MAXIMIZING THE VALUE FROM YOUR STAKEHOLDER INTELLIGENCE

GLOBESCAN

MAXIMIZING THE VALUE FROM YOUR STAKEHOLDER INTELLIGENCE

Small samples are too often turned down by corporate managers on the basis that they are unreliable and cannot deliver robust metrics. With stakeholder research, though, this rule of numbers is less likely to apply. Small samples when combined with a mixed-methodology approach can help maximize value from stakeholder intelligence by delivering on performance metrics while revealing a more detailed understanding of stakeholders' opinions and expectations.

In conversations with clients about surveying stakeholders, the question is almost inevitable: Would the sample be large enough? In today's measurement-obsessed culture there is a belief that larger samples *will always* deliver more accurate insights than smaller ones.

After all, one of the basic principles of sampling is that larger samples increase the accuracy of results. From brand marketing to political polling, large samples are often a prerequisite for quality data and insights. But does this standard also apply when surveying stakeholders?

What if the reason for intelligence gathering is to improve stakeholders' engagement? Or what if management wants to measure the company's reputation? One would assume that the larger the sample the more confidence one will have in the data. But would all respondents be close enough to the business to give an informed opinion? What about organizations or individuals who are not directly exposed to the organization's engagement activities? Do their opinions matter?

Stakeholder Research

In fact, there is no right or wrong answer. In most cases, managers have the choice to define what approach would best meet their business and planning objectives. There is, however, one caveat with stakeholder research: findings should be seen as indicative rather than statistically robust. Even though surveying stakeholders strongly resembles quantitative methodology where data are typically collected using structured or semi-structured interviews — which allows for comparability across stakeholder groups and markets as well as applying modelling techniques — it should not be treated as such without a certain degree of caution. Because the majority of stakeholder research deals with relatively small and non-random samples, results are directional rather than generalizable. It is fair to say that such findings — even when they are communicated via numbers and derived from sophisticated analytical models — are still qualitative in nature.

The criteria for selecting respondents puts stakeholder research in a category apart from other research disciplines. Unlike consumer research where a sample is randomly selected, the sponsor of a stakeholder research survey will ultimately sign off on the stakeholder sample list. This implies that views and opinions of "media" representatives recruited for a stakeholder study would only represent those views and opinions of the individuals or entities surveyed, and not media's views in general.

Stakeholder Sample Sizes

While a consumer population can be fairly well stratified into homogenous groups, a stakeholder population is less numerous and more diverse. Any stakeholder sample derived from that universe is by essence not representative and includes respondents who have been selected because they serve a particular need or purpose for an organization. For example, managers might want to interview only those stakeholders who are deemed to have a direct impact on the company's licence to operate or have a vested interest in the company's sustainability strategy. When surveying stakeholders, the number of interviews tends to matter less than the knowledge and quality of insights that stakeholders will share about the business or any relevant topic.

This does not necessarily restrict managers to select and interview only a small number of well-informed respondents. However, increasing the number of interviews — with the view that it will either offer more balanced opinions or simply add more credibility when presenting findings to management — would not automatically deliver more value. Twenty to thirty interviews conducted with respondents meticulously selected on the basis of their expertise and knowledge of a topic could be more insightful than surveying one hundred respondents with varying degrees of exposure to the organization's activities.

When facing the question about the number of interviews, managers should balance risks and opportunities. On the one hand, a higher number of stakeholder interviews could potentially deliver value by offering more diverse qualitative insights. On the other hand, increasing the sample size can be counter-productive and dilute the results if part of the stakeholders' responses are scarce or are based on presumptions rather than true knowledge. By definition, individuals and the organization they represent are qualified as stakeholders because they have a vested interest in that organization and their activity affects or can be affected by the organization's business.

Stakeholder Insights

So what should managers aim for when starting stakeholder research? The first step should be to thoroughly review the objectives of the intelligence gathering process. If the goal is to draw insights on a topic or issue, or to test future scenarios, then selecting participants who most have knowledge about the topic or issue should be paramount. The number of interviews will be driven by the quality and breadth of insights management will need in order to achieve their objectives. In most cases, a small number of in-depth interviews with experts will suffice to guide an issue strategy and inform the planning process.

If the objective is to measure reputation or the degree of engagement with stakeholders, then managers will need metrics to assess performance and progress. But does measurement require a large sample? In some cases, this simply may not be feasible due to the small universe of relevant stakeholders. For instance, the number of government stakeholders at the country level may be fairly small. With a recruitment ratio between 5:1 (five respondents contacted to achieve one interview) and 10:1 fairly common in stakeholder research, the number of interviews would in any case be limited. Therefore, a simple question managers should ask is "whose opinions and views are these metrics supposed to measure?" To answer that question they will need to review their stakeholder database and conduct a materiality analysis to map organizations and/or individuals depending on their degree of expertise, level of influence and willingness to engage with the business. Results of this mapping exercise should inform the decision about the size of the sample.

While exploring the views of stakeholders who are familiar with the organization should remain the priority, management may find it valuable to benchmark these with those of stakeholders who are less exposed to their business. This could be particularly insightful when measuring reputation where perceptions and opinions are not only formed by the level of engagement and experience with an organization but are also based on word of mouth and via a complex network of influences. Benchmarking stakeholder views can often be revealing. Managers at a global FMCG company GlobeScan recently partnered with were surprised but rather reassured by the opinion gap — often more favourable — between stakeholders exposed to the company's engagement activities compared to those the business had not included in their program. These insights directly informed their communication planning and stakeholder engagement strategy.

Research Methodology

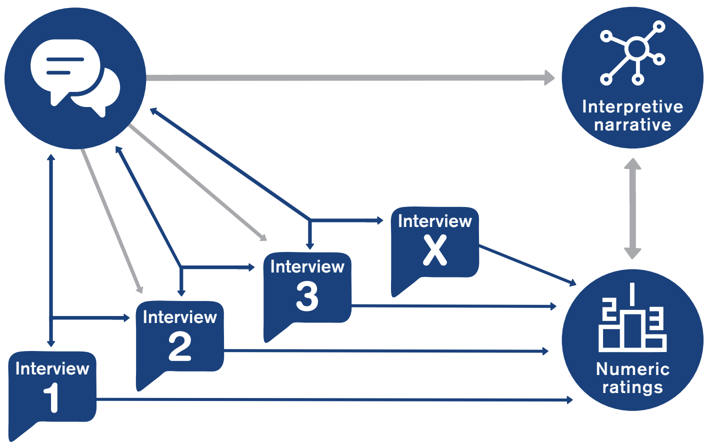
While the sampling question is inevitable when starting a stakeholder intelligence gathering process, it almost always leads to the next question: What research methodology to select?

There is no doubt that for managers, a quantitative-based methodology is a source of inputs for balanced scorecards and KPIs. With stakeholder research, metrics can be reported in a quantitative manner although a structured or quantitative approach would inevitably "average" opinions of individual stakeholders, neglecting the treasure of stakeholders' unique experiences and perspectives. A structured approach typically measures stakeholders' attitudes to managers' hypotheses and what they perceive as important and relevant. This approach, in many cases, may leave unnoticed, uncaptured, and unmeasured attitudes or opinions that might be relevant and essential to stakeholders as well as to the company. On the contrary, a qualitative methodology is more difficult to validate and justify in a "numbers-driven" business culture. Therefore, corporate managers tend to lean toward quantitative interviewing at the expense of insightfulness.

To get the best out of quantitative and qualitative methodologies, managers should consider a mixed-method approach that will deliver metrics for a performance dashboard as well as the insights required for strategic planning. Using qualitative sampling, this approach operates with a smaller number of stakeholders who are handpicked by the business. The smaller number of interviews becomes justifiable since we are not seeking a statistically robust representation, but rather *data saturation*, the point when new data collected add no new information. Typically, saturation may be reached upon completion of as few as 15 to 20 interviews. This approach decreases the number of interviews needed but raises the bar for sampling quality, and in most cases is more cost effective.

To deliver on research objectives, the sampling strategy would combine elements of purposive quota and referral sampling; stakeholders would be selected based on their relevant expertise to the project's objectives and because their opinion is valued by management. Unlike purely quantitative research in which the sample is drawn prior to data collection, mixed-method research sampling continues during the whole research process reflecting emerging themes and hypotheses.

Mixed-Method Approach



Mixed-method interviewing (see diagram) is more explorative and conversational. It also generates more verbal data on stakeholders' experiences. Each subsequent interview validates the findings from the previous and allows for further exploration of topics elicited from the previous interviews. In parallel, as the interviews are conducted, a set of statements are offered to stakeholders for ratings. With a mixed approach, managers can maximize the value of stakeholder intelligence and deliver on two important business objectives: measurement via a set of performance indicators, and insight via an understanding of the rationale and nuances that lead to stakeholders' perceptions and opinions.

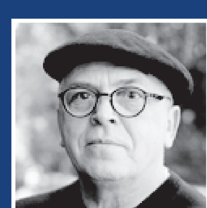
While managers in any organization are under pressure to deliver on metrics and KPIs to include in their balanced scorecards, they don't necessarily need to interview large numbers of stakeholders to obtain data and insights. In many cases, small and highly targeted samples combined with a well-designed questionnaire and mixed-methodology approach will offer added value to those for whom measurement is a priority but too often feel short of intelligence to inform strategic planning.

GlobeScan is an international stakeholder intelligence and engagement research consultancy. We provide global organizations with evidence-based insights to help them set strategy and shape their communications. Companies, multilateral institutions, governments and NGOs trust GlobeScan for our unique expertise across reputation management, sustainability strategies and corporate purpose.

GlobeScan conducts research in over 90 countries and is a signatory to the UN Global Compact. Established in 1987, GlobeScan is an independent, management-owned company with offices in Toronto, London, San Francisco, Cape Town and Sao Paulo. For more information, please visit www.globescan.com

For more information contact:

Christophe Guibeleguiet
co-CEO, GlobeScan
christophe.guibeleguiet@globescan.com



Dr. Eugene Kritski
Vice President, Methodology, GlobeScan
eugene.kritski@globescan.com

GLOBESCAN