

Stakeholder engagement practices changing

Up until the mid 1990's, corporate stakeholder engagement was largely motivated by a company's desire to avoid conflict and avoid negative impact to business.

This is what Anne Svendsen, a stakeholder networking consultant based in Vancouver, calls the "push" factor: many companies felt external pressure to engage with stakeholders.

"Traditionally, companies often wouldn't engage stakeholders unless they were required to by law, and it was usually about achieving short term goals with their stakeholder interests. It was also business oriented - engaging around specifics. That organization-centric approach is still the most common," says Svendsen, who owns a stakeholder engagement advisory company called CoreRelation Consulting Inc.

The "push" factor increased in tandem with the rise of consumer vigilance to corporate practices that contravened environmental accountability or social responsibility.

"In some cases, it was because customers were unhappy," says Svendsen. "The company realized that unilateral action was becoming more difficult. And stakeholders have greater capacity now - they have become more informed and can network more easily. Pressure from average people was important in convincing companies in industry sectors with significant social/environmental factors to practice greater transparency and develop stakeholder networking."

Svendsen's favourite example is logging giant McMillan Bloedel, who caused a furor and inspired broad-based stakeholder resistance when they decided to clearcut old-growth forest in Clayoquot Sound in British Columbia.

The resistance was massive – beginning with stakeholder-customers of California’s Pacific Bell telephone company (McMillan Bloedel provided the paper for their voluminous phone books) – and comprehensive, involving First Nations communities, environmental groups and, eventually, other corporations.

As a result of prolonged protest and civil disobedience and a Greenpeace boycott campaign (three major British home supply chains agreed to stop buying from them, as well as US giants FedEx, Xerox, and 3M) the company was aggressively “pushed” to convene some form of stakeholder network. Its future lay in the balance.

The results were nothing short of remarkable. Instead of choosing a bilateral stakeholder approach to minimize damage and restore its reputation, the company needed to regain its “social licence to operate.”

The company signed an agreement with four environmental organizations in 1998, and more importantly, announced it was phasing out clear-cutting in favour of retention logging.

In 2000, the company, along with other forestry companies and environmental groups, developed the Joint Solutions Project designed to develop more environmentally sustainable methods of logging. The project has blossomed into a larger stakeholder network involving various government decision-makers, First Nations groups, loggers, and local communities.

This revolution in corporate practice and respective structural identity is an ideal model and still largely an exception to more traditional forms of stakeholder engagement, says Svendsen.

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“Companies have to be willing to internalize and make significant changes, to negotiate conflicting [stakeholder] demands, embrace a collective learning process and figure out the best way forward with the core interests of key stakeholders in mind,” she says.

For Svendsen, advancements in technology, and globalization in communication and consciousness – a changing socio-cultural context (see [Convening Stakeholder Networks](#)) - are forcing anachronistic corporate practices into the open.

“The public is becoming more skeptical and cynical,” says Svendsen, “there’s a lot less trust. It might be a simple matter – of companies being more sensitive to stakeholders. It might flow from the values of a CEO. But the changing context and consciousness will catch up with them,” she says.

And while Svendsen is hopeful that a re-definition of the corporation will soon be in the offing, she warns against being unrealistic when examining positive developments like recent multi-sectoral, hybrid projects like the Joint Solutions Project.

“We’re not seeing a transformation of the economy anytime soon, stakeholder networking is not happening enough right now. And we can’t be Pollyanna-ish about this either. Companies have a lot at stake and need to maintain profit, and have to be seen to be achieving their goals. But they can begin having constructive conversations with stakeholders and create opportunities rather than the old method of merely trying to get what they want through bi-lateral relationships,” she says.