

Research paper on stakeholders

[Business](#), [Company](#)



Business firms are embedded by a broader social environment with which they constantly interact. This interaction calls for the business to operate under rules and regulation that do not violate the community norms and value. Additionally, the firm has a mandate of maintaining a good social environment with the society. The business environment/ society are made up of the external and internal environments. Stakeholders are an important part of the firm and there is need to put them into consideration in the daily activities of the firm. In achieving the firm's goals and objectives, it is therefore very important to put in mind the stakeholder's position.

Stakeholders are any persons or groups that affect or are affected by the firm's decisions, policies or/ and operations. In the article, the subject is to look at how engaging the stakeholders in the firm's decision making policies is key to its sustainability (Noguer & Sandra, 2013). In this article, both types of stakeholders are taken into account. That is the market and non-market stakeholders. The article will further look at the effects of involving internal and external stakeholders in the decision making process of the firm to ensure its sustainability.

Many companies talk to some stakeholders but the extent of their involvement in decision making is limited. The decision making is executively left to the management team. These companies tend to communicate rather than actually engaging the stakeholders in the decision making process.

These stakeholders could be the employees of the firm, its customers or the general public (Noguer & Sandra, 2013). It is important to note that with increasing addition of sustainable development and corporate responsibility to the business agenda, it becomes increasingly important to involve the

stakeholders in decision making as their input can fuel future claims, crisis and even strategic opportunities.

Involvement of stakeholders in decision making is an important aspect in the firm's sustainability. The stakeholder power, be it voting, economic, political, legal or informational power will establish a strong foundation of the firm sustainability if they are fully involved in making important decisions of the firm. This involvement will create a good relation which is necessary for business achievement of its goal. For example, stakeholders are becoming increasingly active with respect to environmental and social issues, therefore, mere regulatory compliance does not guarantee social acceptance to operate on the company's projects and activities (Noguer & Sandra, 2013). This means that a closer and stronger relationship should be established and this is achievable through their involvement in decision making.

Failure to engage the stakeholders in the business operation can have substantial risks. Researchers have tried to estimate the effects of a firm's public image in relation to Return on Investment. Stakeholder's negative perception of the firm's practices leads to social risks which can endanger business values such as boycotts, demonstration and strikes, work blockages and pressure on political leaders. These will increase firm's project costs and hinders its attainment of its goals. In order to prevent the occurrence of such actions, the firm should invest in people and programs that engage stakeholders before the negative perceptions turn into negative actions. Involvement of stakeholders is important for firms that operate in energy and resources, forestry and manufacturing and consumer business and

retail. Since access to energy and land is paramount for business operation, companies operating in energy and resources, forestry and manufacturing should take the engagement of stakeholders into consideration. To such firms, cost of potential delays or failure of obtaining legal and social license to operate could disable its competitiveness, access to funds or its ability to operate (Noguer & Sandra, 2013). Firms in the consumer business and retail should be wise to address stakeholder's grievances and expectations beyond minimum compliance.

Firms need to take initiative to engage and understand stakeholders' needs and interests before hand in order to create better relationships. However, this can be very challenging and requires a closer look at the stakeholders map and learn about their diversity that is interwoven and potentially conflicting interests in specific situations. These concerns may include environmental, social, health and safety and community welfare among others.

Stakeholders' interest evolves over time with acquisition of new information and scientific knowledge in the area of health and safety, therefore the firm should beware. To achieve corporate responsibility and sustainability in a complex evolving environment driven in multi stakeholders' interests companies will have to become learning organization.

A survey carried out by Deloitte involving 120 leading companies in Europe when asked their stakeholders involvement practices provided a list of information meetings, surveys, and consumer hotlines and stakeholders panel (Noguer & Sandra, 2013). Only a few considered stakeholder involvement as a risk management process. In solving probable risks that

could arise from stakeholders, companies should take a risk management approach. First, they should identify the stake holders that they want to engage with then rank them in priority of need and interest. This will require designing and implementing of the approach.

Identifying the firm stakeholders is the first step in solving the problem.

Identify them and their interest and map them into groups. They might be grouped into eight groups namely shareholders/ lenders, public authorities, NGO and media, communities, employees, competitors, client/ consumers and supplier/ sub-contractors. The next step is to know them that are there level of influence, how they affect the firm and their willingness to engage and their needs and expectations.

Designing will involve developing a shared goal with the stakeholders. This is their involvement in formulating the firm's objectives, setting roles and responsibilities of each group and developing a strategy that will ensure the achievement of the firm objectives. This should be followed by adoption of innovative tools and techniques that will ensure stakeholders engagement. When the stakeholders are involved in these processes of determining the firm's future, they feel part and parcel of the company. As a result, this reduces the instances and possibility of negative perception and actions. However, for sustainability to be achieved, it is important for the firm to implement the stakeholders' opinions and decision and also monitor and evaluate the projects (Noguer & Sandra, 2013). The stakeholders' should be allowed to give feedback on the company's commitment and reporting. Engaging the internal and external stakeholders in an open communication can be challenging. However, this is important for ensuring the sustainability

of the firm through the reduction of conflicts and negative perception and action by the stakeholders towards the firm. This will happen when the firm is able to identify various stakeholders and analyze their interests and needs. It should be aware of the possible coalition which might emerge since they are ever evolving. Armed with a stakeholder map, the firm can rank them and prioritize their needs as it prepares to engage them in various decision making processes. This will form a strong friendly relation that will ensure achievement of the firm's objectives and its sustainability.

Work cited

Noguer, S. N., & Sandra, H. (2013). Minding your stakeholders' business: the key to sustainability. Retrieved November 4, 2013, from http://globaldialogue.ca/doc/ca_consulting_minding_your_stakeholders_business.pdf