

## Assignment 05

QiTing ZOU

Management Consultant

China

### Opinion Essay

#### Task Description

Use critical thinking, data, and academic articles to present two solutions to addressing your assigned issue. One solution should be a market response while the other government. Identify the advantages and disadvantages of each approach. Conclude with an informed stance and provide a complete list of properly cited sources. (Use your favorite browser to find a citation machine. Use your industry's standards for proper citation format.)

#### Introduction: Stakeholder Engagement

Managers might fail to adequately consider and engage with stakeholders beyond shareholders, such as employees, customers, communities, and the environment. This can lead to decisions that prioritize short-term financial gains while ignoring the company's operations broader social and environmental impacts.

## Discussion

Stakeholder engagement has become a widely used but generally undefined measure in industry and community research. The academic sources do not provide a mutual definition of the basic idea of stakeholder engagement, and the loosely application of stakeholder engagement activities do not offer a solid base for unified action. Subsequently, it requires open communication among all parties and mutual understanding on the ultimate purpose of the enterprises.

Stakeholders can be seen as persons or a group thereof which receive a direct or more likely indirect effect from a specific business operation. It may well be said that inclusion of stakeholders can subsequently create more value not only for the stakeholders, but also for the business itself.

## Solutions

### 1. Market Response

The solution as a market response can only be based on a process called self-regulation. Here, broad consensus within the industries is required, strong leadership will help to find considerable support, and stewardship within every participating entity is a prerequisite.

Advantages:

- If successful, it can easily develop into a further progressing and supportive government response.
- Cost efficiency is guaranteed as everything will be funded by the industry or the consumer.
- In the light of sustainability, cost efficiency, long-term effects, and others should be expected to be considered under best practices as given.

Disadvantages:

- If government rejects or ignores it, drive within the industry will easily loose pace and vanish.
- Since the management may still be guided by quick profitability, the attention span may be too short and too flexible.
- The support within the industry may easily changed depending on market development.

## 2. Government Response

A government response to the given issue can only be solidly based on law. Since the prescribed situation does not represent any emergency, alternative action will not be effective. Indeed, not only should the government consider their stance on industrial stakeholder engagement, yet more so should the government itself practice strong stakeholder engagement under its own work.

### Advantages:

- Solid foundation in law which can not be easily ignored, yet it can be successfully enforced.
- Wide acceptance among the nation can be expected.
- Guidelines and references are easily to be developed and can served as framework.
- Support by major industry key players will guarantee success.
- If successful, it can easily develop a further progressing market response.

### Disadvantages:

- Process is lengthy.
- Lobbying could negatively interfere with the pursuance of the greater good.
- Countries with weak government are easily exposed to corruption and bribery, as well as interference with the implementation.
- Rejection by industry may occur.
- If major industry key players reject, it may even fail.

## Conclusion

Subsequently, it appears to be a good choice to create a solution with the support of all, the market, i.e. industry and consumer, as well as the government in a joint effort. Ideally, a task, study, and research group should be formed and represent every stakeholder group according to relevance and demography, under the guidance of the government with support of industrial leaders. Think-tanks can serve, together with humanitarian and philanthropic organisations as champions and catalysts for the idea of successful **stakeholder engagement**. The involvement of activists and community action groups should be avoided by all means in order to prevent the project from derailing or from being abused and thereby sabotaged under own agendas.

While there are surely many specific solutions for specific problems, either required or even available, a general approach as outlined above is a more satisfying, cost-efficient, and hence sustainable approach as thereby, specific issues will rather be avoided than created.

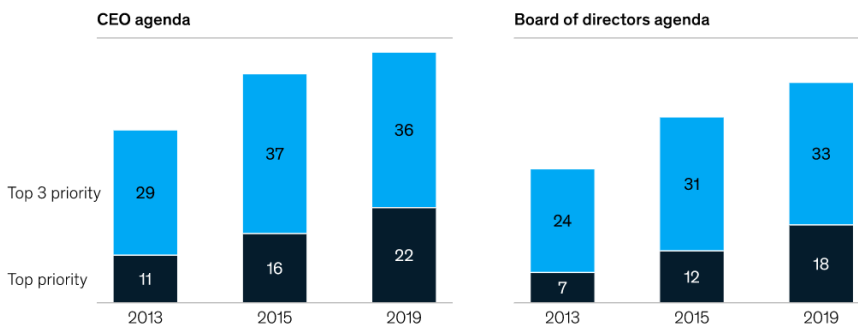
## Representative Industrial Survey Findings

The Five Stage Stakeholder Engagement Framework



**External engagement has been a growing priority for CEOs and board directors.**

Priority of external engagement on leaders' agendas, % of respondents<sup>1</sup>

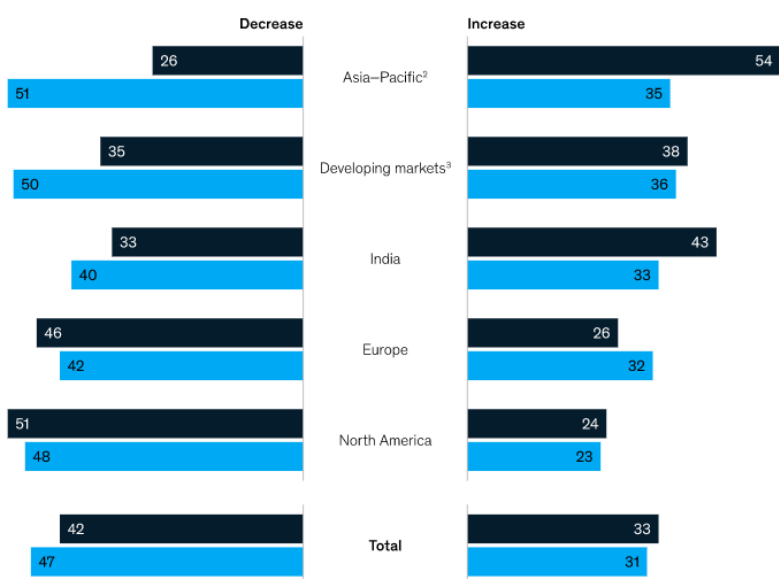


<sup>1</sup> Respondents who said "top 10 priority," "not a top priority," "not on the agenda," or "don't know" are not shown. In 2013, n = 2,186; in 2015, n = 1,334; and in 2019, n = 1,418.



**Respondents in Asia-Pacific and developing markets have become more likely to see external-engagement issues as a risk.**

How external issues will affect organizations' operating incomes, next 3–5 years, % of respondents<sup>1</sup>



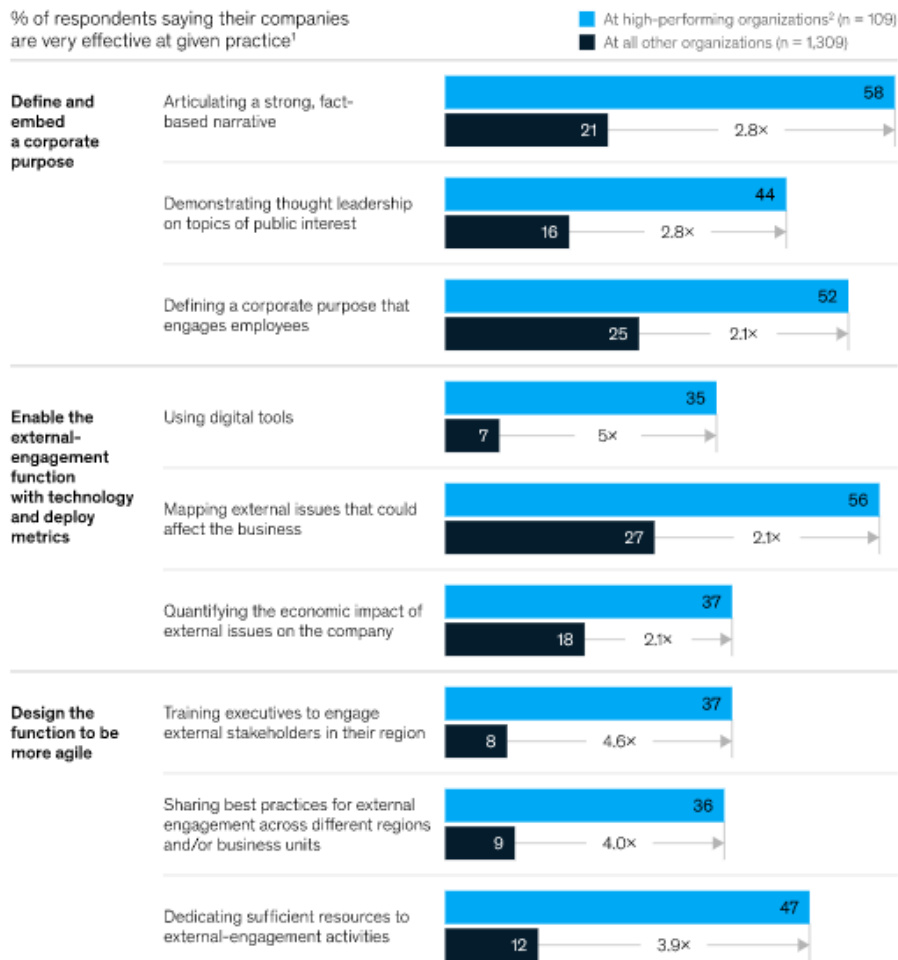
<sup>1</sup> Respondents who said "no effect" or "don't know/not applicable" are not shown. In Asia-Pacific, n = 167 in 2015, and n = 158 in 2019; in developing markets, n = 234 in 2015, and n = 268 in 2019; in India, n = 107 in 2015, and n = 129 in 2019; in Europe, n = 474 in 2015, and n = 524 in 2019; and in North America, n = 352 in 2015, and n = 319 in 2019.

<sup>2</sup> Includes respondents in Australia, Hong Kong, Japan, New Zealand, Philippines, Singapore, South Korea, and Taiwan.

<sup>3</sup> Includes respondents in China, Latin America, Middle East, and North Africa.



**Organizations that excel at external engagement have strong capabilities in three distinct areas.**



<sup>1</sup>Out of 16 capabilities tested in the survey.

<sup>2</sup>Respondents who said their companies were frequently successful at shaping the debate around government policy and/or regulatory decisions that could affect their business environments and at protecting and/or enhancing their corporate reputation among civil-society groups (e.g. nongovernmental organizations, consumer groups).



**Reference**

Aakhus M., Bzdak M. (2015). Stakeholder engagement as communication design practice. *Journal of Public Affairs*, 15, 188–200.

Business Roundtable. (2019, August 19). Business Roundtable redefines the purpose of a corporation to promote “an economy that serves all Americans.” Business Roundtable.

<https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

Freeman R. E., Kujala J., Sachs S. (2017). Stakeholder engagement: Clinical research cases. Springer.

Greenwood M. (2007). Stakeholder engagement: Beyond the myth of corporate responsibility. *Journal of Business Ethics*, 74, 315–327.

Kujala J., Sachs S. (2019). The practice of stakeholder engagement. In Harrison J., Barney J., Freeman R. E. (Eds.), *The Cambridge handbook of stakeholder theory* (pp. 121–140). Cambridge University Press.

Lorsch, J.W. (2014). Recommendations to Meet Future Governance Challenges. Available at: <https://store.hbr.org/product/recommendations-to-meet-future-governance-challenges/iir117?sku=IIR117-PDF-ENG> [Accessed 19 May 2023]. Put simply, there needs to be open communication between all parties and a consensus on the ultimate purpose of the firm.

McKinsey & Company. “Factors for External Stakeholder Engagement | McKinsey.” [www.mckinsey.com](http://www.mckinsey.com), 26 May 2020, [www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/the-pivotal-factors-for-effective-external-engagement](http://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/the-pivotal-factors-for-effective-external-engagement). Accessed 19 May 2023.

Mitchell J. R., Mitchell R. K., Hunt R. A., Townsend D. M., Lee J. H. (2022). Stakeholder engagement, knowledge problems and ethical challenges. *Journal of Business Ethics*, 175(1), 75–94. <https://doi.org/10.1007/s10551-020-04550-0>

Noland J., Phillips R. (2010). Stakeholder engagement, discourse ethics and strategic management. *International Journal of Management Reviews*, 12, 39–49.

Sachs S., Kujala J. (2021b). Stakeholder engagement in management studies: Current and future debates. In Oxford Research Encyclopedia of Business and Management. <https://doi.org/10.1093/acrefore/9780190224851.013.321>

Stakeholder Engagement | BA 850: Sustainability Driven Innovation.” Psu.edu, 2018, [www.e-education.psu.edu/ba850/node/7](http://www.e-education.psu.edu/ba850/node/7).

Stakeholder Engagement for Government: Best Practices.” Boréal, 8 Feb. 2021, [www.boreal-is.com/blog/stakeholder-engagement-for-government-best-practices/](http://www.boreal-is.com/blog/stakeholder-engagement-for-government-best-practices/).