

Stakeholder consultation



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It is important to identify early in any business development who the key stakeholders are, thus being able to recognise, incorporate, and understand their needs. A stakeholder can be defined as a group or groups who have an interest in an organisations work, and to whom the organisation has an ethical duty. (Blewitt, J. 2008: 189) Stakeholders can include employees, related organisations, potential partners, suppliers, the public, regulatory bodies, local, and national governments.

The stakeholder consultation process can be defined as giving stakeholder groups opportunities to outline their ideas and concerns, about a new policy implementation furthermore, to argue their case. (Freidman and Mills, 2006: 185) The process can take the form of surveys, one to one meetings, and multi stakeholder consultations. The benefits of the consultation process are highlighted by; quality input leading to quality decision making, greater stakeholder satisfaction with the final planning product, successful implementation increase as more stakeholders feel committed to the plan, and good governance, transparency and open communication. (Blewitt, J. 2008: 189)

For the purpose of this assignment the author will identify the process of 'stakeholder consultation' and highlight, through an illustrated definition of 'stakeholder' the roles of the European Union, Non Government Organisations (NGO's) , Green and White papers, Regulatory Impact Assessments (RIA's) and pertinent enforcement policies.

There has been much criticism of the European Unions (EU's) decision making over the past decade, suggesting that there has been a resolute

criticism on the Commissions excessive policy making. (Richardson, 1996: 9) Arguably, the EU has become ultimately a 'nanny state' by over regulating the fiscal and societal life of key stakeholders and Member States (MS). In essence, this may well have caused some stakeholders, principally MS's, to apply the breaks to the seemingly inexorable extension of the EU's policy making competence. (Richardson 1996: 4)

The EU policy making process has been criticised and institutionally has not been stable, typified as 'disorganized and messy.' (Richardson, 1996: 12) This has been contributed by the additional increase of more countries being accepted into the EU, resulting in increases in complexity, and the addition of more MS's, which significantly adds to the number and range of interest groups, demanding participation at European level. (Richardson, 1996: 12) In essence, there have become too many players with too many interests with competing policy frames.

However, over the past forty years the EU's decision making process has 'worked' in its entirety, by mobilising a large number of public and private actors, from different nations and policy domains, ultimately persuading them to move from the status quo to a new policy settlement. (Richardson, 1994: 37) Coincidentally approaching EU policy making via this actor perspective also enables approaches to policy making, highlighting the importance of ideas, knowledge, and expertise as apposed to just a private interest. Richardson (1996: 47) suggests that 'good legislation' requires consultation, RIA's, and a systematic evaluation of results achieved by European public policies.

Within the EU, the consultation process follows three stages, these being: the Commission submits a proposal to the Council, the Council consults Parliament, and then the council adopts the measure, either by qualified majority voting (QMV) or by unanimity, depending on the field in question. QMV can be defined as a voting system that has been established under which fifty five percent of the member states representing sixty five percent of the EU population will constitute a qualified majority. (Richardson, 1996: 50) However, as within the decision making process of the environmental policy, QMV is extended to most, although not all areas of the policy. Arguably, with the QMV system, this could raise the possibility for MS's to form winning coalitions (a temporary union between two or more groups) reflecting their respective interests and the voting weights within the EU's system of QMV.

Proposals for new laws in the United Kingdom (UK) are outlined in government White Papers that are issued by the government as statements of policy, setting out proposals for legislative changes. White Papers invite comments and discussions from key stakeholders who have an interest in the proposed changes, whereas Green Papers are set out for discussion, and the proposals are still at a formative stage.

Since the government published the White Paper, 'The Government's Public Health' in June 2005 (CM 6374), there has been vast attention on healthy eating and obesity within the UK, which required the government to provide and facilitate consumers to make healthier food choices. The stakeholders involved in the consultative process amounted to over one hundred, ranging from, The National Health Service Alliance and the Association of Directors <https://assignbuster.com/stakeholder-consultation/>

for Public Health. However, whilst the theory of this white paper appeared to work, the approach however, can be questioned (Author, 2009). For example, it maybe possible that in the next general election a new ministerial team are engaged, would this ministerial team want to tackle the same health issues?

A large proportion of the White Paper (CM 6374) focused on the improvement of Public Health through the National Health Service, however; little focus was placed on fiscal incentives to push forward for improvement, there appeared to be diminutive evidence of the cost saving effect of measures to improve Public Health. Furthermore, the white papers are often exceptionally protracted, and ambiguous in their wording, which could ultimately lead to misinterpretation of the paper. For example, in CM 6374 'regulate, with legislation where necessary' may well add to key stakeholder's confusion.

Identifying stakeholders is seen by analysts as increasingly important in the decision making process. To effectively assess and exemplify the significance of stakeholders in the decision making process, it is necessary to define what is meant by a stakeholder. Whilst there are a number of definitions of stakeholders, it is generally believed that they consist of individuals or groups who depend on an organisation to fulfil their own goals. (Roberts, J. 2004: 152) The organisation is equally dependent on its stakeholders, which can reside internally and externally. External stakeholders may consist of customers, suppliers, shareholders, and unions, whilst internal stakeholders include employees and owners.

Phillips (2003: 65) suggests that the stakeholder has an interest in the organisation and the outcome of the decision being made, and that this interest may vary depending on the individuality of the stakeholder. Of the three definitions of stakeholders presented by Phillips (2003: 69) there is one distinct definition that suggests it is necessary to be in a position of power before it is possible to become a stakeholder. This theory presents the challenge of needing to placate all stakeholders, regardless of significance. It may be difficult to justify an organisation's decision to persuade all customers in its approach, considering there will always be contrasting wants and needs of the many consumer segments. Stakeholder groups are not typically homogenous; (Roberts, J. 2004: 154), they characteristically contain subgroups, and it is possible for consumers to be supportive as well as being actively hostile.

Part of the challenges faced with policy making is how the government and organisations are proficient at interacting with the general populace, hence the emergence of NGO's. An NGO can be defined as an organisation that is not part of the local or state government and acts 'as a voice' for the people. (Connelly, J. and Smith, G. 1999: 93) NGO's are involved in activism (pursuing a political or social end) for example, on food issues such as baby foods, labelling, contaminants, genetic modification, food safety, labour rights, and social justice. Whilst some NGO's have established a loud voice and a strong presence in food policy in recent years, they have yet to convert these into firm positions in terms of delivery and actively shaping overall policy integration. (Connelly, J. and Smith, G. 1999: 93)

Whereas, Lang and Heasman (2004: 262) argue that NGO's have been both vocal and effective in articulating policy making. They have been audacious in confrontations over issues such as contaminants and chemicals in food, animal welfare, farming practices, and food labelling. Although some NGO's are not as large or extensively recognised as their counterparts, such as Greenpeace, and the Worldwide Fund, they have successfully led representations on the inappropriate marketing of infant formulae and breast milk substitutes. (Lang and Heasman, 2004: 264)

Stakeholder consultation can be defined as an exchange of opinions, or a discussion, principally to reach an agreement. This can be achieved either with experts in a field or with other participants. The fundamental premise is that the consultation process is a two way process. An illustration of the consultation process, within the Health and Safety Executive (HSE), who consulted with the government, industry, and stakeholders involved in the labelling and classification of chemical substances. The consultation document was on 'Proposed European Regulation on classification, labelling, and packaging of substances and mixtures.' (CD 213).

The consultation ran from August until November 2007 and targeted an extensive audience, focusing on the key issues with stakeholders. For example, the implementation, overall cost, RIA's, and the impact that the new regulation could impose on small and medium sized enterprises. (SME's) It was concluded from the consultation document that the introduction of the new regulation is likely to have a disproportionate impact on SME's for the 'buying in' of expertise. If the HSE were used as the Competent Authority (CA) to regulate the proposed legislation it has been suggested (HSE, 2007)

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that it would be run alongside the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

The HSE is empowered to approve and issue Codes of Practice for providing guidance on Health and Safety duties that are laid down in Statutes and Regulations. Any code of practice approved in this way is an Approved Code of Practice (ACoP). Although, if an organisation does not comply with the ACoP this is not deemed to be an offence, however, the failure of non compliance may be taken by a court, in criminal proceedings. An example of an ACoP within the HSE is that they will give practical and technical advice on how to comply with the law.

The government is continually seeking ways to condense the burden that regulation has on businesses, whilst still maintaining the protection afforded to society. A RIA can be defined as having a crucial role in business as they are designed to enable policy makers to assess the need for, and impact of, that the new regulations may have on their business. (Roberts, J. 2004: 142) The purpose of RIA's is to assess the likely economic, social, and environmental impacts would be on the proposed regulation, and the range of options for implementing it. It can be argued that RIA's are not straight forward and are often perceived by businesses as complex.

In conclusion, stakeholders and the stakeholder consultation process has proved both historically and within contemporary society to be invaluable for progression within organisations. Nevertheless, companies maybe criticised for involving stakeholders and the consultation process as a reactive measure instead of proactively. There is evidence to suggest (Connelly, and

Smith, 1999: 226) that there are examples of 'good practice' with strong performance within the consultation process; however, it is evident that compliance is still the weakest area.

Challenges and opportunities within the process, for example, environmental issues, are perceived by organisations as risks, perhaps the public will find fault, which could leave them with more of a financial burden than if they did not involve stakeholders. Throughout research undertaken for this assignment, it was challenging to decipher through the protracted documentation, which was not always straight forward, and in many instances written ambiguously. Furthermore, this could be an indication as to why organisations and SME's are reluctant to comply, possibly through lack of understanding and fear of misinterpreting the law.