

# From Platform to Partnership

## When and How to use Dialogues for Effective Multi-Stakeholder Engagement

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### Abstract

Increasingly multi-stakeholder processes are being used in response to complex, ‘tough’ or ‘wicked’ problems such as responding to climate change, hunger or poverty. This development is also denominated as ‘engaging stakeholders for change’ (The Broker, blog January 2011). But there is considerable confusion of terms on what ‘engaging’ actually means, let alone that there is clarity on the preconditions under which this engagement can be effective in actually bringing about change. The Partnerships Resource Centre (PrC) focuses on (cross sector) stakeholder partnerships as arguably the most sophisticated way to address wicked problems. But not all multi-stakeholder processes can and should be qualified as partnerships, even when actors denominate their cooperation as a partnership. Not every ‘dialogue’ deserves that term, whilst combining ‘partnerships’ and ‘dialogues’ leads to considerable confusion. In practice there is considerable confusion even over basic terminology, which is detrimental to the potential of multi-stakeholder processes to actually address complex problems. Any study on partnerships will thus have to solve a number of terminological problems in order to be relevant. This paper elaborates two dimensions: it argues that the ultimate organizational format (Platform or Partnership) and the actual techniques chosen (normal or strategic stakeholder dialogue) need to be crystal clear. Depending on the nature of the actual problem addressed by the multi-stakeholder process, a partnership or a platform can be equally effective – as long as all participants use the same words, have shared goals and consequently have their expectations aligned. The organization fits the problem.

### Organizational Fit/alignment: Platform and Partnership

	Unilateral Information exchange	Dialogue	Stakeholder dialogue	Strategic Stakeholder dialogue
Multi-stakeholder platform	+	++	+++	+/-
Multi-stakeholder partnership	+/-	+	++	+++

Key words: M&E focus = Throughput, organizational form, multi-stakeholder, platform, partnership, process, framing, dialogue, communication.

## 1. Introduction: coming to terms with conceptual confusion<sup>1</sup>

In the partnering literature, types of multi-stakeholder partnerships are often classified in terms of purpose (advocacy, operational, societal change) or core functions (product, process, knowledge oriented) (Malena, 2004; Witte, 2003; Waddell, 2003). These rather instrumental distinctions, do hardly give guidance to the actual practice of multi-stakeholder processes. Multi-stakeholder processes are intended to address complex problems, but they represent complex organizational processes themselves. In practice this gets further complicated because of the particular ‘framing’ of multi-stakeholder processes in terms of ‘dialogues’, ‘compacts’ and the like. These concepts all have positive connotations but lack clarity and consequently lead to considerable confusion amongst participating parties. Whether intended or not, as a consequence, multi-stakeholder processes often suffer from misalignment between goals and means at the semantic level already. One party thinks to have engaged in a ‘dialogue’, whereas another party understands the process as ‘debate’. The chosen framing of the interaction technique, leads to increased instead of lower ambiguity for the parties. Conceptual clarity is particularly required for two dimensions of multi-stakeholder processes:

(1) **Techniques:** considerable confusion exists on the correct use of the concepts of ‘dialogue’, ‘debate’, ‘information sharing’, ‘strategic dialogue’, or ‘stakeholder involvement’;

(2) **Organizational form(at):** many terms have been introduced that suggest a particular type of multi-stakeholder process, but which in practice also create considerable confusion. Influential multi-stakeholder formats are for instance: ‘Councils’ (such as the *Marine Stewardship Council*), ‘Roundtables’ (such as the *Roundtable on Sustainable Palm Oil*), ‘action networks’ (e.g. the *International Coral Reef Action network*), “Compacts” (such the *Global Compact*), ‘Forums’ (such as the *Global Commodities Forum* or the *Permanent Forum on Indigenous Issues*), ‘Initiatives’ (such as the *Global Reporting Initiative*) or ‘Processes’ (such as the *Kimberley Process*).

Two basic organizational forms can be distinguished in multi-stakeholder processes aimed meaningful engagement: ‘partnerships’ and ‘platforms’. Both can use a variety of interaction techniques, but some of these techniques are more appropriate for the type of engagement aim at. Table 1 lists some examples of international initiatives that have been framed by the participants themselves as either a ‘multi-stakeholder platform’ or a ‘multi-stakeholder partnership’.

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<sup>1</sup> Timely research support was provided by Frea Haandriksman; part of this report has been based on a previous research project in 2004 on making the stakeholder dialogue strategic with inputs from Eveline van Mil, Muel Kaptein and Rutger Schilpzand (Van Tulder et al, 2004).

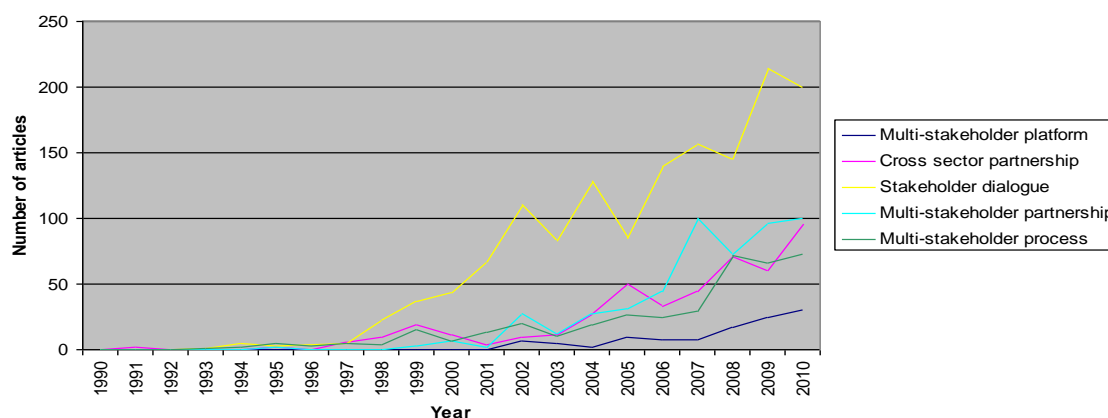
**Table 1 Examples of Multi-stakeholder platforms and partnerships (MSPs)**

Platforms	Partnerships
<ul style="list-style-type: none"> <li>• International Multi-Stakeholder Platform for a Water Secure World (World Water council)</li> <li>• Multi-Stakeholder Platforms for Integrated Catchment/Water Mangement (wageningen university)</li> <li>• Multi-stakeholder platform for digital literacy and e-Inclusion (facebook)</li> <li>• Multi-stakeholder platform for sustainable aquaculture in Europe</li> <li>• EU multi-stakeholder platform for Action on Diet, Physical Activity and Health (EU)</li> <li>• EU multi-stakeholder forum on CSR</li> <li>• Multi-Stakeholder Platform for Urban Water Reforms (india)</li> <li>• Multi-stakeholder platform for partnership projects (Global Compact)</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-stakeholder partnerships to integrate participatory approaches into institutions of Agricultural Research and Development (ARD)</li> <li>• Global Road Safety Partnership (GRSP)</li> <li>• Multi-Stakeholder Partnership in Education (MSPE) in Namibia</li> <li>• multi-stakeholder partnership on commodities (Unctad)</li> <li>• Multi-Stakeholder Partnership for Disaster Management. (Asean)</li> <li>• A multi-stakeholder partnership model for e-skills at a local and provincial level (It4all Africa)</li> <li>• Partnership for Principle 10 (PP10) (The Access Initiative)</li> <li>• Sustainable Agriculture and Rural Development (SARD) Partnership Initiative (FAO)</li> </ul>

**Mixed media attention**

One way to document the timely attention that specific concepts attract, is through a media coverage analysis. Using Lexis Nexis<sup>2</sup> gives the following results for the English language coverage in the media of key concepts related to multi-stakeholder processes (Figure 1a).

**Figure 1a A popularity test: media coverage of multi-stakeholder concepts (1990-2010)**

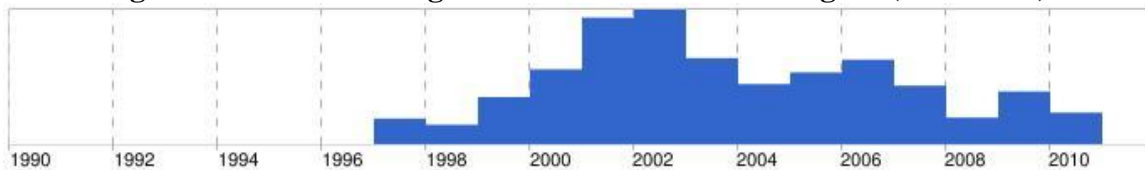


Source: based on Lexis Nexis search

<sup>2</sup> We conducted a media analysis with two news archive techniques: news archives, namely Google News Archive Search (further referred to as Google) and Lexis Nexis Academic NL (further referred to as Lexis Nexis). Google provides graphs of the trends in media coverage throughout time, whereas Lexis Nexis requires manual creation of such graphs. Both techniques have shortcomings: the graphs in Google can be distorted and Lexis Nexis can have limited news sources. Using both archives gives the best result. Only English language sources were included and all searches included plurals of the search terms. The findings in the text are based on the Lexis Nexis presentation, but are supported by the Google News Archives search. Some of the interpretations are made on the basis of the latter.

All relevant terms show an upward trend and are interrelated. The interest for multi-stakeholder processes takes off in the late 1990s. A clear peak appears in 2002 with the World Summit on Sustainable Development (WSSD) and business groups such as the World Business Council for Sustainable Development (WBCSD) which embraced the concept as an important trigger for change. The fact that the public attention for multi-stakeholder processes has been particularly triggered by the WSSD meeting, partly signals the influence of the preparatory work of Hemmati (2002) who wrote a manual in preparation for the WSSD in September 2002, discussing how multi-stakeholder processes (MSPs) can be organized and implemented in order to resolve complex issues. The introduction of the concept of ‘stakeholder dialogues’ in particular, was triggered by that event and has remained the leading frame for stakeholder engagement. The WSSD also triggered a temporary peak in attention for a ‘multi-stakeholder dialogue’, but a separate analysis on the basis of Google News Archive shows that this concept quickly lost attractiveness after the WSSD. In 2010 the term got almost lost in the media (Figure 1b). The phenomenon of (multi-stakeholder/Cross sector) partnerships show a much more steady growth path taking off only after the WSSD. The peak in 2007 is not due to one event, but is linked to the launch of a series of partnerships. The interest for (multi-stakeholder) platforms has also increased, but at a more modest level.

**Figure 1b Media coverage of multi-stakeholder dialogues (1990-2010)**



Source: based on Google News Archive search

### **Actual confusion...**

Often no explicit reasons are given why the parties have chosen to frame their initiative as either a ‘partnership’ or a ‘platform’ – although anecdotal evidence suggests that this can be topic of heated debate between the initiators. The same applies to the actual interaction techniques chosen. Result: ambiguity, disappointment and misunderstandings (box 1).

Sometimes, confusion is created by intent. But even when the intentions are sincere (also due to the relatively clear business case for partnering) multi-stakeholder processes suffer from inappropriate framing, use of incorrect terms and misalignment between goals and expectations. There is a relatively weak conceptual understanding among managers, civil servants of the meaning of dialogues in general and of (strategic) stakeholder dialogues in particular (Van Tulder et al, 2004). This leads to confused or even unrealistic expectations. Main reasons for sustained confusion are:

*Conceptual:* concepts like ‘dialogue’ are difficult and multifaceted, and managers are often not familiar with the concepts: a real stakeholder dialogue is for instance an ‘open dialogue’ (Harris, 2000) which requires shared ‘issue ownership’, rather than a more limited dialogue where issue ownership is in the hands of the initiating party (the company). In all other instances such as information gathering, consultation and information sharing, ‘dialogue’ is a misnomer.

### <Box 1 - Press clippings and personal impressions>

‘They presented this as a dialogue, but in fact they were not interested in our opinion.’  
[an angry NGO]

‘We involved critical NGOs in our dialogues, now they use the information against us in court.’  
[a disappointed firm]

‘We left out a number of too critical primary stakeholders in order to come to a constructive dialogue’.  
[a large firm that wanted to get on with its envisaged transition process]

‘I think there is a beginning to dialogue, but I do not think there is an end.’  
[Trade union leader, United Steelworkers of America]

‘the platform should not involve the government, because they have been stalling the process in the past’  
[Firm and NGO searching for a partnership to address an issue]

‘The partnership failed because of strategic behavior of one of the partners.’  
[evaluation study on PPP]

‘Dialogues are divide and rule’  
[A. Rowell, 2002, on the PR use of dialogues by large corporations]

‘The multi-stakeholder platform did not succeed in keeping the participants to their promises.’  
[disappointed organizer of a multi-stakeholder platform]

‘Everyone pretends to be in favour of bipartisan dialogue, but it is a dialogue of the deaf.’  
[on the Republican-Democrat relationship in the USA, January 2011]

‘I don’t understand why our private partner wants to make a profit.’  
[representative of NGO in a multi-stakeholder partnership]

‘The multi-stakeholder dialogues are a bit like the lights that are still burning on a stranded ship.’  
[business man; cited in: CSD, 2002: 20]

‘‘‘The Red Cross and the ICC have the same standing as the blueberry farmers from Maine. Everyone gets to talk and no one gets to be heard.’’  
[Industry participant, cited in: CSD, 2002: 77]

‘I was horrified at the general lack of knowledge about [my] industry. They don’t master the terminology of the trade and they won’t listen.’  
[ Business Representative, cited in: CSD, 2002:28]

‘There was ... enormous enthusiasm, which in the end was dashed as there was no lasting sense of achievement...’  
[Participant, on the follow up of the dialogue CSD, 2002: 44]

‘The roundtable turned out to be square.’  
[Comment on stagnated negotiations for an issue]

‘A crusade of sorts is needed to force a greater rigor and accuracy on the use of the term partnership.’  
[Ken Caplan, Building Partnerships for Development]

‘There would be a lot more confidence in the Global Compact if the UN put more emphasis on ensuring that companies were really living up to their commitments, instead of leaving it up to civil society to try to monitor.’  
[ CSO representative (in Malena, 2004)]

‘reaching consensus means the outcome is compromised, especially from WWF’s perspective’.  
[WWF (2010) review on multi-stakeholder initiatives]

- *Complexity*: managers tend to underestimate the complexity of certain problems and therefore assume that less intensive forms of communication will suffice. Obviously, not every problem needs a dialogue, but where many parties are involved that believe that they are the ‘issue owner’, dialogue is necessary.
- *Initiative*: the initiative to hold a dialogue is often taken by stakeholders. In the event that stakeholders request a ‘dialogue’ and managers feel a different approach would be more suitable, the temptation to relabel existing practices as ‘dialogue’ is quite strong. Stakeholders, on the other hand, also regularly confuse dialogue with information sharing/gathering.
- *Selection*: different types of interaction can easily coexist and even replace one another. For instance, the gathering of information and preliminary testing of ideas during a round of consultation could easily be the first steps towards a dialogue. A consumer panel often forms part of a dialogue - but it does not replace it.

### ...leads to ‘unrealistic’ expectations

A good example of the impact of these problems can be found with multi-stakeholder *platforms*. Warner (2006) studied a large number of these platforms in water. Water has prompted arguably the highest number of multi-stakeholder platforms in the world. Warner found that these platforms prove helpful networks in communication on and management of competing claims to water, managing coordination problems, coalition-building and/ or visioning. But, the integration of knowledge and actors has been more difficult to achieve. Warner concludes that this partly can be explained because no significant power sharing takes place. Multi-stakeholder platforms have no significant mandate. The function of multi-stakeholder platforms are according to Warner therefore “an institutional bargaining space that is especially useful for visioning and information exchange” not necessarily for solving problems. This is not how these platforms are framed. Warner, therefore, argues in favour of ‘realistic’ expectations of Multi-Stakeholder Platforms. In practice ‘realistic’ probably translates into ‘lower’ expectations. Warner might also have concluded that the ‘platform’ construction is perhaps not the most appropriate format for addressing water problems in developing countries. Due to their strategic nature, perhaps a more formal form should be adopted. A ‘partnership’ is such a form in which the nature of the dialogue itself becomes more strategic, whilst the partners work on joint and shared solutions, which require considerable power sharing and ownership. By moving from platform to partnership, expectations can remain high as well as realistic.

### **Initiator criticizes Initiative: The Kimberly process**

The dynamics of multi-stakeholder processes is complex and can backfire on the original intentions even of some of the initiators. Realistic expectations, as well as appropriate skills, together with choosing the right organisational format play an important role in this process. In the literature part of this process is referred to as ‘adverse selection’: depending on the kind and number of stakeholders that attracted, a specific organisational model is needed to achieve success from the perspective of the original stakeholders. Whether a multi-stakeholder process gets ‘institutionalised’ – an important check in the partnering literature on its success – can thus in fact become the source of its failure – at least from the point of view of its original initiators.

The Kimberley Process provides an example. The Process is a scheme that battles “blood diamonds” from entering the market. Officially, it is an intergovernmental scheme. In practice it is a multi-stakeholder initiative, with substantial influence and participation from both the diamond industry as well as international civil society. Created with the influence of the NGO Global Witness, the scheme now receives critique from this same NGO. After Zimbabwe had broken the scheme’s rules no action was taken to suspend the country. According to Global Witness, “failure to suspend Zimbabwe points to fundamental weaknesses in the scheme’s procedures and to a serious lack of political will to take decisive action when countries are not implementing minimum standards. ... [This] sends the message that there will be no serious consequences for those who break the rules” (Global Witness, 2009)

## **Paper contents**

This paper aims at creating the conceptual clarity needed to understand the difference (and commonalities) between multi-stakeholder platforms and multi-stakeholder partnerships. The distinctive characteristic between the two lies in the ultimate aim and nature of the type of dialogue they organise. Whereas a multi-stakeholder platform is primarily aimed at stakeholder dialogue, a multi-stakeholder partnership is aimed at a *strategic* stakeholder dialogue. This paper first elaborates the business case for multi-stakeholder dialogues and platforms (section 2). The positive business case, however, is seriously hampered by the praxis of stakeholder dialogues which can partly be attributed to the confusion of terms (and related intentions and expectations). This constitutes the negative business case, which does not refute the function of a multi-stakeholder approach, but only reiterates the importance of conceptual clarity. The third section of this paper, therefore present a basic discussion on the nature of the interaction between actors in a multi-stakeholder setting. Its aim it to define the content and meaning of information sharing, dialogue, stakeholder dialogue and strategic stakeholder dialogues. The fourth section, finally formulates the preconditions for making stakeholder dialogues more effective and for moving from a stakeholder platform to a stakeholder partnership.

## **2. The business case for multi-stakeholder dialogues and platforms**

Despite the criticism multi-stakeholder involvement, stakeholder dialogue and stakeholder platforms are increasing in importance. Stakeholder dialogues made its first appearance in the mid-1990s as a specific form of stakeholder management. The dialogue was first initiated by more cooperatively inclined NGOs such as the World Wildlife Fund (for example in the context of the Marine Stewardship Council). Later, the stakeholder dialogue was embraced by individual companies such as the Body Shop, by business coalitions such as the World Business Council for Sustainable Development (WBCSD), and by international organisations such as the UN and the World Bank (Global Compact). On the one hand, the dialogue was a reaction of partnership oriented NGOs that could not identify with the *single-issue* approach of leading watchdog-oriented NGOs, and on the other hand it was an attempt of companies to do away with the conflict that had dominated CSR since the 1990s. Some companies realised that it would be unwise to wait for their reputations come under threat before taking action. They understood the advantage of taking initiative themselves to introduce forms of disciplining in consultation with societal movements that would be viewed as adequately addressing corporate responsibility issues. Already in 2003, two thirds of the largest international companies in the Netherlands stated that they were engaged in some form

of structural dialogue with their stakeholders – up from 13% in 1995 (Van Tulder *et al.*, 2004). A 2005 KPMG study revealed that 39 percent of the world’s largest 1,600 corporations mention a structured dialogue with stakeholders in their non-financial reports. In particular primary stakeholders such as suppliers, customers, shareholders/investors and employees are thereby included in systematic stakeholder dialogues. At a considerably lower level (below 10%) are dialogues organized with secondary stakeholders as human rights groups, environmental groups.

There are at least four reasons to opt for stakeholder involvement in policy design and implementation. This applies to firms, governments and civil society organisations alike:

First, a *societal* argument: in the present era the breadth and deepness of regulatory voids has increased. As a result a large number of areas of contention exist for which traditional solutions, rules, are not sufficient any more (cf. Van Tulder, 2010). The coming of age of a ‘bargaining society’ opens up a number of reasons for greater stakeholder involvement for firms, governments as well as NGOs in mutual policy formulation and implementation processes (cf. Van Tulder with Van der Zwart, 2006).

Second, a *pragmatic* argument: stakeholder participation increases the effectiveness of policies and strategies. By making stakeholders partners in the dilemmas the organisation is struggling with, mutual understanding can be achieved (Kaptein, 2001: 46). In this regard, Heath (2001) uses the term *co-created meaning*. Furthermore, organisations can ward off or minimise the damage of campgains by critical stakeholders if they adopt a less confrontational stance (*buffering*) and exhibit a willingness to enter a dialogue and seek solutions in consultation with stakeholders (*bridging*). As it is impossible to satisfy the interests of each and every stakeholder, it is important that stakeholders are confident that the organisation will carefully consider their interests. An open dialogue can enhance or restore stakeholder confidence, remove tensions, relieve pressure (on company reputation) and offer opportunities to align expectations, ideas and opinions on issues such as child labour and genetic modification.

Thirdly, a *moral* argument: stakeholder participation increases the legitimacy and democratic content of the strategies chosen. The most relevant issues are interface issues for which primary responsibility cannot be reduced to either governments, companies or civil society (cf. Van Tulder with Van der Zwart, 2006). A stakeholder dialogue can focus on developing shared values, principles and interests.

Finally, a *content* argument: stakeholder participation can enhance the quality of the content of policies. Insights and arguments are presented that might not otherwise be heard in a technocratic environment. Stakeholder participation keeps ‘groupthink’ at bay – i.e. the unhealthy autistic group dynamics where group members strive too hard to conform to (perceived) group rules. The classical case of groupthink with governments has appeared in the US administration around the Cuban Missile crisis, that brought the world to the brink of nuclear war due to inward looking officials. The Brent Spar affair for Shell, for instance, has also been the result of the ‘old chums’ culture, which lulls director’s inquisitiveness and make them all see things the same way (The Economist, March 20, 2004). NGOs are by their very nature prone to groupthink, because they are supposed to produce ‘clubgoods’ which is best served by a ‘we against they’ culture. In particular advocacy-oriented NGOs run the danger of groupthink due to the need for a clear danger or enemy to protest against.



### **The Positive Business case**

The ‘business case’ for greater external stakeholder involvement, is therefore relatively straightforward (Kaptein and Van Tulder, 2002) as it helps not only firms, but also NGOs and governments:

- To identify trends and future issues at an early stage and to prioritize these
- To gain insight into stakeholders’ views of the organisation and current performance.
- To create an opportunity for the organisation and stakeholders to gain a better understanding of each other’s interests and dilemmas, and broaden support for the decisions the company eventually takes.
- To resolve specific tensions in the relationship with stakeholders.
- To gather suggestions and ideas for improving the company’s social performance and for developing Key Performance Indicators.
- To increase sensitivity towards stakeholder concerns and to develop a heightened sense of responsibility for social issues within the organisation.
- To create greater trust in order to deal with problems more effectively.
- To avoid incidents that may receive wide public and media attention.
- To create a basis for joint projects, alliances and partnerships.

### **The negative business case: anticipating criticism**

The positive business case can turn in its opposite under the influence of incorrect framing and operationalisations. The notion of a stakeholder dialogue in particular has been criticised in particular for the manner in which it has been (mis)used in practice by organisations.

Firstly, the initiating organisations have been accused of *misrepresenting the facts* to serve their own interests. This happens when organisations claim they are holding a ‘dialogue’ when in reality they are only ‘sharing information’. A supermarket chain, for instance, that had given a group of ‘stakeholders’ (societal groups) a guided tour of a new branch a week before its official opening, claimed to have held a stakeholder dialogue. Governments that have held a broad societal dialogue on a particular topic (like nuclear energy) have been accused of manipulating the information.

Secondly, dialogues have been used as a *‘locking-in’ exercise*. In such a case, the ‘dialogue’ is used primarily as a means of making stakeholders ‘accomplices’ in the formulation of new policies without giving them a real say. The danger of ‘hostage-taking’ looms particularly large for actors that in general adopt a cooperative attitude in cross sector relationships.

Thirdly, criticism has been voiced on the *selective inclusion* of partners in the dialogue. If important stakeholders are left out of the dialogue because they have been too critical, it not only casts doubt on the company’s intentions, but it also undermines the objective of the exercise which is to consider and learn from a variety of viewpoints and insights. Such selective inclusiveness ultimately functions as rubber stamp and can even perpetuate bad management practices.

Fourthly, NGOs have been critical of firms who use the dialogue primarily as a means to gather ‘corporate intelligence’. Stakeholder concerns and criticism are heard with the aim of coming up with a timely strategy to counter potential stakeholder action.

If used inappropriately, the stakeholder dialogue will turn out to be yet another ‘halo’ concept. Or, as Rowell (2002) notes, will primarily serve – and be interpreted by stakeholders - as a ‘divide and rule’ tactic. This negative impression is to some extent corroborated by practice. In previous research we found that 60% of the meetings that managers of multinationals in the Netherlands describe as a ‘stakeholder dialogue’ fail to

meet the minimum requirements of a 'dialogue' (Van Tulder et al, 2004). Characteristic of these cases are the involvement of a very limited number of stakeholders and the fact that the dialogues are primarily operational and aimed at creating public support through the sharing of information (ibid). So in practice there is a notable discrepancy between the alleged and actual motivations of managers in the use of 'stakeholder dialogue'.

These factors have been particularly relevant for NGOs. In general, they lack the financial means to collect own information at the scale, timing and scope of major firms and governments. It explains why NGOs are still less optimistic than managers (or government officials) about the potential of stakeholder dialogue as a means to address societal issues (see other studies of the Partnerships resource Centre). Earlier research (Van Tulder et al. 2004) showed that NGOs are indeed interested in intensifying their dialogues with firms and governments, but also that they remain rather sceptical of the intentions of potential partners. The experience of the last five years, has only marginally changed this position (PrC, 2010). The majority of NGOs do not yet want to focus on a dialogue that involves relative interdependency. Many of the leading NGOs still aim at negotiation through confrontation, which limits the effectiveness of stakeholder involvement. This is the negative business case: if firms and governments do not embrace the appropriate terminology, stakeholders will not participate as needed.

### 3. Dimensions of a (stakeholder) dialogue

#### 3.1 What is a dialogue?

The Greek word ‘*dialogos*’ means ‘conversation’. A dialogue requires a certain amount of participation and mutual influence from all parties, ensuring the incorporation of different opinions, arguments, and preferences in the result of the dialogue. Participation should be voluntary at all times. Harris (2002) presents five basic categories of interaction in dialogues: information providing, information gathering, consultation, bounded and open dialogue. Each interaction type can be used for meaningful communication with stakeholders, as long as it is made clear what the underlying intentions are and what may be expected from the interaction. Every type of interaction requires a different approach to information provision and information gathering (Table 2).

**Table 2 The position of dialogue in interaction types**

Interaction type	Purpose	Which situation	Examples / form
<b>Information providing</b>	To inform those who are in need of information. No attempt is made to listen to the views of the stakeholders	When the impact of the issue is minimal and the initiator has been mandated to make the decision. It can be used to legitimize policies.	Messages through TV, radio, printed media, direct contact, leaflets, annual reports etc...
<b>Information gathering</b>	To get broad input of information for a decision-making process. Purely informative, not aimed at influencing.	In the orientation phase when it is important to understand the nature and size of the problem, or trend.	Focus groups, expert panels, surveys, questionnaires, opinion polls, interviews.
<b>Consultation</b>	To get informed feedback on a proposal. The aim is to seek opinions, points of view and feelings of stakeholders. Possibility of having a say in the matter. The emphasis is on listening, input <i>may</i> lead to adjustment of the plan.	When there are still some uncertain parameters in the proposal that need some more attention. There is a need for a broader input, a more solid base. <i>Danger</i> : stakeholders expect their input to be incorporated in the final decision.	Interactive workshops and presentations, consumer panels, resident panels.
<b>Bounded dialogue</b>	The dialogue is mainly exploratory. The aim is to find support for decisions that have already been made and to find partners for the implementation of the policy, and possibly further development of the strategy set out by the initiator.	The initiator ‘owns’ the process and the subject of dialogue. The initiator tries to obtain a so called ‘license to operate’ by holding talks with stakeholders. <i>Danger</i> : stakeholders might get the idea they only have an ‘echoing’ role to play seeing as their most important job is to approve policy and to not obstruct it.	Interactive workshops and meetings in which the initiator determines the form of the dialogue process, taking into account the needs of the stakeholders. Often, there is a third party present, like a facilitator or mediator.
<b>Open dialogue</b>	Cooperation in problem analysis with stakeholders. The aim is to build consensus and to find ways for strong collaboration in the implementation of a jointly developed policy, and development of strategy.	When there are complex issues in which partnerships and shared responsibility are important conditions for solving the problem. Shared ‘ownership’ of the issue.	Structural process / series of frequent interactive meetings in which building mutual trust takes a central role. All parties jointly decide upon the agenda, the rules of the game and the course the process will take.

Source: based on Harris (2002)

Harris’ interaction categorization model shows that the first three categories of interaction can not be considered real dialogues. Despite this, organisations often claim they are holding a ‘dialogue’ when in reality they are ‘providing information’ or

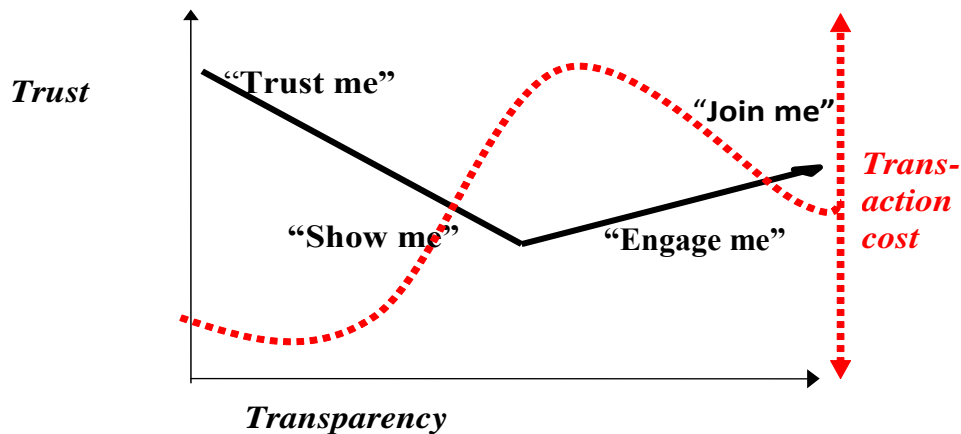
‘consulting’. A supermarket chain, for instance, mentions giving a group of people a guided tour of a new branch, a week before its official opening, as being a stakeholder dialogue, when it is clearly ‘providing information’. The reasons for this *conceptual confusion* are:

- Managers are often not familiar with the *concepts*.
- Managers tend to underestimate the complexity of certain problems and therefore think less intensive forms of communication will suffice. Obviously, not every problem needs a dialogue, but when there are many parties involved that feel they are ‘issue owner’, a dialogue becomes necessary.
- Window dressing: ‘dialogue’ sounds better than ‘providing information’.
- Stakeholders often ask for a dialogue to take place when managers feel a different approach would be more suitable. This results in the interaction process being labeled ‘dialogue’, when in fact the company sticks to its own course.
- Different types of interaction can easily coexist or even replace each other. For instance, the gathering of information and testing it during a consultation round, are processes that could easily precede a (strategic stakeholder) dialogue. As well as that, a consumer panel is often part of a dialogue process but it cannot replace it.

- *“Dialogue is an excellent way of freeing oneself of colored and false impressions of things.”*
- *“Dialogue is a unique opportunity to gain understanding and appreciation for the way in which others view the problem, and to learn more about the values and concerns that underlie the problem.”*
- *“Dialogue is an interaction process of being open and vulnerable towards another, trusting that the other party will be open and vulnerable towards you too.”*
- *Rather than attempt to influence and coerce others, dialogue focuses on deep listening with empathy, expressing hidden assumptions, focusing on common interests and searching for conceptual breakthroughs.”*

Starting an *open* dialogue shifts relations from confrontation and competition towards consultation and cooperation. ‘Trust me’ and ‘show me’ are replaced by the call for ‘involve me’ or ‘engage me’ to ‘involve me’ (See Figure 1). Whereas transaction cost are rather limited in case of a trusting relationship, they increase with decreasing trust (for instance in the case of a disaster for which one of the parties can be held responsible). Restoring trust – engaging – is likely to raise the transaction costs even further, to be stabilised at a medium level in case actors are joining forces for instance in the form of a partnership. Partnerships, therefore, can never be cost minimizing exercises or trust maximizing exercises.

Figure 1 From Trust to Joining



As a consequence the interaction type goes from a debate to a dialogue. Table 3 summarizes the most important differences between a debate and a dialogue. A dialogue demands a completely different attitude, a different dedication, and different skills than a debate. As a rule, a dialogue requires more complex skills

Table 3 Stakeholder Debate versus dialogue

<i>Stakeholder debate</i>		<i>Stakeholder dialogue</i>
1. Competition with a single winner or only losers (either-or thinking; short-term oriented)	→ → →	Cooperation where everyone could be a winner (and-and thinking; longer term oriented)
2. Egocentric: the other is a threat or a means to personal end	→ → →	Empathetic: the other party is seen as a possible ally and has inherent value
3. Putting yourself in a better light	→ → →	Being yourself
4. Speaking while others must listen	→ → →	Listening to others before speaking
5. Persuading	→ → →	Convincing
6. Confrontational, combative and destructive, seeking out weaknesses and set on proving the other wrong while negating common aims and shared interest	→ → →	Constructive, showing mutual understanding and respect so as to find shared aims from which to approach differences
7. A closed and defensive attitude because you have sole access to the truth	→ → →	A vulnerable attitude: many truths exist and all parties are open to criticism about their performance in order to learn from one another
8. Taking and keeping	→ → →	Giving and taking
9. Divide and rule	→ → →	Share and serve
10. Separate/isolated responsibilities	→ → →	Shared responsibilities

Source: Kaptein and Van Tulder, 2003

A dialogue attempts to stimulate partners to learn from each other and strengthen relationships in order to take collective action. Dialogue is more ‘process oriented’ than ‘issue orientated’. It is also more a continuous process than a process with a clear start and finish. At first, a dialogue is about learning to know each other in terms of common ideas and values. The dialogue focuses on exploring (divergence) and subsequently reaching an agreement or creating surplus value (convergence).

*“In a discussion, decisions are made. In a dialogue, complex issues are explored. When a team must reach agreement and decisions must be taken, some discussion is needed...When they are productive, discussions converge on a conclusion or course of action. On the other hand, dialogue are diverging; they do not seek agreement, but a richer grasp of complex issues...The ground rules are different. The goals are different. Failing to distinguish them, teams usually have neither dialogue nor productive discussions. A unique relationship develops among team members who enter dialogue regularly. They develop a deep trust that cannot help but carry over to discussions.”*

Peter Senge (1990: 247)

A dialogue creates linkages and common ground between participants through self-reflection, which can serve as a basis for collective activity towards addressing a societal problem, with benefits for the actors themselves.

### 3.2 What is a stakeholder dialogue?

The principle of stakeholder *engagement* is often far removed from the practice of stakeholder *dialogue*. In stakeholder dialogue, everything turns on the arguments that inform the weighing up of interests and the decisions that are made. *Being* right does not necessarily mean that stakeholders will *acknowledge* that the organisation is right. Through open and credible communication an organisation can however influence the perceptions and expectations of the stakeholders and possibly alter them. Scrupulously correct social conduct is impossible to achieve. Stakeholder interests must always be weighed against others. Policy, moreover, need not always be completely aligned with stakeholder demands as that would lead to losing sight of the financial bottom line. It is more convincing for a company to admit to actual and potential dilemmas in its interaction with society. Stakeholders will trust an organisation more if they are made partners in its dilemmas. Merely communicating with stakeholders through an annual report, a PR campaign or during elections is no longer sufficient.

The stakeholder dialogue is essentially an exchange of viewpoints on current concerns, a discussion of (future) interests and expectations, and the development of norms for the functioning of companies. Ultimately, a meaningful dialogue does not only enhance an organisations sensitivity to its environment (Waddock and Smith, 2000), it also increases stakeholders’ insight into the issues the organisation faces (Wheeler and Sillanpää, 1997). Stakeholder dialogue is acknowledged as “a powerful catalyst for change. It promotes greater transparency, information sharing and inspires society to work together” (WBCSD, 2002: 1).

External reporting lends further structure to the stakeholder dialogue. Reporting offers an opportunity to verify whether all relevant perspectives have been engaged. It informs participating stakeholders of discussions with other stakeholders, and those stakeholders that are not taking part can be informed of the manner in which the company gives content to its responsibilities and, insofar it is relevant, the manner in which their rights

and interests are dealt with. It is especially in cases where reporting is accompanied by an invitation to respond (as Shell explicitly does with its *Tell Shell* strategy) that it can lead to greater involvement of stakeholders. In this sense, reporting strengthens the stakeholder dialogue and *vice versa*. By the beginning of the 21<sup>st</sup> century, 36 per cent of non-financial annual reports mentioned conducting a stakeholder dialogue (KPMG, 2002).

Reporting initiatives by NGOs and governments pose comparable problems. Many NGOs have only recently started to report on their activities in order to increase their legitimacy and accountability. Considerable governance problems in this area have still to be addressed. Governments, because of their public function, have been relatively open in their reporting in some areas, but have noticeably closed in other areas.

In many cases, in particular companies had already been holding regular meetings with primary stakeholders such as employee representatives, government organisations, consumer organisations and the local community. By treating these talks as part of the stakeholder dialogue, the discussions became more structured and focused. In this respect, stakeholder dialogue need not be labour-intensive or expensive. Through reporting, continuity is created in the stakeholder discussions, which is of value both to the company and stakeholders.

Stakeholder dialogue also creates an opportunity to develop shared *key-performance indicators* (KPIs). Adequate KPIs are required for internal management and reporting. KPIs translate the ambitions and responsibilities contained in the code into measurable objectives for management and employees, as well as external stakeholders. The development of KPIs for sustainable business practice is still in its infancy. At present, a crystallised and balanced set of KPIs is still lacking. At this stage, it may even be desirable to refrain from seeking to establish a fixed set of norms of indicators. The societal issues that companies are being confronted with do not always lend themselves to the application of rigorous indicators and rules. Additionally, ideas and interpretations regarding sustainability are subject to continuous change. Moreover, the absence of such a set of KPIs stimulates companies to individually consult with stakeholders and reflect on what would demonstrate the sustainability of their company. Again, the idea of KPIs has been furthest developed with firms, but requires substantial elaboration with governments and NGOs. One of the problems with these organisations, is that ‘performance’ proves difficult to specify. On the other hand, this is a problem that all actors face when confronted with complex and wicked problems, i.e. problems that are controversial. The more controversial a problem is, the more the framing of the problem, a correct specification of the techniques used as well as the selection of stakeholders becomes part of the negotiation process.

A stakeholder dialogue ideally is a structured, interactive and proactive process aimed at creating sustainable strategies. But, entering into a stakeholder dialogue is not a neutral exercise. By choosing for dialogue and taking their concerns and viewpoints seriously, a company expresses respect for stakeholders and demonstrates a willingness to learn (Kaptein and Wempe, 2002). Deliberately ignoring signals from society, making empty promises and displaying arrogant and autistic (inward-looking) behaviour are the foremost reasons for NGOs to let a company ‘have it’

So, the stakeholder dialogue implies the systematic involvement of an ever increasing number of primary stakeholders like employees, suppliers, shareholders, governments and buyers (box). The extent to which stakeholders are involved is often left unspecified.

In theory primary stakeholders, NGOs as well as governments can initiate a stakeholder dialogue, but in practice, it seems usually the companies who take the initiative.

*Who are the stakeholders and what are the issues?*

The circle of stakeholders surrounding a company is expanding. Shell estimated that in a local project it has to deal with around 10 – 25 stakeholders, often sharing a common interest. For strategic issues, Shell claims there are over 100 different stakeholder groups with highly differentiated interests. There are various methods for identifying and selecting stakeholders for a dialogue, for instance, the stakeholder positioning map. Sometimes, companies determine which stakeholders to invite for a dialogue by sending off a questionnaire.

The selection of topics can be done through:

- Holding a brainstorm session with line- and staff managers
- Individual issue ranking by key people internally.
- An institutionalized monitoring system that is linked to a life cycle analysis.

The stakeholder dialogue has two related dimensions. On one hand, a dialogue is a *way of communicating* with a specific set of techniques, skills and rules (See table 2). On the other hand, it is also a *process* in which two or more parties try to build a long-term relationship based on mutual trust. This way, the stakeholder dialogue takes on the meaning of stakeholder *'engagement'*. It is hard to define both concepts exactly. Without a dialogue as a *'means of communication'*, there will be no chance of building a long-term relationship, and vice versa. Both aspects, therefore, are essential prerequisites for goal and means alignment between actors. In a stakeholder dialogue, primary stakeholders in particular share views and discuss (future) interests and expectations, and develop norms and/or initiate collective action.

- Hemmati (2002:18): *"In a dialogue of stakeholders, representatives not only state their views but listen to each other's views for the purpose of developing mutual understanding, including each other's value base, interests, goals and concerns. Dialogue requires the willing participation of all participants; even one person whose primary orientation is towards getting her or his way can destroy the dialogue."*
- The Environment Council (1999:8): *"Stakeholder dialogue involves a search for win-win situations; an exploration of shared and different interests, values, needs and fears while trying to resolve disputes; a focus on processes as well as issues and results; and the strengthening and building of relationships." Stakeholder dialogue is not letting others dictate how we run our business, but giving others the chance to help us do better.* (ibid:21)
- The World Business Counsel for Sustainable Development (undated): *"Stakeholder dialogue is a powerful catalyst for change. It promotes greater transparency, information sharing and inspires society to work together."*

Anecdotal evidence suggests that current stakeholder dialogues adopt either an overly pragmatic or an extremely moral approach. In the pragmatic approach, the dialogue is very goal-oriented and everything revolves around achieving certain targets and results. Problems are primarily translated into issues of efficiency and implementation, thereby very often leaving out questions like: "Do we actually want this" and "why do we want this". The pragmatic approach can easily turn a dialogue into a discussion or debate (see Table 3), which fails to go beyond the operational or tactical level. There



limited to no incentive for participants to develop innovative ideas or explore new boundaries (so-called ‘out-of-the-box-thinking’) while a ‘business as usual’ mentality is cemented in. Actors start looking for solutions within their existing frames. This technique therefore might not always be appropriate for the issue at stake.

#### *Indicators for the necessity of a dialogue*

- Increasing negative media attention towards the organisation or its products or services;
- Increasing stakeholder activity aimed at the organisation or the sector as a whole;
- Increasing number of complaints by primary stakeholders;
- Incomprehensible internal and/or external developments;
- Lack of understanding within the organisation for the (societal) needs and wants of stakeholders;
- Bandwagon effects: Competitors who are already holding stakeholder dialogues;
- Opinion vacuum or regulatory void;
- (Local) political and societal developments threatening the company;
- Emergence of controversial issues that address the organisation as ‘part of the problem’

A stakeholder dialogue does however *not* imply:

- ... that every decision within an organization needs to be discussed with stakeholders;
- ... that the company gives away its responsibility;
- ... that the result of a stakeholder dialogue always has to be a compromise, sometimes it is good to ‘agree to disagree’;
- a form of secret politics in which bargaining takes place behind closed doors without any transparency, feedback or accountability (afterwards).

#### *When is a stakeholder dialogue not appropriate?*

There are situations and circumstances under which a stakeholder dialogue is not the appropriate instrument for tackling an issue. In case it is highly likely that the organization will not be able to reconcile itself with the results, organising a stakeholder dialogue will create more distrust than *not* organizing it. Neither is a stakeholder dialogue a good idea when important decisions have already been made. Stakeholders will get the feeling they have been brought in for a cheap PR campaign, only to ‘echo’ what the organization had already decided. This would lead to more counter-pressure, distrust, credibility loss, and eventually reputation damage and lowered legitimacy. Also in the case of tough deadlines, or a lack of time, meaningful stakeholder participation is often not feasible or credible. Because procedures have to be accelerated, stakeholders can get the idea that they are not taken seriously. Organizations have to fundamentally think the stakeholder engagement process through before they start it. Even in an open stakeholder dialogue, the relationships that are created can by no means be considered noncommittal. Another reason to (temporarily) refrain from a stakeholder dialogue would be a lack of internal and external support. A stakeholder dialogue needs the commitment and effort of all participating parties to be successful.

### Practical dialogue skills and techniques

There is a wide variety of dialogue skill books available that also apply to stakeholder dialogues. A concrete example is given by Corrine Mc Laughlin (2004) of the Centre of Visionary Leadership. She identifies the following skills and techniques of crucial importance to a stakeholder dialogue:

- *“Build trust by creating a positive and open atmosphere;*
- *Clarify what constitutes consensus – unanimity (total agreement), or ‘willingness to step aside’, and not block a decision if one disagrees;*
- *Surface what is hidden – allow time for each to share feelings and concerns;*
- *Focus on individual and shared needs and interests –not on entrenched positions and past history;*
- *Build on previous ideas –discourage tangents;*
- *State differences clearly –avoid pressures to conform;*
- *Ask problem solving questions, not judgmental ones;*
- *Clarify perceptions –repeat statements back to the speaker;*
- *Don’t presume motives –ask direct questions;*
- *Avoid placating, blaming, preaching, dominantly or passively resisting –be direct;*
- *Draw out quieter participants;*
- *Brainstorm mutually beneficial options before final decisions are made; and*
- *Acknowledge true human needs –economic security, recognition, belonging.”*

### 3.3 What is a strategic stakeholder dialogue?

The *strategic* stakeholder dialogue goes one step further than the normal stakeholder dialogue. The strategic stakeholder dialogue is a structured, interactive, and most of all proactive process, aimed at creating sustainable strategies. This process aims to find a balance between moral standpoints and collective (for the whole of society) values on one hand, and on the other, the pragmatic approach of solving strategic problems. The strategic stakeholder dialogue always includes multi-stakeholder engagement, because of the complexity of the problems that are addressed. The dialogue is aimed at solving societal problems and move from a short-term to a longer term interest-based engagement. Stakeholders talking about complex problems that often involve fundamental trade-offs, but which should or cannot be solved just by compromise.

A strategic stakeholder dialogue seems vague, but in practice should exactly be the opposite. All parties need to be firmly grounded in reality, have a good understanding of the issues and feeling for the wider context in which sustainability-issues evolve. The strategic stakeholder dialogue is about tangible issues and responsibilities in which parties look for shared, suitable and realistic solutions that are translated into proactive and sustainable policy. It requires that the actor share a sense of urgency and of the problem. They first look for shared values, visions and principles that can serve as a compass for collective action, but also defines strategy limitations. This combines effectiveness and values, or pragmatism and moral principles. Only this way will the basic conditions be created from which all parties can reach effective results that are widely supported and do justice to the common (societal) interest. A strategic stakeholder dialogue is a form of ‘accumulated’ and ‘shared’ intelligence. The link with

partnering has until now hardly been made. Some reference to this can be found with Mentzel et al. (2000) who in the case of interfirm partnering in the supply chains, make the distinction between 'operational' and 'strategic' partnering. Operational partnering views the partner as a close associate, whereas strategic partnering includes an orientation to view the partner as an extension of the own firm (ibid: 552). The higher the external uncertainty is, the higher the inclination towards partnering. One of the analytical challenges for future research is to find out whether comparable degrees of partnering can be attributed to cross sector partnerships.

The *strategic* stakeholder dialogue displays the following features<sup>3</sup>:

## 1. Objectives

- **Sustainability:** The objective of a stakeholder dialogue is to generate better and more sustainable solutions to complex societal problems through the input of interested and involved parties. While it aims to create pragmatic longer term win-win solutions, the participants of a strategic stakeholder dialogue accept that this might imply short term win-lose situations for some. All major parties participate in the dialogue process given that it seeks to prevent free-rider behaviour and foster a commitment to implement the formulated objectives. Major dilemmas that the parties face in the trade-off between efficiency and equity (Triple-E) are used as input to the dialogue and not as a part of the negotiations.
- **Long-term:** the strategic dialogue is aimed creating effective *long-term* win-win situations; this might imply some stakeholders will have to endure short-term win-lose situations; Strategic stakeholders recognises that the potential 'losers' should also be involved in the dialogue so to not face needless resistance or transaction costs during the implementation of the chosen strategy. On the other hand, the strategic stakeholder dialogue should prevent any 'free riders' from benefiting from any agreement that they have had no part in;
- **Out-of-the-box thinking:** integrating different insights and generating new insights, letting go of existing conflicts of interest to create wide support; another aim of is the dialogue can be to actively seek to incorporate (new) technology that can be of use to future generations of stakeholders as well;
- **Self-regulation** is not a goal in itself nor is it a means to prevent legislation. It is a way of dealing with sustainability in a more effective way; each actor will have to think of developing new institutions ('rules of the game') that in complementarity can work to solve the issue; the outcome of a strategic stakeholder dialogue will often be a combination of self-regulation by companies and NGOs, and government legislation;
- **Vision on the dialogue:** A dialogue with stakeholders usually takes place over a given period of time. It is important that the initiating organisation and stakeholders are aware of this. For the initiating organization, this means that it should have a clear vision of the stakeholder discussions as a whole. What is the underlying philosophy? What is the ultimate objective of the discussions? What criteria are employed in the selection of stakeholders for the dialogue, the manner in which and the frequency with which the discussions are held? The organization guards against being too indiscriminate in this and seeks to find a balance between accepting invitations for discussions from stakeholders and, alternatively, inviting stakeholders for discussions.

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<sup>3</sup> This listing, combines features for successful stakeholder dialogues as identified by: Institute for Social and Ethical Accountability, 1999; Zadek, 2001; Kaptein, Wempe, 2002; Hemmati, 2002; Kaptein and Van Tulder, 2003; Van Tulder et al, 2004.

## 2. Participants

- **Inclusiveness:** The stakeholder dialogue aims to integrate different views through the creation of a new viewpoint and common ground for all parties involved. Potential winners as well as potential losers are joined together in the dialogue.
- **Ownership:** Parties need to be committed to the discussion process at the highest levels in their organization. Issue engagement translates into issue ownership by the most important parties involved. A dialogue cannot be a one-off exercise. Several successive meetings create an opportunity to get know each other better and foster commitment. According to The World Business Council for Sustainable Development (2002): ‘Aim to build joint ownership for actions towards change to be taken following the dialogue.’ In a study of the PrC in which 50 cross sector partnerships as initiated by the Dutch government were researched, we found that in particular the lack of ‘co-ownership’ in a partnership process is a major barrier towards effectiveness (Pfisterer, Heitling and Van Tulder, 2010)
- **Legitimacy:** The dialogue brings together the most important stakeholders and aims to enhance trust through the mutual recognition of one another’s expertise and legitimacy. A strategic stakeholder dialogue therefore does not consist only of meetings with the most vocal primary stakeholders – which would make it a strategic alliance - but also with secondary stakeholders. In the case of firms: NGOs; in the case of governments: non-voters; in the case of NGOs, non-members. Depending on the nature of the issue the stakeholder dialogue includes representatives of more than one sector. The transparency of the dialogue process – along a set of rules – ensures the legitimacy of the outcome of the dialogue. The discussion partners refrain from acting independently of those they are representing. If they do, a situation may arise where one of the parties is called back or overruled and where the agreements that have been reached during the dialogue are not honoured. Nothing is more frustrating after a number of consecutive meetings than having to say that, on second thoughts, management or the Board cannot support the results. Just as trying is if one of the participants is replaced by a successor who does not understand or respect the outcome of earlier meetings. Mutual trust also implies that the parties rely on one another to properly represent the interests and views of their constituents.

## 3. Procedures

- **Clear rules and benchmarks:** Strategic stakeholder dialogues seek to establish common standards as a means to measure progress and facilitate international coordination and implementation. The dialogue also aims to prevent information asymmetries from influencing the process. It is vital for instance that there is agreement on procedures for dealing with confidential information and the manner in which the parties involved report to their constituents and the media. A confidential discussion is dealt a fatal blow if sensitive information is made public prematurely or if another party is publicly discredited. In general, the likelihood of agreements being violated is proportional to the power imbalances between parties. When entering into a dialogue, both parties effectively place restrictions upon themselves.
- **Appropriate management of expectations:** the more strategic a stakeholder dialogue become, the more format and procedures need to be aligned. The most appropriate organisational format in which a strategic stakeholder dialogue can be framed is the multi-stakeholder partnership.
- **Procedural justice:** the strategic stakeholder dialogue moves the procedure from one based on interests to one based on vision. It is not yet clear what ‘justice’ or fairness in terms of outcome exactly mean, so it becomes extremely relevant to strive for so called

‘procedural justice’. Procedural justice is aimed at the fairness and the transparency of the processes by which decision processes are organised. Procedural justice can be contrasted with distributive justice (fairness in the distribution of rights or resources), and retributive/corrective justice (fairness in the rectification of wrongs) which are more easily linked to interest-based negotiation processes. In the context of a strategic stakeholder dialogue, however, procedural justice does not only entail ‘hearing all actors involved’ and trying to resolve conflict or divide benefits or burdens. It in particular should be aimed at engaging actors in the development of visions and solutions for a common problem.

- **Learning:** The dialogue is usually based on the information the parties present about the actual situation. This results in a natural inclination to manipulate or present only those facts that fit one’s agenda. It is therefore important that the facts presented are beyond any doubt, which is why an external party sometimes has to scrutinize the information in advance to assess its validity. It is also increasingly common for accountants to verify sustainability reports. But perhaps – given the problematic position of accountants – other verification institutions can be considered, unless accountants are also members of accreditation bodies such as the GRI. Participating parties must possess the skills to conduct a dialogue. Creativity, intelligence and arguments prevail over power and number.
- **Skills and attitude:** The characteristics of a dialogue, as summarised in Table 2, column 2, requires a wholly different repertoire and style of communication than what is employed when taking part in a debate. In terms of the mental map of the participants, it requires an active or proactive rather than an inactive or reactive attitude.
- **Voices, not votes:** In a strategic stakeholder dialogue all interested parties are given sufficient opportunity to express their opinions. Every position is accepted as legitimate; the problem is separated from the people. *People are put* first during the searching, selecting and implementation of policy options. Responsibilities are shared by treating each other as partners.

The more strategic a stakeholder dialogue becomes, the more the dialogue should adhere to the basic principles of effective negotiations as already specified by Fisher and Ury (1981) in their influential study ‘Getting to Yes’.<sup>4</sup> These principles have been widely acclaimed as an excellent means of avoiding the pitfalls of the manifold dilemmas encountered in a ‘bargaining society’. Practical experience has shown that insufficient attention or inadequate responses to these preconditions can result in a situation where:

- stakeholders feel ignored or abused;
- the discussion becomes repetitive;
- internal support for the discussions dwindles;
- confidential information is abused;
- consensus fails to be reached ;
- the dialogue is insufficiently strategic and proactive, which leads to new conflicts;
- issues are not addressed appropriately, which leads to repeated (and more intense) confrontation;

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<sup>4</sup> The basic principles of Fisher and Ury (1981) are: (1) separate the people from the problem; be hard on the problem, soft on the people; (2) focus on interests, not positions; realise that each side has multiple interests; for a wide solution reconcile interests; (3) generate a variety of possibilities before deciding what to do; invent options for mutual gain; try to broaden your options; change the scope for a proposed agreement; (4) insist that the result be based on some objective standard; frame each issue as a joint search for objective criteria.

- the level of creativity with which issues are tackled is insufficient, which hampers an ‘entrepreneurial’ approach to issues;

There is no ‘*one best way*’ for conducting a strategic stakeholder dialogue (Zadek, 2001). It is co-determined by the degree of urgency of the issue, the legitimacy and power of stakeholders (Mitchell et al., 1997), the nature of the issues at hand and the willingness of stakeholders to cooperate (Savage et al., 1991).

### **What about trust?**

Many scholars tend to stress that ‘trust’ is the most important precondition for effective dialogues and societal change. However, issue conflicts arise precisely due to a lack of trust. Complex problems involve stakeholders from different spheres/sectors of society (market, state, civil society) that in principle have widely diverging practices, principles, cultures and values. So, do you talk because you trust each other, or do you trust each other because you talk? Trust is neither a necessary nor a sufficient condition for an effective stakeholder dialogue, just as conflict is neither an effective nor a sufficient condition for a company to acknowledge and meet its responsibilities. The ultimate challenge for an effective stakeholder dialogue, therefore, is to communicate with each other in spite of the absence of a mutual basis of trust and greatly diverging interests.

### **Skills for the Strategic stakeholder dialogue**

Chevalier and Buckles (2008) have developed a System called SAS<sup>2</sup> (Social Analysis Systems, [www.sas2.net](http://www.sas2.net)). The guiding principle behind this technique is that group dialogue and social inquiry are crucial for local and global development. Social issues must be addressed socially and in a multistakeholder mode, not by private interests and experts alone, and the insights that emerge fully integrated into processes of knowledge production, planning, and decision-making. Skills adopted in this method depart from conventional methods such as surveys, questionnaires or focus groups. These offer techniques offer little scope for imagination or originality in search for solutions which are meaningful and relevant to the people involved. Skills include: Action Research Training (ART), problem tree, force fields, CLIP social analysis (collaboration, conflict, legitimacy, interests, power).

For more tools and papers on multi-stakeholder processes: see [www.eldis.org](http://www.eldis.org)

In summary, the strategic stakeholder dialogue – in order to be successful - must adhere to 13 principles (Table 4).

**Table 4 Instrumental principles for strategic stakeholder dialogues**

<b>Partnering</b>	Working together and engaging in partnerships; creating networks; solving conflicts; working towards common goals; creating interesting options for all parties; sharing responsibilities.
<b>Effectiveness</b>	Goal-orientated, working towards workable solutions and pro-active strategies in a systematic fashion rather than think in terms of trade-offs and compromises. Dialogue is not interest-based, but solution (out-of-the box thinking) oriented.
<b>Flexibility</b>	Ability to adapt own opinion, the process and / or (preliminary) results to new conditions and insights. Room for ‘trial and error’, tolerance towards each other.
<b>Inclusiveness</b>	Involving a broad and diverse group of stakeholders that each have different values, points of view, expertise and expectations; involving ‘winners’ as well as (potential) ‘losers’.
<b>Legitimacy</b>	Transparent and honest dialogue process, guided by collective agreements ensuring all parties view the results as being legitimate.
<b>Learning</b>	Reflective capabilities; new insights actually lead to new principles and new ways of thinking, and old habits and patterns are got rid of; Mutual information transfer to prevent knowledge gaps on important subjects.
<b>Ownership</b>	High level of involvedness, all parties involved can identify with the dialogue process and feel responsible for the implementation of the results. Shared problem ownership.
<b>Participation</b>	Stimulating active, informed and committed participation of everybody involved, on a voluntary basis without exerting pressure.
<b>Fairness and procedural justice</b>	Equality, impartiality, without prejudice; striving for equal participation of all involved parties, combating power differences, power abuse and power manipulation. Fair distribution of public responsibilities and private revenues. Procedural justice should be guaranteed.
<b>Accountability</b>	Responsibility for the living up to agreements about dialogue process and results; complying with ethical and relational duties; making dialogue outcomes transparent to all of those involved, other not-participating stakeholders and society in general.
<b>Transparency</b>	Being open about points of view, opinions, assumptions and expectations; being open about relevant business interests; supplying all relevant parties with all relevant information. Preventing information asymmetry between players caused by lack of transparency
<b>Voices, not votes</b>	All parties involved have the opportunity to voice their opinion and all points of view are viewed as being legitimate. Opinions do not lose legitimacy when a majority is in favour of something else. There is: ‘separation of the problem from the people’ and ‘focus on the interests and not on positions’.
<b>Vision-based</b>	Addressing complex problems requires integrating a wide spectrum of expertise, creating broad societal support and commitment of parties involved; long-term vision is more important than short-term solutions based on compromises and direct interest articulation; a coherent vision on the use and aim of stakeholder dialogues, directions of solution are not fixed in advance, an effective stakeholder dialogue should make a vital contribution to a company’s innovative powers. its continuity and legitimacy.

#### 4. Conclusion: how and when to move from a platform to a partnership?

Multi-stakeholder processes have been introduced in response to complex, ‘tough’ or ‘wicked’ societal problems in which the involvement of stakeholders from diverse sectors of society is a prerequisite. This development is often framed as ‘engaging stakeholders for change’ (The Broker, blog January 2011). Whether specific forms of engagement result in an appropriate approach towards these wicked problems, however, is strongly influenced by a confusion of terms and expectations. Confusion is sometimes accidental, sometimes constructed, not in the least of the very complex nature of the problems, which goes together with diverging interests. It can even be stated that an incorrect alignment of format and process – joined with abusive framing – can aggravate the problem: actors get disappointed, solutions not explored or implemented, processes ‘colonised’ by special interest groups. So, arguably one of the biggest challenges of the present partnership era is to correctly define when and how under what conditions what specific concepts and techniques of multi-stakeholder engagement can be used.

This paper has operationalized that question in three directions: (1) by clarifying the difference between debate and dialogue, and (2) between a multi-stakeholder and a strategic stakeholder dialogue, in order (3) to better understand the difference between the various organizational formats chosen for multi-stakeholder processes, in particular between a ‘platform’ and a ‘partnership’. The endresult of this exercise has been that the characteristics, principles and preconditions for an effective strategic stakeholder dialogue could be specified. Not all multi-stakeholder processes can and should be qualified as partnerships, even when actors denominate their cooperation as a partnership. Not every ‘dialogue’ deserves that term, whilst combining ‘partnerships’ and ‘dialogues’ leads to considerable confusion in practice. This study addressed the main terminological problems of defining partnerships. Depending on the nature of the actual problem addressed by the multi-stakeholder process, a partnership or a platform can be equally effective – as long as all participants use the same words, have shared goals and consequently have their expectations aligned.

Cross sector partnerships always include organised stakeholder dialogues – before and during and sometimes even after the actual partnership. Multi-stakeholder dialogues, however, do not necessitate formal partnerships. The more strategic a stakeholder dialogue becomes, the more we can speak of an actual partnership. Another question is what the role of information exchange and information sharing is in the success of a partnership. The multi-stakeholder platform is in many respects a ‘light’ version of a partnership. They are created for comparable reasons (in particular a shared awareness of a societal problem that is so complex that it requires the input of more stakeholders), but their execution is particularly different. If a correct alignment between organisational form and the participant’s ambition can be created, platforms can be very functional for addressing, but probably not for solving wicked problems.

Take for instance the multi-stakeholder platform for action on Diet in Europe, addressing the problem of obesity. An evaluation study (2010: <http://www.eufic.org/webinars/porto/about.html>) portrayed this as a “constructive dialogue” which resulted in over 200 commitments that tackle current trends in diet and physical activity. By constructive dialogue, the platform increases trust amongst platform partners and facilitates the creation of formal and verifiable commitments. However, “the goal is not to reach a consensus but to have continuous dialogue”. (ibid) In this case, the concept of platform is appropriately chosen. The Key Performance



Indicator of the platform is continuity in the dialogue, not necessarily solution of the problem. Maybe this is because of a lack of commitment with the participants, may because the organization assesses that the core problem is a lack of information exchange. In any case, the official aims are aligned with the organizational forms. Tensions of course will appear if the participants have not internalized this into 'realistic expectations' of what the platform can or cannot achieve. A more thorough approach to the diet/obesity problem would probably require a more formal partnership between a number of the key actors. A number of initiative have been proposed in response to the criticism on the ineffectiveness of the above platform.

This paper can be used as an identification tool for checking whether techniques and organisational forms are appropriately aligned. The varying techniques are often based on comparable principles, but when used in a different organisational setting get different meaning. Giving information is not the same as an open dialogue, but it is a part of it. Strategic stakeholder dialogues are use more or less the same principles as stakeholder dialogues. Stakeholder dialogues, in turn, use many of the same principles as dialogues. Nevertheless, there are big differences in the realization, the intentions and necessary skills. A dialogue does not necessarily have to evolve towards a stakeholder dialogue, let alone a *strategic* stakeholder dialogue. The breaking points between the four forms of information exchange and interaction have been discussed in this paper. Table 5 summarizes them. These also from the decision making moments that managers should keep in mind when engaging in meaningful dialogue.

A nonaligned form of dialogue, technique, form and problem can severely reduce the effectiveness of the interaction. For instance, a manager claiming he wants to engage in a stakeholder dialogue with several NGOs but in fact only wants to gather information quickly will soon lose his credibility. Since the necessary effort of a stakeholder dialogue is much greater than in case of an ordinary dialogue, the discussion partners will soon get frustrated resulting in a premature termination of the talks or the unnecessary hardening of the discussions. On the contrary, a manager who obviously needs to make some strategic decisions but only organizes a stakeholder dialogue will find that the stakeholders will probable not be interested in thinking about strategic options. This will also reduce the effectiveness of the dialogue severely. NGOs and government bodies have similar dilemmas to deal with: linking the best suitable instrument to the right issue. Table 5 can serve as a checklist for this alignment process.

**Table 5 Aligning Techniques and Organisational forms**

	Unilateral information exchange	Dialogue	Multi-stakeholder dialogue	Strategic stakeholder dialogue
Multi-stakeholder platform	+	++	+++	+/-
Multi-stakeholder partnership	+/-	+	++	++
Effort/attitude	Inactive	Reactive	Active	Pro-active
Alignment need	negligible	low	medium	High

<b>Logical organisational format</b>	bilateral	Compact, Process, Roundtable	Platform, Initiative, Covenant	Cross sector Partnership
<b>Management of expectations need</b>	Not	low	medium	High
<b>Nature of the engagement</b>	Informative	Problem addressing, Empathy	Problem-investigating, creating support	Problem-solving, creating new solutions and directions
<b>Nature of negotiations</b>	No negotiations; dilemmas	Information sharing; puzzles	Trade-offs, compromise	Problem and dilemma sharing; paradoxes, joint solutions
<b>Interest-vision</b>	Interest-based communication	Interest-based dialogue	Interest-based negotiations	Vision-based
<b>Nature of the problem</b>	Simple, sectoral problem	Inter-sectoral problem	Cross sectoral problem	Wicked problems
<b>Trust</b>	Indifferent; PR related	Source trust	Low, but growing; process trust	Average and growing; source and process trust;
<b>Prime justice orientation</b>	none	Corrective/retributive justice	Distributive justice	Procedural justice
<b>Transaction costs</b>	Low	Relatively low	Relatively high	Average
<b>Embeddedness in organization</b>	Public Relations	Public affairs	Communication; issues management	Strategic communication/ issues management; strategic management; leadership
<b>Time span</b>	Undetermined; temporary	Short-term	Middle-long-term	Long-term; permanent
<b>Location of debate</b>	no	Where the issue appears	Threat of debate leads to dialogue	First phase strategic dialogue in which values and positions are investigated
<b>Complexity issues</b>	low	Low-average	Average	High
<b>Mutual commitment</b>	indifferent	low	Average	High
<b>Willingness to change/ learn</b>	indifferent	low	Average	High
<b>Basis of relationship</b>	None	Communication	Interest articulation	Partnership, shared ambition
<b>Required transparency</b>	limited	Limited	Average	High
<b>Realistic expectations partners needed?</b>	Unimportant-cynicism	Unimportant/construtive	Slightly important	Very important
<b>Clear rules of the game needed?</b>	no	Somewhat	Yes	Very important, but can change over time
<b>Power balance?</b>	Not present	Not necessary	Preferred, but not necessary	Very much preferred but not always attainable
<b>Orientation</b>	operational	Operational-tactical	Operational-strategic	strategic

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