

Common mistakes in stakeholder engagement

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Stakeholder management can be an effective risk management tool. But simply engaging for purposes of reporting or compliance and governance underestimates the real value of stakeholder engagement.

These days companies issuing sustainability and integrated reports do engagement half-heartedly, as is evident by the meaningless tables and lists of stakeholders and the variety of engagement methodologies displayed in these tables – all without providing context and feedback on how stakeholder input is used to shape the future of the company, ensure future sustainability, or is taken into consideration in existing company strategies and management priorities.



Based on our experience and research the following are common mistakes made in stakeholder engagement:

1. **Identifying stakeholder groups too narrowly:** Very often important stakeholders are forgotten because internal stakeholders do not have an opportunity to provide input and the details of the external stakeholders they work with regularly. For example community relations/investment and development divisions work with international and local development agencies or non-profit/non-governmental organisations that represent stakeholder groups outside of the experience of the corporate affairs division who is in charge of engagement.
2. **No balance between stakeholder groups:** Often the most important stakeholders – by definition the most influential ones – are those that can influence share price or have direct access to the board. “Less important” stakeholders such as community groups or environmental groups are not even considered because they represent a “can of worms” or opinions that boards and management would not like to deal with.
3. **Underestimating the value of diversity:** In most cases companies predefine engagement methodologies based on their own worldview. Those in charge are based in convenient and well-resourced corporate head offices and distanced from the real experience of geographically remote offices. And as such valuable and diversified stakeholder opinions are excluded from the engagement process.
4. **Choosing to ignore different voices:** Once in the engagement process companies and their representatives generally choose engagement methodologies that are familiar to them, i.e. formal discussions, without understanding the various and different communication styles of their stakeholders. Not having insight into specific cultural nuances provides opportunities for misunderstanding, misinterpretation and conflict.

5. **Confusing communication with engagement:** Companies often lose sight of the real reason for engagement. Once discussions get heated, those representing the company choose to “state their view/case” or use the opportunity “to inform” or “defend activities/actions”. By its nature, engagement is a dialogue and not a monologue. Engagement is best when the company initiating the engagement enters into it with an attitude of listening rather than telling.
6. **Not being truthful:** Stakeholder engagement is initiated by companies for a clear, specific purpose. The purpose is either with a view to comply or to report or to obtain a licence to operate – there is always something to be gained. Companies will not make the effort and dedicate time or spend money on engagement if there was nothing to be gained from the process. Concealing or masking engagement as a way to “connect” with stakeholders or obtain feedback or input or perceptions for the good of the community is not ethical or fair. No engagement is done simply for the good of company stakeholders and this should be acknowledged and proactively managed so that expectations of all concerned are met.
7. **Communication vs. engagement:** Communication is a critical part of engagement, but there should not be confusion about the outcomes or objectives of specific engagements. Communication is about telling or informing and engagement is about listening and hearing. Engagement requires honest, open, fair, representative communication styles but in essence is not communication.
8. **Balance and representation:** The failure to identify the right stakeholders or representatives of stakeholder groups – complicated by failure to listen to a variety of stakeholder opinions – has turned many an engagement session into a walkout session. Those who shout the loudest are often the only voices heard. Deep insight and strong communication skills are required to ensure that all voices are heard.
9. **Expertise, skills and competencies:** Many companies try to conduct engagement in-house as it is seen as part of communication strategies in general. This has two negative impacts: Either the company uses the wrong person with the wrong skills and who does not have the ability to engage deeply, meaningfully and knowledgeably; or the representative ends up defending the company. Ensuring that the right internal stakeholders are part of the engagement process is as important as engaging with the right external stakeholder audience.
10. **Outcomes:** Often companies go into engagement with an attitude of: “Let’s get this over and done with and just listen to what stakeholders want.” Not only does this flagrantly ignore the value of engagement and show a lack of insight into the importance of engagement, but a lack of planning and specific outcomes renders the engagement completely null and void. Preparation for engagement with not only strategic objectives and outcomes in mind, but also considering the feedback process to stakeholders, is highly undervalued, and sometimes even ignored. Engagement is not over until feedback is provided to those with whom the company has engaged.

Next Generation Consultants have assisted numerous companies all over Africa with stakeholder Management activities. These include stakeholder management plans and strategies, impact and risk assessments, stakeholder engagement activities as well as reporting on stakeholder management practices in Sustainability and Integrated Reports.

With more than two decades' experience, three published books and tool guides and several insightful trend releases and articles, Reana Rossouw is one of Africa's leading experts on social innovation and related fields. Her company, Next Generation, is a specialised management consultancy that helps investors and social purpose organisations to strengthen their ability to address complex and challenging social issues.

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