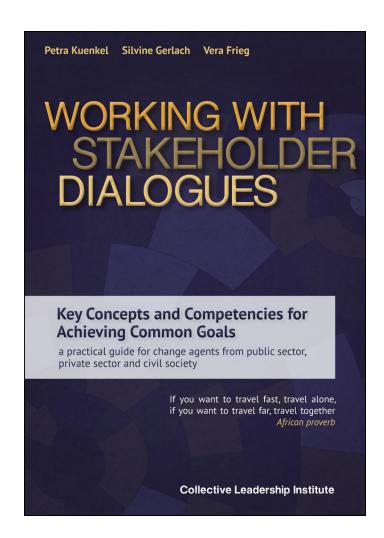Petra Kuenkel   Silvine Gerlach   Vera Frieg

WORKING WITH STAKEHOLDER DIALOGUES

Key Concepts and Competencies for Achieving Common Goals

a practical guide for change agents from public sector, private sector and civil society

If you want to travel fast, travel alone,
if you want to travel far, travel together
African proverb

Collective Leadership Institute

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Books on Demand

ACKNOWLEDGEMENTS

In the spirit of Collective Leadership, this handbook outlines a framework and brings forth examples of what can be made possible when a diverse group of individuals with a common interest come together and work jointly toward a common goal of sustainable development. We would like to acknowledge and thank the various contributors who not only helped develop the content of this publication, but also helped take this book from the drawing board and into reality.

Much of the knowledge contained in this book has been gained from the combined experience of participants from the Collective Leadership Institute's workshops series entitled "Working with Stakeholder Dialogues". As of the date of publication of this book, we now count over 400 alumni from over 50 countries, and active in the public and private sectors as well as civil society. Without the extensive experience and insight of these individuals, this book would not have been possible.

Although we hope that we have provided Stakeholder Dialogue practitioners with a substantially new approach to making cross-sector collaboration work for sustainability, we are aware that most new ideas have been touched or thought through by other people, too. We believe that there is always a history of conceptual thought. We are grateful for the inputs the Collective Leadership Institute's concept of Stakeholder Dialogue had from Minu Hemmati. We also acknowledge the inspiration we have received from the works of Bill Isaacs, Peter Garrett, Otto Scharmer and Adam Kahane. Our Dialogic Change model has roots in their approach to change. The model is based on our ample experience in Stakeholder Dialogue, but in developing it, we

CASE EXAMPLES

Most case examples in this practical guide have been developed in cooperation with the Program Capacity Development for Partnerships with the Private Sector (CDP) of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH which, since 1999, has implemented over 1.200 partnerships with the private sector on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). Through the concept of CDP, GIZ passes on its expertise and experience in joint development projects to institutions in developing and transition countries and emerging economies. The advisory and training approach communicates the appropriate know-how to local partner organizations, enabling them to fulfill the role of the public partner in cooperation with the private sector. It is aligned to the specific needs of the partner concerned and focuses on three types of Cooperation: Development Partnerships, Public Private Partnerships (PPP) and Stakeholder-Dialogues. The expertise required is conveyed in individually tailored training measures and in-process advisory services.

List of case Examples:

1. Sustainable and joint use of land and resources in the Croatian Adriatic coastal region*
2. Public and private sector cooperation and capacities in the area of Vitamin A food fortification*
3. Corporate Social Responsibilities and social standards in China*
4. Strengthening the capacity of local government in South Africa*

5. The National Development Council (NEDLAC) in South Africa
6. African Cashew Alliance
7. The Global Reporting Initiative (GRI)*
8. Common Code for the Coffee Community (4C)*
9. The Ethical Trading Initiative (ETI)
10. Namibian Ministry for Agriculture, Water and Forestry*
11. Land-restitution claim in the community of Makuleke in South Africa
12. National Labor Programs on Safety and Health at Work
13. Sertão initiative
14. Public Service Reform Program, South Africa*
15. Promotion of competitiveness of Senegalese small and medium sized enterprises (SMEs)*
16. Worldwide Enhancement (WE) of Social Quality*
17. Advancing legal and social equality for women in Bangladesh*
18. The Common Code for the Coffee Community (4C): Phase 1*
19. The Common Code for the Coffee Community (4C): Phase 2*
20. The Common Code for the Coffee Community (4C): Phase 3*
21. The Common Code for the Coffee Community (4C): Phase 3*
22. The Common Code for the Coffee Community (4C): Phase 4*
23. Key success factor 1: High-level and cooperative support in 4C*
24. Key success factor 2: African Cashew initiative(ACi) *
25. Key success factor 3: Development of Cambodian land policy declaration *

26. Key success factor 4: Development of Cambodian land policy declaration*
27. Key success factor 5: The Common Code for the Coffee Community (4C)*
28. Key success factor 6: The Common Code for the Coffee Community (4C)*
29. Key success factor 7: development program to promote the competitiveness of Senegalese small and medium sized enterprises (SMEs)*
30. Key success factor 8: African Cashew initiative*

These projects are supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)

TABLE OF CONTENTS

BIBLIOGRAPHY

THE COLLECTIVE LEADERSHIP INSTITUTE

Who we are

Our Vision

Our Mission

What we stand for

Who we support

What we offer

Our work is based on the principle of Collective Leadership

PREFACE

Social, economic and environmental sustainability requires a change in the human mindset. It also requires innovation, inventiveness, and, above all, people who are not only inspired by the potential of sustainability but who are willing to implement change at all levels of the global society. But it also requires that we acquire new competencies: the ability to bring about change collectively, on a broad scale.

The challenges of sustainability have reached the entire globalized world. Our success – or failure – in moving towards a more sustainable way of living on this planet affects everybody: societies' global interdependency is palpable when it comes to issues of sustainability. Currently, we face a lack of dialogue and collaborative leadership skills, an absence of collective responsibility for a globally sustainable future and an inability to create and implement solutions jointly beyond sectors, institutions, national societies and cultures. There is still too little awareness of this interdependency and the need for joint action towards sustainability. Constituencies and sectors within one country often work in isolation of each other and sometimes in competition. Too few leaders anchor their action in the concern for the greater good. This has resulted in an inability to jointly find long term and sustainable solutions to the challenges humankind is facing.

However, our globalized world needs innovation for sustainability based on people's ability to think together, to cooperate across sectors, nations and cultures, and to mutually respect differences. In our view, the capacity for constructive, result-oriented dialogue and value-based collaboration is at the core of humankind's ability to master challenges such as climate change, poverty, economic

justice, energy security, resource management, peace, and population growth, among others.

Working towards a more sustainable world requires bringing together differing world-views and balancing conflicts of interests for **responsible business, people-oriented public services and a strong civil society**. Solving the complex challenges arising from globally linked problems, conflicts, economic disparities and the effects of climate change increasingly calls for result-oriented collaboration between the public sector, private sector and civil society. This requires new competencies for globally and locally responsible leaders: we need to generate change initiatives towards sustainability that can be supported collectively by all parties involved. Solutions to current and future challenges can only be initiated and implemented jointly by many different actors in global and local society. A proactive approach to taking individual and collective responsibility for a more sustainable future also includes developing the human capacity to engage heart and mind more consciously for the common good.

The different actors in global society need to communicate respectfully, in a way that shows that they appreciate each other, despite serious differences in opinion. We need to enable people from various backgrounds to see the world through different lenses, yet also to begin to see the whole. We need to create opportunities for people to develop a deeper sense of possibility for future sustainable action. We need to build trust-based stakeholder relationships and increase our ability to communicate and partner with multiple stakeholders.

Such a collaborative approach can become the norm in the daily business of mastering the challenges of sustainable development: poverty, injustice, climate change, resource management, technological development, political

participation, green technologies, energy security, peace-building, social cohesion, healthcare, diversity management, sustainability standards, public-private partnerships for development, democratization, education, sustainable economic development and good governance. We can implement the collective action that is required to overcome the challenges lying ahead for humankind.

The Common Code for the Coffee Community Association (4C) was founded in 2006 and represents an international strategic alliance for sustainability and responsible supply chain management in the coffee sector. It developed out of a cross-sector partnership between three stakeholder groups – Coffee Trade and Industry, Coffee Producer Organizations and International Civil Society Organizations. The 4C association is a remarkable example for the creation of a global community that has joined forces to continuously improve the social, environmental and economic conditions for the people making their living with coffee.

"Here was a growing community of people who had voluntarily decided to join a movement of sustainable business practices: company representatives, leaders of coffee cooperatives, coffee farmers, researchers, and activists from civil society, presidents of coffee federations, lawyers, and sustainability managers. These were people who would not necessarily talk to one another, they would not get to know each other under normal business circumstances. The initiative for more sustainable coffee production drew people together whose lives and worldviews differed in the extreme. [...] The participants in the coffee initiative would have all agreed that it was a strenuous process, but not only did it make sense, it was great fun. Back home they promoted the business value of sustainability engagement, explained the marketing advantages of sustainable coffee,

expressed their concerns that this would really benefit small coffee farmers, and presented the benefits of an ambitious public-private development project. [...] Despite all the repeated political fights and contradictory positions, people felt that there was a climate of responsibility for the future."[1]

If more people knew how this was possible, we would have a greater chance of being more in tune with the potential of human evolution, as we become more in tune with our ability to sense a sustainable future and are equipped with the skills to implement necessary changes. We would have a greater chance of bringing forward humanity's capacity to build a sustainable world. We could trust that collective intelligence is possible, we could collectively see more easily what needs doing and we could more actively take on the work of changing the world to become a more livable planet for all.

Stakeholder Dialogues can become a bridge between the individual's capacity to tune into sustainable action and the procedures, structures and methodologies that need to be collectively applied to change our societal and global systems towards increased sustainability. Stakeholder Dialogues cultivate innovation, inventiveness, pragmatism, integration and the ability to implement initiatives jointly. So, Stakeholder Dialogues are a global learning field: if we begin to master the art of processing difference into progress, we have taken a decisive step beyond the pattern of fragmentation that is currently so much a feature of our globalized world.

At the core of Stakeholder Dialogues is the principle of **collective leadership**.

Collective Leadership for sustainability is the capacity of a group of leaders to contribute to a more

sustainable future through assuming joint and flexible leadership in service of the common good. It takes place by various individuals on a collective scale towards the larger and integrated goal of economic, social and environmental sustainability. **At the core of collective leadership is the human capacity to dialogue and transform differences into progress: it enables the transcendence of self-centered views – a pre-requisite to successfully addressing the challenges of globalization and sustainability**.

Only a dialogic way of change towards sustainability creates commitment and the willingness of all to find innovative solutions to today's challenges. When co-creation of the future is more consciously understood as a collective task, active engagement for a sustainable future follows – by individuals, organizations and political actors. A climate of collective leadership arises. Hence, Stakeholder Dialogues create passion for change: they open a gateway for emotional commitment to creating a better future together.

In this sense, this practitioner's guide to **Working with Stakeholder Dialogues** is an important contribution to sustainability, as it provides you with the core methodology for creating collaborative change in a climate of collective leadership. Stakeholder Dialogues can become a vital contribution to making our world more sustainable – as a key methodology for finding solutions to complex challenges in the area of sustainability, new forms of governance as well a global learning and innovation processes.

Whether they fail or succeed depends less on a rigid instrument, or a blueprint sequence of action, than it does on our ability to learn the art of creating a space in which collective intelligence can emerge: **the art of respectfully processing differences into progress**. But as with all of the arts, there are skills we need to develop to succeed and

to bring our gifts to the world – we need to know when and how to use dialogue, and when and how to take action.

We need to know effective ways of engaging stakeholders to ensure that collective knowledge, individual experience and expertise are harvested sufficiently. We need to be familiar with methodologies that generate productive and outcome-oriented dialogue around complex social, political and environmental issues. We need to attend to the factors that enable a sense of ownership and subsequent commitment to implementation. We need to broaden our strategic abilities and implementation skills in using Stakeholder Dialogues for initiatives that require collective action. We need to know when to attend to differences and when to attend to consensus-building. We need to develop our ability to sense when open dialogue is required and when to consolidate agreements. Therefore, we need **essential tools for the successful implementation of result-oriented Stakeholder Dialogues**.

This practical guide is based on experiences with successful Stakeholder Dialogues and includes the experience of a few hundred alumni that have taken part in the educational programs of the Collective Leadership Institute. It focuses on understanding success factors in Stakeholder Dialogues. It also helps you to develop your competence in assessing when to apply the Stakeholder Dialogue approach. It will enhance your skills in initiating and implementing Stakeholder Dialogue processes successfully. And it introduces you to the key elements of Stakeholder Dialogues: how to prepare, implement and evaluate them.

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[1] *Kuenkel 2008: 204-205*

INTRODUCTION

WORKING WITH STAKEHOLDER DIALOGUES

Stakeholder Dialogues are a methodology for designing and implementing consultation and cooperation in complex change processes that require different interest groups to be included and integrated. Well-structured Stakeholder Dialogues can create and cultivate ownership of change towards sustainability.

Stakeholder Dialogues are increasingly used as an important tool for sustainable development initiatives, adaptation to climate change, strengthening economic development, social dialogue and efforts to achieve the Millennium Development Goals (MDGs). Many global and societal actors have discovered and further developed this approach to collaborate with different stakeholders, to find solutions to complex challenges and to implement solutions collectively. Dialogue is often the right path to take to ensure that solutions are based on different perspectives and competencies.

> ↺ **What are stakeholders?**
>
> Stakeholders are people or institutions that have an interest in a particular course of development, or a particular decision, either as individuals or as representatives of a group. This includes people who influence a decision, who are key players in implementation, or who are affected by the development.

The intention of stakeholder participation is, in essence, dialogic: to get people from different walks of life and with different perspectives into a conversation that will lead to a practical outcome. Dialogue allows one to integrate different perspectives, standpoints and interests into planning and implementation processes.

In dialogic terms, Stakeholder Dialogues are guided conversations that ensure that people with different viewpoints and sometimes contradictory interests exchange (world)views. The most important common feature of Stakeholder Dialogues are structured conversations about certain issues of common interest or concern between people

- from different sectors and constituencies;
- with different perspectives and points of view; and
- with different interests.

These conversations improve planning and decision-making, solve problems, contribute to finding innovative solutions, or to designing and implementing joint interventions for change. Stakeholder Dialogues are a vital stepping stone in achieving a common goal, and are therefore often embedded in a short-term or long-term societal or global change process. **Ideally, Stakeholder Dialogues lead to a practical outcome that could not have been achieved otherwise and that can more easily be implemented because all stakeholders involved experience a higher degree of ownership**.

In high-quality Stakeholder Dialogues, differences, sometimes even conflicts, hold the potential for innovative solutions and can achieve goals that ultimately benefit all.

- This can lead to
- trust-building between different stakeholders;
- future-oriented and constructive cooperation between different societal actors;
- innovative solutions to existing economic or social challenges;
- a higher quality and broader acceptance of decisions;
- ownership of and commitment to implementing agreed-upon results;

- collective responsibility for change;
- credible change endeavors;
- sustainable outcomes; and
- long-lasting cooperation structures.

Stakeholder Dialogues often chart unknown territory. Different forms of organizations with subsequently different internal structures, mandates, purposes, values and decision-making procedures meet in a common space, often for the first time. Different, sometimes contradicting, world-views need to be mutually understood and mediated. Different forms of planning need to be negotiated. Different dialogue expectations need to be managed. When people of various backgrounds decide to move into such output-oriented constructive dialogue, they need to develop their communicative competence. This is greatly supported by dialogue facilitators, dialogue coordinators or stakeholder brokers: people who understand the different worlds, earn the trust of the different stakeholders and are able to move between the worlds. Successful Stakeholder Dialogue facilitators know how to design and facilitate effective communication processes.

Stakeholder Dialogues are not a tool for unilateral communication, for conveying information to stakeholders, for example. They are only appropriate if the implementation of change is envisaged, or an authentic stakeholder contribution to a decision, a planning process, a strategy, or the design of an initiative is welcomed. The duration of Stakeholder Dialogues can vary, depending on what target results have been set and how deep the engagement and cooperation between the stakeholders in the dialogue needs to be. Well-designed Stakeholder Dialogues can result in partnerships or long-term stakeholder processes, such as cooperation for conflict resolution, standards development, regional development,

or public-private dialogues for improved business environments. They can take place on the macro, meso or micro level of the (global) society, depending on the expected outcome and the stakeholders involved. They can also cover a wide range of content areas, such as

- finding innovative solutions to existing economic or social challenges;
- developing strategies for adapting to or mitigating climate change;
- improving policies and regulation;
- implementing government regulations;
- implementing cross-sector partnerships for development;
- improving the delivery of public services;
- improving the management of natural resources;
- integrating disadvantaged groups into economic development;
- creating an enabling environment for economic development; or
- improving responsible value chains.

Stakeholder Dialogues can be implemented in different forms and with various levels of engagement. They are not 'one size fits all' solutions to achieving lasting impact, but are ways of creating common ground for change. They need to be designed flexibly, depending on the issue, the objective, the participants, the time available and many other factors. Nonetheless, the following aspects are crucial for designing and implementing Stakeholder Dialogues successfully:

- creating a context of trust and continuity to enable the partners and stakeholders to engage in open and honest communication;

- being aware of the important role that dialogue coordinators or stakeholder facilitators play;
- integrating the tangible goals of the Stakeholder Dialogue into a frame, including the overall objectives and a joint vision (sustainable development, for example);
- making sure that the objectives and the goals of the Stakeholder Dialogue match the existing interests of the participating stakeholders and their respective organizations;
- being prepared to understand the different codes of conduct and value systems of the various sectors involved, and being open to these codes and systems; and
- establishing feedback mechanisms between direct participants of the Stakeholder Dialogue and indirect participants ('influencers', 'constituencies').

Stakeholder Dialogues seek to establish true exchange and trust. They are rooted in the principles of transparency and participation, and they recognize the relevance of equity and accountability in interpersonal interaction and communication. Hence, the concept of Stakeholder Dialogues is based on values and principles that need to underlie the planning of every Stakeholder Dialogue, regardless of its structure or level of engagement, and should be guarded throughout the entire implementation process.

The value base of Stakeholder Dialogues is given on pages .

The value base of Stakeholder Dialogues[2]

Being transparent and accountable	For individuals and institutions, accountability means being responsible for one's actions and their consequences. Decisionmakers in the public, private and civil sector thus become answerable to the people taking a stake in their decisions. For their decisions and actions to be legitimate, a broad range of opinions and interests needs to be considered and integrated into the decision-making process. This also requires setting up transparent communication procedures. Accountability means that those affected by decisions can inquire about the decisionmaking process, thus making it comprehensible and traceable.
Ensuring equity	Stakeholder Dialogues value and consider the contributions of all stakeholder groups equally. This requires consensus-building based on a participatory process with balanced representation, engagement and integration of the relevant stakeholder groups. Tolerance, mutual respect, overcoming stereotyping, and the willingness to reach consensus is indispensible in this process, which allows the voices of those who may be weakly represented in existing position-finding and decision-making procedures to be heard.
Focusing on the contribution to the common good	The particular value that Stakeholder Dialogues can add to programs, projects and other forms of joint undertakings is to reach better decisions and more sustainable solutions by considering a wider range of opinions, interests,

	experiences and competencies. Making a Stakeholder Dialogue effective means ensuring that its focus lies on solution-finding and implementation. This is achieved by consulting a broader range of stakeholders and developing decisions, recommendations and actions that find broad support. It fosters participants' commitment and leadership because they identify with the dialogue process and therefore play a decisive role in its implementation, and as multipliers. Throughout the dialogue process, the contribution to the common good, or the 'bigger picture', needs to be palpable.
Fostering collective leadership	To be effective, results that are developed in an equitable and participatory process need to be implemented through collective leadership. Stakeholder Dialogues foster the development and advancement of partnerships and networks between stakeholders. They increase fruitful exchange, collective action, mechanisms for shared power and collective responsibility.
Ensuring reliable processes	Engaging in a stakeholder process needs the trust of all participants – not only mutual trust, but also trust in the possibility of jointly working towards a common goal, and trust in the process of walking this way together. To build this trust, stakeholders need to be able to rely on a process design, implementation and facilitation that provides for predictable engagement, iterative procedures, transparent planning and a comprehensive system in which each participant knows where and when they can take part in the process.

The value base of Stakeholder Dialogues[3]

Being open to iterative learning	Stakeholder Dialogues can contribute to the emergence of collective intelligence and innovative solutions. To live up to this potential, they need to be designed and implemented with awareness of collective human communication processes. Beyond discussing the subject matter and defending points of view, participants need to adopt a learning attitude. This cultivates an atmosphere for new ideas and solutions to emerge that would not have evolved otherwise. It requires the individual participants of a Stakeholder Dialogue to be open to, and willing to learn from, each other, to be self-reflective and to allow for change in their own perspectives. It also requires an openness to venture into the unknown that true equity, participation and consensus-building can promise.

Cultivating consensus-building	Decisions reached by consensus strengthen the ownership that participants develop for results and their implementation. To enable consensus-building, the process design needs to ensure appropriate communication architecture within the Stakeholder Dialogues system. The principles of participation, ownership, inclusiveness and collaborative leadership require a process within the Stakeholder Dialogue where agreements can be reached jointly in meetings specifically designed for this purpose.
Ensuring participation and engagement	To create ownership of Stakeholder Dialogues among the participants, they need to participate and actively engage all relevant stakeholders. All actors need to be brought together. Resources such as information need to be made equally accessible to all. It is important to find ways of including stakeholders who may usually be kept outside of position-finding and decisionmaking processes, such as people with less academic education, less organized stakeholders, or people with few financial means. Inclusiveness strengthens the credibility and legitimacy of a process, since its outputs and outcomes are based on broader stakeholder involvement.
Respecting legitimacy	For all participants to engage in Stakeholder Dialogues and their outcomes, they need to be legitimate. Concretely, this implies that the dialogue needs to be designed and implemented in an accountable, transparent and equitable way and that the initiators or conveners have a sufficient mandate to hold the dialogue. Dialogue process and participating stakeholders need to be perceived as legitimate by those involved, but also by non-participating stakeholders.

How to use this book

Stakeholder Dialogues require very conscious leadership: it can be a challenge to deal with the diversity of cultures, interests and goals among stakeholders. Similarly, it may require leadership confidence to overcome an initial lack of trust between people from different stakeholder groups, particularly if some of them have stronger influence than others. Successfully implementing Stakeholder Dialogues therefore requires multilevel skills development. For the result-oriented implementation of Stakeholder Dialogues,

instruments and tools are essential, as well as a good understanding of what is required in which phase of a Stakeholder Dialogue.

The knowledge and understanding of background **concepts** places the actual implementation of Stakeholder Dialogues into a larger context of the management of change in complex human systems.

For the sensitive and successful design of Stakeholder Dialogues, we need a high degree of **process competence** that enables us to know when informal engagement processes are required, when workshops need to be held, when to attend to emotional issues and when to create the structure for tangible outcomes.

Stakeholder Dialogues are an attempt to change an existing status quo. To do this successfully, we need to understand the context in which the particular stakeholder initiative takes place: the complex system that is built around the particular issue at stake. We need to understand what can foster or prevent change. **System awareness** is a prerequisite for the initiation of Stakeholder Dialogues, and remains an important skill throughout their implementation.

The most important 'tools' for Stakeholder Dialogues are the people who initiate, implement, support and facilitate them. To increase the likelihood of positive impact, Stakeholder Dialogue facilitators need a high degree of **self-awareness**. They need to know their own preferences, strengths and weaknesses. They need to be able to reflect their leadership role and be open to continuous learning.

Self-awareness	Awareness of ourselves is an essential element in the implementation of Stakeholder Dialogues.
System awareness	An understanding of the system (the field we are intervening in or operating in) and its dynamic is crucial for the successful implementation of Stakeholder Dialogues.
Process	Process competence is a key success factor for the design