Purpose and perspective: using soft systems methods in stakeholder analysis


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PURPOSE AND PERSPECTIVE: USING SOFT SYSTEMS METHODS IN STAKEHOLDER ANALYSIS

1 Abstract

Sustainable development has brought with it a broader consideration of the role of different stakeholders. Considerable scholarship has gone into demonstrating that purpose and perspective matter, and that stakeholder groupings based on these can be much more complex than basic social or economic variables might suggest. Yet an examination of the stakeholder analysis tools in the management literature reveals simplistic assumptions and boundary judgements, and a reification of purpose that conceals stakeholder assumptions, values and goals.

In this paper, we explore an alternative form of stakeholder analysis, based on Checkland’s Soft Systems Methodology. At its core is a suggestion that a central difficulty with standard stakeholder analysis is that sustainability is not framed in the same way by different stakeholders and it is unreasonable to analyse their stake in it as though their framing was identical. The paper describes how some of the methods developed within SSM can be applied to make stakeholder analysis more powerful and more flexible, and discusses some of the implications for CSR and sustainability.

2 Sustainable development and participation

It is a cliché to say that sustainable development is a contested term, with multiple and often overlapping definitions reflecting the range of actors and interests staking a claim over the debate (Blackmore and Ison 1995; Reid 1995). Yet this still leaves the issue of where to start. Our own position is to note that while defining sustainable development is often normative, it is possible to step back and look at it analytically – to think about what sustainable development is before talking about what it should be. The idea of sustainable development thus revealed is historical. That is, how did this notion come about and what did it mean. It is thus based in the concept of sustainable development as discourse (High 2002). The uncomfortable need to establish a position amongst the complex facts and contested values of this discourse remains of course, but it can be side-stepped while some of the forgotten
power of sustainable development as an unfolding construction of meaning with political and social consequences is appreciated.

As a public discourse, sustainable development came to international attention as a result of the United Nations Conference on the Human Environment in Stockholm in 1972, building on a decade and more of growing concern about the state of the global environment. In Stockholm, a moment of synthesis was reached when those with a focus on the protection of the environment and those whose primary concern was human poverty and disadvantage recognised that they need not stand in opposition, but could construct a common cause. This synthesis recognised that poverty and environmental degradation were linked and that one could not be dealt with without the other. An important feature, as with many great syntheses, was that it reframed the debate. The new orientation linked conditions in the present with conditions in the future and recognised a value of equality between citizens of today and tomorrow. The Brundland report (World Commission on Environment and Development 1987) captured this spirit in an often cited phrase “…development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Thus from its inception, sustainable development has been about reconciling different standpoints.

The growing importance of sustainable development as a discourse was matched by a more general increase of interest in participation and a move towards more inclusive forms of governance (High, Slater et al. 2006). Indeed participation has become an orthodoxy in development theory and practice, across the world (Henkel and Stirrat 2002), with most development agencies and NGOs laying an emphasis on participatory practice. Essentially the benefits of this can be seen in terms of efficiency or ethics (Pretty 1995; Warburton 1997) or indeed both. The pragmatic argument for participation is that processes which are participatory work better than ones which are not. In other words, because participatory approaches include stakeholders in decision-making or implementation, they offer a better match with the facts-on-the-ground, as well as a sense of ownership on the part of stakeholders, and these results are associated with success. In this view, participation is a technique that improves the fitness of governance, project management and similar processes. The ethical argument is value-driven and to do with respecting the rights of stakeholders to influence decisions which affect their lives, with an eye to the empowering effect of doing so. In this way of thinking, stakeholders should be made partners in the processes that affect them because it is their right to be recognised and respected as autonomous human beings, and it provides them a powerful space in which to experience themselves as valued and equal to anyone else (eg. Jones and SPEECH 2001). An ethical view of participation is often associated with an interest in issues of power and empowerment, and a shift is sought from ‘experts on top to experts on tap’ (Gibson 1996). When both these sides of participation come together, they unleash the creativity and agency of a wide range of stakeholders, giving added value to development effort and governance.

While it is difficult to say whether sustainable development contributed to this shift or merely expressed it, it has certainly always incorporated an ethic of participation – a value that seeks to draw in different viewpoints into decision-making about the intersection between environmental issues and human development. The understanding of the risks and uncertainties that gave rise to the discourse of sustainable development in the first place has changed – sustainable development predates most interest in global warming and carbon emissions for example. Nonetheless the risks seem no less severe and the global problematique that draws in the interrelated themes of environmental destruction and social inequality remains central to progressive thinking. In other words, while the nature of the problem has changed and is likely to change, its framing hasn’t and it remains our common
problem rather a problem. Our claim is that a participatory ethic is central to sustainable development, and we forget it at our peril.

3 Stakeholder Analysis

Sustainable development often involves a wide range of actors, sometimes in novel configurations, and this requires thinking about how different groups of people can participate in the processes involved, and what they might seek to achieve from their involvement. Experience generally shows that when initiatives are proposed, their effects will be different for different people - they will have different stakes in the potential outcomes. In as far as sustainable development is participatory, it needs to take stakeholder needs seriously, drawing in the experience, ambitions and consent of diverse people, and respecting their viewpoint. This leads many to conclude as Lowe et al (1998) have that "Identification of specific social groups and assessment of their needs and requirements should therefore guide the objectives of development, and strategies to overcome obstacles to participation should help determine the methods adopted." Thus a basic part of many participatory methodologies is the use of some form of stakeholder analysis, which has been defined by Grimble & Wellard (1997) as: "...a holistic approach or procedure for gaining an understanding of a system, and assessing the impact of changes to that system, by means of identifying the key actors or stakeholders and assessing their respective interests in the system."

There is a wealth of evidence that the assumption that all stakeholders have a similar interest leads to initiatives that fail to meet the aspirations of their proposers and engender resistance and resentment. Ison & Russell (2000), for example, talk about the experience of failure of decades of development effort. Stakeholding is important, because communities aren’t unitary. Grimble & Wellard relate it to the trade-offs that are required in sustainable development, saying that “Clearly there is a link between the three E’s [economic efficiency, equity and environmental objectives] and various social or economic groups or stakeholders with differing spheres of interest, concerns and priorities. Stakeholder analysis (SA) has been developed in response to the challenge of multiple interests and objectives and added to the basket of approaches available for the analysis and formulation of development policy and practice.” (Grimble and Wellard 1997). Planning needs to take into account standard sociological variables, such as age, gender and class (Guijt and Kaul Shah 1998), as well as local culturally constructed ones – the basis of local heuristic systems of governance (Nemes, High et al. 2006).

There are many standard tools available for stakeholder analysis, such as the example in figure 1. In this particular method, different stakeholders are evaluated relative to some given initiative, in terms of their power to aid or resist the initiative, and the impact of the initiative on their interests. Obviously the procedure for sweeping in stakeholders to ensure that none are left out is important too, though it does not figure in the diagram. The quadrants suggest what sort of strategy might be taken in relation to the stakeholder groups that figure in them.

There is nothing inherently participatory about this tool other than an idea that a range of interests should be considered, but it can be used within a participatory process in two ways. The first is to use it as a discussion tool with stakeholders to identify which stakeholder types are going to be affected by the project, and that the project assumptions are valid. It can also be used to identify those stakeholders in the bottom right quadrant, as empowering these is a central process within participation as an ethical orientation (coming up with strategies to move them to the top right quadrant). The question is whether the use of such a tool is necessarily participatory – does it embed participatory values in the way that it structures
thinking? This is important because there is a growing critique of participatory practice that reveals surface rhetoric in conflict with concealed non-participatory values.

Figure 1: Example of stakeholder analysis framework – from Hovland (2005)

4 Critical views of participation in practice

Although we have argued that participation is central to sustainable development, in practice it can be difficult to foster. Participation can be severely constrained by the realities of a situation (Wright 1992) and the social and political context in which participatory methodologies are used can be crucial. As a result, participatory approaches can be merely nominal, fail to include all stakeholders, or be participation on other people’s terms (White 1996). This is possibly why Shepherd (1998) observes that participation is usually asserted rather than demonstrated, and that in much of rural development it has degenerated into a kind of propaganda. Within many participatory traditions, there are longstanding concerns over issues of quality of practice (Guijt 2000). As a result, there are a number of critiques which either seek to improve it (Blackburn and Holland 1998; Guijt and Kaul Shah 1998) or question it as a new form of tyranny (Cooke and Kothari 2002). This latter critique has much in common with the critique of participatory governance that High & Nemes (High and Nemes 2007; High and Nemes 2008; Nemes and High 2008) discuss in terms of the project state.

The central plank of the critique is an observation that in practice, participation often breaks down in a way that means it is used to cover up oppressive realities. There are many possible explanations of this, such as a tendency for standardisation and contracting to co-ordinate project governance; providing a deep contradiction with the
creative agency and appreciation local needs central to participation (Nemes and High 2008). But in this paper, we will explore a different hypothetical cause by looking at the conceptual difficulties that arise when the framing of particular initiatives becomes too concrete. Our starting point is Pretty's (1992) typology of participation, which draws ultimately on Arnstein’s (1969) ladder of participation through the work of Adnan et al (1992) – see figure 2 below. The typology is important because such ladders of participation have been central to conceptualising participation in many different contexts. The difficulty is, as Guijt & van Veldhuizen (1998) say that, ‘... typologies [of participation], while revealing and inspiring, need to be used with some caution as they perpetuate simplification.” In other words, they both reveal and conceal (McClintock 1996; High 2002), and it is not always apparent that this is understood in the way that they’re used. Our concern is for what tends to be concealed by using this typology as a way of thinking about participation. We would claim further that this is typical of much participatory practice and an underlying cause of tension in sustainable development.

One issue with Pretty's typology is that the different types are organised in a linear progression of increasingly 'participative' kinds of participation; but the differences expressed through the typology are not linear. The change from 'participation by giving information' to 'participation by consultation' is not qualitatively the same as the next step from consultation to 'participation from material incentives'. This is probably a legacy of the construction of the Adnan et. al. (1992) typology, which described various levels of local people's control over information processes (4 levels), projects (5 levels) and people's initiatives (2 levels). If the aim is to guide thinking towards 'better' forms of participation, then it is not clear that the typology can be ordered in a linearly hierarchical form. In other words, participation isn't a smoothly varying quality.

<table>
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<th>A typology of participation</th>
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<tr>
<td><strong>Type of participation</strong></td>
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<tr>
<td>1. Passive participation</td>
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<td>2. Participation in information giving</td>
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<td>3. Participation by consultation</td>
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<td>4. Participation for material incentives</td>
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<td>5. Functional participation</td>
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<td>6. Interactive participation</td>
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<td>7. Self-mobilisation</td>
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Another critique that can be raised against this typology is that it does not have a sound normative basis. For instance, is it always desirable to increase participation
to some ideal form, as the typology suggests? Guijt & van Veldhuizen (1998) argue that seeking one hundred per cent participation is highly questionable because it emphasises differences between insiders and outsiders, and suppresses differences amongst them. Furthermore, concerns about participatory burnout, where “...participation in major projects may overload local people.” (Warburton 1997) suggest that the forms of participation that figure lower down in the figure should be approached with care. Opportunities to participate often result in enthusiasm and consequently expectations, which can result in “...disillusionment and dropout” (Guijt 2000) in the face of “...urgent survival priorities.” In practice, appropriate participation, negotiated in such a way as to reduce imbalances of power between insiders and outsiders may be more desirable than an insistence on maximal participation. The normative drive for ‘better’ kinds of participation can conceal a need for sensitively listening to what stakeholders want, something that is often highlighted as central to participatory practice (Ison and Russell 2000).

Thus Guijt & van Veldhuizen (1998) are concerned that rigid typologies risk inflexibility by classifying a project as embodying just one particular type of participation - by simplifying diversity in a prescriptive way, they can hinder innovation. It seems ironic that the thinking behind a participatory approach can fail to recognise that there may be other ways of experiencing the same process. This is not to say that participation which respects people’s autonomy or involves them as far as possible in the issues and initiatives which affect them isn't generally desirable, especially if that is in accordance with the way that the people in question see things. But if, as McMorland & Piggot-Irvine (2000) claim, much of the literature focuses on who participates and how without looking at the quality of participation and how it is fostered, then the question is whether other ways of conceptualising stakeholder engagement might be useful. We are interested therefore in tools which reinforce listening and questioning and which don’t assume that stakeholders construct a proposal in the same terms. Standard tools such as that featured in Hovland (2005) do not automatically question the worldviews that underlie them, but there are other traditions of practice where this is considered central.

5 Soft Systems Methodology and Stakeholder Analysis

Clearly the assumptions behind the groupings chosen for the stakeholder analysis are important, and good practice will seek to test boundaries against those that different stakeholders themselves find meaningful. Yet just as important is the idea that when dealing with different stakeholders, one of the things that distinguishes between them is that they have different viewpoints - they see the world differently. Viewpoint is important, because in trying to create participatory processes, practitioners are constrained or enabled by the way that their perspectives on situations reveal or conceal aspects of their reality. Equally the construction of a situation by different stakeholders will be different – to the extent that a constructionist would observe they live in different worlds. Viewpoint has consequences because what we understand about a situation configure our purposeful actions. As Vickers would say, 'action judgements' arise from judgements of both reality and value (Open Systems Group 1984). Thus it is not only what one knows about participation in a situation that is important, but also how one knows it.

The difficulties with the typology discussed above and other similar ones, is that they are likely to be applied in what Ison & Russell (2000) call a ‘first-order’ way, because they are constructed as context-free categories. Based on their experience in agricultural research and development, Ison & Russell (2000) say first-order R&D, occurs when ‘...learning and action are based on the belief of a single reality - a 'real world' - which can be approached and known objectively.' In terms of stakeholder analyses, this is equivalent to treating them as a way of describing the world, rather
than a way of interpreting it. The claim here is that a more appropriate conceptual framework for thinking about participation in sustainable development would be a second-order stakeholder analysis. This would recognise that distinctions about participation do not arise independently of engagement between stakeholders, and would direct attention to the context in which distinctions arise. That is, analyses of participation are best constructed in the context in which they are being used, and in such a way as to respect different worldviews.

In order to develop a second-order stakeholder analysis, we draw on Soft Systems Methodology (SSM) (Checkland 2000; Checkland and Poulter 2006). Checkland's work is based on nearly 40 years of empirical action research, seeking to apply systems ideas to complex social situations. SSM is soft in contrast to hard systems approaches (eg control engineering), and is based in a constructivist epistemology that problematizes the relationship between models and any reality that exists independently of an observer. SSM claims to better suit the ambiguities involved in messy, human problems where different worldviews are involved, rather than the clear-cut technical problems that are tractable under a hard systems approach (Checkland 2000).

The way in which this is operationalised as a stakeholder method is twofold. Firstly, we draw on the methodological principles of SSM to see that stakeholder analysis can be conceptualised as a process of inquiry or social learning. In other words, analysis structures debate about who might participate in sustainable development and how they may do so, seeking accommodation between different positions. Secondly, we draw on a particular method from within SSM, namely verb modelling, and argue that contains a rich conceptual framework for stakeholder analysis which builds conceptual flexibility and therefore capacity for second-order methodology. Given the constraints of space in this publication we do not feel able to give full explanation to the use of SSM. This is reasonable, given that SSM has a comprehensive literature (Checkland and Scholes 1990; Checkland 1999; Checkland 2000; Checkland and Poulter 2006) to draw on. So we shall focus on how verb modelling can be adapted for stakeholder analysis, without giving complete examples of its use.

In SSM, verb models are constructed in order to explore perspectives that are relevant to a situation, in order to ask questions of a real world situation (Checkland and Poulter 2006). They do not claim to provide a simplified version of reality, but instead to model a particular way of looking at it. The value of doing this is that different models can be constructed and compared, surfacing different understandings and perspectives. Verb models are nothing more complicated than sentences describing a process or activity relevant to the situation, but sentences with a particular structure. At their most basic, they describe an activity in the form (A system to do P by means of Q in order for R). For example a simple such model might be:

"A system to carry out community programmes (P) by provide corporate sponsorship (Q) in order to foster sustainable development (R)."

The development of SSM over 40 years has highlighted a number of elements likely to be present in a useful verb model, including an activity or transformation (T), a worldview that makes sense of this (W) and an environment in which the transformation takes place (E). Alongside these three elements, three types of Stakeholding are distinguished: stakeholders as actors (A), as owners (O) and as customers (C). Thus given an activity or transformation (T), the actors (A) are the doers, the ones whose actions directly constitute or result in the activity in question. The customers (C) are the victims or beneficiaries - the ones whose fortunes are
changed for good or ill by the activity. The owners (O) are those responsible for the activity, the usual test for which is that they can cause the system to cease to exist. Developing the example above, we might get:

“A system for the Corporate Social Responsibility unit (A) of a large corporation (O) to carry out (T) community programmes for local communities (C) by providing corporate sponsorship in order to foster sustainable development, because sustainable development is a prerequisite of a stable society in which the corporation can exist (W) and CSR is increasingly seen as an essential corporate function within the industry (E).”

This can suggest alternative models to consider, as well as drive a process of real-world inquiry and appreciation. An important alternative to consider in this hypothetical example, might be for example:

“A system for a large corporation to greenwash its operations by investing minimal effort in community programmes through capturing and harmlessly redirecting employee enthusiasm for sustainable development, in order to maintain good public relations and minimise shareholder dissatisfaction with sharp commercial practice”

Note that neither of these definitions might be satisfactory or true. The point of using this method is not the models themselves, but the questions they raise, such as “Which communities?” or “Why is CSR seen as an essential corporate function within the industry”, or “What do you mean greenwashing?”

Already these three types of actors get away from the linear typologies of participation such as that in Figure 2. Instead, including the case where there is no participation (which we indicate with Ø), and all the combinations of the three roles, we can construct a typology of eight different kinds of participation in a particular activity, from a particular point of view, as shown in figure 3 below. It is immediately clear that there is nothing in this model that suggests one of the basic types of participation is better than another, or that participation as an actor is more participative than participation as an owner; A-, C- & O- participation are simply incommensurable. Any sort of participation is more participative than the Ø state - no participation - but it should be remembered that different kinds of participation can be a negative or positive, depending on the particular worldview – it might be very undesirable to be a sweatshop worker (A) in a system to manufacture extremely cheap clothing, even if both the owners and the customers are satisfied with it. The critical question is, “What sort of participation in what process?” and how the different sorts of participation are judged depends on W and T. Participating in hunting foxes is not something an animal rights activist would want to take part in, while they may wish to increase their participation in opposing cruelty to animals.

In itself, the SSM-based method of thinking about stakeholding is not reflexive or second-order. However in order to analyse participation in these terms, one needs to construct at least one root definition and this leads to thinking about the other elements such as the transformation (T), the environment (E) and the worldview (W) that underpins the model. The result is a way of questioning not only about who participates and how, but in what activity, what constraints and opportunities they face and from which point of view this type of participation can be judged to take place. Furthermore, taking the lessons of SSM on board, the way the typology is used and developed is important. The methodology suggests that it is worth constructing multiple root definitions and then comparing them with the situation in question, in order to better understand it. The analysis can be tested with stakeholders with different viewpoints and this may help to form new distinctions as the basis of accommodations between different worldviews.
This method of classifying participation in particular activities can be applied in different ways. Two primary ones suggest themselves (i) root definitions based on activities, and broadening out to consider stakeholders relevant to them, and (ii) root definitions starting from particular stakeholder groups and focussing on the different types of stake they hold. Example of the use of these kind of stakeholder analysis can be found in High (2002), but the case study is omitted here for the sake of brevity.

6 Conclusions

The SSM-based stakeholder analysis methodology is essentially a way of thinking about the way different stakeholders can participate, together with a set of implicit values about how to relate to those stakeholders. The claimed strength of the method is its flexibility, making it suitable for working with messy situations. This claim is based on those of the SSM tradition, which has developed through more than 40 years of applied action research. It also allows assumptions underlying the grouping and perceived interests of stakeholders to be surfaced through measures such as declaring and questioning the underlying worldview.

A potential weakness is that there are certainly simpler stakeholder methodologies in circulation, and this particular one requires some facility and experience of SSM to carry it out. However, is that simply saying that one needs to know what one is doing in order to do it well? A more pragmatic objection might be that it is sometimes difficult for research stakeholders to understand what the research process entails and this can disempower them. Yet, latterly the trend in SSM has been to share the methodology itself with others (Checkland 2000), and experience shows that all sorts of different stakeholders are able to learn to use it, which is much less than can be said for many expert methods.

A more substantial criticism of SSM is that it has been criticised as a tradition in which there is no adequate consideration of issues of power and politics (Flood and Jackson 1991; Brown and Packham 1999), this seems unfair. It is true that its normative basis deals mainly with issues of epistemology rather than ethics, and that Checkland has argued that systems ideas are ideologically neutral (Checkland...
However under a close reading, he is merely saying that systems practice, as he sees it, is not inherently emancipatory, while allowing that it can be. Examining his many accounts of his work suggests that he has a fine appreciation of power issues and that it is part of his many years of successful practice across a wide selection of contexts. Choosing interests within a situation to work with or against is perhaps ultimately more honest than theorising generally about which ones one might typically choose. It leaves open a space for questioning assumptions about who one is working with and why.

In terms of corporate social responsibility, what the method reveals is that other stakeholders do no necessarily hold the same view of an initiative as the initiators. What might very simply look like a good idea in the service of sustainable development can easily seem oppressive and insensitive – a system to control or a system to favour power local interests, for example. These sorts of challenges are perhaps intrinsic to interaction between central bureaucratic systems and local heuristic systems (Nemes, High et al. 2006). Yet at the same time it is clear that reflexive agency can operate to redress these messes, based on active listening and a politics of invitation (High, Ison et al. 2008; High, Ison et al. 2008). Formal systems methodologies such as SSM have proven their value over time in such contexts, and are perhaps most powerful when they habituate the questioning of boundaries and the intersection of worldviews. A sustainable development which embeds these values stands to gain from stakeholder analysis that does likewise to its roots.

What the method offers before all else is a form of stakeholder analysis that questions viewpoint, and which is process-oriented. In other words, ordinary stakeholder analysis is about categorising people into groups and assessing their interest in a situation in some way, which is object-oriented. The SSM typologising methodology favours reinterpretation on the fly, revealing to the user the certainty that the other they encounter can be seen differently. A lack of this kind of reflexivity may well underlie some of the frustrations around operationalising participatory approaches in contexts where reflexivity is not rewarded or encouraged. The real test of its effectiveness is whether it is a useful tool for reflection and if the process to which it was applied produced appropriate and effective results.

References:


