Diagnosing a Stakeholder System

What will you learn?

What is meant by a stakeholder system

How patterns in a stakeholder system reflect the Compass dimensions

Which steps to take to diagnose a stakeholder system

What will it help you with?

Understanding the patterns in a system and finding entry points for change

When is this factsheet particularly relevant?

In Phase1 of the **Dialogic Change Model**

For an in-depth understanding of making collaboration work, please view our open access publication

Kuenkel. P., Kuehn, E., Stucker, D., Williamson, D.F. (2020)

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Leading Transformative Change Collectively
A Practitioner Guide to Realizing the SDGs

What is meant by stakeholder system?

Diagnosing patterns in a stakeholder system with the **Collective Leadership Compass** becomes the starting point for planning intervention strategies. Ideally, the entire container (see **factsheet 2**) will be involved in doing the diagnosis together.

Stakeholders are people or institutions that have an interest in a particular course of development, or a particular decision, either as individuals or as representatives of a group. This includes people who influence a decision, who are key players in implementation, or who are affected by the development.

A **system** is a set of interrelated elements that constitute a whole, like a business, community, a society, a nation, a region the world as a whole, or an ecosystem. To understand how to achieve transformative change, we need to understand how healthy systems operate. We can learn from natural systems such as forests, but also from well-functioning human systems. They all display certain characteristics that work together. It is time that we make use of this knowledge to strategize change.

The **stakeholder system** is composed of all institutional (or sometimes individual) actors that are relevant with regard to the issue that is in focus for a collaborative initiative.

Most sustainability challenges have complex stakeholder systems with actors from communities, public sector, civil society, private sector as well as academic or educational institutions. In order to decide who is relevant to be considered part of a stakeholder system, the following questions can serve as guidance:

- Do actors or institutions have an **influence** on the course of development regarding the issue or sustainability challenge in focus?
- Do actors or institutions have a special **expertise** regarding the issue or sustainability challenge in focus?
- Do actors or institutions have an **interest** in changing or improving the situation regarding the issue or sustainability challenge in focus?
- Do actors or institutions have an interest in NOT changing or improving the situation regarding the issue or sustainability challenge in focus?
- Are actors or institutions i**mportant for the implementation** of change regarding the issue or sustainability challenge in focus?
- Will actors or institutions be **affected by any changes** regarding the issue or sustainability challenge in focus?

Collaborative change initiatives bring stakeholders with different perspectives and diverging interests together into a new **collaboration ecosystem** (see **factsheet 2**). Diagnosing stakeholder systems is paramount in **Phase 1** as part of the context analysis, and for identifying key stakeholders that will become part of a collaboration ecosystem.

The diagnose of the stakeholder system become the basis for identifying entry points for engaging stakeholders and developing a process architecture

The diagnosis helps to see

- the strength of the stakeholder system in relation to a potential transformative change initiative
- the weaker areas that may require attention
- entry points for engaging stakeholders.

How the Compass dimensions show up in a stakeholder system

Understanding systems patterns that impact on a collaboration initiative is paramount for identifying key strategies, designing effective process architectures, and making collaboration work. Typical features of stakeholder systems in relation to a change endeavor can be mapped in relation to the six dimensions of the Compass.

Future possibilities

The ways in which emotionally compelling goals and roadmaps for implementation are co-developed in the stakeholder system.

Future Orientation
The willingness and interest of stakeholders in the system to drive an improved future.

Empowerment
The degree to which all stakeholders are empowered to take part in shaping the future.

Decisiveness
The existence of agreed roadmaps, plans and accountability mechanisms for the change ahead.

Engagement

The way in which stakeholders are engaged in issue-related collaboration initiatives that drive change in both bottom-up and top-down processes.

Process Quality
The degree to which stakeholders are transparently consulted and systematically engaged in and reliable processes that foster collaboration.

Connectivity
The level of networks and connections between relevant stakeholder institutions with the purpose of driving improvement of the situation.

Collective Action
The existence of collaborative initiatives and joint stewarding of change.

Innovation

The way in which existing innovative change initiatives are supported or encouraged.

Creativity
The forms of support that exist for creative ideas and innovative approaches regarding an improvement of the issue.

Excellence
The level of knowledge in the stakeholder system about best practices and state-of-the-art approaches.

Agility
The level of openness of stakeholder institutions to adjust their approaches and plans towards the improvement of the situation.

Humanity

The way in which the efforts of different stakeholders are appreciated and facts and figures about the current situation and future trends are transparent to all.

Mindfulness
The level of access to information of all stakeholders and the level of awareness regarding the need for change.

Balance
The degree of understanding among stakeholder that they need to work together to improve the situation.

Empathy
The level of knowledge and mutual understanding about stakeholders' interests, concerns and constraints.

Collective intelligence

The way in which differences in interest, power, and expertise are acknowledged and stakeholders collaborate using structured and constructive dialogues.

Dialogic Quality
The degree to which mechanisms for dialogue, exchange and governance have been established and are functioning.

Diversity
The way in which differences in expertise are productively used for collaborative approaches.

Iterative Learning
The degree to which learning exchanges for an improvement of the issue are organized across stakeholder institutions.

Wholeness

The way in which the larger context of the issue is known to all stakeholders and they see their contextual contribution to improvement.

Contextuality
The degree to which stakeholders are aware of how the attempt to improve the issue is related to other broader societal or global issues.

Mutual Support
The forms of mutual support between stakeholders in the attempt to improve the situation.

Contribution
The level of awareness of stakeholders about their individual and collective contribution to an improvement of the issue.

How can we diagnose patterns in a stakeholder system with the Compass?

Use the application in the **www.compass-tool.net**. The time required is individually between 30 minutes and two hours. If it is a core group activity, it is recommended to reserve at least a workshop session of one and a half hours to allow the group to come to answers for the different questions.

Patterns in a stakeholder system are always diagnosed in relation to the issues that are up for change and for which many stakeholders are relevant. These issues could, for example, be:

- a value chain that should become more responsible;
- a renewable energy strategy that needs to be implemented;
- a youth employment initiative that requires collaboration between companies and the public sector;
- the improvement of the management of a biosphere reserve that can only work with engaging all stakeholders;
- a gender equality initiative that requires collective behavior change among many institutional actors; or
- any other similar multi-stakeholder collaboration related to the implementation of the SDGs.

The information that goes into the diagnosis must be readily available. It can come from:

- knowing the system well (being a stakeholder in the system);
- research obtained about the system, for example, from feasibility studies;
- **stakeholder interviews** (see **factsheet 14**)**;** or
- **a stakeholder landscape analysis** (see **factsheet 12**)**;**

Diagnosing stakeholder systems with the Compass requires four steps.

Step #1:

Clarify context and content

Step #2:

Identify the patterns / **Appreciate and assess**

Step #3:

Reflect and focus

Step #4:

Create pathways for enacting change

Step #1: Clarify context and content

Please briefly describe the stakeholder system and the change envisaged:

- What is the context in which the initiative is planned and/or implemented?

- What is the purpose or goal of the initiative for which you want understand the stakeholder system?

- What are the sources of information (e.g. feasibility studies, stakeholder analyses, research, stakeholder interviews, reports, etc.)?

- In case you have conducted a stakeholder analysis, what are the three most important conclusions?

Step #2: Identify the patterns / Appreciate and assess

Reviewing the information about the stakeholder system with the guiding questions for each Compass dimensions helps you to see the pattern in the system. This is a prerequisite for understanding the context, developing strategies to improve the system, and planning change. Table 1 provides the offline questions for the systems diagnosis that can also be found in the digital application.

You can choose to diagnose the stakeholder system with the six dimensions only (six questions to answer as an overview) or with all dimensions and all aspects (24 questions to answer). When you have answered the questions, rate the presence of the dimensions and aspects with 3 (strongly present), 2 (somehow present), or 1 (not really present).

- Answer the questions in the table for each aspect and dimension (or dimensions only)
- Calculate the results for each dimension.
- Highlight the strong aspects and the strong dimensions.
- Show the results on the Compass diagram.
- Answer the questions for each dimension.

Compass dimension	Questions	1 (= low) to 3 (strong)	Questions	1 (= low) to 3 (strong)	Aspect
Future possibilities	How would you describe the level joint understanding in the stakeholder system towards an improvement around the issue?	1 - 2 - 3	Do stakeholders see the need to improve the issue?	1 - 2 - 3	Future Orientation
			Are stakeholders empowered to drive change towards an improvement of the issue?	1 - 2 - 3	Empowerment
			Are roadmaps, plans and accountability mechanisms in place around the issue?	1 - 2 - 3	Decisiveness
Engagement	How would you describe the level of structured stakeholder engagement in the system regarding the issue?	1 - 2 - 3	Are reliable processes in place to systematically engage stakeholders regarding the issue?	1 - 2 - 3	Process Quality
			Do networks across institutions or stakeholders exist that can drive change?	1 - 2 - 3	Connectivity
			Do stewarding or steering structures exist regarding the issue with adequate representation of stakeholders?	1 - 2 - 3	Collective Action
Innovation	How would you describe the existing forms of innovative approaches in the stakeholder system towards solving the issue or achieving a better situation?	1 - 2 - 3	Do innovative projects, practices or initiatives exist to improve the issue?	1 - 2 - 3	Creativity
			Are best practices regarding the issue known?	1 - 2 - 3	Excellence
			Are stakeholders willing to adapt their approaches to improve the issue?	1 - 2 - 3	Agility

Compass dimension	Questions	1 (= low) to 3 (strong)	Questions	1 (= low) to 3 (strong)	Aspect
Humanity	How would you describe the level of awareness of stakeholders regarding the issue and regarding their dependency on each other to improve the issue?	1 - 2 - 3	Are facts, figures, and concerns about the current situation known to all stakeholders?	1 - 2 - 3	Mindfulness
			Do stakeholders acknowledge the need to work together despite differences in power and interest?	1 - 2 - 3	Balance
			Do stakeholders understand each other's interests and concerns?	1 - 2 - 3	Empathy
Collective inteligence	How would you describe the forms and adequateness of existing governance structures (dialogues, platforms, exchange networks, etc.) to deal with the issue?	1 - 2 - 3	Are relevant stakeholders consulted regarding the issue?	1 - 2 - 3	Dialogic Quality
			Are collaboration between different stakeholders regarding the issue operational?	1 - 2 - 3	Diversity
			Is learning regarding the issue organized across stakeholders and institutions?	1 - 2 - 3	Iterative Learning
Wholeness	How would you describe the level of awareness among stakeholders about the embeddedness of the issue in larger issues (policies, global trends, economic structures, etc.)?	1 - 2 - 3	Are stakeholders aware how the issue is connected to other sustainability challenges (locally, national or globally)?	1 - 2 - 3	Contextuality
			Are stakeholders supporting each other in advancing change towards an improvement of the issue?	1 - 2 - 3	Mutual Support
			Do stakeholders see an improvement around the issue as contributing to a common interest and a better functioning overall system?	1 - 2 - 3	Contribution

Step #3: Reflect and focus

Reflect on the results and note down your insights about the collaboration pattern you have been able to identify.

- What are your insights about the pattern that emerges?

- How can you build on the strong areas?

- How can you improve underdeveloped areas?

- What could be entry points for engaging stakeholders?

## Step #4: Create pathways for enacting change

Decide which dimensions will be the most promising entry points to bring about collaborative change or improve the situation in the stakeholder system or the collaboration ecosystem. Identify the three most important entry points to shift or improve the system and note down recommendations how to improve the situation in the stakeholder system from the point of view of the dimension chosen.

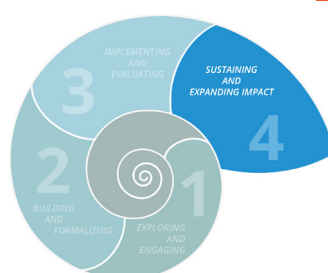## How diagnosing stakeholder system is relevant in other phases?

Decide which dimensions will be the most promising entry points to bring about collaborative change or improve the situation in the stakeholder system or the collaboration ecosystem. Identify the three most important entry points to shift or improve the system and note down
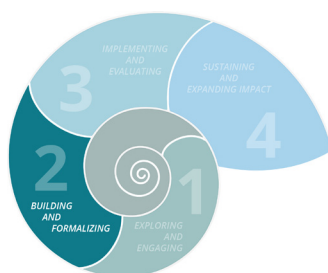
■ **Phase 2**
BUILDING AND FORMALIZING
Diagnosing the stakeholder system helps actors to see the entire picture as part of a joint diagnosis of the situation. It lays the ground for strategic conversations and the co-development of an implementation process architecture.
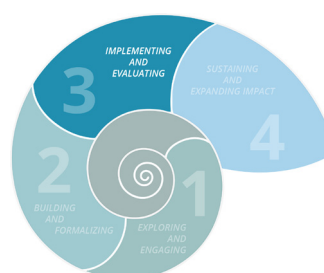
■ **Phase 3**
IMPLEMENTING AND EVALUATING
Diagnosing a stakeholder system supports strategic reviews and ensures adjustments are based on an adjusted view of the current situation.

■ **Phase 4**
SUSTAINING AND EXPANDING IMPACT
Diagnosing a stakeholder system become the basis for developing strategies to sustain or expand impact.

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