

Stakeholder Identification & Engagement

BMT780- Lesson 5

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Lesson Outline

1. Stakeholder Identification
2. Stakeholder Engagement
3. Employee Engagement

1. Stakeholder Identification

What is a **Shareholder**?

A **shareholder** or **stockholder** is an individual or institution (including a corporation) that legally owns one or more shares of stock in a public or private corporation. [...] Shareholders of a corporation are legally separate from the corporation itself.

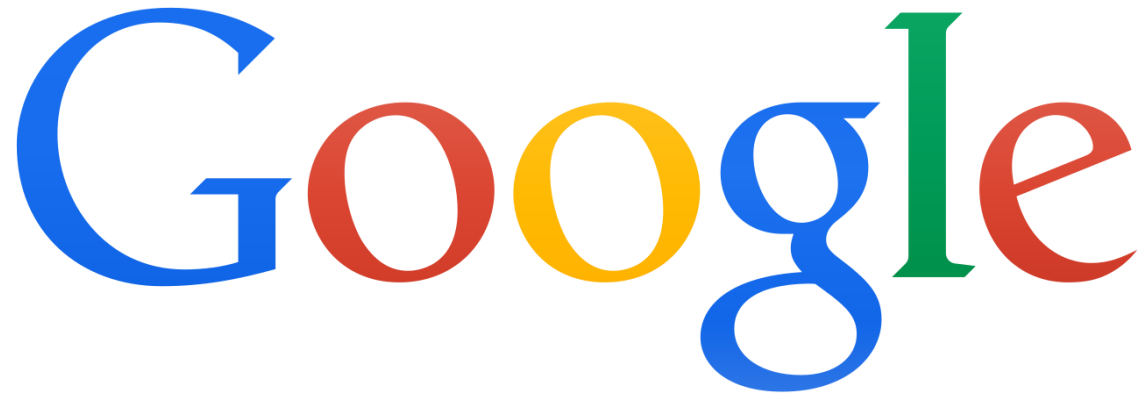
<https://en.wikipedia.org/wiki/Shareholder>



Investopedia Video

What is a **Shareholder**?

Let's look at



<http://www.nasdaq.com/symbol/goog/ownership-summary>

Shareholder Approach to CSR

"There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

– Milton Friedman, 1970

["The Social Responsibility of Business is to Increase its Profits, by Milton Friedman"](#). *Colorado.edu*. Retrieved 3 September 2017

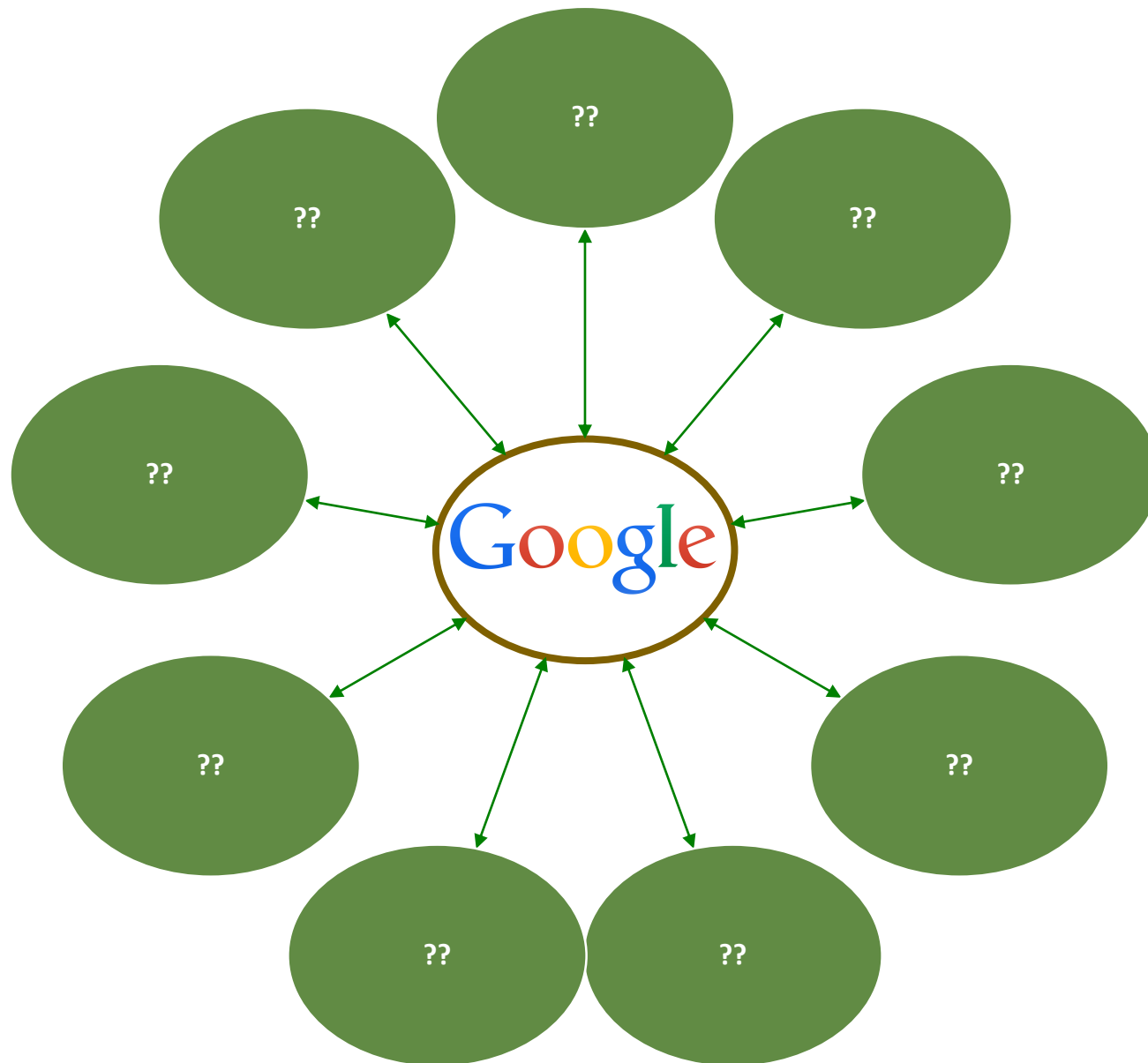
What is a Stakeholder?

“Stakeholders are organizations or individuals that have one or more interests in any decision or activity of an organization.”

ISO. *ISO 26000: Guidance on Social Responsibility*. Geneva:
International Organization for Standardization, 2010. Print.



Who are Google's Stakeholders?

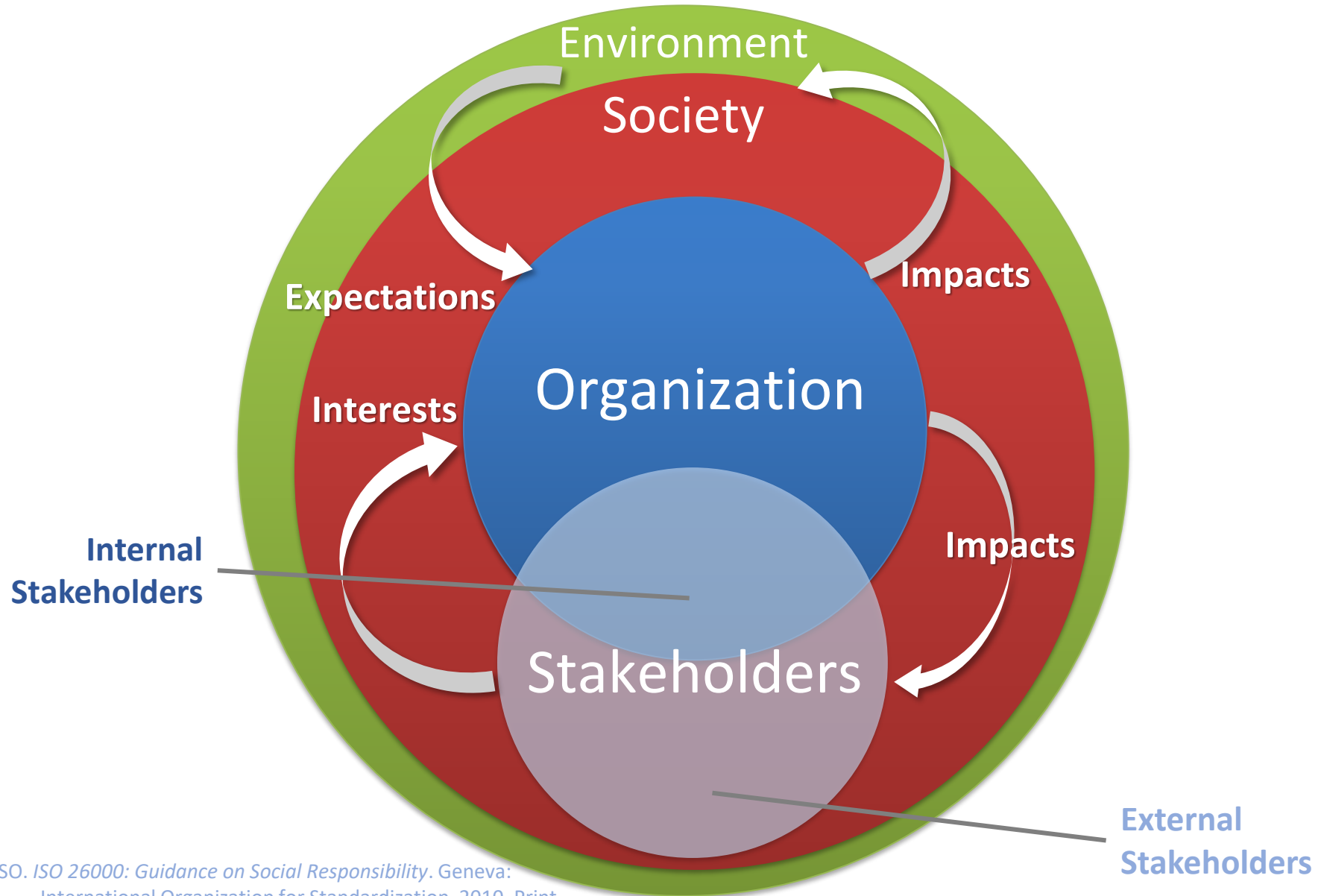


Stakeholder Approach to Sustainability

“An organization should respect, consider and respond to the interests of its stakeholders.”

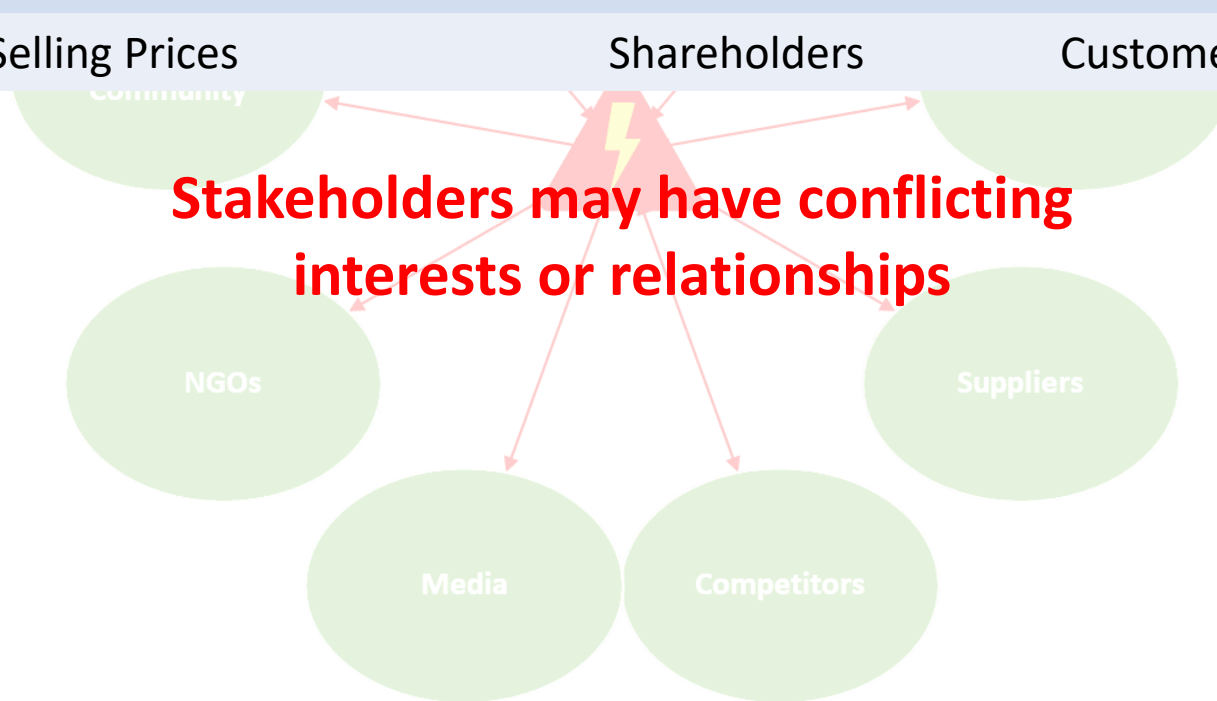


Recognizing CSR



Stakeholder Conflicts

Business Decision	Likely Supported By	Likely Opposed By
Cut jobs to reduce costs	Shareholders	Employees Local Community
Add extra shifts to increase capacity	Customers	Local Community
Introduce Artificial Intelligence	Customers	Employees
Increase Selling Prices	Shareholders	Customers



Stakeholders may have conflicting interests or relationships

Stakeholder and Society Conflicts



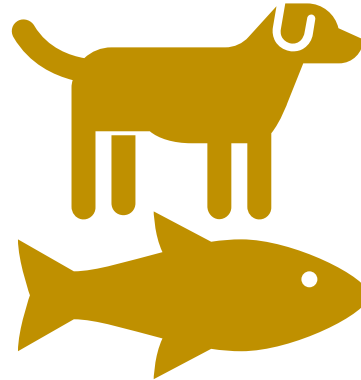
ISO. *ISO 26000: Guidance on Social Responsibility*. Geneva:
International Organization for Standardization, 2010. Print.

Are these stakeholders too?

Nature



Animals & Wildlife



**Children &
Future Generations**



2 Approaches

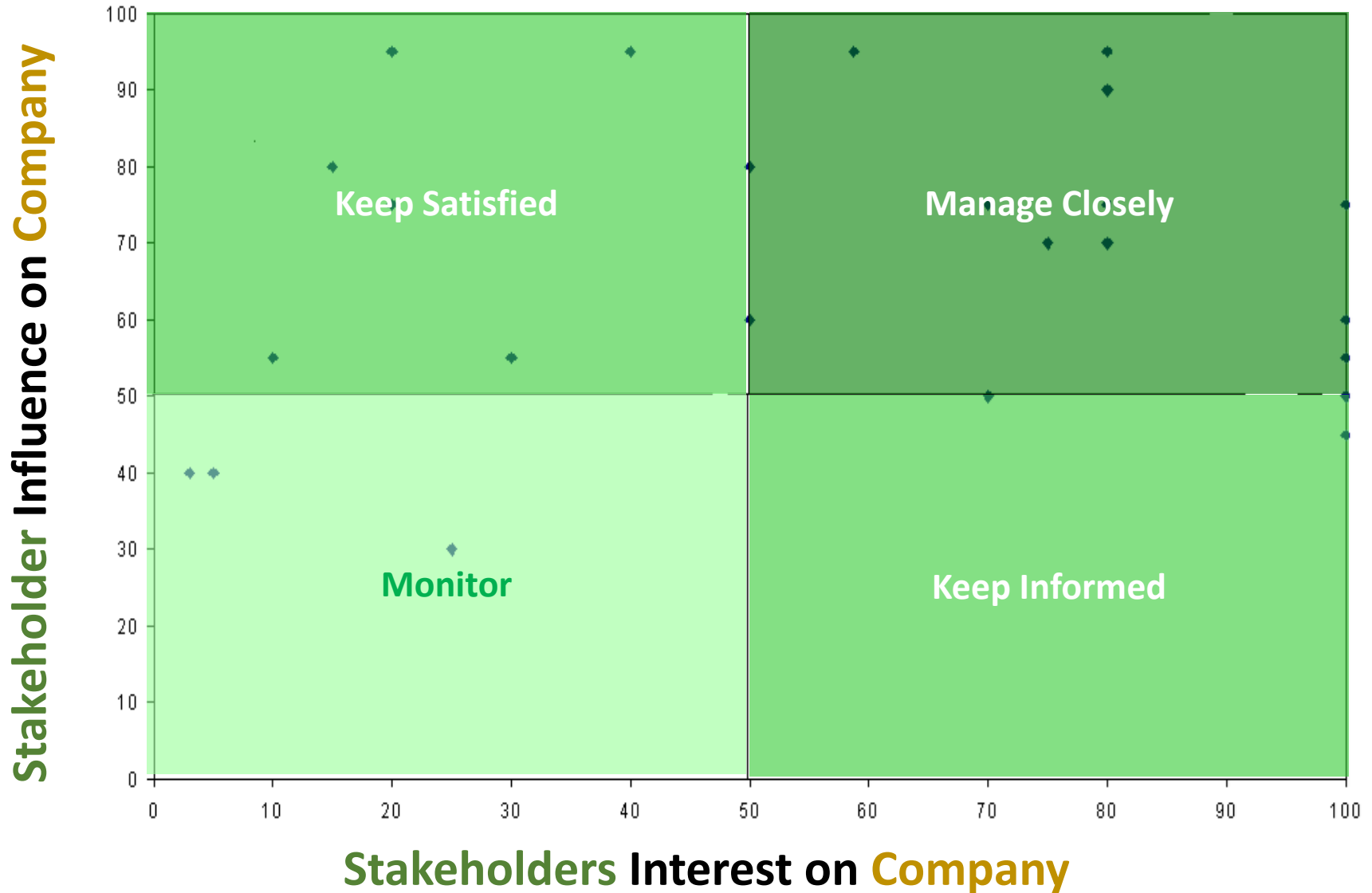
No!

...but they can be represented
by stakeholders
(humans & organizations)

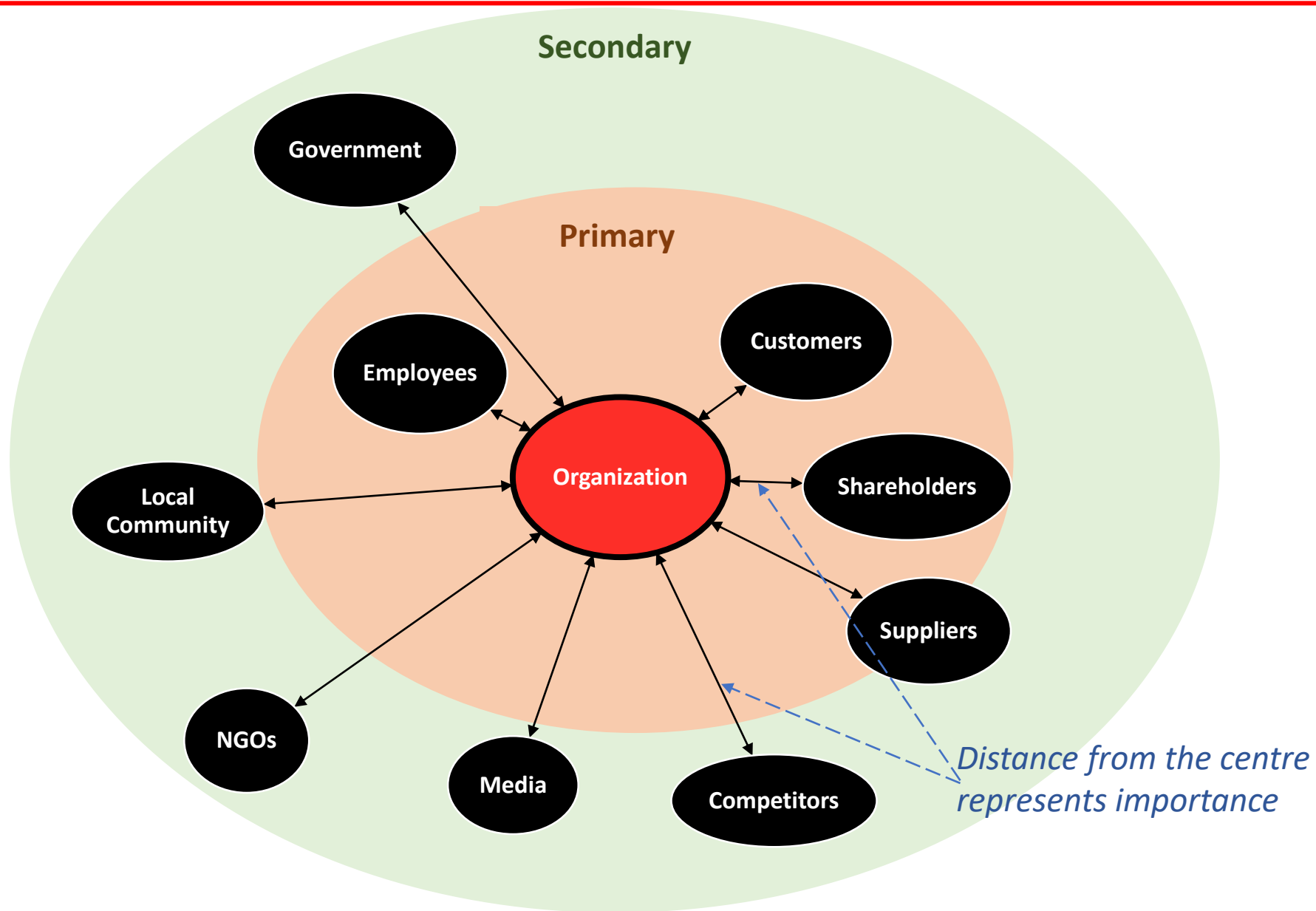
Yes!

It's the only way to make
organizations pay attention to
them!

Stakeholder Assessment



Stakeholder Map



Stakeholder Mapping Exercise

1. Pick one of the following Companies & Organizations and write its name in the centre of the flipchart paper



CIRQUE DU SOLEIL.



Stakeholder Mapping Exercise

2. Identify the **stakeholders** of your company based on the stakeholder identification questions (handout) and write them on stickies
3. Place the stakeholder stickies **radially around** the company
4. Think of the **interests/concerns** of each stakeholder, write them on **red** stickies and put them **close** to the stakeholder stickies.
5. Group the stakeholder and issue stickies and place them **closer** to the company if they are **more important** or **further away** if they are **less important**.



2. Stakeholder Engagement

Stakeholder Engagement: Harbourfront Case



<http://www.refocussustainability.com/>

The REFOCUS Sustainability Program Model

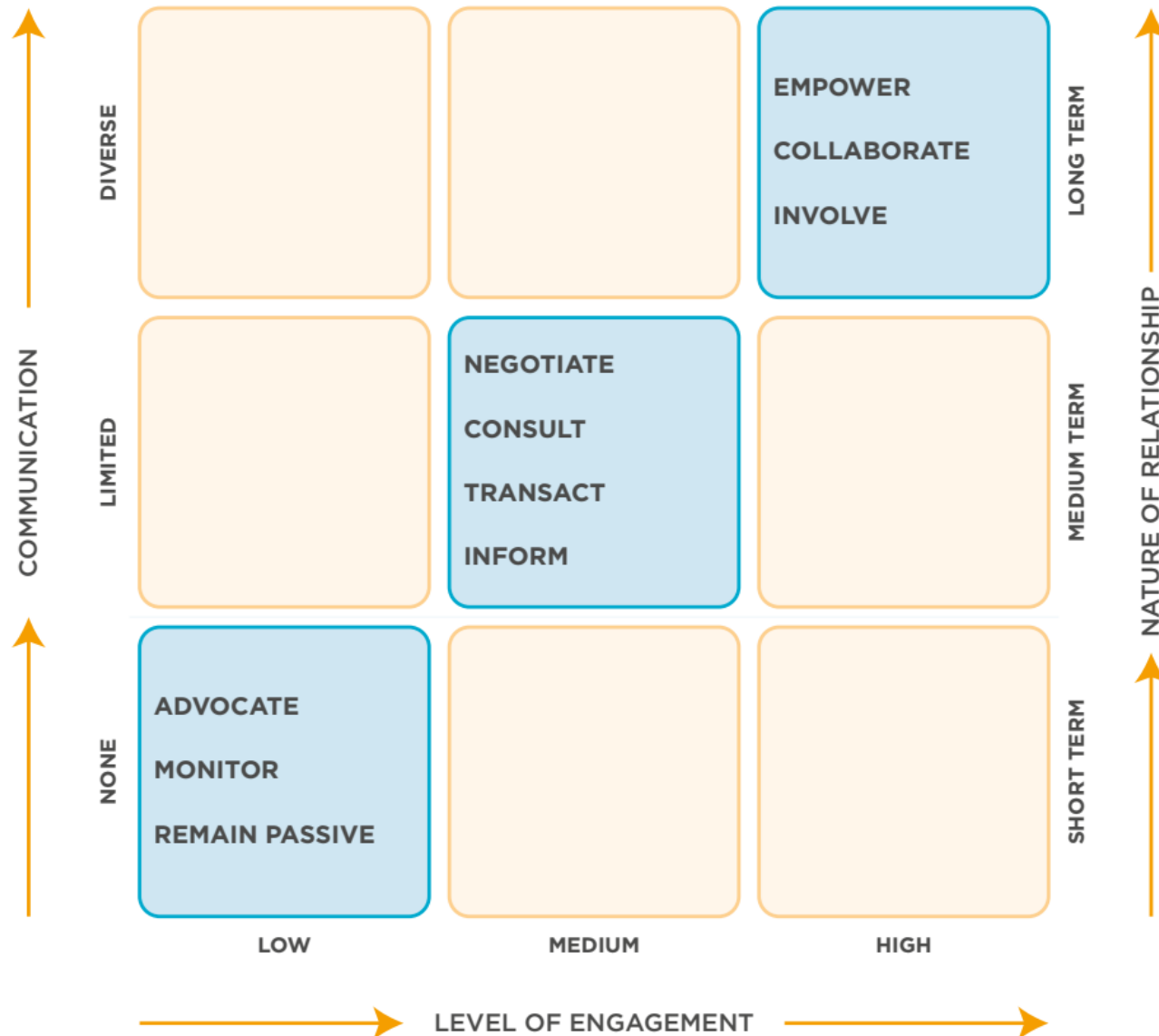


REFOCUS is a non-profit co-operative that enables organizations to perform better by smartly addressing sustainability. Our unique model and educational program helps professionals to generate transformational change and establish sustainability as a strategic priority.

Why should an organization **engage** with its Stakeholders?

- Increase understanding on **consequences**
- Increase beneficial & lessen adverse impacts
- Determine if claims on SR are **perceived as credible**
- Help **review** performance and **improve**;
- Reconcile **conflicts**
- Continuous Organization **Learning**
- Fulfill **legal** obligations (e.g. employees)
- Obtain diverse **perspectives**
- Increase **transparency**
- Form **partnerships**

Levels and Approaches to Engagement



Stakeholder Engagement Practices



Informal/Formal meetings

Individual Meetings

Conferences

Workshops

Public Hearings

Web Forums (social media)

Stakeholder Engagement Example: Heineken

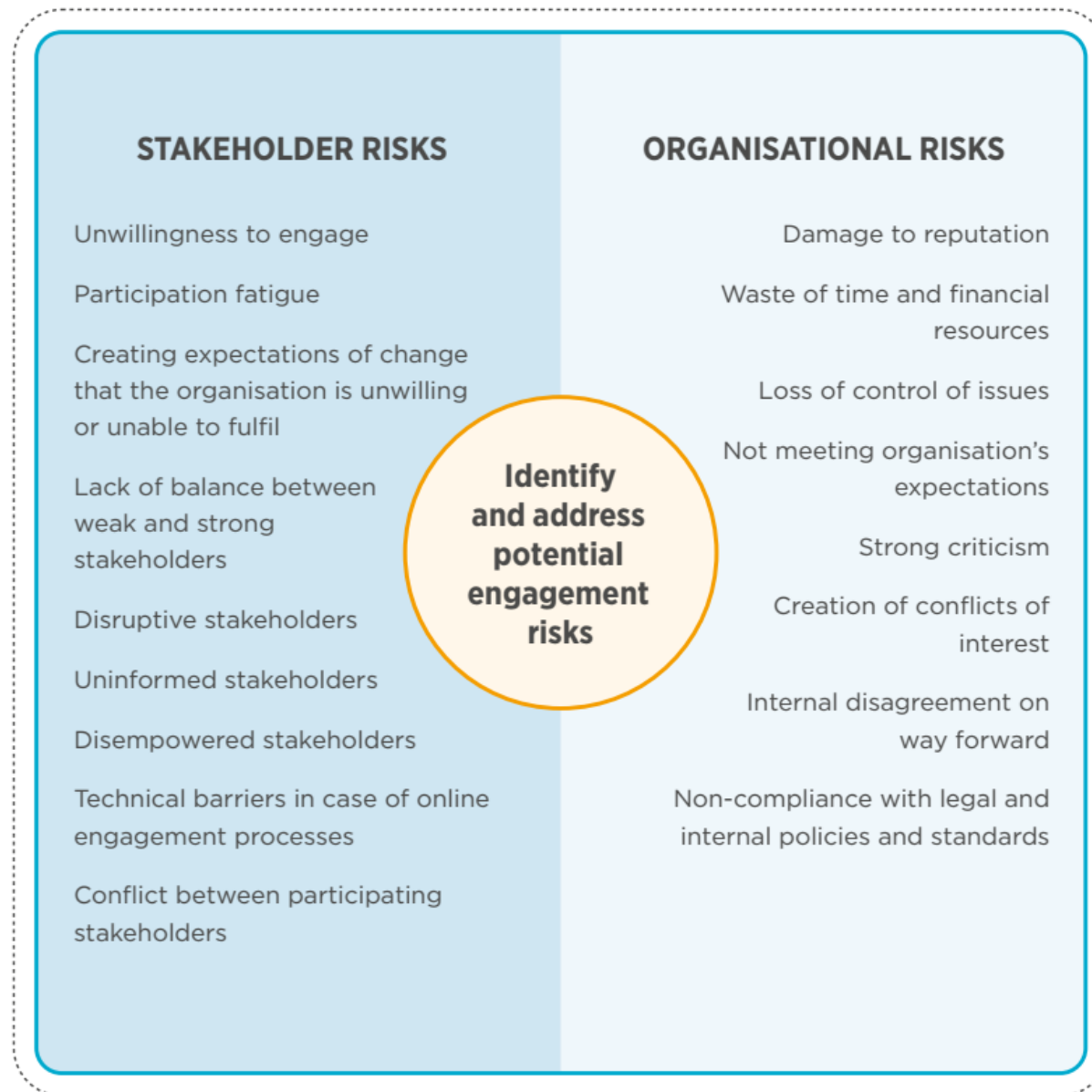


Stakeholder Engagement Example: Heineken

Our key stakeholders and how we communicate

Stakeholders	Examples	Purpose and Goals	Methods of Engagement	Frequency of Engagement
Customers and Consumers 	■ Distributors ■ Outlet owners ■ Consumers	■ Strengthen and expand distribution network ■ Maintain & increase brand loyalty ■ Promote sustainability awareness ■ Promote responsible consumption ■ Increase customer & consumer satisfaction	■ Distributor Conference ■ Market Visit ■ Researches ■ Reputation Survey ■ Media, PR and Digital	■ Annually ■ Daily ■ Monthly ■ Every two years ■ Frequently
Employees 	■ Employees	■ Enhance and increase employee commitment and loyalty ■ Promote sustainability awareness ■ Promote responsible consumption	■ Town-hall meeting ■ Executive Forum ■ Flash news ■ Newsletter ■ Year-end dinner ■ Away-day ■ Employee Climate Survey ■ Enjoy Responsible Day ■ Employee Conference ■ CSR Forums	■ Twice a year ■ Twice a year ■ On events ■ Quarterly ■ Yearly ■ Yearly ■ Yearly ■ Yearly ■ Yearly ■ On events

Stakeholder Engagement Risks



Stakeholder Engagement Considerations

- The organization should **not only** rely on stakeholders to understand society's expectations
- The engagement process should be **fair** and appropriate
- The most **relevant** and **representative** stakeholders should be engaged
- Stakeholder engagement is **not PR** but should be based on **good faith**
- An organization should not give **preference** to “friendly” stakeholders or **ignore** “silent” ones
- Engagement should be with **independent** parties, and transparent disclosure of support should be provided

Stakeholder Engagement Exercise

1. Revisit your company from the previous exercise.
2. For each stakeholder (group) write:
 - What would be an appropriate engagement method?
(Review the Stakeholder Engagement Methods Handout)
 - What are the **risks** in engaging?
 - How would you **respond** to their concerns?



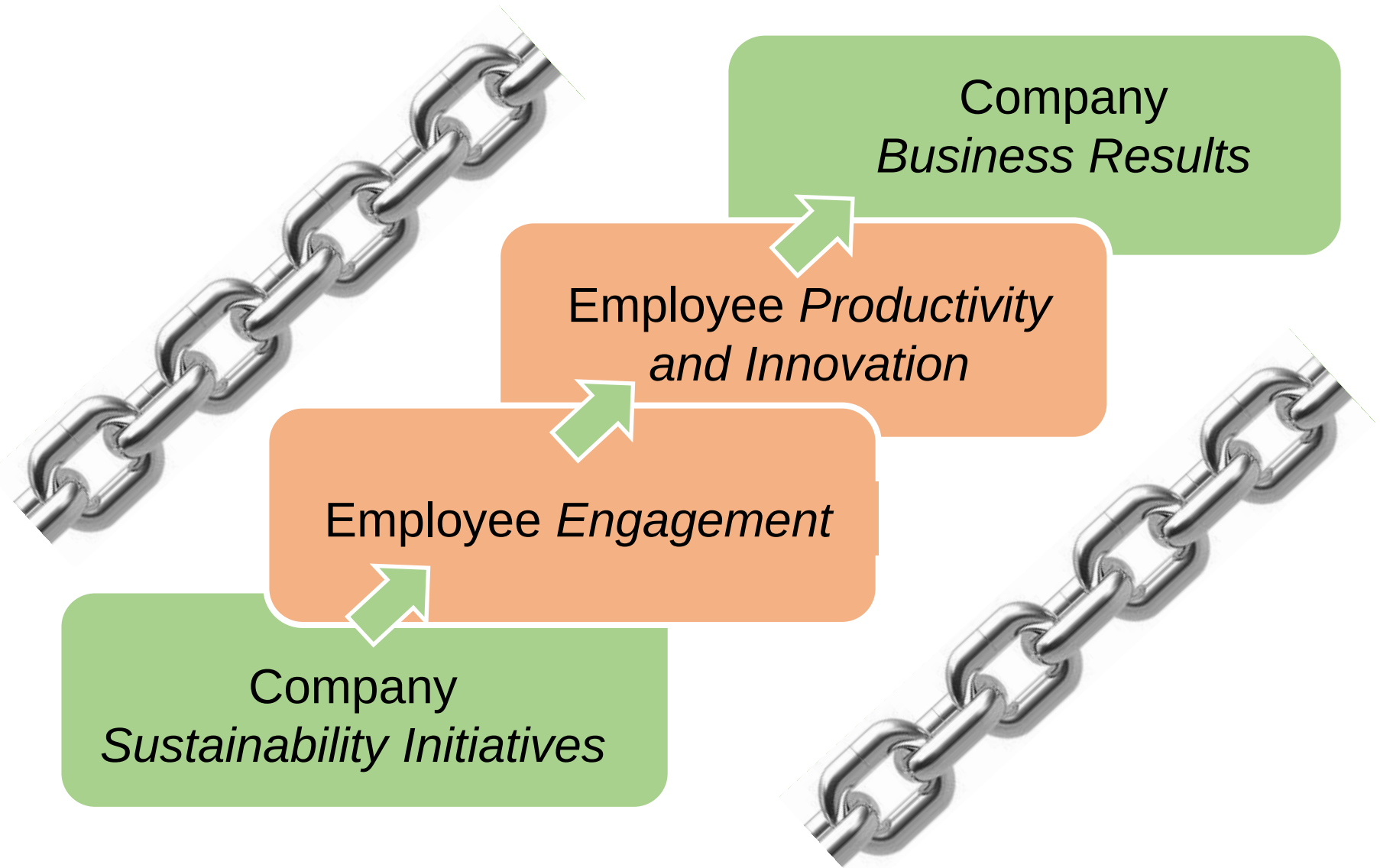
3. Employee Engagement

Are employees an important Stakeholder?

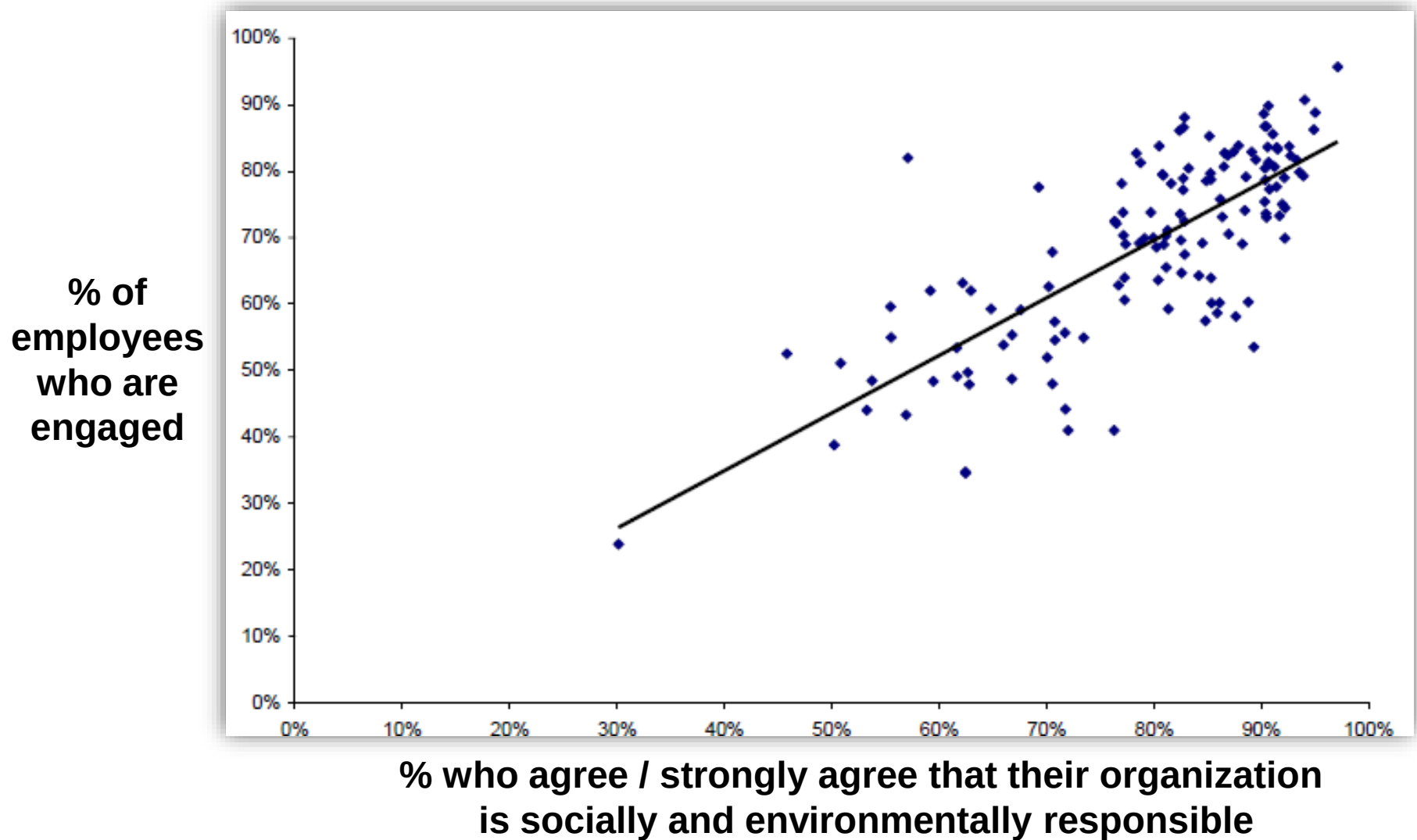


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Employee Engagement Chain



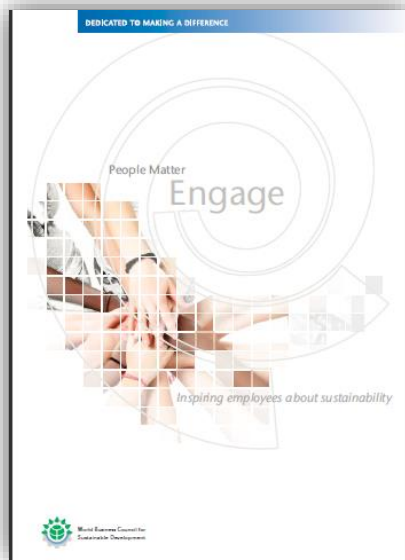
Engagement Correlates with CSR



“Engaging Employees through CSR,” CBSR and Hewitt Associates webinar, January 2010.
Based on a slide used during the webinar.

Engagement Drives Results

- Companies with engaged employees **grew profits 3 X faster** than competitors
(Corporate Leadership Council)
- Highly engaged organizations have **87% less staff turnover** and **20% better performance** than average (Corporate Leadership Council)
- Businesses with low engagement have an average **operating margin [profit]** of just under 10%, compared with **27%** for those with the **highest engagement score**. — “Global Workforce Study,” Towers Watson, 2012. Based on a study of 50 global companies —
- **59%** of engaged employees say their job brings out their most **creative ideas** vs. 3% for disengaged.

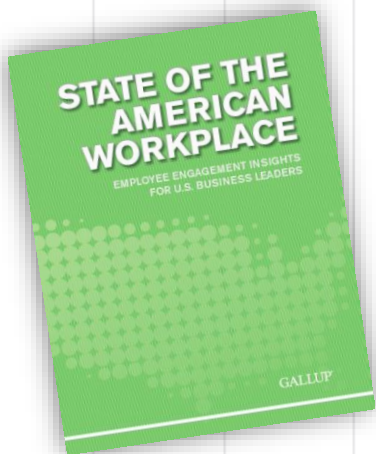
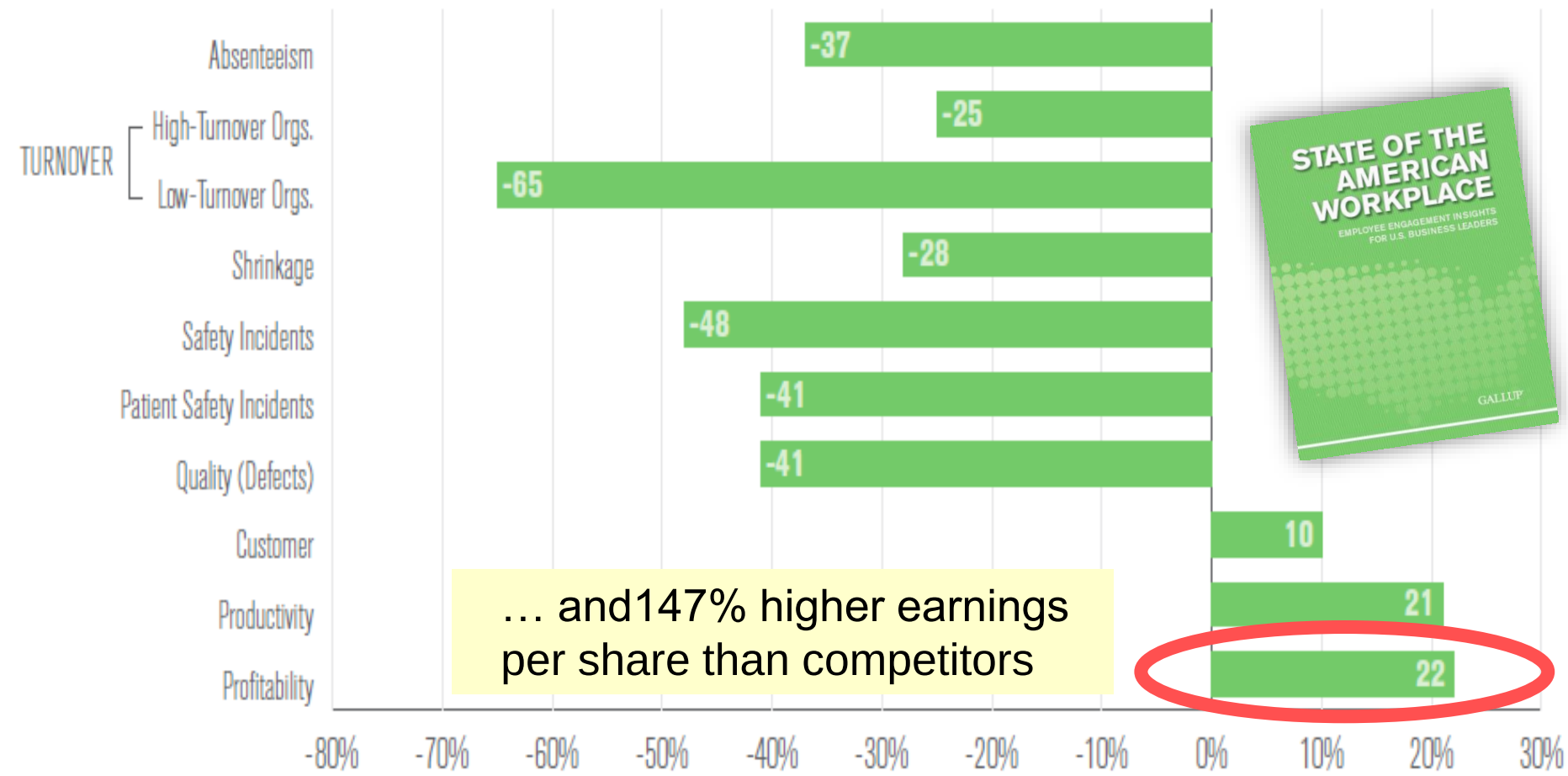


WBCSD, “People Matter – Engage: Inspiring Employees about Sustainability,” August 2010.

Employee Engagement Pays Off!

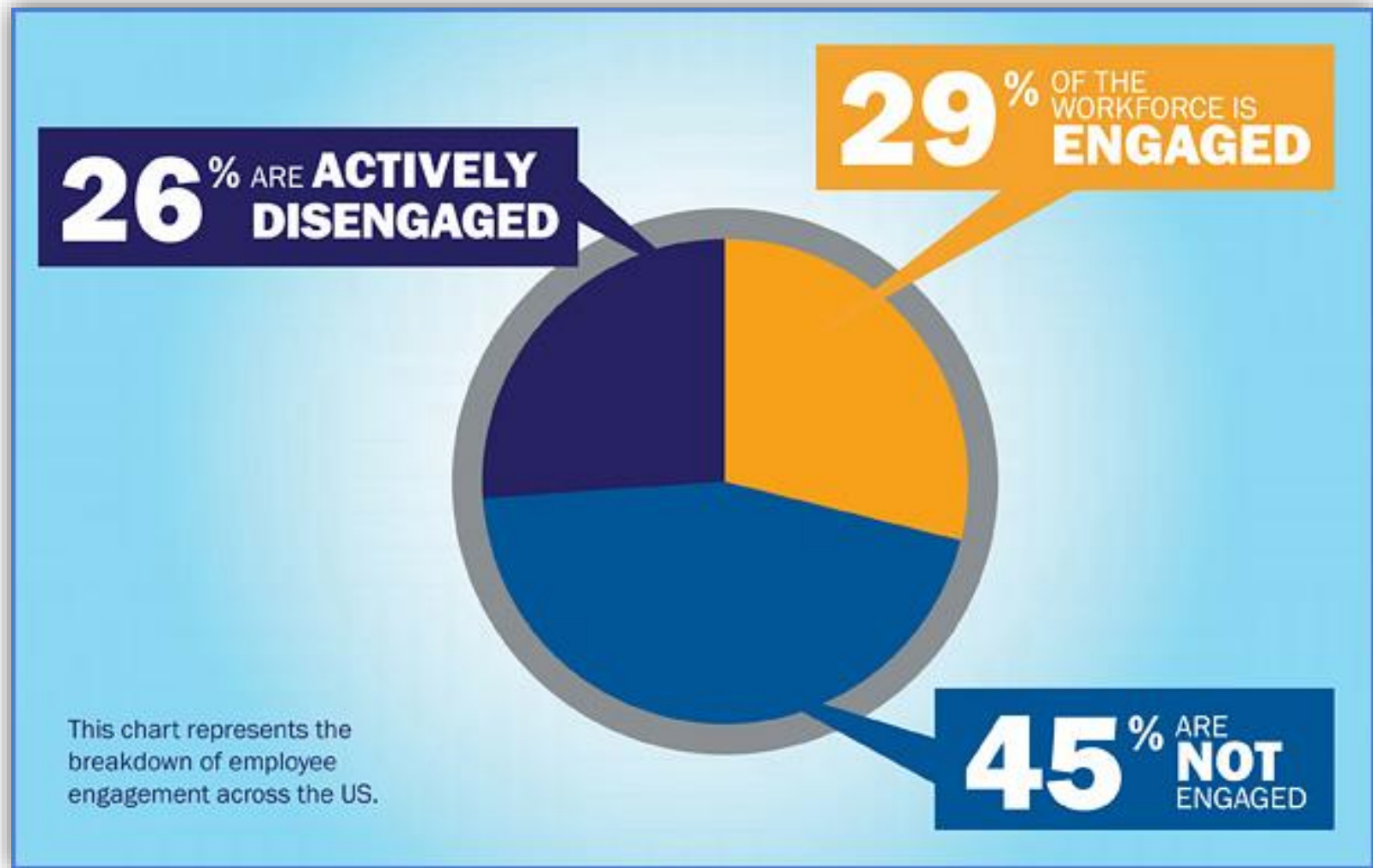
ENGAGEMENT'S EFFECT ON KEY PERFORMANCE INDICATORS

Difference between median outcomes of top- and bottom-quartile of engaged employees



"State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders," Gallup, 2013.

Most Employees are NOT Engaged



“Engaged Employee Infographic,” Dale Carnegie Training, March 2017.
Based on a study of over 1500 employees in the U.S.

Sustainability as a Driver for Employee Engagement



1. Communicate early and often to employees about your company's sustainability efforts.

- They should know first. Don't neglect in favor of external stakeholders
- Frequent communication – Not only CSR Report or website

2. Involve as many employees as possible in sustainability initiatives

- Sustainability is motivating and makes people connect when part of day-to-day practices
- Sustainability in job descriptions and performance management

3. Highlight your company's sustainability focus when recruiting

- Millennials increasingly want to work for socially responsible companies
- Include sustainability criteria in competencies, skills and mind-set

Employee Engagement as a Driver for Sustainability



1. Communicate to educate and inspire

- What sustainability is and why it's important
- Organization's sustainability goals, strategies and plans
- How they will be affected and how they can be involved

2. Ask employees to help develop a sustainability value proposition and strategy

- How sustainability affects their departments and jobs
- Concrete measurable goals at all levels

3. Involve employees in planning implementing and innovating

- Involve them from the start
- By contributing ideas they have ownership and offer valuable innovative solutions

4. Incorporate sustainability concepts into training

- What is their role in supporting sustainability
- Acquire new skills and behaviors

5. Recognize sustainability successes and reward those who excel

- Informal and formal awards
- Accountability through alignment of HR processes with sustainability performance

Employee Engagement Pyramid



EMPLOYEE ENGAGEMENT PYRAMID

Adapted from Melcrum, 2006, p. 9.

Strandberg C. *The Role of Human Resources Management in CSR – Issue Brief and Roadmap*, 2009. www.corostrandberg.com

Melcrum. (2006). *Engaging Employees in Corporate Responsibility: How the World's Leading Companies Embed CR in Employee Decision-making*. London, UK: Author.

Lesson Resources

Required:

1. [ISO 26000 The Business Guide to the New Standard on Social Responsibility: Chapter 5](#)
2. [The Role of HR Management in CSR - Issue Brief and Roadmap: Pages 18-20 \(Step 7\)](#)

Optional:

- [Corporate Social Responsibility and Employee Engagement: Making the Connection](#)

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