engage your community stakeholders

An Introductory Guide for Businesses

Network for Business Sustainability

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engage your community stakeholders

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This report is designed to help decision-makers at companies of every size establish strategies for engaging community stakeholders. It provides a step-by-step guide to developing a strategy appropriate to your company's stakeholders and business objectives. Learn about key issues, and then use four key exercises to ensure your strategy is practical and clear.

This report draws on authoritative research addressing community and stakeholder engagement, supply chain management, social responsibility, and social movements and corporations.

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More resources are available at: nbs.net/knowledge

getting out ahead: engaging your stakeholders

Stakeholders are people who affect or can be affected by a business. Community stakeholders include neighborhoods, community development groups, environmental organizations, development organizations, citizen associations and non-governmental organizations (NGOs).

Organizations are increasingly being held accountable for their social and environmental impacts. Community stakeholder engagement is an important way for companies to meet those expectations.

Businesses traditionally focused on a limited set of stakeholders: shareholders, employees and regulators. Now, there's recognition that communities also affect and are affected by company operations. Engagement can benefit communities while building legitimacy and learning for companies.

Multiple approaches to community engagement exist. This guide was written to help managers determine the most effective strategies for engaging their community stakeholders.

How engagement helps

Good relations with community stakeholders can benefit firms in many ways. They can improve firms':

1. **Decision-making**. The firm better understands the community's viewpoints and concerns. Projects can be designed to take community concerns into account; communities also often have valuable local knowledge, which can lead to better, even innovative, projects.
2. **Legitimacy**. When community stakeholders feel they have been heard, conflict and controversy are reduced, and the firm's credibility is enhanced.
3. **Competitiveness**. Good community relations can make it easier to attract workers, as employees want to work for a firm that is respected within the local community. Good community relations also reduce lawsuits and other obstacles, avoiding costly project delays.

Example: The municipal water system in Manila, the Philippines, faced many problems. Piped water reached only 60 percent of households and 2/3 of the water in the system was lost due to leaks and unauthorized connections. Manila Water Company began a "Walk the Line" program in which company staff visited with customers. It also worked with community groups to develop a new metering system focused on communities rather than individuals. In part because of this community stakeholder involvement, Manila Water's customer base tripled, losses to unauthorized connections plummeted and customer satisfaction with service grew from three percent to 96 percent over five years. (International Finance Corporation, 2009)

three engagement strategies

Research identifies three broad types of engagement a company can pursue (Bowen et al., 2008):

Community Investment. A company provides information or resources to the community through arm's length transactions, such as information sessions, charitable donations and employee volunteering. The firm is giving back to the community. Communication and learning is a one-way transfer from the firm to the community, and the firm controls the engagement process.

Example: A company provides information on its social and environmental performance through a sustainability report. The company's philanthropic strategy prioritizes NGOs supported by employees.

Community Involvement. The company engages in two-way communication and consultation with the community; it is building bridges to stakeholders. The company uses community input to shape its actions. However, the firm still controls the engagement process.

Example: Homeowners complained to a mining company about noise and safety issues caused by trucks driving through the area. The company organized forums for community members run by a professional facilitator, who emphasized that the company was there to listen, was interested in compromise and would explain any actions it took. The company better understood community concerns and identified solutions: using a different route and confining transportation to certain hours.

Community Integration. The company and the community engage in joint learning and joint management of projects. Communities may even lead a project. Community integration can lead to novel, transformational, outcomes – even changing society. The firm and the community share control over the engagement process. A firm only has the capacity to undertake a few of these partnerships.

Example: A community was concerned about a new manufacturing plant using a process that could produce toxic emissions. The community was concerned that emissions exceeding certain thresholds might be detrimental to human health. A citizens' committee, backed by the company, formed to address the situation. The committee met regularly with the company chemist, had access to the company's laboratory results and consulted with university scientists. Ultimately, the committee developed a new measurement protocol that the company implemented.

Multiple strategies

Depending on the stakeholders and the project, a firm may have multiple types of relationships at the same time; it may even use multiple strategies in interacting with the same stakeholder. Often, a community investment strategy is a prerequisite for an involvement or integration strategy. It's important to choose an approach that fits with both your business objectives and the community's issues; the next sections of this guide will show you how.

four steps to community stakeholder engagement

For effective community stakeholder engagement strategies, take a systematic approach.

First, learn as much as possible about the key characteristics and culture of the community in which you operate.

1. Get to know your community
- Identify stakeholders
- Identify their issues and expectations

Second, decide which stakeholders to engage with and which engagement strategy to use.

2. Choose your engagement strategy
- Prioritize stakeholders
- Choose your engagement strategy or strategies

Third, plan your engagement process, identifying the specific practices and approach you will use.
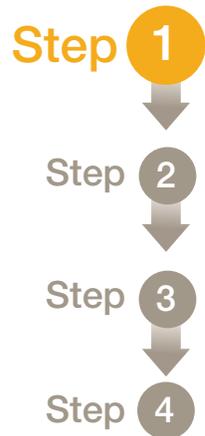
3. Plan your engagement process
- Identify specific practices and techniques
- Manage the project

Fourth, make community engagement permanent by institutionalizing it within the company.

4. Make community engagement permanent
- Share knowledge
- Continuously improve

step 1: get to know your community

Step **1**

Step **2**

Step **3**

Step **4**

Start by comprehensively identifying your company's community stakeholders. Note not only who they are but their issues and expectations.

What is community?

Communities are individuals linked by:

Issues. People are concerned about the same issue
Identity. People share a set of beliefs, values or experiences (e.g. related to environment or public health)
Interaction. People are linked by a set of social relationships
Geography. People are in the same geographic location

Types of community stakeholders include neighborhoods, community development groups, environmental organizations, development organizations, citizen associations and non-governmental organizations (NGOs).

Identify your community stakeholders and their concerns

Using the list of types of community stakeholders, identify those connected to your company. Start with groups or organizations that have already expressed their concerns. Have neighbours submitted complaints about noise or environmental disturbance? Have groups publicized their expectations in newspapers or on websites? Also try to identify less visible community stakeholders. Low-income or less-educated segments of the local community are often less inclined to advocate publicly for their needs. Yet a responsible company must consider their interests – and organized groups could take up their cause.

A stakeholder's perception of your activities is shaped by many things, including your firm's past activities and the activities of your sector as a whole. Past interactions between stakeholders and your company (or similar businesses) can foreshadow current and future dynamics.

The table on the following page provides space for you to enter the information you have collected.

✓ take action: create a stakeholder record

Step 1
Step 2
Step 3
Step 4

Gather basic information about stakeholders and their connections to your company.

Name of stakeholder group			
Mission			
Contact person			
Issues/ expectations related to company			
History of communication/ interactions (e.g. partnerships, conflicts)			

As you work through this guide, you will gather more information about stakeholders and your interactions with them. A chart at the end of the guide (page 13) has space for all the information you will collect.

step 2: choose your engagement strategy

Step 1

Step **2**

Step 3

Step 4
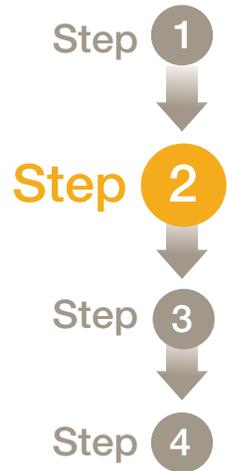
Now you will use the information you have gathered on your community stakeholders to choose the most appropriate engagement strategy.

A company may have many stakeholders; it's difficult to respond to all of them. Prioritize your stakeholders by answering the questions in the following table. These questions draw on the information you just collected and also ask you to make judgments as best you can.

✔ take action: prioritize stakeholders

Complete the table for each stakeholder in your stakeholder record. Answer each statement in accordance with your degree of agreement: 1: strongly disagree; 3: neutral; 5: strongly agree. Total the score for each stakeholder and use scores to prioritize your community stakeholders. You can note the priority status of your stakeholders in the chart on page 13.

	Stakeholder 1	Stakeholder 2	Stakeholder 3
The stakeholder's issue/expectation is legitimate.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The stakeholder's issue/expectation may be considered legitimate by other stakeholders (e.g. the media, NGOs, politicians, insurers, distributors).	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The stakeholder can directly impact your organization.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The stakeholder represents a vulnerable population.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The stakeholder's issue/expectation is directly related to the company's activities.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The stakeholder's issue/expectation is directly related to the activities of the company's suppliers or sector.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

Adapted from Mitchell et al. (1997), social movement theory, ISO 26000 and Brammer et al. (2011)

Choose the strategy

Step 1

Step 2

Step 3

Step 4

Once you've determined the priority stakeholders, select an engagement strategy for each.

	Investment	Involvement	Integration
Corporate Stance	Giving Back	Building Bridges	Changing Society
Typical Activities	Information sessions Charitable donations Employee volunteering	Dialogue Consultation Cause marketing	Joint project management Joint decision-making
Communication	One-way	Two-way	Two-way
Community Partners	Many	Many	Few
Interaction	Occasional	Repeated	Frequent
Learning	Transferred from firm	Transferred to firm	Jointly generated
Control Over Process	Company	Company	Shared

The best engagement strategy for your company depends on several issues. The next table will help you work through these. The table will ask about the degree of:

- **Company understanding and acceptance of stakeholder expectations**. If you need to clarify or negotiate stakeholder expectations, you'll need two-way engagement (involvement or integration). Note that it's easy to assume you understand what a stakeholder wants; in most situations, it's best to clarify before moving forward.
- **Stakeholder desire for engagement.** Some stakeholders may be confused about the issue, simply requiring information (an investment strategy). Others may want the company to understand them better, requiring dialogue (involvement). Still others may seek active involvement in solutions (integration).
- **Potential for collaboration.** If collaboration is difficult – for example, because of distrust from stakeholders – then a one-way, investment strategy may be best. It can also form a basis for future collaboration. Note that an apparently non-cooperative stakeholder can reconsider – leave the door open!
- **Potential for an economically viable solution.** If an economically viable solution already exists, there is less need for the discovery process of an involvement or integration strategy.

Example: Knowing the importance of water issues to nearby residents, a Latin American mining company wanted to address water quality near its mine. The local community was eager to be involved and had extensive knowledge of local water systems, useful in addressing a complex issue. Using an integration strategy, the company and community set up a participatory management board to share responsibility for water quality.

✓ take action: choose the engagement strategy

Step 1

Step 2

Step 3

Step 4

Use the following statements to determine the most appropriate level of engagement for each stakeholder.

Complete the table for each of your priority stakeholders. These questions can be challenging to answer, as understanding stakeholder perspectives is not easy and often requires close interaction. Use your best judgment.

Answer each statement in accordance with your degree of agreement: 1: strongly disagree; 3: neutral; 5: strongly agree. The higher your score in each category (investment, involvement, integration), the more this level of engagement is appropriate. You can note the strategy you choose in the planning chart on page 13.

Community investment	Stakeholder 1	Stakeholder 2	Stakeholder 3
The stakeholder's expectations are understood and accepted by the company.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The stakeholder's perception of the issue is inaccurate or could be improved.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The potential for collaboration is low.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
An economically viable solution exists and needs to be publicized.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Community involvement			
The stakeholder's expectations are not well understood by the company.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The stakeholders consider themselves poorly understood.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Potential for cooperation is average or high.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
An economically viable solution seems possible.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Community integration			
The stakeholders' expectations are not met to their satisfaction.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
The stakeholders believe they could gain from collaboration.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Potential for collaboration with this stakeholder is high.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
An economically viable solution is absent or problematic.	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

Adapted from Turcotte et al., (2008); Turcotte & Pasquero, (2001); and Gray, (1989).

step 3: plan your engagement process

Step 1
Step 2
Step 3
Step 4

Now that you've identified your engagement strategy, use this table for ideas on what practices and more specific techniques to use. These are intended to provide inspiration; you will need to assess which are most appropriate for your company, stakeholders and situation. You can enter the practices and techniques you choose in the planning chart on page 13.

✅ take action: select practices and techniques

ENGAGEMENT STRATEGY	PRACTICES	TECHNIQUES
Investment	• Provide **clear, instructive information**, accessible to all stakeholders. • Reach the greatest number of stakeholders by using **a variety of information and communication techniques**. • Consider local realities and use **language that will be understood** by communities. • Be **transparent** and present **factual information**. • Explain the **uncertainties and limits of the project**; present several different scenarios. • Be **open** to feedback.	Brochures and flyers; Advertisements; Information kiosks: Press releases; Newsletters; Door-to-door; Information sessions; Financial support
Involvement	• Set up forums where stakeholders can **express their views** on your project or your activities. • Create informal places where **you can discuss** stakeholders' concerns with them. • **Guide the discussion** in order to facilitate dialogue and create a synergy among participants. • **Encourage stakeholders to participate** within a climate of creativity, frankness and spontaneity.	Surveys; Studies; Interviews; Consultative committees; Interactive website; Public hearings; Neutral forums
Integration	• Develop **routines** that engage the community in your **strategic planning** processes and make sure employees are familiar with them. • Integrate **solutions** proposed by concerned stakeholders into your **decision-making processes**.	Joint project management; Strategic local or regional partnerships; Sector discussion groups; Joint brainstorming; Conflict resolution; Work groups

Adapted from 14 practical engagement guides (citations in bibliography).

Project management

Approach community stakeholder engagement as you would any other business project: with systematic project management. Use the information you've developed already – priority stakeholders, issues and expectations, practices and techniques – to develop a project management plan. Consider your timeline and performance measures. You'll also need to consider your resources (e.g. staff, budget). Make sure your goals and resources match up. You can enter this information in the planning chart on page 13.

step 4: make community engagement permanent

Step 1

Step 2

Step 3

Step 4

Engagement is not a one-time process. You may reach closure on a specific initiative, but community engagement in some form will continue. For successful engagement, it's necessary to have continual improvement – and to share lessons learned, within and outside the company.

Share knowledge

Enable company learning

- Help your colleagues understand the engagement process, outcomes and lessons learned. Work to develop capacity within the organization to address these issues and to ensure continuity if key personnel leave. Creating a community stakeholder record will help. For your engagement process to be a success, you need to focus as much on internal resources (your employees' skills) as on external elements (your stakeholders' needs).

Share successes and failures externally

- Other businesses and organizations will be interested in your experience. Reciprocally, draw on other companies' experiences to improve your future engagement.

Be transparent and accountable to the community

- Keep the community up to date on the steps of engagement process, outcomes and next steps.

Continuous improvement

Use feedback to continually evaluate the process

- Make improvements at each phase of the engagement process, with the goal of continuous learning.

A final word

Learn from – and admit to – your mistakes. By being receptive to feedback, your company will leave the door open to future engagement.

appendix 1: overall planning chart

Put all the information you have collected in this table for an at-a-glance look at your stakeholders, strategies and actions.

Name of stakeholder group	Stakeholder 1	Stakeholder 2	Stakeholder 3
Mission			
Contact person			
Issues/ expectations related to company			
History of communication/ interactions (e.g. partnerships, conflicts)			
Priority stakeholder? (from page 8)			
Company Action			
Engagement strategy (investment, involvement, integration) (from page 10)			
Potential practices/ techniques (from page 11)			
Performance measures (from page 11)			
Resources (staff, budget) (from page 11)			
Timeline (from page 11)			
Actions taken to date			
Future actions for engagement			

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about NBS

A Canadian non-profit established in 2005, the Network for Business Sustainability produces authoritative resources on important sustainability issues – with the goal of changing management practice. We unite thousands of researchers and professionals worldwide who believe passionately in research-based practice and practice-based research.

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Social Sciences and Humanities Research Council of Canada

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