

Stakeholder Management: Sustain License to Operate Through Stakeholder Engagement

Alexandros G. Kostopoulos
CSR Hellas, Greece

EXECUTIVE SUMMARY

The purpose of this chapter is to attempt a short but comprehensive record of the connection between sustainable development and stakeholders, to present the basic theoretical base on the topic, while describing fundamental principles of stakeholder management and means of relative engagement. The core assumption of this chapter is that corporate responsibility is perceived as the responsibility of an organisation to act in the interest of legitimate organizational stakeholders. Although stakeholder engagement is not a new concept, it is accepted as crucial to an organization's sustainability and success. For those reasons, the chapter focuses on the strategic approach of stakeholder management while describing briefly some important steps in implementing stakeholder engagement. The final section of the chapter focuses on the future of stakeholder engagement as well as on related risks that may arise for non-engagers.

INTRODUCTION

Almost half a century after Milton Friedman's famous quote in 1970 that "there is one and only one social responsibility of business - to increase its profits" lots have changed. Nowadays, the rules of the game have transformed in fundamental ways and people expect and often demand more from business than simply maximize their profits. Moreover, especially due to the global financial crisis of recent years, there are growing calls from government and civil society for corporations to become partners in supporting a more inclusive sustainable economy and environment and according to several surveys, these expectations will be increased more. Not only the continuous development of non-financial rating agencies and the strong progression of indexes and investment funds based on ESG (Environment, Social, Governance) criteria, but new mandatory regime on non-financial reporting through EU Directive

2014/95/EC, as well as national laws that widening the scope of the Directive and affected legal entities create the need for new practices in the justification of corporate performance.

Indeed, for several years, companies have been trying to focus on strictly financial information provided to their shareholders by attempting to explain their decisions in managing risks and opportunities leaving out the management of intangible assets that takes into account the societal aspects on risks and opportunities and the way those contribute to business performance. The latest evolution shows that shareholders are not anymore the only stakeholder of a firm but many other groups are actively interact with it both internally and externally.

Saying differently when engaging in Corporate Social Responsibility and Sustainable Development strategically, companies accept a range of responsibilities that go far beyond economic performance. In order to do so businesses should acquire a good knowledge of its own essential issues and the capacity to confront them with those of stakeholders.

To that end, this chapter is attempting a short but comprehensive record of the connection between sustainable development and stakeholders, to present the basic theoretical base on the topic, while describing fundamental principles of stakeholder management and means of relative engagement. Core assumption of this chapter is that corporate responsibility is perceived as the responsibility of an organisation to act in the interest of legitimate organizational stakeholders. Although stakeholder engagement is not a new concept, nowadays accepted as crucial to an organisation's sustainability and success. For those reasons the chapter focus on the strategic approach of stakeholder management while describes briefly some important steps in implementing stakeholder engagement. The final section of the chapter focuses in the future of stakeholder engagement as well as on related risks may arise for non-engagers.

BACKGROUND

"We don't have plan B because there is no planet B. We have to work and galvanise our action", said UN Secretary-General on November 15, 2016 at his press conference during the COP22 for Climate Change taking place in Marrakech, Morocco. This was not the first time that the UN Secretary-General Ban Ki-Moon repeat the same message towards governments, businesses, civil-society, NGOs and stakeholders in general. Almost two years later on April 24, 2018 French President Emmanuel Macron delivered a rare address to US Congress in which he stated that "there is no planet B", taking the lead in climate change battle, with the U.S. absent. When US President Donald Trump announced that the United States would drop out of the Paris Agreement for Climate Change, President Macron immediately launched a campaign called "Make Our Planet Great Again".

Presented in July 2017, "Make Our Planet Great Again" is actually France's Climate Plan containing a series of ambitious and innovative measures to embed the objectives of the Paris Agreement in public action and to involve all actors in this global fight. According to the plan, France is speeding up its commitment to achieve energy and climate transition on its own territory, within the European Union and at the international level. France is well-known for leading fights for human rights but nowadays more than ever is determined to lead (and win!) this battle on climate change.

The Paris Agreement signed by 190 countries around the globe on December 12, 2015 in Paris. It builds upon the United Nations Framework Convention on Climate Change (UNFCCC) and – for the first time – brings all nations into a common cause to undertake take ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. More analytically,

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