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MULTI-STAKEHOLDER SETTINGS

Tiziana Gaito

HWZ Zurich University of Applied Sciences in Business Administration

ORCHID number: 0000-0003-1104-065X

Email: tiziana.gaito@fh-hwz.ch

Prof Dr Sybille Sachs

HWZ Zurich University of Applied Sciences in Business Administration

ORCHID number: 0000-0003-1792-2397

Email: sybille.sachs@fh-hwz.ch

Dr Ramona Demasi

HWZ Zurich University of Applied Sciences in Business Administration

ORCHID number: 0000-0003-0871-8511

Email: ramona.demasi@fh-hwz.ch

Outline of the topic

As humanity is confronted with ‘wicked’ issues like the loss of biodiversity, rising income disparity, and increasingly fierce competition for raw materials, the issues’ complexity and related interdependences between stakeholders create an urgent need for innovative solutions. Practitioners and academics have thus proposed multi-stakeholder settings to spur innovation that tackles wicked issues. Following Moog, Spicer, and Böhm, multi-stakeholder settings bring stakeholders—that is, organisations (e.g., firms, non-governmental and intergovernmental organisations), social groups (e.g., local communities), and sometimes individuals (e.g., opinion leaders) who are affected by or can affect a focal issue—together as coequals who engage over a certain period of time to find innovative solutions for that issue. As Rühli, Sachs, Schmitt, and Schneider’s research shows, innovation in a multi-stakeholder setting requires stakeholders to engage and learn from each other to reconcile diverging interests and values and create novel solutions. Therefore, innovation needs to be grounded on the basic assumption that multiple value perspectives (e.g., economic, social, and ecological) contribute to value creation. Multi-stakeholder settings enhance social learning and, thereby, facilitate the creation of innovative solutions, possibly for the benefit of all stakeholders.

Multi-stakeholder settings have become an increasing focus of stakeholder engagement research because they promote innovation through social learning. Kujala, Sachs, Leinonen, Heikkinen, and Laude’s review of stakeholder engagement research describes multiple mechanisms for creating multi-stakeholder settings for developing innovative solutions to challenging issues. According to Bundy, Vogel, and Zachary, dealing with wicked problems includes examining the core values and strategic interests associated with stakeholder relations. The (mis)alignment of stakeholders’ values and interests is critical in addressing challenging issues. Furthermore, stakeholders negotiate their subjective interpretations of focal issues with each other and resolve stakeholder conflict together. Stakeholder engagement consists of concrete practices related to informing, consulting, ‘dialoguing’, and making joint decisions

with stakeholders in the context of focal issues. Dialogue is often seen as a way for stakeholders to interact in the context of wicked issues. While stakeholder dialogue helps engage with collaborative and affirmative stakeholders, there is little advice on engaging with more critical or silent stakeholders and managing intractable conflicts. In such a situation, it may be necessary only to pursue solutions to stakeholder conflict that allow stakeholders to protect their core values. Furthermore, most stakeholders are not included in the decision-making processes of other stakeholders concerning wicked problems, indicating that new forms of stakeholder governance are needed. Therefore, learning with and from stakeholders should involve stakeholder engagement practices that offer all kinds of stakeholders an opportunity to develop continuously.

Conceptual overview and discussion

Recent developments in stakeholder engagement research indicate a change in its conceptualisation from a primarily communicative approach to a learning perspective capable of helping develop innovative solutions to challenging issues in collaborative multi-stakeholder settings. However, how does collaboration in multi-stakeholder settings foster innovation? The need for collaboration suggests that informing and consulting stakeholders is not enough. Instead, collaboration suggests co-creation through inclusive, two-way dialogue that creates opportunities for joint learning.

While different forms and theories of learning exist, ‘social learning’ is claimed to be a key mechanism for enabling innovation through collaboration. Social learning occurs with stakeholders that interact through the observation of and interaction with issues and others and the processing of new information to convert it into appropriate action. Keen, Brown, & Dyball describe social learning as an important driver of social change for improving human and environmental relations management. Their framework shows how stakeholders engage in reflection as they diagnose issues, design, and test innovations, and evaluate them for further improvement. Collins and Ison portray social learning as a mechanism that needs to occur in addition to informing, consulting, and participating—the three processes generally promoted for communicating to and with stakeholders—to enlarge the scope of solutions to wicked issues.

While the beneficial impact of social learning on innovation has been stressed in environmental management, more research is needed to integrate the social learning perspective into multi-stakeholder settings. This integration can help explain how multi-stakeholder settings create innovations that address wicked environmental, social, and economic issues.

Application

The four steps below describe innovation in multi-stakeholder settings from a social learning perspective. The steps are described from the typical perspective of the inter-organisational level. At the same time, we are aware that the reality of multi-stakeholder settings can be composed of individuals, groups, and organisations. Rühli, Sachs, Schmitt, and Schneider’s empirical research forms the basis for describing the collaborative, iterative process of participative stakeholder innovation (see dark grey areas in Figure 1). Keen, Brown, and Dyball’s transdisciplinary approach complements this process with the social learning perspective applied in environmental management to illustrate key social learning outcomes (see the round forms in dashed lines in Figure 1). Gaito’s interdisciplinary research about

stakeholder engagement on the dark side adds insight into potential exit points during a multi-stakeholder setting (see rectangular forms in dashed lines in Figure 1).

INSERT FIGURE 1 HERE

Step 1: Identifying stakeholders and issues

The first step consists of defining the key challenges and the stakeholders who might be affected by the wicked issue. The golden rule is to include affected stakeholders as early as possible in the process. In bilateral discussions with stakeholders, the facets of the issues and the kind of innovation needed to deal with them are elaborated. This process also clarifies how the stakeholders are connected. Identifying the issue(s) and the relevant stakeholders is one of the biggest challenges in the entire multi-stakeholder setting, as wicked issues are embedded in a complex stakeholder network, typically including stakeholders from different sectors. Further, at this stage, the governance of the setting has to be defined: what are the rules for cooperative work, how is conflict resolved, and who will lead the process? In most cases, having a neutral facilitator is a precondition for success.

In this step, social learning happens through diagnosing, which refers to observing the wicked issue and critically reflecting on skills and experiences related to it. These skills and experiences can come from powerful or ‘silent’ stakeholders, such as a local community with a good understanding of the environment in which the issue is embedded. To enhance social learning, all stakeholders must contribute to identifying further stakeholders so that a broad range of social, environmental, and economic perspectives are brought together. In this, conflicted views should be regarded as a source of innovation and explicitly included. To successfully move to the next step, stakeholders must all be aware of the need for the multi-stakeholder setting to build mutual acknowledgment of different understandings.

A major risk that can cause stakeholders to decide to exit the process is their insincere willingness to engage in the collaborative process. For example, stakeholders may decide to exit after gathering enough information for their own purposes. Stakeholders who perceive that others are not genuinely participating may quickly become suspicious and leave the process, too. Another major risk is that stakeholders refrain from participating because they fear change, as the latter may involve revising their perspectives.

Step 2: Recognising and exploring the issue and potential solutions

The second step consists of creating an overview of the stakeholder relationships and the potential opportunities and risks associated with issues from the stakeholders’ perception. This process also makes the involved stakeholders more aware of their perceptions about the wicked issue(s). Stakeholders first have to understand their own opinions about the issues in their respective groups or organisations before they engage in exchange with other stakeholders. This is how a solid understanding—the baseline—of a wicked issue is created that can lay the ground for innovative solutions in the subsequent stakeholder dialogue. During different rounds of stakeholder dialogue, the wicked issue is explored in detail, along with the potential benefits and risks that the stakeholders can contribute throughout the process of innovating in multi-

stakeholder settings. To tap the potential of the stakeholders to provide innovative solutions, they should be open and not overly attached to their specific positions.

In this step, social learning happens through designing and building on the multiple perspectives, skills, and experiences identified during the stage of diagnosis. To develop the baseline described above, stakeholders now meet—ideally in a neutral venue under the facilitation of a neutral third party—to engage in dialogue with each other. Social learning needs to occur through multiple loops of learning to obtain a profound understanding of the issue. This is, stakeholders are asked to question actions, their perceived consequences, and the assumptions and values underlying the latter. Implicit assumptions and values must be explicit so stakeholders can better understand their and others' perspectives. Making assumptions and values explicit requires self-awareness and holistic reflection on what is needed for change, detached from engagement with 'rational' professional practices that may be prevalent in specific fields. When stakeholders have obtained a deep enough understanding of the wicked issue that permits the joint creation of potential solutions (e.g., policies, strategies, or concrete projects), they can decide on the forms of action and individual contributions and move to the next step. This presupposes clear decision-making rules that are transparent to stakeholders from the beginning.

Research on the 'dark side' of stakeholder theory suggests that mismatches of values and interests between stakeholders can trigger distrust and lead to the breakup of relationships. Facilitators need to be aware of the risks that may lead to exit. Warning signals that indicate risks may manifest, for example, in deadlock and frustration about progress, power games, or even explicit or implicit hostility. The sources of these warning signals are manifold and include diverging values, perceived hidden agendas, or feeling unheard. Facilitators must be aware of these sources and have adequate conflict resolution tools when warning signals manifest.

Step 3: Implementing solutions

The third step is about implementing innovative ideas and approaches to wicked problems identified during the second step of the stakeholder dialogue. The main challenge for the involved stakeholders is to implement their contribution to the innovative solution within the joint project of the stakeholder setting *and* the strategy, structure, and culture of their own groups and organisations. If the implementation process only includes the stakeholder setting, the solutions might not be sustainable. This double implementation process is most challenging if the stakeholder representatives have no decision rights in their organisation nor the possibility to engage their members in the implementation process. Furthermore, these implementation processes for innovative solutions are by nature change processes and affect not only the interests of stakeholder but also—and mainly—their values.

Stakeholders take appropriate steps to put their designs into practice. As mentioned above, addressing wicked issues also requires changes in behaviour within stakeholders' organisations and their wider networks. This transfer is stimulated by specifying each stakeholder's role and responsibility concerning the immediate implementation of the solution and how they can achieve broader acceptance. Broad social learning is stimulated when stakeholders build networks and allow others to build relations to the environments where the wicked issue becomes apparent. This can happen, for example, by nurturing dialogue through platforms or by providing opportunities for people to spend time in these environments where they learn to respect and appreciate them. Further, organisational and institutional barriers can be reduced

by specifically building links with key decision-makers and providing them with implementation manuals. As stakeholders collect data about successes and areas for improvement, they can gradually move to the next step.

A lack of clearly defined responsibilities and concrete activities poses a major risk during implementation. Especially when stakeholders are not aware of their responsibilities, their motivation for engaging in the process may decline. At the same time, when stakeholders perceive others as not engaging or making the agreed contributions, they may quickly lose confidence in implementing their solutions. Therefore, continued support by a facilitator may be needed to build ownership and guide stakeholders in resolving misunderstandings when they occur.

Step 4: Evaluating and improving solutions

As a fourth step, the added value is described and reflected. Further potential learning steps related to the process are derived from this. The development of already implemented solutions is emphasised to ensure their continuity and continuous improvement. While newly acquired understandings of a wicked issue need to be institutionalised across stakeholders, stakeholders should remain open to the adaptation and inclusion of newly emerging stakeholders. Stakeholders can institutionalise spaces for continuous dialogue (e.g., regular workshops) to evaluate and critically reflect on outcomes *and* processes related to the implemented solution. Social learning is enhanced when critical feedback from a broad range of stakeholders is appreciated. An important aspect of continuous social learning is communication between scientists and practitioners as a potential source of further innovation.

While stakeholders work on continuously improving their solutions, unresolved conflicts may reappear, and new conflicts may emerge. To secure the long-term development of a solution to a wicked issue, stakeholders need to acquire skills to deal with diverging values and interests and induce social learning while engaging with each other.

Critical Summary

Much of the research about multi-stakeholder settings looks at communicative practices as a way of identifying (innovative) solutions to joint issues. This means that research offers concepts and advice for practitioners ranging from deliberative tools for finding common ground and building consensus to more ‘confrontational’ tools for identifying joint solutions through contestation.

Less research has focused on social learning in multi-stakeholder settings. Studying the role of social learning in these settings is becoming ever more important because wicked issues risk intractable conflict—for example, due to climate change and social inequalities—and as increasingly polarised worldviews become more embedded. Wicked issues are thus becoming more and more difficult to resolve. Social learning in multi-stakeholder settings offers the opportunity to widen the scope of potential solutions. This widening happens because, through social learning, stakeholders engage with each other to jointly bring forth something new rather than attempting to reconcile pre-existing options.

Specifically, more research is needed to explore and develop social learning practices that can be used to innovate through multi-stakeholder settings. These include practices for

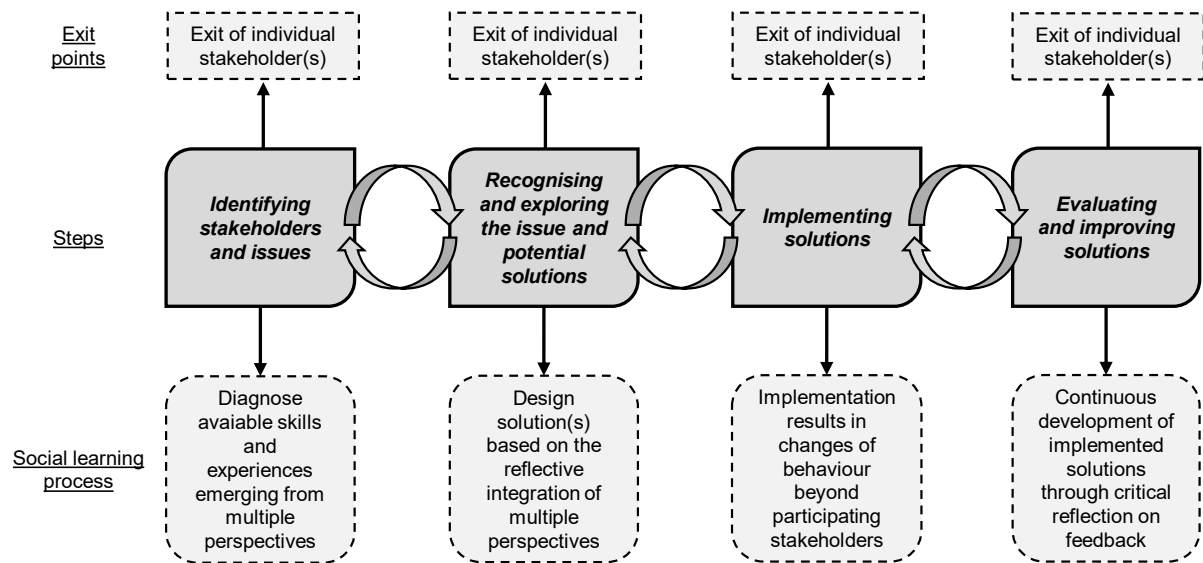
preventing intractable conflicts as they emerge and resolving seemingly intractable conflicts if they have already escalated. Social learning seems to play a key role in successfully handling so-called 'dark side' stakeholder relationships.

Research and practice could also benefit from more insight into the role of well-being in social learning. When individual stakeholder representatives feel good (e.g., they feel comfortable and enthusiastic about collaborating with multiple stakeholders), their motivation to engage in social learning in multi-stakeholder settings may be stronger. In contrast, when individual stakeholder representatives do not feel good (e.g., are uncomfortable and anxious about collaborating with multiple stakeholders), this may impair social learning outcomes. Therefore, more research is needed to explore how well-being affects exit points in multi-stakeholder settings.

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Figure 1: Multi-stakeholder settings



Source: Authors' construction based on Rühli et al. (2017) and Keen et al. (2005)