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Maurits van der Linde (1975, Rotterdam) is co-founder of CSR Academy. His specialties include strategy development, process innovation and coaching. Besides his involvement in CSR Academy, he works as a consultant in the field of quality, safety, environment and process management for Emprove in Rotterdam.

"Stakeholder Management is a dynamic process. It requires investment in relationships with stakeholders, sharpening and use of human intuition and a thorough analysis of the environment in which the company operates. We can influence the chemistry between the company and its stakeholders by interpreting information that is available as precisely as possible"

Security based Entrepreneurship

The next level of Stakeholder Management

Introduction

Interdependence between nations and people increases the degree of international security. We utilize economic diplomacy in order to open up markets and to enhance relationships with governments. But then how do we help the entrepreneur to have impact in these dynamics?

Agnes Dinkelman and Maurits van der Linde introduce Stakeholder Management Next Level, in which the (local) community is an important stakeholder for the entrepreneur. How is it possible to use interaction with this particular stakeholder for strengthening communities and increasing interdependence between the relevant nation, the community and other continents? In view of that, projects in the framework of Corporate Social Responsibility get an additional dimension: (international) Security based Entrepreneurship.

The following article can be read in this context.

Entrepreneurs, stakeholders and their chemical reaction

It is about time we critically reflect on the interaction between entrepreneurs and their stakeholders. One of the strengths of entrepreneurs is action oriented, but in a complex context with various stakeholders it is more important to stay put and to assess how to effectively do business.

Thus, we take a closer look at the chemistry of interaction between entrepreneurs and stakeholders and how the entrepreneur, the enterprise and the environment of that company are intertwined.

1. What motivates an entrepreneur?

For what inspires entrepreneurs to do business? What exactly lies behind the things they do? Are they motivated by money or power? Is it autonomy or recognition? Perhaps the interests of shareholders, customers or the personal bonus are decisive? And in what way is the importance of employees, suppliers and the impact on the social environment normative in decision-making?

These questions directly bring us to the heart of the theme. The answers are determined by the motives and ambitions of people and by what he or she experiences as successful.* Box 1 refers to formulated motives and ambitions.

* Based on the Spiral Dynamics model of Graves, Beck and Cowan is Marcel van Marrewijk, in his article: Concepts and Definitions of Corporate Sustainability, in different styles of CSR.

Box 1: Overview of entrepreneurs with different motivations related to CSR (Corporate Social Responsibility).

- **Pre CSR** (red) driven: CSR ambitions hardly present, only when there is strong external pressure.
- **Compliance** (blue) driven: to satisfy laws and regulations (demands from the environment).
- **Success**-(orange) driven: CSR initiatives are initiated when a contribution to the financial performance of the organization.
- **Make** (green) driven: Awareness that the organization is part of her environment and cares for that environment from a social and environmental perspective.
- **Synergy** (yellow) driven: The organization involves stakeholders in finding long term

solutions, whereby economic, ecological and social aspects are in balance with each other.

- **Holistic** (turquoise) driven: CSR is fully integrated into every aspect of the organization. Each individual in the organization has a universal responsibility to all living beings.

Obviously, people (and therefore entrepreneurs) are normally characterized by a combination of drives. However, if conditions inside or outside of us change, that what drives us changes too and therefore the way we act.

Pioneering doers and inhibitory laggards

New developments in society and economy are usually created by pioneers who realize an idea. They see possibilities and inspire others. The existing paradigm may shift, new standards can arise and sometimes we even have to adopt laws and regulations. At the same time, there are others in the same industry who see nothing in the new developments. And then there are those who do their utmost to avoid complying with laws and regulations, because they, for example, in particular see the costs which undermine the competitiveness while the tight margins are getting even lower.

From pioneer and follower to laggard, each trader is expected to show social responsibility in the course of time. The way in which entrepreneurs take this responsibility is different, according to the dominant motives. Factors such as public opinion, the focus of the shareholders, the employees who may or may not be proud of their employer and the ranking on CSR lists, influence the motivations and priorities of the entrepreneur.

2. Social responsibility: a development perspective

Social responsibility is not static, social responsibility is a process. Companies increasingly depend on their environment. And the extent to which they manage to survive in our time is increasingly collaborating with the will and capacity to be a reliable and transparent player for stakeholders. Inspired by Charles Darwin it makes us think about: *"Not the strongest, the smartest or the largest organization survives, but the organization that can best adapt to the circumstances."*

Mentality

The second big question is what the dominant motives and expectations of the area are. But environments in which businesses operate, run vary widely. Rural or urban, Chinese or Nigerian, prosperous or afflicted, we all have some differences in the image, as diffuse as they get. Therefore, it is important to collect information about the attitudes and expectations that people from that area have

relating to the company. This information provides tools to determine how to treat people in the region in case of business contact, cooperation, but also in negotiation, disagreement and conflict.

Impact

The social environment is a very important stakeholder for (international) businesses. The CSR pioneer will initially look for ways to 'clean its supply chain and maintain it. He also wants his company'to have a positive impact on the environment. The more precise knowledge of the environment really is, the more accurate the entrepreneur can exert its influence. If he knows what drives his stakeholders, he can act and negotiate with more precise focus. Thus, the goal is to gather the right information and interpret and understand the environmental needs.

Box 2 gives a rough idea of what kind of expectations in different environments arise and how these can be seen in practice.

Box 2: What does the social environment expect from the company?

Expectations of the community / social environment, some examples:

- **Beige:** Physical survival is / remains possible (e.g. humanitarian aid, livelihood, physical protection, working conditions in the sphere of basic safety, health care).
- **Purple:** The group and the company are essential part of each other (e.g. the honor and pride suitable products, related behaviors and rituals, personal contact with the aim of consolidation and strengthening of relations).
- **Red:** The ruler does not jeopardize the company in its business while in line with his wishes. Employees and residents want protection and benefit of the company without having to compromise with cooperation or loyalty (e.g. join the arbitrariness of corruption, alert to risk of detection, assuming that each person only focused on one's own advantage).
- **Blue:** Supporting the existing order, that which is regarded as correct or incorrect (e.g. enforcement legislation, religious guidelines, unwritten codes).
- **Orange:** The image of the individual must be reinforced by the company (e.g. opportunities to score in financial and material way in competition with others, individual status, acquisition of luxury, brand awareness).
- **Green:** Taking care of the world together (e.g. drafting of environmental legislation, clean organization of supply chains, supporting charities, development projects in the company).
- **Yellow:** Synergy of knowledge and experience, limiting damage to people and the environment from various perspectives (e.g. integrated multidisciplinary development projects serving people and the environment, interests integration).
- **Turquoise:** Deep commitment and compassion for all living things (e.g. use of spirituality and

synchronicity for healing of the whole).

Dinkelman, 2011.

Box 2 describes some common examples. Reality will show a combination of ambitions that are activated in the environment. Therefore, the expectations of the environment will also be a combination. Understanding of those expectations will provide grip on the opportunities the company has in order to be successful.
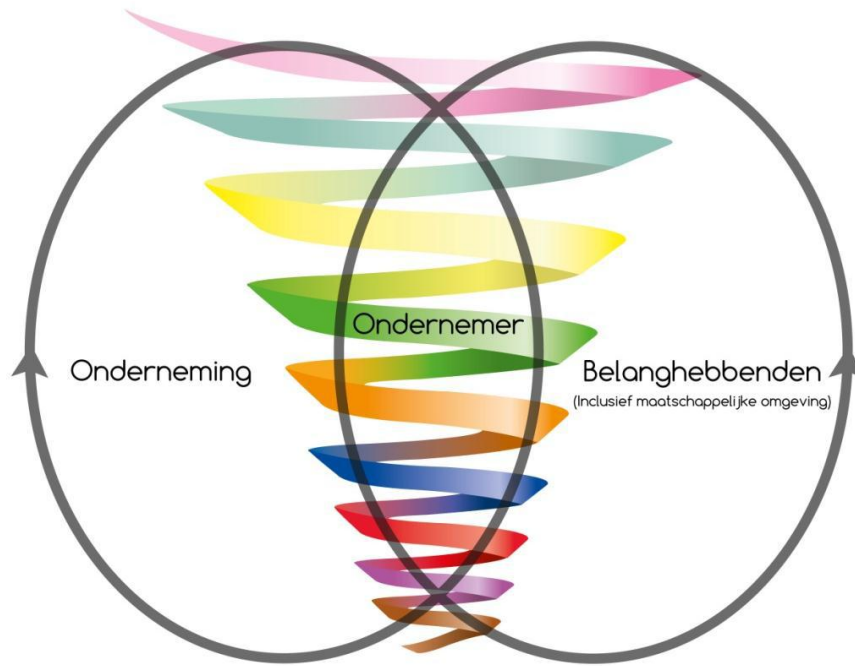
Stakeholder Management

Taking responsibility for the communal space is easily captured in the concept of stakeholder management. This goes beyond just identifying and classifying (often to the degree of importance and influence) of stakeholders. It is about establishing sustainable relationships, partnerships and other connections with the environment. It's about understanding the interconnectedness and the mapping of the points on which the company can produce, organize and contribute to a strong business environment where people live well and pleasantly together.

3. SI-model

In box 1 we have mapped the possible motives of the entrepreneur and in box 2 we described the possible expectations of the environment. The entrepreneur, the enterprise and the environment are inseparable. Figure 1, the SI-model, displays the intertwining. Motivations, expectations and context interact with each other; they form a chemical reaction. If we can distinguish the elements and fathom the chemical reaction, nothing will really interrupt effective risk management, appropriate influence and successful business.

Figure 1: Stakeholder Interaction Model

(Onderneming=Enterprise, Ondernemer=Enterpreneur, Belanghebbende=Stakeholder, There will be available a new picture of the model in English terms in a short while, AD)

Stakeholder Management is a dynamic process. It requires investment in relationships with stakeholders, sharpening and use of human intuition and a thorough analysis of the situation in which the company operates. We can influence the chemistry between the company and its stakeholders by interpreting available information as precisely as possible.

Analysis and recommendations

The recommendations that can be made based on analysis may lie in the areas of social interaction and practical negotiating techniques, but also in the field of social projects that can be implemented with various stakeholders to achieve a desired effect.

In order to get to recommendations we need information about the image of the community regarding the company. For example, how do people in the region look upon the company? Is it known exactly what is important for critical (potential) employees? And how does this compare with the way the business works? Is the economic environment getting stronger or worse? And it is clear why that is? It is also an interest of a useful analysis to know how the community operates. How strong is the social glue? How are the relationships between directors and the population? Are there any competing forces in society that determine the actual living conditions? What does that say about cooperation, positioning and possible future situations? What about the press, law, religion and customs?

International environment

In exceptional cases, companies work in areas with basic problems like water scarcity, hunger or physical danger, as in the Middle East, the Maghreb and in Africa. The entrepreneur, the enterprise and the environment develop in mutual interdependence. If the company supports the community in tough times it is an investment in the relationship, which can significantly stimulate future economic activity.

International entrepreneurs are regularly confronted with corruption and conflict. Competition for the highest positions in such an environment is a daily struggle. If the company accepts corruption, the entrepreneur loses the respect and plummets down the pecking order. From analysis targets can be distilled for treatment, enhancing and deploying a network of relationships and the deployment of projects for strengthening the community. This way the pecking order will be of less importance for the community in the daily struggle for existence.

With proper analysis we can indicate differences of insights and break impasses in negotiations. This brings us more control of the situation. An analysis on the mentality and motivations of your teammates - and opponents - and their situation in general, gives you a practical advantage in both national and international context.

4. Systematical improvement

Companies differ and no environment is the same. Precise information and optimal understanding of the situation combined with action orientation makes it possible for entrepreneurs to be more effective in complex environments. With the analyzes and recommendations that come with box 1 and 2 and the SI-model, entrepreneurs can systematically improve the chemistry between themselves and the stakeholders.

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