Ipsos MORI
Social Research Institute

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Understanding your stakeholders

A best practice guide for the public sector

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Why is stakeholder management important?

Stakeholder management has long been recognised as a central part of an organisation's effectiveness. Stakeholders play important roles as advocates, sponsors, partners and agents of change. Much has been written about stakeholder relationships in the private sector and many companies now have dedicated relationship managers and strategies in place to improve and develop external relationships. However, stakeholder management in the public sector still lags some way behind, and is often haphazard.

The private sector shows that saving money by cutting back on engaging with your customers and partners is a false economy. Reputations are vital, and while hard to win, are easily lost. Understanding those you work with and for helps to build strong relationships and, ultimately, to achieve your objectives. Our research has shown that people are more willing to listen to companies with strong reputations: where there is trust, communications are more effective[1]. It's also easy to list a range of well-known companies that have built strong reputations based on clear, cohesive, and lived values and cultures: innocent drinks, Apple, Toyota, to name just three.

Public sector bodies, of course, work in a very complex environment, and deal with a wide range of different audiences. Nevertheless, the basic principles of good stakeholder relationships are fairly simple to set out – if difficult to achieve. From our work across the public sector, Ipsos MORI has identified three key elements that separate the best from the rest:

1. **Leadership –** the best organisations have boards with a clear set of priorities and a shared vision of how to achieve them, and articulate this directly and indirectly via their...

2. **Staff –** it is not all about leadership. Good stakeholder relationships are built up over many day-to-day interactions – staff at all levels need to be credible, consistent, and share their organisation's objectives.

3. **Communication –** organisations need to communicate their objectives well – internally as well as externally – and conduct real, two-way conversations with their stakeholders (feedback, don't just mutely listen).

Ultimately, a good reputation boils down to deciding what you want to be famous for and being single-minded – and united – in achieving it.

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1 http://www.ipsos-mori.com/researchpublications/publications/publication.aspx?oItemId=1287

Understanding stakeholder management in the public sector

While the importance of stakeholder management remains the same as for the private sector, the pressures and challenges facing public sector organisations are different. Indeed, the broader context of the public sector must be understood in order for stakeholder management strategies to have real impact.

A key element of this is a greater emphasis than ever before on partnership working in the public sector. Within central government, Capability Reviews and cross-cutting PSAs signal a move towards more joined-up government. Relations with other government departments and public services are integral to successful, efficient government and there is growing acknowledgement of a need to strengthen relations with both internal and external stakeholders.

> "HMT works with and through other government departments and external stakeholders to achieve its objectives – effective stakeholder relationships are crucial to our success."[2]

Indeed, a recent assessment of the Capability Review programme by the Public Accounts Committee notes that government departments 'have a poorer insight into the needs of their delivery partners and customers than do many private sector organisations' and that, in order to improve delivery, they need a better understanding of what their customers want.

> "It is inconceivable that departments can significantly improve their capability to deliver without a much improved understanding of what their customers want. Capability Reviews should assess more thoroughly how well departments obtain feedback from delivery partners and customers, and how they learn and implement lessons from that feedback."[3]

In local government too, the Place agenda and the introduction of Local Area Agreements (LAAs), Comprehensive Area Assessment (CAA) and the new Place Survey means that, more than at any time in the past, local public services are being encouraged to work together and will be collectively held to account for their impact on better outcomes.

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2 Nick MacPherson – Permanent Secretary's response: Capability Review of HM Treasury (December 2007) http://www.civilservice.gov.uk/ Assets/Capability_Review_HMT_tcm6-1064.pdf
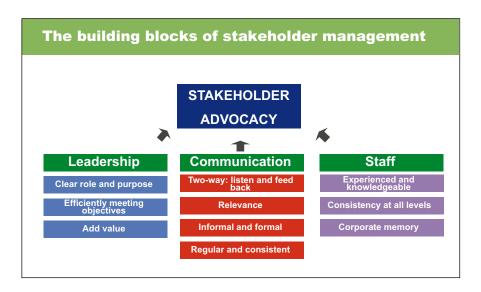
3 House of Commons Public Affairs Committee, Assessment of the Capability Review Programme, (September 2009) http://www. publications.parliament.uk/pa/cm200809/cmselect/cmpubacc/618/618.pd

Partnership working and strong stakeholder relations will only become more important in the future. In the current economic climate, with more focus than ever before on demonstrating efficient and responsible use of public money, there is a need to be transparent, accountable and in touch with your stakeholders. Building trust with stakeholders makes relationships more productive and fosters partnership working, helping organisations to prioritise and meet their aims.

Ipsos MORI's central government research team has carried out many stakeholder surveys for public sector organisations to help them improve working relationships with their partners. While many face their own specific issues, in this briefing guide we identify the key underlying challenges that everyone can learn from.

The building blocks of stakeholder management

Our research shows common characteristics that unite organisations which have good relationships with their stakeholders. We have identified three elements that we feel are important building blocks to effective stakeholder relationships: leadership, communication and staff, as the diagram below shows:

The building blocks of stakeholder management

STAKEHOLDER ADVOCACY

Leadership	Communication	Staff
Clear role and purpose	Two-way: listen and feed back	Experienced and knowledgeable
Efficiently meeting objectives	Relevance	Consistency at all levels
Add value	Informal and formal	Corporate memory
	Regular and consistent	

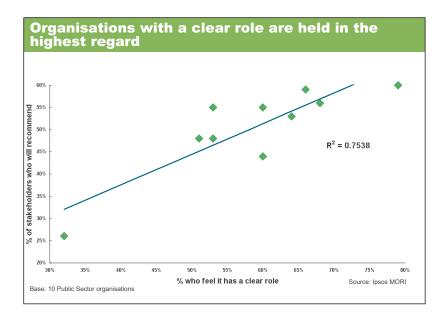Stakeholders who speak highly of an organisation often consider it to…

1. Demonstrate good leadership, with clear vision and direction:

It is crucially important to stakeholders that organisations are well led and know what they want to be famous for. At its core is having strong organisational vision and direction, and having the confidence to make decisions to follow this through. We have found that those organisations that rate best among their stakeholders are those with the greatest clarity of purpose – stakeholders want to know what an organisation is doing to add value to them. Critics typically mention that they are unclear about the role of an organisation or the value that it provides:

"There isn't a clear vision about what their role is, I don't think. They seem to be faced with constant change about what their role should be."

Just as with customer satisfaction, stakeholder perceptions – while influenced by communications – have to be built on a solid base. An organisation that is clear about its objectives and successfully meets them will be recognised as such by stakeholders. This means that good stakeholder management is about much more than "PR" or "spin" – it gets to the heart of the effectiveness of an organisation.
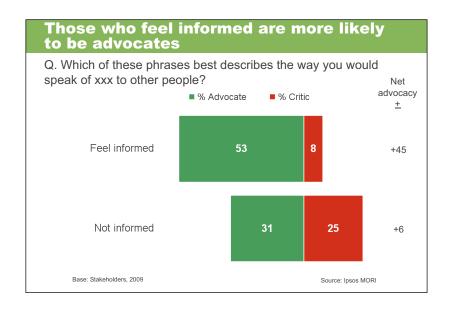
The following chart of some of our case studies demonstrates that organisations with a clear role enjoy the highest levels of advocacy.

Organisations with a clear role are held in the highest regard

$R^2 = 0.7538$

% of stakeholders who will recommend

% who feel it has a clear role

Base: 10 Public Sector organisations

Source: Ipsos MORI

2. Communicate effectively and act on stakeholder views – don't just listen to them:

Good communication is vitally important to stakeholder management. In particular, communication needs to be a two-way process. Stakeholders want to feel that their views are listened to and acted upon – or to know why their advice has not been used. While many public sector organisations are felt to listen to their stakeholders, most need to do better at feeding back to stakeholders how they are acting on their views.
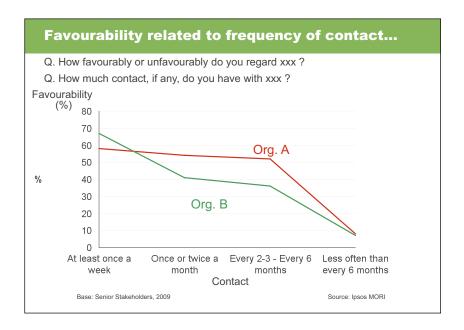
Feeling well-informed is critical to advocacy. As the following chart shows, stakeholders who feel informed about what an organisation is doing are far more likely to speak highly about it:

We are finding more and more, particularly among senior stakeholders, that they want regular, short and pithy communication. It is also imperative that communications are seen as relevant and useful. Stakeholders want communication to be responsive to their needs and linked to their agenda. Increasingly, stakeholders want to receive communication via email, but this should be in addition to regular informal and formal communication such as phone calls and meetings. Informal communications in particular are central to maintaining strong relationships.

"I think more communication is needed so that we can understand them more and they can understand us better. Better communication would enhance my opinions."

Effective stakeholder management is also about targeting communications with stakeholders carefully and steering the conversation. Successful organisations prioritise the messages they wish to communicate – and those they choose not to.

Contact and communication needs to be regular and consistent. There is often a clear link between the regularity of contact stakeholders have with an organisation and how favourably they view its performance. The more often stakeholders are in contact with an organisation, the more favourable they tend to be, as the following chart demonstrates for some of our case studies.

Incidentally, it is also amazing the difference a high quality, regularly updated database of stakeholders can make to your reputation – how can you communicate with them if you don't know who they are or keep up with their job moves?

3. Have staff who demonstrate consistency and credibility at all levels:

Stakeholder relationships are ultimately about day-to-day working relationships. Therefore, as effectively as an organisation might be led, the quality of working relationships really makes a difference to stakeholders:

"The people make the relationship rather than the organisation."

Perceptions of the quality of an organisation's employees have a strong influence on the way that organisation is viewed by its stakeholders. Stakeholders want to feel that they are dealing with experienced and knowledgeable staff.
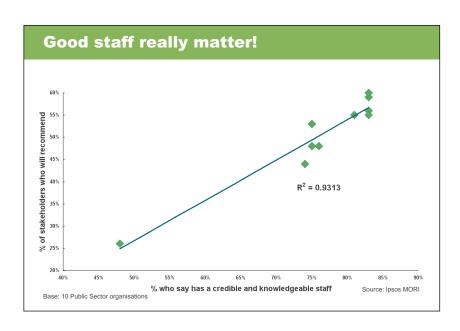
A strong leadership team is important – but all staff need to know that they act as ambassadors for their organisation through the impressions they give in their daily interactions. Staff advocacy is vital.

Stakeholders also value consistency in the people they deal with so that they have a consistent point of contact and are able to engage with someone who knows their agenda.

"The main problem we've had is forming a relationship at all with the constant upheaval to the staff... where we've had a stable relationship for a while with an individual, on the whole, that's worked very well."

As well as consistency at an individual level, this is about developing corporate memory; being able to point stakeholders in the right direction and knowing who is best placed to help them so that past examples of best practice can be shared. Where organisations perform less well, stakeholders are often concerned about the level and experience of staff they are dealing with.

Analysis of ten public sector case studies shows that there is a positive correlation between having a credible and knowledgeable staff and high levels of advocacy, as the following chart demonstrates.

Good staff really matter!

$R^2 = 0.9313$

% of stakeholders who will recommend

% who say has a credible and knowledgeable staff

Base: 10 Public Sector organisations   Source: Ipsos MORI

What does this mean for me?

Stakeholder management is only going to become more important to the public sector. In this new economic climate – and one which encourages partnership working to meet targets and increase efficiency – it will be critical to understand your stakeholders and ensure that their expectations are being met.

Indeed, efficiency in the public sector is now seen as extremely important – and will continue to be so, whichever party is in power following the next general election. The Conservative Party for one is constantly stressing the importance of public bodies meeting their core objectives in the most efficient way. In March this year, David Cameron said:

> "The real divide that matters when economic times are tough is between the efficient and the inefficient. Whether in the private sector or the public sector, inefficiency is now unaffordable. Whether in the private sector or the public sector, the absolute priority is to make sure that we get maximum out from what is put in - that we get more for less."[4]

In this new, more challenging context, use these building blocks as a check-list to help you design your approach to your stakeholder management. They are intended to bring our experience to help you to identify key elements to think about, and to develop your own priorities from them.

If you do this, you can aim to achieve a level of such positive regard among your stakeholders that they support and defend you, as demonstrated by the quote from a very senior stakeholder below – a level of advocacy that all organisations should strive for:

"I am filled with admiration for X and will have no word said against it in my presence."

How can Ipsos MORI help?

Ipsos MORI can help you to understand what your stakeholders think of your organisation – your strengths and weaknesses – and help you to develop ways of improving your relationships. We do this by:

- Bringing our in-depth understanding of the public sector and the specific issues that are facing you to ensure that the research is focused and relevant – we work for every government department and 200 councils;

- Helping you to identify who your key stakeholders are, by undertaking stakeholder mapping in advance of the research;

- Designing a bespoke research study among your stakeholders, ensuring that it will fully meet your specific objectives;

- Providing robust benchmark data on key indicators from other public sector organisations. Using our extensive database we can place your results into context; whether a public sector body or a government department, we can compare your results to similar organisations;

- Providing a senior research team from our Social Research Institute, with members who are experienced in the issues of stakeholder management;

- Producing simple, easy to read reports with clear conclusions and recommendations for action;

- Running action-planning workshops to help prioritise the issues to be tackled and facilitate the development of the key actions required. These are an integral part of the research process, generating interest and ownership of the research results among people who need to act upon them. Ultimately, it's about getting more from the research.

A recent client testimonial:

> "My contacts at Ipsos MORI were incredibly personable and knowledgeable. Nothing was too much effort and they were always willing to go that 'extra mile' for us. This was a large-scale project and it was handled by the team at Ipsos MORI very professionally and with much enthusiasm. The reports and presentations were meticulously researched and presented in such a way that we are now able to use the statistics and narrative to further improve the way we work."

Further information

About Ipsos MORI's Social Research Institute:

The Social Research Institute works closely with national government, local public services and the not-for-profit sector. Its 200 research staff focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, ensures that our research makes a difference for decision makers and communities.