Engaging stakeholders in the designing of a service: a case study in the B2B service context

• • • • • • • • • • • • • • • • • • • •

Alade, Adeyanju

2013 Leppävaara

Laurea University of Applied Sciences
Leppävaara

Engaging stakeholders in the designing of a service: a case study in the B2B service context.

Adeyanju Alade
Degree programme in Service
Innovation and Design.
Master's thesis
March, 2013.

Laurea University of Applied Sciences   Abstract
Leppävaara
Degree programme in Service Innovation and Design

Adeyanju Alade

Engaging stakeholders in the designing of a service: a case study in the B2B service context

Year	2013		Pages	149

The future of service design among others has been predicted to include a paradigm shift from a focus on delivery of customer value to stakeholder value. Stakeholder value can be co-created through the effective engagement of key stakeholders in the designing of a service. These stakeholders are individuals or groups of people that can impact or be affected by the design and delivery of a service. The idea of stakeholder engagement in the designing of a service seeks to create a more transparent and all participatory approach to designing a service. There have been many studies on value propositions with a strong emphasis on customers or end users. However, as much as the importance of customers or end users in a service system cannot be overemphasized, lesser attention has been given to other stakeholders. It is also important to bear in mind that potential customers or prospects can also be found among the stakeholders that have not been given the necessary attention. In view of this, there exists a gap in the effective engagement of customers or end users and the other stakeholders in the designing of a service.

The aim of this thesis is to contribute to the body of knowledge which explores the role of effective stakeholder engagement in the design of a service. In other words, service design is the context upon which stakeholders were to be engaged. In this study, a descriptive approach was used to propose a new process model. This process model applied a standard stakeholder engagement framework to complement the stakeholder approach to designing a service. This framework was explored and presented in a simple form for the purpose of benchmarking by businesses and organisations. Consequently, beyond service designing, businesses and organisations can as well use this process model as a guide to address other issues that entail stakeholder engagement. Several useful stakeholder engagement tools that form part of this framework have been presented in this thesis.

In this thesis, qualitative research methods such as thematic interviewing and observation were used to collect data. Service blueprint was used to explore the service touchpoints and essential issues that existed in the service offering of the partner company. A Co-creation tool was tested and used to analyse the current states of case companies (business-to-business customers) and partner company (service provider) with respect to co-creation approaches in service. This tool examined how evident were co-creation approaches in the

activities of the partner company. A new quantitative approach was also tested and used to confirm the results from the qualitative analysis. The use of an additional quantitative approach in confirming the result of the qualitative analysis was based on methodological triangulation of data. The result from the data triangulation helped in increasing the reliability of the research result. Among the results of the current state analysis were individual co-creation trees of the case companies and the partner company. The results from the case companies were further analysed and summarised into a single co-creation tree as a final result. A co-creation tree presents a visual way of displaying the performance of a company in terms of co-creation approaches with its selected case companies. Its result can help a company to assess its co-creation strengths and weaknesses in order to take the appropriate steps towards necessary development and improvement.

Contents

1   Introduction

Stakeholder engagement has been described to be essential to the success of businesses in the 21st century. The need to create value for everyone in an enterprise is also important in building "common purpose" and addressing the multifaceted challenges facing the world (Stakeholder Research Associates 2005).

As humans, we are often bound to hold a stake in one thing or the other from time to time. Stakeholdership has always been part of every walk-of-life from domestic level to international level. An individual who takes special interest in how the affair of his/her family is being run can be described as a stakeholder at a domestic level. An employee or a customer who is concerned about the service quality of his/her company or service provider can be referred to as a stakeholder at an organisational level. A European Union member country that may be impacted by the effect of Euro zone economic crisis can be seen as a stakeholder at Continental level. A member of United Nation that has an interest in the foreign policies of stronger member states in relation to global peace and security can be addressed as a stakeholder at international level. Clearly the concept of stakeholder is quite universal; consequently, it deserves all the attention it can get. There is a need for organisations to pool diverse viewpoints, know-how and resources in order to chart a course for sustainable development. There is no individual, organisation, or a segment of the society that have the likelihood to detect and implement independent solutions to the myriads of challenges facing humanity today (Krick, Forstater, Monaghan & Sillanpää 2005, 2). The actions, decisions or inactions of many organisations either as a for-profit or not-for-profit organisation often impact the society positively or negatively. In the same way, the activities of individuals, groups of individuals, or constituted authority within the society or same organisation can affect or influence the existence and operations of this organization. These major players in the life of an organization as described above can be referred to as key stakeholders. The impacts or influence of stakeholders can be economical, environmental, political or societal. More often than not, there exists a gap to be bridged between an organization and its stakeholders. This gap is often centred on issues of mutual interest or concern. The efficacy of the technique and the standardized manner in which these issues are addressed among the stakeholders go a long way in determining the organization's success. Many studies have lent credence to the importance of stakeholders in the success and survival of organizations. For instance, stakeholders have been defined as "those groups who are vital to the survival and success of an organisation" (Fontaine, Haarman & Schmid 2006, 4).

Stakeholders often have different attributes that define the degree of their influence on organisations. These attributes can be the degree of their powers, legitimacy, urgency, and interests in the activities of these organisations (Karkhanis 2011, 10).

Given the sensitivity of stakeholders' attributes, organisations are expected to give their stakeholders utmost attention by taking their perspectives into account towards decision making and strategy development. One of the most effective ways of giving stakeholders attention is to engage them actively on issues of mutual concern. Stakeholder engagement stems from identifying who the stakeholders are, and prioritising them accordingly based on relevant attributes. The issues of concern to be addressed also need prioritization especially when they are numerous. It is important for an organisation to be able to bring stakeholders on board for two-way and multi-way dialogues towards creating mutual value, understanding, cooperation, and shared objectives. Stakeholder engagement is described as fundamental to a successful business (Stakeholder Research Associates 2005). Therefore, it will be useful to explore the process of stakeholder engagement in tandems with the provisions of standard framework and best practices.

The topic of this thesis work was inspired by the definition of service design as presented by Selgelström. The definition says service design is "the use of designerly way of searching for solutions to problems in people-intensive service systems through the engagement of stakeholders" (Segelström 2010, 16). The rhetorical question, of "how stakeholders can be engaged" then came up on the mind of this author. A quality stakeholder engagement process has the potential to address complex problems in both private and public sector's service design and delivery (REVIT, 2007). The context of service design in a business-to-business context has been used as a case in this thesis. However, it is important to point out that stakeholder engagement can come up under different contexts. For instance, stakeholder engagements can be done to boost an organization's public relations or corporate social responsibility among many others. A standardized and existing five stage process of stakeholder engagement has been used as a framework in this thesis. This framework is generally applicable to stakeholder engagements under many contexts depending on the stakeholder engagement objectives of the organizations.

The aim of this thesis is to contribute to the body of knowledge which explores the role of effective stakeholder engagement using service design as a context. Firstly, its contributions included the development of a process model which integrates the stakeholder engagement framework with service design. This process model aimed to facilitate better insight towards engaging stakeholders in the designing of a service. Secondly, it aimed to introduce the stakeholder engagement framework to interested organization for the purpose of benchmarking in their overall stakeholder engagement activities. Thirdly, the concept of co-creation was considered as one of the specific activities that can take place under the larger umbrella of stakeholder engagement. Co-creation implies collaboration towards value creation by sharing inventive ideas, design concepts and other relevant considerations (Ostrom et al. 2010). In considering the connection between co-creation and stakeholder

engagement, an effort was made to assess the co-creation approach of the partner company being studied. The partner company and five of its business-to-business customers were used as the case studies in this thesis. The collection of empirical data from these companies was done through thematic interviewing.

1.1 Background of the research

The background of this thesis work is traceable to a Tekes funded project with the name (SISSI) "Service Innovation through strategic stakeholder integration". Tekes is the "Finnish Funding Agency for Technology and Innovation". SISSI is a joint project undertaken by Laurea University of Applied Sciences in cooperation with Hanken School of Economics, Finland. In addition, Lassila & Tikanoja and Skanska OY, which offer business-to-business services, are also partner companies in this project. This thesis work among other ones will contribute in part to the theoretical and empirical framework of the SISSI project. The empirical data for this research were gathered from Lassila & Tikanoja Oy and five of its case companies.

Overview of SISSI project

The SISSI research project is planned to last for two and a half year between 2011 and 2014. This project consists of five work packages (WP). The first work package (WP1) involves the overall management and co-ordination of contractual, ethical and administrative activities.   Work package two (WP2) focuses on the identification of innovative best practices through benchmarking methods for knowledge transfer. Work package three (WP3) involves the testing and development of service innovation methods and tools with the partner companies. Work package four (WP4) involves impact analysis by assessing the models, strategies and scenarios that formed the results of (WP 2). Further under (WP4), the methods, practices and tools from (WP3) are assessed and compared with project assumptions, theoretical framework and research questions. Lastly, Work package (WP5) focuses on the dissemination of outcomes and findings through seminars, workshops, international conferences, journal publications, and project website development.

Objectives of SISSI project

1. To identify and develop innovative methods for service development in a B2B context.

2. To facilitate active cooperation and dialogue between a company and its stakeholders towards service innovation.

Benefits of SISSI project

A. Partner companies and research team co-create and develop new models for engaging stakeholders in service innovation and development.

B. Partner companies and research team develop improved stakeholder insights for decision making and strategy development.

SISSI partner companies and company information

The SISSI partner company under study in this research thesis is Lassila & Tikanoja Oy hereafter referred to as L&T Oy. In addition, five companies with which L&T undertakes business-to-business relationships as a service provider have been selected as case companies. These companies are mainly from the commercial and industrial sector. The selected companies are Parma Oy, Keslog Oy, Valio Oy, Scania Oy and Puukeskus oy.

These companies are described briefly as follows:

Lassila & Tikanoja Oy: this is a company that delivers services in the areas of environmental management, property, and plant support. L &T is also one of Finland's competitive suppliers of fuels made from woods, energy wastes i.e. solid refuse fuel and raw materials recycling. It has operations in at least four countries including Finland, Sweden, Latvia and Russia. The staff strength of L&T is roughly 9,500 workers. As at 2011 the net sales of L&T were estimated at 652 million euro and its shares are listed on the floor of NASDAQ QMX Helsinki (Lassila & Tikanoja 2008).

Keslog Ltd: This company is a subsidiary of Kesko group, and its main area of business is the provision of logistic services in the trading sector. It offers logistics services to its parent company, Kesko group and also to other companies that are not part of this group. Keslog commenced operations in 2006. Its import logistics operations to Finland cover over 100 countries. Among these countries is Estonia. Keslog has transportation terminal in at least nine cities throughout Finland. It has spacious

warehouses located in Vantaa, and Turku city in Finland. Keslog makes approximately 3,500 visits to customers per day with its 300 trucks from contractors (Keslog 2012).

Valio Ltd: Valio is a company established on the 4th of July, 1905 in Finland. Its founding members were made up of 17 Finnish cooperative diaries. Valio began operations as a butter exporting cooperative organization. Today, Valio is one of the major market leaders in the production of dairy products including milk, cheese, yoghurts etc. Valio has been described has the biggest milk producer in Finland with net turnover of 1.9 billion euros. Its market operations include countries such as Russia, Sweden and the Baltic States. Valio also has subsidiaries in the USA, Belgium and China. The international operations of Valio and licensing which accounts for one-third of its turnover cover 65 countries (Valio Ltd 2012).

Parma Oy: This is a company that is involved in the production of prefabricated concrete elements such as beams, columns, structures, floors, roofs, walls and other concrete elements. It operates as a subsidiary of Cosolis SAS. Parma Oy head office is located in Nummela, Finland (Bloomberg BusinessWeek 2012).

Puukeskus Oy: This is a Finnish company established in Helsinki in the year 1929. Puukeskus has been described as one of "Finland's leading supplier of timber and building materials". This company has 23 branches in Finland and one and, three branches in Estonia and Russia respectively. The construction companies are part of Puukeskus major customer groups. It also offers support logistics services with heavy building materials. As at 2011, the turnover of Puukeskus was quoted to be over 373 million euro (Puukeskus 2012).

Scania Oy: This is a global company in the business of sales and services in more than 100 countries. Scania products include trucks, buses & coaches and engines. It also offers financial services in many markets. Scania has production units in Europe and Latin America. Scania has about 37,500 employees in its workforce, with 16,000 of them accounting for sales and services duties in its subsidiaries worldwide. Approximately 12,400 employees work at Scania's production units in seven countries and regional product centres in six emerging markets. Scania is headquartered in Sweden, and Scania, Finland branch is the main case company on this project (Scania 2012).

It is understandable to the author of this thesis that service design as a multidisciplinary field involves knowledge and skills of aligning various tools, methods and processes in order to innovate new services. The desire of organizations and businesses to create better and innovative services can be achieved through

committed service designing (Moritz, 2005). Since services are designed or developed for humans, it is important to look carefully into the human factors that are relevant and vital in the delivery of a value-driven service and its usability. These human factors or participants can be referred to as stakeholders in this service context. The successful engagement of stakeholders in the designing of a service has a good role to play in the overall success of the service. As a result, this author has taken a special interest in looking into a research area that concerns "engaging stakeholders in the designing of a service." By so doing, this thesis will be contributing to SISSI project in its objective of developing service innovation models for its partners through strategic stakeholder integration.

1.2   Structure of the thesis

Chapter	Content
1. Introduction	Background of the research; overview of SISSI project; structure of thesis.
2. Literature review	Definition of terms & key concepts; previous research; co-creation of value; service design models & processes.
3. Research questions and objectives of the research.	Limitations and assumptions, Research methods and processes.
4. Stakeholder engagement approach to service designing.	Thinking strategically; analysing & planning; strengthening capacity; Designing the process; Acting, reviewing & reporting.
5. Empirical data collection, analysis, and results.	Data collection process, data analysis and results.
6. Summary.	Conclusion and further consideration.

2   Literature Review

This section reviewed the definitions of some theoretical concepts and the buzzwords that characterize this study. This author also presented his perspective for and against some of these definitions. Relevant conclusions and speculations from the perspective of this author were also presented in this review. In addition, attempt was also made to identify the gap(s) in the reviewed literature.

What is a service?

A service does not necessarily have to be carried out only by humans, interactive machines or electronic devices can also carry out a service. Similarly, tangible things such as goods can serve as a distribution mechanism for service delivery. This also laid credence to the statement "activities render service; things render service" (Vargo et al. 2006, 44).

A service can be for profit, not-for-profit, or voluntary purpose. One of the most holistic service delivery experiences is a service which lays emphasis on superior value delivery to customers/end users regardless of the motive of its set up.

According to Grönroos, "a service is a complicated phenomenon" since the word has many meaning ranging from personal service to service as a product. In the 1960s through 1980s there had been different definitions of a service. However in 1990, a definition was "reluctantly" put forward for service and slightly modified by Grönroos.
"A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, takes place in interactions between the customer and service employees and/or physically resources or goods and/or systems of the service provider, which are provided as a solution to customer problems" (Grönroos 2000, 47).

The solution-driven perspective of the definition of a "service" by Grönroos is quite thoughtful. However, the author of this thesis finds this Grönroos' definition complex and not straight forward especially for a layman.

A comparison between a service and physical good in terms of production processes was also put forward by Grönroos. It says service takes place under an "open" process and customers take part in it as co-producers thereby having the opportunity of influencing its progress. Whereas, physical goods from its traditional perspective are produced under "closed" production processes and customers only perceive the goods as outcomes of the processes (Grönroos 2006, 319). Emphasis has also been laid on the need for a service to be solution-oriented and value-driven whether it comes through the mechanism of physical product or not.

Philip, K., (2001, 428) describes a service "as any act or performance that one party can offer to another that is essentially and does not result in the ownership of anything. Its production may or may not be tied to a physical product". The definition of a service from the perspective of Vargo et al. (2008, 26) says it is "the application, of specialized competencies (knowledge and skills) through deeds, processes, and performances for the benefit of another

entity or the entity itself." This definition also has a similarity with the definition of Zeithaml, v., et al. (2009) wherein a service is defined as "deeds, processes, and performances provided or coproduced by one entity or person for another entity or person." This definition of Zeithaml et al. points out the need for coproduction as one of the ways of producing services. This author is more in support of Zeithaml et al. definition of a "service" since it is simple, straight forward and it equally made mention of coproduction. Coproduction of services come with pre-specified guidelines and pre-specified result from the onset. However, co-creation of value seeks to create a new and unexpected result. Co-creation of value also facilitates the possibility to learn new things together between service producers and customers/end users (Ojasalo, k. 2010, 171-172).

There exist different definitions of a "service" in many literatures, and no general definition can be adopted for it from a lower abstraction perspective (Edvardsson et al. 2005). However, some keywords such as activities, deeds, processes and performance have characterized many definition of a service (Edvardsson et al. 2005; Lovelock 1991; Zeithalm & Bitner 2003; Vargo & Lusch 2004b). Clearly these key words as mentioned above also characterize the four different definitions by Grönroos; Vargo et al.; Philip; and Zeithaml et al. As an observation, the author of this thesis equally agrees that there is no universal definition for a "service". Its definition will vary based on the individual perspectives of those giving the definition. Nonetheless, it is essential that these identified keywords at least find expression in any definition being adopted.

According to Zeithaml, Bitner & Gremler (2006, 4-5), service can be divided into "four distinct categories". These "categories" are: (1) "services as products" (2) "service industries and companies" (3) "customer service" and (4) "derived service."

1. Services as products: these refer to intangible product offerings that are valued by customers and can be purchased in the "marketplace". Service products are offered by both service companies and "nonservice" companies such as "manufacturers and technology companies". These services can come in the form of consultancy, after sales, transportation, and logistic services. Some examples of companies that offer this form of services are "IBM, Hewlett-Packard, Macy's – (gift wrapping and shipping service), PETsMART i.e. pet grooming and training services" (Zeithaml et al. 2006, 5). These forms of service are also described as billable services by Grönroos (2000, 3)

2. Service industries and companies: Industries or companies that offer service as their core offering. Examples can come in the form of health, financial and transportation services (Zeithaml et al. 2006, 5).

3. Customer Service: these involve several lines up of activities that are offer to customers in support of a firm's core products. These services aim to build relationship further with customers, as well as meet/exceed their expectation. These services are usually devoid of charges. This form of services is referred to as non-billable services. These services can easily be taken as an advantage in boosting competitive advantage since they are often overlooked by many companies. Examples of non-billable services are invoice handling, complaint handling and customer inquiries, and customer training. The effectiveness and efficiency of these hidden services influences the customer perception of the overall service package. These hidden services are often not designed to be value-enhancing services by management. The ability to develop a value-enhancing service out of these support services along with the core service offering has been identified to be a great strategy. This strategy can deliver sustainable competitive advantage and service uniqueness as against competitor's offering (Grönroos 2000, 3).

4. Derived Service: this seeks to explain that the value of the product lies in the service provided with the goods and not only the goods itself. This follows the argument of Vargo and Lusch concerning service-dominant logic which proposes that the value derivable from "products and physical goods" lies in the services they can provide. This can as well imply that a customer sees what the goods can do in terms of its outcome as the service and not the goods itself (Zeithaml et al. 2006, 6). As an example, buying a television may translate into buying entertainment service that comes from movie channels, music channels and other programs etc.

Service-Dominant Logic

A framework on service which laid emphasis on service-dominant logic was developed in marketing (Vargo and Lusch 2004b, 1). Service-dominant (S-D) logic presented a departure from the "traditional, foundational", goods-dominant (G-D) logic of exchange. Over the years, goods-dominant logic had presented goods as the focus of exchange while services were seen as a special type of goods. This logic of goods-dominant logic was inherited by marketing over 100 years ago from economics. Service-dominant logic brought about a shift from an emphasis on the exchange of "operand resources" to an emphasis on an exchange of "operant resources" (Vargo & Lusch 2006, 43). Operand resources were referred to as tangible and inert resources e.g. goods while Operant resources were described as "dynamic resources" that can have an effect on other resources (e.g. Vargo & Lusch 2006, 43; Vargo & Lusch 2004a, 2). Service-dominant logic perspective argued that specialized skills and knowledge (operant resources) are the focus of "economic exchange" and one of the central

"foundations" upon which societies were built (Vargo & Lusch 2006, 43). Service-dominant logic posited that human beings needed to exchange service (the application of specialized skills and knowledge) that they could provide to others in exchange for the service they require from others. The role of goods in the chain of exchange was described as mechanisms for providing service. In furtherance to the shift in this logic, the joint, central logic of goods-dominant logic was challenged by service-dominant logic. Goods-dominant logic paradigm presented the following perspectives: (1) it equated value with the units of outputs of goods production, and (2) units of output (e.g. "products, goods, services") were represented as the fundamental unit(s) of exchange. On the contrary, these perspectives of goods-dominant logic were challenged by service-dominant logic (S-D). S-D logic specified that it was service that was exchanged for service instead. Service was defined as the application of specialized competences (operant resources i.e. knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself" (Vargo & Lusch 2006, 43). The use of the word "service" in singular form was deemed important by Vargo and Lusch in order to connote the idea of service as "doing something beneficial" and not as units of output. The commonly used plural form of service had presented service as a form of "immaterial goods" that was characterised by unit(s) of output (Vargo & Lusch 2006, 43). According to Vargo and Lusch (2006, 43), S-D logic refuted or rejected the traditional classification of goods and services wherein services were seen as "alternative forms of products". In other words, "service (or services)" were said to be distinct and should not be seen as alternative to goods form of products. Goods were described as "appliances (tools, distribution mechanisms) that can serve as alternatives to direct service provision". Consequently, S-D logic presented an "inversion of G-D logic". In other words, goods represented a "special case", or in the least a special way of providing service. In view of this, service was established as the "general case, the common denominator, of the exchange process". This implied service is the resources that are always exchanged in the course of transactions (Vargo & Lusch 2006, 43).

A list of eight foundational premises (FP) was developed to throw more light on Service-dominant logic (e.g. Vargo & Lusch 2004a; 2006, 43).

Table 1: Foundational aspects of service-dominant logic

FP1	"The application of specialized skill(s) and knowledge is the fundamental unit of exchange i.e. service is exchanged for service."
FP2	Indirect exchange overshadows the fundamental unit of exchange: "Micro- specialization, organisations, goods, and money obscure the service-for service characteristic of exchange."
FP3	The distribution mechanisms for providing service are goods i.e. "goods are appliances"
FP4	The fundamental source of competitive advantage is derived from knowledge. "Operant resources" such as know-how creates a good "differentiation."
FP5	"All economics are service economics" i.e. Increased specialization and outsourcing are beginning to make service more obvious. Service has always been what is exchanged.
FP6	"The customer is always the co-creator of value" i.e. value only takes place until an offering is consumed – "experience and perception" are important in the determination of value.
FP7	Value propositions can only be made by an enterprise. I.e. value is always determined by the customer (value-in-use), hence, value cannot be ingrained in manufacturing (value-in-exchange).
FP8	A service-centred perspective is "customer oriented and relational" i.e. operant resources that are used for the customer's benefit places the customer in the focus of value creation and comes with relationship

Source: (Vargo & Lusch 2006, 43)

The table above presents the foundational premises of service-dominant logic as a framework that can help in the re-examination and extension of knowledge concerning the process of exchange and its role in commerce and the society at large (Vargo & Lusch 2006, 44).

2.1   Stakeholders

The literature by Freeman & Reed (1983, 89) says, the word "stakeholder" was "coined in an internal memorandum at the Stanford Research Institute in 1963." This Institute defined a stakeholder as "those groups without whose support the organization would cease to exist." A stakeholder was also defined as "any group or individual who can affect or is affected by the achievements of the organization's objectives" (Freeman 1984, 25). In a similar perspective, within a certain period of time another definition of a stakeholder was presented. According to Fontaine et al. (2006, 4), stakeholders are defined as "those groups who are vital to the survival and success of the cooperation."

Table 2: Chronological definitions of a stakeholder

Who Is a Stakeholder? A Chronology

Source	Stake
Stanford memo, 1963	"those groups without whose support the organization would cease to exist" (cited in Freeman & Reed, 1983, and Freeman, 1984)
Rhenman, 1964	"are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence" (cited in Näsi, 1995)
Ahlstedt & Jahnukainen, 1971	"driven by their own interests and goals are participants in a firm, and thus depending on it and whom for its sake the firm is depending" (cited in Näsi, 1995)
Freeman & Reed, 1983: 91	Wide: "can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives"
	Narrow: "on which the organization is dependent for its continued survival"
Freeman, 1984: 46	"can affect or is affected by the achievement of the organization's objectives"
Freeman & Gilbert, 1987: 397	"can affect or is affected by a business"
Cornell & Shapiro, 1987: 5	"claimants" who have "contracts"
Evan & Freeman, 1988: 75–76	"have a stake in or claim on the firm"
Evan & Freeman, 1988: 79	"benefit from or are harmed by, and whose rights are violated or respected by, corporate actions"
Bowie, 1988: 112, n. 2	"without whose support the organization would cease to exist"
Alkhafaji, 1989: 36	"groups to whom the corporation is responsible"
Carroll, 1989: 57	"asserts to have one or more of these kinds of stakes"—"ranging from an interest to a right (legal or moral) to ownership or legal title to the company's assets or property"
Freeman & Evan, 1990	contract holders
Thompson et al., 1991: 209	in "relationship with an organization"
Savage et al., 1991: 61	"have an interest in the actions of an organization and ... the ability to influence it"
Hill & Jones, 1992: 133	"constituents who have a legitimate claim on the firm ... established through the existence of an exchange relationship" who supply "the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements)"
Brenner, 1993: 205	"having some legitimate, non-trivial relationship with an organization [such as] exchange transactions, action impacts, and moral responsibilities"
Carroll, 1993: 60	"asserts to have one or more of the kinds of stakes in business"—may be affected or affect ...
Freeman, 1994: 415	participants in "the human process of joint value creation"
Wicks et al., 1994: 483	"interact with and give meaning and definition to the corporation"
Langtry, 1994: 433	the firm is significantly responsible for their well-being, or they hold a moral or legal claim on the firm
Starik, 1994: 90	"can and are making their actual stakes known"—"are or might be influenced by, or are or potentially are influencers of, some organization"
Clarkson, 1994: 5	"bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm" or "are placed at risk as a result of a firm's activities"
Clarkson, 1995: 106	"have, or claim, ownership, rights, or interests in a corporation and its activities"
Näsi, 1995: 19	"interact with the firm and thus make its operation possible"
Brenner, 1995: 76, n. 1	"are or which could impact or be impacted by the firm/organization"
Donaldson & Preston, 1995: 85	"persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity"

Source: (Mitchel et al. 1997, 855).

For the sake of reflection, the table 1 above presented a chronological order of the definitions of stakeholders from existing literature. According to Mitchell, Agle & Wood (1997, 857), some definitions of stakeholders in the table were considered to be motivated by either broad or narrow views. Freeman's (1984) definition of a stakeholder as presented above has been described as classic and one of the most frequently cited definitions (Scholl 2001b, 4). This Freeman's definition is also described as one of the broad definitions of a stakeholder (e.g. Mitchel et al. 1997, 855-856; Scholl 2001b, 4). Although, this Freeman's definition has been well accepted by some scholars, it has also been criticized by others. For instance, Philips (1997), argued that the broad definition may imply the inclusion of harmful groups such as "terrorists" in the list of stakeholders. The need to narrow the broad definitions in a more meaningful way was put forward as a way to resolve the "dilemma" (Scholl 2001b, 4). Some of the definitions of a stakeholder that are considered as narrow include the definitions of Standford Research Institute (1962) and Clarkson (1994) e.g. (Mitchel et al. 1997, 856-857). Stakeholders "bear some form of risk as a result of having invested some form of capital, human or financial, something of value in a firm, or are placed at risk as a result of a firm's activities (Clarkson 1994, 5). Among the factors attributed to what could have informed narrow view definitions of a stakeholder are the reality of inadequate "resources, time, attention" and endurance of managers in addressing "external constraints". Overall, narrow view definitions of stakeholders seek to describe relevant groups based on their direct impact on the firm's main economic interests. Some of the narrow view definitions of stakeholders for instance lay emphasis on the survival of the organisation morally, economically and socially. Social survival for instance implies the ability of the organisation in developing and sustaining moral relationships with concerned parties. On the other hand, the broad view definitions of a stakeholder is said to draw on the practical reality that organisations can be affected by almost anyone and vice versa. The adaptation of broad view definitions of a stakeholder to a greater extent has been found to be more challenging and complex for managers or organisations (Mitchell et al 1997, 857). The broader definitions of a stakeholder have been described to generally find acceptance with those in the "business ethics tracks". On the other hand, the narrower definitions of a stakeholder are favoured by those in the "social science track" (Scholl 2001b, 4). The essence of the table 1 above is to present how the definitions of a "stakeholder" have unfolded over the years. *The limitations in scope, time and resources for many typical research project demands that only primary or key stakeholders are considered in this thesis work.* These primary or key stakeholders are those that can be considered vital to the success of the service design process.

Another definition of a stakeholder was given in the Stakeholder Engagement Practitioner Handbook as "any individual or group who has a vested interest in the outcome of a body of work." It also identified a "key stakeholder" as "any stakeholder with significant influence on or significantly impacted by the work and where these interests and influence must be recognized if the work is to be successful" (Australian Government DIC 2008, 3). This definition of a "key stakeholder" is quite similar to Freeman's 2004 definition, and the key word is "success". It implies that stakeholders have a good role to play in the successful outcome of any endeavour in question. This endeavour can be a process, project, business or an organisation. In the case of a service design process, the stakeholders can be define as those individuals or groups who are vital in defining value, and ensuring the success of the service design process, and its outcome.

- What does engaging stakeholders mean?

The words "engage" or "engaging" in the context of this research are verbs i.e. action or doing words. As a verb the word "engaging" is synonymous with words such as involving, partake in, gain attention or interest of, or "draw into". This is important for the avoidance of any ambiguity in meaning. For instance, the word "engaging" can be an adjective. As an adjective the word, "engaging" may imply words such as "pleasing, attractive, charming, interesting, appealing, attractive, fascinating, entertaining, winning" etc. (Farlex Inc. 2012). With respect to stakeholders, some of the major goals the author this thesis seeks to achieve are how to identify, bring in, gain interest and encourage cooperation of stakeholders towards designing a service. By engaging stakeholders, this author refers to a two way relationship and working understanding towards specified objectives. In a similar way, stakeholder engagement is defined as the effort or action an organisation undertakes towards understanding and involving stakeholders "and their concerns in its activities and decision making processes" (Partridge, Jackson, Wheeler & Zohar 2005, 6). There exists a responsibility assumption that says the more an organisation engages with its stakeholders, the more responsible and accountable it is likely to be to these stakeholders (Greenwood, M. 2006, 3).

 In reference to a definition of service design by Selgelström which goes as follows. "Service design is the use of designerly way of searching for solutions to problems in people-intensive service systems through the engagement of stakeholders" (Segelström, 2011, 1). A connection or link between service design and stakeholders has been established in this definition. Stakeholders are expected to be engaged in order to have a value-driven service as an outcome. Stakeholders have also been found useful with respect to value creation in business or an organisation. There exists another definition of stakeholders which says they are individuals or groups who are useful in defining a value proposition for an organization

(Partridge et al. 2005, 6). Philips (2003), says legitimate stakeholders should be figured out in businesses. This definition emphasizes that engaging stakeholders in dialogue will make businesses better through the creation of more value and doing the right thing (Philips, 2003). A service can be seen as a form of business with the aim of creating better value for customers or end users. This implies engaging the necessary stakeholders in designing a service will not only create more value, but it will make the service better. As a result, this research aims to look at how to engage these stakeholders within the context of a service design process. In other words, to explore the process of stakeholder engagement with reference to an established or standard framework which research can unveil at this time.

Previous research concerning stakeholder engagement

Many previous researches on stakeholder engagements have taken place at an organisational, national, and international level. Most of these researches have resulted in the development of "frameworks, standards and codes" which various organisations can utilize and adapt as practical guidelines. These frameworks, standards and codes have been useful to many organisations in their stakeholder engagement process thereby enhancing their business and strategic competitiveness. In addition, many organisations have also experienced an improvement in their performance in terms of meeting and sustaining their engagement objectives. Emphasis has been made on the promotion of social responsibility in most of these researches. Among these lists of "frameworks, standards and codes" are the following (Krick et al. 2005, 14):

At an organisational level

1. "The GRI Sustainability Reporting Guidelines (on reporting)

2. The SA8000 (on labour standards compliance)

3. The AA1000 series (on systematic accountability, including engagement)

4. The EFQM Excellence Model (on quality management)"

5.

At a national level

1. "SD21000 in France

2. SIGMA in the UK

3. AS8003 in Australia

4. Standard SI 10000 in Israel"

At an international level

1. ISO process on international guidance for social responsibility with bias for stakeholder engagement.

The following organizations have also offered useful resources in the areas of stakeholder engagements.

1. "The world Business Council for sustainable Development
2. Business for Social Responsibility
3. CSR Europe
4. The Future 500 Initiative
5. The UK Environment Council

6. The South African Calabash
7. The Brazilian Institute ethos
8. The Indian Development Alternatives Group
9. The international Association for Public Participation" (Krick et al. 2005, 14)

Research findings revealed that the quality of the procedure or process of stakeholder engagement often does not usually connect to a company's main area of business or "material issues". Rather it is connected to how suitable the "framework, standard" and guides under application identifies and addresses the specific, and essential issues of individual business needs. From the above listed frameworks, the AA1000 Series, with specific reference to the "AA1000 Stakeholder Engagement Standard Exposure Draft" has proven quite useful among other frameworks, standards, code and guides. This AA1000 series has been able to provide a better guide in using stakeholder engagement to address issues of material importance to businesses and its stakeholders. In addition, it presents a useful approach with which stakeholder engagement can be aligned with the "core strategy" of an organization (Krick et al. 2005, 14). In view of this, the AA1000 series has been used as the main framework in the engagement of stakeholders as applied to this thesis work. This framework has been extensively explored in the two-volume "Stakeholder Engagement Manual by United Nation Environment Programme (UNEP), Accountability and Stakeholder Research Associates". This manual has been able to complement, strengthen and close some gaps in the other extant frameworks. It has provided expert's view points and empirical guidelines that aim to develop and improve on the earlier frameworks already in use by companies and organizations (Krick et al. 2005, 7). According to this volume 2 of this manual, the AA1000 series guides organizations in creating "systematic accountability process" which includes stakeholders in the development of "strategies, policies and programs."

It also generates relevant "indicators", objectives and "communication systems" that support decision making, operations and general performance of an organization. The stakeholder engagement framework that comes with this AA1000 series standard highlights useful tools and procedures that can help in getting better insight on stakeholders and the process of engagement. Among the numerous tools that come with this framework is a stakeholder map template. The stakeholder map template was used in the mapping of the stakeholders of the service under consideration in this thesis.

Figure 1: Generic Stakeholder map

Figure 1 represents a generic stakeholder map depicting both internal and external stakeholders that may be engaged by an organisation. Internal stakeholders are people or groups of people who come from within an organisation and also have interest in the activities of the organisation. External stakeholders are people or groups of people with "vested interest" in the organisation and are also outside of the organisation (B2B International 2013). With respect to this research on service design, the key or primary stakeholders will be considered. In adaption to the definition of a key stakeholder from Stakeholder Engagement Practitioner Handbook 2008; key stakeholders here are defined as follows: *those individuals or groups with significant influence on or are significantly impacted by the service design and whose interests and influence must be recognised to ensure its successful outcome.* Some examples of key stakeholders in a service design project are customers/clients, end-users, suppliers, design team, service providers etc. Quantitative research says clients and end users are "significantly" more essential than any other

stakeholder (Han 2009, 3). However, most key stakeholders are adjudged as influential in determining a project's success (Han 2009, 3).

Stakeholder map

A stakeholder map is a tool that can be used to identify and categorize different stakeholders based on different attributes such as their concern, interest, influence, legitimacy, stake, power etc. It helps to analyse different stakeholders of an organization or an entity in order to know how to relate or engage with them in the most effective way possible. According to ehow.com (1999-2012), a stakeholder map is a business tool that can be used to present a visual or graphical representation of a company or organization's various stakeholders. This includes individuals and groups based on their level of interest and importance to the company. As a reference, Freeman (1984) says Stakeholder is "any group or individual who can affect or is affected by the achievements of the organization's objectives." These individuals or groups are the ones that are categorised based on one mapping model or the other to create what is called a stakeholder map. The interplay between different stakeholders can be explored and analysed through stakeholder maps. In the areas of service business, stakeholder map presents a good way to understand issues with stakeholders. As a result, it enables a service provider to provide better solutions to the issues in an effective way. Interviews, brainstorming and other forms of researches are necessary in order to identify a comprehensive list of stakeholders (Stickdorn et al 2010, 150).

Other advantages of stakeholder mapping include, but not limited to the following:

(a) It helps to classify and ascertain which stakeholders may be in support or opposition of organisational actions.

(b) It helps weigh, reconcile and balance the influence, power and interests of the stakeholders.

(c) It helps the decision makers in the process of formalising and prioritising strategies (Karkhanis 2011, 7).

There are different models of mapping stakeholders based on literature. Among the commonest models of stakeholder mapping are (1) "Power/Dynamism Matrix" by Gardner et al. 1986 (2) "Power/Interest Matrix" by Gardner et al. 1986 and (3) "Power, legitimacy and urgency model". (Mitchel, Agle & Wood 1987).

1. Power/Dynamism Matrix: This is a matrix that categorise stakeholders on the basis of the power they exact and their capacity to take actions (dynamism). It points to the direction where "political" or managerial effort should be channelled to before taking some steps or action.

Power/Dynamism Matrix (Gardner et al. (1986)		
	Dynamism	
	Low	High
Power Low	A Fewer problems	B Unpredictable but manageable
High	C Powerful but predictable	D Greatest danger or opportunities

Figure 2: Stakeholder Map- Power/Dynamism Matrix
Redrawn from: (12Manage-The Executive Fast Track 2012)

This model classifies the stakeholder groups into four quadrants of "A- fewer problems"; "B- unpredictable, but manageable"; "C- powerful but predictable"; and D- "greatest danger or opportunities." This classification is done by weighing the level of power and dynamic abilities of the stakeholders on a scale of low to high. From the figure above, the stakeholders in groups A and B are less difficult to deal with given their attributes. The stakeholders in group C have the greatest influence due to their enormous powers. As a result, the stakeholders in group C are quite important since they can be referred to as key stakeholders. Similarly, stakeholders in group D deserve all the attention they can get due to their combination of a powerful and unpredictable attributes. These stakeholders have a high tendency to make or mar the activities and existence of an organization depending on how they are closely given attention and managed. Some organizations have had cause to try new

strategies or tactics with this group of stakeholders in order to get it right with them (Karkhanis 2011, 8).

1. The Power/Interest Matrix: This model classifies the stakeholder groups into four quadrants of "A- minimal effort", "B- keep informed", "C- keep satisfied" and "D- key players". This classification is done by weighing the level of powers and interests exhibited by the stakeholders in the affairs of the organization on a scale of low to high. This model helps to identify the type of relationship and rapport that should be utilized by the organization in dealing with their stakeholders.

Power/Interest Matrix (Gardner et al. (1986)

		Level of Interest	
		Low	High
Power	Low	A Minimal Effort	B Keep Informed
	High	C Keep Satisfied	D Key Players
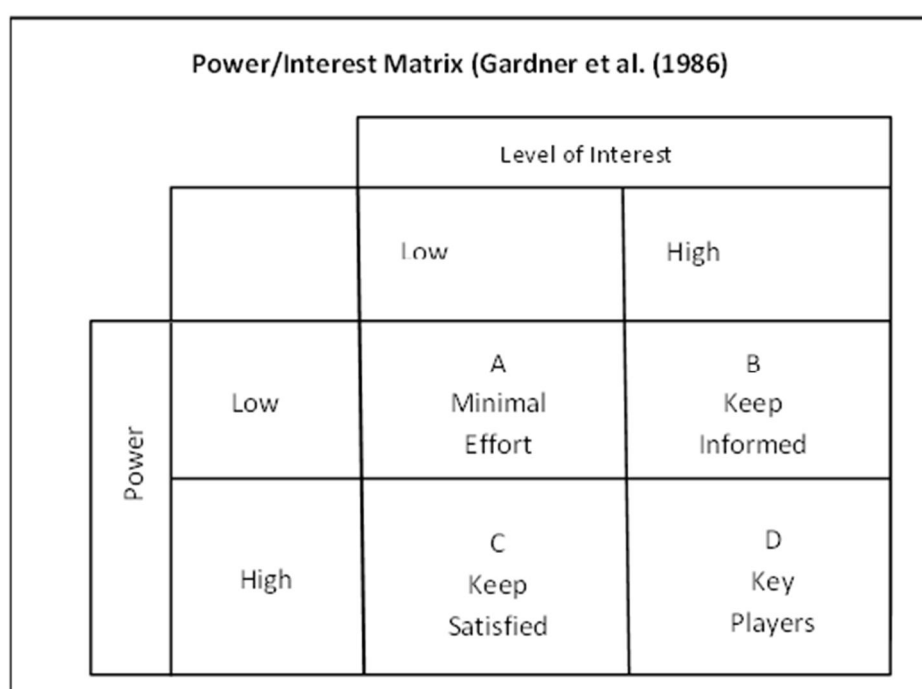
Figure 3: Stakeholder Map- Power/Interest Matrix
Redrawn from: (12Manage-The Executive Fast Track 2012)

From the figure 3 above, the stakeholders in group A are less difficult to deal with given their attributes. As a result, stakeholders in group A require "minimum effort" and management. Stakeholders in group B need a good level of attention since they "may be able to" impact other more powerful or influential stakeholders. Stakeholders in group C have high powers with low level of interests. They are often seen to be inactive; however in certain situation they might join the group D stakeholders on some compelling and specific matter of interests. The stakeholders in group D have a combination of power and interest in terms of attributes. These stakeholders can as well be seen as key stakeholders, and they are of a high strategic importance to an organization in its decisions and actions (Karkhanis 2011, 9).

Power, Legitimacy and Urgency
Mitchel, Agle & Wood (1997)

Power
(dormant)
1.

4.
(dominant)

Legitimacy
(discretionary)
2.

(definitive)
7.

5.
(dangerous)

6.
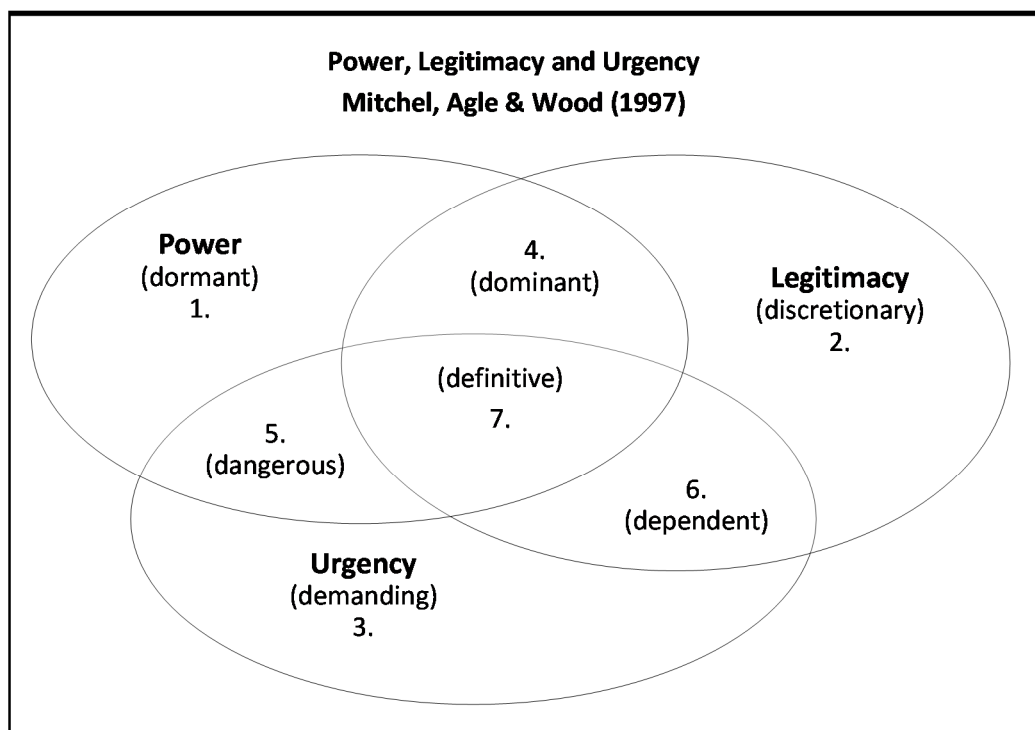(dependent)

Urgency
(demanding)
3.

Figure 4: Stakeholder Map- Power, legitimacy & urgency model
Redrawn from: (12Manage-The Executive Fast Track 2012)

2. The power, legitimacy and urgency model: it maps stakeholders' attributes on the basis of powerfulness i.e. ability to influence the organization; legitimacy i.e. relationship in terms of legality & appropriateness; and urgency i.e. the expectation of the stakeholders with respect to "criticality and time-sensitivity" (Karkhanis, S. 2011, 10). This model utilizes the concept of the popular Venn diagram as applied to sets and numbers in mathematics. It shows the groups of stakeholders that share similar characteristics through different intersections i.e. group 4- power/legitimacy; group 6- legitimacy /urgency; group 5- power/urgency. The intersection across the three groups of power, legitimacy, and urgency has group 7 mapped out. Group 1 -power, group 2-legitimacy, and group 3- urgency standout distinctly without intersecting with other segments. The seven mapped out groups have been given names based on their predominant attributes, behaviours or characteristics. The names are as follows: Group 1- dormant, group 2- discretionary, group 3- demanding, group 4- dominant, group 5- dangerous,

group 6- dependent, and group 7- definitive. The (group 1, 2 & 3) stakeholders are collectively named "latent stakeholders". The (group 4, 5 & 6) are collectively referred to as "expectant stakeholders". Lastly, the group 7 stakeholders with all the three attributes of the three groups or segments are called "definitive stakeholders". The group 7 stakeholders are expected to be given a considerable high level of attention by the management of any organization. Nonetheless, findings have it that management's determination of the positions of different stakeholders is usually subjective. (Karkhanis 2011, 10).

2.2   Service design, methods and processes

One of the first introductions of Service Design as a design discipline was credited to Prof. Dr. Michael Erlhoff at Köln International School of Design (KISD) in 1991 (Van Der Veer et al. 2011, 1). Prof. Birgit Mager was also notable as one of those who played an important role in the further development of Service Design.

Service Design discipline emerged in the UK during the early 1990s. Bill Hollins and his associates were stated to have adopted the name "Service Design" as a branch of their business consultancy services (Han 2009, 2). Thereafter, there have been a growing number of Service Design practices in the UK since 2001.

Stickdorn et al. emphasize the possible existence of diverse definitions of service design depending on the discipline and context in which it is being approached. He writes about the possibility of ten people giving at least eleven different answers when asked what service design is (Stickdorn et al. 2010, 29). This author agrees "service Design" could assume varying definitions depending on the background the individual that is defining it. The underlying fact remains "Service Design" seeks to make the process, experiences and delivery of a service a lot better as much as possible for all stakeholders.

Approaches relating to academic and agency perspective among others have been used to define service design. Among the academic-related definitions are the definitions of Stefan Moritz, Birgit Mager, Copenhagen Institute of Interaction Design, and Uk Design Council.

According to the Copenhagen Institute of Interaction Design, "Service design is an emerging field focused on creation of well thought through experience using a combination of intangible and tangible mediums. It provides numerous benefits to the end users experience when applied to sectors such as retail, banking, transportation, and health care".

"Service design as a practice generally involves the design of systems and processes aimed at providing a holistic service to the user" (Stickdorn et al. 2010, 30).

Similarly, the UK Design Council, 2010 says "Service design is all about making the service you deliver more useful, usable, efficient, effective and desirable" (Stickdorn et al. 2010, 31). Among the agency approaches for service design definitions, are the definitions of Engine Service Design, 2010; Frontier Service Design, 2010; Continuum, 2010; Live/Work, 2010; and 31 Volts Service Design, 2008. One of these agencies' definitions according to Engine Service Design goes as follows: "Service design is a design specialism that helps develop and deliver great services. Service design projects improve factors like ease of use, satisfaction, loyalty and efficiency right across areas such as environments, communications and products – and not forgetting the people who deliver the service" (Stickdorn et al. 2010, 32-33). The author of this thesis finds this statement intriguing in the above definition, i.e. "and not forgetting the people who deliver the service". This statement implies that it takes satisfied service producers e.g. front line employees to deliver satisfactory and valuable service to service users. Otherwise, the frustration of the service producers is bound to be transferred to the service users which will not be in the best interest of the firm. Mager (2007) "says service design addresses the functionality and form of services from the perspective of client." It also seeks to make sure "service interfaces are useful, usable and desirable from the client's point of view and effective, efficient and distinctive from the supplier's point of view" (Miettinen et al. 2009, 34)

From the perspective of the author, service design can be defined as a multi-disciplinary field that utilizes various knowledge and skills with useful tools and methods under an iterative process to plan and develop new or existing services in the most user-friendly way possible. Multi- disciplinary field implies that different professionals from different work background and experience come into play in a service design project. Professionals with management, marketing, research, design, engineering etc. background can be found useful in a service design project. Tools and methods imply tested materials, ways and sub-processes that are useful in finding solutions to some immediate needs during the design process e.g. blueprinting, customer journey map, prototyping, observation etc.

Segelström (2010, 16), defines service design "as the use of designerly way of searching for solutions to problems in people-intensive service systems through the engagement of stakeholders." Another definition of service design by Moritz (2005) says "it's a new holistic, multidisciplinary, integrative field. It helps to either

innovate or improve services to make them more useful, usable, desirable for clients, as well as more efficient and effective for organizations".

An illustration of interrelated expertise and disciplines that can be found useful in service designing is depicted below in the form of a figure. The figure below presents multidisciplinary nature of service design from an organisation and client's perspective. It also presents four disciplines which are management, design, marketing and research as some of the disciplines that could make contribution to service design.
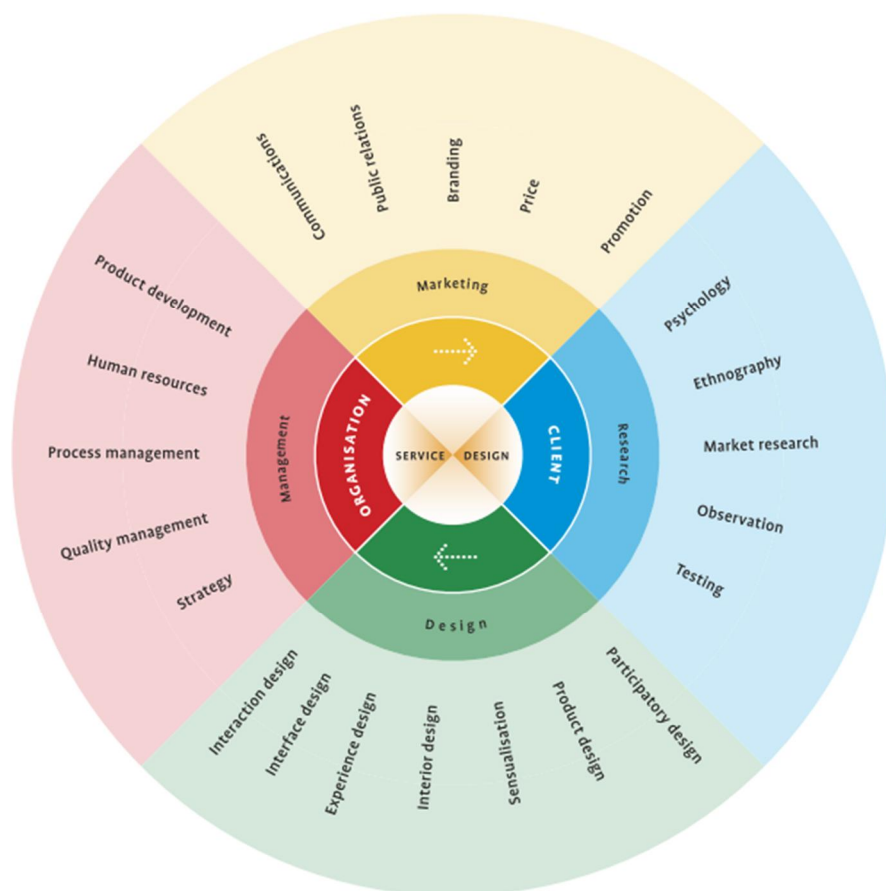
Figure 5: Model Six- Service Design Expertise
Source: (Moritz 2005, 49)

Service design models

This section explores service design processes and methods as they have evolved overtime based on different models. Since it has been showcased in the earlier definition of service design that processes, methods and tools often characterize its mode of operation. Therefore, it is not out of place to review this aspect.

In the literature, "Service Design" by Mager et al. (2004, 68), Service design process was categorized under four phases or stages which are:

- Exploration
- Creation
- Reflection
- Implementation.

The Service design methodology of "(model ten)" was also created by Birgit Mager. This model consists of stages which include (1) Analysis (2) Innovation (3) strategy (4) Specific Development (5) Testing (6) Environment Analysis and (7) Client Typology.

This model was found to be more relevant and meaningful for experts in service design, and not external practitioners. This model was referred to as generic. It does not present the linkages and iteration process of the different stages towards enhancing clarity and easier understanding for non-service design personnel (Moritz 2005, 117).

Secondly, the "(Model Eleven)" process was put forward by the Design division at IDEO. This was divided into three segments. And the segments are as follows:

1. Observation and understanding of people, Business and technology.
2. Principle of iteration.
3. Development of ideas and prototyping.

This model was seen as a framework specifically designed to meet IDEO's mode of operation (Moritz 2005, 117).

Thirdly, the "(model twelve)" service design process came from the committee that put forward a new service design recommendation for British Standards. This model was segmented into four categories.

These categories are as follows:

1. Development of business plan for service.
2. Design and development of the service.
3. Detailed approval of service design – supporting factors that develop service.
4. Operation and optimization of potential – delivery, review, feedbacks etc. (Moritz 2005, 119).

Lastly, "(model thirteen)" was developed by Spirit of Creation. This model seeks to present service design process from the perspective of visualization. It presented the DGSE process, which was an abbreviation for Discovery, Generation, Synthesis and Enterprise respectively. The interaction with Sean Blair and Kevin Gavaghan, coupled with the design of a workshop with Spirit of Creation was useful towards gaining deeper insight into the DGSE process. Similar to other service design process, this model was generic, and it was reported to have delivered a great deal of success for Spirit of Creation concerning rudiments of explaining and profiling service design (Moritz 2005, 119).

Further analysis, comparison, and grouping of these aforementioned models resulted in the grouping and classification of their attributes based on the type of tasks that produce similar results. The comparison of the models found out that a particular trend is common among the processes; however, they come under different names or point of focus. This analysis brought about the discovery of four segments which was adjudged to be commonly used in quite a number of designs and innovation processes today (Moritz 2005, 119).

These four segments are known as the 4 D's which are:

(1) Discover (2) Define (3) Develop and, (4) Deliver. They are synonymous with the design equivalent of the 4 P's of marketing. In addition, this model was stated to cover the fundamental steps; however they do not explore service design comprehensively beyond traditional design (Moritz 2005, 119).

As the history of service design process and methods unfolds and its practice evolves, Moritz came up with his own model. He breaks the design stages down further in an explicit manner thereby creating six stages. These six stages of service design task or process are:

I. Service Design Understanding (SU)

II. Service Design Thinking (ST)

III. Service Design Generating (SG)

IV. Service Design Filtering (SF)

V. Service Design Explaining (SE)

VI. Service Design Realizing (SR) (Moritz 2005, 123).

Figure 6: Service design process

Adapted from: (Moritz 2005, 123)

In the meantime, this section proceeds further to look into other service design models for the purpose of review while Moritz model will be revisited in detail thereafter.

Another perspective to service design process comes from Miettinen et al. (2009, 15) and it explains as follows "Service Designers visualize, formulate, and choreograph solutions to problems that do not necessarily exist today." It also explains that Service Design seeks to observe and clarify requirements and patterns of behaviour such that it converts them into services that are possible in the future. Miettinen et al. mentioned design approaches such as "explorative, generative, and evaluative" in the design process.

Further, the systematic and process-nature of service design was emphasized in another literature by Stickdorn et al. (2010, 30) as follows: "Service design as a practice generally results in the design of systems and processes aimed at providing a holistic service to the user."

In recent time, another school of thought has laid more emphasis on service design from the perspective of social responsibility i.e. ethics, sustainability, and human right. The literature called "Design for Services" by Meroni & Sangiorgi (2011) forms part of literature series that aim to throw more light on Service Design from social responsibility angle.

This author is favourably disposed to the need to integrate a great deal of social responsibility into service designing. This will further strengthen the need that service providers should look beyond just making profits and growing businesses, but also promote social and healthy values.

A case study of co-design involving Q-free (Norwegian company) and Polidesign (Service Design Research team, Italy) was cited. A sustainable service scenario was developed for mobility related services in this case study i.e. electronic toll technology, parking services etc. (Meroni & Sangiorgi 2011, 180). In response to the complex nature of mobility scenarios, the research team was stated to have worked on 'three main, interrelated levels' – contexts, technology, and users (Meroni & Sangiorgi, 2011, 183).

The design process was also stated to have been managed as a "strategic conversation" (Meroni et al. 2011). This service design project was organized in four basic "phases of work" and they are as follows: (1) Initial brainstorming; (2) Analysis; (3) Ideas generation; and (4) Scenario Consolidation (Meroni & Sangiorgi 2011, 184). From the perspective of this author, these 'phases of work' as identified by Meroni et al. have been covered in other service design processes, for instance Moritz model.

In general, Meroni et al. (2011, 239) identified four basic design activities with a set of useful tools that applied to them, and they are as follows: (1) Analysing; (2) Generating; (3) Developing; and (4) Prototyping.
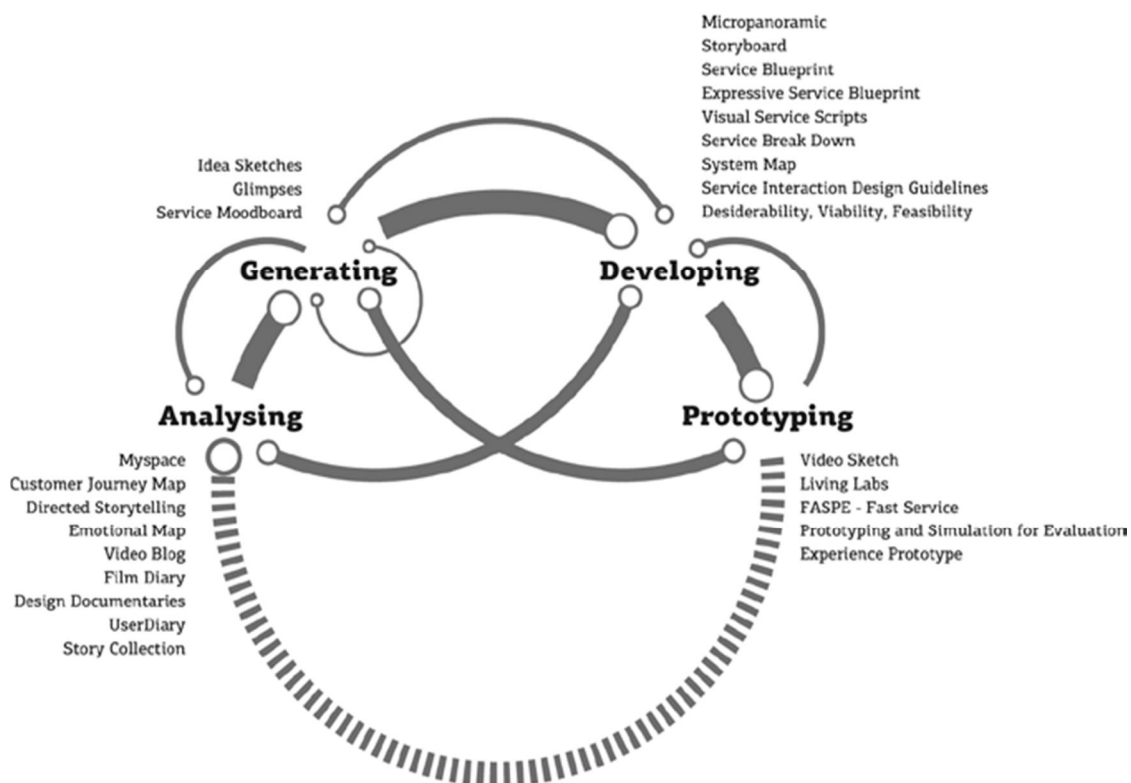

Figure 7: Design Process Illustration

The iterative-nature of a design process with applicable tools & methods (Meroni & Sangiorgi 2011, 240).

Moritz model of service design process, methods and tools

This section explores the earlier mentioned Stefan Moritz's six stages of service design process one after the other in a more detailed manner. From the perspective of this author, Stefan Moritz model of service design process appears relatively easier to understand and apply than others. By applying the Moritz's model, it will be easier to carry along other participants who have little or no background in service designing. In view of this, this author aims to adopt Moritz model as the basic framework for the design process in his thesis. The aim of looking further into Moritz model of service design process is to afford the readers some insight on how the six stages are broken down for better clarity. As a recall, the six stages are (1) service design understanding

(2) Service design thinking (3) service design generating (4) service design explaining (5) service design filtering and (6) service design explaining.

Service Design Understanding

Service Design Understanding was simply referred to as "finding out and learning". Research for knowledge concerning clients' articulated and unarticulated needs, service context, understanding providers and relationships are the major concern of this stage (Moritz 2005, 124).

In order to exhaust many aspects of service design understanding, this stage was sub-divided into four sub-tasks. These sub-tasks are (1) Understanding clients, (2) Understanding providers (3) Understanding context, and (4) Understanding relationships (2005, 126). This author observes that the "Service design understanding" stage of Moritz seems to lie within the "exploration" phase of Mager's theory in terms of comparison.

The requirement to embark on service design understanding stage is the availability of project aims, objectives and goals (Moritz 2005, 125).

- Understanding clients

Attributes to be understood here includes, but not limited to the following- goals, values, needs, behaviour, problems, group dynamics, interaction, demographic, psychographic etc. The client here refers to both end users and other customers. For instance, a firm could purchase a service on behalf of its own customers who are the end users or consumers of the service. So the firm, in this case can be considered as a form of the customer which happens not to be the end user. For instance, an educational institution could purchase recreation services on behalf its students who are the end users.

- Understanding contexts

The service business environment both internal and external is deeply looked into in this task. This tasks aims to understand the context in which the service is expected to take place.

-        Understanding providers

In order to have an understanding of the providers, there is a need to consider among many others the following: Resources – (technology, personnel, finance, knowledge, skills etc.); Short and long term goals; constraints;   responsibility; processes & systems; and business culture e.g. language; and key decision makers/stakeholders (Moritz 2005, 126). This aspect assesses what the provider of the service has in store in terms of readiness to deliver the service. What is in existence, and what is not in existence and how the non-existing things can be acquired?

-        Understanding relationships

Understanding of factors and strategy with which relationships can be built between providers, clients, suppliers, and other providers have been identified to be important for service business success. Service in itself has been described to be relational and dynamic. A service is also interactive and accessible with experiences. Services leverage on the relationship building and bonding in order to thrive. Hence, it takes a well understood customer-service provider relationship to sustain value-driven services. Relationships building in service businesses have been treated in detail in earlier literature (Grönroos 2000; Peelen 2005).

Tools and methods of service design understanding:

The list of tools and methods for generating different stages of service design processes is numerous and non-exhaustive. Different Service Designers may combine various tools and methods in order to assess, measure, and compare the impact of results from one another (Moritz 2005, 185). In view of this, the tools and methods concerning Service design understanding include, but not limited to the following: benchmarking, client segmentation, probing, ethnography, contextual interviews, context enquiry, context analysis, critical incident techniques, focus group, shadowing, 5W's, gap analysis, observations etc. (Moritz 2005, 127). Further reading on detail descriptions of these tools and methods has been documented by Moritz (2005, 187-201).

This literature review will not go into the details of the several tools and methods mentioned in this report. However, few tools and methods that are relevant in collecting and analysing data in this research work will be looked into in the other section of this thesis.

Service Design Thinking

There are six sub-tasks under Service Design Thinking, and they are as follows (Moritz 2005, 130):

(1) Identifying – criteria, problems, focus, underlying motives.
(2) Setting – objectives, goals, vision.
(3) Planning and feasibility – requirements.
(4) Analysis – competition, content.
(5) Reviewing – insights, related components.
(6) Direction – time plan, design guidelines, team setup, specification.

Tools & methods of service design thinking.

As pointed out earlier, in general there are non-exhaustive lists of different tools and methods of service design. To mention few, there exist affinity diagrams, CATWOE, Fishbone diagram, Mind map, Parallel thinking, Personality matrix, Priority matrix, Think tank, Visual thinking, idea card, Touchpoints etc. (Moritz 2005, 131). These are the common examples of tools and methods of Service Design Thinking. Detail description of these tools and methods has been documented by Moritz (2005, 203-208).

Service Design Generating

According to Moritz (2005, 132), Service design generating is more or less an action of "developing concepts". It was further explained as the development of germane, ingenious, and innovative ideas. In addition, it also involves the creation of 'role-design' and concept-options with consideration for consistency and skillful moulding of details. Ideation towards problem solving is brought up during this stage. The service components are ensured to align and be well developed in line with the expected service experience, value, and needs of clients & organizations during this stage. In short, this stage is all about bringing up the best possible ideas that support the design process.

The requirements for "Service design generating" are professional creativity, information & direction from other stages, insights, and relevant strategy. Further, "service design generating" involves an attention and forethought towards having competent people join the service design generating team. A conducive atmosphere to enable good performance should also not be compromised. This process should be

characterized by flexibility, innovativeness and vision. An example of service design generating was the use of bodystorming in resemblance of all parts of a water cleaning plant. This bodystorming method made it possible to realize ways of solving imminent problems (Moritz 2005, 133).

- Service design generating sub-tasks

Five sub-tasks have been identified in order to complete the process of service design generating, and they as follows (Moritz 2005, 134):

1. 'Developing – (ideas, solutions, Processes)'
2. 'Creating – (concepts, Scenarios)'
3. 'Finding – (environments, inspiration, ways to work with clients)'
4. 'Implementing – (corporate design)'
5. 'Crafting – '(evidences, touchpoints, interface, experiences)'

Tools and methods of service design generating

Among the numerous list of these tools and methods are the following: bodystorming, brainstorm, brain writing, idea interview, parallel design, unfocus group, think tank, feature tree, and experience sketching etc. (Moritz 2005, 135). Description on details of these tools and methods has been stated by Moritz (2005, 210 – 215).

Service Design Filtering

This stage was simply referred to as "selecting the best" by Moritz. Further definition was hinged upon idea selection, concept combination, and results & solutions evaluation. The identification of clusters and segments was also not ruled out in the definition (Moritz 2005, 136). The verb "filter" implies to separate what is most needed from those that are not. This is synonymous to separating "the wheat from the chaff" from idiomatic expression perspective. Similarly, in the case of service design, the most useful and relevant ideas, concepts and results within available options are considered. However, the left over ideas, concepts and results etc. from the filtering process may still be useful in the future. Therefore, they should be reserved.

Description of how it works:

Within a host of solutions or ideas, effort should be made towards selection of the best ones. More often than not, the experts are better positioned to do this selection, or better still they are chosen against specified attributes. Thereafter, the quality and authenticity of the selections are then tested and measured. This method was stated to be true for prototypes, existing elements, and people. For instance, the assessment of the workability of an idea against legal requirement, or technical effort was cited as an example (Moritz 2005, 136). Other example is the use of "idea card" to identify best possible idea for service design (Moritz 2005, 137). This author has once used "idea card" to generate ideas and concepts during a service design workshop. In this workshop, "idea card" was only used during the service design generating stage and not during the service design filtering stage. Moritz cited an example of its use in service design filtering stage. This further lays emphasis on the overlapping and iterative nature of service design process. The application of its tools and methods are usually not linear, rather they overlap. The skill and experiences of the designers count to a greater extent.

Requirement:

Service design filtering is dependent on the results or outcome of other categories of service design project. For example, it was stated that elements and contexts are needed to evaluate and select. In this regard, Service design filtering follows methodologies that are fallout from service design thinking (Moritz 2005, 137). This also confirms the fact that service design stages are interrelated and interconnected, just as they overlap.

Considerations:

The inclusion of key decision makers in service design projects is compulsory in order to make effective and feasible decisions. No idea can be entirely ruled out, it may still find relevance at some point in the project or in the future, as a result, it should be kept.

- Service design filtering tasks:

Three sub-tasks have been identified, and they are as follows (Moritz 2005, 138):

(A) "Selecting – Ideas; Concepts; and Solutions"
(B) "Test & Measure – Performance; and Quality"
(C) "Evaluation – Subjective; Heuristic; Economic; Technical; and Legal."

Tools and methods of service design filtering:
Among the numerous tools and methods of service design filtering are the following: card sorting, character profile, cognitive walkthrough, constructive interaction, expert evaluation, feasibility check, focus group, Personas, PEST analysis, sticker votes, heuristic evaluation, pluralistic walkthrough etc. (Moritz 2005, 139). Further reading on description of these tools and methods has been explored in literature (Moritz 2005, 216 – 221).

Service Design Explaining
As the phrase suggests, "Service design explaining" was summed up in simple definition as "enabling understanding". This definition appears clear enough and indisputable even to laymen from this author's perspective. Further definition emphasizes "Sensualisation" i.e. visualizing via all senses with respect to ideas and concept, process mapping, and possible scenario exemplification. In addition, the definition includes presentation of general explanations and display of future possibilities (Moritz 2005, 140).

Descriptively, this stage can give stakeholders access to "abstract future concept". It provides the foundation for discussion among people of diverse backgrounds and perspectives. As a result, it creates shared understanding. For instance, staging of service experience via beta-launch might explain how the service works. Similarly, an explanation of its processes and methods may be achieved using animation or maps. It was stated that Service design explaining is usually connected with service design generating, realizing, understanding, and thinking. In some cases, service design filtering may be anchored on service design explaining (Moritz 2005, 140). As a summary, this stage aims to give a clearer picture of how the whole service touchpoints are connected to one another. With a good level of mutual understanding, comes a specific sense of direction that guides the objective of the design process. As a result, this stage helps the design actors to align their interests and ideas in the best interest of the service outcome.

Requirements: As a necessity, a successful service design explaining is dependent on deep comprehension of findings and ideation processes. Further, the design purpose, target segments, and expected context of results should be spelt out in clear terms (Moritz 2005, 141).

- Service design explaining tasks

There exists four tasks under service design explaining, and they are as follows (2005, 142):

a. "Ideas and Concept – Sensualisation"

b. Processes – maps and models

c. Interaction – animation and role play

d. Experiences – prototypes and Scenarios'

Service design explaining tools and methods

Among the list of numerous tools and methods that could be used in Service design explaining, are the following: character profile, experience prototype, metaphors, moodboard, persona, role playing, scenario, storyboarding, try it yourself, visioning, empathy tools, and mock ups etc. (Moritz 2005, 143). Moritz (2005, 222 – 232) has delved into details of these tools and methods.

Service Design Realizing

In simple terms "service design realizing" was defined as "making it happen". Further, it includes solution development, specification, and implementation. Other characteristics of Service design realizing are prototyping and processes. In addition, business plan writing, stating guidelines, and conducting training also define this stage (Moritz 2005, 144).

As the simple definition suggests, this stage brings a service to reality. The provision of needed things is put in place towards implementation of the defined and selected concepts. Service realizing a service may imply testing an experience prototype or the service itself. Realizing of service can be done in different ways depending on its complexity and disparity in locations of implementation. This stage includes everything necessary in planning, specifying and rolling out a service (Moritz 2005, 144). Service design realizing is equally taking the service to the market, establishing of all details, final checking and planning. In addition, it continues with developing various ways to ensure consistency and quality of service delivery (Moritz 2005, 145).

Considerations:

Giving the likelihood of a service not ever being perfect, there is always a need for improvement. Service design realizing aims at best possible service outcome. As a result of complexity of systems and environmental changes, testing, improving and maintaining services become a necessity. In view of this, service design realizing should not be seen as the end of service design rather a new beginning (Moritz 2005, 145).

Some examples of how service design realizing tools & methods work: Typical examples of service design realizing in action includes: the use of business plan in explaining and specifying all details of core principle on which a service would hinge upon. Another example was the use of blueprint in planning how all processes and components are intertwined and interconnected. In addition, role description script can also find relevance in guiding service personnel in their imagination and performance towards desirable service delivery (Moritz 2005, 145).

▪ Service design realizing tasks

The three tasks under service design realizing stage are as follows (Moritz 2005, 146):

A. "Testing: i.e. prototypes; models; processes; and experiences"
B. "Developing: i.e. business plan; blueprint; processes; and touchpoints"
C. "Providing: i.e. training; guidelines; templates; instructions; and specifications."

Service design realizing tools & methods

For the umpteenth time, the list of tools & methods for service design realizing are equally endless just as it obtains with other stages. Some examples include behaviour sampling, blueprint, mind map, line of balance, performance testing, post release testing, service prototype, simulation, templates, wizard of oz etc. Similarly, a clearer picture on details of these tools and methods has been documented in literature (Moritz 2005, 234 – 239).

2.3   Co-creation of value with stakeholders in service design

The definitions of service design as stated earlier connote a process which aims to improve the experiences that come with service consumption and service production be it a new service or existing one. Service design lays a great deal of emphasis on users' perspective, experience, articulate and unarticulated needs. Service designing seeks to approach service development through the eyes and mind of users by adopting process of co-creation. Co-creation can be defined as a form of collaboration in which all hands are on deck, and both service users and producers are an active participant in the value-driven creation or development of a service. Co-creation implies collaboration towards value creation by sharing inventive ideas, design concepts and other relevant considerations (e.g. Ostrom et al 2010; Ojasalo 2010, 172). Sometimes, the inability of some users to express clearly what they desire or want in services in terms of value also necessitates the need for designers and other participants to cocreate with them. By so doing, what constitute value to the service users can be pinpointed through mutual interaction, ideation and understanding.

Value from the perspective of end-users or customers can be defined as what they considered beneficial, worthy and substantial in their own judgment from the use or consumption of a service. From the perspective of Vargo & Lusch (2006b, 44), value only comes up until an offering has been used or consumed i.e. value-in-use. In other words, customer's experience and perception are vital in determining value (e.g. Prahalad & Ramaswamy 2004a; Ojasalo 2010, 173). As a reflection, the author of this thesis thinks value in-use in this sense is quite relative and may vary from one end-user or customer to the other. For instance, the experience, socio-economic status and level of sophistication of some customers may shape what they value from another. As a result, value proposition cannot be approached as a one size that fits all. However, in some ways a firm may strive to identify some values that are mostly appreciated by some specific customer segments. There is also a need to pinpoint sophisticated customers who are willing to pay additional prices for customized and co-created values in order to meet their higher tastes. The contribution from a service provider that can support customer's value creation process is referred to as a value proposition. Similarly, the contribution of the customer in this value creation process has been identified as value actualization (e.g. Gummesson 2008; Ojasalo, K. 2010, 173). The customer's value creation process is defined as a "series of activities" undertaken by the customer in order to achieve a specific goal. Co-creation has been identified as a process that is "outside-in". This implies in a co-creation process, the organization seeks to understand the customer's "value creating processes" as an individual who is external to its own existing process. This customer understanding enables the organization to offer needed cooperation with the customer towards improved co-creation of value (e.g. Payne et al 2008; Ojasalo, K. 2010, 173). During a service design process, co-

creation is expected to facilitate a good interaction between the stakeholders. This smooth interaction can add value to the actual service provision to ensure customer sustainability and employee satisfaction. Early involvement of stakeholders, the customers in particular in service development through co-creation has the likelihood to evoke a sense of co-ownership in the service. A sense of co-ownership can promote customer loyalty and long-term engagement (Stickdorn & Schneider 2010, 39).

From a slight different angle, value has been defined as the outcome of the experience customers derive by doing business with an organization in comparison to the alternatives the competitors have to offer (Frow et al 2011, 225). Earlier description of customer value from Holbrook (1996) says value has to do with "interactive relativistic preference experience". This implies that the experience determines what is valuable to a customer (Ojasalo, K. 2010, 173). Service experience involves the total stages of the creation, production and consumption of value from the customer's point of view. The interaction of a customer with an organization in a service system takes place through different touchpoints or channels. These touchpoints may have physical features e.g. spatial layout, signposts; technology devices; "processes" e.g. series of service related activities; and "people" e.g. customers and employees (Ostrom et al 2010).

According to Frow et al (2011, 225), a review of literatures with respect to the value proposition models for both customer and non-customer segments have been done. *Two gaps were identified. It was identified that many organizations use value proposition as a terminology. However, less than ten percent of these organizations have been successful in developing and communicating value proposition in the real sense of it. In addition, the review also revealed "few organizations appear" to give due attention to the value proposition from broader stakeholder's perspective*. Similarly, Stickdorn & Schneider (2010, 38) argue that both customers and other stakeholders should be involved in order to explore and define a service proposition during the process of service design. This author deems it necessary to consider vital participants in the design process. These participants are referred to as key stakeholders, and they will involve customers/clients, suppliers, providers, designers and others. The context of focus of this research is the business-to-business (B2B) market. In other words, the stakeholders under consideration are mostly representatives of different business interests or organizations. According to Investopaedia, business-to-business refers to a type of commerce that takes place between businesses or companies e.g. "manufacturer and wholesaler, or wholesaler and a retailer". A business-to-consumer is defined as a business in which transactions are carried out directly between "a company and consumers who are the end-users of its products or services" (Investopaedia 2013).

Value co-creation seems to have greater importance in a business-to-business market as compared to a business-to-consumer market. It has been identified that greater "interdependence" exists between service providers and customers in business-to- business than in business-to-consumer. The number of customers in a business-to-business market is often fewer as compared to a business-to-consumer market. Hence, this makes the service provider to be more dependent on the customers. More often than not business-to-business market attracts higher market value in terms of revenue than a business-to-consumer market (e.g. Flint & Mentzer 2006; Ojasalo 2010, 176).

3   Thesis objective and research questions

The aim of this thesis is to develop a process model which integrates a stakeholder engagement framework with service design methods and tools. The process model will be presented in the form of a figure as part of the results of this study. This process model can give better insight on how to engage stakeholders in the design of a service. Furthermore, the stakeholder engagement framework itself can be introduced to interested organisations for the purpose of benchmarking in their other stakeholder engagement activities. For instance, service design is one of the activities that can take place through the engagement of stakeholders. The exploration and adaptation of the stakeholder engagement framework in this study seeks to answer the first and third research questions as stated below. In addition, the use of co-creation tool aims to answer the second research question of the study.

Objectives of the research

1. To create better value through stakeholder engagement for all stakeholders.
2. To develop mutual understanding and sustainable relationships among stakeholders.
3. To improve cooperation, organisational effectiveness, and open innovation culture.
4. To explore an existing stakeholder engagement framework that can complement the process of service designing.

Research Questions

RQ 1: How to identify stakeholders to be engaged in the design of a service and who are the stakeholders?

RQ 2: What is the current state of the co-creation approach of the partner company with its case companies?

RQ 3: How to engage the stakeholders in designing a service?

3.1 Limitations and assumptions

Limitations

A. The stakeholder engagement framework that is adapted in this thesis presents the five stage stakeholder engagement process in a discrete order for the sake of clarity. However, if necessary the five stages can be carried out in an overlapping or iterative way depending on the context or who is applying it.

B. This thesis focuses on the improvement of an existing service, and not a new service.

C. Since the partner company under focus has different areas of businesses, this thesis work is focused and limited to one of its business area which is waste management.

D. The approaches of engaging stakeholders vary from one organisation to the other, and the suitability of any approach is subject to different considerations. Among these considerations are the nature of the issue of engagement, and the organisation's objective of engaging its stakeholders.

Assumptions

A. It is assumed that the stakeholders of an existing service are easier to identify unlike the stakeholders of a service that is yet to exist.

3.2 Research methods and processes

Qualitative research methods were used in this thesis work. Qualitative research is a research technique that focuses more on depths than breaths. It does not seek to offer quantitative or countable interpretations/analysis in the form of averages, variances etc. as obtained in statistics. Rather qualitative research technique seeks to have a deeper understanding of a specific issue, process, individuals, groups etc. that are most "revealing" or useful (Rubin et al 2012, 2). Qualitative research is often done in the subjects natural settings. It makes an attempt to make sense out of, or offer interpretations to "phenomena" based on the

meanings people bring to them (Higgins & Green 2008). It gives priority to the connection and relationships between the data gathered from the research and the research questions or existing information. Qualitative research seeks to offer explanations on the nature of a subject or research topic, findings, results etc. It seeks to answer for instance, What a subject/topic is all about, why is it so, when does it happen in such way, how can it be corrected or improved upon, the emotional factors attached to it etc. Some examples of qualitative research methods are interviews, probes, ethnography, participant observation, focus group, brainstorming etc.

This author used interview and observation research methods. Qualitative research methods such as interviews and observation had been quite important in service designing. This author is privileged to use interview and observation methods as a result of his earlier study experience. In addition, interview and observation methods in stakeholder studies have been recommended in earlier research (Laplume et al. 2008, 1174-75). Other methods that were used are desk research, workshops, and benchmarking. Service design tools such as service blueprinting and Co-creation tool (CoCo tree) were used to analyse the current state of the case company. Co-creation tree was used to analyse the interview data that were gathered from L&T Oy and the four case companies which are its selected business-to-business customers. Service blueprinting tool was used to identify and explore the essential service touchpoints and issues that lie in L&T Oy waste management service to its customers. Some recommendations were made to address the identified development needs that were discovered from the use and outcome of service blueprinting and CoCo tree analysis. These two service design tools and other research methods are explored in details in the next paragraph of this report.

These research methods are explored one after the other as follows:

3.2.1 Interviews

Interview is a form of two way conversation in which the interviewer makes direct or indirect inquiries about a subject in question from another person known as interviewee. The nature or type of interview could be structured Interview i.e. with standard questions for all participants; Unstructured interviews i.e. interviewee share stories and experiences and she/he usually structure the interview; semi-structured interview i.e. a flexible format, usually a given set of questions or theme is covered, and it has varying levels of standardization (McLaughlin 2006).

Interviews through discussions help to gather information or opinions from the subject or interviewee. Interviews are often recorded in audio, video or written format.

Interviews can be conducted through a set of questions that are appropriate for the information needed by the researcher. These questions can be either open, closed questions or combination of both. The results from the interviews can then be thematically analysed at the end of the day (Moritz 2005, 193). In this research study, semi-structured interview method as explained above was adopted. This can as well be called thematic interviews. A set of questions was developed under different themes. These themes served as title or major headings for the questions. The questions under the themes were sub headings under them. There were also probing and follow up questions under each question as the case may be to throw more light on the interview based on the response of the interviewee. This made the interview semi-structured and thematic. The interview questions of this study were developed through the sets of interview themes that were part of co-creation tool (see 3.2.5).

3.2.2 Observation

Observation research

Two types of observation research have been identified in social science. They are systematic and participant observation (Denscombe, 2007, 206). Systematic observation often yields quantitative data. A systematic observation can be defined as an objective and structured means of data collection in order to confirm or validate criteria (Para elink, 2005). It is described as a data collection through observation using standard procedures, skilled observers, recording plans, etc. The observer often "mirror's the scientific procedure of other primary data methods" (McGraw-Hill, 2006). Systematic observation is known to focus more on what occurred and not why such things occur. It has the merits of collecting data directly in a systematic and robust way to ensure efficient pre-coding of data and reliability. Observation can be done directly by watching the subjects and events or through camera installation.

Participant observation implies that the observer is active and participates in the event that is being studied. McGraw-Hill, 2006 says participant observation is done when the observer is physically present as well as contributes in the research study through interaction with the participants to "influence some observation measures". It is also described as participating in a setting beyond distant observation of people and events in order to have a "firsthand" understanding of things. The researcher him/herself also assumes the role of the main research instrument (Silverman 2001, 45).

It has been discovered that sometimes what people say or claim to believe might be different from what they do. There exist different research findings which support this discovery. Participant observation helps with a clearer picture in interpreting other study research methods and their data such as interviews, focus groups and quantitative research. In addition, it helps to design research questions in a more useful way. Participant observation provides a way of guiding against researchers "subjective reporting" with respect to their own beliefs and actions. It offers the opportunity of gaining better insights of the physical, socio-economic and cultural context that defines what is being studied. Features such as relationships, behaviour patterns, norms and beliefs become clearer. Nonetheless, some of the demerits of participant observation include consumption of much time e.g. ethnographic research can take several months. Documenting data while participating and observing at the same time could also be challenging. Observation data are documented in field notes. Ethnographic research refers to a form of observation research in which the researcher dwells over a long period within the environment and cultural setting of the phenomenon or subject understudy. Ethnography research originates from the field of anthropology. Another challenge of participant observation is that the researcher has to know how to draw the line between objective and subjective reporting. The researcher has to be aware that even though participant observation is an "inherently subjective research exercise", objective reporting should be of paramount importance (Mack et al. 2005, 14).

The specific observation research of this study work took place during several meetings with members of the partner companies and this author's project members. There was also a visit to and an inspection of the recycling park of Lasilla and Tikanoja Oy (L&T). L&T was the company that was studied with respect to stakeholder engagement. During the inspection exercise, quite a number of observation were made on the size of the recycling park, its different processing units, waste materials being processed, machineries being used and many others. A detailed observation data was documented in a field note. These data were presented as a formal memo and saved in the project's data base for analysis.

3.2.3   Benchmarking

Benchmarking can be defined as the "measurement" of the superiority of an organization's policies, products, service process, operations, strategies etc., in comparison with established standards, or similar ones from other companies. Benchmarking has the objectives of determining where and what improvements are

needed; the analysis of the improvement process and how it can be achieved (BusinessDictionary, 2010). Similarly, according to Sekhar (2010, 882), benchmarking is described as a technique for evaluating or gauging a firm's "performance" in relation to the "performance" of others. Efforts are made towards determining "best practice" in certain firm(s) and actions are taken to adopt these practices by the firm that seeks to improve its performance. "Best practice" implies a set of procedures, "ethics" or concepts that symbolize or exemplify the most proficient or judicious course of action (Investopaedia 2012). In the same vein, Gunasekaran (2006) in an Editor's interview on benchmarking in Emerald journal says, "benchmarking is a method of determining best practices". This implies "best practices" from "successful" firm or organizations can provide a course of action for others to follow. "Best practices" can be identified in many areas e.g. in productivity, cost-savings, quality control, service delivery, customer relations, profitability, supply chain and logistics and many others. For instance, the successful supply chain management of Dell Computers and Toyota's just-in-time technique can be studied and adopted by other companies. On a different note, the term "best practices" has been considered as too colourful or connotes a form of exaggeration by some school of thought. This school of thought suggests "good practices" in replacement of the term "best practices" as a moderate way of description. However, in the perspective of this author, the term "best practices" has been mentioned in many definitions of "benchmarking" in different literatures such that the two terms become almost inseparable. Regardless of whatever terminology is adopted to describe benchmarking by these schools of thoughts; benchmarking remains a very useful management tool in today's competitive and complex business environment.

This research study drew on benchmarking techniques from case study researches as contained in Krick et al (2005), Practitioner's Handbook of Stakeholder Engagement, Volume 2. This handbook provides guidelines, procedures, and tools on how organizations can boost their knowledge, skills, legitimacy and success through effective stakeholder engagement. Relevant tools, processes and framework from this handbook were combined with service design tools and knowledge in highlighting how stakeholders can be engaged in designing a service. The benchmarking aspect of this study was done in the exploration and description of the stakeholder engagement process based on the proposed engagement framework.

3.2.4   Service blueprinting

This description helps the stakeholders in a service development process to identify the service processes, "isolate" likely flaw areas, and create the time space for the service "journey" (Schott 2009). A service blueprint helps to "explore" all the essential issues that are embedded in a particular service offering (Shostack 1984, 134). Service blueprinting has a challenge of how to present services in a vivid way that covers its "elements of branding and user experience". On the other hand, the clarity of the backstage technical and business activities have also been seen as a challenge. The technique of service blueprinting involves service time description and the sequence of the flow of activities at different touchpoints. A sequence of service activities is easier to blueprint as against a multiple set of interlinking and overlapping ones. Linear flow representation of a sequence of service event (use cases) is easy to present. However, multiple overlapping and interlinking service events demand more than simple linear representation. A problem of prescriptive sequencing with little possibility for variation from the ideal path was identified in the case of multiple overlapping and interlinking service events (Schott 2009). The usefulness of service blueprinting at the planning or designing stage of a service has been emphasized. This technique at the inception was brought forward to enhance process control that yielded good results. Service blueprinting was found to have better clarity than explanations in verbal forms. It helped to solve inherent problems proactively.

Service blueprinting has evolved to be more customer-centric in conformity with growing organizational customer-centricity. It has also been able to differentiate front stage activities from back stage activities. In the early stage, service blueprinting has been used as a process for aligning "customers' process" with "organizational structure". It offered an explanation of the distinct roles of "employees" and their "internal units" in order to function better as an "integrated service system". Through service blueprinting, customer awareness has been promoted among employees with good clarification on interfaces within different departments. Service blueprinting has been found to be quite easy and adaptable for the stakeholders involve in service development. Some of these stakeholders can be customers, managers, employees etc. Service innovativeness can also be enhanced with the use of service blueprint. It has the characteristic of projecting service innovation on a "human-to-human and human-to-technology" level at the "firm boundaries" as against "software engine level". Consequently, service blueprinting enables service designers to immerse themselves into the activities of the firm without loss of the connection between customer actions and process. Among the

tangible deliverables of service blueprinting technique to companies are the development of "brand new services" and improvement of existing services. In addition, it helps in enhancing "cross-functional communication" towards a customer-oriented solution (Bitner et al 2007, 5). Stickdorn et al. (2010, 204) also emphasized that the visual representation of blueprinting integrates the perspectives of the users, service producers and other concerned parties. This becomes possible through a vivid illustration of touchpoints from customer contact to behind the scenes. As with many developmental process or technique, there is a need for a service blueprint to be flexible for future updates in order to conform to future service requirement and developments.

3.2.5   Co-creation tool

The Co-creation tool was one of the results of the exploratory research studies of an on-going PhD program being carried out in the University of Cambridge, UK. This tool can be used to analyse the current state of a company's co-creation approach. Co-creation tool was used to answer the second research question of this study.

Co-creation was developed and tested with at least three case companies in earlier study prior to this thesis. The result of the preliminary analyses of the data collected during the earlier study was positive. The tool was described to be useful and easy to use. The need to develop this tool further was also raised as part of the conclusions of the earlier study (Ojasalo & Keränen, 2011, 10). The author of this thesis decided to use co-creation tool in this study as one of the ways to further develop the tool through testing. This author considered co-creation as one of the numerous activities that can take place under the larger umbrella of stakeholder engagement. In other words, stakeholders can be engaged by a service provider or an organisation for the purpose of co-creating values or new services. According to Ojasalo et al. (2011, 1), value creation was described as essential in modern business and service design thinking; as a result, it is fundamental to service design.

Co-creation tool has three components i.e. (1) Set of interview themes for data gathering (2) Co-creation continuum, (3) Co-creation tree (CoCo tree).

(1) Set of interview themes for data gathering: this consists of three sets of interview themes that cover some key areas of a company's activities. These key areas are (A) Company's strategy, vision, aims and business environment (B) Customer interaction and relationships, and (C) Service design processes. The relevant people in a company and its customers were interviewed using these themes as a guide.

A. Themes related to the company's strategy, vision, aims and business environment
Strategy process (how, who, how often, etc.)
The goals of the company
Value and value creation processes (incl. pricing)
Core resources, competences
Position in the value chain / value network

B. Themes related on customer interactions and relationships
Company-customer relationships
Knowing the customer
Nature of customer interactions, customers' roles
Amount of interactions
Customers' access to information and other resources

C. Themes related on service design processes
Gathering customer insight
Processing customer information
Developing a value proposition
Testing a value proposition
Launching a value proposition

Figure 8: Set of interview themes for data gathering

Source: Keränen (2011, 52)

(2) Co-creation continuum: this is the second component of the co-creation tool. The co-creation continuum helped in the analysis of the data gathered from the thematic interview. Three perspectives that have five specific criteria under them form the basis for analysing the data gathered. These three perspectives are (A) Strategic thinking and business model (B) Customer interactions and relationships, and (C) Service design processes. There exists a continuum for each of these specific criteria understudy. These continuums have two extreme points in either side from left to right. The extreme left point of the continuum implies co-creation is not evident in a company's business approach, in relation to the criterion understudy. The extreme right point of the continuum implies co-creation is quite evident and active in a company's business approach. There is also a possibility of having a mid-point in the continuum which suggests an average co-creation performance. In view of this, it is possible to identify areas that need development in terms of co-creation approach from this analysis. The co-creation continuum is presented below with the three perspectives and each of the specific five criteria under them (Keränen 2011, 51- 52).

A) Strategic thinking and business model	Co-creation continuum	
	Co-creation approach not evident in strategic thinking	Business strategy led by co-creation approach
A1. Strategy process	Top-down / Inside-out	Down-top / Outside-in
A2. Business goals	To make and sell services and products / Value-in-exchange	To jointly create comprehensive customer solutions / Value-in-use
A3. Value creation processes	Focus on own value creation processes	Focus on customers' and customers' customers value creation processes
A4. Resources	Focus on own competences and other resources, own processes and technologies	Focus on shared resources / customers' resources
A5. Position in value chain / value network	Focus on one part of the value chain, not in the business network	Focus on value networks
B) Customer interactions and relationships	Co-creation continuum	
	Co-creation approach not evident in customer interactions and relationships	Customer interactions and relationships led by co-creation approach
B1. Company-customer relationship	Transaction oriented	Focus on long term customer relationships
B2. Customer insight	Segmented by size, industry and other demographic factors	Deep customer insight – knowing in person
B3. Nature of customer interactions	Passive / reactive (selling)	Proactive/ dialogue
B4. Amount of interactions	Only at the moment of exchange	Active/ two-way Anywhere / anytime
B5. Customer access to information and other resources	Very limited	Transparent
C) Service design processes	Co-creation continuum	
	Co-creation approach not evident in service design processes	Service design processes led by co-creation approach
C1. Gathering customer insight	Structured methods	Participatory methods, listening and learning together
C2. Processing customer information	Within the company	With customers
C3. Developing the value proposition	Top-down / Inside out	Down- top with the customers
C4. Testing value propositions	Inside	With customers
C5. Launching value propositions	Selling services/products	Providing solutions

Figure 9: Co-creation continuum

Source: Keränen (2011, 53)

(3) Co-creation tree: this is the third component of the co-creation tool. It offers a clear visual representation of the current state analysis of a company in terms of co-creation approaches. As explained above it is made up of a graphical representation of the three main perspectives understudy and the five specific criteria under them., This third component comes in form a tree with three main roots and five sub roots

that also carry five seeds. This gives a total of five seeds attached to three main roots making 15 seeds in all. The three main perspectives understudy are graphically displayed as the three main roots. While the 15 seeds represent the 15 specific areas attached to the three main perspectives i.e. strategic thinking & business model, customer interaction & relationships, and service design processes. The 15 specific criteria in question are A1 to A5, B1 to B5, and C1 to C5 in the above figure. The co-creation tree is presented below.
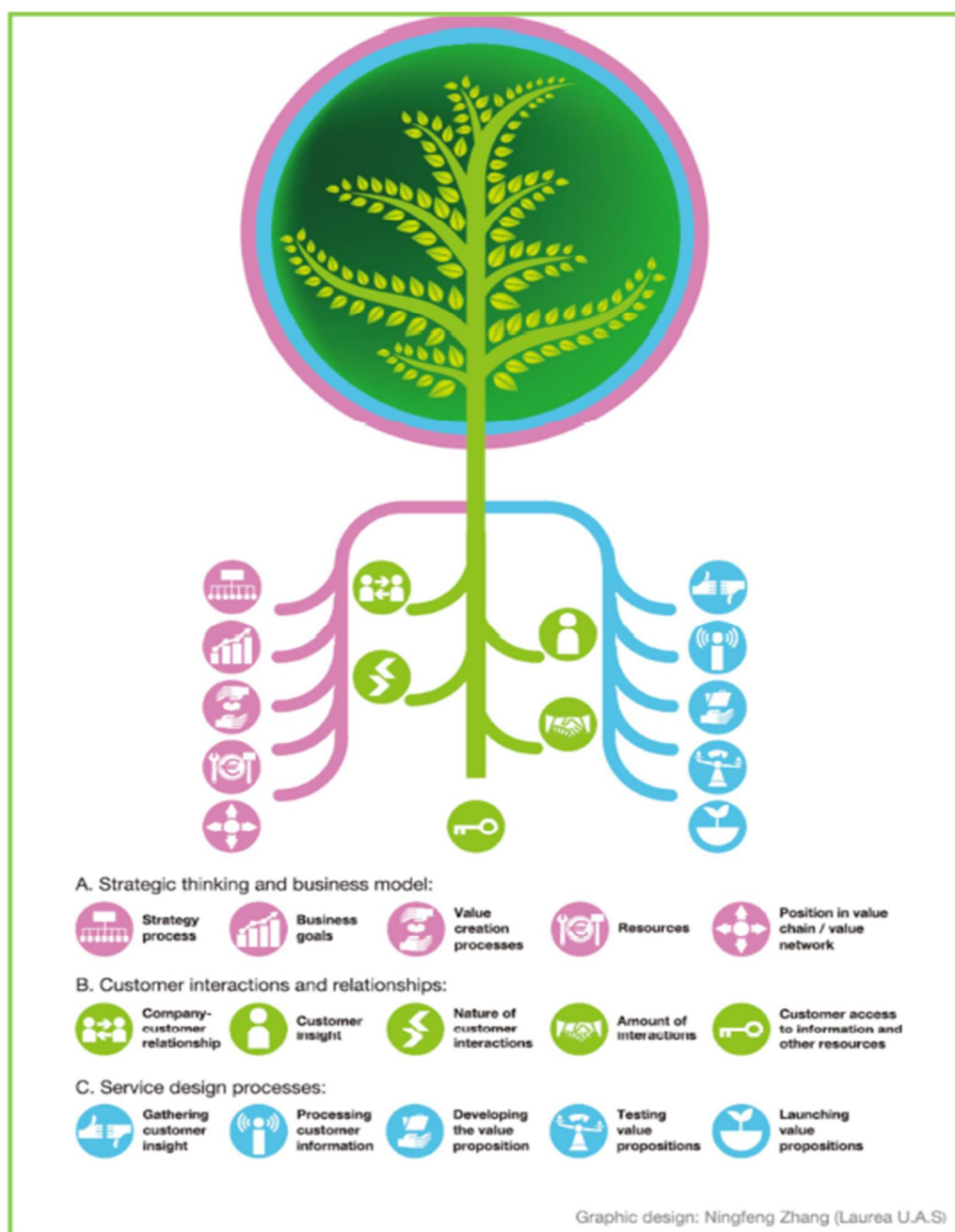
Figure 10: Co-creation tree

Source: Keränen (2011, 5)

4   Stakeholder engagement approach to service designing

This section presents a description of how the engagement of stakeholders in the designing of a service can be explored. This is the section of this study that aims to answer the first and third research questions. It is important to clarify that stakeholders engagement can be carried out to serve different purposes or address different issues. For instance, a chemical manufacturing company or oil and gas multinational could engage its stakeholders on how to address the issue or negative impact of its product on the environment. A school could engage its stakeholders on how to improve the attitude and performance of its students to studies. The case study of this thesis is concerned with the process of engaging the stakeholders of L&T Oy, a company that is into the business of waste disposal and facility management. The specific business area of focus in this thesis is waste management. Waste management implies the service in which the left over materials (wastes) of L&T Oy customers are collected, transported, disposed and processed in an environmental friendly way.

Figure 11: Five Stage Stakeholder Engagement Framework
Redrawn from: Krick et al. (2005, 11)

The five stages of the stakeholder engagement framework in the figure above as documented in the stakeholder engagement manual volume 2 will be explored one after the other. These five stages will be explored for the purpose of this thesis with good consideration for the existing service design body of knowledge. As a result, a process model that has integrated the skills and knowledge of service design with this stakeholder engagement framework will be proposed. This author argues that if this framework is well adapted, it can strengthen, complement, and provide an alternative way of approaching the process of service designing towards an improved outcome. Service designing process cannot take place without the need to bring in the end users and other stakeholders into its activity. Therefore, it follows that a further research and insight into how these stakeholders are to be engaged for the purpose of service designing should be a welcome development. In view of this, this author hereby seeks to explore this framework as follows.

This engagement framework above draws heavily on the principle of "Inclusivity". Inclusivity implies the effort and commitment of an organisation towards reflecting the views, needs and concerns of all stakeholder groups at all stages of its process or activity. Stakeholders' perspectives and standpoints are gathered through an engagement process that allows freedom of expression without "fear", favour or constraint. The concept of inclusivity aims to give consideration to the "voiceless" stakeholders, the environment and generations yet unborn (Krick et al. 2005, 14). Three principles have to be adhered to in order to attain inclusivity. These principles are:

A. Materiality: it requires knowing what is of importance and significance to an organisation and its stakeholders.

B. Completeness: it entails understanding and managing of "material impacts" and related stakeholder perspectives, needs, preference, performance "perception" and "expectation."

c. Responsiveness: it implies the ability to coherently respond to stakeholder' and the organisation's material issues. Material issues mean those issues that are of significant importance and concern to the organisation and its stakeholders.

These three principles reflect on the key questions individuals or groups of stakeholders might ask an organisation in relation to their relationships and engagement with it. These questions may take the following forms respectively:

A. "Is it genuine?" i.e. How serious is the organisation about its purpose and objective of stakeholder engagement? For instance, the stakeholders of this thesis case company (L&T Oy) might be curious about this.

B. "Is it fair and well informed?" i.e. how well is the process of engaging the company's stakeholder an all-inclusive one or not to have side-lined some significant stakeholder groups? What are the internal and external processes in place to give the company a better insight of its impacts on its stakeholders? Will the process help the organisation to unveil its stakeholders' expectations and concerns?

C. "What difference does it make?" i.e. this concerns the responsive and proactive actions of the company to address the identified issues. As a step forward after this process, what are the changes, improvement, or adjustment the company is willing to make   to balance the interests of all stakeholders?
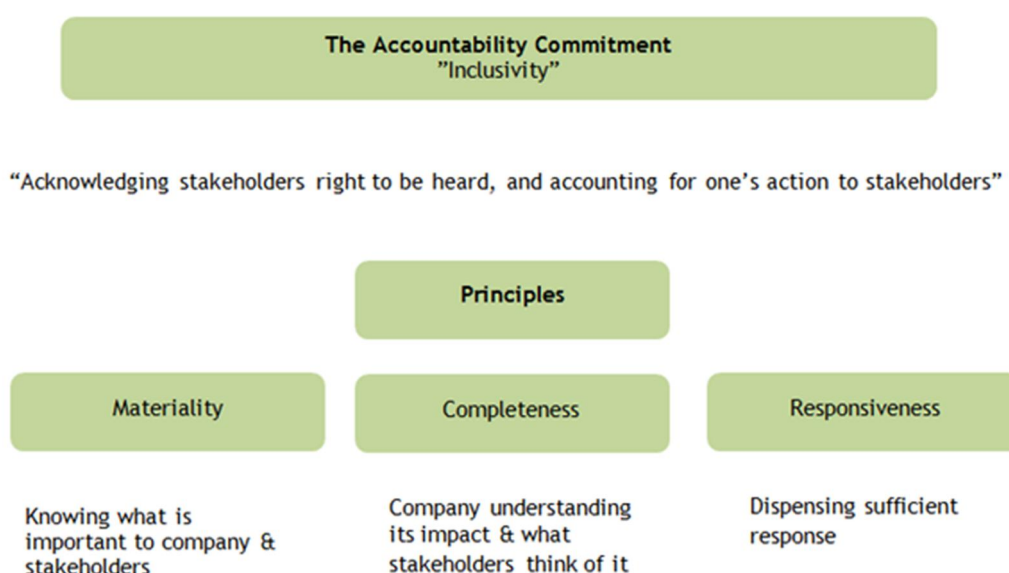
Figure 12: The accountability commitment and principles
Redrawn from: (Krick et al. 2005, 15).

According to Krick et al. (2005, 15), the terminologies of this principle can be customised or fine-tuned to any organisation's desirable words of choice. A typical example of this came up when *"Altria" developed its stakeholder engagement process* and named the three principles "candor", "relevance" and "learning & action" respectively.

Stakeholder Engagement Stage					
Stage Dominant Principle	Think Strategically	Analyse and Plan	Strengthen Capacities	Engage with Stakeholders	Act and Review
Materiality	░			░	
Completeness		░	░	░	
Responsiveness			░	░	░

Figure 13: The relevance of the principles to the five stages of the framework.

Source: Krick et al. (2005, 16).

In the figure above, the grey cells show which principle is most relevant at different stages of the engagement framework.

4.1   Thinking strategically

This stage aims to identify the strategic priorities for stakeholders' engagement in a company/organization. Strategic thinking considers and raises questions on the following areas: the reason the company and its stakeholders have to engage, who are to be engaged? Which "issue" or matter is concerned? What is planned to be achieved? How the company determines if the engagement process is a success? In reference to figure 13, the materiality principle is important at this stage Krick et al. (2005, 21).
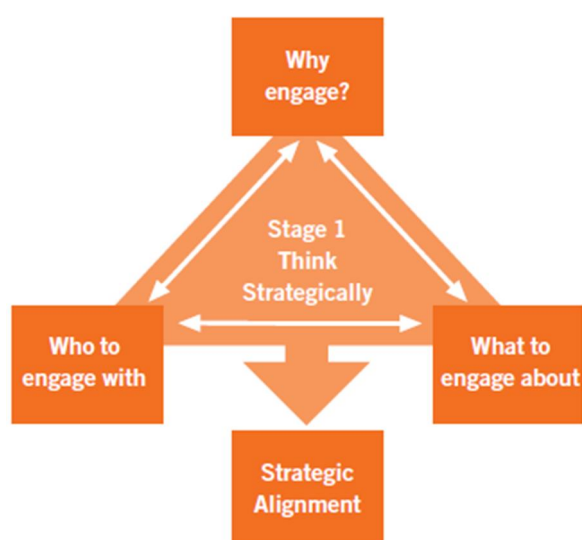
Figure 14: fundamental questions in stage one

Source: Krick et al. (2005, 12).

The figure above shows the link between the fundamental questions that should be answered for an organization to align its stakeholder engagement process with its strategic objectives. There is no specific order in which these questions or steps should be tackled. The order of approaching these steps is dependent on the organization's context, and whether it has been engaging its stakeholders beforehand or it's just starting.
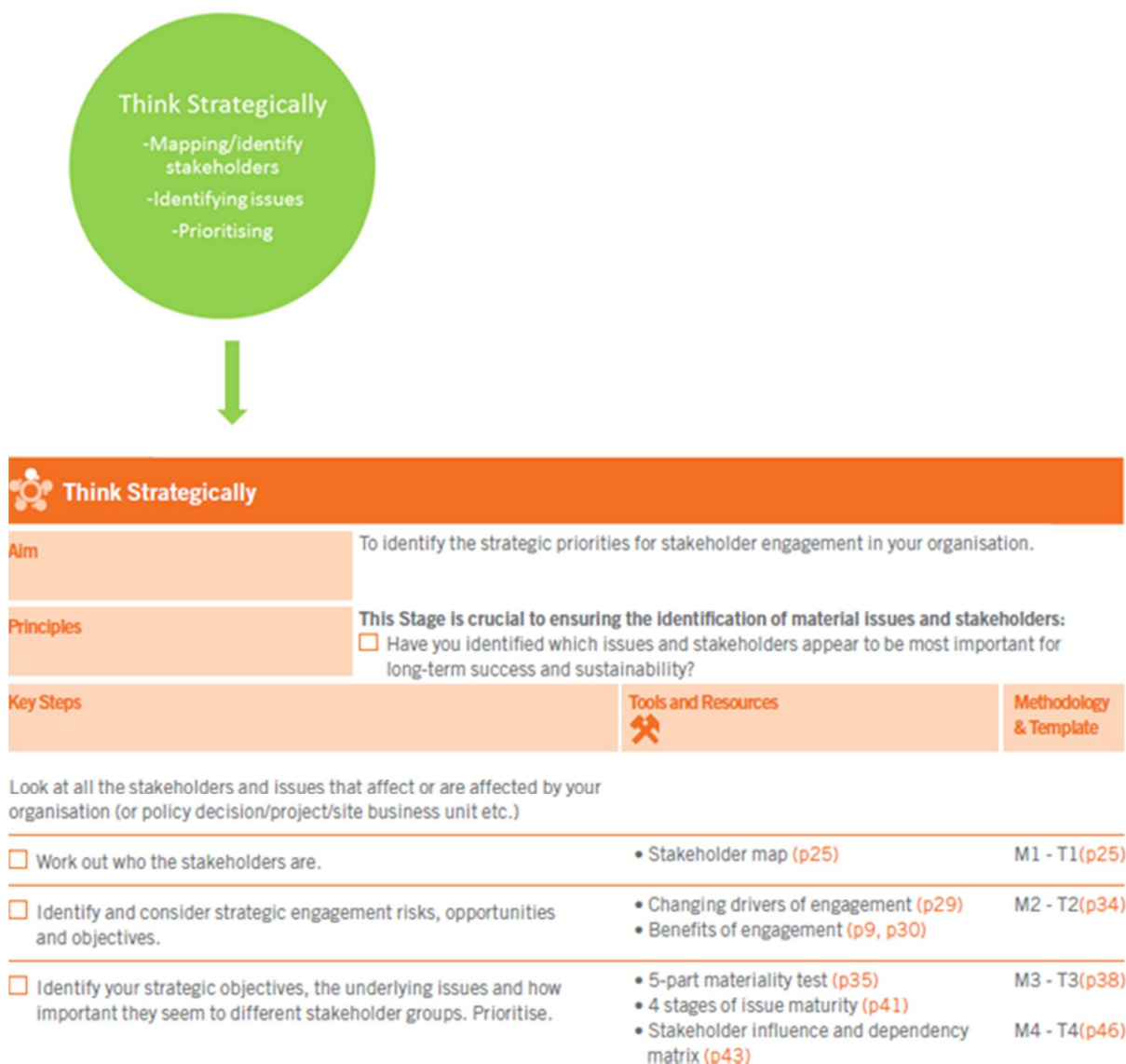
Figure 15: Summary of stage one of framework
Redesigned from: Krick et al. (2005, 17)

The steps in bullet points in the figure above are the relevant activities to be carried out as documented in the manual. Some set of tools & resources, methodology & templates that are useful in this stage have also been highlighted in this figure. A company is expected to apply its initiatives based on its peculiar context in the application of these tools and resources. It is not compulsory that all the tools and resources provided in the five stages of the

framework be used in order to get a good result. The scope of this thesis does not permit it to go into the details of all the tools, resources, methodology and templates as provided in the framework of stakeholder engagement manual. It only seeks to summarise the relevant activities to be carried out within the stages in order to identify the useful tools and resources for stakeholder engagement.

Step 1 of stage 1: Working out who the stakeholders are with the use of a stakeholder map

Individuals/groups L&T has legal, financial or operational responsibility to

Insurance company, Bank, Media, Trade unions, Investors

Academia

Govt., Regulators

Customers, Suppliers, Employees, Board, Subcontractors

Host community, Potential customers

Focus groups, Experts, Service Designers, NGOs

Competitors

Individuals/group that are affected by the L&T's operations i.e. service

Individuals/group who are likely to influence L&T's performance i.e. (influential and decision makers

Figure 16: Stakeholder mapping result for L&T OY waste management service

Redrawn from: Krick et al. (2005, 11)

The power, legitimacy & urgency model under "stakeholder map" in chapter three has been applied in the mapping of L&T stakeholders as presented below in the above figure. The purpose of this stakeholder map is to answer the first research question of this study. This model has been simplified in the case of L&T stakeholder mapping. This simplified model is designed to be understandable for everyone that will be involved in the stakeholder map workshop sessions. This stakeholder map model given the fact that it allows comparison between three attributes. The three attributes are power, legitimacy & urgency in comparison to other models that have two attributes e.g. power/dynamism or power/interest. In the L&T stakeholder map, "individuals/group who are likely to influence L&T's performance i.e. the ("influential and decision makers" implies "Power" in the Mitchell et al. (1997) model. Similarly, "the individuals/groups L&T has legal, financial or operational responsibility to" stands for "legitimacy" respectively. Finally, the "individuals/groups that are affected by the L&T's operations i.e. service" refers to the "urgency" characteristic under Mitchell et al. (1997) model.

The figure above serves as a template with which stakeholders can be mapped out. The stakeholders under consideration are the stakeholders of L&T OY to be engaged in the design of its service. The service of L&T Oy being focused on is energy wastes recycling and solid refuse fuel (SRF) production. L&T seeks better ways of engaging its customer stakeholders towards gaining their cooperation in achieving its aim of producing Solid Refuse Fuel (SRF) from energy wastes. The resultant SRF has been found to be in demand by energy plant operators for the purpose of powering their plants and machineries. The effort of L&T in this regard is also to promote and support environmentally friendly initiatives.

Some of the major challenges facing L&T concerning the development of this service are:

(1) How to motivate its customer stakeholders to sort their energy wastes appropriately based on instruction?

(2) How to influence the choice of materials being bought and used by their customer stakeholders?

The nature of materials consumed by L&T customer stakeholders naturally determines the quality of the wastes they generate. For instance energy wastes which contain a high percentage of Polyvinyl chloride (PVC) have been discovered not to be useful for SRF production. There is a need to separate wastes containing PVC from wastes containing very

little or no PVC. The energy wastes containing very little or no PVC are to be processed and recycled to produce Solid Refuse Fuel (SRF).

The elements in the stakeholder map are explained as follows:

The individual and groups L&T has legal, financial or operational responsibility to: These groups include representatives of trade unions, financial service providers such as banks, insurance company, customers and suppliers. These groups also include employees, board/management, investors, academia, govt. regulators etc. These stakeholders are mainly in the red circle, and some of them also overlap within the two other categories of mapping. The stakeholder map above represents a typical Venn diagram with intersections of three circles. The intersection areas show stakeholders that are common to two or three groups as the case may be. For instance, the portion of three intersections in the middle of the map shows stakeholders that are common to the three segments or mappings. These stakeholders include: include customers, suppliers, employees, subcontractors, and board/management of L&T. These stakeholders that fall within the three intersection area can as well be referred to as internal or primary stakeholders. Primary stakeholders are those stakeholders that have a formal or contractual relationship with a company or organization.

Individuals/groups that are affected by the L&T's operations i.e. service: these stakeholders fall within the blue circle and they also overlap into the two other segments. Some distinct members of this group aside those within the intersection areas are the host community and potential customers.

Individuals/groups that are likely to influence L&T's performance i.e. (influential and decision makers: this is the segment with the green colour. The distinct members of this segment aside those that fall within the two intersection areas are focus groups, experts in relevant disciplines, Service Designers etc.

Further explanation:
The stakeholder map above shows the connection and relationships in terms of dependency, influence, and responsibility between L&T and its stakeholders. The stakeholders that fall within the three intersection portion in the middle of the map are those with the strongest connection and relationships in terms of dependency, responsibility, and influence with L&T. This author refers to these stakeholders as the internal stakeholders. This is followed by the two stakeholders that lie in the other two intersection areas i.e. academia and government regulators. The stakeholders that fall outside the intersection areas of the circles i.e. insurance company, bank, media, trade unions, investors, host community, potential customers, focus groups, experts, service designers, competitors are those with the least

relationships in terms of connections among the three segments. These outlying stakeholders can be referred to as external stakeholders. However, it is important to state clearly that all the stakeholders presented in this mapping are quite relevant and very useful when it comes to stakeholder engagement. As a matter of fact, those stakeholders that fall outside of the intersection areas that might be seen as outliers have the capability of adding value to the design process in terms of contributions. The external stakeholders outside the intersection areas are typical examples of stakeholders that are often overlooked while attention is placed mainly on the internal stakeholders. How well these external stakeholders are integrated accordingly into the engagement process along with internal stakeholders, determines the depth of the engagement process. The effective engagement of these external stakeholders along with the internal stakeholders could serve as a good source of creating value, building reputation, and achieving competitive edge. For instance, service designers, focus groups and relevant experts could bring in their skills, knowledge and experiences as a formidable synergy to improve the process and outcome of the engagement process which culminates into improved service development. Synergy implies the cooperation and interaction of two or more entities or bodies that include people and resources to create a combined effect or result greater than the sum of their individual capabilities. Similarly, more opportunities for L&T to increase its customer base, patronage, sales and revenue lie in the host communities and potential customer stakeholders group. The effective management and engagement of external stakeholders could cause an organization to enjoy better goodwill in its society thereby improving its popularity and public relations.

Figure 17: Overview of the changing nature of relationships with stakeholders.
Source: Krick et al. (2005, 28)

The figure above presents the dynamics of the changing nature of an organization's relationships with its stakeholders over a certain period of time.

Step 2 of stage 1: Identifying & considering strategic engagement objectives, opportunities and risks.

In order to carry out this step, there is a need to look into some drivers of engagement in the life of many organizations. These drivers can be seen to be generic, however, they can trigger suggestions and ideas on how a company can kick start step 2.

- The drivers of stakeholder engagement

A. New requirement: an organization may be under a legal or voluntary obligation to take a new course of action, standard or policy. In this case, there might be a need to disclose information and engage with its stakeholders. For instance, various governments in Europe have been developing "national corporate responsibility plans" with a strong bias for stakeholder engagement. There have been many laws and regulations that require organizations and businesses to engage with their stakeholders in order to advance their projects. One can look at this requirement from the perspective of the new waste legislation with respect to the activities of L&T Oy, the partner company under study in this thesis.

B. "Public scrutiny": People's interests in the conduct and activities of businesses and organizations have increased in recent years.

C. "New Markets": there is a need for companies/organizations to have more insight into their consumers, customers, employees and related groups that are concentrated in "emerging" markets.

D. "Societal Expectations": the expectations of the society towards companies and organizations concerning solutions to societal challenges have increased. Nowadays, the society is also more sophisticated and prepared to hold companies/organizations accountable for any development from their business activities. e.g. "multi-stakeholder partnerships and initiatives" have been very useful towards business development.

E. "New technologies": technological innovations and inventions often raise questions/issues concerning ethics, and "dilemmas" on how precautions can be

applied. More often than not, companies may not have all the answers by themselves without "societal/stakeholder dialogue". The collective solutions and answers from joint dialogue often help to reach a common understanding and identify tolerable levels of risk e.g. "nanotechnology" and nuclear energy/power.

F.   "Critical events": the occurrence of major, serious, and unexpected events has made many companies realize how much they need better "systems" for engaging their stakeholders e.g. Shell realized the need to engage critically with its stakeholders after the negative campaigns it faced from the treatment of "Brent Spar" and the "Ogoni people in Nigeria" (Krick et al. 2005, 27).

- Opportunities or business benefits of stakeholder engagement

Research findings have it that many companies have been able to improve their decision making ability both internally and externally through active stakeholder engagement. Active engagement has also served as a strategic tool in strengthening business performances for these companies (Krick et al. 2005, 29). Some benefits of engagement based on case studies of other companies are as follows:

A.   It improves the ability to identify and manage risks: e.g. the case of Monsanto, an agricultural company concerning its genetically modified crops in the 1990s. Monsanto admitted the need to be more committed to stakeholder dialogue and respect having realized the risk of not doing so.

B.   It boosts knowledge on products and processes: e.g. the case of IBM whereby community contribution and feedback help in creating value for the concerned parties. For instance, there were times the community on behalf of IBM undertook "beta-testing" of products before market launch. The opportunity from this type of dialogue can also stretch towards innovative results in products, strategy and services.

C.   Issuance of licenses: It helps in securing formal and informal permits for operation from the "government, regulators and communities". E.g. UK telecommunication company, Orange in its engagement with communities and administrators to identify the best places to locate its transmitter masts (Krick et al. 2005, 30).

- How to set strategic objectives for engagement

The aim of this activity is to spell out a company's overall purposes for stakeholder engagement and their connection to broader "strategic business objectives". For the sake of effectiveness and efficiency, stakeholder engagement should be relevant and aligned to the "business strategy" of a company.

In order to carry out this activity, a template can be used to highlight and analyse the important things to be considered before reaching the final strategic objectives. It should be realized that stakeholder engagement requires time, resources and commitment. Stakeholder engagement should be started with the "buy-in", involvement and cooperation of the leadership of a company. The participation of top-level people of a company in objectives setting aids in securing "alignment and buy-in". These objectives can also be grouped in terms of short, medium and long-term (Krick et al. 2005, 32-33).

At the end of stage one of this engagement framework, a company should be able to tabulate answers to the following points:

A. Its external drivers for stakeholder engagement.

B. The benefits it can gain from stakeholder engagement.

C. The risks it may face for not engaging.

D. And, finally its strategic objectives of the engagement.

The answers to these points are relative to the context in which a particular company finds itself, and they may vary from one company to the other.

Step 3 of stage 1: Identifying the underlying issues, their level of importance to different stakeholders and prioritizing.

This stage helps to categorize stakeholders, prioritize the issues at stake and their concerns. Some of the useful tools in this step are 5-part materiality test, 4 stages of issue maturity, and stakeholder influence and dependence matrix. The overview of what these tools entails is presented below in the form of templates.

Table 3: 5-Part Materiality Test

A	Issues that have direct short-term financial impacts
B	Issues where the company has agreed policy statements of a strategic nature – these are often in the form of commitments to key stakeholders.
C	Issues that comparable organisations consider within their sphere of materiality; i.e. peer-based norms.
D	Issues that your stakeholders consider important enough to act on (now or in the future).
E	Issues which are considered social norms (as indicated by regulations, likely future regulation or institutionalised norms and standards).

Source: Krick et al. 2005, 35

- The method for identifying material issues

This activity ensures a comprehensive way of identify the numerous issues associated with the company, project, or decision being understudied. It unveils the understanding of how they connect to a particular stakeholder's "expectations or concerns". It is recommended that this activity be carried out in a group/workshop setting or as a form of research procedure. It should also be facilitated by the team that leads the "engagement process" or external consultant.

Table 4: Sources of information for materiality test

Materiality test	Relevant Sources of Information (see also 'Links into Learning Networks' p57)
A. Short-term financial impacts	Issues relating to business strategy and plans, risk assessments, accidents and penalties / fines, areas of lobbying expenditure.
B. Policy commitment	Corporate policies and existing commitments to stakeholders.
C. Peer based norms	Policies and practices of competitor organisations. Issues highlighted by industry associations and corporate responsibility organisations (such as the International Business Leaders Forum, the World Business Council for Sustainable Development).
D. Stakeholder behaviour and concerns	(See below for sources of stakeholder information)
E. Societal norms	Areas of regulation, proposed regulation and international agreement, voluntary codes and multi-stakeholder frameworks / initiatives (such as the Global Reporting Initiative Guidelines and the UN Global Compact principles). Emerging norms highlighted by governments, intergovernmental bodies and NGOs.

Source: Krick et al. (2005, 36)

Table 5: Sources of information for stakeholder concerns and expectation

'What we know'	Individuals within the organisation will already have some knowledge of stakeholder concerns from their current contacts with stakeholders and understanding of the issues affecting their part of the organisation. Stakeholders will already be raising issues through existing feedback mechanisms from customer hotlines to investor relations meetings. This existing knowledge could be brought together through a process of systematic review, interviews or workshops with key managers and stakeholders close to the organisation.
'What they tell us'	In some cases it may be best to leave the identification of issues open and set the agenda with the stakeholders during the engagement process itself. However, while this does allow for maximum stakeholder involvement in identifying issues, it may lead to unmanageable dialogue which is difficult to feed into decision making processes, and leaves stakeholders frustrated that the engagement is all talk and no action.
'What they say about us'	More passive monitoring of stakeholder viewpoints about the company and industry impacts and performance can also be used to identify issues without raising stakeholders' expectations at this Stage. This might include monitoring information sources such as national, local, and relevant specialist and academic press, government and intergovernmental organisations' communications or reports, NGO campaigns, influential public and opinion research and relevant internet discussion forums.

Source: Krick et al. 2005, 37

A case study example of a UK's Co-operative Group concerning the effect of "genetically modified organisms" (GM) on their business activity is presented below.

Table 6: Identifying stakeholder issues summary template

SUMMARY TEMPLATE T3: OBJECTIVE, ISSUE AND STAKEHOLDER MATRIX*

For the first strategic objective, the tenplate has been filled in by the UK's Co-Operative Group, who used it to consider the impact of genetically modified organisms (GM) on their business

Objective, Issue and Stakeholder Matrix		Materiality test					Stakeholder Group 1	Stakeholder Group 2	Stakeholder Group 3	Stakeholder Group 4	Stakeholder Group 5
Strategic Engagement Objective (if applicable)	Issue	A	B	C	D	E	Consumers	Co-operative group members	Farmcare (Co-op's Farming Business)	NGOs	Non-Food Suppliers
1. To address significant stakeholders concerns when dealing with genetically modified organisms	i. Safety of GM in food						4	4	5	5	1
	ii. Impact of GM on biodiversity						3	4	5	5	1
	iii. Impact of the removal of GM within non-food						1	3	0	4	1
	iv. Impact of the removal of GM within packaging						1	3	1	4	3
	v. Intra-Group risk assosciated with implementing the policy						0	4	4	0	1
2. (insert next strategic objective, if applicable...)	vi. (..further issues..)										

Green: not relevant   **Yellow:** low relevance   **Orange:** medium   **Red:** high relevance

How to Use:
1. Enter strategic engagement objectives and allocate issues where possible (issues may be relevant to several objectives – others may also not be directly related to a strategic objective!)

2. Enter Materiality Score (see above)
3. Assess the Stakeholders perception of issues either descriptively and/or using a rating, such as:

    0 not relevant
    1 awareness amongst a few, but no real concern
    2 broader awareness, but little concern
    3 considerable concern amongst a minority
    4 considerable concern amongst many
    5 high level of widespread concern

The table provides you with a summary of key issues, why they are material and which stakeholder groups they are related to. You could also decide on threshold scores (or colours).

Source: Krick et al. 2005, 38.

Downloadable on: www.accountability.org.uk

The A, B, C, D and E columns under "materiality test" in the table above refer to the five elements that determine the materiality of issues as listed in table 4. The green – not relevant, yellow – low relevance, orange – medium relevance and red – high relevance has been used in categorizing the issues in relation to the perception and concerns of stakeholders.

Things to consider from the outcome of this process are:

A. Further steps for prioritization can be done by presenting the matrix to the relevant decision makers within the company and stakeholders for a review.

B. It is not all identified material issues that can be connected to strategic objectives.

C. The material issues that are unallocated to strategic objectives should be kept for future reference.

D. The issue/stakeholder matrix can unveil common issues of concern for different stakeholders. These issues can then be tackled using a "multi-stakeholder" approach instead of "one-to-one" (Krick et al. 2005, 39).

- Prioritizing issues and stakeholders

The aim of this activity is to pinpoint the issues and/or stakeholders that represent key priorities for engagement by a company/organization. The prioritizing can be done by focusing on either issues or stakeholders depending on the context e.g. from the result of the issue and stakeholder matrix. A workshop of managers/employees and stakeholder representatives that are conversant with the stakeholders and issues can be arranged to deliberate on priority areas. For instance issues can be prioritized on the following categories:

Table 7: Classifying maturity of issues

Issue maturity rating			
Maturity of issue	**Evidence**	**Awareness**	**Expectations**
Latent	Weak scientific or other hard evidence.	Some activist communities, academics and NGOs are aware of the issue. Little business community awareness.	No regulation or recognised standards for business.
Emerging	Emerging body of research, vbut no clear agreement on conclusions	Focus of NGO campaigning, political and media awareness. Leading businesses are experimenting with approaches to dealing with the issue.	Boundaries of business responsibility subject of public debate.
Consolidating	Strong evidence	High level of general awareness of issue amongst relevant business, civil society and public bodies.	Best practice approaches increasingly promoted and recognised. Voluntary standards are established and legislation may be proposed.
Institutionalised	Less focus on evidence: the case has been made and accepted.	Addressing this issue is a normal part of a business-excellence model.	Legislation or strong business norms are established.

Source: Krick et al. 2005, 44

Stakeholders can be compared and analysed against one another using the criteria presented in the table 8 below. In reference to the recommendation of the framework, attributes such as "stakeholder influence, dependency and willingness to engage" can offer a useful starting point.

Table 8: Criteria for prioritizing stakeholders

High **impact** stakeholder groups are those with the power to:	– Remove, grant or influence 'license to operate' – Restrict access to resources, operating sites or intellectual capital – Damage or build company reputation – Contribute or detract from companies ability to learn and innovate – Restrict or provide access to investment funds – Provide useful early warning signals about emerging issues and risks or cause distractions diverting management attention and time from core activities depending on the context of engagement may want to focus on some or all of these sources of influence.
High **dependency** stakeholders are those who are in a position of:	– Direct financial dependence (e.g. who depend on you for wages, purchases, grants) – Indirect financial dependence (e.g. whose livelihoods depend on you through your contributions to the regional economy, or for example low income customers who depend on low prices for basic goods which you may provide) – Non-financial dependence (e.g. those who depend on you for essential services) – Non-financial impairment or risk from your operations (e.g. through air or noise pollution or from risk to health for consumers of your products) – Low/no choice (e.g. employees facing compulsory redundancy, neighbours to a production plant, addicts in the case of addictive products, consumers vulnerable due to illiteracy, etc)
The willingness and ability of stakeholders to engage can be classified in various ways as appropriate:	– Adversarial/ hostile – Unknown – Uninterested – Engaged through formal mechanism (e.g. via governance, regulation, negotiation) – Cooperative – Competitive

Source: Krick et al. 2005, 45

The tentative prioritizing of the stakeholders can come in the form of a stakeholder influence dependency matrix as presented below in the form of a figure. Stakeholders influence and dependency are to be plotted against each other with the use of the grid below. The results are to be analysed given consideration to how to "approach each stakeholder" in the quadrants for engagement. It is important to be mindful of the possible emergence of additional stakeholders and issues in the course of time. In view of this, there is a need to update the matrix and prioritizations for future reference (Krick et al. 2005, 44-47).

Figure 18: Stakeholder influence dependency matrix

Source: Krick et al. 2005, 46

Outputs from stage one

At the end of this stage, at least three specific elements are supposed to be the output or result. They are as follows:

(1) Strategic engagement objectives: this implies the general understanding of the connection between the company's business strategy and its stakeholders. In addition, this should also unveil the company's strategic objective of engagement.

(2) A clear cut mapping of the stakeholders.

(3) A prioritization of stakeholders and /or issues (Krick et al. 2005, 48).

4.2   Analyzing and planning
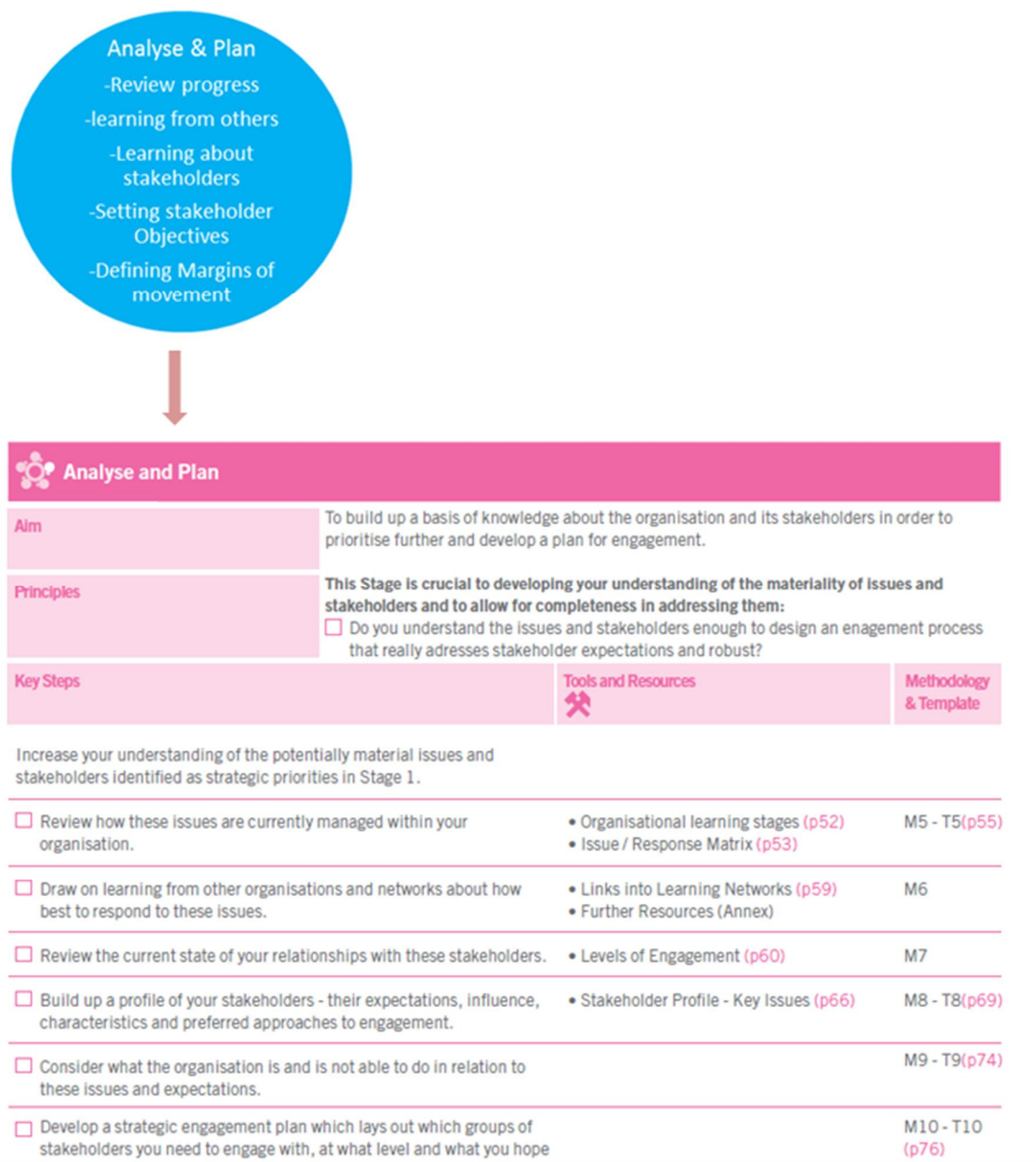
Figure 19: Summary of stage two of framework

Source: Krick et al. (2005, 17)

The purpose of this stage is to gather information and generate an action plan centred on a company's "strategic engagement priorities" and existing capabilities. Stakeholder engagement has been found to provide a good room for mutual learning between a company and its stakeholders. Just as, a good planning is essential for a reliable result in several walks-of-life, stakeholder engagement cannot be an

exception. Stakeholder engagement process will often not deliver the desirable and most useful result in the absence of planning. Lack of good planning could cause undesirable results such as disappointments, accusations, and damaged relationships between a company and its stakeholders.

In reference to the earlier section, the key principles this stage ought to deliver on are materiality and completeness. The process in this stage includes, but not limited to four interconnected questions with which a "plan of action for engagement" can be developed. This is subject to a lucid understanding of the expectation gaps between a company, its stakeholders and its peers. In addition, a good consideration should be given to the changes and resources that might be needed to "close these gaps." This will assist in creating a stakeholder engagement approach that is strategically aligned and resourcefully efficient. It also facilitates a process of internal learning and engagement across the board which includes key departments and individuals.
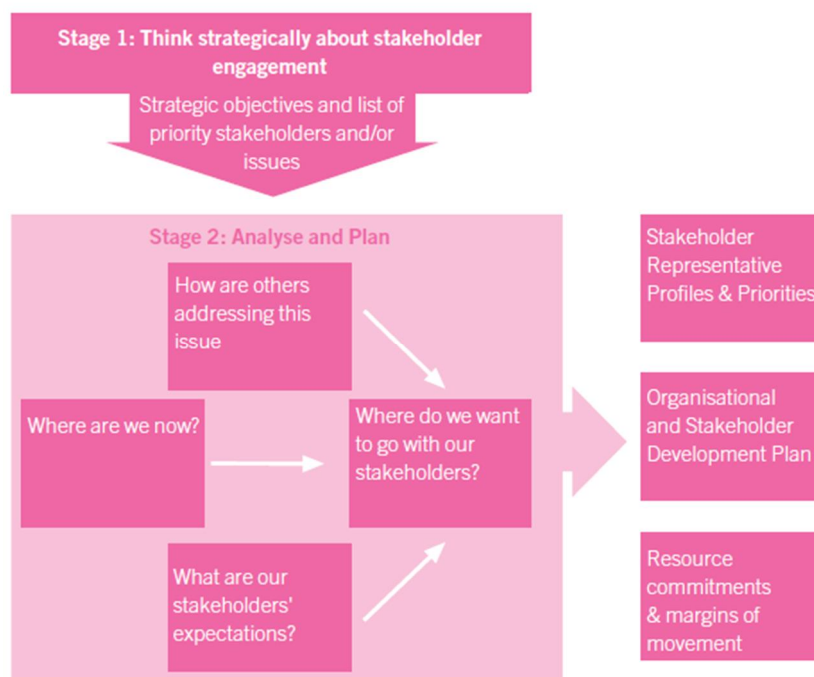
Figure 20: Analyzing and planning fundamental questions.
Source: Krick et al. (2005, 51).

A company is expected to be able to develop clear answers to the interrelated questions in the above figure.

The stage two of this framework will be explored by treating the bullet points in the earlier figure labelled "summary of stage two of framework". The activities to be carried out with the necessary tools and methods have also been highlighted in this figure.

Step 1 of stage 2
Reviewing how the issues are currently managed within a company/organization.

Some of the questions that could come up under this step concerning the issues that are material for engagement are: How the issue is currently managed within the company/organization? What are the systems and policies already in place in the company/organization? What can the company/organization do and seeks to do about the issues?

The stakeholder engagement practice of a company with respect to a specific issue can be categorized under five stages of development as presented below in the form of a table.

Table 9: Organizational learning stages

No Engagement	No engagement on an issue
Exploratory	Ad-hoc engagement with stakeholders when opportunities or challenges arise: focused on learning and exploring the issue and often dependent on individual commitment.
Developing	Good quality engagement processes with some thought to design and stakeholder needs, but management systems are patchy, the impact of engagements to actual operational decision making is unclear, and there are no clearly established performance objectives addressing the issue.
Embedded	High quality engagement processes feed into operational decision making and are embedded in core management processes. Engagement is systematised to ensure that the issue is adequately addressed.
Strategic	High quality engagement embedded in management and governance processes and linked to business strategy. Issues are addressed in-depth, often with the objective of systemic change and on a global and local level.

Source: Krick et al. (2005, 52)

The organizational responses as highlighted in the table above can be compared to the maturity of an issue of stage one in table 7 as follows:

Figure 21: The Issue Response Matrix.

Source: Krick et al. (2005, 53).

The tool above can guide a company in comparing its way of addressing issues in relation to the maturity of the societal debate on the issues. As a result, it helps a company to detect where it lies in terms of "leadership position" and inclination to risk. From another perspective, it also helps to pinpoint where a company might want to be concerning a particular issue in question. A case study of an application of this tool has been documented in page 53 of the stakeholder engagement manual.

How a company can assess its current internal ability to respond to issues otherwise known as organizational responses. This activity can be carried out with the use of a template as a guide. For the purpose of this thesis, this template will be referred to as "issue –response assessment template".

The following procedures are necessary to carry out this activity.

A. Investigate the level of engagement your company/organization has attained concerning each of the prioritized issues. It is necessary to identify areas where organizational response enablers are weak vis-à-vis a specific issue.

B. Make a chart of issues/response matrix (figure above) to identify areas where your company/organization lies in the "red risk zone or green opportunity zone".

C. Pinpoint target levels of development for a particular aspect of your approach to stakeholder map or issues that have been prioritized.

D. Finally, give consideration to the financial resources needed for engagement and the possible results of the engagement (Krick et al. 2005, 49-53).

The figure below i.e. "issue – response assessment template" is a template that can be used to assess individual issues of engagement by a company/organization. The template contains some fields that have to be filled out.

These fields consist of key items such as:

A. "Prioritized issue": the issue that has been prioritized for engagement.

B. "Social maturity of the issue": (refer to table 7).

C. "Enabler": the enablers are the existing internal and external processes and policies that determine the actions a company can take as a response to issues.

D. "Possible levels of actions": this refers to the categories of actions on a scale of 1 to 5, with scale 1 being the best possible response.

In order to carry out this assessment, different sources of available know-how within a company should be explored and utilized. This includes provisions from existing "stakeholder management processes" that can be found from existing policies and guidelines. In addition, information available from interviews, workshops and meetings with key company personnel should also be used.

The explanation of how a company's management systems & policies connect to its response to issues in terms of maturity is documented below in the form of a table.

Table 10: Issue response scale

Response Scale	Company's readiness to respond to issue
1	If all responses are 1, then a company could come up with good response in a strategic way
2	If all responses are 2, then a company response is said to be embedded
3	If all responses are 3, then a company is in a developing stage in response
4	If major responses are 4, then the company response is in exploratory stage
5	If responses are mostly 5, then the company is not addressing the issues at all

Adapted from: Krick et al. (2005, 54)

A company/organization is expected to examine its issue response readiness from this perspective to determine if it's leading or lagging behind. The company should connect this assessment to its strategic objectives and risk/opportunity assessment. Then, the development areas should be spelt out in the final row of the template.

Prioritised Issue: _____

Social maturity of the issue:

☐ Latent   ☐ Emerging   ☐ Consolidated   ☐ Institutionalised

Enabler	Possible levels of action
Governance and management commitment to issue	☐ 1. Formal commitments in place with responsibility at board level. ☐ 2. Formal commitments with responsibility at senior management level ☐ 3. Formal statement or policies made but no formal responsibility at senior levels. ☐ 4. Action to address issue driven by individual commitment and awareness. ☐ 5. No awareness/action. Give details: _____
Policy regarding the issue	☐ 1. Formal policy with objectives that are linked to business strategy. ☐ 2. Formal policy with objectives that are not linked to business strategy. ☐ 3. Draft or holding policy but no objectives. ☐ 4. Early discussions about policy. ☐ 5. No policy. Give details: _____
Current engagement activities regarding the issue	☐ 1. Formalised and integrated into management and governance processes with robust documentation and reporting systems. ☐ 2. Systematised engagement approach with documentation and some linkage into decision making processes. ☐ 3. Established engagement processes for some relevant stakeholders/ issues. ☐ 4. Sporadic engagement processes, limited internal controls. ☐ 5. No engagement. Give details: _____
Performance indicators/ measurements regarding the issue	☐ 1. Strategic objectives and SMART Key Performance Indicators (KPIs) set in order to meet management and stakeholders' information needs. Internal and external reporting and assurance mechanisms in place. ☐ 2. KPIs that respond only to internal management needs, internal reporting with little or no assurance. ☐ 3. KPIs that only partially meet stakeholder information needs. ☐ 4. Early discussions relating to development of KPIs and monitoring. ☐ 5. No objectives set, no Key Performance Indicators. Give details: _____
Internal responsibility and competency to address the issue	☐ 1. Issue related targets form part of the performance reviews of individuals, and are considered when deciding on potential performance rewards. ☐ 2. Required competencies are addressed in recruitment and training, and considered in the rewarding of performance. ☐ 3. Responsibilities assigned but no formal mechanisms to reward, recruit or train to ensure required competency. ☐ 4. Early discussions relating to assignment of responsibilities and understanding of necessary competencies. ☐ 5. No internal responsibility considered for this issue/ stakeholder Give details: _____
Review and learning processes in regards to the issue	☐ 1. Continuous review and learning to innovate and adapt organisational policy and processes, with learning from engagements feeding into the organisation's strategic decision making. ☐ 2. Review and learning processes generate limited changes relating to specific issues and departmental functions. Organisational change management is starting to establish links with stakeholder analysis. ☐ 3. Ad hoc review and learning processes leading to incremental changes. ☐ 4. Review and learning processes driven and limited to individuals. ☐ 5. No stakeholder engagement happening on this issue. Give details: _____

Overall adequacy of your ability to respond / areas which require improvement:
Which improvements are required in the 6 areas (rows) given above?

(Example 1: re Performance measurements and indicators: "KPIs that provide internal guidance to managing the issue need to be developed.")
(Example 2: re Review and learning processes: "Need to establish continuous review and learning processes so that we can adapt organisational policies and processes in response to stakeholder expectations and organisational needs.")

Figure 22: Issue – response assessment template

Adapted from: Krick et al. (2005, 55)

One of the good ways a company can find out its internal ability to respond to an issue, and learn from the activities of others has been presented above in the form of a template. This is different from how a company is currently engaging with its stakeholders on material issues if it does at all.

Step 2 of stage 2: Learning from other organizations and networks on response to issues.

A company should endeavour to know what other related companies had done and are still doing concerning stakeholder engagement. Stakeholder engagement method does not have to be started from "scratch". In some cases, there has been a need for sector-wide or multi-sector stakeholder engagement cooperation. Organizational learning and innovations also define stakeholder engagement approaches. Some of the sources of information on handling issues include "codes, guidelines & frameworks", "case studies & research reports, competitors & other companies in same shoes, partnerships, associations and NGOs (Krick et al. 2005, 53- 57).

Step 3 of stage 2: Reviewing the current state of a company's relationship with its stakeholder.

A company's approach of engaging with stakeholders has been categorized at a number of levels beginning from "passive/no engagement, to empowering stakeholders to take decisions."
For the purpose of clarity, these levels of engagement are highlighted below in table 10. The information in this table enables a company/organization to identify its current position in terms of stakeholder engagement. It can also help the company to determine the future position it desires concerning stakeholder engagement.

The table consists of key items such as:

A. Level i.e. the level of engagement.

B. Goal: i.e. the goal behind the engagement level in question.

C. Communication: The means of communication that define individual engagement level e.g. one way or two way communication of different forms.

D. Nature of relationship: The type of relationships that characterize individual level of engagement e.g. short or long term relationship.

E. Engagement approaches: this refers to the different engagement methods and processes that characterize individual levels of engagement (Krick et al. 2005, 58-60).

Table 11: Levels of engagement

Level	Goal	Communication	Nature of relationship	Engagement Approaches
Remain Passive	No goal. No engagement.	No active communication	No relationship	Stakeholder concern expressed through protest, letters, media, web-sites etc., or pressure on regulatory bodies and other advocacy efforts.
Monitor	Monitor stakeholders' views.	One-way: stakeholder to company.	No relationship	Media and internet tracking. Second-hand reports from other stakeholders possibly via targeted interviews.
Inform	Inform or educate stakeholders.	One-way: company to stakeholder, there is no invitation to reply.	Short or long term relationship with stakeholders. "We will keep you informed."	Bulletins and letters. Brochures, reports and websites. Speeches, conference and public presentations. Open houses and facility tours. Road shows and public displays. Press releases, press conferences, media advertising, lobbying.
Transact	Work together in a contractual relationship where one partner directs the objectives and provides funding.	Limited two-way: setting and monitoring performance according to terms of contract.	Relationship terms set by contractual agreement. "We will do what we said we would" or "we will provide the resources to enable you to do what we agree".	'Public Private partnerships' and Private Finance Initiatives, Grant-making, cause related marketing.
Consult	Gain information and feedback from stakeholders to inform decisions made internally.	Limited two-way: company asks questions and the stakeholders answer.	Short- or long-term involvement. "We will keep you informed, listen to your concerns, consider your insights, and provide feedback on our decision."	Surveys. Focus Groups. Workplace assessments. One-to-one meetings. Public meetings and workshops. Standing stakeholder advisory forums. On-line feedback and discussion.
Involve	Work directly with stakeholders to ensure that their concerns are fully understood and considered in decision making.	Two-way, or multi-way between company and stakeholders. Learning takes place on both sides. Stakeholders and company take action individually.	May be one-off or longer-term engagement. "We will work with you to ensure that your concerns are understood, to develop alternative proposals and to provide feedback about how stakeholders views influenced the decision making process".	Multi-stakeholder forums. Advisory panels. Consensus building processes. Participatory decision making processes.
Collaborate	Partner with or convene a network of stakeholders to develop mutually agreed solutions and joint plan of action.	Two-way, or multi-way between company/ies and stakeholders. Learning, negotiation, and decision making on both sides. Stakeholders work together to take action.	Long- term. "We will look to you for direct advice and participation in finding and implementing solutions to shared challenges."	Joint projects, voluntary two-party or multi-stakeholder Initiatives, Partnerships.
Empower	Delegate decision-making on a particular issue to stakeholders.	New organisational forms of accountability: stakeholders have formal role in governance of an organisation or decisions are delegated out to stakeholders.	Long-term. "We will implement what you decide."	Integration of Stakeholders into Governance Structure. (eg. as members, shareholders or on particular committees etc.)

Source: Krick et al. (2005, 60)

The first three levels of engagement (remain passive, monitor and inform) are not really a form of engagement. This is against the backdrop that an actual engagement is supposed to be interactive. Nonetheless, they can be seen as stepping stones towards proper engagement. The major difference between low levels and high levels of engagement is the extent to which a company harnessed its resources towards a common objective. The resources in this case include, but not limited to its "knowledge", people, process and systems, capacity of operation, finance etc. The level and approaches of stakeholder engagement a company adopts is subject to the company/organization's "strategic engagement objectives". This once again raises the connection between the levels of engagement, the material issue, the stakeholders, the approach of engagement and the "strategic engagement objective".

A typical case study of how Philips Electronics engages different stakeholders is presented below in the form of a figure. This figure could give some insights on benchmarking for the partner company and other interested organisations with respect to stakeholder engagement approaches.

Stakeholder	Main Means of Interaction
Economic Stakeholders	
Customers	• (B2C) Surveys (trend related, customer satisfaction related, application research), complaint resolution. Focus groups, • (B2B) Advisory boards, co-R&D, co-strategy development
Employees	• Employee Engagement surveys, town hall meetings, People Performance system, compliance system, (local) ombudsman
Suppliers/business partners	• Supplier days (local, global), co-R&D, industry membership (e.g. WBCSD)
Mainstream investors	• Road shows, analyst (face to face) meetings, ratings
Social investors	• Surveys
Financial service providers	• Ongoing ad hoc involvement, financial ratings
Social Stakeholders	
Communities Local/national/international	• Social investment activities focused on education and health, local networking • Local networking (business/community driven). Participation regulatory bodies in advisory bodies, cooperation in community projects
Non-governmental organisations	• Surveys, project development, ad hoc involvement
Academia	• Co-R&D, exchange programs, local networking
Media	• Local networking, surveys

Figure 23: Philips stakeholders and main engagement approaches

Source: Krick et al. (2005, 62)

- Steps a company can take in drafting stakeholder specific objectives

A. The company should conduct a workshop or carry out several internal discussions with those in charge of stakeholder relationship management.

B. The company should explore its current relationship with the concerned stakeholder group in relation to the prioritized issues that have been identified.

C. The company should deliberate on the possibilities for engagement with this stakeholder group. In other words, they should look at the pros and cons in terms of requirements and how to fill the gaps. Requirements could be human and other resources.

D. Lastly, the company should develop simple "stakeholder specific objectives" that concern the stakeholders and issues in question. This should also give consideration to the levels of engagement that are possible.

Examples of simple stakeholder specific objective can come in the form of statements such as:

➢ "To make sure stakeholders are well informed of our approach to xxx"
➢ "To share responsibility with them for….."
➢ "To make sure our policies on xxx meets their expectation". (Krick et al. 2005, 61-64).

Step 4 of stage 2: Creating a stakeholder profile

Stakeholder profiles help to learn more about stakeholders and their representatives. Information concerning stakeholders' expectations, influences, attributes and suitable approaches of engagement among others is reflected on a stakeholder profile template. The stakeholder profile provides insights on possible factors that are to be considered concerning stakeholders in relation to the priority issues. It gives an idea of how and why stakeholders may want to engage with an organization. It is a document that evolves and can be updated based on new information with respect to stakeholder relationships (Krick et al. 2005, 64-65).

There are certain important factors or issues that shape stakeholder profiling. These factors with explanations have been presented below in the form a table.

Table 12: Stakeholder profile key issues

Stakeholders' expectations	Stakeholders will have their own specific view regarding an issue, about potential problems, their causes and solutions. Furthermore, stakeholders investing time in engaging with you will expect a 'return on investment' in terms of action and response. Try and be as clear as possible about both, the stakeholders' general view on the issue, and their expectations towards you. Some stakeholders only expect you to have an open and honest conversation with them, others may expect you to make specific operational changes or adhere to a certain set of performance standards. Compare the expectations to what you think you can and want to actually do about an issue, given your resources and strategic objectives (these 'margins of movement' are further considered in the next step.)
Knowledge of the issue	Be clear about the representative's knowledge of the issue. Some stakeholders know as much or even more about an issue than you. In such cases, you may wish to learn from them. Others know far less, and you may want to inform or educate them. This may be particularly important if their actions can have a strong direct or indirect impact on you, for example when they influence public policy regarding the issue.
Legitimacy of stakeholder representative	When engaging with an individual or an organisation you are often seeking for them to stand as representative of a larger group of stakeholders. Be clear about any assumptions or claims about who a representative speaks for. Are they an elected or recognised representative? Do they have legitimacy in terms of broad support or acknowledged expertise? Or are you seeking a representative sample opinion from individuals who reflect the broader make-up of the community?
Willingness to engage	Successful engagement requires willingness on both sides. If there is unwillingness, it is advisable to investigate the reasons for this. Sometimes, this may be due to circumstances which you can control and change. In other times, it is important to acknowledge the stakeholders' right not to engage.
Possible impacts (negative or positive) of the representative	Be clear about the specific possible impacts of the stakeholder on your business. How can s/he contribute to your objectives? How can s/he stop you from achieving them? When doing this, you also need to consider her/his indirect impacts on you via other stakeholders. Some representatives' potential impacts on you or on the stakeholder engagement process may be so significant that there is a definite necessity to engage them.
Cultural context	Consider the specific cultural circumstances of the engagement, e.g. language, customs regarding social interaction, gender issues. This may be very relevant to the methods you choose for engagement, as well as to the resource implications. The consideration of cultural issues should ideally be undertaken together with someone familiar with that culture, whether from within or outside the organisation.
Geographical scale at which they operate	The geographical scale at which the representative operates, or is willing to operate, should match your engagement plans and objectives. Do you need someone who can engage on a global issue (e.g climate change)? This would require that the representative organisation possesses a significant degree of credibility, legitimacy and oversight for this (e.g. WWF). An issue like the environmental considerations in the building of a new plant, however, is for example more competently addressed with the local administration and/or community.
Stakeholders' engagement capacity	Stakeholders must be treated as a scarce resource, which includes the respectful treatment of their attention and time. Smaller organisations may have very limited financial means and staffing capacity. See Stage 3 for further considerations on stakeholder capacities.
Relationships of stakeholders with each other	If you are intending to engage with different stakeholders at the same time, or maybe even involve them in the same activity or locality, it is important to understand their views of and relationships with each other. Tension between your stakeholders can, especially if they are not considered, have very negative influences on the outcomes of your engagements with them.

Source: Krick et al. (2005, 65).

- Procedure for creating a stakeholder profile

(A) In order to identify potential "stakeholders' representatives" within the stakeholder groups, previous and new found stakeholders should be considered. New stakeholders may arise as a result of the latest research findings.

(B) There is also the alternative of requesting for "engagement partners" from different media. This effort is said to address the possibility of accusing the organization of only interested, and confining to the "same old stakeholder representatives" who may be complacent. However, sufficient resources have to be in place in order to carry out this extra effort.

(C) A stakeholder profile template is then filled based on information that can be drawn from the selected stakeholders' representatives. It is also useful to double check the compiled stakeholder information with people internal and external to the organization. A prioritized list of representatives to be engaged with on specific issues is then put in place. The stakeholder profile template has been described as a "living document". This implies it evolves over time as new experiences and knowledge of stakeholders unfold. The template can be made to be more comprehensive or simpler based on the objective and context of the organization. (Krick et al. 2005, 67-68).

A sample of a typical stakeholder profile template has been presented below in the form of a figure.

Stakeholder Profile	Last Updated:
Stakeholder group:	
Primary subject / issue of engagement with this group	
Stakeholder Objective	
Preferred level of engagement with this group	
Stakeholder group representative	
Specific representative / representing organisation	
Internal contact person	
Stakeholder's general view on the issue	
Expectations towards the business regarding the issue	
Engagement history & current highest level of and approaches to engagement	[fill in if you are already engaging]
Stakeholders' usual or preferred highest level of and approaches to engagement	
Stakeholder's sources of funding	
Relationships/conflicts with other stakeholders	
Knowledge of the issue	☐ Leading Opinion ☐ Good Knowledge ☐ Medium Knowledge ☐ Lacking Knowledge ☐ No Knowledge Give details:_____
Legitimacy or perceived legitimacy	☐ High Legitimacy ☐ Limited Legitimacy ☐ Low Legitimacy ☐ No Legitimacy Give details:_____ ☐ Conflict between perceived and actual legitimacy Give details:_____
Willingness to engage	☐ Willing ☐ Moderately interested but friendly ☐ Uninterested ☐ Hostile
Actual and/or potential impacts of stakeholder on business – associated risks and opportunities	Positive impacts / Opportunities: Negative impacts / Risks:
Scale at which they operate	☐ Global ☐ Regional ☐ National ☐ Subnational ☐ Local Give details:_____
Cultural issues to consider	
Practical issues to consider (e.g the stakeholder's ability to engage given resources, staff, etc.) (see also Stage 3)	
Is it necessary to engage with this stakeholder?	
Other Comments	

Figure 24: Stakeholder profile template

Source: Krick et al. (2005, 69).

Findings have it that successful stakeholder engagement may consume substantial resources. Resources are needed to cover the engagement process and put in place necessary changes in response to the result of the engagement process. In addition, the depth of an organization's commitment and its "operational and strategic" requirements dictate the organization's "margins of movement" towards engagement. "Margins of movement" imply knowing the capability and limitations of the organization in terms of meeting stakeholders' expectations.

Some factors to be considered for the engagement process, and its response and outcomes are as follows:

Considerations for engagement:

➢ The internal and external conflict of interests and "dilemmas" that may negatively affect engagement.

➢ The possibility of taking advantage of existing internal and external, engagement processes and systems. Examples of this include "customer panels, investor relations meetings, industry bodies and multi-stakeholder initiatives".

➢ The scale of the engagement from geographical perspective i.e. whether local, regional or global in scale.

Considerations for the response and outcomes:

➢ The internal resources e.g. systems, labour, budgets, etc. These resources help to gather insight and steer sufficient commitments in the right direction.

➢ Internal and external conflicts of "interests and dilemmas". e.g. (stringent and low pricing budgets for purchases vs. objectives for better "labour standards in the supply chain)"

➢ The margins of movement with respect to a particular issue. In other words, what is doable and not doable concerning an issue? Weighing the stakeholders' expectations that can be met under certain conditions and the ones that are impossible (Krick et al. 2005, 71-72).

A typical case study of stakeholder engagement decision making considerations has applied to Altria is presented below in the form of a figure. Altria is one of United States' consumer brand holding companies. These lists of consideration among many other available case studies give credence to the true existence of stakeholder engagements in the operations of many organizations.

Use stakeholder engagement when:	Don't use stakeholder engagement when:
• There is a major issue confronting the company. • There is sufficient overlap between the objectives and concerns of the company and those of the stakeholder. • There is concern about the impact of a company goal or strategy. • It is necessary to improve the company's knowledge of an issue. • There is an opportunity to help shape company goals and strategies. • The company has sufficient control or influence over a decision. • The company needs to create more options for a planned action. • All the decisions related to an issue have not yet been made.	• There is low or no company commitment to address an issue. • The company has already made key decisions on the issue. • There is insufficient time to engage stakeholders. • Addressing the issue is a relatively short-term business objective. • The company's primary concern is risk mitigation. • The company is seeking buy-in through advocacy and persuasion.

Figure 25: Altria's stakeholder engagement considerations
Source: Krick et al. (2005, 72).

The procedures to take in order to assess a company's margin of movement are as follows:

A. A workshop or individual dialogue session should be conducted with people who are important players in the engagement process. These people may include the top management, budget personnel and other representatives.

B. Discussions concerning the possible results of engaging and not engaging with stakeholders should be had. "Worst-and best-case scenarios" should be looked into to unveil possible outcomes.

C. The resources that would be available for the engagement should be assessed. This preliminary assessment of needed resources should be discussed with "budget holders and decision makers". Usually the resources needed to respond to the outcome of an engagement process are higher than the cost of initial engagement itself. This should be considered.

D. Finally, a discussion based on engagement and its issues should take place concerning the "business objective and plans". An agreement should be reached with all relevant persons or units with respect to the organization's possible "margins of movement" on the issues in question.

A template that provides additional guide on how to proceed and summarize the results after the steps listed above is presented below i.e. resource assessment vs. margins of movement template

Availability of resources & margins of movement assessment		
Stakeholder group to engage with		
Issue to engage on		
Stakeholder expectation (Template 6)		
Business' Margins of Movement		
What are we seeking to achieve?		
What is subject to discussion with stakeholder?	What is not subject to discussion with stakeholder?	
Possible Outcomes of Engagement		
Possible Outcomes of Engagement	Best Case:	Worst Case:
Possible Outcomes of Not-engaging	Best Case:	Worst Case:
Actions/abilities & resources required in response to the outcome		
Actions/abilities & resources required in response to the outcome		
Company's ability & resource availability for the implementation of potential outcomes (based on a preliminary assessment, reconsider once you have decided on an engagement process, and on further development of your abilities (Stage 3, T 11)		
Current abilities and available resources		
Define lacking abilities and unavailable resources		
Currently lacking abilities, and unavailable resources, but commitment to development		
Other comments		

Figure 26: summary template - resource assessment vs. margins of movement
Source: Krick et al. (2005, 74).

The information that has been collected in earlier stages including the preliminary decisions and prioritizations made will form the basis for creating a "plan of objectives for further developments".

Procedure to take in creating an issue focused plan for stakeholder engagement is summarized in the template below i.e. Overview of stakeholder representatives & specific objectives.

This activity is basically a summary of selected outputs from earlier steps that will be beneficial during subsequent stage i.e. building capacity for engagement. It will also be useful in deciding a particular "method of engagement".

Issue of Engagement	Description of Stage of Maturity			
Strategic objective(s) for engagement on the issue				
Stakeholder groups to engage with on the issue (Template 4):	Stakeholder representatives	Current Level of engagement (if applicable)	Business' preferred level(s) of engagement	Stakeholder-specific objective
Possible learning and examples from others (eg. standards, best-practise, benchmarks, etc.):				

Figure 27: Overview of stakeholder representatives & specific objectives

Source: Krick et al. (2005, 76)

Tips on how to fill the template:

A. One summary template should be filled for each of the issues of engagement.

B. The strategic engagement objective and maturity of the issue have been treated in stage one of the framework.

C. Fill in different stakeholder groups/representatives to be engaged with on a specific issue. The different levels of engagement to be considered have been presented earlier in table 10. The target level of engagement being looked forward to can also be found in the list.

Outputs from stage two

By the time stage two is completed, a company will be able to identify the gaps between it and its stakeholders in terms of expectations. There would also have been clearer knowledge on what the company's rivals and peers are doing concerning "priority issues and stakeholders". In addition, the potential stakeholder representatives that the company should engage with would have been identified. Similarly, the "margins of movement" and resources requirements towards stakeholder engagements would have been understood (Krick et al. 2005, 72-77).

4.3 Strengthening capacity to engage
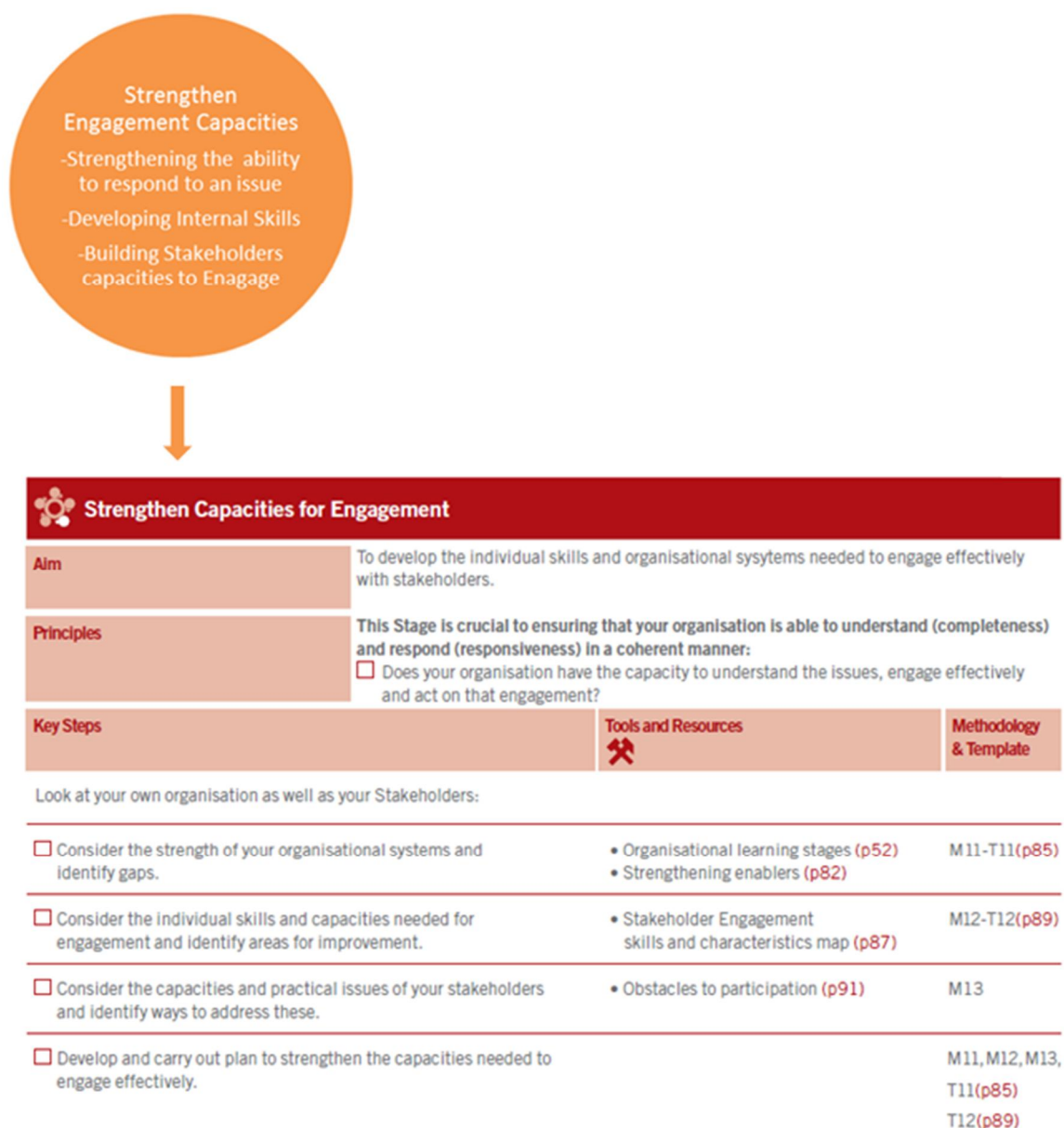
Figure 28: Summary of stage three of framework

Source: Krick et al. (2005, 18)

The aim of this stage is to certify that the organizational systems and skills to engage towards a successful outcome are in place between a company and its stakeholders. The possible obstacles that may prevent effective engagement by stakeholders are also addressed at this stage. Typical of many processes, the activities in this stage are to be seen as a continuous effort towards building and maintaining a company's and its stakeholders' ability to engage.

These activities are not limited to the skills necessary to enhance "dialogue" and other "engagement processes". It also involves all activities that usher in and follow engagement as presented in stages one, two and five. Activities such as "recruitment, training, performance appraisals, and development of government structures, policies and management systems" are part of the requirements of the engaging company. The need to grant stakeholders attention to boost their ability to engage is also important. Stakeholders' particular requirements and limitations" should be considered. The need to offer supports to some stakeholders who have limited resources to position them for effective engagement should not be ruled out (Krick et al. 2005, 79).
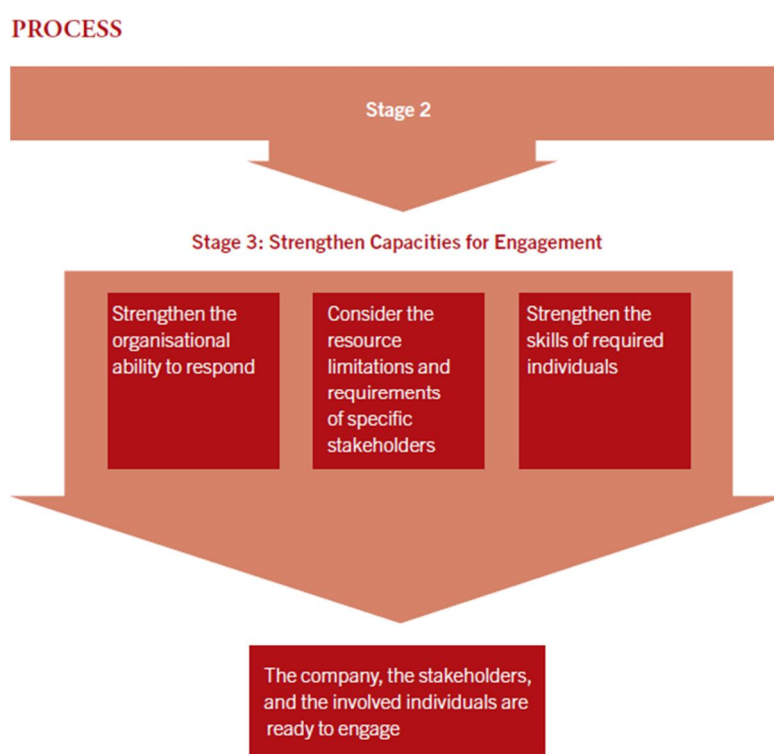
Figure 29: Stage three process flow
Source: Krick et al. (2005, 80)

The analysis of the ability of a company to respond to issues has been treated in stage two. Stage three of this framework looks into what can be done to boost a company's capability to respond. In this section, a reference is made to the "key enablers" to respond to specific issues as highlighted in stage two. These enablers are to be developed as much as possible as part of continuous "improvement processes". Every individual company should endeavour to find the specific approach that is most suitable for its current management systems. The regular "integration" of "stakeholder engagement process" into these management processes has a key role to play in the overall engagement process (Krick et al. 2005, 81). In the table

below, the six enablers are listed with the corresponding ways of boosting their strengths in terms of a successful response to issues.

Table 13: Enablers and ways of strengthening their impact

Enabler	Ways of Strengthening the Enabler
Board and management commitment to issue Top management fully aware of the issue, the required resources, and understand linkages with business strategy and objectives, as well as the opportunities and the risks associated with engagement.	• Senior level champions for specific issues can drive high level responsiveness. Internal allies can be very helpful in taking specific issues to top-level management, can be found across the company, for example risk managers, investor relations, the marketing department or quality management. • Executive remuneration can be linked with issue-specific metrics. • Key budget holders need to be involved in a conversation about necessary budgets and the availability of financial resources. Their understanding of these issues is crucial to their buy-in, and for securing the necessary resources. • Board and management shall also be encouraged to take a leadership role in championing the issue. They need to be involved in order to understand their responsibility for leading the process and driving the associated vision, mission, strategic considerations and developing a responsive internal culture and values.
Agreed policies or procedures regarding the issue Policies developed through dialogues involving those responsible for implementation, those influenced by them, and those responsible for allocating the required resources for their implementation.	• Not all internal groups will be involved in the development of a first policy draft, but should be involved in shaping the final policy through, for example, stakeholder advisory panels or consultations . • Corporate responsibility standards, like the ones mentioned in the table on p57. (where to look for further learning) or those developed by other companies can provide a model for policies, which draws on or has already been legitimised through stakeholder involvement.
Current engagement activities regarding the issue Engagement activities aligned with the governance and management processes that direct the business.	• The timing of stakeholder interactions should allow them to feed into internal reporting, budgeting and management cycles. • Governance and management processes should include specific quality control mechanisms to control the quality of the organisational response.
Performance indicators and targets regarding the issue Performance indicators, measurements and targets informed by stakeholder dialogue.	• Initial internal discussion about indicators and targets especially considered within the context of other business objectives and measurement systems can form a basis for discussion with other internal and external stakeholders.
Internal responsibility and competency to address the issue Staff involved have the required skills, personal characteristics and competencies to engage with stakeholders and address this issue.	• Integration of relevant skills into recruitment policies, job-requirements and performance-appraisals is essential. This should include both individuals with significant contact with external stakeholders as well as for managers with significant influence over internal stakeholders.
Review and learning processes in regards to the issue Processes in place to ensure review and learning to innovate and adapt organisational policy and processes.	• A holistic approach to reviewing the whole engagement process is set out in Stage 5, but on a smaller scale learning circles, discussion forums as well as learning networks within or between different companies or stakeholders are a useful mechanism.

Source: Krick et al. (2005, 82)

Enabler	Steps to strengthen the enabler	Priority	Timeframe	Resources (e.g. toolkits, standards, best-practise examples, stakeholders
Board and management commitment				
Agreed policies or procedures				
Current Engagement Activities				
Performance indicators/ measurements and targets regarding the issue				
Internal responsibility for an issue				
Review and learning processes in regards to the issue				

Figure 30: Systems strengthening plan template

Source: Krick et al. (2005, 85)

A method of boosting "stakeholder engagement capacity" has been proposed. In addition, this method aims to manage a company's corporate responsibility in general terms. In other to carry out this method, the procedures to take are as followed:

I.   First, the company should refer to the insight it gathered from the use of the issue - response assessment template in stage 2. The information from this assessment(s) is a pointer to the areas in which a company has to improve on its "policies, management systems" and general structures. Similarly, consideration should be given to the possible outcomes a company needs to generate from the insight gathered with the "systems strengthening plan" template above.

II.   Second, a company should refer to what it has learnt about how its peers and competitors had managed a range of related issues in question, in relation to their management systems.

III.   Third, a reference should be made on the tips highlighted on how to strengthen enablers for response i.e. table 12. An inference can be drawn from these insights on specific ways with which a company wishes to strengthen its ability to respond to particular issues and proceed to engage on them. The plans to achieve this goal can

then be summarized in the "stakeholder representatives and stakeholder-specific objectives" template.

IV.   Finally, the priorities for improvements should then be identified.

It is important to emphasize that the engagement process in itself is expected to take place in the stage four of the framework. Engagement is also an important step in "strengthening" some of the identified enablers. The possibility of strengthening policies through the use of one of the engagements method of stage four was identified. For instance, a board sub-committee could be set up to examine and report to the board on "priority issues" to boost "top-level commitment" [refer to table 12] Krick et al. (2005, 85).

- The required internal skills and characteristics for stakeholder engagement

As a preparation towards stakeholder engagement, it is important to consider the internal skills that can help to facilitate effective engagement. Sean Ansett identifies what was called "boundary spanners" as people within organizations who have the skills of enhancing engagement activities throughout "organizational boundaries". These people have been able to facilitate cooperation among complex multi-stakeholder groups. Nonetheless, "engagement processes" often encompass different individuals with varieties of skill sets, experience and know-how. The effort towards developing stakeholder engagement related skills should not be the sole responsibility of Sustainability & Corporate Social Responsibility Managers or stakeholder engagement experts. Rather, it should involve "general managers" and other relevant individuals in the company. The expertise of professionals of different backgrounds such as "labor relations, lobbying, public affairs, and market research" can as well be utilized. Furthermore, robust knowledge of pertinent issues, credibility, project management, analytical skills and some personality traits are also useful engagement attributes. Telefonica, a Spanish telecommunication company was used as a case study of companies which have succeeded in blending corporate social responsibility and stakeholder issues with internal training programs for their employees (Krick et al. 2005, 86). Similarly, Gap Inc. had to train its employees in the areas of stakeholder engagement. While its junior employees focused on engagements with managers, local communities and other stakeholders, the top management team focused on engagements concerning business cases (Krick et al. 2005, 89).

The ways of developing "stakeholder engagement skills and characteristics" are presented below in the form of a table.

Table 14: Improvement of stakeholder engagement skills

Area	Description of Beneficial Skills and Characteristics	Possible ways of Development and Improvement
Project Management & Analysis	• Engaging with stakeholders in an effective manner, a timely fashion and within budget. • The ability to examine and interpret the outcomes of stakeholder engagement in a way that captures the key facts and figures, as well as messages and insights.	• Guidelines for and training in project management are available from the Project Management Institute at www.pmi.org. • Personal abilities must be complemented and guided by enabling policies and procedures, as described in the previous section.
Personal Behaviour	• Displaying individual personality traits such as integrity, ability to focus on solutions, motivation, and creativity, etc. • Different engagements may make some of these behaviours more or less important. For instance, unlike conflict resolution processes over labour disputes, consumer focus groups on purchasing preferences do not require a 'solutions oriented outlook'.	• Develop ethical guidelines and policies for personal behaviour, as well as internal programmes to promote and develop these.
Engagement Techniques	• A knowledge of relevant approaches to stakeholder engagement is key (as outlined in Stage 4). • The skill sets needed for more involved engagements such as partnerships, community relations development or conflict resolution differ from more 'traditional' and sometimes one-way market research techniques such as questionnaire surveys or focus groups, etc. • These are unlikely to rest with the same individual(s), and so may involve an integrated multi-disciplinary team from different functions within the organisation, e.g. human resources, public relations, customer affairs etc. (or drawing upon skills from outside as necessary).	• Internal learning groups can ensure that those engaging with stakeholders in different parts of the business can contribute from each other's experiences. • Numerous service providers offer mentoring and support to build practitioner competencies, for example BSR and the Environment Council, see www.bsr.org or www.environment-council.org.uk respectively. • AccountAbility has developed training, professional certification (with IRCA) and quality standards in stakeholder engagement aligned with its AA1000 Series. Further information available at www.accountability.org.uk/training.
Issues Knowledge	• Expertise and experience in the specific issues that are subject of the engagement may be a pre-requisite for the staff involved. This could include both knowledge of sustainable development issues such as labour rights or climate change as well as an understanding of the industry and political context. • Again, to engage on complex issues may require building a multi-disciplinary team that draws upon the 'know-how' of different departments, e.g. procurement, or environmental management, or drawing upon external expertise.	• The sources already identified in Stage 2 (learning from others), can be a useful reference. Establishing an issue-specific database that individuals from all parts of the business can access and draw information from is a useful resource for learning as needed. • Again, numerous service providers offer advice and support to build practitioner competencies on specific issues (see the annex for some of these organisations).
Credibility	• Success in securing trust and providing assurance to stakeholders may in part depend upon how well those involved in stakeholder engagement relate to and are perceived by a particular stakeholder group.	• Credibility here may mean ensuring that people involved in engagement have a good understanding of the communities involved. In general, recruitment from local environments, which ensures equal opportunities regardless of gender, religion, ethnicity, sexual orientation etc., will help to ensure that staff inside the company reflect the diversity of stakeholders. • It may be necessary to involve external people or organisations in facilitating engagement processes. They can provide credibility by being perceived as independent or because of their track record in contributing towards positive outcomes in the area.

Source: Krick et al. (2005, 87)

▪ Hindrances to stakeholder engagement

Stakeholder engagement may be hindered due to issue specific circumstances such as language differences, knowledge/education gap, cultural differences, distance, lack of time and other "capacity gap". Capacity gaps imply the difference between the capacities to engage among stakeholders. The circumstances of engagement should be carefully observed and considered being enabling enough before embarking on engagement processes. For instance, the Buddhist monasteries in Cambodia have been found very suitable for human rights related trainings. The reason cited for this was that these monasteries are existing "communal centers of learning" and people are likely to be more relaxed and outspoken as compared to supposed bias places e.g. a local UN-office. Different concepts may have ambiguous meanings to different stakeholders depending on their backgrounds, concerns and experiences (Krick et al. 2005, 90).

A summary of how some of these hindrances could be tackled is presented below in the form of a table

Table 15: Hindrances to participation and possible solutions

Areas	Issues	Potential Solutions/Enablers
Knowledge / Education/ Communication	• Issue-specific knowledge • Ability to use Information and Communications Technology (ICT) • Literacy • Communication styles • Language • Limited reach of press & media	• Provide timely information • Use different communication channels (e.g. print - and online media, community radio, community theatre) • Provide training • Provide information in various languages • 'Open-house' days
Infrastructure	• Availability of ICT • Means of transport • Unreliable infrastructure (possibly season specific)	• Choose accessible locations • Provide assistance with transportation • Provide equipment and training for ICT if necessary • Choose the right time (e.g. avoiding monsoon season)
Social-Cultural Context	• Social hierarchies (e.g. caste, gender, wealth) • Local conflicts • Lack of shared understanding of key customs • Religion • Culture-specific customs & communication styles • Family and other responsibilities (e.g. harvest times, childcare)	• Ensure anonymity if required • Be aware of potential conflicts between stakeholder groups • Ensure that timing and location of engagement processes takes into account stakeholder's needs.
Location	• Do stakeholders feel comfortable? • Can there, if required, be adequate privacy or anonymity	• Be sensitive to stakeholder requirements regarding the locations
Finances	• Costs of travel & accommodation • Lost working-time	• Compensate for lost working time • Compensate for travel and accommodation costs

Source: Krick et al. (2005, 91)

- Outputs of stage three of the framework

➢ Improved capability of a company's employees to engage.

➢ Development of internal organizational systems towards successful engagement.

➢ Improved capability of external stakeholder to engage (Krick et al. 2005, 92).
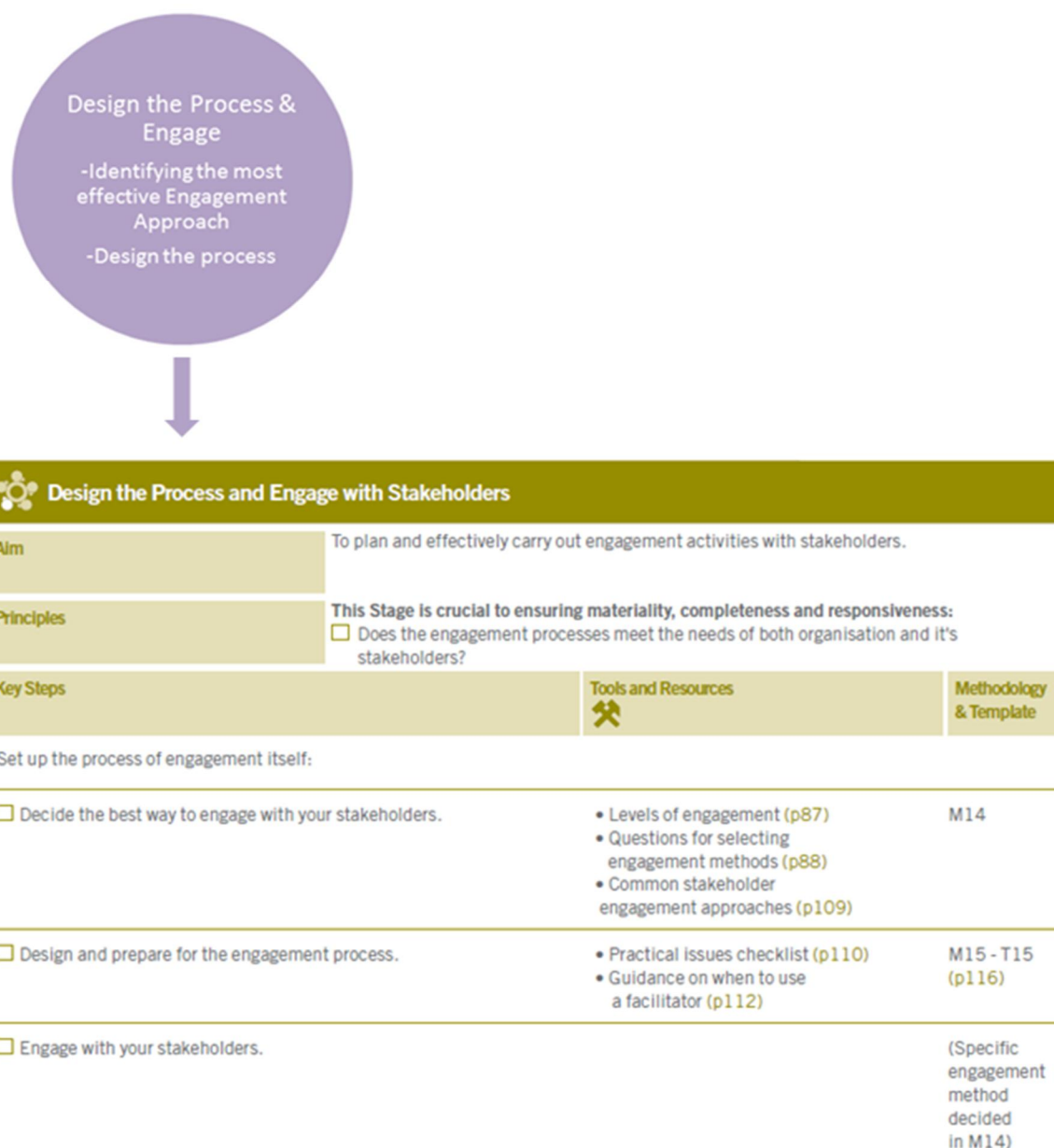
4.4 Designing the process and engaging

Figure 31: Summary of stage four of framework

Source: Krick et al. (2005, 18)

The purpose of the stage four of this framework is to design and adopt engagement processes that meet "stakeholder expectation and organizational objectives." This stage highlighted the broad range of approaches of engaging with stakeholders. These approaches range from face-to-face meetings and phone calls to other innovative ways such as "advisory panels and multi-stakeholder forums". In addition, this stage included practical guidance on ways of carrying out diverse engagement processes. Many of this guidance came from either the field of "corporate stakeholder engagement, or public participation". Some of the commonest approaches of engagement are treated in this section. This stage goes beyond selecting a reasonable and effective approach. Rather, it also involves the designing of "governance structures" and decision making processes as engagement advances into "active partnerships". The objectives of engagement and stakeholders' needs are one of the important determinants of the technique or governance structures to be adopted for a company's engagement process. A company/organization often has to select the right combination of stakeholder engagement approaches in order to achieve its planned objectives. Focus group, which is also one of the numerous tools of service designing, was described as a good way of getting insight on stakeholders' viewpoint. The insights gathered by a company could be used to kick start a "voluntary initiative" with its peers to tackle issues of concern. Focus groups have also been identified as a very useful tool in preparing the design of a custom made survey. This survey could give a company further insights on its employees and other stakeholders for instance (Krick et al. 2005, 93-96).

The principle of materiality, completeness, and responsiveness are all relevant in this stage. These three principles ensure "stakeholder engagement" aligns with the goal of organizational accountability.

Figure 32: Guiding principles for stage four
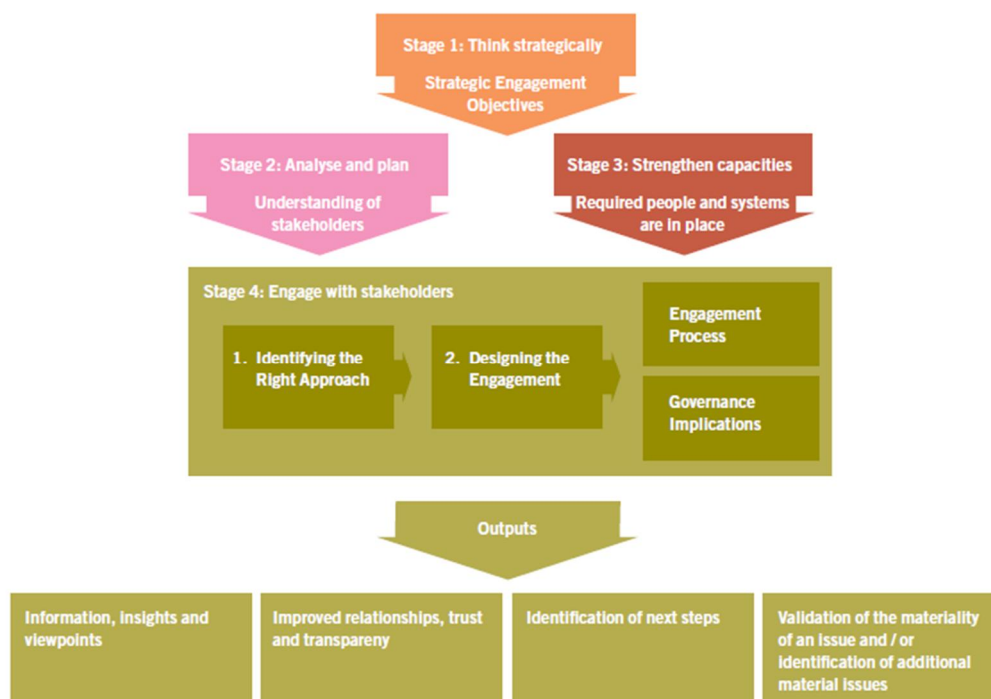
Source: Krick et al. (2005, 94).

Figure 33: Stage one to four process flows
Source: Krick et al. (2005, 95).

A list of some of the commonest stakeholder engagement approaches are presented as follows:

a. "Inviting written responses from stakeholders": written responses are requested from stakeholders in reference to the issue brief or sustainability report they have received earlier from a company. This is often characterized by low responses. However, it offers an open medium for individual stakeholders to hear their views without necessarily attending meetings. Mailing lists of stakeholders who seem interested or committed to further engagements can be built through this approach. The result from this approach has been described as not statistically valid. An example of this approach is when a company invites the general public to raise questions, comments or ideas through a tear off postcard on it sustainability report or other documents. Shell has been stated to practice this with personal responses in return to all public participants (Krick et al. 2005, 100).

b. Telephone hotlines: this is a method in which toll free phone lines are made available for stakeholders to obtain information, and give information on one issue or the other. The advantage of this method lies in the fact that telephone services are accessible to many people. It is also time-saving and requires moderate effort in taking response action. It offers instant feedback to callers and can be handled in-house by well-trained

administrators. It disadvantages among others are that it does not allow deep dialogue and stakeholders may not feel free to give sensitive information. The available information to stakeholders may be insufficient in case independent people handle hotlines on behalf of organizations. This method for instance is widely used by United States companies as part of their "ethics and compliance programs".

c. One-to-one meetings: these are meetings held with stakeholders, company representatives and think tank groups. This approach is quite common and often it serves as one of the beginning steps in engaging with a particular stakeholder group. It helps in gathering information, exploring issues, and assessing what is possible and not possible. It serves as a way of building trust with individual primary stakeholders prior to a full fledge and broader stakeholder engagement. Usually individual meetings are not seen or observed as an approach of "corporate stakeholder engagement programs". However, frequent individual meetings with the key stakeholders of a company have been identified as one of the most effective ways of unveiling mutual expectations and pin-pointing issues of interest. For instance, Telefonica, a telecommunication company is notable for regular meetings with its investors and analysts over performance, risks, and strategy related issues concerning its corporate social responsibility.

d. Involvement of stakeholders in issue investigation, and policies & reports drafting: this is an approach whereby stakeholder groups or practitioners external to a specific business area are inaugurated to draft reports or comment on important issues. These issues must have been deliberated upon earlier by units internal to this business area. By so doing, multi-stakeholder groups, which include the internal and external stakeholders, eventually collaborate to fine-tune and develop a better final report or policy. Some important things to take note of when adopting this approach are that (1) It demands significant devotion of time on the part of stakeholders/experts, in some cases this activity is paid for (2) It has some element of transparency given the involvement of external expert stakeholders (3) It often confines to engaging with professional stakeholders (4) It is important to follow up the output/report to the letter in terms of practical steps and not just have it on paper. A typical example of this approach was when British Telecoms assigned a group of experts to raise challenging important issues such as the publication on the "digital divide" and its response in relation to sustainability reporting. Similarly, the Global Reporting Initiative (GRI) in Amsterdam in the past had requested comments on its "draft sustainability report" from 30 stakeholders of different backgrounds. This engagement approach led to a significant result in GRI's "report presentation" and commitments to action as an organization (Krick et al. 2005, 101-103).

e. Focus group: this is a form of small group meeting for the purpose of getting feedback on a specific issue. It often includes company representatives and other stakeholder representatives from a larger pool of stakeholders. However, this group is facilitated by a "third party". This approach comes with some level of flexibility by allowing stakeholders to give their general perspectives on issues of concern. The perspectives or qualitative data gathered from a focus group may differ from that of a larger pool of stakeholders. This is because a focus group is not necessarily a representative sample of the larger population of stakeholders. As a result, it is quite important to be meticulous in the selection of stakeholder representatives for this purpose. Telefonica a telecommunication company has been using focus groups to gain stakeholders insights, test its findings, and validate results. In addition, South Africa's Nedbank has used a focus group to get stakeholders feedback on how to develop it sustainability strategy (Krick et al. 2005, 103).

f. Public meetings: this is a meeting which involves large scale participants from the public or different stakeholder representatives. It helps in the broadcasting of information, exchange of opinions, and dialogues on issues of no controversy. This meeting can be moderated by a company or a third party. The venue of this meeting can be the company's place or in collaboration with other organizations. The participation of other organizations, which have earned the respect and trust of the public in this meeting, could boost the participation of external stakeholders in the process. It fits well when the stakeholders are in the same environment. The tendency for the public to see this meeting as a "them and us" kind of dialogue cannot be ruled out. This approach was stated not to be suitable for "constructive" dialogues as they do not allow in-depth discussions. As a result, it is not appropriate for decision making. The other alternatives for this approach of engagement are "workshop sessions, role play, consensus building sessions, samoan circles, design charettes and open space technology". As an example, Telia, Ericsson and Fastigheghter which are all Swedish information technology and communication companies had used "world café" approach with their stakeholders in deliberating on "sustainable future" for their industry (Krick et al. 2005, 103-104).

g. Multi-stakeholder Forum: this comes in the form of one-time or continuous "dialogue" between different stakeholder group representatives. It usually emphasizes on issues of shared concern. These issues may go beyond the operations of individual companies, and it is usually moderated by an autonomous third party. This forum may take different forms based on the need of the company and the context it finds itself. For instance, a "one-off round table discussion" can take place to deliberate on an issue for the purpose of issuing a report on the meeting without any further action. On the

other hand, this forum meeting can take place for the purpose of building a consensus among stakeholders or ensuring a participatory planning process is put in place. This engagement approach is suitable when issues are complex, and it cannot be managed by a company acting solo. This approach often faces the challenge of how to balance being an "inclusive forum" which welcomes new participants, and yet avoid being seen as a "talking shop" without "real action". Some of the examples of organizations which have adopted this engagement approach are United Nation Global Compact, and MFA forum that include Nike, Gap, Accountability, World Bank, BSR and Oxfam. The United Nation Global Compact engages over 2000 companies and stakeholder groups via "global & regional policy dialogues and learning forums" (Krick et al. 2005, 106).

h. Multi-stakeholder alliances, partnerships, voluntary initiatives, & joint projects: this approach usually involves companies and other stakeholders from several walks-of-life in the public, private and voluntary sectors. These stakeholder groups take collective action on addressing issues through "collaborative ventures or mutually agreed commitments". It can take the form of a partnership between a company and a stakeholder organization or a multi-stakeholder alliance. The popularity of voluntary initiatives between industries and governments has increased since the early 1990s. This is part of efforts towards improving the performance of sustainability initiatives with social or environmental objectives at different levels. The result of this initiative could take the form of a "code of conduct" or "agreement on performance target" at national or international level. Some of the examples in which this engagement approach has been adopted are in: (1) The Union Bank of California partnership with Operation Hope in 1996 to have more insight about consumers in poor areas in order to tailor specific product solution to their needs (2) The Ethical Trading Initiatives i.e. a partnership of food and clothing companies, NGOs, and trade unions (3) The Seed initiative of IUCN which included the World Conversation Union, United Nation Environmental Program (UNEP) and United Nation Development Program (UNDP) (Krick et al. 2005, 107-108).

Other engagement approaches: Some other common stakeholder engagement approaches are: (1) stakeholder advisory or assurance panels (2) surveys (3) Online engagement mechanisms i.e. web or emails platforms (Krick et al. 2005, 102-105).

▪ How to identify the most suitable approach of engagement

> This section explored steps that can be taken to identify the approach or a blend of approaches that could considered for engaging stakeholders. It raised ideas on the techniques that may work best in each case. A reference is made to the eight levels of stakeholder engagement (see table 10) in this section. The information in this table can give a company or an organization an insight on the engagement level they are and which level they envision for the future. It has highlighted the characteristics of each level in terms of nature of relationship, goals/objective, and communication type.

The steps are as follows:

(A)   The company should organize a group of people who have knowledge of the stakeholder groups. As advice, the stakeholders themselves should also be included in at least the final design of the approach. This ensures their expectations are met with the approach. There is also a need to adopt an approach that gives room for flexibility.

(B)   The outputs from the previous stages should be reviewed having followed the recommended steps in the stages. The tools such as templates provided in these stages should be used as required. For instance, the stakeholder profile template of figure 24 gives an overview of stakeholders to engage with and other information.

(C)   It should be considered if it is necessary to engage with the stakeholders collectively or separately depending on the objectives, needs and other attributes.

(D)   The business' preferred level of engagement and the specific engagement approaches for each issue and groups of stakeholders should be identified. See levels of engagement in table 10. It is noteworthy that all the approaches are flexible and easy to adapt. Usually a combination of more than one approach may be necessary beginning with a low level approach to a high level approach. As an example, it possible to start with a survey or one-on-one meeting to gather basic information. Thereafter, public meetings, workshops or multi-stakeholder forums could be carried out.

(E)   Having selected an engagement approach, the facilitators should have further discussion to ascertain the potential outcome of the approach in relation to their business needs and strategic engagement objectives (Krick et al. 2005, 98-99).

There are some sets of questions that can be of help in assessing engagement approaches. These questions have been tabulated as follows:

Table 16: Questions for assessing engagement approaches

Organisational and Stakeholders' Objectives and Needs	1. Does it help us to establish the kind of relationship that we want? 2. Can it generate the short- and / or long-term outputs we need to reach our strategic objectives? 3. Will it generate the qualitative or quantitative information that the business needs for making its decisions? 4. Do I have sufficient resources and time for applying this method / mix of methods?
Stakeholder Profiles	5. Does it work for the stakeholders that I want to engage with? 6. Considering the stakeholders' mobility, is it suitable for their current location? 7. Does it suit the stakeholders' current level of awareness and understanding? 8. What practical issues need to be considered and addressed in order to make the engagement accessible/attractive to them (see also Stage 3)?
Relationship Context	9. Do we currently have a relationship with these stakeholders that makes this approach applicable? 10. Have we known the stakeholders long enough? 11. Is it suitable for the number of people we need to deal with?
Issue Context	12. Is it appropriate for the level of maturity of the issue? 13. Is the issue maybe too sensitive for this approach? 14. Does it match with existing policy or legislative requirements that apply to the stakeholder group or issue? 15. If the issue requires multi-stakeholder involvement, does this approach work for it?

Source: Krick et al. (2005, 99).

▪   How to engage a facilitator

A facilitator can be described as someone or a group of people who have taken up the responsibility of planning, organizing, and managing the engagement process from the beginning to the end. A good facilitator seeks to make decision making and problem solving as effectively as possible. A facilitator can be part of the engaging group; however, it is recommended that a facilitator should be someone or a group of people with no stake in the outcome of the engagement. An internal facilitator who is not directly connected with the issue could be used. In some context, it is very useful to hire an independent facilitator. Below is a guideline on when to use a facilitator (Krick, et al. 2005, 112).

Table 17: Guidelines on when to use a facilitator

If the engagement interaction that you are planning is likely to show one, or even more, of the following attributes, a facilitating individual or organisation can prove to be very useful.

Distrust? In situations where distrust or bias is apparent or suspected, the engaging parties should make use of an un-biased individual to facilitate (and perhaps convene) the engagement.

Intimidation? The presence of an outside facilitator can encourage the articulation of opinions which might otherwise not be expressed, due to some parties feeling intimidated.

Rivalry? Rivalries between individuals and organisations can be mitigated by the presence of a facilitating individual or organisation.

Lacking definition of the problem? If the problem is poorly defined, or defined differently by multiple parties, an unbiased listener and analyst can help to construct an integrated, shared understanding of the problem.

Possibly emotionally upsetting situation? Bringing in a facilitator to lead the process lets the engaging parties focus on the problem at hand, which can lead to better results.

Complexity or novelty? In a complex or novel situation, a process expert can help the group do a better job of working together intellectually to solve the problem.

Timeliness? If a timely decision is required, as in a crisis situation, the use of a facilitator can help the parties to reach necessary agreements faster.

What does a competent facilitator do?

Helps the engaging parties to define the intended outputs and how they will be used.

Design a tailor-made interaction that suits the requirements of all participants.

Checks that the participants are supportive and involved in the process.

Ensures independence and accountability in facilitation.

Creates a suitable atmosphere.

Holds clarity throughout the meeting.

Encourages meaningful interaction.

Manages the engagement interaction as a learning opportunity.

Source: Krick et al. (2005, 112).

In order for a facilitator to do his/her job effectively, it is important for him/her to have a good experience and insight on facilitating techniques. The table below presented a brief account of some of the facilitation techniques as applied to small or large groups.

Table 18: Common facilitation techniques

Name	Purpose	Description
Appreciative Inquiry	Identify and leverage resources and positive experiences which have contributed to success in the past.	Appreciative inquiry used in stakeholder engagement seeks to identify "what works" through inviting participants to recount individual success stories regarding the relationship between a corporation and its stakeholders. These stories serve to inspire a more positive approach to the relationship, and more creativity. Once discovered, these stories are shared throughout the organisation. What is "wrong", "inadequate" and/or "not good enough" moves out of awareness as the organisation taps into positive possibilities rather than past failings. Appreciate inquiry is based on the idea that a positive future can be built on the successes of the past.
Consensus Building	Collaborative decision making and partnership building between diverse stakeholders.	With the assistance of an unbiased mediator or facilitator, participants are guided through a structured process of raising issues, understanding each other's views, and then cooperatively developing an agreed upon resolution. A short guide to consensus building: http://web.mit.edu/publicdisputes/practice/cbh_ch1.html
Consensus Conference, Citizens Jury	Stimulate informed public debate.	A panel of stakeholders is brought together and asked to investigate a particular question. The panel selects and then publicly cross-examines experts and produces a report of its findings. Most often used in relation to questions relating to new science or technology.
Nominal Group Technique	Generate and organise ideas quickly.	Break down into small groups to discuss clearly articulated question. Note ideas on 5-8 cards per group. Cards grouped into logical categories and displayed on wall. Groups can prioritise ideas using voting with paper dots. Ideas are shared with larger group in a 'marketplace' display.
Open Space Technology	Giving everybody the opportunity to surface and engage on his/her 'issues', concerns or ideas.	In Open Space meetings, events and organisations, participants create and manage their own agenda of parallel working sessions around a central theme of strategic importance. Open Space conferences therefore have no keynote speakers, no pre-announced schedules or workshops and no panel discussions. Instead, sitting in a large circle, participants learn in the first hour how they are going to create their own conference. Anyone who wants to initiate a discussion or activity, writes it down on a large sheet of paper in big letters and then stands up and announces it to the group. After selecting one of the many pre-established times and places, they post their proposed workshop on a wall. When everyone who wants to has announced and posted their initial offerings, participants mill around the wall, putting together their personal schedules for the remainder of the conference. The first meetings begin immediately.
Planning for Real	Collaborative decision making in local communities.	Planning for Real is a process trademarked by the Neighbourhood Initiatives Foundation (www.nifonline.org.uk). The process uses large-scale maps and three-dimensional models to promote discussion of planning and community development options.
Scenario Planning	Creative thinking and communication of complex ideas.	A small panel of stakeholders including decision makers and experts are guided by a facilitator to identify key issues relevant to the issue under discussion. From this key trends and driving force are determined. The most important possible trends are then fleshed out into contingent futures.
Visioning	Creative thinking and collaborative planning.	In a visioning process individuals and groups develop a vision for the future. Having developed the vision they then go through a process of 'back casting' to translate the vision into more concrete goals and action plans.
World Café	Generate ideas, share knowledge, stimulate creative thinking, and explore action possibilities with quite large groups.	Seat people at tables of 4 or 5 set up informally in a café style. Each table is hosted by one person who stays there. Each table discusses a related question linked to the overall theme, drawing and writing on the tablecloth to record ideas. After 30 minutes people move to a new table and are encouraged to link and carry over ideas from one conversation to the next. After several rounds draw together a final synthesis discussion through a whole group discussion. www.theworldcafe.com

Source: Krick et al. (2005, 109).

The consultancy Article 13, when carrying out stakeholder engagements, ask the following questions to identify the stakeholder perspectives and their measurements of success:

- How was it for you? (Was it safe, accessible, transparent, clear, trust-building, informed, involved, relevant, participative?)
- Did we achieve the purpose of the engagement?
- How could we improve the engagement?
- How could we move forward to ensure delivery to the objective/purpose?
- How will you judge that we have listened, learned, and taken action?
- What would make these evident for you?
- Would you like to continue the engagement process?
- How would you like to move on?

Figure 34: Methods of assessing engagement with stakeholders

Source: Krick et al. (2005, 95).

- Anticipating Risk

Some element of risks may be attached to the engagement process either in the beginning, mid-way, or in the final stage. The engagement team should assess possible things that may go wrong with the stakeholder engagement process. For instance, there may exist some stakeholder groups who have intense conflict of interests. Some key stakeholders may also refuse to be part of an engagement process for reasons best known to them. It is important for an organization to find a way to understand the concerns of these stakeholders in order to address them. There is also a risk of some stakeholders not adhering to non-disclosure agreements with respect to sensitive issues. An organization should also consider the next line of action in the event that stakeholders' expectations are not met after an engagement process. Contingency plans have been recommended to be put in place in order to address potential risks (Krick et al. 2005, 115).

- Recommended methodology for designing the engagement process

This aim of this activity is to put in place a well-designed engagement process which meets its objectives and works smoothly.

There are three steps to follow:

I. A company should identify the people i.e. internal and external stakeholders who will be involved in carrying out the engagement process. People who can assist with the design process should also be involved by the company.

II. There are set of checklist of issues and options that should be examined and certified intact based on individual or group responsibility. Refer to "stakeholder engagement plan template" as presented below in the form of a figure.

III.   A company should draft an engagement plan that covers the key design issues, related tasks, "responsibilities, resources and timelines" [see stakeholder engagement plan template below] Krick et al. (2005, 115).

An engagement plan template which summarizes the key elements of the engagement process is presented below in the form of a figure.

Overview			
Subject of Engagement - Scope:			
Strategic Objectives - Intended Outcomes:			
Engagement Approach - Method(s):			
Targeted Stakeholder Groups & Representatives:			
Practical Plan			
	Activities & Resources	Responsibility	Timeframe
Preparation			
Invitation / publicity			
Pre-information			
Logistics			
Venue, timing			
Transport, food, lodging etc.			
Equipment etc.			
Participants reimbursement			
Process to meet desired outcomes			
Agenda/plan for the event			
Ground rules and terms of reference			
On the day roles and facilitation			
Record keeping and Assurance			
Assurance Procedure			
Feedback to participant			
Wider communication of results			
Signals of success (hoped for inputs and outcomes)			
Participant satisfaction feedback method			
Risk Assesment			
Risks:			
Contingency plan:			

Figure 35: Stakeholder engagement plan template

Source: Krick et al. (2005, 115).

At the completion of stage four of this framework, a company/organization would have developed a method of engaging its stakeholders as part of a continuous management process. A way of deliberating on issues which are material to the organization's success

would also have been put in place.

- Outputs of stage four of the framework

➢ Information, and increased shared "understanding or agreement" on next line of action to address issues of common interest.
➢ Development of closer relationship with stakeholders.
➢ Confirmation of the materiality of issues i.e. usefulness and relevance of issues.
➢ Likelihood of identifying the additional material issues (Krick et al. 2005, 117).

4.5   Acting, reporting and reviewing

Figure 36: Summary of stage five of framework

Source: Krick et al. (2005, 19)

The purpose of the stage five of this framework is to convert "new learning, insights and agreements" into "action" or deeds. This stage also makes sure that the stakeholders involved in the issue of engagement understand how an organisation carries out this activity. This stage is a follow up to the main engagement activity in itself. The overall engagement process is a continuous and iterative one. The "new learning, insights and agreements" at this stage are converted into resolutions, policies and plan of actions. These resolutions, policies, and action plan can help in stimulating and improving business processes and strategic or operational modifications (Krick et al 2005, 119). In the context of service design for instance, the information gathered in the stage four of the framework can help in realising or actualizing the service design plans (Moritz 2005, 144).

The figure below highlights the connection between the stage four and the stage five of the framework. It is worthy of note that the figure below is only for the purpose of clarity, and it does not suggest that that stages of the engagement framework are linear.
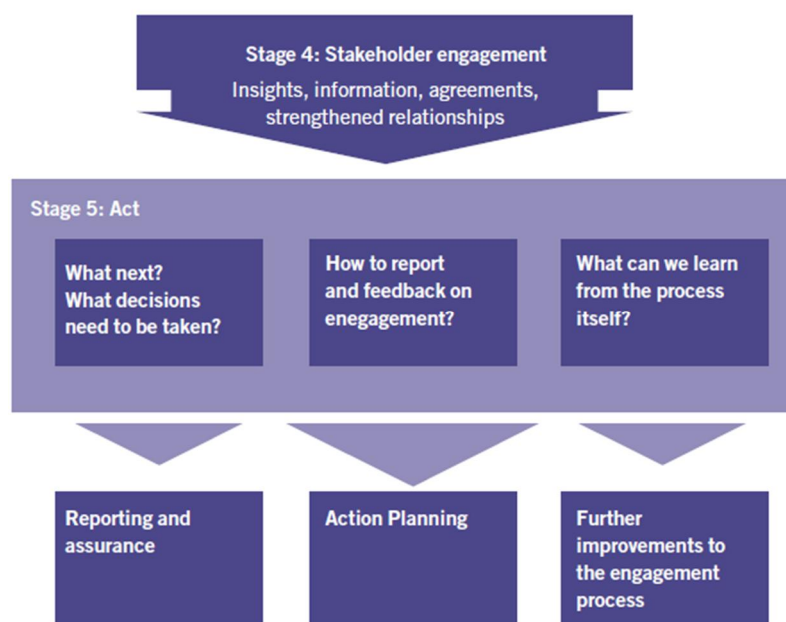
Figure 37: Process flow of stage four and five
Source: Krick et al. (2005, 120)

There is a need to build on the relationships that have been developed with the stakeholders during the main engagement activities. This can be done through time bound feedback on the plan of action that will be carried out. The stakeholders should also be intimated with information on further engagement or future dialogue based on the requirement of the earlier engagement. The possibility of spontaneously discovering new issues of engagement in

the course of engagement cannot be ruled out despite careful preparation and planning. This development may bring about a review of the materiality of different issues and their prioritisation. This review will also include resource allocation in accordance to the requirement of this new development. Overall, the total engagement process requires an assessment and review in order to pinpoint areas of further improvement in successive stakeholder engagement phase (Krick et al 2005, 119).

In reference to the principles of materiality, completeness and responsiveness, the stage five of this framework is expected to leverage on the principle of responsiveness (see Krick et al. 2005, 14).

This stage is made up of the three main processes, and they are:

I.   Acting: the information gathered in earlier stages of the framework are used to make decisions that influence strategies, service/products, and processes. This action can be carried out through planning and monitoring of strategic and operational changes that have been agreed upon by concerned stakeholders. The plan for monitoring the implementation of engagement outcome may be based on already agreed "indicators or success factors" with the stakeholders. The information from stakeholder engagement processes sometimes has been found to create added value for people and departments that have not directly participated in the engagement process. Internal and external stakeholders may require to be educated in order to understand and share mutual ownership of the needed approach to address some issues. The action an organisation or engagement team may have to take could also include building "competences" in preparation towards further engagements. Setting a SMART target has been identified has a useful way of responding to the outcome of the engagement (Krick et al. 2005, 120-121).
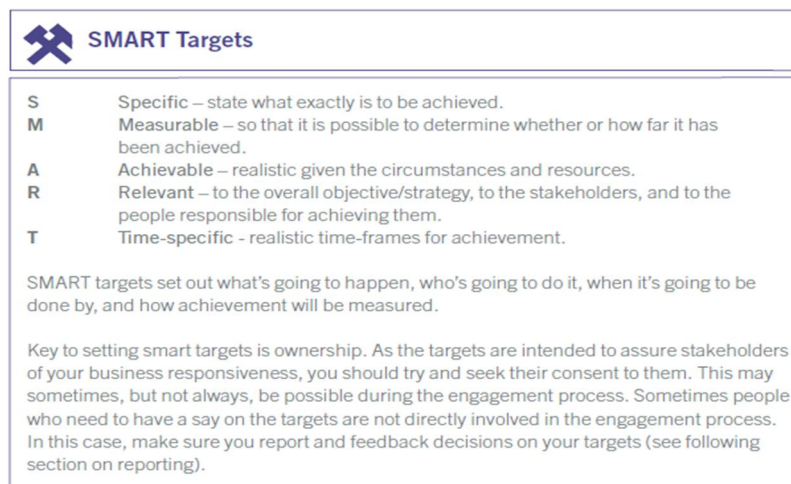
Figure 38: SMART Target

Source: Krick et al. (2005, 120)

A methodology with the use of a template (engagement outcome implementation matrix) has been suggested as a way of creating a plan of action. As a recall, this activity involves developing a plan with which "insights, information and agreements" are translated into action. This plan will also make it possible to monitor the follow up activities and report the outcome of the engagement.

The following steps can be taken in order to carry out this activity:

- A group of people who have taken part in the engagement process and have the capacity to make or influence decisions should be selected.

- These people should review the outcome of the engagement via a "team meeting or workshop" and summarise it.

- The items in the matrix template below are to be filled by this team having deliberated together. These items i.e. strategic objective, outcomes/results etc. are explained below briefly.

Strategic Objective	Outcomes/ Results	Strategic & Operational Implications	Owner / Decision Maker	Next step / Smart Target	Internal Responsibility for Monitoring and Reporting	Timeline

Figure 39: Engagement outcome implementation matrix

Source: Krick et al. (2005, 120)

A. Strategic objective: this information can be found in the engagement plan (see stakeholder engagement plan template).

B. Outcomes/results: in relation to the strategic objective, the outcomes from the engagement are spelt out clearly.

C. Strategic & operational implications: this entails the potential implications of these outcomes on strategies and operations of the organisation. This could be narrow down to service quality, customer experience/satisfaction, stakeholder value etc. in the context of services.

D. Owner/decision maker: a responsibility for follow up should be assigned to necessary stakeholders.

E. Next step/Smart target: the next step(s) that may have been already agreed with stakeholders should be identified. A decision should also be made on when these steps will be carried out. Other remaining questions or issues that need attention in follow up engagement process should be identified. The people who are to be responsible for this follow up should be selected. Smart target will be useful for setting targets on actions e.g. service which the organisation should deliver.

F. Internal responsibility for monitoring and reporting: this entails assigning the people who should implement this activity. This also ensures that valuable information that could add value to the organisation and its stakeholders are disseminated appropriately (Krick et al. 2005, 122-123)

It is important to carry along all the key stakeholders especially the top management of the organisation in order to secure sufficient buy-in to implement the outcome of the engagement. This implementation can be realising a new service or improving an existing.

II.   Reporting: This is the process of keeping the stakeholders informed on past results, and current outcome of engagements. In addition, it includes information on plans concerning how the issues of engagements will be continually addressed in the future (Krick et al. 2005, 120). Reporting back to the stakeholders an organisation has engaged with can also spur on the interest of other stakeholders who did not participate in the earlier engagement process. Consequently, this can influence the decisions of the unengaged stakeholders towards mutual gains. As an example, these stakeholders could be intending investors or to-be customers (prospects) who may be positively influenced by how an organisation has addressed one issue or the other with its active stakeholders.

There exist various ways in which an organisation could report back to the stakeholders it has engaged or wish to engage with on material issues. These ways include but not limited to:

- Face-to-face conversations.
- Telephone briefings.
- Letter of appreciations with summary of results and next plans.
- In form of usual reporting processes e.g. "corporate responsibility report" (Krick et al. 2005, 124).

Reporting has been described as a fundamental part of stakeholder engagement processes. This can be seen from the perspective of a direct and indirect feedback to both the participant and non-participant of the engagement process. For instance, public reporting has been identified to play an important role in intimating stakeholders about corporate performances. Reporting has also been seen as a way of advancing the effort on "global debate" on the activities of businesses as they evolve in our society. Sustainability reporting from organisations can be influenced by stakeholder dialogue as highlighted in the "UN Global Compact Performance Model". The GRI guidelines also emphasise the importance and value of stakeholder engagement. According to the Global Reporting Initiative, a sustainability reporting guideline (GRI guidelines) is defined as follows: "The practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development" (Veale, Bisset, Blake, Flew, Gray, Harris, Price, Spottiswood & Vandestadt 2008, 3). GRI sustainability reporting guideline has been identified as the most internationally recognised guideline on sustainability reporting. This guideline can be adapted with other "guidance documents and technical protocols" to develop a comprehensive guidance on reporting. It also covers "principles and indicators" for effective sustainability reporting. The on-going development of GRI guideline to continue to

meet the management needs of organisations has been made possible through a broad "multi-stakeholder process" (Krick et al. 2005, 125).

The growing need of stakeholders to understand the performance and approaches of organisations on how they manage the sustainability aspects of their activities (i.e. environment, social, economy & governance) makes sustainability reporting indispensable. These sustainability aspects of organisations' activities are also expected to be managed in such a way that they have the potential for value creation. For instance, the "environmental, social and governance (ESG)" factors have been identified to contribute to organisations' long term financial performance and return on investment [ROI] (Veale et al. 2008, 3). *However, a management challenge on how an organisation could improve its value adding ability to its interaction with stakeholders has been identified. It was stated that this challenge lies in how well an organisation could align its "internal and external reporting systems and disclosure."* Future engagement in itself can be triggered by quality reporting. An example of this is how an organisation's first ever public announcement on its "sustainability performance" could turn out as a foundation for a preliminary discussion with the civil society or external stakeholders. The appropriate communication pathways that could encourage active stakeholder responses should also be considered (Krick et al. 2005, 124).

The importance of sustainability reporting also came up from the interview this author conducted with one of the key contact persons (stakeholder) of the case company, L & T Oy. The interviewee said his company did a sustainability reporting some time last year (2011). He also emphasised that, at the moment, they are looking at ways of improving their sustainability reporting. The interviewee also confirmed to the author of this thesis that they had used the GRI sustainability reporting guideline as a guide. The interview actually threw more light on further managerial need of this case company i.e. improvement of its sustainability reporting. Consequently, this author was able to identify this aspect of reporting as an important area for future research and development with this case company.

GRI sustainability reporting guideline is a "globally shared" and comprehensive framework of "concepts, consistent language, and metrics". Its application cut across different organisations of varying sizes, locations and industries (Global Reporting Initiative 2011). Studies on GRI sustainability reporting should be explored separately in an in-depth way in order to meet the improvement need of this case company. The scope and focus of this thesis as originally designed does not include the exploration of GRI sustainability reporting in this regard. In view of this, the improvement of L&T

Oy GRI sustainability reporting is hereby recommended as a future research area. This research area as recommended above could be considered in other studies, in collaboration with L&T Oy. In the meantime, this section will continue with the description of stakeholder reporting as one of its areas of focus.

As mentioned earlier, the principle of responsiveness should be adhered to in order for an organisation to pass the "acid test" of effective stakeholder reporting. This principle ensures that the organisation gives an adequate response to material issues as identified from the engagement process. Nonetheless, it is noteworthy that the reporting organisation is not compelled to agree or endorse all stakeholders' interests and concern in relation to this principle of responsiveness. Rather, what is expected of the organisation is an ethical way that certifies that the stakeholders have been responded to in a coherent and consistent manner. *An adequate response includes acknowledging key concerns, prioritising issues, accounting for what has happened since the dialogue, benchmarking, and setting next steps within a specified timeframe* (Krick et al. 2005, 125).

The effect of an organisation's public reporting can be felt by both internal and external stakeholders. Usually, the process of reporting has been found to stimulate internal dialogue that can bring about a change in organisational culture and results (Krick et al. 2005, 126).

A case study of British American Tobacco Plc on its report on stakeholder dialogues and assurance by Bureau Veritas is presented below in the form of a figure.

In the material issues section of British American Tobacco plc's Social Report 2004/2005, BAT reports on six topics identified as being of material interest to the Group and its stakeholders, which emerged following stakeholder dialogue internationally over three reporting cycles. These topics are: Marketing and youth smoking prevention; Health risks and product information; Harm reduction; Public place smoking; BAT's primary supply chain; Excise and tackling illicit trade. The stakeholder dialogue with UK companies in 2004/2005's social reporting cycle therefore focused on these six topics.

For each topic in this section, BAT includes in the report:
☐ an independently compiled dialogue report and stakeholders' comments;
☐ all commitments made in the previous year and a report on progress.
Furthermore, each topic is prefaced by an independent commentary from the UK's Institute of Business Ethics.

In addition to these 'soft' assurance mechanisms, BAT plc's Social Report 2004/2005 report also underwent a thorough external assurance process which is carried out by Bureau Veritas using the AA1000 Assurance Standard. Bureau Veritas employs different symbols for different levels of assurance; the symbols mark different elements of the reports. The highest level of assurance 'awarded' meant that Bureau Veritas warranted that the information presented was supported by underlying evidence, the activities had been observed by the assuror, and the activities described were aligned to the requirements of the AA1000. Audit techniques employed by Bureau Veritas included:
Face-to-face and telephone interviews with relevant British American Tobacco personnel, both at its headquarters in the UK and at local company level;

- Reviewing of relevant systems and processes in place where available;
- Detailed reviews of documentary evidence held at the British American Tobacco headquarters in London in relation to the activity conducted there and of information relating to British American Tobacco's responses to the points raised in dialogue;
- Discussions with external parties to corroborate information where appropriate;
- Attendeding all stakeholder dialogue sessions held by British American Tobacco in London; Kenya and Brussels;
- Attended four consumer dialogue sessions held by British American Tobacco in the UK
- Reviewing reports compiled by the independent facilitators from each UK-based and international dialogue.

Figure 40:Case study of BAT's stakeholder dialogue reporting

Source: Krick et al. (2005, 127)

The quality of a report can be assessed using the principles of materiality, completeness, and responsiveness as a yardstick or measure. Organisation's corporate responsibility report with respect to stakeholder engagement can be used as an example. A checklist that can help to confirm if an organisation's report aligns with these principles is presented below in the form of a table (Krick et al. 2005, 127). This checklist can be considered as one of the numerous tools that come with the stakeholder engagement framework under application in this thesis.

Table 19: Checklist for reporting to stakeholders

AA1000AS Principle	Does the internal and / or external report. . .
Materiality	...reflect how the organisation defines which stakeholder issues are material to its business? ...discuss what criteria are used in making decisions about materiality? ...explain why the identified stakeholders/issues are either material or not? ...reflect how dilemmas between different expectations regarding materiality are acknowledged? ...discuss whether indicators and targets included in the report can be, and are, used in strategic and operational decision-making processes?
Completeness	...indicate how the organisation seeks to understand its performance and impacts relating to material issues (e.g. why it uses specific indicators, management and internal assurance processes etc)? ...indicate how the organisation has decided on what performance aspects to include in its measurement (e.g. activities, products, sites and subsidiaries)? ...indicate how the organisation integrates these measures with its core management, governance and change processes? ...enable stakeholders to interpret the information in ways that is useful for their decision-making (e.g. ensuring accuracy of information)?
Responsiveness	...discuss the reasoning used by the organisation in deciding what issues to respond to? ...reflect how the organisation allocates resources to enable the implementation of commitments to respond to material stakeholder issue? Do these resources appear adequate? ...discuss how the organisation identifies any shortfalls and subsequent corrective actions in relation to material issues? ...specify targets relating to identified improvement needs? What is the technical quality of these targets (i.e. are targets timely, measurable, specific, realistic etc.)?

Source: Krick et al. (2005, 128)

A report has been described as a "powerful tool" with which an organisation could assure its stakeholders. A well prepared report that has fulfilled many of the items listed above can be described as a "high-quality" report. This type of report often helps to assure organisation's stakeholders of the quality of the organisation's response to the stakeholders' concerns and expectations. A further level of trust and credibility between an organisation and its stakeholders can also be developed through an official assurance of the process of stakeholder engagement (Krick et al. 2005, 128). "Assurance can be defined as an evaluation method that uses a specified set of principles and standards to assess the quality of a subject, such as organisation's internal and/or external report or stakeholder engagement activities." This also includes the underlying systems, processes and competencies that underpin the organisations performance (Accountability 2005; Krick et al. 2005, 128). A brief suggestion on the methodology of designing an assurance process can be found in the Practitioners Handbook on Stakeholder Engagement literature (e.g. Krick et al. 2005, 129 -131). Assurance in itself is a complex topic, and it cannot be treated in a comprehensive way at this time given the limited scope of this thesis (Krick et al. 2005, 131).

Finally, the third step or process within the stage five of the stakeholder engagement framework (i.e. reviewing) will now be treated.

III.   Reviewing: the engagement process is reviewed for the purpose of deducing knowledge from successes and pitfalls. This helps to identify and address areas of engagements that require further improvement (Krick et al. 2005, 120). It is necessary to learn some lessons from previous engagement activities. Lessons concerning what went well, what did not, and what could be improved next time are learnt during this process. This process provides one of the ways of refining the organisation's "business' approach to future engagement". This can be done through a comprehensive assessment of the overall stakeholder engagement process. The outcome of this assessment can also assist an organisation in sharing lessons learnt internally and externally with its peers, partners and other stakeholders (Krick et al. 2005, 132).

A methodology has been suggested as a way of reviewing the engagement process. This method can be carried out by a team that may include stakeholders at the end of the engagement process. The steps to take within this method are presented below one after the other.

➤   The following tools can be used in other to involve the stakeholders in the evaluation process e.g. a "bulletin board" for comments during the course of engagement and after it. "Anonymous mailboxes" and post-it cards are also useful. The stakeholders concerns, hopes, fears etc. can be solicited through these means.

➤   The "best and worst-case scenarios" during engagement should be examined. This can be done by placing the engagement on a scale of best and worst case.

➤   The signals for success or process targets that are pinpointed in the stakeholder engagement plan should be re-examined (see Krick et al. 2005, 114). Some of the following questions should be answered: Did it happen? Was it better or worse than the expectation? Why? Were the targets feasible? Did unexpected things or problems come up?

➤   In general, the team should endeavour to identify what worked and what did not, and what can be improved in the future.

- ➢ Any gap between the material issues that were identified before the engagement and what came up during the engagement should be identified? The magnitude of this gap and its consequences should be examined and highlighted.

- ➢ The results from these steps above should be summarised in the template presented below in the form of a figure (Krick et al. 2005, 132).

Engagement Process			
Overall Engagement Assessment			
Process targets/ signals of success. Did you set any targets. e.g. on attendance, progress, stakeholder satisfaction?		Did it happen? To what extent did this engagement meet its process targets? e.g. people participated, agreement was reached, stakeholders happy with the process)	
Engagement objectives. What did you want to achieve?		Did it work? To what extent did this engagement meet its process objectives?	
Overall how well did it go?. (re-visit scenarios)	Worst case scenario		Best case scenario
Practical Review			
What went according to plan?			
What didn't go according to plan?			
What would you do differently next time?			
Did the engagement make an impact on stakeholders' views and/or behaviour?			
Did the engagement make an impact on the company's views and/or actions?			

Figure 41:Engagement review summary template

Source: Krick et al. (2005, 133)

Note: there are some things to be considered in this process. It is possible for some parts of the review process to take place during the main engagement process. An example of this can be found in this thesis in the section of stage four of the engagement framework (see the figure labelled: methods of assessing engagement with stakeholders). This figure depicts how an organisation could carry out an initial assessment of the quality of the engagement process with its stakeholders. It should be noted also that in some cases, it may take a long period before the engagement generates changes in the perspective or actions of an organisation. As a result, it should be carried out periodically (Krick et al. 2005, 132).

- Summary of stage five of the framework

At the end of this stage, the engaging organisation should have been able to do a review of the engagement process. It should have been able to convey the information gained to the required decision makers. In addition, the organisation should have been able to create a plan to monitor and report on outcomes.

Key outputs

➢ Appropriate information conveyed to decision makers that are internal and external to the organisation. This will also include an "assurance framework".

➢ A growing appreciation of the current material issues, or a discovery of new ones.

➢ "Stakeholder engagement outcome implementation matrix"

➢ "Stakeholder engagement review" (Krick et al. 2005, 134).

5 Empirical data collection, Analysis & Results

This section looked into the process of data collection and analysis of the current state of the co-creation approach of the partner company with its case companies. The data in this part of the study have been mainly collected through the process of thematic interviewing based on the provisions of CoCo tool. The interview questions have been developed with reference to the first component of the co-creation tool as explained under research methods and processes section. The co-creation tool was used to answer the second research question of this study. The first component of the co-creation tool consists of three sets of interview themes that covered some key areas of the activities of the main partner company. The main partner company in this research was L&T Oy, and its B-to- B customers were the case companies. As a recall, the interview themes covered the following areas: (A) Company's strategy, vision, aims and business environment (B) Customer interaction and relationships, and (C) Service design process [service development & innovations].

Some relevant and key representatives of the partner company and the case companies were interviewed by this author, and his project members. This author interviewed five people. Three of the interviewees were from the partner company. The other two interviewees were people working in the areas of research and development with backgrounds in service designing. The other people who were representatives of the case companies (B-to-B customers) were interviewed by this author's fellow project members. Six people were interviewed from the case companies by these project members.

Data collection process:

Interview appointments were booked with the interviewees via email and phone contacts. Most of the interviews took place in the meeting rooms and workplace of the interviewees. Since the interview processes were a legitimate and formal one, the interviewees were willing to offer as much cooperation as possible towards the data collection. The interviews were conducted based on the scheduled appointment under a quiet and enabling environment. The voice data from the interview were recorded using a tape recorder with the permission of the interviewees. The voice data were later transcribed into a text version. The text versions were sent to some of the interviewees to validate its content in order to ascertain there was no misinformation. The text version of the data were then analysed using the second component of the co-creation tool (CoCo tool) as a yardstick. Co-creation continuum was used to analyse the current state of the partner company's co-creation activities on a scale of (1) minimum – co-creation not evident, (2) medium – co-creation is averagely evident and (3) maximum – co-creation is very evident. See co-creation tool under research methods and processes section. The results of the analysis were visually presented graphically in an easy to understand manner in the form of a tree with roots and seeds. This tree is known as the co-creation tree (CoCo tree). See the third component of co-creation tool under the research methods and processes section. At the end of the analysis and visual presentation of the results, there was also a written interpretation and explanation of the result with necessary recommendation.

Kindly find below a typical sample of the CoCo tree result depicting the three components of the CoCo tool. A recommendation for improvement based on the result was also given.
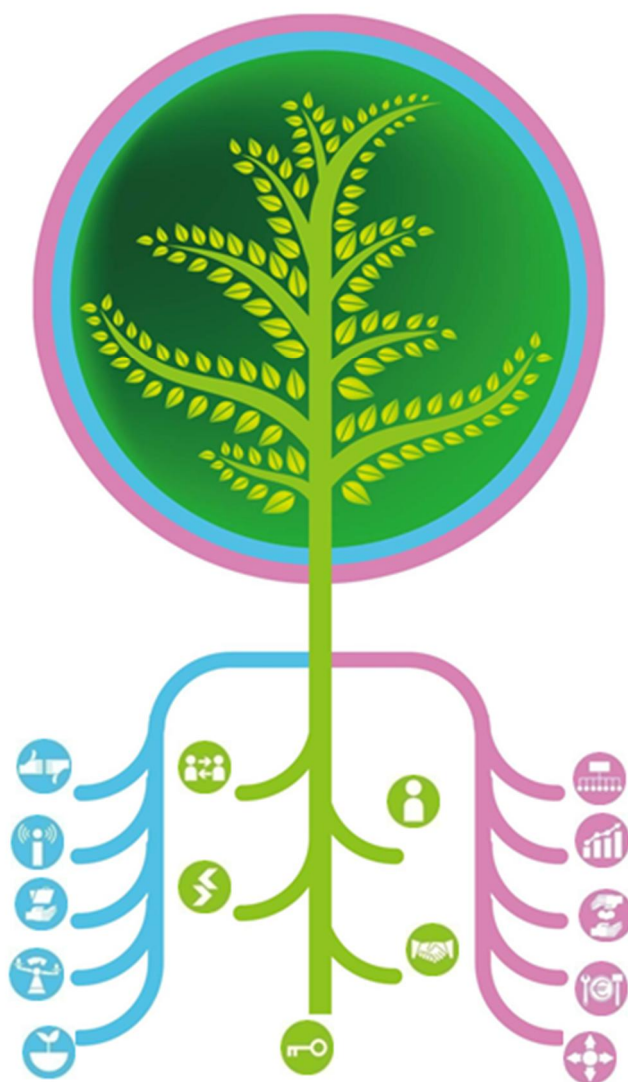
Figure 42: L&T co-creation tree result

Explanation of result (qualitative):

The qualitative analysis of co-creation approach based on the interviews conducted with L&T employees was the qualitative part of the result.

In general from the point of view and judgement of the author of this thesis, the co-creation approaches across the 15 criteria that were studied revealed an average result. In other words, the current state of co-creation activities of L&T across the examined areas lies in the middle of the co-creation continuum. The level of co-creation and collaboration with the case companies seem to be dependent on their sizes in terms of the volume of patronage and financial returns. The higher the volume of case companies' transactions, the higher the tendencies towards co-creation approaches with the partner company and vice versa. The result implies there is a room for improvement in general and more attention should be given

to co-creation approaches regardless of the size of the case company. The mid position of L&T current state analysis on the continuum can be altered to make co-creation more evident than it is in the course of time. This can be done by aligning its people, customers/stakeholders, process, culture and strategy with the ideals of co-creation.

L&T can take advantage of different co-creation tools and methods that are available in the field of service designing to boost its knowledge of co-creation approaches. In addition, workshops and seminars are also quite useful in facilitating co-creation.

Quantitative Summary of co-creation tree analysis for all case companies: Co-creation tree analyses were also done for each of the five case companies based on L&T's current state analysis with them in terms of co-creation approach. The L&T co-creation tree result above was consistent with the result from the quantitative approach where the results of the five case companies were summarised. The Co-creation tree results of the five companies were quantitatively compared, analysed and summarised as one. The co-creation tree results of the five case companies are available as an attachment in this thesis.

How the quantitative analysis was done (explanation):
The co-creation continuum positioning has been divided into three namely minimum, medium and maximum. Five case companies were considered based on their interview data. The 15 criteria under the three components of co-creation tool i.e. strategic thinking & business model, customer interactions & relationships, and service design processes were analysed. This was done for each of the five case companies. The respective positions of the 15 criteria were figured out using co- creation continuum as a basis. In other words, the seed icons with blue, green and purple colours were categorised accordingly as minimum, medium, and maximum based on the assessment of the companies' interview data. The 15 criteria in the form of seed icons were then attached to the three main roots of the co-creation tree respectively. A typical example of a completed co-creation tree is presented above in the form of a figure. Similar co-creation tree of this nature was developed for each of the five case companies. The frequency of occurrence of the seed icons considering their positions i.e. minimum, medium, and maximum for each of the tree components i.e. service design processes, customer interactions & relationships, and strategic thinking & business model were counted.

An overview of the outcome is presented below in the table named "summary of companies' co-creation result".

Table 20: summary of companies' co-creation tree (Quantitative approach)

Position of icon on the continuum	Service Design processes	Customer interactions & relationships	Strategic thinking & business model	Total number of times (frequency)
Minimum icon	11 (3rd rank)	3 (1st rank)	7 (2nd rank)	21
Medium icon	9 (2nd rank)	8 (3rd rank)	12 (1st rank)	29 (most favoured)
Maximum icon	5 (3rd rank)	14 (1st rank)	6 (2nd rank)	25
Overall performance ranking	3rd rank	1st rank	2nd rank	

Note: Note: The 11, 3, & 7 for minimum icons; 9, 8 & 12 for medium icons, 5, 14 & 6 for maximum icons all implies the number of times they occur under each of the three components. As a recall, the three components are service design processes, customer interactions & relationships, and Strategic thinking & business model.

: this is an example of a seed icon in the CoCo tree. They are a total of 15 in all and they are referred to as the criteria that were examined in the interview.

As an example let us consider the second column of the table above with "service design processes" as heading. The minimum seed icons which implies that co-creation approach is not evident in the areas of service design processes occurred 11 times with the five case companies. The medium seed icons which imply co-creation approach is averagely evident in the areas of service design processes occurred 9 times with the five case companies. In the same way, evidence of good co-creation approach (i.e. maximum icons) in the areas of service design processes came up 5 times with the five case companies. This activity was repeated for the remaining two components in column three and four. The number of times of occurrence of the minimum, medium, and maximum icons along the rows were summed up as total frequencies as 21, 29 and 25 respectively. Clearly, the medium icons that imply average co-creation approaches are the highest. *This implies the overall co-creation approach of L&T in relation to the partner companies is inclined towards an average or medium performance.* This has been explained earlier in the explanation of the L&T co-creation tree result that was presented above.

The number of occurrence of the three sizes of the icons i.e. minimum, medium, and maximum can also be ranked further along the rows. The minimum icon with the lowest

number of occurrence has the highest rank while the maximum icon with the highest number of occurrence has the highest rank. In other words, more minimum icons imply something negative, and less minimum icons imply something positive. In the same way, more medium or maximum icons imply a positive performance and vice versa. For instance, the row labelled "minimum icon" above has 3 as its lowest number of occurrence hence it was ranked as first. Similarly, the row labelled "maximum icons" above has 14 as the highest number of occurrence; hence it was ranked first. The same thing was done for the medium case across the table. The overall ranking as presented above helps to have an overview of which of the three components has better performance as against others in terms of comparison. Taking a look at the second, third and fourth column of the table above "customer interactions & relationships" was most favoured in terms of co-creation approaches. This was followed by strategic thinking & business model, with service design processes being the least. This implies L&T Oy has not explored co-creation approaches well enough in the areas of service design processes (innovation & development) in comparison with the other two components. The table above has presented a further quantitative approach of backing up the qualitative findings so as to confirm the logic behind the result.

Service blueprint application, its result and recommendation

In this thesis, a service blueprint was developed to explore the touchpoints of L&T's service offering in order to identify the problem areas and make appropriate recommendations for improvement. As a recall, L&T's existing waste management service is the area under focus. The result of the service blueprint is available as an attachment in this thesis.

The observation research part of this study was helpful in gathering information towards the development of the service blueprint. The discussion from the face-to-face meetings of SISSI project members also helped to give more insight on the waste management service that was studied.

Explanation of service blueprint and recommendations for improvement

The service blueprint explored the service touchpoints and customer journey of L&T energy waste recycling management. This blueprint had identified some flaws in the delivery of the service. The flaw or problem areas along the service path were highlighted in red colour boxes, and they required some improvement. In addition, the boxes highlighted in yellow colour indicated new ideas that could be applied to find a solution to or address these problem areas. The Suggestions to address these problems include the following:

A. Feedback forms: these forms will help in informing L&T customers on their compliance level with sorting instructions. These forms will also help in informing the customers on the quality of wastes they generate in terms of chlorine content. The

customers can as well give L&T feedbacks at the same time on any matter of their choice as a two way interaction.

B. Refuse bag stickers: these stickers are to be designed and agreed between L&T and its customers. The stickers are aimed to differentiate companies' wastes from one another so as to avoid mix ups. This will make it possible to track the source of a particular waste from another.

C. Expert advice: this is a persuasive and collaborative approach in influencing customers to buy eco-friendly materials. By so doing, less chlorine content wastes will be generated at the end of material consumption.

D. Test the customers' understanding and knowledge of training: this involves an effort to ensure that customers have a clear understanding of the sorting instructions and training. This testing should be a continuous process from time to time. This is to ensure new and untrained employees of customers/company who are responsible for waste sorting do not mix things up.

Note: The feedback from the representative of the partner company, L&T Oy was a satisfactory and positive one. The representative of the company said the identified problem areas from the result of the service blueprint were real. He was quite interested in the recommendations that came up from the service blueprint. He said He would pass the recommendations down to the company's management for possible consideration.

The Process model that was proposed in this study

The figure below represented the proposed process model that was the goal of this study. The process model integrated and highlighted the relationship that existed between an organisation and its stakeholders. In the figure a "new or an existing service" represented the issue of engagement upon which an organisation and its stakeholders shared mutual interest. This process model also included the research methods that could help in getting deeper insight into the service, the concerned organisation and its stakeholders. Some of the relevant research methods in this process model were interviews, observation, and benchmarking. Service design process and tools were useful in the service design aspects. Service blueprint and co-creation tool were part of the useful service design tools in this process model. This did not suggest that these two tools were the only relevant service design tools in this context. The current state of the organisation with its stakeholders in terms of co-creation

approaches could be analysed and determined with co-creation tool. The determination of the current state of an organisation's co-creation approach with its stakeholder is more relevant with an existing service. The overall stakeholder engagement objectives of the organisation with respect to service design or other activities could be enhanced with the application of the stakeholder engagement framework. The engagement framework also included many useful tools and methodologies. The application of this framework in the engagement of stakeholders could be useful in five areas concerning stakeholder engagement. These areas are: (1) Strategic thinking (2) analysis and planning (3) strengthening of engagement capacity (4) process design & engagement activity (5) acting, reviewing and reporting.
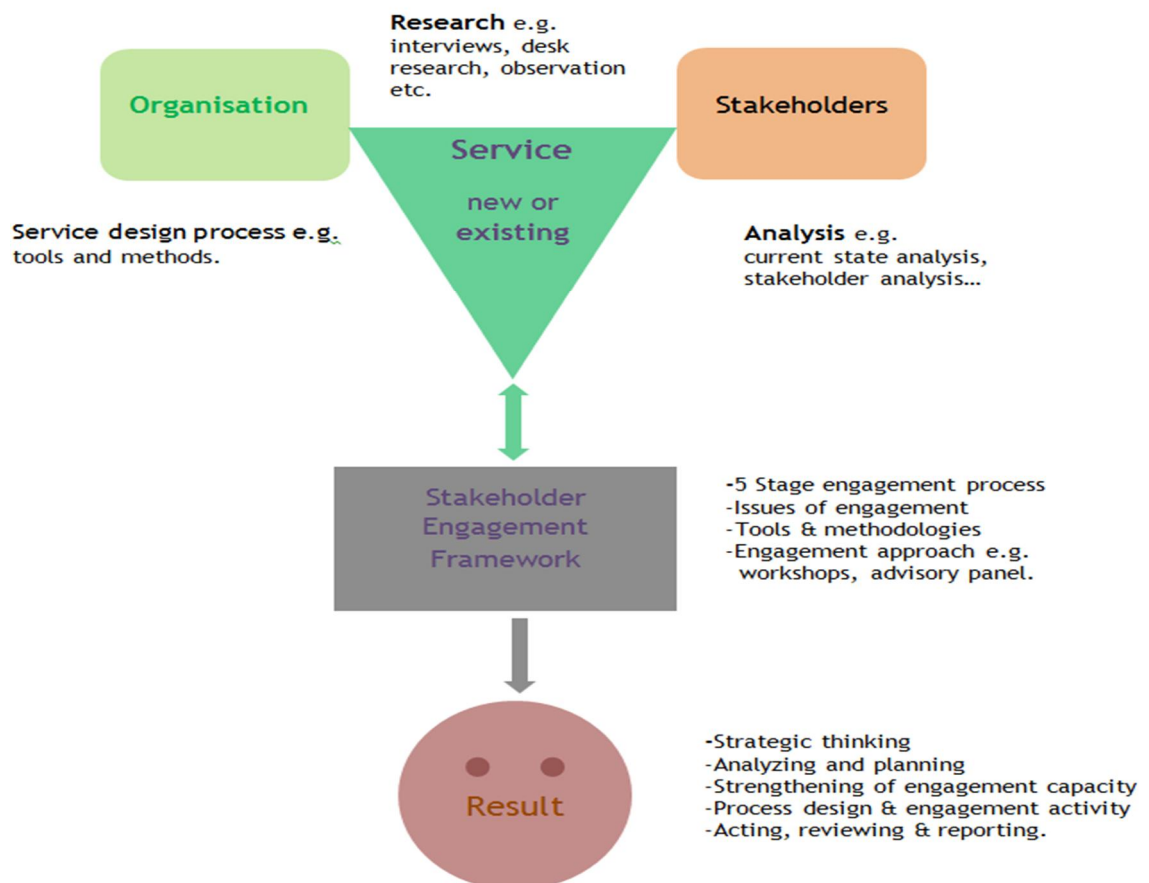
Figure 43: Process model

6   Summary, discussion and conclusions

This section aimed to present a summary of the thesis. It highlighted the aim, methods, materials and results of the study. It highlighted the gaps that were identified during the literature review with their attendant recommendations for future studies. The managerial implication of the findings in this study for the partner company was also discussed. Furthermore, a reflection on the learning experience of this author in the course of writing this thesis was included in this section.

The aim of this thesis was to contribute to the study of service design with an emphasis on stakeholder engagement beyond the usual focus on customers or end-users. The author of this thesis sought to achieve this aim through the proposal of a process model (see figure 43). The process model was developed by integrating a standard stakeholder engagement framework with service design process and tools. Three research questions were answered in this study. The research methods that were used in this study were interviews, observations and benchmarking. The materials of the research were the selected stakeholders from the partner company and those from five of its case companies. The service that was studied was waste management service.

Discussion

In this study, an existing standard stakeholder engagement framework was introduced and proposed for adaptation in the engagement of stakeholders towards designing a service. The stakeholder engagement framework was made up of five stages that were iterative and overlapping. The stakeholder engagement framework formed part of the result of an international research and development project on stakeholder engagement. A process model in the form of a figure was developed in this study. This process model was developed by integrating the stakeholder engagement framework with service design process and tools. This process model was aimed at giving deeper insights into the engagement of stakeholders in the design of a service. In addition, the stakeholder engagement framework was explored and presented in a simple form for the purpose of benchmarking by businesses and organisations. Consequently, beyond service designing, businesses and organisations can as well use this process model as a guide to address other issues that entail stakeholder engagement. The possibility of using the process model for other stakeholder engagement purposes made it transferable and applicable for use in other contexts.

The stakeholder engagement framework was explored with service design as a context in chapter four as a part of the process model as follows:

Service design was used as a context upon which stakeholders are to be engaged. Firstly, this author dedicated a lot of time to studying and understanding the stakeholder engagement framework and its process. The stakeholder engagement framework was a bit technical and relatively challenging to explore. Having gone through the stakeholder engagement framework, this author used a descriptive approach to explore the application of the engagement framework. The idea of the author was not to entirely carry out the process of stakeholder engagement. My idea was to explore the guidelines provided in the manuals of the engagement framework in a more concise and simpler form for easier use. In practical terms, it was not possible for this author to carry out the engagement process or test the whole tools that came with the engagement framework. Stakeholder engagement can be a complex process. It required various information and actions from stakeholders over a certain period of time. In addition, proper arrangement should be in place concerning the preparedness and cooperation of the engaging organisation and its stakeholders. It also required adequate time, resources, logistics and other considerations. The task of exploring and interpreting the engagement framework and its application in order to benchmark it does not lie on an individual in most cases. The author of this thesis only endeavoured to take up the challenge of individually exploring this stakeholder engagement framework. However, it gave me the opportunity to learn something new that could be shared with others. This author reflected on the guidelines for stakeholder engagement as provided in the engagement framework for future use. The engagement framework included many useful tools and templates that can help in gaining deeper insights into stakeholders' related matter, issues of engagements, engagement objectives etc. Some of these tools included but not limited to stakeholder map, issue response matrix, system strengthening plan template, SMART target etc. This author could not test most of these tools due to lack of detailed and specific information that would be required for stakeholder engagement in the real sense of it. However, this author was able to reflect on the suitability and usability of these tools from the angle of simulation. Meanwhile, stakeholder mapping was one of the activities carried out as a build up towards the engagement process based on availability of information. The stakeholder mapping actually answered the first research question concerning how to identify the stakeholders to be engaged in the designing of a service. The key outputs under each of the five stages of the stakeholder engagement framework were the managerial implications of its application by interested businesses and organisations. Global Reporting Initiative (GRI), a topic which was of vital interest to the partner company in this research was discussed briefly under the fifth stage of the engagement framework. GRI has its own comprehensive framework; as a result it could not be treated in detail given the scope of this thesis. However, recommendation for future research on GRI was proposed by this author in this study.   The exploration of the five stages of the engagement framework with service

design as a context aimed to provide an answer to the third research question. The third research question was "how to engage stakeholders in the designing of a service?" This question was answered to a large extent despite the inability to carry out a real case stakeholder engagement process at this time given the scope of this thesis and the practical requirements of stakeholder engagement.

The second research question was: what is the current state of the co-creation approach of the partner company with its case companies? The interviews in this study were conducted in order to answer the second research question. The empirical data that were collected from the thematic interviews were analysed using co-creation tool (see 3.2.5). The data collected from the partner company were analysed using qualitative method as provided in the co-creation tool. A quantitative approach was also tested and used to summarise the results from the analysis of the five case companies' data (see table 20). The explanation of the quantitative approach threw more light on how the co-creation tree results of the five case companies were summarised (see page 125). The co-creation tree results of the five case companies were documented as attachments in this thesis.

The results of the qualitative and quantitative analysis were consistent with each other. They both revealed that the co-creation approach of the partner company with its case companies was on the average. In addition, the quantitative analysis approach also revealed that customer interactions & relationships were co-created by the partner company with its case companies the most. This was followed by strategic thinking & business model. Furthermore, the result revealed that service design processes was the least co-created activity in the approach of the partner company. Consequently, this result threw more light on the current state of the partner company in terms of co-creation approaches with its selected case companies. Some suggestions towards improvement were also recommended to the partner company from the result of the co-creation tool (see page 124 – 127).

The research methods that were used in this study are briefly explained as follows:

Interviews: the interviews were specifically used to collect data that were analysed to determine the current state of the co-creation approach of the partner company with its case companies. It is important to note that the interview questions were developed from the themes of the co-creation tool. As a result, the interviews should be seen as a build up towards the application of co-creation tool. In other words, co-creation tool will be incomplete without conducting an interview which was part of its components (first component). The raw information from the interview alone was not the expected result but what was left of the interview data having analysed them with the co-creation continuum. The data from the interviews that were conducted to get insights into the current state of the partner company became meaningful having analysed them with the co-creation continuum

(second component). On the other hand, some general background information concerning the needs of the partner company in the thesis came from the interviews. The interview sessions also made it possible for the interviewees or stakeholders to contribute to the stakeholder map that was developed for the partner company.

Observation: the observation aspect of this study was helpful in the development of the service blueprint. Observation also provided additional background information on the service that was studied.

Benchmarking: the benchmarking aspect of this study was useful in the identification of the standard stakeholder engagement framework that was explored and proposed as part of the process model.

The use of service design tools

Service blueprint was one of the service design tools that were used in this study. It was used to "explore" all the essential issues that existed in the service offering of the partner company. The use of service blueprint helped to identify the problem areas in the service touchpoints. Suggestion on ways in which the partner company could address the identified problems was also highlighted in this thesis. The recommendations that were made from the use of the two service design tools (i.e. service blueprint and co-creation tool) also formed part of the managerial implication of this study.

Conclusions and recommendations from literature review

A literature review was made on the terms and key concepts in this thesis. On reviewing the definitions of service design, this author concluded that most of the definitions were synonymous with creating value, better experience and other positive indices of a quality service to customers. In other words, service design aimed to meet or exceed customers' expectation without undermining the interests of the service providers. This can as well be described as the designing of a win-win experience and situation for all stakeholders. The literature review on value co-creation also led to a conclusion. This author concluded that value co-creation relied heavily on the level of cooperation, understanding and trust that existed among the customers, the service provider and other stakeholders. From the literature review on service design processes and models, the author of this thesis presented a conclusion with a recommendation for future research. I found out that as a result of the usual differences in service design projects; there exists no absolute rules concerning the order in which service design stages follow one another. The overlapping, interlinking, and iterative nature of service design processes regardless of the model adapted has been identified in this review. This inference was also emphasized by Moritz (2005, 145).

I concluded that the success of a service design goes beyond the type of service design model that was adapted. Rather, the success of a service design process lies in a combination of

many factors such as individual skills and the experiences of the designers. Among these factors is the availability of the basic skills of service designing. A total of 17 basic skills for service designing were highlighted in Moritz literature. There also existed additional and similar set of skills that were recommended for each of the six stages of service design (Moritz 2005, 161-162). The author of this thesis opined that the service design skills highlighted by Moritz were basic and non-exhaustive. I also opined that the intangible characteristic of a service may require a more understanding of the necessary intangible skills for designing a service. As a recall, a service is intangible in characteristic because it cannot be touched, felt, looked at, stored, or returned as in the case of physical goods. These intangible skills will go a long way in complementing the basic tangible skills and experience of designers towards an improved outcome. Tangible skills are easier to learn than intangible skills. Tangible skills are skills needed for a specific task or job. Whereas, intangible skills are skills that often complement many other specific tasks or jobs. Some individuals develop intangible skills out of hobbies, special interests, natural talent, subconscious state etc. Some examples of intangible skills are intuition, visualization, open-mindedness, innovative & creative thinking, reflection ability, adaptability, T-shaped skills etc. In view of this, I recommended further research on intangible skills for designing services and how they impact the process and outcome of a service design.

6.1   Reliability and validity of the thesis

The reliability and validity section of this thesis draws on the literature of Kananen (2011). According to Kananen (2011, 66), reliability has to do with the "repeatability" and "consistency" of the "measurement" and research result. This implies the possibility of getting the same results in case the research is repeated. On the other hand, validity seeks to ensure that the thesis or research has answered the question(s) it planned to answer. This implies whether the researcher has researched the "right things." The concepts of reliability and validity have been described to have sub-concepts. "External validity" or "generalizability" has been described as the most vital one among these sub-concepts Kananen (2011, 67). The term "generalizability" implies the ability to transfer or apply the results to other circumstances or situations. Documentation with specific reasons for using a particular research method, data collection, analysis, and interpretation is one of the ways of increasing the reliability and validity of the research. It will be necessary to give reasons as much as possible for each solution and choice that was made at every stage of the thesis.

In view of the above, this author has listed below some of the reasons behind the choices and decision made concerning some of the stages of this thesis.

- Why the topic "engaging stakeholders in the designing of a service?"

Service Design is the discipline in which this thesis was written. The topic of this thesis was inspired by one of the latest definitions of service design with reference to the word "stakeholders". This definition of "service design" was given by a Swedish Researcher and Service Designer, Segelström (2010, 16). Many other definitions of "service design" have only laid emphasis to end users and customers. Selgelström's definition of service design has been able to combine some of the key search words of this thesis which are "Stakeholders", "service design" and "stakeholder engagement." Literature search on this thesis has been limited to the terms "Stakeholder engagement" or "engaging stakeholders" as part of its search words for the avoidance of ambiguity. For instance, this thesis does not seek to assume that terms such as "stakeholder integration, stakeholder collaboration or stakeholder management etc." are one and the same as "stakeholder engagement." In other words, "Stakeholder engagement" in this context is seen as a standard term or phrase as applied to ethics and organisational management among many others.

Why did this author use qualitative research methods in data collection?

Qualitative research has been found very useful in researches with individuals or groups of people as their objects (Kananen 2011, 66). The stakeholders that form the crux of this research are individuals and groups of people. Furthermore, qualitative research methods have been recommended on the Master's program in which this thesis was written. In addition, qualitative research methods had been recommended in past stakeholder related researches (Laplume et al. 2008, 1174-75).

How did the consistency in the result of the qualitative and quantitative analysis of data help to support the validity and reliability of the study?

The interviews that generated the research data were conducted by four different researchers. The four researchers included this author and three other members of "SISSI project". Research interviews and data were collected from two separate groups which are the service provider and its business-to-business customer groups. Both big and small customer groups of the service providers were considered as case companies. The result of the analysis and the interpretation of data collected separately from the service provider's perspective, and it customers' perspectives were similar in comparison. In other words, the result from the analysis of the service provider's data was consistent with the summary result from the analysis of its customers' data. This result fulfilled the consistency of the

interpretation of research result as a way of increasing the reliability and validity of a qualitative research (Kananen 2011, 68-69). The use of a quantitative approach to analyse the data aside the previous qualitative approach reflected a consistency in result. The use of both qualitative and quantitative approach in analysing the data fulfilled "methodological triangulation" as a way of increasing the reliability and validity of a research (Kananen 2011, 70-71). According to Bryman, a Professor of Social Research, "triangulation is sometimes used to refer to all instances in which two or more research methods are employed". Triangulation may be used to describe "multimethod research" in which a "quantitative and a qualitative research method" are used to develop a "more complete set of findings" that could be generated through the use of one of the methods alone (Bryman 2011, 1142).

Why did this author select the five stage stakeholder engagement framework for adaptation in the designing of a service?

The exploration of the five stage engagement framework aimed to give a description of necessary things to be done in terms of materials, processes and tools towards stakeholder engagement. Service and service design was used as the context and issue of engagement respectively.

Service design has been defined as a "new holistic, multidisciplinary, and integrative field" (Moritz, 2005). Similarly, Mager (2012) has described the future of service design with features such as open mindedness, connectivity, interdisciplinary and inspiring etc. Furthermore, she said service design can no longer focus on the users and the interfaces as they have now become a "commodity" and well enshrined in service designing. Mager said the focus of service designing is expected to shift to systems and strategic levels. At systems level, there will be more emphasis on system maps, stakeholder maps, complexities etc. as against touchpoints, design probes, ethnographies at interphase level. Among others, the application of strategic thinking as a concept, and stakeholder maps in a more elaborate way are some of the contributions of this engagement framework to service design. This framework presents a useful approach with which stakeholder engagement can be aligned with the "core strategy" of an organization (Krick et al. 2005, 14). The proposal of the stakeholder engagement framework for adaption in service designing process is in compliance with the interdisciplinary, integrative and open-minded nature of service design. Service design as a discipline is expected to be open to useful and relevant ideas, tools, methods and knowledge from other disciplines in order to address some of its challenges or broaden its expertise. It is understandable to some Service Designers that many service design tools of today have been borrowed or adapted from other disciplines such as social science and other fields of design e.g. user experience design. Kimbell (2011, 41) mentioned how service design has found part of its footing or origin from the existing approaches in other disciplines such as

design, management and social sciences. For instance, ethnographic method of research originates from the field of social science. Similarly, the stakeholder engagement framework that has been proposed for adaptation in the designing of a service in this thesis comes from the areas of ethics and organisational management. This author did not plan to carry out the process of engagement in the practical sense of it in this thesis using this engagement framework. The author only seeks to explore, acquaint himself to the processes and tools in the framework, and learn from it for possible future use. It is also important to bear in mind that stakeholder engagement may be complex. Its process cannot be carried out as an individual or in isolation in the capacity of a student writing a thesis. It demands adequate planning and readiness of the engaging organisation in terms of time, resources, commitment and cooperation of relevant stakeholders. Nonetheless, this author believes that interested organisations, businesses, open minded service designers and other professionals may find this framework quite useful.

The question and answers above have been highlighted in order to throw more light on the reliability and validity part of this thesis.

Conclusion:

In conclusion, the importance and usefulness of stakeholder engagement to businesses and organisations cannot be overemphasised. Stakeholder engagement has been discovered to have the capacity of engendering preventive ways of addressing organisational challenges beyond being a reactionary mechanism. Its preventive approach of addressing future problems includes systematic way of identifying and managing risks. A good understanding of an organisation's stakeholders often generates a more progressive operating environment. Strategic and operational performances of organisations have been improved through stakeholder engagement. Stakeholder engagement also serves as a veritable source of remarkable innovations and partnerships (AccountAbility 2008, 8)

References

Articles and books

AccountAbility. 2005. AA1000 Stakeholder Engagement Standard Exposure Drafts: AA1000SES, London.

AccountAbility. 2008. AA1000 Stakeholder Engagement Standard 2011: Final Exposure Draft, London.

Australian Government, Department of Immigration and Citizenship. 2008. Stakeholder Engagement Practitioner Handbook.

Bitner, M., Ostrom, A. & Morgan, F. 2007. Service Blueprinting: A Practical Technique for Service Innovation. Center for Services Leadership, Arizona State University Working Paper.

Bryman, A. 2011. Triangulation. Encyclopaedia of Social Science Research Methods, 2003. SAGE Publications.

Clarkson, M. 1994. A risk based model of stakeholder theory. Proceedings of the Second Toronto Conference on Stakeholder Theory. Toronto: Centre for Corporate Social Performance & Ethics, University of Toronto.

Denscombe, M. 2007. Communities of practice and mixed methods research: a research paradigm based on reflexive pragmatism. International Mixed Methods Conference, Cambridge, July 2007.

Edvardsson, B., Gustafsson, A. & Roos, I. 2005. Service portraits in service research: a critical review, International Journal of Service Industry Management, 16(1) 107-121.

Flint, D. & Mentzer, J. 2006. Striving for Integrated Value Chain Management Given a Service –Dominant Logic for Marketing, In Lusch & Vargo (eds.), The Service Dominant Logic of Marketing, M.E. Sharpe, Inc.

Freeman, E., & Reed, D. 1983. Stockholders and Stakeholders: A New Perspective on Corporate Governance, California Management Review, 25 (3).

Freeman, E. 1984. Strategic management: a stakeholder approach. Boston: Pitman.

Frow, P., & Payne, A. 2011. A stakeholder Perspective of the Value Proposition Concept, European Journal Marketing.

Fontaine, C., Haarman, A., & Schmid, S. 2006. The Stakeholder Theory.

Global Reporting Initiative. 2000- 2011. Sustainability Reporting Guidelines. Amsterdam: GRI

Greenwood, M. 2006. Stakeholder Engagement and the Responsibility Assumption. Monash University, Business and Economics.

Grönroos, C. (2000). Service Management and Marketing- A Customer Relationship Management Approach. UK: John Wiley and sons, Ltd

Grönroos, C. 2006. Adopting Service Logic for Marketing. Marketing Theory, 6(3), 317-333

Gunasekaran, A. 2006. Editors Interview on Benchmarking, An International Journal, Emerald Journal.

Han, Q., 2009. Managing Stakeholder Involvement in Service Design: Insights from British Service Designers, First Nordic Conference on Service Design and Service Innovation.

Holbrook, M. B. 1996. Customer Value - A framework for Analysis and Research. In K.P. Corfman & J.G. Lynch Jr. (Eds.), Advances in Consumer Research, Vol. 23, 138-142, Association for Consumer Research.

Laplume, A., Sonpar, K., & Litz, R. 2008. Stakeholder Theory: Reviewing a Theory That Moves us.

Lovelock, C. 1991. Services Marketing. New Jersey: Prentice-Hall, Englewood Cliffs.

Kananen, J. 2011. Rafting Through the Thesis Process: Step by Step Guide to Thesis Research. Tampere: JAMK University of Applied Sciences.

Keränen, K. 2011. Value co-creation in B2B context: Developing a conceptual framework of value co-creation in B2B services which offers tools for co-creation. Progress paper, Centre for Design Management, Institute for Manufacturing IfM, Cambridge University.

Kimbell, L. (2011). Designing for service as one way of designing services. *International Journal of Design*, 5(2), 41-52

Krick, T., Forstater, M., Monaghan, P., Sillanpää, M., United Nations Environment Programme, & Stakeholder Research Associates. 2005. From Words to Action, Stakeholder Engagement Manual, Vol. 2: Practitioner's Handbook of Stakeholder Engagement.

Mack, N., Woodsong, C., Mcqueen, k., Guest, G., & Namey, E. 2005. Qualitative Research Method. A Data Collector's Field Guide.

McLaughlin, B. 2006. Types of Interviews. Fundamentals of Research CSS 506.

Mager, B. & Gais, M. 2009. Service Design. Stuttgart: UTB.

Mager, B. 2007. Service Design in: Erlhoff, Michael | Marshalle, Tim (ed.) - Design Dictionary: Perspectives on Design Terminology. Basel: Birkhäuser.

Miettinen, S, & and Koivisto, M. 2009. Designing Services with Innovative Methods. Helsinki: University of Art and Design & Kuopio Academy of Design.

Mitchell, R., Agle, B., & Wood, D. (1997). Towards a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts. The Academy of Management Review, 22 (4) (Oct., 1997), pp. 853-886.

Moritz, S. 2005. Service Design - Practical Access to an evolving field. London: Stefan Moritz.

Ojasalo, K. 2010. The Shift from Co-production in Services to Value Co-creation. The Business Review Cambridge, 16 (1)

Ostrom, L.,Bitner, M., Brown, W., Burkhard, K. Goul, M., Smith-Daniels, V., Demirkan, H. & Rabinovich. 2010. Moving Forward and Making a Difference: Research Priorities for the Science of Service. Journal of Service Research, 1-33.

Partridge, K., Jackson, C., Wheeler, D., Zohar, A., United Nations Environment Programme & AccountAbility. 2005. From Words to Action, The Stakeholder Engagement Manual, Vol 1: The Guide to Practitioners' Perspectives on Stakeholder Engagement.

Payne, A.F., Storbacka, K. & Frow, P. 2008. Managing the co-creation of value, Journal of the Academy of the Marketing Science, 36, 83-96

Peethambaran, A., 2011. Business Model Canvas for developing ICT based services for Intellectually Disabled People, SID Master's Thesis Literature Review.

Phillips, R. A. 1997. Stakeholder theory and a principle of fairness. Business Ethics Quarterly, 7(1), 51-46.

Prahalad, C.K & Ramaswamy, V. (2004a). The Future of Competition- Co-creating Unique Value with Customers. Boston: Harvard Business Press.

Rubin, H., & Rubin, I. 2012. Qualitative Interviewing: The Art of Hearing Data. California: SAGE

Scholl, H. J. 2001b. Applying stakeholder theory to e-government: Benefits
and limits. Zurich: Proceedings of the 1st IFIP Conference on E-Commerce, E-Business, and EGovernment (I3E 2001).

Shostack, L. 1984. Designing Service that Deliver. Harvard Business Review.

Segelström, F. 2011. New Grounds, New Challenges? Exploring Stakeholder Research in Service Design. Helsinki: Nordic Design Research Conference

Sekhar, S. 2010. Benchmarking, African Journal of Business Management, 4(6), 882-885

Silverman, D. 2001. Interpreting Qualitative Data. (2nd Edition). Thousand Oaks, CA: Sage Publications.

Stickdorn, M., & Schneider, J (2010). This is Service Design Thinking. Amsterdam: BIS Publishers.

Van Der Veer, G., Consiglio, T., & Benvenuti, L. 2011. Service Design - a Structure for Learning before Teaching. Open University Netherlands

Vargo, S. L. & Lusch, R. F. 2006. Service-Dominant Logic: What it is, what it is not, what it might be, in The Service-Dominant Logic of Marketing: Dialog, Debate, and Directions, Robert F. Lusch and Stephen L. Vargo eds., Armonk, M.E. Sharpe, 43-56.

Vargo, S. L. & Lusch, R. F. 2004a. Evolving to a New Dominant Logic for Marketing, Journal of Marketing, 68(1), 1-17

Vargo, S.L. & Lusch, R.F. 2004b. The four service marketing myths: remnants of goods based, manufacturing model, Journal of Service Research, 6(4), 324-335

Vargo, S. L. & Lusch, R. F. 2008. Why Service, Journal of Academic of Marketing, 36, 25-38

Veale, G., Bisset, R., Blake, M., Flew, D., Gray, A., Harris, G., Price, J., Spottiswood, J., & Vandestadt, S. 2008. Sustainability Reporting - A Guide. Australia: KPMG & Group of 100.

Zeithalm, V.A. & Bitner, M.J. (2003), Services Marketing: Integrating Customer Focus across the Firm, 3rd ed., McGraw-Hill, New York.

Zeithaml, V., Parasuraman, A. & Berry, L. 2009. Services Marketing - Integrating Customers Focus across the Firm. Singapore: McGraw Hill International Edition.

Electronics sources

Bloomberg BusinessWeek. 2012. Parma Oy, company overview. Available on: http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=2281780 1 (Accessed 20 September 2012).

B2B International Market Research. 2013. Available on: http://www.b2binternational.com/publications/white-papers/stakeholder-consultation/ (Accessed 8 March 2013)

Demand media, Inc. 1999-2012. ehow. Available on: http://www.ehow.com/how_5919289_create-stakeholder-map.html (Accessed 15 May 2012).

Farlex Inc., 2012. The Free Dictionary. http://www.thefreedictionary.com/engaging

(Accessed May 23 2012)

Higgins, J., & Green, S. 2008. Cochrane Handbook for Systematic Reviews of Interventions. Available on: http://www.mrc-bsu.cam.ac.uk/cochrane/handbook500/index.htm#chapter_20/20_2_1_definition_of_qualitative_research.htm (Accessed 25 February 2012)

Investopaedia. 2012. Dictionary. Available on: http://www.investopedia.com/terms/b/best_practices.asp#axzz1zSRIIs3J (Accessed 14 March 2012)

Investopaedia. 2013. Dictionary. Available on: http://www.investopedia.com/terms/b/btoc.asp#axzz2MmGi60F3 (Accessed 6 March 2013)

Lassila & Tikanoja (2008). Available on: http://www.lassilatikanoja.fi/en/Pages/Default.aspx (Accessed 24 May 2012)

Karkhanis, S. 2011. Stakeholder Management. Available on: http://www.karkhanisgroup.com/consulting/management/project-management/142-stakeholder-management.html (Accessed 25 June 2012)

Keslog Ltd. 2012. Available on: http://ammattilaiset.valio.fi/portal/page/portal/valiocom/company_information/valio_in_finland24112009141623 (Accessed 12 September 2012)

Mager, B. 2010. Interview on Service Design. Available on: http://www.kirjastokaista.fi/video/8983/service-design-specialist-professor-birgit-mager. (Accessed 26 March 2012).

Mager, B. 2012. The Future of Service Design. Available on: http://www.youtube.com/watch?feature=player_embedded&v=wXDMh51rk9I (Accessed 11 January 2013)

McGraw-Hill Companies. 2006. McGraw-Hill Higher Education. Available on: http://highered.mcgraw-hill.com/sites/0072837861/student_view0/glossary.html (Accessed 7 July 2012)

Para elink. 2005. Regents of the University of Minnesota. Available on: http://paraelink.org/general/glossary_pop.html#S (Accessed 15 April 2012)

Puukeskus. 2012. Company Information. Available on: http://www.puukeskus.fi/company-information (Accessed 11 October 2012)

REVIT. 2007. Stakeholder Engagement - A Tool kit: Working towards More Effective and Sustainable Brownfield Revitalization Policies. Available on: http://www.revit-nweurope.org/selfguidingtrail/27_Stakeholder_engagement_a_toolkit-2.pdf (Accessed 12 November 2012)

Scania Group. 2012. Available on: http://www.scania.com/scania-group/ (Accessed 11 October 2012)

Schott, J. 2009. Service Design Network. Available on: http://www.service-design-network.org/content/service-blueprint (Accessed 13 April 2012)

Service Design Network. Literature of service design: http://www.service-design-network.org/content/service-design-literature (Accessed 22 April 2012)

Stakeholder Research Associates. 1999 – 2010. Available on: http://www.stakeholderresearch.com/stakeholder-engagement.htm (Accessed 28 November 2012)

Tassi, R. 2009. Service Design Tools. Available on: http://www.servicedesigntools.org/repository (Accessed 28 March 2012)

Valio Ltd. 2012. Company Information. Available on: http://ammattilaiset.valio.fi/portal/page/portal/valiocom/company_information/valio_in_finland24112009141623 (Accessed 11 October 2012)

WebFinance, Inc. 2010. BusinessDictionary. Available on: http://www.businessdictionary.com/definition/benchmarking.html (Accessed 8 May 2012)

12Manage The Executive Fast Track. 2012. Stakeholder Mapping. Available on: http://www.12manage.com/methods_stakeholder_mapping.html (Accessed 30 June 2012)

Interview Sources

Hannula, J. Interview with Project Engineer. 5 Nov 2012. Lassila & Tikanoja Oy. Espoo.

Huttunen, H. Interview with Environmental Management Specialist. 18 Jun 2012. Lassila & Tikanoja Oy. Helsinki.

Kauppinen, S. Interview with Project Manager/Service Designer. 3 Oct 2012. Laurea University of Applied Sciences. Espoo.

Moonen, R. Interview with Project Manager/Service Designer. 3 Oct 2012. Laurea University of Applied Sciences. Espoo.

Väisänen, M. Interview with Environmental Management Specialist. 18 Jun 2012. Lassila & Tikanoja Oy. Helsinki.

Interview data from project members

By: Paivi Tossavainen

Junkkarinen, K. Interview with Tehtaan yhteishenkilö projektissa. 20 Aug 2012. Valio Oy. Helsinki

Alanko, A. Interview with Logistics Chief. 20 Aug 2012. Puukeskus Oy. Helsinki

By: Virpi Kaartti

Pelin, T. Interview with Environmental and Safety Manager. Keslog. Vantaa

Inkiläinen, R. Interview with Laatu- ja ympäristöpäällikkö. Parma Oy. Nummela

By: Leena Alakoski

Yli-Jaakkola, J. Interview with Customer Service Manager. 27 Aug 2012. Scania Oy. Helsinki

Figures and Tables

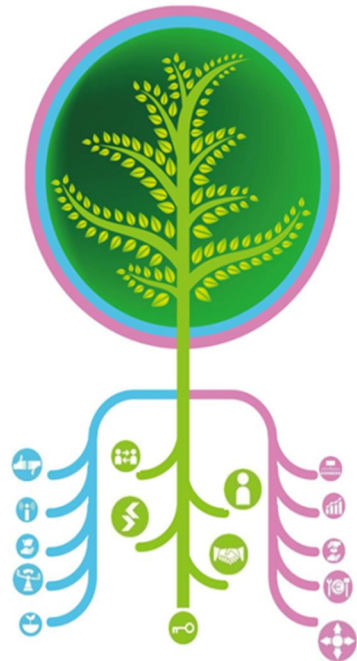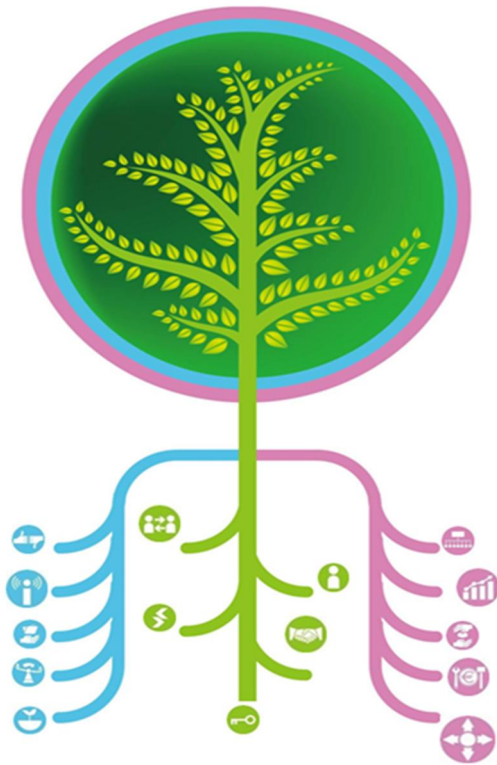Figures

Tables

Attachments

Case 1 – MP

Case 2 - Sk

Case 3 – KP

Case 4 - LV

Case 5 - CS

Attachment 2: L&T service blueprint for energy waste recycling and management

L & T Service Blueprint

PHYSICAL EVIDENCE: Refuse trucks | Clearing tools | Refuse bins | Refuse bags (Roska pussi) | sorting intructions | Feedback to & fro (Forms) | Uniforms, gloves, booths etc. | Company logo, slogan etc.

CUSTOMER ACTIONS: Selects L&T as service provider | Purchases materials | Consumes useful materials | Leaves disposable materials | Generates wastes from disposables | Sort/seperate energy wastes | Ensure refuse bags have own stickers | Dispose wastes in the right bins | Give access to waste disposal room | Combustion of SRF in power plant

Line of interaction

ONSTAGE/VISIBLE CONTACT EMPLOYEE ACTIONS: L & T accepts to deliver service | L & T supplies refuse bins | sorting training & meetings | Expert advice on Eco-friendly material purchases | Tests customer's understanding of training | L & T knows service frequency | L & T comes to collect wastes | Transport/transfer wastes | Supply of SRF to users

Line of visibility

BACKSTAGE/INVISIBLE CONTACT EMPLOYEES ACTIONS: Managerial & admin. activities | Planning & strategy | Make recycle park ready | Supply resources i.e labour etc. | Sorting and quality control | Processes waste at recycle park | Produces SRF then lab analysis

Line of internal interaction

SUPPORT PROCESSES: Acquire permits/standard practice | Supply of technical know-how | Supply of machinery & equipment | Networking | R & D | Cocreating with stakeholders | Media & marketing | Eco friendly initiatives | Corporate Social Responsibility