

CSR Snapshot #1 - Community stakeholder engagement

Stakeholder engagement (SE) is a process by which a company's representatives interact with individuals and groups in the community who are involved in, or affected by, the company's activities. SE is a cost-effective way for companies to mitigate social risk. However, although a company may understand the value of SE, sometimes, despite the company's efforts and the results it has achieved, some members of the community may not believe that the company is listening to their concerns or doing enough to address them. This may be a sign that the company's implementation of the SE process is falling short, which could lead to costly work stoppages, or worse. Fortunately, there are practical ways for a company to establish positive and productive engagement with stakeholders that will form a solid foundation for company-community relations.

Getting it right

SE typically involves discussions with key stakeholders, extending beyond discussions with "experts". As with any aspect of business, effective SE requires an approach that is proactive and informed. A company that takes the time to develop a market-specific plan can expect its SE efforts to yield better results, in the form of stronger company-community relations.

First steps

Conduct comprehensive stakeholder mapping.

Mapping, which is the identification of key stakeholders, allows management to understand the potential impact of each identified group or key individual in the community on the success of the project. The mapping, like the overall SE strategy itself, should be regularly updated, as turnover among stakeholders, particularly government contacts, can be frequent over the life of a project.

Take a systematic approach. Although it may seem logical to focus only on outcomes when developing an SE plan, the procedure used to achieve these outcomes is equally important. In addition to mapping key stakeholders, the process should determine the frequency of meetings, the objectives of the meetings and their venues, as well as the required documentation, follow-up and analysis.

Who to engage

When determining where it should focus its SE efforts in the community, a company should try to avoid focusing only on people who are easy-to-reach or who appear to be influential. Using this approach, the company might miss individuals or groups with the potential to add to the community's acceptance of the project. Company representatives should therefore also take opportunities to question any people in the community (e.g. taxi drivers, youth and merchants) about who they trust to speak for them or how they perceive the company. This way, a company can identify the formal and informal leaders in the community and make efforts to speak to both groups.



A company should also engage with those with whom it may not be on close terms but who could influence the project outcome. Examples may include politicians, advocacy groups and smaller local competitors. Canadian trade commissioners at Canada's missions abroad can assist in providing contact information for some of these contacts. Some companies find it useful to set up an informal advisory board of local people who meet quarterly with the company's general manager. These meetings should include individuals that could be adversely impacted by the company's project.

The business case for SE

SE identifies issues before they become problems. Well-established systems of ongoing and open communication provide opportunities for non-confrontational discussions to draw out community concerns before they grow into grievances.

SE counters rumors. Transparency can prevent and counter rumors about the company and narrow the space for misinformation or misinterpretation.

SE facilitates constructive dialogues. When people understand that the community will benefit from the presence of the company in the long term, they tend to make fewer immediate demands and focus more on collaboration.

SE establishes good stakeholder relationships. Effective SE conveys honesty, trust and respect, giving the company a "human face" that is accessible to stakeholders.

Myth busting

Companies may assume that SE unduly raises expectations, that involving local people in decision-making leads to project delays, and that it is better not to engage if SE cannot guarantee positive outcomes. In reality, delaying SE often leads to the spreading of rumors about the company's activities. When that happens, a company has lost control over how it is perceived. **Avoid rumors: Engage early and constructively!**

A cross-functional responsibility

"The community" does not start outside the company's gate. Company staff includes members of the community. How the procurement department deals with local contractors, how security officers deal with local authorities, and how human resources staff deal with community-based staff and local job seekers together affect the community's perceptions about the company.

Who should companies engage with

Company representatives should have the required SE skills, and their authority levels should be made clear to stakeholders. It is generally helpful if senior company leaders are seen in the community from time to time. It is most beneficial if those leaders support their staff by stating the company's positions consistently. Companies find it useful to ensure their frontline staff is equipped to handle the pressure from community members to obtain promises and/or deals. Bringing senior company leaders to key public meetings is a successful practice as communities want to hear from decision makers.

How to engage constructively

Before meeting key contacts, company representatives should be aware of cultural sensitivities and seek tips on effective communication in that country. Companies should also find out what "respect", "transparency" and "fairness" mean locally.

Being fully prepared in this regard, even for informal meetings, is good practice. Consideration should be given to what "level" of engagement is right for each stakeholder. Not everybody needs to have a say in everything. Some stakeholders (e.g. members of the media and local authorities) can simply be informed about a decision, whereas impacted stakeholders will want to be consulted on decisions that affect their lives. Companies have found it useful to determine engagement levels beforehand and to discuss this with local stakeholders at the outset to manage their expectations.

Where to engage

Holding a public meeting is an effective way for the company to relay important information to the community and to obtain formal community support for

its activities. Varying the venue according to the purpose of the meeting—rather than using company offices for all meetings—is effective. Shop fronts or community offices are good places to meet, at least initially. Consider holding more formal meetings in community offices while meeting informally at local events. "Open doors" days or company tours are good ways to defuse rumors and provide broader engagement with the community.

When to engage

SE is more effective when used as an ongoing process, rather than only when deemed necessary. If a company only pays attention to communities when they disrupt the company's projects, that company sets itself up for future disruptions. Instead, company leaders should think about SE in terms of building a relationship with the community over time. They should consider engaging when there is no apparent pressing need; an informal courtesy visit ("I just came to say hello.") is quick and pleasant, does not cost anything and can go a long way toward building a productive relationship.

Is there already a problem?

- Communities often blame outsiders for negative outcomes, but experience suggests that companies are themselves often responsible for contributing to such misconceptions. To avoid this, review corporate-wide practices / actions to determine if tensions were inadvertently raised within the community by corporate actions.
- Companies can involve neutral third parties to discuss an issue (e.g. a local individual or group). If such individuals are not available, local trade commissioners can provide information about options for facilitating dialogue between Canadian companies and local communities.
- In addition to what people say explicitly, there are often unspoken concerns within the community that the company should try to identify.
- Communities can be asked what the company needs to do to gain their trust.
- Relying only on philanthropy to appease people does not work and can backfire.

Build in systematic updates and feedback

For SE to work effectively, management must document feedback received, jointly agreed-upon decisions, and actions taken. To continuously improve SE, this information should be delivered to both the company and the community on an open, transparent and regular basis.

The Trade Commissioner Service can help!

Canada's global network of trade commissioners is available to help you prepare for and assess the market, provide key contacts, and assist in problem solving. To reach a trade commissioner in your market, go to: www.tradecommissioner.gc.ca.