

Meaningful stakeholder dialogue

SER

Considering country-specific and cultural factors



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.

Understanding the cultural, political, economic, and social differences between you and your stakeholders is crucial for conducting meaningful dialogues in your (international) supply chain. This document provides practical guidance on how your company can prepare for these differences, along with examples from two companies that have successfully applied this knowledge.

Why seek information about countries, regions and cultures?

It is essential to educate yourself on the culture of a country or region for several reasons:

Building trust

Understanding and applying local or cultural customs is a sign of respect for your stakeholder. It shows goodwill and genuine interest. People feel more comfortable and are more likely to trust you when they see that you have made an effort to understand their culture and local situation. This is the basis for long-term collaboration.

Preventing missteps

To avoid awkward mistakes, it is important to take cultural and local differences into account when building relationships with new stakeholders. This way you avoid the risk of unintentional insults, while ensuring respectful and effective communication.

Understanding national and local contexts

When you enter into a dialogue about International Responsible Business Conduct (IRBC) in your supply chain, you want to be well prepared for factors that play a role in identifying and addressing risks. An approach that works in one country or region may work out differently in another due to differences in the political, legal or economic conditions.

Setting realistic expectations

Gathering information about culture and circumstances in a country can help to have the right expectations in advance about what is or is not feasible during a dialogue. This is especially relevant when it comes to relationship building and the open and honest attitude of the discussion partner.



Economic context

Knowledge about the economic situation of a country helps you estimate how certain messages will be received by your stakeholder. If, for example, you enter into dialogue about the need for major investments to reduce CO2 emissions in your supply chain or if when you want to encourage a supplier to increase wages, it is important to understand the economic situation in a country. Perhaps the economy is experiencing high inflation at that time or the country is in a recession. You can find this information by consulting:

- · The World Factbook by the CIA
- World Bank open data
- Embassies in the relevant country may be able to help you find specific information.

Laws and regulations

When entering into dialogue about issues such as wages, safety regulations or freedom of association, it is good to understand the minimum legal requirements. You can find this information by consulting:

- Embassies in the relevant country. They can help you search for specific information.
- Stakeholders (international or local) who have insight into this, such as a
 multi-stakeholder initiative with local offices or an NGO or trade union in the
 production country. See for example <u>this guide</u> on relevant legislation in China
 for natural stone companies in the TruStone Initiative.
- Colleagues from the legal department at your company. They can provide advice on where you can find reliable information.

IRBC-risks

Make sure you are aware of the IRBC risks in the relevant country. You can find this information by consulting:

- Risk analyses and reports about a production country. A number of risk analyses and reports can be found on the <u>SER website</u>.
- · Audit reports from production sites in the relevant country.
- <u>Decisions</u> from the National Contact Point (NCP) or the handling of complaints in the relevant country through publicly available information from complaints mechanisms.

Recent events

Look up whether the country has been the scene of important events or developments recently. Being aware of this is deemed respectful and can serve as an icebreaker during dialogue. Also be aware of this if you actually visit a specific country. You can find this information by consulting:

- · The internet
- Reliable (international) newspapers and news sites. It is often difficult to
 determine which news source is reliable, especially when reporting on
 countries in conflict situations or countries with limited freedom of speech.
 Therefore, try to consult various sources, both local and international, to form
 a true picture. Supplement this with information you obtain from your partners
 and/or colleagues in a country.
- Information by the Ministry of Foreign Affairs. For instance: <u>Country information</u> by the <u>Dutch Ministry of Foreign Affairs</u>.

Civic space

The position, status and space to operate of civil society organisations, especially trade unions and NGOs, varies by country and affects their ability to participate in dialogues. In more and more countries, NGOs are actively opposed by governments, for example by removing their registrations or limiting financial resources. A company seeking to have a dialogue with local workers or communities often depends on local civil society organisations. Civil society's space to operate directly impacts the ability of companies to speak to the right people. You can find this information by consulting:

- Local NGOs and trade unions. Ask them explicitly about their space to operate and what they need from your company to make optimal use of it.
- <u>Freedom House</u>. Here you will find country reports with trends on the state of democracy and civil society. These reports are updated each year.
- United Nations Human Rights Office of the High Commissioner (<u>UNCHR</u>). Here
 you will find relevant reports on the importance of the space for civil society
 organisations to operate and what risks exist in different countries.
- · Embassies in the country.

Professional positions and roles:

What a professional job profile looks like can differ per country. The tasks and responsibilities of, for example, an HR employee, manager or compliance employee can differ greatly and affect the content of a dialogue and the decision-making therein. You can find this information by consulting:

- Colleagues within your company and ask how they have experienced this in the past.
- Companies in your sector or network and ask if they have experience in this in a country.

Practical knowledge

Public holidays

Be aware of any public holidays or religious events when planning dialogues and visits, such as Diwali in India or the Chinese New Year. Do you conduct business in Islamic countries? Make sure you do not invite your stakeholder to a lunch or coffee meeting during the Ramadan. Also consider regional or cultural differences in celebrating a particular holiday. You can find this information by consulting:

- The internet
- A local organisation you work with. They have a better understanding of the importance of a public holiday and who celebrates it or not.
- Companies in your sector or network
- Employees in your own company

Time difference

Take the time difference into account when scheduling calls or meetings. You can find this information by consulting the internet

Safety

Various forms of security may need to be considered, such as physical security, digital security and/or food safety. Investigate the safety risks for your destination, for example, at:

- Travel advice issues by your national government. For instance: <u>Travel Advice</u> issued by the Dutch Ministry of Foreign Affairs
- A local organisation you work with. They can probably tell you in more detail which safety risks are relevant and how to deal with them.

Use of technology

You may want to enter into dialogue with stakeholders who use technology in a different way than you, or who use other apps or services. Be aware of preferences and differences and adapt to these, where possible. You can find this information by consulting:

- A local organisation you work with. They often know how certain communities or groups use technology and why there is a certain preference.
- Ask this to the stakeholder whom you are entering into dialogue with.

Attitude

Cultural customs:

Wen you visit your stakeholder in person, make sure you are aware of national or local cultural customs and/or symbolism. Business etiquette can be influenced by cultural practices, e.g. when it comes to shaking hands or getting to know each other over dinner. Other elements to take into account include dress codes, eating habits, hierarchy and use of titles, gifts, flexibility and punctuality. You can find this information by consulting:

- A local organisation you work with, an (international) organisation with a specific country focus or your embassy in the relevant country. They often understand the importance of cultural customs in the local context and how you can prepare for this as a company.
- Ask colleagues who have been to the country before what to look out for.
- The internet
- Base yourself on previous experiences when on a working visit to a country you have visited before.
- Trade missions. If it suits your company, consider getting to know a country through an organised trade mission. For instance: <u>Outbound trade missions</u> by the Dutch Ministry of Foreign Affairs
- · Companies in your sector or network.

Communication style

Corporate communication can vary widely between countries due to differences in cultural, linguistic and business norms. Elements to take into account include directness, (in)formality, forms of address, hierarchy, decision-making and openness. You can find this information by consulting:

- A local organisation you work with or an international organisation with a specific country focus. They know how the style of communication in a particular country differs from communication styles in your home country.
- Ask colleagues who have been to the country before what to look out for.
- The internet
- Base yourself on previous experiences when on a working visit to a country you have visited before.
- Course or books on cross-cultural communication.
- Companies in your sector or network.



How to apply knowledge about country and culture in your dialogue?

Example | Online dialogue between company and supplier about digital employee survey

Situation

A company engages in an online dialogue with five suppliers in four different countries (China, India, Sri Lanka and Vietnam) about the results of a digital survey conducted among workers in clothing factories in these countries.

What information is needed?

Public holidays

To determine when a survey can be conducted and when a dialogue can take place.

Communication style

To set and meet realistic expectations regarding openness and honesty from the stakeholder.

Economic situation

To establish whether worker responses in the survey could be influenced by the economic situation in the country and whether the economic situation could complicate the approach to identified risks.

Use of technology

To determine how workers prefer to complete the digital survey (by phone, e-mail, text message) and what adjustments need to be made.

What was the added value of the information?

Public holidays

The surveys in India were designed taking into account the Diwali festival and in China the National Day of the People's Republic of China. Public holidays often played a role in planning discussions between company and supplier in both countries.

Communication style

Based on previous experiences, it was expected that suppliers in India and China would be less open about challenges and also be more likely to respond in a way that was 'desirable' for the company. Expectations about the depth of the dialogue were therefore adjusted.

Economic context

Sri Lanka was experiencing an economic crisis, which resulted in a decline in the purchasing power of workers. According to the supplier, this influenced their answers in the survey. In the dialogue between the company and the supplier, it was investigated to what extent the results in the survey were influenced by the economic situation and to what extent wages were too low.

Use of technology

The survey was delivered in different ways depending on local preference.

Example | Worker dialogue

Situation

As part of a multi-day working visit to Rajasthan, India, a dialogue between workers in the supply chain and stone importers was organised. Organisers worked closely with Indian organisations to provide relevant local and cultural information.

What information is needed?

Space to operate for civil society organisations

To determine whether it was possible to collaborate with NGOs or trade unions in organising the meeting.

Cultural practices

To shape the meeting in a culturally sensitive manner and to adopt a respectful attitude.

Communication style

To anticipate the attitude of the workers during the meeting.

Public holidays

To determine when a meeting could or could not be scheduled.

Economic situation

To understand what the most important topics would be for workers to discuss.

What was the added value of the information?

Space to operate for civil society organisations

It turned out that freedom of association in India is a sensitive subject and that workers in the informal sector are not organised in a trade union. Instead, organisers collaborated with Indian organisations that do maintain direct relationships with workers based on trust.

Cultural customs

The meeting was designed taking into account local food and drink customs and how workers would be welcomed. Tea and biscuits were served and time was taken to consume them together. The hierarchy of the group of attendees was also taken into account and the chairman was allowed to speak first.

Communication style

During the meeting it turned out that some workers, out of respect for the elderly, allowed them to speak more often. One worker also covered her face with her veil out of respect for a (male) family member present. By knowing this in advance, it was interpreted correctly and there were no misunderstandings.

Public holidays

The meeting was scheduled a day after Vijayadashami, a Hindu holiday.

Economic situation

The organisation was somewhat aware in advance that the workers wanted to discuss the economic situation they were in, with those present. However, the organisation did not know in advance that the relevant region is so dependent on the stone industry. If this had been known in advance, participants could have prepared themselves better by asking different questions.



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.



<u>Website</u>



Self-assessment



<u>Tools</u>



Knowledge documents



Training



Guidelines & legislation



FAQs



Theory

Colophon

The SER project 'Meaningful stakeholder dialogue in (international) supply chains' is partner of Humanising business, supported by the Goldschmeding Foundation.



Publication

Social and Economic Council (SER)
Bezuidenhoutseweg 60
P.O. Box 90405
2509 LK Den Haag
The Netherlands
+31 70 3499 525
communicatie@ser.nl

www.ser.nl/en/themes/irbc/meaningful-dialogue

Photo Hivos

The content of this publication aims to support companies in preparing, conducting, and following up on a meaningful stakeholder dialogue. The content has been compiled with great care but may nevertheless contain inaccuracies. The SER is not liable for any errors or defects and no rights can be derived from the content. Using this publication does not replace the obligations that companies have in the field of international responsible business conduct or the reporting thereof. This publication is subject to modification and change.

© November 2024, Sociaal-Economische Raad