

Meaningful stakeholder dialogue **Building trust**





Introduction

This tool is part of a collection of resources, including tools, knowledge documents, and training, designed to help companies prepare and conduct meaningful dialogues with their stakeholders. Meaningful stakeholder engagement is fundamental for (International) Responsible Business Conduct (IRBC) and is reflected in all steps of the due diligence process as included in the OECD guidelines.

Trust is a fundamental element throughout the dialogue process and is crucial for meaningful engagement. Every step in the preparation, implementation, and follow-up of the dialogue can enhance your credibility as a discussion partner, thereby strengthening the trust that others place in you. Engaging in dialogue is, therefore, also a way to build trust.

What fosters trust can vary depending on the situation and the type of stakeholder involved. For more on this, see the <u>tool</u> 'Promoting stakeholder commitment'.

This tool provides guidance on how to build trust and manage distrust. Actively building trust is essential, as it does not develop on its own. It requires consistent effort to establish, maintain, and sometimes restore it. After all, trust is hard to earn but easy to lose.

How to build trust?

Building trust takes time; it cannot be achieved in a single day. Once trust is established, it requires ongoing care and attention to maintain. You build trust by being reliable, demonstrating commitment, acting with integrity and expertise. Trust is always developed through interaction between people. Below are some tips to help you cultivate mutual trust.

The essence of the tips below is simple: think about the people you trust most. What makes you trust them? By exhibiting the same behaviours, you increase the likelihood that others will trust you too.

Reliability

Reliability is defined by actions that show that others can rely on you.

- Be predictable. Honour (process) agreements or promises consistently and without fail. Do not make any promises that you or your colleagues cannot keep.
 Any changes to agreements must be made in consultation with stakeholders and should not be decided on your own.
- Ensure continuity when engaging stakeholders. Incorporate it into your strategy
 and your policy on international responsible business conduct (IRBC) and follow
 up on (the outcomes of) the dialogue. For more information, see the tools
 'Preconditions for starting a dialogue' and 'Promoting stakeholder commitment'.
- Emphasise that IRBC is a mutual responsibility, with your company playing
 an active role. This includes implementing <u>responsible purchasing practices</u>
 and demonstrating a commitment to work together on solutions to problems,
 rather than to terminate relationships.
- Include stakeholders in the preparation for a dialogue. Ask them what they expect
 from the meeting and what they hope to achieve. Taking their input seriously and
 incorporating it into the process helps build trust, see example below.

• Consider whether anonymous contact is needed in the early stages of the relationship to ensure safety and build trust.

Example | Engage your stakeholder

In preparation for an in-person multi-stakeholder dialogue in Rajasthan (India), the stakeholders involved were regularly asked what they expected from the dialogue and what they would like to discuss. This meant that all stakeholders became part of the preparation and that they took the dialogue seriously. Input from stakeholders was then included in developing the agenda and activities during the dialogue. This created confidence in the process. At the same time, it increased the engagement of participants in the implementation and outcomes of the dialogue.

Commitment

Commitment is defined by actions that demonstrate that you care about the stakeholder' perspective.

- Begin with an informal introduction between you and your stakeholders before starting the dialogue, especially if you do not know them well or if they do not know each other. This is particularly important for longer processes, as it helps establish connection before diving into more in-depth discussions.
- Show genuine curiosity about the other person in the discussion and ask for their input, i.e. actively involve your stakeholders in the discussion. Encourage stakeholders to share input, for example by making clear that all input is valuable.
- Listen sincerely and attentively to the insights, experiences and/or interests of stakeholders and demonstrate empathy for their viewpoints. Be open to their questions or comments and respond thoughtfully. You can read more about conversation skills in the tool 'Good practices in conducting dialogue'.

- Be open and proactive in sharing your own perspective, experiences and interests as well. Do not hesitate to make yourself vulnerable – for example, by admitting a mistake. Invite the stakeholders to help you navigate difficult issues. This fosters mutual involvement and encourages others to be open as well.
- Adopt a positive attitude and express confidence in the process and in your stakeholders. In order to increase engagement, explore your mutual interests, laugh together and celebrate successes where possible, no matter how small.
 Avoid making the dialogue too formal, as this can create unnecessary distance.
- Stay engaged with your stakeholder, even outside the dialogue. Seek regular
 contact and also speak to each other about less serious or informal topics. Try
 to engage in informal contact, for example by having lunch or dinner together.
- Prioritise face-to-face interactions to strengthen the relationship and show that you value their input. Paying a personal visit shows your commitment, see the example 'in-person dialogue' on the next page.
- Consider carefully how you approach sensitive topics. For example, do not start
 talking about freedom of association in your initial meeting if this is not (yet)
 open to discussion for the other person. Start by discussing points of overlapping
 priority and use this to build the trust needed to talk about more sensitive
 topics. Language and tone of voice matter. You can read more about this in the
 tool 'Good practices in conducting dialogue'.
- Work with consistent contact persons. And, if there is really no other option, with consistent deputies. Limit your company's contact rotation so you can build deep and meaningful relationships, rather than superficial ones, see the example 'personal relationships' on the next page.

Example | In-person dialogue

Importers of natural stone companies made an in-person visit to Rajasthan (India) to engage in dialogue with suppliers, workers and NGOs about IRBC related risks in and around their supply chain. Previously, the multi-stakeholder dialogue was conducted exclusively online. The in-person presence, however, had many advantages. In a short period of time, trust-based relationships were developed through frequent informal and formal contact. This was crucial for an in-depth dialogue in which participants listened to each other, better understood what others meant, and wanted to work towards outcomes that were in their common interest. In addition, it offered the opportunity to visit the production sites or offices of participating stakeholders. Seeing these locations with your own eyes helps you to better understand the other person's work and, provided your impression is realistic, gives you confidence in the other person's actions and intentions.

Example | Personal relationships

The quality of the relationship between purchasing companies and their suppliers appeared to be influential in terms of discussing an IRBC training programme at factory level. Company A had a long-standing, personal relationship with its supplier, making it easier to introduce the topic of IRBC and the associated training program. In contrast, Company B experienced frequent turnover in their supplier contacts, which made it much more challenging to build a personal relationship and required greater effort to bring IRBC onto the agenda. In other instances, Company B attempted to establish a personal connection from a purchasing or IRBC perspective by expressing general interest in the other party, without a specific goal or agenda for the discussion. However, in a project context with underlying pressure on output and results, it was difficult for Company B to allocate sufficient time for this.

Integrity

Integrity is demonstrated through actions that reflect honesty, sincerity, and strong moral principles.

- Be transparent in sharing (process) information, for example the purpose of the
 dialogue and what you expect from stakeholders, as this ensures predictability.
 Always share information in a timely and proactive manner, so that the other
 person does not have to request it. Enter into agreements about the transparency
 of information. If needed, treat information confidentially to protect sensitive
 information and to prevent endangering stakeholders. Results from joint
 knowledge development can be shared. See also the tool 'When and how to
 share information?'.
- Aim for long-term relationships and do not immediately terminate these if there
 is a difference of opinion or an issue; this is a crucial moment to show that you
 are (business) partners and that you want to work together on solutions for
 mutual benefit.
- Be honest about your own actions and admit when you have made a mistake or when you are wrong.
- Engage with a stakeholder directly, do not talk behind someone's back or gossip.

Expertise

Expertise involves actions that demonstrate your ability to build or engage the right competencies.

Ensure professionalism and expertise, not only by demonstrating knowledge of
the topic discussed, but also in the organisation and facilitation of the dialogue
process. If you lack the necessary knowledge or skills, it is recommended to
involve colleagues or external experts. See also the knowledge document
'What makes a good facilitator?'. Key skills for building trust in a dialogue
include active listening, empathy, flexibility, and clear communication, see
example on the next page.

- Work with knowledgeable and skilled partners in the dialogue process, such as
 a trade union that has already established a relationship of trust with workers
 in the supply chain. For more information on collaborating with other parties,
 refer to the knowledge document 'Who to partner up with?'.
- Establish process agreements before the dialogue starts, and seek commitment
 from all participants. Ensure that new participants or deputies also agree to
 these terms. Briefly review the agreements at the start of each meeting.
 Monitor adherence to these agreements and take immediate action if they
 are not followed.

Example | Expertise and skills

A company engaged in dialogue with its suppliers about the results of a worker survey. The company invested significant time in preparing for the discussion to ensure it was conducted competently. They reviewed relevant research reports to better interpret the results and examined their business relationship with the stakeholder. During the dialogues, they applied effective conversation skills, such as active listening, empathy, flexibility, and clear communication, to foster an open and equal atmosphere. Suppliers found this approach highly positive and expressed full confidence in the company's actions.

How to restore trust and address distrust?

It is possible that parties may not trust each other from the outset, whether due to prejudices or past experiences. Distrust from previous interactions is often evident when people show little enthusiasm for discussion, withhold information, or share only partial details. To rebuild trust, you must engage in behaviours that inspire confidence. The following tips can help:

• Understand the other person's perspective: seek to gain insight into why the other party behaves as they do. What can be learned from past experiences?

- Together, work to translate previous negative experiences into positive, desired behaviours or collaborations. Acting on these insights helps build positive experiences together.
- Simplify complex information: an overload of technical information that some parties may find difficult to understand can breed distrust. Develop substantive knowledge together in a way that is accessible and understandable to everyone.
- Ensure accuracy and consistency: incorrect or constantly changing information
 fosters distrust. Strive to provide complete and accurate information together.
 In longer processes, consider setting up process agreements on how to handle
 new insights (as they will inevitably arise). This approach helps stakeholders
 feel more comfortable dealing with uncertainty.
- Clarify expectations: trust and distrust are often linked to uncertainty and
 unpredictability. Work together to clarify mutual expectations, such as the
 follow-up actions after the dialogue. Address stakeholders' questions to alleviate
 concerns and reduce distrust. Be predictable and consistent in your behaviour.
 In situations where external realities remain uncertain, trust becomes even
 more crucial; mutual trust makes it easier to navigate uncertainty.
- Address distrust from third parties: if mistrust arises due to another discussion or
 collaboration partner, it is your responsibility to explain why that party is involved,
 the value they bring, and why you trust them (see example on the next page).
 Process agreements can help build mutual trust. Actively promote collaboration
 between different parties (e.g., employers and trade unions) to set a positive
 example. This can be reinforced by small gestures, such as traveling together.
- Share success stories: use success stories to dispel mistrust and persuade stakeholders to engage in dialogue.
- Consider an external facilitator: if trust is too low to engage in dialogue, consider appointing an external facilitator to guide the discussion. Ensure that all parties agree on the choice of facilitator. Refer to the knowledge document 'What makes a good facilitator?' for more information.

Example | Trust and distrust

The roll-out of an IRBC training program in factories was conducted by a local NGO in collaboration with purchasing companies. Company A found it easier to discuss this with their supplier compared to Company B, and the difference lay in the suppliers' prior experiences with the NGO. Company A's supplier had previously collaborated with the NGO on another training program, which led to minimal resistance during the preliminary discussions about the new training program and collaboration. The situation was different for Company B. Although their supplier had also previously worked with the NGO on a training program, that collaboration was cut short. The issue arose because a union leader was scheduled to deliver part of the training, which the supplier disagreed with at the time. This history likely contributed to the supplier's reluctance to participate in the new training program with the same NGO. Had Company B been aware of this past experience, they could have better prepared for potential resistance and discussed with the NGO how to address it effectively.

Read more?

Would you like to know more about the subject? You can further read in Kenneth Blanchard's book "The ABCD Model of Trust".

Information and support

This tool is part of a collection of tools, knowledge documents and training to help companies set up and implement a <u>meaningful dialogue</u> with their stakeholders. Meaningful stakeholder engagement is fundamental for (international) responsible business conduct and is reflected in <u>all steps of the due diligence process</u> according to OECD guidelines.

Click on a topic below for more information and support preparing and conducting a meaningful stakeholder dialogue.



Website



Self-assessment



Tools



Knowledge documents



Training



Guidelines & legislation



<u>FAQs</u>



Theory



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