

Types of stakeholder: Should your approach be different based on stakeholder type?

Alice Hopson – Environmental Specialist

Stakeholder engagement can be challenging but worthwhile and can be likened to how we relate to members of our family or others in our social circle. Like most relationships, those stakeholder relationships that are built with clear communication, a shared vision and a lot of effort will be more likely to stand the test of time.

The relationships within our social network can be subject to power struggles (like when dealing with an errant toddler!), require filtered or limited information (such as providing 'need to know only' information to a colleague or family member when dealing with confidential information), or be liable to full disclosure requirements (e.g. where your teenager is and isn't supposed to go and with whom!). Negotiating this web of intricate, delicate, and at times, highly tense and emotional social ties is a mixture of art and science (and even – or so it seems – a small dose of old fashioned 'black-magic' ... especially when it comes to the toddler!).

So, when thinking about how we engage with our stakeholders, is it a case of one-size-fits-all, or should we be approaching different stakeholders with strategies and engagement protocols, much like we do with members of our family? And if the latter, what are some of the tricks of the trade, or those little dashes of 'black magic' that make the difference between a project running smoothly with engaged, cooperative stakeholders vs a project fraught with challenges and enough tantrums to rival the average 3-year-old?

In ISPL's experience, stakeholders require different levels (and methods) of engagement depending on their level of interest and investment. The key to successful Stakeholder Engagement comes down to:

- Identifying and classifying your stakeholders (not just into the standard groups: internal, external, customers, suppliers etc, but in terms of their level of power and interest in a project or venture);
- Identifying how the organisation relates to them (their history, reputation, urgency etc);
- Managing them appropriately according to their classification (differing forms and levels of communication for differing groups); and
- Remaining dynamic (by regularly re-evaluating and re-classifying the stakeholders as their levels of power, interest and relationship history evolve and change).

1. Categorise your different types of stakeholders

Often, when companies first start to establish their stakeholder engagement program, they start with a list of names, and then divide them into key groups, those internal to the company and those external to the company. Further, subdivide them into groups according to function – customers, suppliers, regulators, community



Summary/Quote



Having a consistent, strategic approach, supported by a plan with clear objectives, and a customised engagement process will increase the benefits to your organisation and stakeholders.



interest groups etc., and that's often as far as it goes. The resulting stakeholder map usually looks like something the figure on the right:

Lovely! Clean, simple, happy, and easy, right?

Not necessarily! That might work for a very small business or project without too much vested interest by those captured within the colour bubbles, however, the reality can more often be like this:



Figure 2. Source: HBO

....with more power struggles than a single episode of the TV series Game of Thrones. The key to further identifying stakeholders according to not George R. R. Martin, but the learned folk at Elsevier SciTech Connect; is to take the next step and classify the list of parties according to their level of 'power' and 'interest' using a simple grid. This provides a simple framework in which stakeholders can be categorised into four generalised groups – the crowd, the subjects, the context setters and the key players (Wright 2017).



Figure 1. Simple Stakeholder Map

Wright (2017), further explains this simply, as “without being derogatory, the groups with the least power are the crowd and the subjects. The crowd represents stakeholders that require the least effort followed by the subjects who will need to be kept informed. The two groups with the most power are the context setters and key players. Both need to be managed but will require different communication strategies to meet their needs. The context setters will generally need to be consulted, whereas the key players will need to be managed closely and kept involved”.

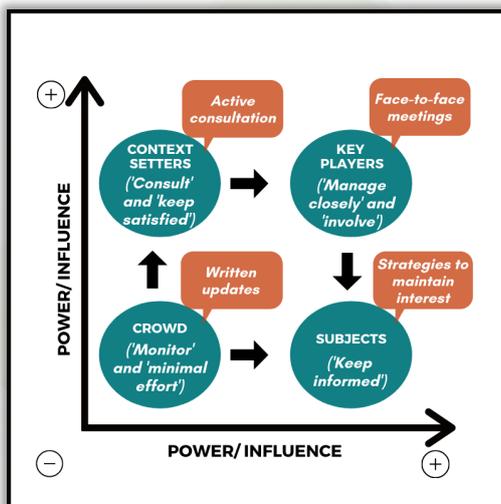


Figure 3- Power-Interest Map (simple communication strategies for each group are shown in green bubbles). (Wright, 2017).

Taking the time to do this exercise will help you identify your metaphoric Starks from your Lannisters (if you are still with me on this Game of Thrones analogy!) or your teenagers from your in-laws, and begin to allow you to tailor your engagement program to achieve more appropriate and more effective communication.

2. Identify how you relate to them

Once we have established who is in our relationship network and how they fit into our business, (or family or TV melodrama!) within the four groups we have established above, we then need to consider how we relate to them. Audra Diers-Lawson PhD (researcher, Chair of the Crisis Communication division for the European Communication, Research, and Education Association) in her blog posts on Strategic Stakeholder Engagement, calls this the stakeholder theory of ‘interorganisational relationships’ (Diers-Lawson 2013). She considers the following five interorganisational dimensions in application to each of the stakeholders:

- Relational valence or the emotional affect an organisation feels towards a stakeholder group;
- A history of interaction with stakeholders that affords organisations the ability to build structures and rituals of interaction;
- A stakeholder group’s legitimacy—or the recognisability, reputation, or expertise;
- The power that a stakeholder has to influence the organisation; and
- The urgency or extent to which a stakeholder’s interest or influence is time sensitive and critical to the organisation.

Diers-Lawson (2013), then uses the combination of these 5 elements to further classify stakeholders as Strategic, Moral, Desirable or Dangerous; defined from the organisation’s perspective, these area described below. And while these names are Game of Thrones-esque, their impact and characteristics can be simplified as follows (distilled from Diers-Lawson (2013):

Strategic - have a relational history, are powerful, the relational quality can be either adversarial or cooperative, and are considered legitimate. They can directly affect the organisation and the relationship is likely to be highly interdependent.



Moral - unlikely to have a distinctive relationship history, are not powerful, can have either an adversarial or cooperative relational quality, but an organisation does not view their claims as legitimate. These stakeholders are not explicitly recognised and obligations to them might only be of an ethical or moral nature—something broadly defined under the auspices of ‘public interest’.

Desirable - those with legitimate claims, but do not necessarily have a relational history with an organisation, lack power, and are perceived as having a positive relational valence. The relationship may be largely symbolic and may be maintained for the purposes of the image or the organisation’s legitimacy with its other stakeholders.

Dangerous - may have a relational history, are powerful, are not considered legitimate, and are only considered adversarial. The barrier for an organisation to be able to seek a strategic alliance with these stakeholders might lie in fundamental ideological incompatibility.

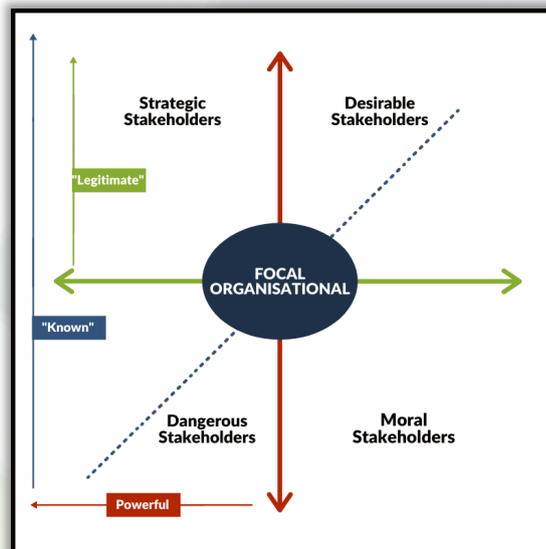


Figure 4 - Diers-Lawson (2013) Interorganisational Relationship Theory

Knowing which of your stakeholders may be adversarial, how legitimate and powerful they are and what your history with them is integral being able to group them, and then communicate with them appropriately, which leads to the next step – communication – integral to managing any relationship – familial, stakeholder or otherwise.

3. Managing different your types of stakeholders

In a nutshell, considering the initial level of power and interest associated with your stakeholders described by Wright (2017) and then your interorganisational relationships with them as per Diers-Lawson (2013) will leave you with key groups:

- Those that are powerful, interested and in need of serious time and energy investments (for example, the context setters and key players, who may or may not also be considered dangerous or strategic); and
- Those that require less intensive management, who may fall into the categories of the crowd or the subjects, who may also be likely considered desirable or moral stakeholders.

When planning how to approach managing the different groups, most entities will consider the costs and benefits of managing the stakeholders. The Grosvenor Public Sector Advisory Group (2020) lays it out it well with their infographic (Figure on the right).

Those groups that will be low cost and high benefit will be the top priority, and face to face meetings and active consultation is required to ensure they are kept informed and their input is sought (e.g. those in Quadrant A (Grosvenor Public Sector Advisory 2020)).

By way of example, Wright (2017) describes engagement with those groups (such as the key players [and the dangerous groups]) as needing the most attention as they have power and interest, so are pivotal to a

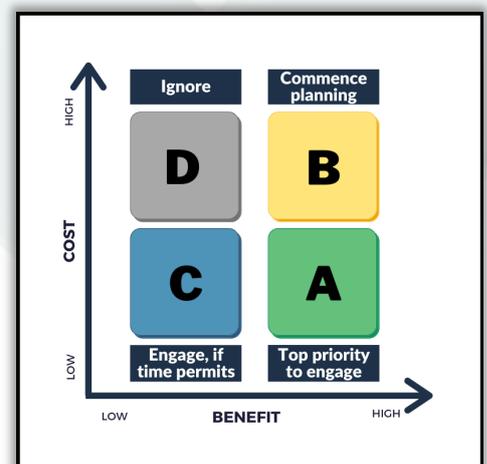


Figure 5 Source: Grosvenor Public Sector Advisory Group 2020



project or company success and its longevity. Wright (2017) also considers these groups they may have political interest that can be leveraged to drive the project forward or they may have the power to block the project, and an active role in the governance of the project and participation in project decisions by these stakeholders may also be required.

Engagement with the groups that will be high cost and low benefit, such as those described by Wright (2017) as the crowd, [Quadrant D] (or Diers-Lawson's Moral and/or Desirable stakeholders) can be managed more simply, and written communication such as a newsletter, website update or mail shot may be most appropriate. Wright (2017) also suggests this will also work to try raise their interest in a project or company.

Those stakeholders in the B and C Quadrants above (such as Wright's 'subjects') are in between and represent stakeholders that are 'fans' or like the context setters, may have influence over the outcome but not necessarily an interest.

For these groups, consideration of strategies to keep their interest by focusing on their areas of interest and engagement through consultation in these areas is more likely to be required. Wright (2017) suggests one of the strategies here is to increase their interest and get them to value the project, through shared objectives for the project.

4. Review and Re-evaluation

While this form of mapping can provide you with a way to evaluate your stakeholder relationships, it also provides you with a snapshot of your stakeholder network at a particular point in time. Repeating this exercise regularly will also help you to understand how these relationships change over time.

Diers-Lawson (2013) also suggests *"try to figure out how your stakeholders would classify you — that's going to tell you a lot about the relationship from their perspective"*.

Having a consistent, strategic approach like that offered by Integrate Sustainability Pty Ltd, supported by a plan with clear objectives, and a customised engagement process will increase the benefits to your organisation and stakeholders, and maybe the missing 'black magic' ingredient for the success of your project or business.

And who knows, mapping out and managing your family relationships like this too may also help make for smoother Christmas gatherings (or a plot worthy of the next instalment in the Game of Thrones saga!) ...Either way, let us know if we can help with your stakeholder engagement requirements*, contact Integrate Sustainability on 08 9468 0338 or email enquiries@integratesustainability.com.au.

**we probably can't wrangle your toddler though!*

Integrate Sustainability

Primary Business Address
Lower Ground Floor
3 Richardson St
West Perth, 6005
Western Australia

Phone: (+618) 9468 0338
E-mail: enquiries@integratesustainability.com.au

References

Stakeholder Engagement. January 2. Accessed September 6, 2020. <https://audralawson.com/2013/01/02/learning-to-classify-your-stakeholders/>.

Grosvenor Public Sector Advisory. 2020. "The key to effective stakeholder engagement." Grosvenor Public Sector Advisory Resources. Accessed September 13, 2020. The key to effective stakeholder engagement.

Wright, Chris. 2017. "3 Simple Steps to Managing Stakeholders." Elsevier SciTech Connect. May 16. Accessed September 6, 2020. <http://scitechconnect.elsevier.com/3-simple-steps-managing-stakeholders/>.

