allocation will be permitted for landscape irrigation.

*The Western Irrigation District (WID) and the Municipal District of Rocky View have worked to draft an agreement that's mutually beneficial to the public interest, the WID, the Municipal District of Rocky View, and the environment.*

*In exchange for the M.D.'s contribution toward a water*

*conservation project that will save a minimum 6,700 cubic meters of water per day, the WID has agreed to transfer an equivalent portion of its water allocation to Rocky View to supply water to the East Balzac development.*

#### **Appendix 7: FAQ Sheet—WID/Rocky View Agreement**

## **FAQ SHEET – WID/Rocky View Agreement**

*WID Board members were pleased to have an opportunity on June 21, 2007, to present to its members and other interested parties an overview of the Agreement between the WID and the Municipal District of Rocky View.*

*If approved, the Agreement will see the Municipal District of Rocky View make a \$15 million contribution toward a WID water conservation project. The project will save an estimated minimum 3,400 acre-feet of current water losses by converting a 50 km section of the South Cluny canal to closed pipeline.*

*In exchange, the WID would transfer 2,000 acre-feet of its license to the Municipal District of Rocky View to supply water to the East Balzac development.*

*To assist in clarifying some of the issues raised at the public meeting, the WID Board and Municipal District of Rocky View have provided below answers to some of the most frequently asked questions regarding the agreement.*

*All interested stakeholders are encouraged to contact the WID office should they require further information.*

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### **THE WID WATER LICENSE:**

1. The WID currently has a provincially allocated water license for 160,400 acre-feet of water to service 95,000 irrigation acres. If the agreement between the WID and the Municipal District of Rocky View is approved, will it reduce the WID's number of irrigation acres?

*The delivery to the farm would not change; the acres would remain the same.*

2. **Has the WID ever used its entire allocation of 160,400 acre-feet of water?**  
*In 2001 the full allocation was used, and that was the year of the 1 in 100 drought.*
3. **If the agreement between the WID and Rocky View is approved, will it put WID users at risk of having insufficient water in future drought conditions?**  
*The risk remains the same, there will be no change. The delivery losses will be reduced and that reduces the demand.*
4. **Is there a possibility that the WID could lose a portion of its current license if it doesn't explore options, such as the agreement with Rocky View, for accommodating the requirements for water throughout the broader region?**  
*Water demand from outside the WID is very high, and with time will not get less. The District is challenged to find workable solutions that benefit all parties.*

### **CANAL REHABILITATION:**

1. **What is the WID's current liability related to deteriorating infrastructure throughout the entire canal system?**  
*The WID and its Irrigation farmers are responsible for the systems upkeep. In 2005 it was estimated that there was \$130 million needed to upgrade the 1200km of canals, structure and pipelines to a "good" category.*
2. **At the WID's current rate of income, how long would it take to rehabilitate the whole canal system if the cost was borne solely by WID members?**  
*At the current available rehabilitation dollars it would take 54 years to complete the \$130 million upgrade.*
3. **If the agreement with the Municipal District of Rocky View is approved, what impact would it have on the WID's conservation efforts?**  
*This would be a major step forward, giving WID a 7-year leap forward in rehabilitation timing.*
4. **Will the conversion to pipeline of sections of the canal have a negative impact on wildlife habitat and, if so, what will be done to mitigate it?**  
*When the canal goes underground in the form of a pipeline, what remains on the surface is the choice of the landowner. WID will close in the old ditch unless the farmer requests that it is left as is. Water access for tree watering could be provided if the farmer requests it.*

### **THE AGREEMENT WITH ROCKY VIEW:**

1. **What are the main benefits to WID members if the agreement with Rocky View is approved?**  
*It enables a large length of canal to be rehabilitated in one project at one time. Funding provided the opportunity to convert the whole system into the pipeline. This would not be possible with current funding levels.*
2. **There are infrastructure deficiencies throughout the WID canal system. Why was the South Cluny canal selected to be converted to pipeline?**

*South Cluny canal had a preliminary design completed, but it lacked a funding source.*

**3. How did the WID and the Municipal District of Rocky View agree on \$15 million?**

*The South Cluny preliminary design was costed at \$15 million.*

**4. If the agreement between the WID and Rocky View is approved, when would the WID receive payment and when would construction on the South Cluny canal begin?**

*Payment of \$7.5 million would be received on closure of the deal, likely this November 2007. The remainder would be due 1 year later. In practical terms construction could not start until the spring of 2008, but more likely the fall of 2008.*

**5. If the 50 km section of the South Cluny canal is converted to pipeline, how much land would be reclaimed for farming?**

*The removal of the canal returns 200 acres to farming. Higher productivity would be gained from a further 1000 acres with the removal of seepage. Farm severance from the canal path would be removed in 52 quarter sections.*

## **SELLING VERSUS LEASING A PORTION OF THE WID LICENSE:**

**1. Why does the WID board want to sell 2,000 acre-feet of its license to Rocky View? Wouldn't it be better to lease it?**

*A sale is the only deal under consideration at this time. WID requires upfront funding to build the whole pipeline and Rocky View needs water security to build a business community.*

**2. Would Rocky View consider leasing 2,000 acre-feet of the WID's license, instead of purchasing it?**

*No. Under the proposed agreement, the WID would gain permanent infrastructure that would result in ongoing water conservation. In exchange, Rocky View would likewise require a permanent water allocation to service the East Balzac development.*

**3. Wouldn't it be better to continue to rehabilitate the canal system under the Irrigation Rehabilitation Plan, whereby the WID pays 25 per cent of the cost of rehabilitation and the provincial government pays 75 per cent?**

*The WID will continue to access the \$1.8 million Provincial Rehabilitation funds (75:25). The Rocky View purchase will provide funds to accelerate the work in the field. At that funding rate it will take a long time to rehabilitate the District. The proposed Agreement allows for an additional 7 years of rehabilitation effort.*

**4. Has the WID explored any other opportunities to sell a portion of its water license?**

*No it has not. It is exploring other avenues of providing water access. A water conservation plan is in preparation for discussion at Farmers Meetings planned for this winter.*

**5. What commitment for future water supply has the WID Board discussed to date with the Municipal District of Rocky View?**

*The South Cluny Pipeline will save more water than the 2,000 acre-feet provided for in this plebiscite. There will be new options to explore once the pipeline is built, operating and saving water.*

6. **If the agreement is approved, will it set a precedent for the future sale of a portion of the WID's license? How will the WID Board respond to such requests?**

*The proposed Agreement is a water conservation project that does not compete with the irrigation uses. That is the precedent that being set. All permanent transfers cannot take place without a positive plebiscite vote of the irrigators. The irrigators have the last word.*

7. **Could selling a 2,000 acre-feet portion of the WID's license negatively impact the court case between the WID and the provincial government?**

*To transfer a small portion of the license, of any license is not considered to be a problem. It could be a complication if a particular license was to be changed as to its specific terms and conditions.*

## **THE EAST BALZAC DEVELOPMENT:**

*Information provided by Rocky View MD.*

1. **If the agreement between the WID and Rocky View is approved, would the water be used to service the East Balzac development only or the whole east side of the municipality?**

*The 2,000 acre feet transfer from the WID to Rocky View would be used to service the East Balzac development.*

2. **Why is the East Balzac development important to Rocky View and Southern Alberta?**

- *The East Balzac development will assist in creating much-needed opportunities for rural economic development.*
- *The development comprises some 4,500 acres of land and incorporates a variety of commercial/industrial developments.*
- *The development will help Rocky View to diversify its tax base. This is essential following the reduction of the municipality's non-residential tax base as a result of the City of Calgary's recent annexation application and other applications currently occurring in the municipality. Rocky View's current assessment base is 79% residential.*
- *One of the first developments in the East Balzac area was the Rancher's Beef facility, which was approved in 2004 with a view to providing province-wide economic benefits to the cattle industry in the wake of the BSE crisis.*
- *The East Balzac development will provide enhanced opportunities for the local agriculture industry by creating additional markets for things like hay and oats and veterinary services.*
- *A 410-acre retail development and entertainment complex is expected to create employment for approximately 5,000 employees.*
  - *Horse Racing Alberta estimates the racetrack facility will increase the provincial economic benefit by more than \$200 million annually.*
  - *Complimenting these are development nodes that will accommodate a variety of business uses, such as general agriculture, athletic and recreation facilities, financial institutions, health care services, child care facilities, religious organizations, veterinary clinics, and more.*

- *A 57-acre portion of the East Balzac area is designated for development of a post-secondary educational institution, with the proposed Canadian Equine Centre of Excellence operating as a satellite campus of Olds College.*
  - *This will provide an opportunity to establish the first post-secondary educational institution within Rocky View. Currently, Rocky View residents have to leave the municipality for post-secondary education.*
  - *This area would also provide for potential additional commercial uses such as agricultural tourism facilities, seasonal vegetation sales, warehousing, and more.*
- *The East Balzac development will create a regional employment centre that will attract people to live and work in both Rocky View and surrounding rural and urban areas.*
  - *This will compliment the City of Calgary's goal, highlighted during annexation negotiations, to create alternate employment nodes that will ease traffic congestion in the downtown core.*
  - *This will also lessen the impact on the provincial transportation network by reducing the number of commuters traveling to Calgary as the region continues to grow.*

**3. Why did Rocky View approve the East Balzac development without having adequate access to water?**

*Rocky View's original intent was to provide water servicing to the East Balzac development through an allocation from the Bow River via the Rocky View Water Co-op. Accordingly, the Rocky View Water Co-op submitted an application for a license from the Bow River in mid-2005.*

*However, the Government of Alberta placed a moratorium on new licenses from the Bow River Basin in August 2006, so the M.D. sought another servicing solution.*

**4. Why is Rocky View unable to access water as a paying customer of the City of Calgary?**

*The City of Calgary's current policy provides water and wastewater servicing only to other recognized municipal urban centers. Due to the commercial nature of the East Balzac development, Rocky View submitted a formal request to tie into the City of Calgary's existing water servicing lines.*

*Despite the fact that the existing servicing lines are in close proximity to the East Balzac development and run through Rocky View from Calgary to Airdrie, the City of Calgary denied the M.D.'s request and will not provide servicing to this development.*

**5. What other avenues has Rocky View explored to provide water to the East Balzac development?**

*As one of the founding members of the Kneehill Regional Water Services Commission (KRWSC), Rocky View currently participates in an allocation for withdrawal from the Red Deer River sub-basin. The KRWSC was created as an economic solution to regional water shortages, while at the same time accommodating population growth and economic development.*

*Accordingly, the M.D. applied for an additional allocation of water from the Red Deer River, to be treated at the Drumheller Water Treatment Plant and conveyed via the KRWSC. The Town of Drumheller, however, declined to treat the water even though*

*Rocky View had agreed to pay for any associated upgrades that may have been required at the treatment plant.*

**6. What water conservation measures will be implemented on-site at the East Balzac development?**

- *To ensure ecological protection of Nose Creek and adjacent riparian areas, a 72-acre section of the development will be designated as Reserve and provide for a regional public park and pathway system.*
- *In accordance with the Water for Life Strategy, the M.D. is currently amending the Balzac Area Structure Plan (ASP) to put into place specific water conservation policies mandating low-flow appliances and restricting potable water use.*
- *The M.D.'s enhanced Water Conservation Policy will require businesses within the East Balzac ASP to improve water use efficiency and implement innovative water conservation methods.*
- *Design standards already require developers to maximize use of precipitation for irrigation, as none of the WID water allocation will be permitted for landscape irrigation.*

**7. What would happen if the agreement between the WID and Rocky View was approved and then the City of Calgary annexed the East Balzac development?**

*The recent annexation agreement that was submitted to the Municipal Government Board for approval identifies the East Balzac area as a growth corridor for Rocky View, making future annexation of these lands by the City of Calgary very unlikely.*

*If the lands were to be annexed, the water license would remain in Rocky View's name and the allocation would be diverted from East Balzac to service other areas of the municipality.*

**8. If the agreement is approved, where would Rocky View's intake for the water be located?**

*Rocky View is currently exploring options to identify the best intake location.*

**9. If the agreement between the WID and Rocky View is approved, at what time of year would Rocky View divert its allocation?**

*As the allocation to Rocky View would be used to service the East Balzac development, diversion would not be seasonal but would occur throughout the year.*

**THE PLEBISCITE:**

**1. When and where will the plebiscite be held?**

*Thursday August 2nd, 2007 at the WID office in Strathmore.*

*An advance vote will also be available on Thursday, July 26, 2007 again at the WID Office.*

**2. Who is eligible to vote at the plebiscite?**

*Those who hold "irrigation acres" in accordance with the Irrigation Districts Act (RSA 2000).*

**3. What identification do I need to bring to vote in the plebiscite?**



*A List of Electors will be maintained at the WID office. You will need to identify yourself with picture ID, be checked against the list of who may vote, and receive a ballot. Voting is secret.*

**4. What if I'm unable to attend the plebiscite? Can I vote by proxy?**

*You have to attend in person at the Advance Vote or the Plebiscite Vote.*

**5. Under the Irrigation Districts Act, what percentage of WID members must vote in favour of the agreement at the plebiscite in order for the WID Board to submit an application to transfer a portion of the WID's license to Rocky View?**

*More than 50% of those voting must approve of the transfer to go forward.*

**6. If a majority of WID members vote in favour of the agreement at the plebiscite, how long would it take for the Minister to review and make a determination in accordance with the Irrigation Districts Act?**

*The Minister's role is to establish that the process was correctly followed. If the vote was in favor, the WID is then authorized by the waterusers to take the next step.*

## **THE WATER ACT:**

**1. Is approval under the Irrigation Districts Act the only approval needed to transfer an allocation of the WID's license to Rocky View?**

*The Plebiscite authorizes the Board to make an application to transfer 2,000 acre-feet of water to Rocky View. The application then falls to the public process and review of the Water Act.*