MULTI-STAKEHOLDER INITIATIVES – THEORIES, CONCEPTS AND TYPOLOGIES[1]

The concepts of *stakeholders* and the practice of *multi-stakeholder collaboration* are far from new, but still do not enjoy uncontested understandings or definitions. This situation requires us to delineate characteristics of each that resonate with a field of study centred on civil society organisations and governance, which are political categories.

This paper does so by briefly reviewing major theories and concepts that are already being used to study the general field of (multi-)stakeholderism, which can been seen as a subset of three bodies of theory and literature: one on inter-organisational relations (e.g., Alexander, 1995); another on the 'ecology' of organisations in operating environments (e.g., Scott and Meyer, 1994); with a third on collective action (e.g., Ostrom, 2005). They are largely informed by for profits in 'modern' countries. This location already sets a flag of caution because civil society is made up of much more than just formally organised / registered associations of people.

Stakeholders

Stakeholders are typically understood in two frames of reference – organisation-centred or social-intervention centred. The organisation-centred concept of a stakeholder is dominated by corporate/business application, which usually translates into a person or entity that has a primary/direct or secondary/indirect interest in what a firm is up to.

> **Primary Stakeholders** - usually internal stakeholders, are those that engage in economic transactions with the business. (For example stockholders, customers, suppliers, creditors, and employees).

> **Secondary Stakeholders** - usually external stakeholders, are those who - although they do not engage in direct economic exchange with the business - are affected by or can affect its actions. (For example the general public, communities, activist groups, business support groups and the media).[2]

Mainstream stakeholder theory is typically *firm-centred* from which the interests of other parties are interpreted in terms, for example, of the amount of leverage each type of stakeholder can exert and hence how relatively influential they are vis a vis businesses' reputation, performance and risk. In theory and practice, at its own calculation, a business has the power to recognise or ignore stakeholders, such as hostile media or critical civil society organisation or unhappy employees. Initially, a lot of attention was paid to the question: who is a legitimate stakeholder? Is there a fixed rule/standard to be applied? This issue has given way to a nuanced, context + objective assessment of which stakeholders do(not) count, how much and why. Generally lacking are systematic comparisons of stakeholders types and the contextual factors to which they are (most) sensitive. For example, are businesses or CSOs more or less sensitive to legislation, resourcing, public reputation and trust, regime type and so on? They are also pretty generic covering business as a category rather than comparing, say, stakeholders in banking and in an oil company.

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[1] Extracted from a Background Paper for a methods worlshop for the CSO Task Team studies on multi-stakeholder initiatives 16-17 February, 2015.

[2] http://en.wikipedia.org/wiki/Stakeholder_%28corporate%29#Stakeholder_theory

An old, leading train of thought has linked stakeholders to company strategy (e.g., Freeman, 1984; Freeman and McVea, 2001): the future is co-determined by stakeholder behaviour, which has to be 'managed'. In its turn, this conviction has pushed businesses towards strategic alliances with others, which can include non-businesses seen in Public Private Partnerships. In these collaborations corporate viability remains a principle driver, underpinned by logics of commodification and metrics of wealth creation and accumulation.

In contrast, *social intervention* related stake holding is common within public policy and the international development system where a social problem is the centre of attraction. Stakeholders then become all those co-responsible for and able to influence – for good or ill – the intended outcome.

> A stakeholder is any individual, community, group or organisation with an interest in the outcome of a programme, either as a result of being affected by it positively or negatively, or by being able to influence the activity in a positive or negative way. There are seen to be three main types of stakeholder:
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> **Key stakeholders.** Those who can significantly influence or are important to the success of an activity.
>
> **Primary stakeholders.** Those individuals and groups who are ultimately affected by an activity, either as beneficiaries (positively impacted) or dis-beneficiaries (adversely impacted). In a rural roads activity, primary stakeholders might include both the petty traders and small farmers whose livelihoods are positively affected by the new roads, and those households who are adversely affected, such as by having to relocate because of road widening.
>
> **Secondary stakeholders.** All other individuals or institutions with a stake, interest or intermediary role in the activity. In a primary health care scenario, secondary stakeholders might include the local health workers, health department officials, the Ministry of Health, NGOs, DFID, other donors, private doctors and so on. (DID, 2002:2.1)

Systematic processes are used to identify stakeholders, accurately assess their interests, estimate their importance, willingness and capacity to act and determine how they should (not) be involved and when their engagement is critical to effectiveness.

In both cases, the implicit issue of any approach to stakeholder analysis and engagement is the relative distribution of different types of power. And, in both cases, these factors are tied to the specificities of context and objectives over whatever time frames make sense. While common sense rules may be useful, the complexity of actors, interactions and goals means that differential sensitivity to context factors needs to be determined case by case.

Multi-Stakeholder Initiatives

A way to get a conceptual and analytic handle on MSIs is through the typologies used to distinguish between them. This section starts in this way and then moves to what is probably most appropriate for the Task Team Studies.

MSI Typologies
It is pretty clear that taking a stakeholder approach means finding ways to identify and engage with them. In one variation of MSI types, three strands of logic are in play. One

follows the principle of *comparative advantage*; each party brings a particular competency to the collaboration. Another follows the principle of '*rights'*, each party has a 'claim' on the initiative. A third principle homes in on *governance* which is becoming more and more private. However, it is not straightforward to categorise MSIs in this way.

Going back to the nineteen eighties, if not before, a common view on the first is captured by the notion of tri-sector collaboration: a short hand for MSIs involving three types of institutions which make up a 'modern' society. Each sector has its own logics, responsibilities and skill sets that are needed to tackle social issues (Adelman and Morris, 1997). Governments regulate, businesses create wealth and civil society brings in the values and outreach of social organisations. Aligning the efforts of all three around a shared issue becomes more effective than each contributing alone. Theories of new public management reinforced the idea of public sector efficiency more closely modelled on business practices and collaborations.

A rights or 'claiments' perspective on MSIs tries to compensate for the tendency of political systems – democratic or otherwise - to neglect and marginalise particular social groups who, in practice, enjoy less rights than others. In theory, all citizens should enjoy equal rights, so any decision about or shaping of public policy should be open to those affected by it (e.g., Gillies, 1993). The selection and inclusion of the right stakeholders becomes a principle concern, as does their capabilities to actually participate on an adequate/equal footing with other, typically more powerful, stakeholders

By and large, until the early nineteen nineties these approaches to MSIs operated at different scales within the confines of a nation state. As greater global interconnectedness took hold, so did cross-border issues of global warming and sustainable use of natural resources feeding transnational supply chains. Both markets and states had failed to adequately address these issues, hence the emergence of transnational MSIs, stimulated and punctuated by major conferences with many hundreds of 'mini-MSIs' involving complicated relational arrangements (Pattberg and Widerberg, 2014). How transnational MSIs connect to local MSIs remains a work in progress.

A third principle and type of MSI is established to guide and 'govern' multi-actor processes that are intended to change institutional rules, not by coercion but by negotiation. Torfing, *et al*, (2012) use the term 'interactive governance' to delineate MSIs that are defined as:

> … the complex process through which a plurality of actors with diverging interests interact in order to formulate, promote and achieve common objectives by means of mobilizing, exchanging and deploying a range of ideas, rules and resources' (p. 14).

These types can act within or above/across countries. An example is the ISEAL Alliance which brings under one normative umbrella a group of MSIs dedicated to introducing and increasing the impact of sustainability standards.

Two further MSI typologies are on offer, both relying on the something-nothing label of 'partnership'. In one, one Huijstee and Glasbergen (2007) make a distinction between *institutionalist* and *actor-centred* perspectives (2007). The former are concerned about issues of coherence and power that characterise MSIs as institutional players. The latter are more functionalist, looking at different micro designs that effect performance.

A practical typology relies more on separating out MSIs by what they do – what they deliver - rather than their stakeholder participation, process design and so on, which come later. In examining transnational Public Private Partnerships, Beisheim and Liese (2014) make a distinction between: (a) *service delivery/implementation*, (b) *transfer of knowledge*, and (c) *setting standards*. These distinctions are more about the primary objective than being mutually exclusive.

Taking a civil society perspective, May Miller-Dawkins (2014) asks when does it make sense to engage in an MSI? Her search for an answer concentrates on what type of participation is in play: representative, deliberative of functional.
> *Representative* MSIs have stakeholders nominated by stakeholder groups which are represented on governing structures (e.g., Roundtable on Palm Oil Sustainability)
> *Deliberative* MSIs focus on consensus and dialogue which can be designed to ensure that voices of marginalised and 'non-organised' stakeholders are heard (e.g., World Commission on Dams).
> *Functional* MSIs concentrate on technical problem solving or resolving conflicts (e.g., Alliance for Water Stewardship).

She points out that 'participation' can include publically choosing not to join an MSI in order to exert influence by campaigning and external monitoring.

These, essentially international, examples may or may not translate from or into in-country typologies. Literature on in-country MSIs is weighted towards binary 'social partnerships' between business and civil society organisations (e.g., Seitanidi, 2014). Often these arrangements are linked to the concept and practice of corporate social responsibility (CSR) and, more recently, creating shared value (CSV) (Moore, 2014).

A yet more recent approach to MSI typologies is being driven by the notion of complexity in local problems and of global governance failure. Local problems are seldom simple to fix and typically require integrative solutions involving different types of collaborations. According to Kania and Kramer (2013:39), MSIs are one type of collaboration alongside: funders collaborative, public private partnerships, social sector networks and collective impact initiatives. These authors identify five conditions for success: a common agenda; a shared management system; mutually reinforcing activities; continuous communication; and a 'backbone' organisation as the necessary interlocutor. A global perspective is that nationally-based and government-driven arrangements to address collective international problems are not up to the task. New communications possibilities make enable global networked alternatives to tackling global issues a practical and necessary option. A typology with ten categories has been identified. These networked solutions concentrate on: knowledge; operations and delivery; policy; advocacy; watchdogs; platforms; global standards; governance; networked institutions; and diasporas (Tapscott, 2013:21-12). Why and how these translate nationally remains unclear.

MSI Interlocution
A feature that is not tracked across these typologies is what we are calling an interlocutor: the entity that **A**ssembles, **G**uides and helps to institutionally **E**mbed changes of MSIs with diverse shapes, sizes and durations: an interlocution process of AGE-ing. The

environmentally related transnational MSIs analysed in (Pattberg and Widerberg, 2014:16-17) are mainly led by government and NGOs who find that:

> A reoccurring observation is that having full-time staff employed to service the partnership is conducive to effectiveness (Szulecki, Pattberg, and Biermann 2011; Beisheim 2012). A high level of institutionalisation with formal organisation and bureaucracy is thus to prefer over a loosely coupled network structure with, for example, a hosted secretariat within an already existing organisation. For example, it has been shown that a partnership with a permanent and independent secretariat is more likely to be successful than a hosted partnership (Beisheim 2012). (in Pattberg and Wittberg, 2014:26)

Nine attributes of an interlocutor – including dedicated full time staff - and of interlocution processes are recommended (Pattberg and Wittberg, 2014:27). The issue of MSI governance is still an open question. It would appear that the degree of institutionalisation of an MSI, in terms of: (a) *obligation* in being bound to a commitment, (b) *precision* in rules as clear and unambiguous, (c) *delegation of authority* to enforce what has been agreed makes a positive difference. But this still says little about the nature of the management and 'manager' of the process – a large knowledge gap.

My own work comparing newly forming types of interlocutor which do not rely on contracting alone, points to seven attributes, where technical competence may or may not be an eighth. The seven are: (1) *Voluntarism* matters. Coerced collaboration across multiple types of actors is seldom cost-effective. Social partnerships arise because people want them to, not because they are legislated to exist. (2) Consequently, interlocutors bring a *'servant' quality of leadership* that exerts influence without formal authority, while treating conflict between parties as a given that needs to be made productive. Differences in interests are assumed to be in play. A harmony model of change is not relied on. (3) Another is an ability to gain the *trust* of stakeholders on the one hand while engendering trust between them on the other. Trustworthiness counts. (4) Awareness and analysis of the '*problem system'* they are involved with and the need for scale to make change meaningful and not piecemeal. (5) Perhaps more critical is sensitivity to the distribution of *power and authority* that will make or break partnership efforts, allied to realistic strategies which constructively deal with this political fact of life. (6) Another vital competence is the attribute of a *polyglot,* able to understand, translate and communicate across partners with their different jargons and vocabulary which may involve limited literacy and access to modern communication technologies. (7) Finally, how their *governance* is constructed and works must provide adequate 'sovereignty' in the way that decisions are taken and implemented. This attribute is typically co-determined by the conditions attached to the finance and other resources that partnering relies on. Which raises the question of whether or not public resourcing and the politics involved can satisfy the conditions needed for these attributes to come about and endure. Is private, philanthropic finance that lies behind many of the examples given, a necessity?

A general point from this view and experience is that unless interlocution processes explicitly include issues of power and politics they will be less well equipped to deal with the real life of bringing about change in society that is more ecologically sustainable and socially equitable.

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Resources
National Coalition for Dialogue and Deliberation (NCDD) www.ncdd.org
International Association of Facilitators www.iaf-world.org
Principles for Successful MSPs
http://www.wageningenportals.nl/msp/topic/principles-what-are-key-elements-succesful-msps
EcoAgriculture Partners http://www.ecoagriculture.org
Social Standards Round-tables / GTZ http://www.social-standards.inf
The Sustainable Food Laboratory http://www.sustainablefoodlab.org
The Water Dialogues: Multi-stakeholder Dialogues on Water and the Private Sector
http://www.waterdialogues.org/index.htm

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