Developing a Model for Effective Stakeholder Engagement Management

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Abstract

The maturing of corporate social performance as a management discipline has prompted a renewed interest in stakeholder-related concepts of management and receptivity to approaches which embed stakeholder engagement in the 'business of business'. The stakeholder engagement function has moved from 'nice to have' to core business. This paper describes a five-year action research study to identify trends in corporate stakeholder engagement management and develop a stakeholder engagement management framework reflecting industry best practice.

Keywords: Stakeholder**,** Corporate social performance, Stakeholder engagement, Ethical strategy, Systematic engagement

INTRODUCTION

Over the past decade and more, Australian organisations have increasingly sought to respond to global trends by incorporating social sustainability and social performance principals into organisational management - grappling with these concepts and their practical implementation in the business environment.

 Associated with this focus on social performance, has been a burgeoning interest in stakeholder-related concepts of management, together with a drive to enhance the strategic value of corporate communications functions such as stakeholder engagement, community consultation and social risk management - primarily to improve corporate responsiveness to the social environment.

 Emergence of stakeholder theories: According to Hitt, Freeman and Harrison (2001, p.190) the use of the term *stakeholder* emerged in the 1960s from pioneering work at Stanford Research Institute, which argued that managers "needed to understand the concerns of shareholders, employees, lenders and suppliers, in order to develop objectives that stakeholders could support". The term has become increasingly prevalent since Freeman's (1984) seminal text "Strategic Management: A Stakeholder Approach".

 While Freeman explicitly regarded the stakeholder approach to be a strategic management tool - instrumental as opposed to normative - the emergence and establishment of a social performance agenda for business has highlighted the value of stakeholder theory as a "normative approach that some argue is more ethically and morally acceptable than a shareholder value approach" (Cooper, 2004 p. 3).

Instrumental versus normative: There is a great deal of discussion in the literature, relating to the tension between the instrumental versus the normative value of stakeholder theory in management applications.

For example, Greenwood (2006) takes issue with the assumption that stakeholder engagement and responsibility towards stakeholders necessarily converge. She points out that "the difficulty of differentiating moral responsibility from calculated responsiveness has not been directly addressed in the literature" (Greenwood, 2003, p.3).

Indeed, some stakeholder theories (notably Elaine Sternberg's stakeholder entitlement theory) argue for a system of business ethics to overlay stakeholder management mechanisms and for stakeholder rights and entitlements that possibly go beyond exclusive service of the interests of the individual enterprise (and beyond maximisation of shareholder value).

There does appear to be consensus on the validity of stakeholder theory as the most appropriate forum via which to address the question of whether ethics can "co-exist with strategies designed to boost performance in highly competitive environments" (Robertson, cited in Cennamo, Berrone and Comez-Mejia, 2009, p. 491). According to Cennama, Berrone and Comez-Meija (2010) [stakeholder theory] holds that "a convergence between strategy and ethics is possible if the needs of a vast array of constituents are taken into account … and a central question is how to balance the economic interests of the firm with the ethical and social concerns of stakeholders".

There are conflicting ideas in the stakeholder and business ethics literature about the proper motivation, method and manner of engaging stakeholders, with the matter of power-equity and mutual trust in the organisation-stakeholder relationship presenting as a major theme. Greenwood and van Buren (2010) have identified the construct of 'organisational trustworthiness' as a "possible solution to the problem of unfairness in organisation-stakeholder relations" on the basis that trust necessarily involves a moral component over and above any emotional or rational component …[and that] trustworthiness is vital to the moral treatment of stakeholders" (Greenwood and van Buren, 2010, p.436).

Since the mid 1990s, this question of the legitimacy of stakeholder claims on organisations has emerged as central to the debate relating to corporate social responsiveness and corporate responsibility and constitutes a significant matter of interest for social responsibility theorists. The global meltdown of financial markets and widespread corporate collapses of 2008 re-focused public debate sharply on questions of the relationship between business and society and the design of the corporation of the future – "shifting the purpose of the firm to encompass not just shareholder needs but also societal, stakeholder and ecological needs and interests" (Waddock and McIntosh, 2002, p.285).

This discussion is however, somewhat beyond the scope of this study, which makes no claim for integrated stakeholder management systems in regard to corporate social responsibility (CSR) - beyond their potential value as a platform for CSR activity and stakeholder/community partnering based on a clear understanding of the perceptions of the identified stakeholders.

The study does however, seek to identify the key principles for effective stakeholder identification, analysis and engagement – and to incorporate these principles into a management model to formalise and embed the practice of stakeholder engagement within an organisation, within the context of public relations practice as a "bridging, rather than buffering function" focusing on the "participation of publics in the organisation's strategic decision-making and behaviour" (Grunig, 2007, p10).

Business benefits: The business benefits of effective engagement are now well-known and well-documented. A number of studies have found a clear correlation between stakeholder relationship quality and financial performance (Waddock and Graves, 1997; and Svendsen, Boutelier, Abbott and Wheeler, 2001); sustainable wealth/long-term value (Post, Preston and Sachs, 2002) and corporate reputation (Dowling, 1994).

Svendsen (1998, p.1) argues the case for competitive edge as an outcome of effective stakeholder engagement: "as paradoxical as it sounds, one way to succeed in a highly competitive globalised economy is to co-operate".

The central claims for an integrated approach to stakeholder engagement arguably centre primarily on benefits to the organisation – essentially on the view that "incorporating stakeholder views in decision-making processes enhances organisational performance and commitment" (Simmons, 2003, p.1). In this context, Hitt, Freeman and Harrison (2001, p. 191) point to the major post-1980s contributions made to stakeholder theory by Ackoff and Churchman (1947), who applied a systems theory approach describing organisations as open systems and acknowledging their interdependence with external networks; and Katz and Kahn (1996) who developed organisational frameworks defining the organisation relative to the system around it.

Botan and Hazelton (1989) and Grunig (1992) point to the value of on-going stakeholder engagement via processes of dialogic and two-way symmetrical communication to invite stakeholder input into organisational decision-making.

There is indeed substantial evidence in the stakeholder and communication management literature to suggest that enlightened organisational strategy-making is best informed by a process of continuous dialogue with stakeholders and that "the social performance of any business should be judged not by what it does, but by the extent to which it facilitates interested parties in negotiating what it does". (King, 1998, p. 43)

According to Savitz and Weber (2006, p.63):

> Doing business in this emerging world - freer, more independent, wired and filled with powerful, vocal stakeholders – demands a high degree of accountability … everyone knows your business, has an opinion about it and feels that he or she has the right to express that opinion and try hard to change your behavior … [this is] a new era for business in which responding to the demands of sustainability is a necessity, not an option.

Interdependence: Contemporary stakeholder strategy and corporate sustainability management are firmly anchored in the view that companies and society are interdependent.

According to Gardner (2002, P.4):

> In seeking operational definitions of sustainable corporate practices, corporate social responsibility and the allied notion of corporate citizenship Australian authors such as Dunphy et al (2000), Birch (2001), Beckett and Jonker (2002) and Kok, Weil, McKenna and Brown (2002) stress the need to embrace corporate systems and practices which reflect the interests of a wide range of stakeholders or constituents.

> They argue that it is these parties engaged in a productive dialogue … that can provide requisite knowledge required to resolve the longer-term challenges of sustainable development triple bottom line performance. As noted by Welsh (2002), the sustainable corporation must demonstrate the ability to learn from stakeholders and previous mistakes, through a continuous process of consultation, measurement, auditing and reporting.

It is the question of the legitimacy of diverse stakeholder claims on organisations that has emerged as central to the "normative versus instrumental" debate – and it is undeniable that it is the stakeholders with the greatest power to influence organisational imperatives that have commanded the most attention in most corporate stakeholder engagement activities to date.

Mitchell, Agle and Wood (1997) define stakeholder salience on the basis of the degree of power to influence organisational goals – the "degree to which managers give priority to competing stakeholder claims" (Mitchell et al, cited in Wasieleski, 2001, p.113).

Frooman (1999, p. 192) emphasizes that concern for stakeholder interests implies the unstated premise of the divergent interests of various stakeholders and that this premise is fundamental to any stakeholder theory of the firm.

According to Greenwood (2003, p. 7) denial of divergent stakeholder interests may be evidence of "managerial capture" (a term coined by Owen Swift and Hunt in 2001 to describe corporate 'capture' of the corporate social responsibility debate).

Harrison and St John (1996, 1998) distinguish between two basic postures for managing stakeholders: buffering and bridging (Daft cited in Hitt, Freeman and Harrison, 2001, p. 199). Buffering is the traditional approach …and is aimed at containing the effects of stakeholders on the firm … bridging involves forming strategic partnerships.

In this context, effective and on-going symmetrical (dialogic) communication (most notably characterised by interpersonal, dialogue-based communication tools, informed and measured via qualitative methodologies) is intrinsic to effective engagement of stakeholders and recognition of this engagement marks the difference between business as a private culture in old economics thinking to the beginnings of a company understanding itself as a public culture in new economics thinking (Birch 2002).

Mutual benefit: The underlying assumption is that maintaining good relationships with stakeholders makes good business sense as well as good ethical sense – and that the dialogic communication model features inherent ethical advantages over monologic models (see Weiss, 1994 and Botan, 1997). Over the past 20 years, the leading body of public relations theory development around Symmetry/Excellence Theory by James Grunig is underpinned by a commitment to ethical practice (Botan and Hazelton, 2006).

The fundamental tenant is that the corporation undertakes stakeholder engagement with good intent, ie: that there is a willingness and capacity to receive and respond to stakeholder feedback in the development of organisational strategies and initiatives … that the business responds to the perceptions and views of its stakeholders in ways which accommodate their views and values.

In this context, Noland and Phillips (2010) identify two prominent recent trends in the literature on stakeholder engagement – Habermasians, to whom "moral engagement is marked by specific conditions of communication which ensure that this communication is uncorrupted by power difference and strategic motivations"; and Ethical Strategists, who "argue that the engagement of stakeholders must be integral to a firm's strategy if it is to achieve real success" …and "hold that good strategy properly understood must encompass what are typically recognized as moral concerns, because the very purpose of the firm and the capitalist system … is creation of value for all stakeholders" (Lingren and Swaen, 2010, p1). They conclude that, "owing to the confluence of conceptual and practical concerns, the Ethical Strategists' position is more attractive."

In the words of Savitz and Weber (2006, p.177):

> …taking a fresh view of yourself and your company is one of the more concrete benefits you can derive from stakeholder engagement. It is not about pretending to listen to your stakeholders, holding occasional conversations with a couple of more tractable activists who follow your industry, making a donation or

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two to a worthy cause and issuing press releases to claim credit. It starts with active, empathetic listening…

According to Birch "corporate citizenship, as an integral part of the New Economy … is about communication between all stakeholders in society in order to build social capital in order to build sustainable societies" (Birch, 2002, p. 3) – the benefits are mutual for business and society.

The emergence of the social bottom line and corporate social responsibility as intrinsic to the public relations function, signals a maturity of the function in strategic management and suggests that "ethics is now absolutely central to contemporary understandings of what public relations is about" (Tilley, 2009).

As James Grunig (2006) states:

If the role of public relations in strategic management is to bring the voices of publics into the decision-making process, public relations should be able to improve ethics and social responsibility of organisational behaviours (Grunig, cited in Tilley, 2009, p92).

Systematic approach: The academic and practice evidence suggests that a best practice approach to stakeholder engagement is moving away from the tactical and towards the strategic and systematic … away from one-off, issues or project based stakeholder *management* interventions – to holistic, company-wide, stakeholder *collaboration*. These approaches go beyond organisational buffering and reactive issues management – to provide a source of opportunity and potential competitive advantage for companies, as well as heightened corporate transparency and inclusiveness for stakeholder communities (Svendson, 1998).

Australian organisations recognized as leaders in corporate social performance have been moving towards a more systematic approach to stakeholder engagement, management and reporting, "embedded into the management culture at all levels … where the managerial value orientation can be primarily instrumental but must be ethical, clearly articulated and consistent across all business units" (Gardner, 2004, p. 13).

Much of the early corporate planning and public relations literature characterised stakeholder engagement as an 'add-on' luxury or issues management activity, rather than a core business function central to corporate strategy.

However contemporary management approaches reflect the contention that the interests of key stakeholders must be "integrated into the very purpose of the firm and stakeholder relationships must be managed in a coherent and strategic fashion" (Hitt, Freeman and Harrison, 2001, p.193).

It is hard to imagine how such integration is achievable, manageable, measurable or meaningful, if not within the context of a robust management framework. This study set out to develop such a framework.

DEVELOPMENT OF A MODEL FOR STAKEHOLDER ENGAGEMENT MANAGEMENT

Research approach

A reflective practitioner approach and action research methodology was undertaken to develop, implement, systematically explore and evaluate a stakeholder engagement management framework for a large Western Australian Government Trading Enterprise (the Water Corporation, in Western Australia). In doing so, an attempt was made to establish a basic conceptual model which brought together theory and practice in converging literatures and professional disciplines.

Bearing in mind the overall benefits of effective stakeholder engagement and the particular benefits attaching to systematic management of the collective corporate engagement effort, the overall design intent which emerged in the development of the model, was the firm establishment of a management framework to sustain strategic relationships and foster strategic alignment between the organisation and its most salient corporate stakeholders.

This was considered to be the first step in institutionalising the concept of stakeholder engagement within the organisation – and firmly establishing stakeholder engagement as a core management function – a fundamental element in the corporate social performance system, managed by corporate communications professionals. The framework was designed for progressive application from the core groups of corporate stakeholders, to other major stakeholder groups (eg: communities, customers and employees) so that the totality of the corporate stakeholder engagement effort would be firmly integrated.

The research approach was essentially qualitative, following an action research methodology with the dual aims of action (to bring about organizational change) and research (to increase the level of understanding and fine-tune development of the model which was being progressively introduced).

Action research lends itself well to use in the business/practitioner environment because it is a flexible approach that can be used to improve workplace practices. It has been well established as an appropriate research paradigm for educational, professional, managerial and organisational development (Zuber-Skerrit, 1996, p.3).

The four major phases of action research - plan, act, observe and reflect - were employed in an iterative cyclical fashion, in this study.

The four-phased cycle supported the development and embedding of organisational change initiatives associated with stakeholder engagement, allowing for collaboration with key participants; gradual embedding of the concept in accordance with internal and external stakeholder feedback to assist fine-tuning; iterative improvement and testing.

The methodology accommodated a high level of consultation and inclusiveness of both key internal and external stakeholders in the process of organisational change required for the successful implementation of systematic stakeholder engagement – that is, for the approach to be successfully embedded in organisational systems and culture.

Eden and Ackerman (1998) stress the importance of participation and stakeholder management in strategy-making for organisational change, noting that there are two essential processes in strategic management: developing strategy and implementing strategy … and that many of the difficulties organisations experience in trying to implement solutions to their problems have their root in the problem identification stage, not in the implementation stage.

Conventional wisdom in public relations practice is that early consultation or use of consultative (two-way symmetrical) communication tools at the onset of a project, promotes stakeholder engagement. These principles are reflected in the writings of change communication theorists including Quirke (1995), Larkin (1994) and D'Aprix (1996).

The action research methodology supported the evolution of a stakeholder engagement management framework tailored specifically to the requirements of the organisation and in accordance with the expectations of internal and external stakeholders – reflecting the contention that using an appreciative mode of inquiry in action research can "evolve the normative vision and will of a group…" (Cooperrider and Srivastva, cited in Chapman, 2004).

Via this method, research and implementation occur simultaneously in a way that maximizes acceptance and take-up.

Desk research and stakeholder interviews worked in tandem to provide the design data for the model. For example, initial qualitative research conducted among internal and key external stakeholders pointed to the need for: a more systematic approach to corporate stakeholder engagement – one that was closely aligned with corporate strategic imperatives; integrated with existing systems; and subject to regular performance evaluation … to support a more collaborative approach to strategic relationships.

These characteristics were inherent in emerging trends in stakeholder engagement and associated fields identified during a review of the literature and competitor analyses (see Figure One: New Approaches to Corporate Stakeholder Engagement below).

FIGURE 1: NEW APPROACHES TO CORPORATE STAKEHOLDER ENGAGAMENT

TRADITIONAL	EMERGING
Fragmented	Integrated and systematic
Issues-based	On-going
Focus on managing relationships	Focus on building relationships
Emphasis on buffering the organisation	Emphasis on creating opportunities and mutual benefits
Linked to short-term business goals	Linked to long-term business goals
Idiosyncratic implementation dependent on division interests and personal style of managers	Coherent approach driven by business goals, mission, values and corporate strategies

(Adapted Svendson, 1998, p.4)

Design process

The process of development of the Stakeholder Engagement Framework is summarised in the diagram below (Figure Two: Developing a Stakeholder Engagement System*). The framework was developed and established within the organisation on the basis of three, overlapping phases of qualitative and quantitative, action research over a period of some five years. *Phase One* was designed to inform development of the model and support its effective application and subsequent evaluation, across the organisation's metropolitan operations.
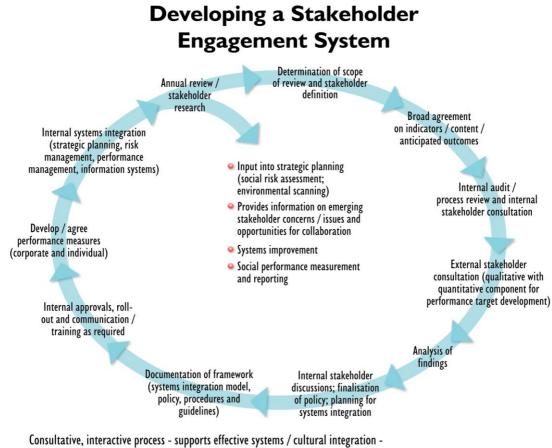
This was a pilot project, which functioned to support effective engagement between the organisation and its most salient Perth-based stakeholders. It was intended as a precursor, which would inform development of similar arrangements across the organisation's regional operations.

Phase One started with a comprehensive identification, analysis and ranking of stakeholders in terms of their salience and or capacity to influence the strategic objectives of the organisation. It included internal and external qualitative research among primary stakeholders, as well as more extensive external stakeholder surveying to test assumptions and provide for benchmarking.

The internal research suggested the need for:

- A more systematic approach to corporate stakeholder engagement.
- Aligned with corporate strategic imperatives and integrated with existing systems.
- Subject to regular performance evaluation.
- To facilitate a more consultative, collaborative approach to the development of relationships with major stakeholders, early issues identification and effective issues and opportunities management

Developing a Stakeholder Engagement System

Determination of scope of review and stakeholder definition

Annual review / stakeholder research

Broad agreement on indicators / content / anticipated outcomes

Internal systems integration (strategic planning, risk management, performance management, information systems)

- Input into strategic planning (social risk assessment; environmental scanning)
- Provides information on emerging stakeholder concerns / issues and opportunities for collaboration
- Systems improvement
- Social performance measurement and reporting

Internal audit / process review and internal stakeholder consultation

Develop / agree performance measures (corporate and individual)

External stakeholder consultation (qualitative with quantitative component for performance target development)

Internal approvals, roll-out and communication / training as required

Analysis of findings

Documentation of framework (systems integration model, policy, procedures and guidelines)

Internal stakeholder discussions; finalisation of policy; planning for systems integration

Consultative, interactive process - supports effective systems / cultural integration - requires leadership and commitment

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The external research highlighted *(inter alia)* the desire for early stakeholder engagement and higher levels of transparency/inclusiveness; together with a more consistent approach to engagement.

The framework was designed on the basis of these research findings.

Phase Two was designed to inform a roll-out of the model across the State (ie: to operations and stakeholders in seven regional locations) and involved similar internal and external research associated with the organisation's regional operations.

The research confirmed the need for an integrated, Statewide approach to stakeholder engagement management and enhanced internal collaboration and it provided insights as to effective design of an organisation-wide system which encouraged localised approaches within an integrated framework.

Phase Three was designed to measure performance and inform further fine-tuning of the system. It included qualitative and quantitative research among external and internal stakeholders across the State.

External stakeholders reported extremely favourably on the organisation's stakeholder engagement performance. They pointed to appropriate, timely, consistent involvement of them by the organisation on an on-going basis; highly responsive and forthcoming provision of information; an improvement in the timeliness of the Corporation's communication on important plans and developments; excellent relationships … and consistent overall improvement in engagement, characterised by a maturing of stakeholder relationships across the board.

There was increased evidence of effective formal agreements, protocols and frameworks for strategic interaction with stakeholder organisations; joint working groups on significant matters of mutual interest; co-operation in joint research projects and timely data-exchange.

Research results showed steady on-going improvement in the organisation's stakeholder engagement performance from the time of the initial exploratory research to design the framework.

Key quantitative research findings supported the qualitative outcomes.

Internal stakeholders reported favourably on the Stakeholder Engagement Framework.

They said that it had contributed significantly to a higher level of awareness of effective stakeholder engagement across the organisation and that as a consequence of its introduction, managers were a great deal more aware of the benefits and principles of effective engagement. They talked about a cultural shift which reflected a more inclusive and open approach to external relationships.

A common theme was the perceived need for integration of the corporate stakeholder engagement model – with project-based community engagement, social impact assessment and consultation functions. This was reflected in the views of internal stakeholders who considered that the principles of effective stakeholder engagement and its strategic organisational significance now had a much clearer focus in the organisation.

(This feedback informed further improvements to the model and the development by the organisation of processes to integrate corporate, community and customer stakeholder engagement systems).
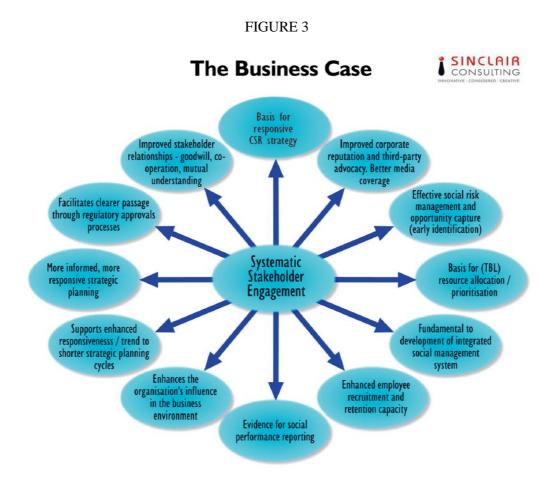
THE STAKEHOLDER ENGAGEMENT MANAGEMENT FRAMEWORK

The framework was developed as a robust model for stakeholder engagement management, which:
- Facilitated timely and appropriate engagement by the organisation with major stakeholders;

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- on matters of strategic significance to the organisation;
- to support key business imperatives; and effective management of social risks and opportunities.

It supported the achievement of the business objectives summarised in Figure Three: The Business Case for Systematic Stakeholder Engagement below, with the overall objective being to build genuine relationships with key stakeholders through timely and meaningful engagement.

FIGURE 3

Application was guided by the following broad principles (aligned with the organisation's sustainability principles):

- We respect the values of all and listen to and consider our stakeholders' views throughout planning and decision-making.
- Our key stakeholders are entitled to objective, reliable, relevant and timely information about our activities and to open communication on environmental, social and economic issues.
- The goals and parameters for stakeholder engagement are clearly communicated to stakeholders.
- Sufficient time, resources and flexibility is allowed for stakeholders to actively participate in consultation processes.

- We are committed to maintaining the integrity of the engagement process through honest and open dialogue, delivering on our promises.

(Steyntjes, 2007)

KEY FEATURES

Framework (Figure Four below) development included stakeholder analysis and categorisation (into major, significant or minor stakeholders); centralisation of stakeholder databases; internal and external stakeholder research; development of a stakeholder engagement policy, principles and procedures to govern the level and timeliness of the organisation's stakeholder engagement; and development of annual stakeholder engagement plans for major stakeholders (for implementation by nominated managers) based on stakeholder feedback.

Supporting policies and guidelines were developed and communicated to all those involved in the process, including the executive.

A designated stakeholder manager was assigned responsibility for management of the relationship with each key corporate stakeholder group. This function was frequently performed by regional mangers at the regional level. General managers had accountability for stakeholder organisations within their divisions. They were required to appoint stakeholder managers who were responsible for maintaining effective relationships and internal intelligence reporting.

A member of the corporate communications division was charged with managing the framework/system and supporting the stakeholder managers in their engagement roles.

Each stakeholder group was engaged in accordance with an annual plan with clear objectives, strategies, key messages, activities and accountabilities.

The framework included arrangements for electronic data capture, management and sharing between stakeholder managers. It also incorporated mechanisms for exchange of intelligence between stakeholder managers, including corporate strategic issues papers and positions, to ensure a consistent approach to issues management with all stakeholders.

The framework included high-level stakeholder reference groups or workshops to function as joint planning forums involving the organisation's most salient stakeholders on matters of strategic significance.

FIGURE 4

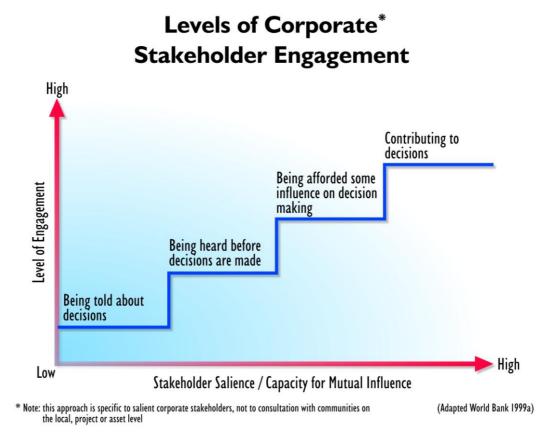Sinclair Consulting Stakeholder Engagement Model©

In principle, the level of stakeholder engagement was determined by the salience level of the stakeholder group and/or level of likely interest of that group (see Figure Five below).

The system was designed to be measured and improved annually on the basis of a formal research and review process. This centred on qualitative and quantitative research to determine the perceptions and expectations of the organisation's key stakeholders with regard to its stakeholder engagement performance.

It provided data for evaluation of the stakeholder engagement performance of individual managers, as well as information for issues management and strategy-making purposes, and for design of the annual stakeholder engagement plans.

Integration with other organisational systems (including social scanning as part of annual strategic planning) and communication and training to embed or culturally integrate the approach, were key elements of the execution or implementation of the system.

FIGURE 5

Levels of Corporate* Stakeholder Engagement

* Note: this approach is specific to salient corporate stakeholders, not to consultation with communities on the local, project or asset level

(Adapted World Bank 1999a)

A key factor in successful internal take-up of the Stakeholder Engagement Framework was effective internal collaboration on its design, as well as effective communication to encourage adoption of the system and the approaches to stakeholder engagement that it reflected, ie: designed to embed the function into normal business practice and organisational culture.

Findings were formally presented at mangers forums; regular stakeholder engagement workshops were held; a designated stakeholder engagement co-ordinator (located in the corporate communications division) was appointed to provide assistance and manage the system; and routine internal communications supported effective and systematic stakeholder engagement.

OUTCOMES

The Stakeholder Engagement Framework is providing an effective management system for corporate stakeholder engagement within the organisation. It has proven to be successful in enhancing stakeholder engagement and associated business performance.

The model reflects current and emerging trends in stakeholder engagement practice and provides a legitimate management system around this imperative, which is central to the way that the business functions.

It is a formal, integrated management system for stakeholder engagement, based on and continuously informed by consultation with both internal and external stakeholders. It is effectively resourced, managed and measured – and it is a core business function that informs strategy development.

The model supports symmetrical, ethical and continuous engagement with stakeholders who can contribute substantially to the development of the business and provides the platform for effective sector-wide collaboration on matters of mutual interest.

The organisation reports many benefits of having stakeholder engagement embedded as a core function and the adoption of a strategic and systematic approach, including:

> …enhanced trust and credibility through improved relationships at various levels of the organisation; better outcomes for communities, stakeholders and the environment through early and genuine engagement; faster [regulatory] approvals, with stakeholder managers fostering organisational interaction and playing an important role in issues resolution through new initiatives; improved service for major and significant stakeholders through dedicated resources and early and open exchange of information; and better decision making through corporate intelligence, consistent messages and understanding of organisational position on matters. (Ferrari ,2008, p.5).

APPLICABILITY

The principles of the model and the processes associated with it are readily applicable at both the project and the corporate level and the model is readily transferable across various organisations.

A similar model has been applied in several public and private sector organisations to effectively manage stakeholder engagement activities.

Most notably, it is being successfully applied in a global resource company, to support the multi-billion dollar growth of the company's Western Australian, Pilbara-based operations. The pace of growth, multiple stakeholders and multiple internal and external approval requirements, have dictated a *fluent and rigorous* approach to community stakeholder engagement.

In this context, the model functions to support ongoing, effective dialogue with stakeholders potentially impacted by or interested in the implications of the company's growth.

Significantly, it provides an ongoing gauge of stakeholder sentiment with regard broadly to the organisation's stakeholder engagement performance … as well as response to specific growth impacts. This information informs development of mitigation plans or management strategies associated with growth impacts.

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