**Corporate Social Responsibility**
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**Lecture – 22**
**Management of Stakeholder Dialogue**

Welcome back to the MOOC course on corporate social responsibility. My name is Aradhna Malik and I am helping you with this course. And we have been talking about stakeholders.

And in the previous lecture, we talked about stakeholder dialogue. Now, in this lecture, we will talk about management of stakeholder dialogue. We will cover CSR communication in a different set of lectures, but this will form the basis for that discussion. So, how do we manage the dialogue that we have with stakeholders. It is essential that you listen to both of these lectures together that is what I would like to request you to do that when you sit down please budget for an hour and please listen to both these lectures in succession. If you are not had a chance, please take some time out and listen to both of these letters together, it will make much more sense to you if you listen to them in continuation.

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So, we will talk about management of stakeholder dialogue.

Now, this is based on the paper by Pedersen and we will also take the learning some of the learning's from the paper that we used in the previous class. So, both of these have been integrated into this the learning from both these papers has been integrated in this class. Stakeholder dialogue now various levels of engagement take place in stakeholder dialogue. How do we engage with stakeholders and Pedersen has given us a very interesting account of how we engage in dialogue with stakeholders here are the dimensions on the left side right here. So, on the dimension of inclusion low level of engagement only a few privileged stakeholders are included in the dialogue. So, low level of inclusion indicates that only a few very privileged stakeholders are selectively included in the dialogue. When we say that the level of inclusion is high in the level of engagement different attributes of level of engagement are inclusion, openness, tolerance, empowerment and transparency now inclusion relates to who gets included who is a part of the system.

So, only a few privilege stakeholders are included in the dialogue. In high level of engagement, all the relevant stakeholders are included in the dialogue. So, we go out and we get everybody who can be included and they are included in the dialogue. Openness, low level of engagement on the openness attribute means that the dialogue is structured around a fixed set of questions or problems or issues we do not open the dialogue to everything you know. So, very few very restricted issues are discussed and we are very, very focused and we do not let the discussion get out of hand we do not let the discussion

go beyond a certain point. But when the level of engagement is high, the dialogue is structured around open questions, open problems, open issues, the issues are you know related issues are also taken into account.

So, now only up to this point I would like you to think in terms of the influence of stakeholders and in terms of the salient of stakeholders, who in which situation would the threat of stakeholders be very, very high. If the threat posed by stakeholders is high, then what type of engagement would be going for low or high obviously, low. If we feel threatened by our stakeholders, we will restrict our communication with them. We will restrict our understanding or their opportunities to tell us what they want, we will restrict our opportunities to share our vulnerabilities with them, so that is where this is all headed. We open the field when the threat is low, legitimacy is high, but may be the urgency could be high at that point also, but then you know we are talking about two different things. So, when we talk about threat, the threat; and we talked about the influence the influence the of the stakeholders on us is something that we can manage.

So, the power of the stakeholders over us is not so high then we open up the dialogue to a discussion that is when we let down our barriers and there is a higher level of engagement. When the stakeholders have power over us when they are in a position to influence us when they are in a position to cause us when they threaten us that is when we pull up our barriers and we say we will only talk to you about these few issues and nothing else.

Tolerance, low tolerance one position has priority over all the others in low level of engagement. We restrict things; we do not tolerate anything outside those boundaries. High level of tolerances, new and alternative and critical voices are respected. Somebody tells you something different you say fine that is another point of view so that is a higher level of tolerance.
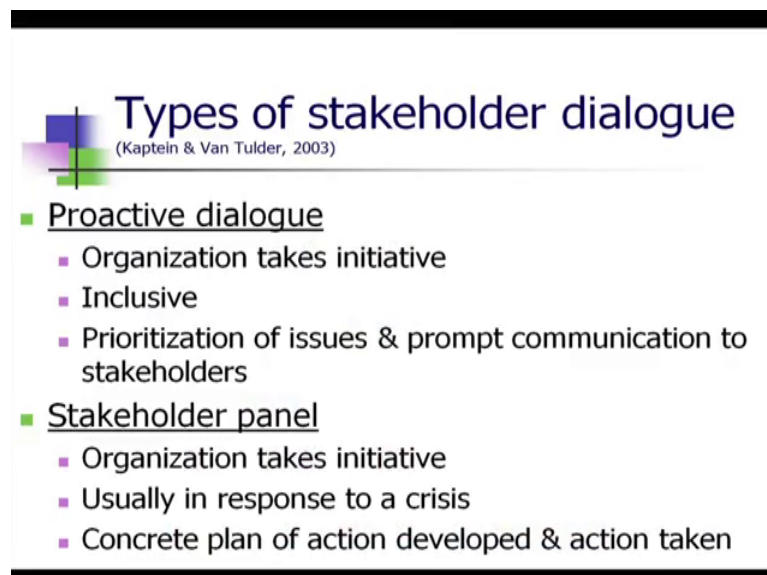
Empowerment one stakeholder dominates the dialogue and decisions. So, when we talk about empowerment in low level of engagement, one stakeholder dominates the entire dialogue, one stakeholder takes charge of the dialogue and directs the flow of the dialogue and directs the decisions that are taking place, when the level of engagement in low in high level of engagement, the freedom and equality is given to all stakeholders.

When we talked about on the dimension of empowerment freedom and equality every all stakeholders are equally empowered to engage in the discussion.

All stakeholders have the freedom to discuss issues that matter to them, so that is what we mean by empowerment. They feel comfortable discussing their issues, whereas in low level of engagement the stakeholder dominates one stakeholder says ok, so could be the organization could be the stakeholders, we only listen to the person who matters most to reorganization and everybody else is expected to follow whatever they are saying.

So, or this could even be the organization themselves. In low level of engagement on the attribute of transparency there is no access to information about the process and outcomes of the stakeholder dialogue, yes, you come you discuss, you are not told where it is going to lead whereas in high level of stakeholder engagement, there is full access to information about the process and the outcomes of stakeholder dialogue. So, the information is transparent, the proceedings of the dialogue are transparent and everybody can see what went on and how it was discussed. So, this is how we see the you know how we engage in stakeholder dialogue depending on the level of engagement we have with our stakeholders.
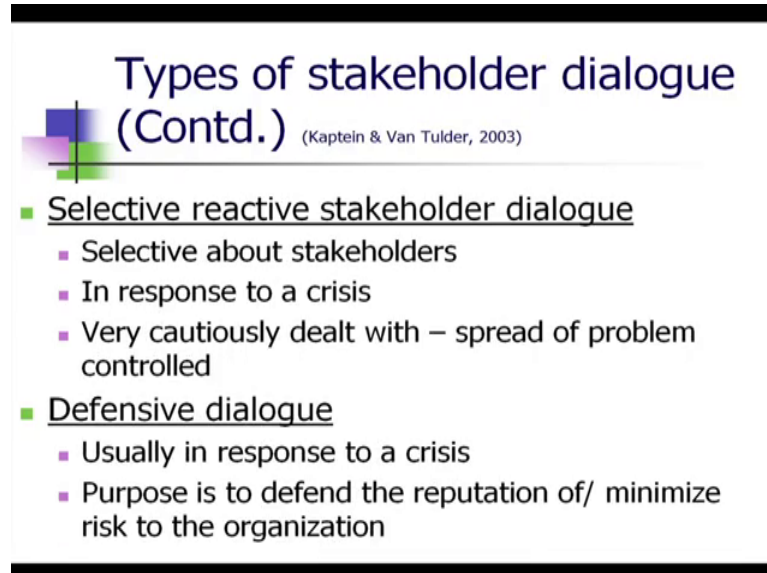
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So, then when we talk about different types of stakeholder dialogue we talked about various ways in which we conduct this dialogue. Now, Kaptein and Van Tulder have I hope I am pronouncing their names right they have described four broad categories of

stakeholder dialogue one is the proactive dialogue and then stakeholder panel, selective reactive stakeholder dialogue and defensive dialogue.

Proactive dialogue, the organization takes initiative, the organization is inclusive, the organization prioritize issues and prompt communication to the stakeholders. So, proactive means that the organization welcomes the dialogue, the organization takes the initiative, goes out seeks out the stakeholders is open and encourages their inputs. So, that that is what happens in proactive dialogue.

In the stakeholder panel, the organization takes the initiative. It is usually in response to a crisis a panel of stakeholders that represents the entire stakeholder community is called and discussions are carried out with them. It is usually in response to some urgency, some crisis situation and very concrete outcome of this dialogue is that a plan of action is developed and the action is actually taken and the feedback or evaluation of that action is done and that is then communicated to the stakeholders, so that is one way of engaging with the stakeholders.

The third type of stakeholder dialogue is the selective reactive stakeholder dialogue. In this stakeholders are very carefully chosen. And as you can imagine stakeholders with very little power, not very legitimate claims, not with a high sense of urgency are chosen. Stakeholders who cannot influence the organization are chosen as a representative of the entire pool of stakeholders. They are selectively chosen, so that and the choice is not in a

position to threaten or influence the organization. This usually happens in response to a crisis and these stakeholders are very cautiously dealt with, the spread of the problem is controlled many times the information of regarding this dialogue is not made public.

Now, I will give you a an unrelated example. This is a historical example and you know this relates to World War 2. A meeting was conducted to plan the holocaust you know what the holocaust is the day whatever Hitler did you know the killing of the Jews. So, a meeting was held in a place called Wannsee; and it was a very secretive meeting and people were selected very carefully and everybody was brought on board and this very unfortunate incident was you know planned in that meeting.

A very nice movie that talks about this meeting is a movie called conspiracy, you know there are two movies. there is one the conspiracy and there is conspiracy and this is conspiracy and I think it was produced by BBC. So, you can watch this movie and you know again that relates to how stakeholders are carefully selected, and how they are manipulated and it is a movie about that I show in my class on negotiation very, very interesting very it is heart breaking to see how people were convinced to do something like this on a massive scale. So, if you can lay your hands on this movie you will see what I am saying, very carefully people are selected and they are then convinced and these are people with who have power over the rest of the community. And this meeting was a very secretive meeting proceedings of the meeting were supposedly burnt, but; obviously world caught out and later you know history books started talking about them in and of course, movies were made etcetera.

So, what I am trying to say here is that when we engage in selective reactive stakeholder dialogue we select stakeholders who can make a difference, who can take the interest of the organization back to their communities and share them with the communities and who can understand who have a voice in the community, but not so much power over the organization.

Defensive dialogue usually in response to a crisis. The purpose is to defend the reputation of and minimize the risk to the organization. Somebody alleges that you did something you call for a press conference, you get the people who matter together and you say well this did not happened. So, you defend yourself and that is the defensive dialogue that takes place so with the stakeholders. So, you say we were not trying to hurt

you, you bring the affected parties to a table and you say we were not trying to hurt you, so very, very interesting classifications of stakeholder dialogue.

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Dimensions of stakeholder dialogue types of issue. Type of issue is it, is it a social or environmental issue what you want to discuss in the dialogue number of stakeholders involved in the dialogue. So, that also makes a difference to how the dialogue will progress. Frequency of conversation, now we are talking about nuts and bolts. Frequency of conversations number of issues per conversation, number of stakeholders per conversation, how many stakeholders come for meetings, how many issues are dealt with in the meeting, you cannot have the entire plethora of issues. So, we go issue by issue or categories of issues by categories of issues. Orientation towards problems, identifying the problem and or problem solving, so these are the some of the dimensions of stakeholder dialogue when we engage in a dialogue in addition to the issues that we had talked about earlier, now this is actually listing the agenda of the stakeholder dialogue keeping records of the stakeholder dialogue that you can share or that you can refer to at a later stage.

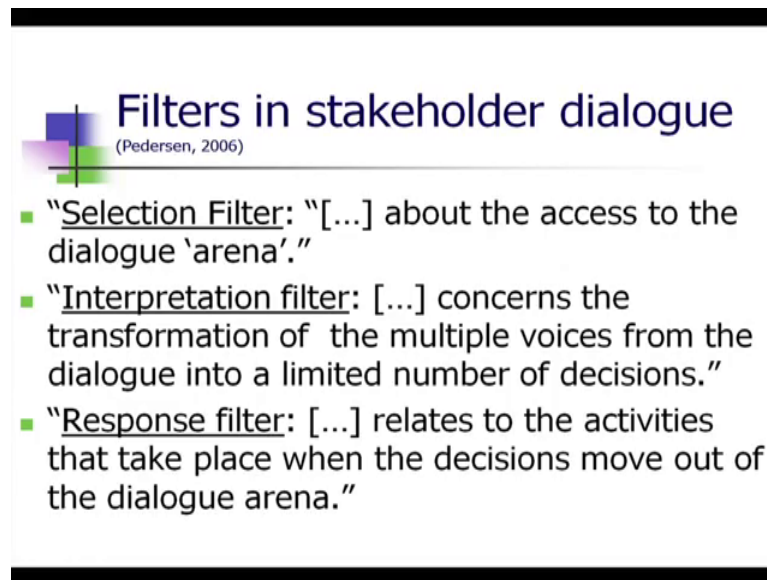Orientation towards time prospective or retrospective, are you going to talk about something that you are planning to do in the future or are you going to discuss something that happened in the past. Participants of the organization, support management, operational management and or employees or the community who are going to participate from the side of the organization; organizational level - head office and or local. Monitoring of dialogue quality, who is going to monitor the quality of the dialogue who is going to monitor the directions the dialogue takes, because there has to be somebody cheering the dialogue somebody has to say this is what we had discussed we have decided to discuss, this is what we had decided we will not discuss. And do you plan to include it in the annual report if yes then you have to be very careful of how you record the proceedings of the stakeholder dialogue.

Now, when we talk about the stakeholder dialogue, we also need to be cautious of the filter that appear or that are there in the process of stakeholder dialogue. The first filter the Pedersen talks about is the selection filter it is about the access to the dialogue arena who are the stakeholders involved in the dialogue, who is participating in the discussion and why. Interpretation filter concerns the transformation of the multiple voices from the dialogue into a limited number of decisions, everybody is talking about their issues what is actually being recorded. If you have ever written down the minutes of an office meeting you will know what I am talking about. What is being recorded, what do you record, what do you not record, what do you include what do you leave out, so very, very important.
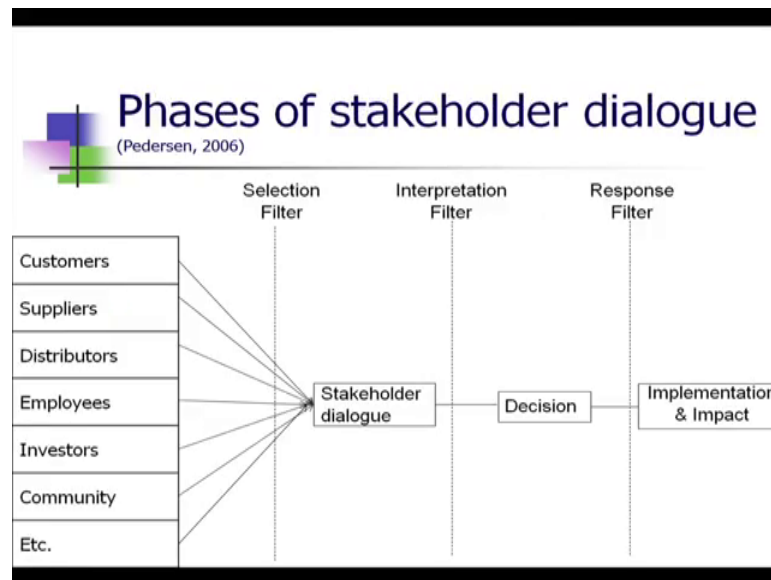
How do you transform these multiple voices, this same issue could be discussed in so many different ways by so many you know so many different aspects of the same issue could be discussed. How do you organize all of that into an expression into a comprehensive expression that will be understood by the people who read the report? So, why do we interpret something because we want to take decisions based on our interpretation? So, you have the community they say you polluting the environment our children school is far away our children cannot go to school, the water is polluted, the water is bad, we are falling sickly, the air is bad, I am coughing, my wife is coughing, my children are coughing and so and so has got cancer. And there is no water there, you know you are drawing too much water from the water table for your drilling too many

tube wells. So, we do not have access to water. So, all of these things people are coming up with large trucks are parked on the road and the wheels of these trucks damage our roads and they break the roads and I mean if you have ever seen large trucks pass by you know on roads that are not made very well. There are you know big the road sinks because of the weight of the truck. So, it gets flattened.

So, all of those things happen and so that how do you take all of that information and categorize it and put it in a way that somebody will understand so that is the interpretation filter. And what do you here, somebody is saying something, but what does the person recording this information or what does the decision maker here you all have air filters. Now, I could go into the again because I am a teacher of communication, I could go into bellows model and talk about you know how we grass, but that is how do we grass the information that is given to us and how it is modified, but all that is outside the scope of this class. So, interpretation filter is big in it is very important issue in the stakeholder dialogue.

Then the response filter. We listen to something, we make decisions and then we respond in a way that the stakeholder will take. It relates to the activities that take place when the decisions move out of the dialogue arena. We are talking about doing this and that what do we actually going to that is the response filter. So, what really happens in response to the interpretation? So, selection filter who attends, what is perceived, what is recorded what forms the basis per certain decisions and how are the responses or how is action taken based on whatever has been perceived these are the filters in the stakeholder dialogue.
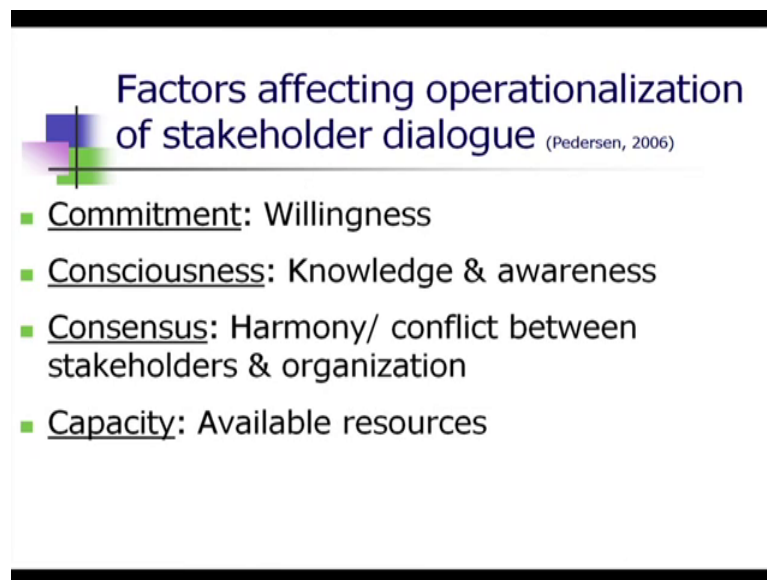
Now, let us see how they in affect the dialogue. On the one side, we have the stakeholders here customers this is a again from the paper by Pederson. Customers, suppliers, distributors, employees, investors, community etcetera, I have added community here that is not in the original model that they have propose. Whatever they are saying goes through the selection filter and becomes stakeholder dialogue. Who comes to the meeting, whose voice is heard, whose voice is recorded, whose voice should be recorded, stakeholder dialogue takes place. Then comes the interpretation filter. So, who interprets this decision makers sitting there, they say something and that intern results in the decision. Dialogue takes place, but the information that translate into the decision passes through the interpretation filter that intern passes through the response filter and results in implementation and impact.

So, these filters effect these what these people need what they say, how the management perceives and decides on it within its own limitations and then what the organization does. It is very, very important these are the phases of dialogue, how the dialogue starts and how it translate into action. So, what do we need to do, in order to make this last part very, very much in line with these people one we need to have regular meetings do we need to minimize the impact of these three filters.

Selection will have a very great impact on who talks and what issues are discussed. Interpretation will have a significant impact on the kinds of decisions that are made. And

the response filter will have a great very significant impact on the implementation of these decisions. So, you need to know where the problem lies, if the implementation is not in line with the needs of the stakeholders then you need to check where the problem is occurring which filter caused the problem.

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Factors affecting the operationalization of stakeholder dialogue. Commitment – willingness, willingness of stakeholders willingness of organizations to engage in a dialogue the commitment to the dialogue. Consciousness - knowledge and awareness, what do you know about these stakeholders what do they know about you how aware they are of your commitment to their issues. Consensus - harmony or conflict between stakeholders and the organization; again this is dependent on these two all four are actually related. Consensus are you in harmony with the stakeholders, you meaning the organization excuse me. So, is there harmony is there, a harmonious relationship between the stakeholders and the organization or are these two in conflict with each other.

Then capacity - the available resources; so do you know what are the available resources what are the resources available to you to do what the stakeholders need you to do and that will in turn influence all of these. So, all four need to be revolving around the stakeholder dialogue. There all four are sorry influencing the stakeholder dialogue and

these factors shape how the dialogue takes place, so that is all we have time for in this lecture.

I hope I have given you some food for thought, I hope I give you some ideas that you can you know think about that you can mull over and get some information from your sources, from your workplace and then you can discuss about this on the forum and I promise you I will participate equally. So, we can together build a community of people who are committed to serving the needs of the society and who are committed to discussing these issues also. It would be very helpful if you can be as active on the forum as possible especially if you can connect whatever you listen to in these lectures and with the real life that you experience with your experience as see as people interested in CSR or as professionals engaged in CSR activities. So, we will have some more discussion on how to do CSR in the upcoming lectures.

Thank you very much for listening.