IDENTIFYING STAKEHOLDERS: APPROACH TO SOCIAL FORESTRY CONFLICTS

Ivan Gyozo Somlai[1]

Abstract

In any conflict, there are many components to a negotiated settlement. One of the first essential aspects is the determination of legitimate stakeholders. This is not as easy as it seems, especially when considering protracted community-based conflicts that may have included violence, wherein many people have been adversely affected and many families disadvantaged. Difficulties could arise from the outset in the formation of negotiation or mediation efforts: obviously, were everyone to be considered a stakeholder, there would ensue a debilitating, ineffective conciliatory process. This introductory piece offers some suggestions for selecting and prioritising stakeholders so that the process of actual negotiation (with mediation, if any) could be undertaken in an orderly and transparent manner.

Keywords: *alternative conflict resolution, stakeholder identification, Trans-Stakeholder Approach.*

Introduction

I had recently written about the need for using alternative approaches to solving protracted conflicts, premised on the following: "if there be serious conflict between a community and an extractive industry (timber concessionaires, plantations, mines), or community-government or any other combination; and if the major disputants are unwilling or unable to negotiate, then what options are left for all the affected stakeholders? Does everyone wait? If so, for how long? Would waiting exacerbate the tensions or benefit anyone? Or would movement towards resolving the conflict be better? If we simply wait, what are the consequences? In other words, does waiting, for perhaps many years, outweigh the possible benefits of trying alternative processes which may speed up resolution?" (Somlai 2006a). My suggested modality was the TransStakeholder Approach (Somlai 2006b)[2], which one

---

[1]Former Coordinator, Kaltim Social Forestry Project, Indonesia; currently Director, Global Collaboration; and Associate to the President, World Trade University.
[2]*TransStakeholder Approach (TSA)*: essential communication is with as many influential stakeholders as possible, with the undertaking of purposeful and coordinated dialogue, and the nurturing of relationship building together with feedback loops to enhance understanding and learning.

may consider an extension to the Multistakeholder Process (MSP)[3]. My intent was to pursue a more holistic, comprehensive dialogue with peripheral stakeholders in order to have them exert pressure on the prime stakeholders—the major and obvious ones—to negotiate in good faith. In theory, the need for multiple stakeholder[4] involvement is sound because of its direct relevance for sustained solutions. In business organisations, for example, participative decision-making, information sharing, training and performance-based rewards lead to increased effectiveness, higher morale and lower staff turnover; in other organisational contexts as well, the involvement of more of the stakeholders can contribute to increased chance for a better solution, a quicker solution, and one with higher chance of acceptance by the parties involved.

However, many facilitators and mediators can get lost in the theory and in their altruistic intentions, thereby concluding that everyone is a stakeholder or that everyone vocal enough is a stakeholder. With such a conclusion, a disastrous intermediation is assured! This brief introduction to stakeholder identification is meant as a thought-provoker—not as a definitive prescription, to the establishment of necessary representation for discussion or negotiation of a conflict.

Predominant Stakeholder Parameters

Stakeholder theory, generally, focuses on the locus of decision-making and its connection to the beneficiaries of such decisions. In related research (Freeman 1984), it is proposed that "a stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives". The word "affect" may be defined also as "influence", and therefore we often may equate stakeholders with influencers. However, this is not a truism: "influence" does not equate with "stakeholding", as these examples illustrate[5]:

- Applicants for a government post may be stakeholders in a very broad sense, but have no or limited influence on the department or government as a whole[6] (until they be actually hired and working);
- A distant nation (or community, party, organisation, etc.) that is hostile to one's own, sowing discontent, fear and malevolence, has

---

[3] Multi-stakeholder processes (MSPs) are "processes which aim to bring together all major stakeholders in a different form of communication, fact finding, and possibly decision-making, on a particular issue" (Hemmati 2001).

[4] "Stakeholder" apparently was first recorded in 1708, to mean a bet or a deposit. The word now refers to anyone significantly affecting or affected by someone else's decision-making activity, either because of one side having voluntarily accepted benefits, thus incurring obligations of fairness; or else by pure altruism.

[5] Adapted from Donaldson & Preston (1995:86).

[6] I am not considering 'insider' or sycophant relationships.

influence, but is surely not a stakeholder[7], while a powerful neighbour may have both influence and claim to be, as well, a legitimate stakeholder;

- Media is a potentially strong influencer, but may or may not be a stakeholder, depending on whether it be government/party owned or controlled, or independent;
- Competitors of one's business may have influence, but most assuredly would not gain an invitation to one's Board meeting to discuss growth strategy.

Stakeholders of today could also lose their status tomorrow, while non-stakeholders could become stakeholders in a later conflict or even at a later stage during the current conflict. Each context dictates the existence of discrete stakeholders. Representatives at the table today for a particular conflict may not be the same ones for the next similar conflict. Thus the potential fluidity may be confusing, requiring judicious consultation to decide whom to invite to negotiate and under what terms.

Case Study

A recent involvement of mine in a periurban community is an illustrative case study of the difficulties. A former military base of over 60 hectares has been closed and turned over to the local municipality. The municipality, together with eight stakeholders, decided to transform the place into an "education park" (EP). Plans for the EP were to host a regional university, as well a small international university, various other training institutes and ancillary service providers for the property and surrounding community (such as security, emergency, hotel, food stores, and so on). While the institutions can use some of the buildings from the military era, new buildings are nonetheless planned to meet the emerging needs. The stakeholders, through a cooperative approach, have developed a Planning Committee and a Technical Committee to deal with both policy decision matters and technical issues respectively regarding the evolution of the EP. Although these Committees are functioning well, there arose a desire to formalize the relationship and clearly define the roles, responsibilities and expectations of the stakeholders both individually and collectively for the effective development of the EP.

Under pressure from the municipality and genuine interest of all EP occupants, a process was initiated to try to standardize the EP governance that should be implemented to increase or improve the efficiency and

---

[7]This, perforce, will be tendentiously argued by certain nations claiming that natural resources or else the governmental structure and stability within a particular country are of interest to itself.

effectiveness of the management of the EP. Under consideration were the authority, coordination, management and related implications for:

1. Sustaining a "green" environment (architecture, signage, lighting, roadside materials)
2. Retaining military heritage sites
3. Planning and cost-sharing of certain infrastructure services (traffic flow, parking, security, utilities servicing)
4. Defining an overall plan (pedestrian and vehicular traffic, site servicing and security)
5. Roles and responsibilities
6. Funding and cost-sharing

A great idea started to bog down at the very first meeting when a discussion arose over how much say each EP occupant had in ensuing decisions. Would it be one vote per organization? A suggestion was put forth that those who actually bought and owned land in the EP would be called "partners", whereas those who only leased land would be called "stakeholders", with a distinction made in their corresponding decision-making authority. Immediately following was a heated debate about some of the same themes as those I introduced previously:

• Would land owners of different size property result in varying levels of power?
• Would major occupants who were not land owners, just lessees, have minimized roles?
• What differences are there between those parties which own land and those that do not with respect to their influence? (e.g. One institution, in particular, which was only leasing a building, is of international stature and thus is actually used by the local administration and real estate agents to motivate businesses and families to move to the city. Yet, under definitions proposed by some, the institution would have minimal say).
• What about the distinct levels of government involved in the different properties at the EP? (i.e. Property owners and users included federal, provincial and municipal levels of government, each with its respective statutes that could not be relinquished through any kind of Memorandum of Understanding (MOU); then there were NGOs and private operators as well).
• What cconsideration could be given to other potential and future stakeholders when developing the MOU

Will such a diverse group of stakeholders ever be more than an information-sharing group? Will it ever be capable of agreeing to an MOU with substance? The MOU was meant to, at a minimum, address the following points, or themes, in a meaningful way:

1. Planning Responsibilities and Authorities

While it is recognized that each of the stakeholders/partners (let's not worry about the semantics for now) has its own individual responsibilities and authorities that must be respected, the interfacing of individual 'rights' should be balanced to the collective good to ensure a common theme for the campus is developed and protected. The EP's system of pedestrian and vehicular traffic routes and underground services must meet the needs of all of the stakeholders/ partners and be integrated into an overall plan reflective of the original vision.

2. Governance

While the stakeholders/partners operate in the spirit of cooperation, it is a loosely knit association without authority. The group is expected to take a careful look at the forms of governance to determine the most effective way to manage the overall EP. While exploring governance models, the group must also address the authorities with each that can be supported by the stakeholders/ partners.

3. Allocation of Infrastructure Costs

It is anticipated that infrastructure improvements, or reconstruction, will be required on the campus that will benefit all stakeholders/partners; however, the degree of benefit depending on the infrastructure may vary from one partner to the other and be governed by the terms of a number of "Agreements of Purchase and Sale" executed between the stakeholders to date. The group will, therefore, need to analyze the infrastructure needs, review the infrastructure commitments in the existing legal agreements and arrive at an appropriate allocation of costs based on them and a defensible formula for cost-sharing going forward.

4. Site Security

All stakeholders/partners have experienced and have ongoing concerns for vandalism and theft associated with their individual sites. The MOU should address a collaborative and all-encompassing approach to campus security for the EP. This approach would also identify the responsibilities of the stakeholders/partners and address cost allocation for the service on a predetermined formula.

5. Financing

The group need address the financial implications of each option of governance under consideration including sources of revenue, and projected operating capital budgets. In addition, consideration should also be given to the establishment of reserve funds

The preceding was meant not to elaborate on a definitive solution to the group's issues, because this process is still underway with no end yet in sight. Nonetheless, the case illustrates that even within well-meaning situations without conflict, conflict can arise as the complexity of the group dynamics increases; moreover, while on the surface this group operates in a safe environment, the issues demonstrate that semantics (e.g. "stakeholders", "partners") which affect status, influence and power can dramatically change relationships; and this aspect is, or can be, exacerbated in a context of physical conflict involving social forestry issues, especially when basic human needs are involved.

Citizens All, Stakeholders All?

So, is an organisation synonymous with a country and is, therefore, every citizen a stakeholder? Well, yes, if we speak about elections: in elections for a new government, each citizen is a stakeholder and therefore—at least in fully democratic countries—entitled to vote (within certain variable prescriptions relating to age, status, domicile etc.). Many nations even have procedures for holding national *referenda* on very important and sensitive topics.

However, if we are talking about a social forestry conflict at the national or sub-national level there would not be simply a casting of votes. It gets complicated from the context of more input being needed than just the casting of a vote, and there being the possibility of cross-jurisdictional connections, machinations and influence. Some groups will have obvious right to be *primary* stakeholders, with direct legitimate stake in the decision-making or being clearly instrumental in the forging of decisions; while others, *peripheral* ones, may have only ambiguous, superficial, tangential or sporadic input or influence. There is a parallel to the environment of a company, in which there are participants *in* the firm and participants in transactions *with* the firm. But how do we identify and select from a plethora of stakeholder candidates?

If, in a conflict, we decide that every citizen is a stakeholder, the term "stakeholder" is meaningless, for there would be no person or group that could be called a non-stakeholder. While a particular conflict (e.g. natural resource issues, territorial encroachments) may affect all people in an area, any modality to assure hearing out of all stakeholders must be tempered with a process that is manageable, equitable (with participating stakeholders receiving consideration proportional to their contribution), apodictic and patient. It would be an unworkable process to include all people in negotiations. Hence, issues of representation must be considered (Gray 1989) and opportunities given to those not at the table to express opinions through *referenda* or separate focus group discussions on major decisions made by the groups at the table. Moreover, we ethically must not exclude individuals and groups with an important perspective—yet who are without clout. Exclusion

can conversely create ethical challenges by motivating those excluded to better organize, feed the insatiable media and in other ways strive to augment their leverage—just the extra opposition you do not need when already involved in sensitive and difficult negotiations.

It is suggested, though, that "based on anecdotal experiences, a *reduced scale* stakeholder process is preferable to a *poorly run* process. This is because a poorly run process can create unmet expectations. This often leads to cynicism and damaged relationships". This therefore requires assiduous selection and prioritisation of stakeholders. Decisions about which the legitimate stakeholders are concerned will vary from one organisation, country and context to another. "Below a certain threshold, legitimacy is not significantly improved by additional stakeholders. Above this threshold, it increases significantly, until it reaches a ceiling where the addition of further stakeholders does little to improve legitimacy…. With diversity, the speed of the process then drops more rapidly, but never completely stalls" (Vallejo & Hauselmann 2004:6).

Primary and Peripheral Inclusion

In your own conflict, who represents the stakeholder? Minimally, there are two intertwined processes with stakeholders for primary and peripheral inclusion: *identification* and *assessment*. Since there could be many contenders for stakeholder seats at the table, it is imperative that legitimate ones be duly recognised.

Primary stakeholders are obvious ones such as when two identity groups are in conflict. In a war, the evident prime stakeholders are the nation(s) attacked and the nation(s) attacking; peripheral ones may be bordering states or international bodies. In an insurgency, the primary key players are the insurgents and the government in power; peripheral ones may be political parties, military and large businesses. In a social forestry dispute, the primary groups may be an individual farmer, his (or her) particular community, the encroaching extractive industry or perhaps the local government which authorised a palm oil plantation development; peripheral ones may be district government, non-government organisations, and academic experts. Identification of relevant parties should ensure inclusion of not only the most vocal, but as well marginalized ones, relying on adequate advocacy and gender representation.

Natural resource issues (such as environmental damage to traditional agricultural areas and water supplies, inequitable revenue sharing, slash-and-burn impacts, conflicting farming techniques, expropriation of land, pollution, etc.)—and often allied human rights violations—pose distinct dangers to politically weak and unstable regions. Conflict, however, tends to be not provoked as much by economic grievances as by economic disparity.

Environmental conflicts also may have groups in the background which materialize as and when their own welfare becomes, or is inevitably, threatened. I call this the "web in the shadows" (Somlai 2003). It is common in many cultures that the people in the forefront may not be the ones, or the only ones, making relevant decisions. There may be groups on the sidelines. Moreover, there is frequently an interconnected, murky web in the shadows that need be identified and consulted for any conflict resolution to have effect in the long run. This web often mobilises while negotiations are taking place and can at any time undermine the process. There emerge some related questions and issues to consider now regarding the process for mediation within such a web (Somlai 2003):

- Should negotiations be restricted to "two" sides? Or should negotiations include representation from the shadows?
- How do we find out about the known people in the shadows?
- How can we find out about unexpected and unobtrusive shadow players?
- How can we rank the importance of the shadow players?
- How do we approach the people in the shadows?
- How do we get information from the people in the shadows without alerting the key negotiators (in case that would be a problem)?
- How can we discover the interrelationships among the shadow players?
- What are the actual influences of each shadow player on the key negotiators?
- How do we analyse the information gained from the shadows?
- How do we utilize the newly gained information?
- What can we do if certain shadow players are unapproachable or inaccessible?
- Could/should any shadow players be brought together?

Exploration of the shadows can be instructive in getting a more complete picture of people and groups who need be considered for inclusion in discussions. Good mediators or consensus builders always try to find these groups or individuals, informally if need be, and seek to incorporate them as invitational stakeholders before their voices become too stringent. As these groups are identified, exploratory questions, such as those below, are necessary to develop a better understanding of each group and its needs.

- Which stakeholders are primary and which are peripheral ones? Why?
- What are the distinguishing features between legitimate and illegitimate stakeholders, ones which can affect legitimate stakeholders, ones who deserve direct moral obligation and ones who could damage or benefit the organisation (but to whom the organisation has no moral obligation as stakeholder)?

- Which of the stakeholders are essential for the process to be considered credible?
- Who are its known constituents or sub-groups?
- Do any of the stakeholders have merging or diverging interests with one another?
- Are any of the potential stakeholder representatives simultaneously members of other stakeholder groups?
- What are the key issues and needs of each identified stakeholder?
- How could each group be represented at the table?
- At what stage of negotiations does each of the stakeholders need to be present?
- How should representatives participate? (to advise, consult, exchange information, listen, negotiate, stick to just social issues, engage in politics, discuss other focus topics and processes, cover all and sundry items…)?
- What are the needs and priorities of each identified group?
- How could we prioritise stakeholder wish-lists?
- In the end, are there any stakeholders that by virtue of their being marginalised have been unable to advocate for their own involvement, whether as primary or peripheral participants?
- What, if any, cultural issues, sensitivities, or protocols may be relevant to successfully approaching and engaging the stakeholders identified? What are the technological capacities of the stakeholders or stakeholder groups (particularly with regard to communication)? How internally cohesive are key stakeholder groups? How are they organized and what are their intra-organisational communication mechanisms or capabilities?" (Marine Stewardship Council 2004:13).

When obtaining answers, gauge each stakeholder group's perspective with criteria that the group itself may use for assessing the success or failure of a conflict resolution. The result could have factors such as the following emerge.

Table 1. Potential Assessment Tool of a Sample of Stakeholders in a Social Forestry Dispute

Stakeholder	Different Needs, Expectations & Criteria
Individual Farmer	- Peace to continue farming for his livelihood needs and economic security - Good working relationship with all neighbours - Clarity about different cultural environments of the other stakeholders he has to deal with (e.g. non-threatening communication with bureaucrats, company field personnel, etc.)

Community	• Understandable terms and conditions of resolution with dividends immediately felt • Desire to limit conflict and not allow it to spread to others • Active support with survival strategies, coping mechanisms, visions for peace and stability and lowering of probability of recurrence • Sharing of economic benefits • Guaranteed access to discrete land uses (e.g. hunting, fishing, harvesting of non timber forest products, tourism etc.)
Civic Organizations (NGOs, CBOs, etc.)	• Using lessons learned for policy dialogue, indigenous interests and media
Governmental Organizations	• Stability for enabling good governance • Gaining confidence of citizens and extraterritorial influencing-nations and organisations • Need for useful conflict mitigation/resolution prototype that could be extrapolated to other areas of the nation • Job creation and tax revenue
Extractive Industry & Other Commercial Enterprises	• Need to continue expansion for increasing production and thereby making profits in order to further expand (or provide more employment, improve technology, increase wages, etc.) • Convenience to customers • Planned countering to economic costs, such as capital flight or high military expenditure, etc.
Academics	• Support for government, communities, industries in harmonising contending forces • Using experience to do applied research, extension work and to develop academic and non-formal education and training pertaining to conflict resolution • Use experience to improve relevant policies that might mitigate recurrence of similar conflicts
International	• Global biodiversity effects • World heritage impacts • Cross-fertilisation of conflict-producing ideas by activist groups • Cross-fertilisation of conflict-mitigation ideas by other INGOS

Once we have a clearer picture of each stakeholder, we are then in a better position to assess specific elements that provide legitimacy or relevancy for each:

• What scope of influence does each stakeholder have?
• How much power does each stakeholder have?
• What level of importance does each stakeholder have (outside of any power and influence)?
• What amount of urgency does each stakeholder have?

- How much entitlement does each stakeholder have?
- What moral obligation does each stakeholder have or is each stakeholder owed?
- How representative is each proposed delegate to its respective stakeholder group?
- What can each stakeholder contribute to management of the conflict?

Some of these elements undoubtedly need to be assessed subjectively; however, even just thinking about the elements is advantageous to not considering them at all, and it is these elements that usually determine whether an agent is a prime or peripheral stakeholder.

Such an assessment provides the information needed for the design of a participatory process, because it educates each of us in the needs of a particular stakeholder and thus promotes empathy. Increased understanding also helps us to conceive how we **should** relate to other stakeholders and to think about impacts **if** one relates to stakeholders in particular ways (Donaldson & Preston 1995).

In view of the preceding, here is an illustrative list of legitimate prime and peripheral stakeholders, with relevant sub-groups or constituents, compiled from an actual protracted conflict in Asia in which this author has been involved (Somlai 2003). While this was not a social forestry conflict, the compilation of constituents is an apt example of the process.

Table 2. Contextual Prioritisation of Stakeholders (i.e. representatives from…)

Prime	**Government Authorities** • Prime Minister's Office • Cabinet • Civil Service Bureaucracy • Armed Forces • Palace **Political Parties (Major/Strongest Groups)** • Socialist • Communist • Royalist/Monarchical • Ethnic/Geographic
Peripheral	**Government Authorities** • Ministers • Parastatal Agencies **Political Parties** • Fringe parties (Green, etc.) • Minor Socialist, Communist, Royalist, Ethnic/Geographic

	Civil Society
	• Other farmers/ranchers
	• Village Representative Committees
	• Businesses
	• Non Government Organisations (NGOs) & Community Based Organisations (CBOs)
	• Religious groups
	• Academics
	• Funding Agencies, National Banks & Joint Venture International Banks
	• Communication & networking organisations
	• Media
	• Discrete classes & groups (e.g. marginalised groups, women's groups)
	Foreign Influencers/Interferers
	• U.N.
	• International Non Government Organisations (INGOs) locally active
	• Foreign Governments (neighbouring states and power brokers)
	• Interstate alliances (political, economic, trade, humanitarian, etc.)

A useful rule of thumb is for prime stakeholders to take moral precedence over peripheral stakeholders. But while peripheral stakeholders may not have prime claim on the negotiation resources, some time must nevertheless be dedicated to their actions and behaviours because of their effect on the prime groups. This does not mean that such groups are to be at the table, but rather that a mechanism must be established for consulting with them. Representatives must be able to shuttle amongst negotiating groups and the people they represent.

We need to get a glimpse into each of their perspectives in order to understand them; only then is it possible to sit together and have a mutually intelligible dialogue.

Conclusion

The assembly of stakeholder representatives for resolving conflict cannot be a hodgepodge affair heeding only the 'squeaky wheels' and more obvious groups. Through systematic enquiry with prime stakeholders, and proactive search for and discussions with peripheral groups that may have varying amounts of influence but certainly could contribute important ideas and perspectives, we can have an optimal congregation of representatives for a particular context. The complete process may be intricate and may take longer by involving peripheral groups; however, with the probable increased buy-ins, any resultant decisions would have better guarantees of successful implementation. In view of the global proliferation of forestry related

conflicts, is important that practitioners look beyond social forestry's own domain for adaptable illustrative processes from other sectors; hence the examples in this article. A fine example of such transdisciplinary engagement has been aptly modelled by UNMUL's Centre for Social Forestry.

References

Donaldson, T., and Preston, L.E. 1995. "The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications." In *Academy of Management Review* 20:65–91.

Freeman, R. Edward. 1984. *Strategic Management: A Stakeholder Approach.* Boston, Pittman Publishing.

Gray, Barbara. 1989. *Collaborating: Finding Common Ground for Multiparty Problems.* San Francisco: Jossey-Bass Publishers.

Hemmati, Minu. 2001. *Multi-Stakeholder Processes for Governance and Sustainability; Beyond Deadlock and Conflict.* London: Earthscan.

Marine Stewardship Council. 2004. *Guidance for Certification Bodies on Stakeholder Consultation in Fishery Assessments.* Version 2, December.

Somlai, Ivan G. 2003. *The Anatomy of Mediation Between Insurgents and the Government in a South-Asian Country.* Presentation for BEST Training, Moscow, Russia.

Somlai, Ivan G. 2006a. "Web in the Shadows/Chaayaamaa Maakuraako Jaalo: Anatomy of stakeholder influences in an insurgency". In Lawoti, M. (ed). *Contentious Politics and Democratization in Nepal.* Delhi: Sage, 2007.

Somlai, Ivan G. 2006b. *TransStakeholder Approach in Drawn-out Conflicts";* Media CSF, Universitas Mulawarman, Vol.7, No. 1; Samarinda, Indonesia; March. http://www.csf.or.id/dat/media/vol7_no1_jan_mar2006.pdf (accessed on May 30, 2006).

Vallejo, Nancy, and Hauselmann, Pierre. 2004. *Governance and Multi-stakeholder Processes*. Winnipeg, Canada: International Institute for Sustainable Development. http://www.iisd.org/pdf/2004/sci_ governance.pdf (accessed on February 18, 2008).