Engaging with Stakeholders or Constructing Them?
Attitudes and Assumptions in Stakeholder Software

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New activists are engaging in a range of extra-parliamentary activities, including extensive use of the internet, to create political change at local, national and international levels. As new activists become more effective, more sophisticated and, above all, more organised, traditional public relations or ‘PR spin’ is increasingly exposed as not just ineffective, but also an unethical way to respond to criticisms. But growing numbers of state and business organisations are trying to create new relationships with stakeholders that are inclusive, sustainable and aligned with the principles of corporate social responsibility (CSR). A range of stakeholder communication software packages claim to guide and support organisations wishing to create such relationships. However, these software packages can do more than merely offer guidance and support. They can actively influence how an organisation engages with stakeholders by embodying particular discourses that construct stakeholders as adversaries. This article examines two stakeholder software packages, showing how each one’s rhetoric of inclusion accompanies discourses that recreate adversarial relationships between organisation and stakeholders. The article sets such developments against the broad backdrop of developing notions of CSR, arguing that the uncritical use of stakeholder communication packages can reduce CSR to ‘more PR spin’.

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In late modernity, changing relationships between economy, society and state are fostering forms of political activity referred to as new activism. The term ‘new activism’ describes political action undertaken by a broad range of diverse individuals, groups and organisations that use extra-parliamentary methods to create political change at local, national and international levels (Beck 1992, 2000; Esteva and Prakash 1998), and that make extensive use of new communications technologies, especially the internet, to organise and execute their activities (Castells 1997; Chesters 2003). The new activists include non-governmental organisations (NGOs) such as Greenpeace and Amnesty International, larger yet informal and diffuse groups such as the anti-globalisation movement, and smaller community groups concerned with local environmental, health and quality-of-life issues. New activists are influencing business policy and corporate responsibility, as reflected in this statement by US public relations conglomerate Burson Marsteller (1992):

Nongovernmental organizations (NGOs) have become one of the most important drivers of corporate responsibility since the mid-nineties. NGOs and citizens activists have gained attention and impact through the Internet, the global media and the socially responsible investment (SRI) community. Their scrutiny and criticism of corporate conduct has succeeded in defining and driving policy agendas for entire sectors of the global economy.

New activism can take the form of a temporary network or alliance between diverse groups and individuals. These networks form around a particular issue, undertake extra-parliamentary action using sophisticated communications technologies and techniques, and disband when the campaign finishes. New activist networks can form in response to a local instance of a much broader, possibly global, concern. Two such networks in Victoria, Australia, illustrate clearly the new intersections between local and global that underlie much new activism. The first new activist network is Werribee Residents Against Toxic Dumps (WRATD). In 1996, sugar and building materials giant CSR (formerly Colonial Sugar Refining Company Ltd) proposed a ‘prescribed waste landfill’ in the Melbourne suburb of Werribee. Local people responded swiftly by forming WRATD, an energetic and inventive activist group that mobilised a range of local stakeholders very effectively. WRATD developed credible counterarguments to CSR’s proposal and distributed them swiftly to stakeholders in the project. CSR assisted them unwittingly by mounting a traditional public relations campaign that was clumsy and patronising. For example, at a media briefing in 1998, CSR chief Robert Reid sought to improve the CSR proposal’s credibility and environmental credentials by announcing a range of ‘new initiatives’ that WRATD showed existed already. Such public relations stunts left CSR looking manipulative and less informed than their opposition; and contributed to the project’s abandonment (Strangio 2001: 141-43).

The second network is the Otway Ranges Environment Network (OREN), which formed in response to a local instance of the global controversy around timber harvesting in native forests. OREN organised a boycott of local paper and pulp manufacturer Kimberly-Clark Australia (KCA)—a subsidiary of the USA-based Kimberly-Clark Corporation—to raise awareness of KCA’s links to woodchipping. In 1995, KCA had a licence to source up to 44,000 tonnes of timber from the Otway state forest in Victoria, Australia. The company used this timber to create the woodchips with which to make its Kleenex brand of tissues and toilet paper. OREN urged people to reject Kleenex tissues and toilet paper in favour of products made from recycled waste paper, such as the Safe and Softex brands, and to tell KCA why they were doing so. At the same time, OREN initiated other measures such as removing KCA products from supermarket shelves and

1 www.21century.com.au/environment/wratd
protesting in the Otway forest. According to Save the Otways2 (1995), ‘Universities and hotels were refusing to use [KCA’s] toilet tissues across Australia and it cost millions.’ Three years later in 1998, Kimberly-Clark Australia announced that it would no longer source woodchips from the Otways. The KCA board reviewed the company’s environmental policy and made this statement on its website.3

Kimberly-Clark Australia will: . . . Plan, construct and operate all locations to comply with applicable regulation, to meet ISO 14001 or its equivalent and to act with due diligence for environmental protection and improvement . . . Consider favourably, suppliers who pursue good environmental management practices . . . Actively seek plantation wood and waste wood from the sawmilling industry . . . Communicate openly and constructively with responsible environmental interests, government authorities and the community generally.

In response to such new activism, many business and state organisations are espousing various forms of corporate social responsibility (CSR). Andriof and Waddock (2002: 21) argue that CSR has two core principles: first that ‘business exists at the pleasure of society’ and second that it ‘acts as a moral agent within society’. Birch (2001: 62) claims that, at its best, CSR principles achieve a ‘positive social and environmental impact’ by integrating profit-making with social, economic and environmental responsibility. The European Commission (2001: 4) described CSR as a means whereby ‘companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis’, and stated subsequently that it aimed to integrate CSR in all European Union policies (European Commission 2002). Similarly, the UK’s Business In The Community (BITC) is a network of over 650 UK-based companies (including 75 of the 100 largest publicly quoted companies), each of which undertakes to continually report on and improve the impact of its activities on the environment, the marketplace, the workplace and the community and to engage in ‘partnerships to tackle disadvantage and create enterprising communities’ (BITC 2002). In the USA, the organisation Business for Social Responsibility (BSR)4 claims to help firms to become more successful by demonstrating respect for ethical values and for people, communities and the environment.

Increasingly, terms associated with CSR (for example, ‘stakeholders’, ‘communities’, ‘dialogue’, ‘sustainability’ and ‘the triple bottom line’)5 are appearing in corporate communications, including reputation indices and reports on potential social and/or environmental impacts. In very general terms, an organisation espousing CSR is likely to recognise that it is a part of society, not separate from it, and that it and stakeholders depend on each other, and is likely to be moving along a spectrum of relationships with its stakeholders—from reactive to proactive to interactive (Andriof and Waddock 2002: 23). Such an organisation is likely to seek dialogue and collaborative relationships with communities through some form of stakeholder engagement, also known as community consultation, community engagement and network management. Stakeholder engagement means creating new relationships, using the principles underpinning CSR, with the individuals, groups and organisations that have a stake in one or more of its projects.

Performed well, stakeholder engagement can improve a project’s long-term viability and benefits significantly by improving decision-making, understanding and account-

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2 www.otways.com/speak/ot6-03.htm, 8 March 2005
4 www.bsr.org
5 Will these new terms/discourses also become part of a move to a ‘classless capitalism’ featuring new forms of social control through corporation-initiated ‘consumer communities’ and brand-based ‘tribes’?
ability within it. Performed badly or disingenuously, stakeholder engagement merely increases public cynicism about public relations ‘spin’. For example, in 1992, 54 firms with progressive reputations (including The Body Shop, Ben & Jerry’s Ice Cream and Levi Strauss) launched Business for Social Responsibility, which had more than 800 members by 1995. However, membership included firms with questionable claims to be socially responsible (e.g. Reebok, Monsanto). Membership by major public relations firms such as DDB Needham enabled them to offer fellow members easier access to image-building and media contacts (Stauber and Rampton 1995: 74-75). Similarly, a firm espousing CSR can support a social cause (e.g. donating a percentage of income or profits) driven by the favourable publicity it generates, and/or it can greenwash its activities to make the firm appear ecologically sustainable and accountable. For example, Paperlinx, a paper manufacturer and producer of the Reflex brand of photocopying paper, is charged by new activist group the Wilderness Society with using greenwashing rhetoric:

> Paperlinx is Australia’s only office paper producer. Its flagship product is Reflex photocopy paper, made from 100 percent virgin native forest. It makes ‘recycled’ office papers from pre-consumer (e.g. printers’ offcuts) waste, but no genuine post-consumer (e.g. kerbside collected) recycled papers. Paperlinx has the resources and technology to make use of alternative sources such as plantations and recycled paper, but doesn’t do so because it receives state-owned native forest logs for a significantly lower cost than plantation logs. Paperlinx is the focus of a consumer campaign. It has an active Green Shareholder group, which focuses on improving Amcor’s environmental performance.6

Traditional public relations emphasises the transmission side of communication: that is, getting the message right and delivering it in the most effective way(s) to target publics or audiences. Concern over the reception of such communication is limited to defining publics or audiences and differentiating each one from the rest. This approach assumes that a target public or audience is a homogeneous entity, receptive to whatever skilfully crafted messages are transmitted to it. Traditional public relations practitioners see activists and critics as adversaries to be neutralised by the skilful management of communication, a perspective they share with many advertisers and marketers. Short-term public relations strategies seek to control criticism of their organisations as it happens; longer-term ones seek to thwart criticism by, for example, preventing, undermining or defusing public scrutiny of sensitive issues. New activists—such as WRATD and OREN—are neither homogeneous nor passive receivers of PR ‘spin’. They will counter organisations’ attempts to control their criticism by networking and information sharing and by using sophisticated communication campaigns techniques and technologies. The activities of groups such as OREN and WRATD reinforce the argument by Yve Newbold (1998: 12), chair of the UK’s Ethical Trading Initiative, that traditional public relations is an ineffective response to the increasingly sophisticated new activists: ‘Initially some companies sought to counter the effects of these campaigns with charm offensives or public relations initiatives but an increasingly sophisticated and well-linked body of global protesters has seen off much of the corporate spin.’

Engaging with stakeholders or constructing them?

As new activists re-cast their activities around new understandings it becomes increasingly obvious that ‘PR spin’ is an ineffective and unethical response to their criticisms, because it is seen to undermine democratic debate about how contemporary societies are developing—especially the risks associated with new technologies and new manu-

6 wilderness.org.au/campaigns/forests/central3/#PaperLinx
facturing processes. In these circumstances, growing numbers of organisations are using new stakeholder engagement software to develop stakeholder engagement strategies and, in this section, we examine two such packages. First, we will describe each package, then we will analyse these packages’ attitudes to stakeholders and assumptions about them.

Reputation Qest’s Stakeholder Database

Reputation Qest is a division of the Qest Consulting Group, Australian risk and safety consultants who work with clients in several industries, including mining, oil, gas and petrochemicals, construction and financial services, and with governments. Reputation Qest helps clients build, maintain and protect their reputation through reputation building, risk communication and crisis management, and introduces its Stakeholder Database software package through a two-day workshop designed to offer participants (generally, the client organisation’s managers and policy-makers) new perspectives on their organisation’s stakeholders. Reputation Qest’s software assumes that the client organisation doesn’t understand its social and political environment fully. It also assumes that the consultant’s role is not to provide a ready-made perspective, but to use the software package to assist an organisation to develop its own perspective on its environment by drawing on its knowledge and experience. At the heart of the package is a set of 220 questions that encourage workshop participants to use their judgement and experience to (a) identify and categorise the various stakeholders in their organisation’s operations; and (b) measure the degree of ‘outrage’ that these operations generate in stakeholders.

Answering the 220 questions in the Stakeholder Database identifies and categorises an organisation’s stakeholders in several interconnecting dimensions, including the nature of their relationship with the organisation (for example, ally, neutral or opponent), their motive for engaging with the organisation (for example, ego-enhancement, revenge, ideology, greed) and their defining quality (for example, passion, power). Once stakeholders’ details are identified in that way, they are logged in to the package as the foundation for the organisation’s future communication with them. The package can then track each stakeholder’s communications with the organisation, identify the person within the organisation who is responsible for responding to each stakeholder and, if desired, issue email reminders of the due dates of any response and follow-up to that person. This last facility prevents consultations being undermined by failure to undertake any promised actions. Answering the 220 questions also enables participants to measure the degree of ‘outrage’ that the organisation’s operations generate in stakeholders.

Reputation Qest’s 2003 pamphlet What is Outrage? explains how this process works. The pamphlet opens with this formula: ‘Risk = Hazard + Outrage’ (Dr Peter M. Sandman) and continues: ‘The proper response to a serious hazard is to mitigate the hazard. The proper response to a serious outrage . . . isn’t to mitigate the hazard . . . [but] . . . to mitigate the outrage. Better yet, predict and prevent the outrage’ (Reputation Qest 2003: 3).

The pamphlet suggests that risk has two components: ‘hazard’ is the magnitude and probability of undesirable outcomes (for example, an explosion, dead fish in the river, declining property values); and ‘outrage’ is the negative or threatening nature of the situation itself, as distinct from its outcomes (that is, its hazards). Reputation Qest lists 12 components of outrage, such as the situation’s degree of familiarity, the degree of dread

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associated with it, the extent to which someone chooses or is coerced into experiencing it and the extent to which it is controlled by others. It suggests that detailed assessment of those 12 factors, ‘will help you figure out how to reduce stakeholder’s [sic] outrage . . . [or] . . . predict how much stakeholder outrage you are likely to face’ (Reputation Qest 2003: 3).

**Acttiv Pty Ltd’s Active Community Engagement (ACE)**

Acttiv Pty Ltd is an Australia-based company that has developed a strategic approach to community consultation based on CSR and delivered through a series of distinctive software tools. Its product, Active Community Engagement (ACE), embeds a culture of CSR in the organisation that uses it and facilitates a consistent, CSR-based approach to community consultation. Acttiv Pty claims that ACE is ‘the only complete, community-centric software solution specifically designed to meet the challenging and ever changing needs of Community Engagement professionals’. The ACE package helps an organisation to plan, track and manage its consultations with the individuals, groups and organisations with a stake in its operations. This activity can be highly problematic for an organisation, which may find it easier to proclaim that it has embraced CSR than to follow CSR principles consistently in all its operations. Such organisations can rely on ad hoc consultation processes while creating false expectations of authentic community consultation. Their subsequent failure to deliver on their promises of meaningful consultation inevitably results in public disaffection and accusations of hypocrisy.

The ACE software package enables and encourages a client organisation to involve its stakeholders actively in its decisions, thereby increasing its understanding of them, improving its decision-making, increasing its long-term viability and enhancing its benefits to stakeholders. The package takes the user through a five-step process of public consultation: planning, identifying stakeholders, selecting the most appropriate consultation technique, recording stakeholders’ views and evaluating the process prior to a report. The package consists of a series of logical templates in which to enter information about a project, such as its background and objectives, the team members, decision-making processes and any public concerns it raises. The templates are coherent and present the information in a number of ways with synopses in a side window.

At a general level, then, ACE resembles a traditional PR ‘plan’: identify and analyse the problems/opportunities, set measurable objectives, identify ‘target publics’, devise strategy, tactics and evaluation, and decide a budget. However, ACE has additional functions, such as the ability to cross-reference information under various headings and to accommodate additional categories (for example, a company’s operational plan), ensuring that policy is reflected in practices that can be measured and the results used to improve accountability. The package is easily accessible and takes the inexperienced user through the consultation process in a sequence of clear steps. Thus, it could be useful in various departments of an organisation, including public relations, community relations, management and planning. ACE can also facilitate consultation across organisations far more effectively than in the past, and it can create and retain a corporate memory around consultation that would otherwise be lost as key staff move elsewhere.

Each software package automates much of the routine, clerical and administrative aspects of stakeholder engagement, such as initiating and maintaining contact, recording responses and building a searchable database of stakeholders categorised according

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8 www.acttiv.com/2004/ace/whatIs.cfm?Products=1&ACE=1
to various criteria. Templates and databases to support the planning, execution and evaluation of consultation strategies (i.e. their transmission aspect), give users more time to examine how their strategies are received in the diverse social and political contexts of contemporary societies (i.e. the reception aspect of their strategies). Such packages are meant to assist an organisation to engage with its stakeholders and so a particular package’s success would seem to rely on stakeholders feeling engaged in and on their own terms. However, any software always and inevitably embodies particular attitudes, values and assumptions, and stakeholder engagement software embodies particular attitudes, values and assumptions about stakeholders that rest on implicit assumptions about dialogue.

Dialogue is at the core of stakeholder engagement. Freeman (1984: 25) argued that an organisation’s success depends on creating real dialogue with its diverse stakeholders, rather than trying to manipulate them, and defined a stakeholder as ‘any group or individual who can affect or is affected by the achievement of the firm’s objectives’. More recently, Bliss (2002: 252) posed dialogue with stakeholders as an alternative to the conflict expressed traditionally in boycotts, pickets, demonstrations and bad publicity, and Covey and Brown (2001: 13) called dialogic relationships based on mutual benefit and legitimisation ‘critical co-operation’:

Critical co-operation offers opportunities for social actors to recruit the capacities and resources of business in the services of social problem-solving, and for business actors to mobilize the commitment and grassroots reach of civil society actors in the mobilization and protection of their business goals.

Dialogue can certainly be positive. It can pre-empt confrontation, because when activists see an organisation trying to be open to scrutiny and trying to improve its performance, they are more likely to trust its explanations if things go wrong (e.g. an industrial accident). Further, dialogue-based relationships can enable new activists to achieve change faster and with fewer resources than a traditional adversarial public campaign. However, Deegan (2001) argues that dialogue-based relationships enable an organisation to control new activists by absorbing them, and Rowell (2001) regards dialogue as a way to divide critics into those who will and won’t enter a particular dialogue. In line with those views, we regard such organisation-initiated dialogue with stakeholders as an example of a discourse: that is, an institutionalised form of language that both reflects and creates a culture’s way of knowing, acting and being. A discourse constructs the objects of which it speaks, so discourses both produce social change and are products of it (Foucault: 1972, 1989). For example, modern scientific discourses construct humanity as a phenomenon to be explained by assigning human behaviour to one or more categories of ‘normal’ and ‘abnormal’, against which each individual can be measured—by others and by ourselves. Thus, medicine creates us as healthy or sick; statistics create us as mainstream or deviant; psychiatry creates us as sane or insane; economics creates us as rational or irrational; and scientific management creates us as compliant or troublesome elements of an organisation. Having thus been explained, we can then be controlled. In summary, discourses create new categories of normality, and either we fit those categories or we deviate from them and take the consequences of our abnormality.

This apparently abstract argument that discourses control people by categorising them as normal or abnormal comes alive in Activit Pty Ltd’s ACE and Reputation Qest’s Stakeholder Database. Both packages represent the world from an organisation’s per-

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9 Equivalent automation has happened already in other professions for some time. For example, architects have used computer-aided design (CAD) software for some time; accountants now routinely use specialist accounting software (e.g. MYOB).
spective, in which stakeholders are active, autonomous agents with whom an organisation must initiate a dialogue (by, for instance, using particular stakeholder engagement software). Stakeholders have no identity outside of that organisation-initiated dialogue; they are at once participants (or not) in it and products of it. Both packages assist users to categorise stakeholders according to their relationships with the organisation, or perhaps with the particular project at hand. Each stakeholder becomes an instance of a category and each category is an instance either of normality (willing to engage with the organisation) or abnormality (‘outside’ and ‘other’ to the organisation and unwilling to engage with it). Thus, both packages construct stakeholders in their own images; each package constructs stakeholders as instances of its own categories.

Reputation Qest represents the world from an organisation’s perspective in terms of ‘outrage’, ‘risk’, ‘risk filter’ and ‘hazard’. These terms connote crisis, threat and confrontation requiring authoritative and powerful responses from the organisation. It is no surprise, then, that Reputation Qest’s Stakeholder Database categorises stakeholders as various forms of ‘ally’, ‘neutral’ or ‘opponent’ and assists users to maximise the chance of eliciting support from each stakeholder category by communicating efficiently and effectively with it in the overall pursuit of its objectives. In contrast, ACE represents the world in more benign terms of ‘consultations’, ‘people’, ‘decision trees’, ‘solutions’ and ‘targeted stakeholders’. These terms connote collaboration and partnership, but they also categorise as abnormal any stakeholders who are unwilling to collaborate with others to create a shared view of an organisation and of its relationships with society. The packages differ in how they represent the world and identify stakeholders, but it is important to be aware that their discursive structures have similar effects on users.

Conclusion

Traditional public relations seeks to manufacture consent, rather than create genuine dialogue and it continues to create suspicion and cynicism. Changing expectations and practices in business, state and civil sectors drive stakeholder strategies to do things differently and better. But, despite the apparent novelty of these stakeholder engagement strategies, each in its way reworks a traditional public relations approach: categorise your publics as a prelude to managing them. Consequently, the unthinking use of stakeholder engagement software reinvents traditional power relationships between organisations and stakeholders, such as new activists, in the guise of creating the proactive and interactive relationships that are the essence of corporate social responsibility. The cynical use of stakeholder engagement software enables an organisation to continue to ‘set the agenda’ and to react to stakeholders according to whether they accept that agenda. Therefore, when choosing a stakeholder engagement software package, professional communicators must ask two questions: ‘Do we regard stakeholders as potential problems or as potential partners in decision-making?’ and ‘What particular assumptions about stakeholders does this software package express?’ The answers will tell them whether and to what extent the software under consideration can foster strategic partnerships through genuine, meaningful and substantive consultation.

References
