

WEEK 4

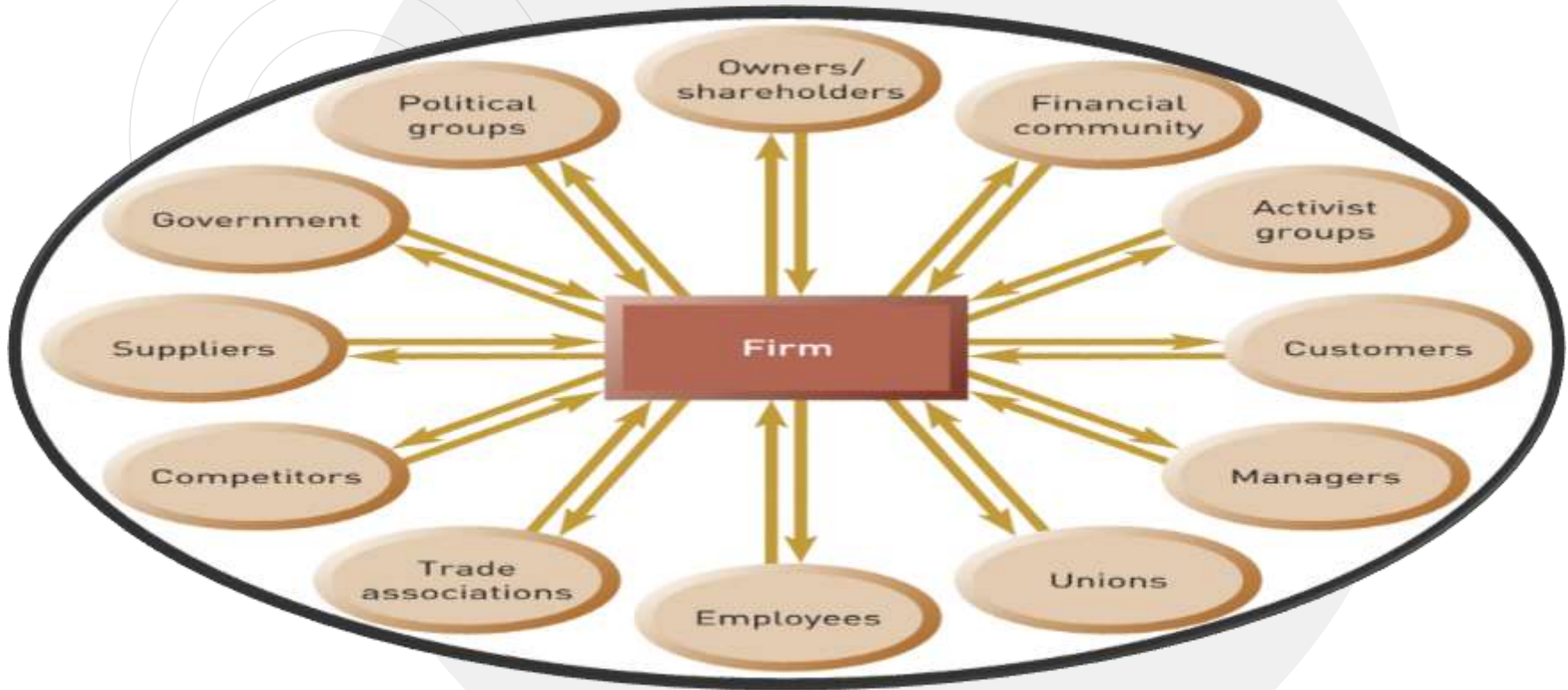
Organisational Strategy

BMA6104



**Strategic Position (4):
Stakeholders and
Purpose**

Stakeholders of a large organisation



Conflicts of expectations

- In order to grow, short-term profitability, cash flow and pay levels may need to be sacrificed.
- 'Short-termism' may suit managerial career aspirations but preclude investment in long-term projects.
- When family businesses grow, the owners may lose control if they need to appoint professional managers.
- New developments may require additional funding through share issue or loans. In either case, financial independence may be sacrificed.
- Public ownership of shares will require more openness and accountability from the management.
- Cost efficiency through capital investment can mean job losses.
- Extending into mass markets may require a reduction in quality standards.
- In public services, a common conflict is between mass provision and specialist services (e.g. preventative dentistry or heart transplants).
- In large multinational organisations, conflict can result because of a division's responsibilities to the company and also to its host country.

Social responsibility stances

	Laissez-faire	Enlightened self-interest	Forum for stakeholder interaction	Shaper of society
Rationale	Legal compliance: make a profit, pay taxes and provide jobs	Sound business sense	Sustainability or triple bottom line	Social and market change
Leadership	Peripheral	Supportive	Champion	Visionary
Management	Middle-management responsibility	Systems to ensure good practice	Board-level issue; organisation-wide monitoring	Individual responsibility throughout the organisation
Mode	Defensive to outside pressures	Reactive to outside pressures	Proactive	Defining
Stakeholder relationships	Unilateral	Interactive	Partnership	Multi-organisation alliances

Unilever Moral Compass (1)

- <https://www.unilever.com/planet-and-society/responsible-business/engaging-with-stakeholders/>

- Click on 'Unilever Compass'

Engaging with stakeholders

Our purpose is to make sustainable living commonplace – and we're on a mission to prove that sustainable business is good business. But we can't do this alone.

STAKEHOLDERS PURPOSE

To make our purpose a reality and grow our business, we need to **work closely with our stakeholders**: our **people, consumers, shareholders, governments and regulators, suppliers, customers, scientists, NGOs, communities and peer companies (often through trade associations)**. The Unilever Compass explains our multi-stakeholder model and how it is designed to deliver value to all stakeholders.

Unilever Moral Compass (2)

- ❖ Identify which stakeholder groups are being impacted by the adoption of different initiatives and targets in the Moral Compass
- ❖ Identify potential winners and losers across the full range of stakeholders
 - ❖ In general
 - ❖ On specific targets
- ❖ Report back on stakeholder engagement

South Caucasus Pipeline (1)



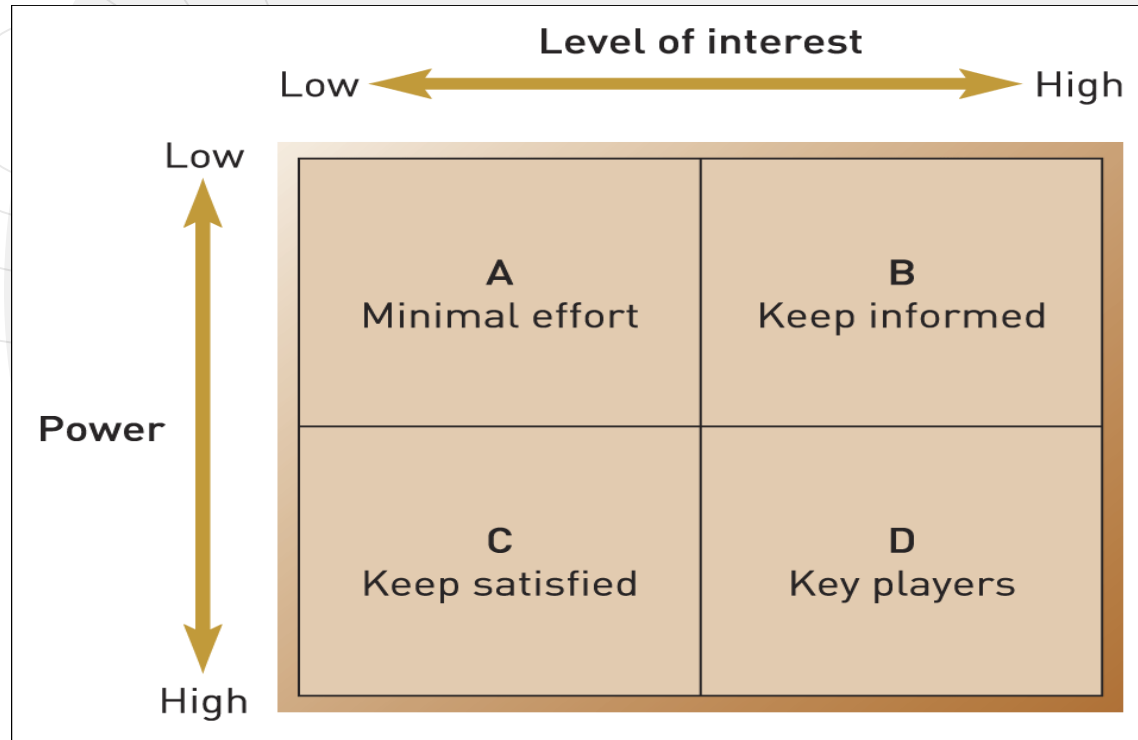
South Caucasus Pipeline (2)

- Direct shareholders in the project:
 - BP (UK) 28.83%
 - TPAO (Turkey) 19%^[6]
 - SOCAR (Azerbaijan) 16.67%
 - Petronas (Malaysia) 15.5%
 - Lukoil (Russia) 10%
 - Naftiran Intertrade (Iran) 10%
- https://www.bp.com/en_ge/georgia/home/who-we-are/scp.html

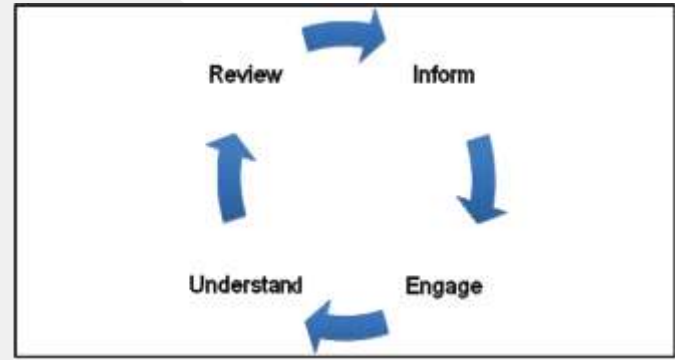
South Caucasus Pipeline X (3)

- **Key Stakeholders identified:**
- National and local governments
- Project-affected communities (PACs)
- International and national NGOs
- Scientific community
- Media
- Diplomatic missions and international organisations
- SCPX Project partners
- BP staff.

Stakeholder mapping: the power/interest matrix



BP Stakeholder Assessment Model



- **INFORM:** provide accurate, relevant, timely and culturally appropriate information to stakeholders about the SCPX Project, its impacts and benefits, and the ESIA process
- **ENGAGE:** Provide opportunities for Project stakeholders to express their opinions and concerns about the Project, and to seek broad stakeholder support for the Project and impact management.
- **UNDERSTAND:** Enable the SCPX Project team to understand the concerns and priorities of stakeholders
- **REVIEW:** Incorporate these concerns and priorities into the design, construction and operation of the SCPX Project
- **REPEAT**

South Caucasus Pipeline (4)

- Develop a BP stakeholder engagement plan for the pipeline development
- Who do you need to engage with?
- What key information will they need?
- How will you deliver communications?
- Who will be involved in delivering the plan?

South Caucasus Pipeline (5)

- Stakeholder boardroom representation

Limiting the board to 15 non-executive members:

- Who should be represented at board level for the pipeline project?
- How should they be selected?

Sources of power

Power is the ability of individuals or groups to persuade, induce or coerce others into following certain courses of action.

Sources of power	
Within organisations	For external stakeholders
<ul style="list-style-type: none">• Hierarchy (formal power), e.g. autocratic decision making• Influence (informal power), e.g. charismatic leadership• Control of strategic resources, e.g. strategic products• Possession of knowledge and skills, e.g. computer specialists• Control of the human environment, e.g. negotiating skills• Involvement in strategy implementation, e.g. by exercising discretion	<ul style="list-style-type: none">• Control of strategic resources, e.g. materials, labour, money• Involvement in strategy implementation, e.g. distribution outlets, agents• Possession of knowledge or skills, e.g. subcontractors, partners• Through internal links, e.g. informal influence

Stakeholder mapping issues

- Determining purpose and strategy – **whose expectations** need to be prioritised?
- Who are the key **blockers** and **facilitators** of strategy?
- Is it desirable to try to **reposition** certain stakeholders?
- Can the level of interest or power of key stakeholders be **maintained**?
- Will stakeholder positions **shift** according to the issue/strategy being considered?



Thanks!