



SDG 10: Reduced Inequalities - Stakeholder Dialogue

Topic Overview

This lesson covers an overview of stakeholder dialogue as part of a CSR strategy. This lesson plan includes:

- The purpose of stakeholder dialogue
- The costs and benefits of stakeholder dialogue
- Guiding steps to stakeholder engagement
- Different levels of stakeholder engagement

Learning Objectives

- Identify the importance and purpose of stakeholder engagement.
- Identify the potential costs of not engaging with stakeholders.
- Analyze the different levels of stakeholder engagement, and identify key features in each level.
- Classify stakeholders using the power/influence matrix.

Resource Summary

Dorobantu, S. & Flemming, D. (2017, November 10). *It's Never Been More Important for Big Companies to Listen to Local Communities*. <https://hbr.org/2017/11/its-never-been-more-important-for-big-companies-to-listen-to-local-communities>

Summary: The article makes an argument for the need of stakeholder dialogue; listing the costs and benefits from the perspective of the corporation. The typical budget for stakeholder engagement is miniscule, and ignoring stakeholders can lead to significant costs incurred from delays, protests, and legal action. Effective social engagement and communication can prove to be invaluable in the long term, with the benefits significantly outweighing the costs.

Hohnen, P. (2007). Part 3: The importance of stakeholder engagement 76. J. Potts (Ed.), *Corporate Social Responsibility: An Implementation Guide for Business* (pp. 76-85). International Institute for Sustainable Development. https://www.iisd.org/system/files/publications/csr_guide.pdf

Summary: This guide provides an overview of stakeholder engagement, covering what it is, why it matters, and how to approach it. The author provides a five-step process for stakeholder engagement, as follows: Identify stakeholders; understand the reasons for stakeholder engagement; plan the engagement process; start the dialogue; and maintain the dialogue and deliver on commitments.

Guibert, L. & Roloff, J. (2017, September 18). Stakeholder Dialogue: Strategic Tool or Wasted Words? *Journal of Business Strategy*, 38 (5). <https://doi-org.ezproxy.library.uvic.ca/10.1108/JBS-07-2016-0071>

Summary: The article covers the different levels of stakeholder engagement of a company (ie examples of low vs. high engagement) and identifies four types of stakeholder dialogue, measured by levels of stakeholder engagement and CSR strategy maturity. Three main issues are identified, first, companies only engage in dialogue occasionally, which limits trust building and constructive discourse; second, there is a lack of feedback loops between the managers and stakeholders. There needs to be increased communication between parties, especially after the fact (follow up meetings); third, managers struggle to open the dialogue to a broader group of stakeholders, and to address controversial topics.



Discussion and Exam Questions

1. What are the costs and benefits (economic and social) of stakeholder dialogue?
2. What are the five main steps of stakeholder engagement?
3. Identify possible challenges and obstacles a business may face during stakeholder engagement.

Related Business Topics

- Stakeholder engagement
- Community relationships
- Equality

Related Sustainable Development Goal Targets

[Goal 10: Reduce inequality within and among countries](#)

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

10.6 Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions

Suggested In-Class Activities

Stakeholder engagement is an important component of any project or business venture. Split the students into pairs or small groups, assign each group a stakeholder case, and complete the following activities.

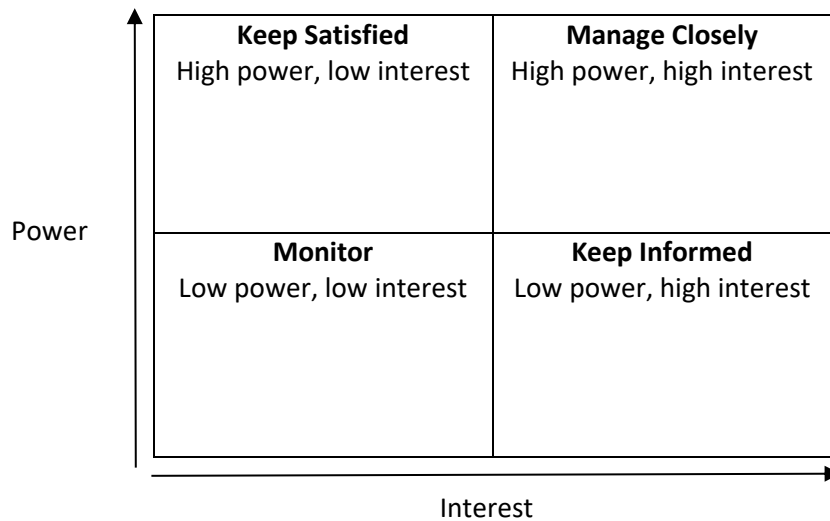
Activity 1: Stakeholder Mapping

Have students map the relevant stakeholders from each case using a Power/Influence Matrix (see below for template). For each stakeholder, justify the positioning of power and influence. Groups with the same case should compare results and observe similarities, differences, and discuss the challenges of stakeholder mapping.

Activity 2: Stakeholder Engagement

After identifying the key stakeholders, develop a plan for engagement and dialogue. Use the following questions for group work or a class discussion.

- What are the first steps to engaging with your stakeholders?
- What are the objectives of engaging with each stakeholder group?
- How will you change your strategy for engaging with each stakeholder group?
- What obstacles and challenges do you expect to face?



Adapted from Mendelow, A.L. (1981). ['Environmental Scanning - The Impact of the Stakeholder Concept,'](#) ICIS 1981 Proceedings, 20.

CASE STUDY 1: Country Hills Campground

Who are you and what are you doing?

You are a small business with three private campgrounds on Vancouver Island. Your campgrounds welcome RVs and tents and are used primarily in the summer months, but you operate year round. Each of the campgrounds have family oriented pools with waterslides, and are located near hiking and biking trails. You would like to build a new campground on forested government land near Nanaimo. You have a lease on the land and a permit to bring in hydro electricity and city water. Yesterday a backhoe operator found old human bones in an area he was excavating. A local first nation band is claiming that the area is of historic importance to them.

What are you hoping to achieve?

To build a 100 unit campground near Nanaimo BC.

In order to meet your objective you need to get further permission to continue digging and installing power lines. This will require completing many government documents, but first, many people want to talk to you about the project.

Who are you trying to influence? Potential audiences:

Government agencies such as:

Ministry of Environment,

Farming, Natural Resources and Industry Ministry (Archeology branch),

Ministry of Forests, Lands and Natural Resource Operations (First Nations Branch),

Local first nation band,

City of Nanaimo,

BC Hydro



Additional background information:

You have a staff of 10 regular employees, most of whom help run the campgrounds. You are on your own to get through the red tape on this project, but you have a good relationship with the chief of one of the two bands who have claims on the territory where your new campground is located.

CASE STUDY 2: Herb Shop

Who are you and what are you doing?

You are a local entrepreneur who owns and operates a chain of five private liquor stores in Victoria, BC. You have been running your business successfully for over ten years and want to expand into selling legal cannabis. You have located a building that meets the specifications of the city bylaws, but you are encountering resistance from the School Board and parents, as the shop would be close to a school. The law permits cannabis dispensaries at least 300 metres from schools. Your store is 305 metres from the local high school, but visible to the school users. Since you are not allowed to sell cannabis to anyone under 19, you don't see the school as a problem to your location.

You want this location primarily for its access to bus transportation and heavy traffic from the neighbouring grocery store, fast food restaurant, drug store and one of your own liquor stores.

What are you hoping to achieve?

Open a new, independent, legal cannabis store.

You would sell dried cannabis by the gram, cannabis oil and seeds. You would like to open your store by December 1 in order to capitalize on potential Christmas sales.

Who are you trying to influence?

City of Victoria staff (licencing),
Victoria School Board (elected officials),
Parents,
Local community members (cannabis users and non-users),
Federal government (licencing),
Provincial government (licencing),
Shopping centre owner

Additional background information:

Your store location meets the federal, provincial and city guidelines in the location and layout. You have a clean record with your liquor stores for not selling to minors. You are prepared to add security to the store in alarms as well as uniformed security which was a request from the building owners when you signed the lease. You know that the community is important to the success of your store, and you would like to bring all the stakeholders around to tolerate (and perhaps support) your store.

CASE STUDY 3: The Rusty Plow Cafe

Who are you and what are you doing?

You are a farmer on Vancouver Island. You grow a historic varietal of wheat called red fife, which you sell to a local bakery, as well as corn, strawberries, beets and lettuce. Two years ago, you opened a café at the farm to



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service the locals who shop at your farm stand. You started by serving coffee and baked goods made by your baker-friend, and it has expanded to other brunch items. Customers sit at picnic tables around the parking lot, with umbrellas in case of rain. The café is now making almost as much in revenue as the crops, due to local shoppers and many cycling groups who stop to eat.

Last week you received a notice from the Agricultural Land Reserve (ALR), a part of the provincial government tasked with preserving farmland to be maintained as farmland. The letter advised you that the café was not in compliance with ALR usage of the land and must be shut down. Fifteen people will lose their (mostly part-time) jobs if you have to close the café. You want to reason with the ALR. Over 90% of your land is under cultivation. The café kitchen a professional, commercial kitchen, inspected by the local bylaw officers, located in the garage of the house you live in. The seating is on the fringe of the parking lot. Closing the café will not result in more land being cultivated.

You have contacted the Ministry of Agriculture, but they have not offered any help.

What are you hoping to achieve?

You would like to keep the café open, with the approval of the ALR.

Who are you trying to influence? Potential audiences:

Agricultural Land Reserve (ALR officers)

Provincial government (Ministry of Agriculture)

Your local MLA

Customers

Employees

Additional background information:

Customers started a petition and have over 200 signatures on it. They are solidly behind you. Your neighbouring farms (which have chickens, pork and beef) appreciate your business (as you buy ingredients from them) and the additional traffic they have noticed since you opened the café.

CASE STUDY 4: Hard Rock Hills Holdings

Who are you and what are you doing?

You are the owner of a contaminated soil holding service on Vancouver Island. Landowners with contaminated soils (from former gas stations, coal fired factories etc.) truck their soils to your 200 hectare, former quarry for disposal. You operating a holding area in compliance with the Ministry of Environment guidelines, and are inspected regularly by the Ministry of Environment staff. Your permit allows you to accept 100 000 tons of contaminated soil every year. To be in compliance you have liners, berms and covers for your soil deposits. The Ministry inspects your leachate collection twice a year including soil and water sampling.

When you built the business ten years ago, you were the only business in the area and residents were mostly users of summer cottages around a local lake. In the past ten years, several new sub-divisions have been built and now over 12,000 people live in the area.



Recently, a group of local homeowners in the area started voicing concern over the possibility of the contaminated soil leaching into the lake and contaminating the drinking water for the community. The Ministry of Environment tested the lake and found no leachate or other contamination in the water, however community members have started picketing the entrance of your property and are starting to get in the way of the deliveries you receive every day. They have sent you letters stating that they will protest until the Ministry revokes your permit.

What are you hoping to achieve?

You want to be a good neighbour, but you also want to run your business. There is no other place to take contaminated soil in the region. If you go out of business, truck drivers will have a reduced workload, and contaminated soil owners may have to barge their soil off the island to a more willing community on the mainland.

Who are you trying to influence? Potential audiences:

Ministry of Environment
Local Neighbours
Municipal water supply authorities
Employees
Contaminated Soil owners
Truck drivers
Local first nation community

Additional background information:

The local First Nation is angry that the Ministry of Environment, while meeting with concerned residents, did not also meet with them. The band draws water from wells that are fed by a local aquifer. To date testing has not shown any contaminants in the well water, but the nation is downhill from Hard Rock Hill Holdings, so they are also concerned about their water quality.

All case studies describe fictional businesses which are loosely based on real situations. Details have been added or changed to suit the case analysis.