



# REWIND TRAINING PLANS

## **Organisational Models:** Democratic and participatory

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REWIND

Relaunching Enterprises through Workers' Innovation  
and New dynamics

December 2023



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(source: <https://online.visual-paradigm.com/>)

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## Introduction to the Module

This module aims to inform the learners that organisations can be transformed into being participatory and democratic organisations through adopting different management styles, different organisational structures, stakeholder engagement and participation and adaptive leadership.

To this aim, the units will focus on following topics:

1. Unit 1 will elaborate on organisational structures, organisational democracy and ways & strategies transforming organisations democratic ones.
2. Unit 2 will address different management styles, and group decision-making processes, with the aim of promoting and developing the decision-making capabilities of the different leaders of regenerated enterprises, in relation to the theme of democratic and participatory leadership that is most applicable to the WBO enterprise.
3. Unit 3 has the purpose of introducing Stakeholder Theories and their application in corporate management and how this approach, as well as being often included in social reporting procedures (CSR), is of growing importance for corporate communication, which has expanded in today's always connected multimedia society.
4. Unit 4 aims to identify the position and role of internal and external stakeholders to improve organisational democracy and corporate social responsibility practices through effective strategies.

## Multimedia resources

1. [Organisational Culture \(With Real World Examples\) | Strategic Management](#): The following parts of the video are suggested to watch:
  - a. Introduction
  - b. What is Organisational Culture?
  - c. How to Build a High Performing Organisational Culture
2. [10 Tips on How to Create Workplace Democracy](#): The part from 7.06 is suggested to watch.
3. [CSR Europe: Proactive Stakeholder Engagement](#)
4. Unit 2 VIDEO 1: The digital agency won the Delivering Good Leadership award after highlighting how it has set out to become more sustainable for the future by finding ways to develop leaders across the company (From min. 6.15): [Torchbox case study: Delivering good leadership in an employee-owned business](#)
5. Unit 2 VIDEO 2 Group decision making: <https://www.youtube.com/watch?v=ptOhoizsHaw&t=117s>
6. Unit 3 **Stakeholder Theory** by Michael Ogunseyin (6'36")- The goal of the video here is to summarise the key ideas of the theoretical stakeholder approach to understanding corporate governance: <https://www.youtube.com/watch?v=PXrDyHSBhKY>
7. **What is stakeholders' theory?** By R. Edward Freeman ESSEC Classes (9'50") -R. Edward Freeman, University Professor at the Darden School of Business expert on issues related to stakeholder engagement and corporate ethics: <https://www.youtube.com/watch?v=epxmG3YRgok>
8. **Project Management : Stakeholder Engagement | What is stakeholder engagement?** By the Association of Project Management (1'44") - Stakeholder engagement means building relationships with your stakeholders in a respectful and constructive way - <https://www.youtube.com/watch?v=ZzqvF9uJlhA>

## Learning Outcomes

At the end of the module, the learner should acquire the following knowledge, skills and attitudes:

**Description of the unit of learning outcomes:** This module aims to improve understanding of how organisational democracy works and can be implemented through different leadership styles, organisational structures and stakeholder engagement thus contributing to a successful WBO process and its retention.

### LEARNING OUTCOMES

Actions/ achievements	Knowledge	Skills	Attitudes
<p>Decision making ability</p> <p>The ability to motivate several individuals to achieve a certain, common, shared goal.</p> <p>Apply processes and strategies for stakeholder engagement</p>	<p>K1. Describe different organisational structures and their advantages &amp; disadvantages for business innovation</p>	<p>S1. Analyse own organisational structure and its benefits</p>	<p>A1. Availability to adopt organisational democracy in own organisation</p>
	<p>K2. Explain organisational democracy and ways of implementation in the specific organisation</p>	<p>S2. Plan for applying tips for organisational democracy in the workplace</p>	<p>A2. Awareness of one's own leadership style to lead organisations based on a collective work environment.</p>
	<p>K3 Name the Group Decision making process</p>	<p>S3. Tell the individual and group decision-making process</p>	<p>A3. Adapt the decision-making style to the specific situation</p>
	<p>K4. List different Leadership Styles.</p>	<p>S4. Distinguish between different leadership styles</p>	<p>A4. Measure one's own leadership style in relation to the context</p>
	<p>K5. Describe Stakeholder Theory</p>	<p>S5. Apply the steps of the decision-</p>	

	<p>K6.Relate how stakeholder analysis can support and facilitate the implementation of entrepreneurial action in a corporate social responsibility perspective</p> <p>K7.Explain benefits and barriers of stakeholder participation for organisational democracy and corporate social responsibility</p>	<p>making process in a collective work environment</p> <p>S6. Analyse and apply different schemes for the stakeholders' identification and mapping</p> <p>S7. Analyse and apply processes and actions for the stakeholders' engagement</p> <p>S8. Apply strategies for effective stakeholder engagement for organisational democracy and corporate social responsibility</p>	<p>A5. Willingness to overcome the tendency to self-referentiality and readiness for exchange</p> <p>A6. Redefinition of company strategies, planning and activities by integrating the stakeholders' perspective</p> <p>A7. Willingness to involve internal and external stakeholders</p>
<p>Hands-on/Guides Learning Hours: 8          Self Study Hours: 2 (Activities)          Assessment Hours: 30 min          Total Learning Hours: 10 and 30 min.</p>			

## Theoretical part

### 1. Business Models, Organisational Structures and Innovation

The relationship between organisational structures, business models, and cultural values creates a productive ground for innovation. Organisational structures serve as a scheme that outlines the distribution of power, communication systems, roles, and responsibilities within a company. This paradigm, whether hierarchical, flat, vertical, or horizontal, serves as a crucial component in establishing a business' operational foundation. On the other hand, business models represent the scheme of how a company creates and delivers value to its customers. They are essential in guiding the strategic decision-making process and determining how the company sustains profitability over time. Thus, it is critical that businesses establish well-defined models that align with their objectives. A company's business model is central to how it operates.

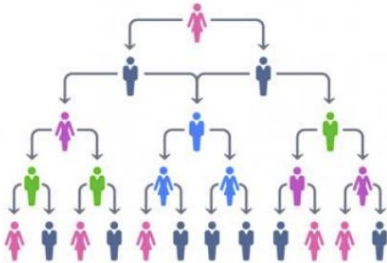
Lastly, the culture of the organisation completes this trinity. A business' culture is grounded in its values, beliefs, attitudes, and social norms. It shapes how employees interact and behave, impacting the way the business functions - and it often dictates the pathway for innovation and evolution.

When these three components- organisational structures, business models, and cultural values- are aligned, they create an environment that supports and cultivates innovation and evolution of the business. Ultimately, the business can employ these elements to foster organisational creativity and reinforce innovation.

## 1.1. Types of Organisational Structures

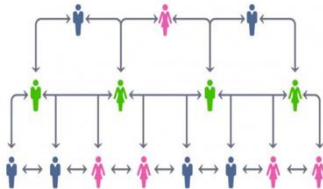
In today's fast-paced business landscape, organisations are increasingly relying on their knowledge and innovation capabilities to ensure their survival and success. The ability to foster creativity and innovation has become a critical strategic imperative for companies across all industries. While organisational structure plays a role, it is the organisational culture that has a more significant impact on how innovation and creativity are encouraged within an organisation. Various studies have shown that certain values or dimensions within the organisational culture can significantly affect how creativity and innovation are fostered. For instance, flexibility, (including autonomy, empowerment, decision making etc.), open communication channels, and collaboration are just a few of the key dimensions that can contribute to an innovative climate. Therefore, creating an environment that fosters creativity and innovation is vital in meeting the challenges and demands of today's dynamic business landscape.

### Traditional Hierarchy



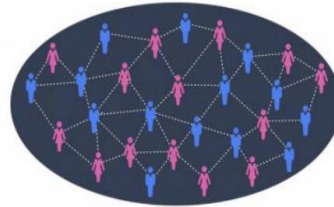
Communication typically flows **from the top to the bottom** which means innovation stagnates, **engagement suffers**, and **collaboration is virtually non-existent**. The greatest strength of the hierarchy used to be that it was so reliable at maintaining the status quo, which was exactly what companies wanted decades ago. However, what was once its strength is now its greatest weakness. There is also **no focus on the employee experience** in this type of a structure and as organisations around the world are exploring alternative organisational models.

### Flatter Organisations



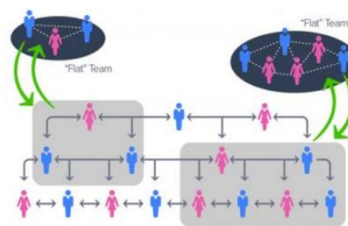
A “flatter” structure seeks to **open the lines of communication and collaboration while removing layers within the organisation**. This is the model that most large (and many mid-size) organisations around the world are moving towards. In flatter companies there is still a strong focus on

### Flat Organisations



Flat companies are exactly flat meaning there are usually **no job titles, seniority, managers, or executives**. Everyone is seen as equal. Flat organisations are also oftentimes called or referred to as self-managed organisations. The lack of structure can also make **accountability and reliability a bit of an issue**. Also, the company tends to develop cliques where groups of people tend to support and work with each other but oftentimes prefer to stay to themselves, which can cause **challenges for communication and collaboration**.

### Flatarchies



Flatarchies lie somewhere in **between hierarchies and flat organisations**. They can be **more hierarchical** and then have **ad-hoc teams** for flat structures or they can have flat structures and form ad-hoc teams that are more structured in nature. The **main benefit** of this structure is the **focus on innovation**. This structure is ideal for companies wishing to maintain a traditional structure whilst driving innovation could encourage ‘flat’ spinoff teams to work on specific projects.

**communication** and **collaboration**, **improving the employee experience**, challenging the status quo around traditional management models. But instead of completely reinventing the entire company and introducing a radical new structure and approach to work, it achieves similar results in a far shorter term and with much less effort and resource **allocation**.

### *Holacratic Organizations*



Holacracy maintains hierarchies but shifts power from individuals in the pyramid to circles (or departments). There is still some form of structure and hierarchy, but it's based on circles. The basic goal with this structure is to allow for distributed decision making while giving everyone the opportunity to work on what they do best. Each employee has a role instead of a job title, and within the circle these roles are regularly reviewed and transferred.

FIGURE 1. ADAPTED FROM JACOB MORGAN (THEFUTUREORGANIZATION.COM)

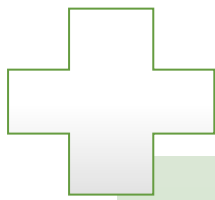
There are several common organisational structures that are observed in small and medium enterprises (SMEs) across Europe. One prevalent structure is the functional organisational structure based on a traditional hierarchy. Another commonly adopted structure is the flat organisational structure being embraced by SMEs, as it promotes a more decentralised decision-making process and encourages employee autonomy.

Essentially, the organisational structure creates a business hierarchy to increase the efficiency and effectiveness of the business operations. Different small businesses operate in different ways, so there is no one-size-fits-all solution every small business should choose for an organisational structure.

## 1.2. Organisational Democracy

Organisational democracy is a system in which every employee has a say and a vote in the decision-making process of a company. This system is based on the principle that every employee is important and has valuable contributions to make to the organisation. Democratic organisations are created by having a range of principles in place, such as tolerance, respect, and choice. These environments encourage people to contribute towards decisions that impact their working life, for example the introduction of a new policy or undertaking a training course. Democracy in the workplace is simply about having a balance of power between business owners, leaders and managers, and the people who work there.

There are several benefits and disadvantages of implementing organisational democracy, to consider.



### 1.2.1. Ways to Turn Workplace into a Democratic Organisation

Despite these challenges, there are ways to implement organisational democracy that can mitigate its disadvantages and maximise its benefits.

1. **Consistent job enrichment initiatives are key.** This is a strategy that can enhance employee motivation and job satisfaction. By providing staff with meaningful tasks that allow them to understand the underlying reasons behind business decisions, you can give your people more control over their roles. Offering job rotation opportunities that give staff experience of working in other departments can help in increasing their skills and knowledge.

2. **Opt to eliminate hierarchy.** Although hierarchical organisations come with defined communication structures, their disadvantages cannot be overlooked. Instead, you can opt to change visual displays that show 'who is

who' in your organisation. Rather than having a top-down list with leaders and managers at the top and staff members underneath, consider displaying your organisational structure in a circular format. Give junior team members additional responsibilities and ensure that they feel appreciated like the more senior members of your organisation with intellectually challenging tasks.

3. **Encourage enterprise:** Freedom, autonomy, and enterprise are crucial for promoting workplace democracy. By encouraging staff to identify business opportunities and leverage them to their advantage through teamwork, you boost internal collaboration, helping develop trust between employees. Make room for people who may express themselves in unique ways.

4. **Give people a voice.** Employees should feel confident about sharing ideas and opinions with worker councils, employee debates, or voting systems. You should always consult with employees, obtain feedback and views regarding issues affecting them.

5. **Treat everyone fairly.** Democratic workplaces place significant emphasis on treating staff equally without bias. Ensure that forward-facing policies and decisions are inclusive of staff. Do not underestimate the significance of consulting with your team members, formally or informally, to determine what they think and feel regarding how they are treated.

6. **Address pay inequities proactively.** Work toward creating an environment where priorities are put in place to prevent future pay imbalances. Offer high-quality recruitment training to eliminate the ways pay differences enter the recruitment process.

7. **Foster transparency in decision-making processes.** Democratic workplaces must have employee representatives at all levels, which better Governance arrangements to achieve greater transparency. Present employees at strategic meetings concerning budgets, recruitment, or new developments, and provide them the opportunity to understand, contribute, and feedback information to your workforce. Create a workplace democracy with employee participation at every level.

## 2. The decision-making role in the regenerated enterprise

### 2.1. Introduction

For the company to be restructured as a social enterprise and to continue its activity, a strong change and a change of perspective is needed both for the workers and for the new managers who might be called upon to manage the enterprise.

The former because they go from being employees to cooperative members and share commitments and new responsibilities together the latter because they must be prepared to manage an enterprise based on different assumptions.

The regenerated enterprise needs to identify from the outset leadership both to interact with ownership in the negotiation phase and to guide the start-up phase of the initiative. It can identify managers externally or internally among the worker-partners themselves.

The role of management is crucial in supporting the restart process, but external managers may not know or come from the cooperative world because there are differences compared to a for-profit enterprise.

The manager of this type of company will have to consider

- redistribution among members
- the vertical (co-op. and members) and horizontal (members and workers) reciprocity, based on trust
- the ownership structure (it belongs to the members who invest capital and labour in it) also intended to last over time (transferability equals intergenerational mutualism)
- interdependence, i.e. the limitation necessary to 'relativise' one's personal vision in order to reconcile the salient aspects of cooperative action (economic, social, environmental and governance first and foremost); to build leadership consistent with the company's mission; to

foster responsible identities, i.e. the ability to offer answers, possibly multistakeholder

- have a focus on the area network also to act for the sustainable development of the local community.

It is therefore necessary to believe in the value of the team, to be open to confrontation, involvement and participation of the workers, whose involvement in the project will be crucial for the success of the company. Among the skills needed to be a manager in a WBO are authoritativeness and accountability, awareness of interdependence to balance the ability to make decisions and the ability to listen, execution and counter impulses from different thoughts, always looking for new balances in the name of empathy, between the needs of ownership and the full operation of the structure<sup>1</sup>.

All this so that the performance nature of the manager can also produce, while respecting the different functions and tasks, relational added value, indispensable in a context that is nourished by interactions between peers (the person at the centre).

The manager, in addition to performing tasks related to growth and efficiency, is called upon within this enterprise within a constant dialectic between ownership and governance (mutualistic or reciprocal objectives). It is crucial to monitor the quality and intensity of these links for success: an essential condition is the full understanding and sharing of the social objectives and founding values of the enterprise.

"The cooperative enterprise represents the ideal field for experimenting an alternative style of business management, managers have the opportunity to express their skills and realise their professionalism by participating in an overall project of growth and social development and of the communities to which the enterprise belongs.

New skills are therefore needed to imagine an entrepreneurial paradigm in which widespread responsibility and meaning are renewed in the

<sup>1</sup><https://www.manageritalia.it/>

management methods and approach to corporate capital, especially human and organisational.

When, on the other hand, it is the workers themselves who take over the management of the enterprise, they also become entrepreneurs and their direct participation in the enterprise makes them also leaders precisely because they will have to know how to manage change and preside over decision-making processes such as electing the management team, approving by-laws and regulations, approving the budget and company strategies, and managing employees in general according to a cooperative and collaborative leadership style.

This direct and interested participation of the worker in the choices has proved to be a winning factor in the development of the cooperative enterprise, but WBOs need to develop a culture of participatory enterprise, find a new balance in re-forming a team with different goals to achieve, and manage a group decision-making process where collaboration is fundamental.

Leadership is about making business visions concrete, motivating people, effective decision-making and ensuring the achievement of goals has a lot to give as a practice but needs to be applied to social enterprise.

## 2.2. The group decision-making process

In this VUCA era (volatility uncertainty complexity and ambiguity) the old models of development and leadership become obsolete. This means putting people with specific skills back at the centre, having more flexible organisational structures, centred on interdisciplinary teamwork and with high levels of delegation.

It means investing in knowledge and visions created from a mix of experiences, with a leadership capable of putting itself in a position to continuously learn from its successes and failures, enhancing them according to a continuous process that has medium to long-term changes as its ultimate goal.

Making decisions implies a complex process that leads to the determination of a choice that passes through cognitive and emotional aspects. The

decision is only the concluding act of the decision-making process that leads to making a choice between several alternatives considered, by an individual or a group, over a period of time **(Tip 1)**.

The factors influencing the process are: individual beliefs, context, society, stress, but the main element is emotion.

The essential elements of the process are: the decision maker, his or her cognitive attributes, the activities involved in finding solutions, and the methods and criteria for making the choice. Making decisions involves five steps: identifying the objective, gathering information, finding possible solutions, evaluating consequences and finally making a decision.

In the case of WBOs, the organisational setting, aimed at developing a shared vision, can involve both individual decision-making, involving a single person, and collective decision-making, when the decision-making process is taken by a group or team.

The decision-making process becomes the responsibility of the entire workforce, especially with regard to consensual decision-making, where teams make decisions as a collective. The process is much more democratic and data suggest that workers in WRCs enjoy greater participation in decision-making. Horizontal structures are used by 70 per cent of companies and involve managerial tasks being divided equally among all workers, or each individual taking on a larger managerial role for a short period. Despite little or no experience or training to perform them, worker-managers have successfully replaced specialised managerial roles. Approximately 88% of WRCs hold regular worker meetings to make decisions (PFA, 2010).

In summary, group decision-making tends to:

- 1) increase the quality of decisions
- 2) democratise the decision-making process
- 3) build internal and external (social) cohesion
- 4) improve corporate culture

Different situations also require different techniques, one must also know how to choose the most suitable decision-making method for the specific problem and ask oneself some preliminary questions (**Tip 2**).

### 2.3 Democratic decisions and different leadership styles

Leadership styles are manifold, but what characteristics are to be considered to lead change and new decision-making in business transfer?

In the WBO, a change of organisational culture is addressed through the revision of governance and decision-making processes.

Workers face a challenge inherent in the organisational transformation they experience in terms of personal, economic and role change. Democratic participation in decision-making will see them personally called upon to share and take strategic, operational and managerial decisions, which are important both for the individual's close affiliation to the company and for the company's future.

Democratic decision-making will refer to the values of Collaborative Leadership: social cohesion, cooperation, participation, capacitation and empowerment as the leader's ability to support critical participation in the process of making choices that affect the group.

Many leadership styles: [democratic](#) (Lewin and Goleman), [transformational](#), [agile](#), [servant](#), put people first, encourage participation, inclusiveness, collaboration, aim at team building through trust and a horizontal organisational hierarchy.

A leader who can integrate the different aspects will facilitate orderly and democratic collective decision-making.



He/she will make it easy for people to contribute their perspectives and skills, take the initiative, make appropriate choices, walk with others and share responsibility for the well-being of the team and the company.

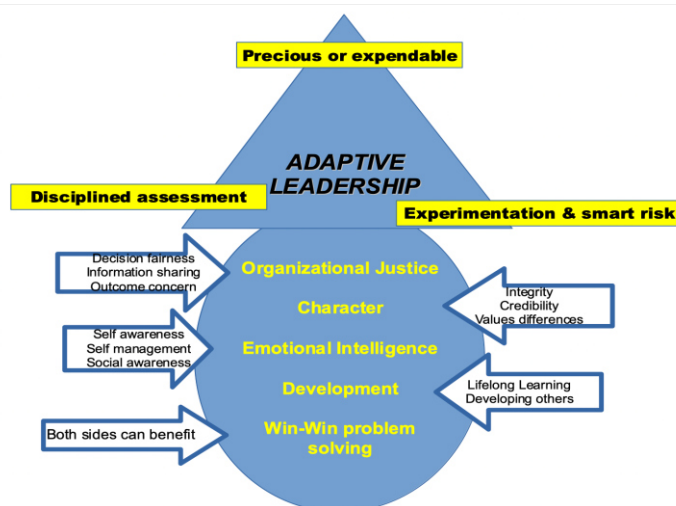
## 2.4 Adaptive Leadership for change

*"The assumption is that leadership is neither an innate quality nor a personality trait, but a management style that can be acquired and anyone can exercise: in the family, in business, in politics. It consists of the ability to mobilise people in order to meet difficult challenges, which require adaptive change" ( M.Linsky)*

In addition to technical challenges, WBOs also face 'adaptive challenges' characterised by value conflicts, complex challenges that require time, reflection and the need to rethink their identity.

Adaptive leadership is an approach to tackling all kinds of challenges in professional life, and beyond, that helps to mobilise and direct people's energies towards a shared goal that goes far beyond mere personal ambition.

"Leadership does not coincide with doing one's job well or holding a position of power within an organisation"(M.Linsky)



The current circumstances of rapid and continuous transformation lead companies to adapt and, and find a balance between 'conservation and loss'. The manager who wants to act as a leader must go beyond his or her authority and know that he or she will not have to preserve the status quo but

sacrifice something, such as ineffective ways of operating, to sustain growth. Adaptive leaders implement new initiatives and monitor their impact.

Adopt Adaptive leadership, favouring transparency and clarity on short-term business priorities, is the advice that comes from a survey of 2,929 executives in 17 countries (Global talent Trends 2023) to keep employee confidence high.

The goal is for companies to empower individuals to manage challenges and adapt to a changing environment.

It is a model that embraces change, experimentation and innovation based on four principles: distributed leadership, optimal talent mix, transparent character and the development of mutual trust.

## 3. Stakeholders for Organisational Democracy and CSR

In a world where corporate social responsibility is becoming increasingly important, democratic organisational structures are becoming more and more desirable. The idea of transforming traditional hierarchical organisational structures into a more democratic model is gaining attention with the aim of making businesses more future-fit, ethical, transparent, and liable. In this context, stakeholders are becoming critical actors for organisations that are looking to embrace democratic organisational structures and corporate social responsibility.

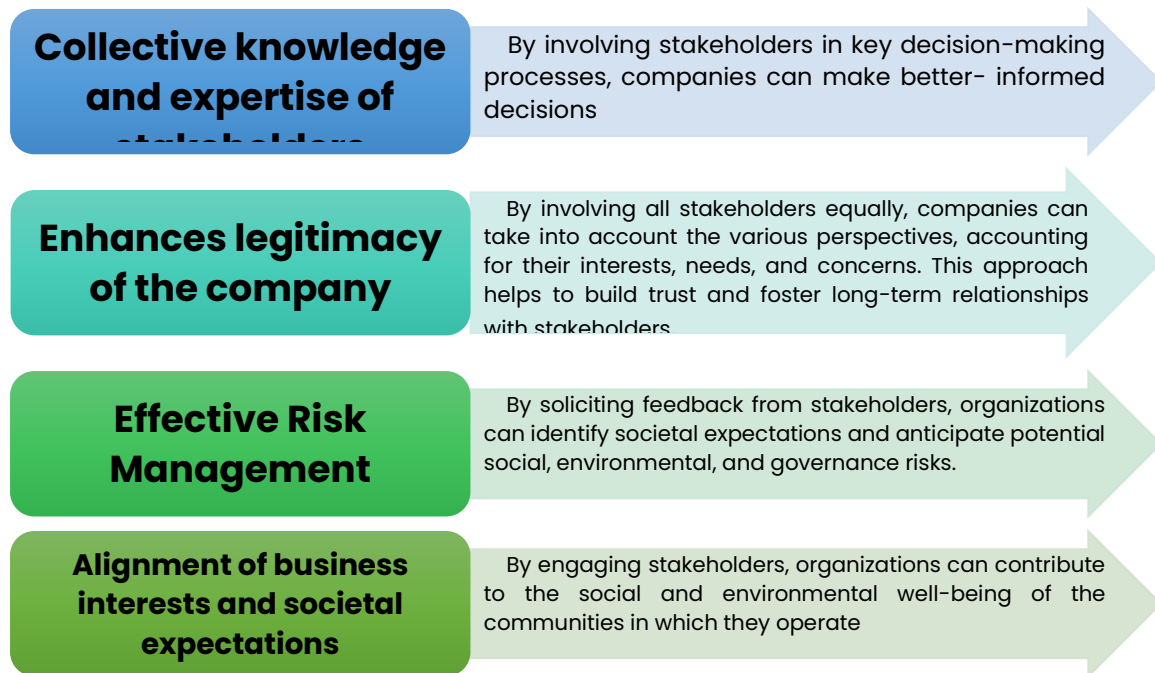
During this transformation process, stakeholders play a crucial role in both internal and external affairs of businesses. Involving internal stakeholders such as employees in decision-making processes can help create more inclusive and participatory work cultures, thus promoting organisational democracy while involving external stakeholders such as customers, suppliers, and local communities can provide valuable insight on how a business can practise corporate social responsibility and build trust with its stakeholders. Therefore, stakeholder participation can facilitate a diverse range of perspectives and ideas that can significantly strengthen an organisation's commitment to being socially responsible and democratic cultivating a company's survival in the long term.

### 3.1. Benefits of Stakeholder Engagement for Organisational Democracy and CSR

Stakeholder engagement is one of the cornerstones for implementation of a democratic organisational structure and Corporate Social Responsibility. Since it involves actively engaging with both internal and external stakeholders to maximise their involvement, engagement, commitment, this approach can foster a culture of transparency,

accountability and collaboration, transforming the nature of the relationships between organisations and all stakeholders.

The benefits of stakeholder participation are diverse as below:



### 3.2. Barriers to Successful Stakeholder Engagement for CSR and Organisational Democracy and Tips for How to Overcome Them

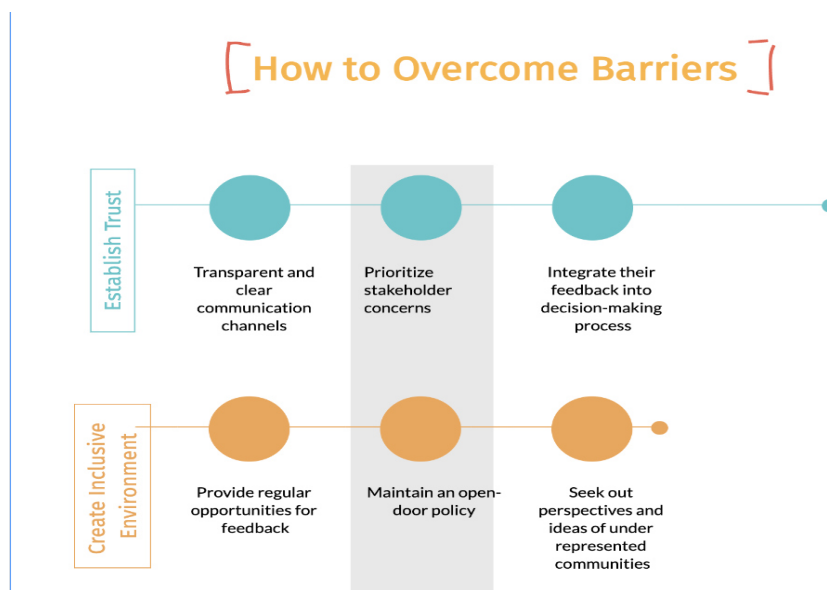
Despite the benefits of engaging internal and external stakeholders, many barriers can inhibit successful and effective engagement. These barriers can include **a lack of trust, opposing priorities, poor communication, and resistance to recognize the value of and consider stakeholder input.**

To overcome these barriers, here are some useful tips for organisations:

- Establish trust with stakeholders by demonstrating commitment to their concerns and interests.** This can be done by developing clear and transparent communication channels and ensuring that stakeholders feel heard and valued. Another strategy is to prioritise stakeholder concerns and integrate their feedback into decision-making processes. This can help to ensure that their voices are heard

and that their needs are reflected in organisational policies and practices.

- **Recognize the value of diversity and to create inclusive environments that encourage engagement of a wide range of stakeholders.** This can be done by providing regular opportunities for feedback, maintaining an open-door policy, and actively seeking out the perspectives of minority groups and marginalised communities.



In conclusion, effective stakeholder engagement is essential for promoting corporate social responsibility and democratic organisational structures. By overcoming barriers to participation and actively engaging stakeholders, organisations can benefit from a range of perspectives and insights.

### 3.3. Strategies for Effective Stakeholder Engagement in CSR and Democratic Organisations

To ensure effective stakeholder engagement, companies and organisations must implement certain strategies. Firstly, it is essential to have a democratic organisational structure in place, which implies that decision-making is inclusive of internal and external stakeholders, as opposed to being limited to a select few individuals at the top of the organisational hierarchy. Encouraging participation from stakeholders in decision-making

processes not only leads to better decision-making but also fosters a more positive corporate culture.

Companies must also have mechanisms in place to listen to the feedback of stakeholders effectively. This can be achieved by regularly communicating with employees, customers, suppliers, and local communities through surveys, meetings, and other feedback mechanisms. The feedback provided can then be used to improve working conditions, products, services, and community engagement. Effective communication and collaboration can create mutual benefits for both the organisation and its stakeholders.

Did You  
Know?

**Patagonia, an outdoor and clothing company, has a successful example of stakeholder engagement in promoting organizational democracy and corporate social responsibility, and established itself as a leader in sustainable and ethical practices, largely due to its commitment to stakeholder engagement.**

**Internally,** Patagonia involves its employees in decision-making processes through various methods such as town hall meetings and inclusive feedback loops. This democratic organizational structure has created an engaged workforce that is committed to the company's values and ethics.

**Externally,** Patagonia has engaged with its customers and activist community through campaigns such as "The Planet is Our Playground" and "Worn Wear." These campaigns not only promote sustainability and responsible consumption, but also invite customers to

Furthermore, organisations must prioritise internal and external stakeholder engagement as an essential component of its corporate social responsibility (CSR) strategy. By involving stakeholders in CSR initiatives, companies can capitalise on their expertise, resources, and knowledge, thus, ensuring that their CSR programs align with the needs and expectations of their stakeholders.

## 4. Stakeholders' mapping and engagement

### 4.1. Introduction

The ability to read and interact with the competitive system requires having a good understanding of the interests expressed by the various components, internal and external to the company, the influence they can have on the company and the impacts that can be generated towards them.

Internal stakeholders include employees, managers and shareholders directly, and indirectly, families or reference persons.

Among the external stakeholders, in addition to the entrepreneurial, customer, supplier and credit system, we have the public administration, the education system and research centres, the solidarity and culture promotion circuit, the health and safety system, citizenship and the territory in which the activities are located, directly and indirectly.

Analysing the stakeholders' interests, needs, expectations, and concerns is necessary to understand their power and influence over the enterprise or any other organisation or project.

The identification, mapping, analysis and involvement of stakeholders can represent a periodically updated practice or be initiated on specific projects or entrepreneurial transition phases.

Especially in the phases of transition and corporate transformation, stakeholders play a crucial role in the internal and external affairs of companies.

Involving internal stakeholders, such as employees, in decision-making processes can help create more inclusive and participatory work cultures, thus promoting organisational democracy, while involving external stakeholders, such as customers, suppliers and local communities, can

provide valuable indications on how a company can practise corporate social responsibility and build trust with its interlocutors.

Therefore, stakeholder participation can facilitate a diverse range of perspectives and ideas that can significantly strengthen an organisation's commitment to being socially responsible and democratic, aiding the company's long-term survival.

## 4.2. Stakeholder Identification and Mapping

In order to identify stakeholders, first it will be necessary to ask oneself some questions, such as:

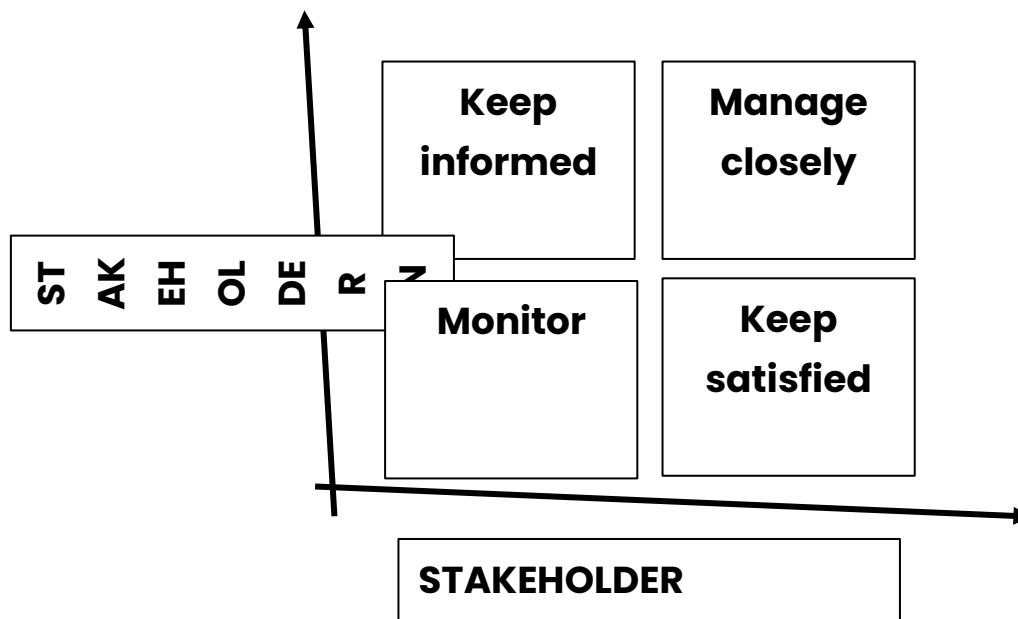
- Who are those, individuals, organisations or communities, who benefit directly and indirectly from our entrepreneurial action?
- What are their explicit and implicit interests?
- What are our outputs/outcomes impacting on them? In short, medium and long term?
- Who are those who are against our initiatives?
- Who can influence, positively or negatively, the company's decisions? And how?
- With whom could we optimise our results and innovate our products/services?
- What kind of communication to activate and nurture with these stakeholders?

Since each type of stakeholder has specific interests in entrepreneurial action, each one represents a power that can positively or negatively influence entrepreneurial prospects, and for this reason it is very interesting to proceed with a detailed analysis.

Therefore, alongside the identification, it is inevitable to map the various stakeholders according to some criteria decided by the management and by the company owners.

One of these criteria can be the one that graphically represents the level of interest of a stakeholder on the y-axis (vertical), while on the x-axis (horizontal), the level of influence they can have on our business initiative or project.

**Table 1 Stakeholder mapping model**



This interpretation of the levels of interest and power indicates some strategies for interacting with stakeholders, where the greater the interest, but the lesser the influence that can be exercised on entrepreneurial action, the indication is to keep these stakeholders informed. In the case of high interest and high influence, the suggestion is to manage the specific interests.

While in the case of low interest and low influence a monitoring process is recommended, while for the category low interest but high influence it is advisable to ensure the satisfaction of specific interests.

### 4.3. Stakeholder Engagement

Especially for social enterprises and cooperatives, the involvement of stakeholders should represent a constitutive element of these corporate

forms, unlike for-profit ones which tend to maximise value only for one category: the shareholders.

For Borzaga (2002) the social dimension is instead expressed in the following characteristics<sup>2</sup>:

- produce benefits to community members, rather than profits to owners;
- non-profit organisations, generating benefits for different types of stakeholders involved in ownership and management, are no longer seen only as the "non-distributing organisations";
- be a collective initiative;
- have a government entrusted exclusively or mainly to stakeholders other than the owners of the capital;
- ensure participation in broader decision-making processes capable of involving all, or almost all, of the groups interested in the activity by encouraging their participation;
- the absence of proportionality between the right to vote (or the weight in internal decisions) and the subscribed capital.

The corporate governance of social enterprises can be traced back to a multi-stakeholder vision, in which company management is oriented by the presence and influence of a plurality of stakeholders (members, workers, volunteers, external stakeholders), with the prospect of direct participation in management.

Until the 1970s, studies on corporate governance were essentially focused on a single stakeholder, the shareholder (Baumol, 1967; Galbraith, 1971; Jensen, Meckling, 1976). The first work that deviates from the paradigm of separation between ownership and control is the Stakeholder Theory,

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<sup>2</sup> Source: <https://www.rivistaimpresasociale.it/rivista/articolo/l-impresa-sociale-multistakeholder-sistemi-e-strutture> (consulted 30.05.23)

developed by Freeman in the 1980s (Freeman, 1984; Frooman, 1999; Sciarelli, 2007).

According to this theory, companies cannot limit themselves to pursuing the satisfaction of shareholders' interests alone and the maximisation of shareholder value but must satisfy the expectations of several stakeholders – that is, of all those subjects who influence and who are influenced by the business activity. enterprise – seeking to satisfy the expectations of those who make a useful contribution to the efficient performance of economic activity (Freeman, 1984).

We therefore move on to a multi-stakeholder perspective: adopting an open governance system – capable of reconciling the interests of the various interested parties – and affirming one's social responsibility – assuming commitments towards stakeholders – are the prerequisites for the transition from a mono-stakeholder to a multistakeholder perspective<sup>3</sup>.

Summarising, the benefits of Stakeholder Engagement are:

- Increase company competitiveness
- Increase brand reputation
- Contributes to product and process innovation
- Creates shared value with all stakeholders in a lasting way over time, monitoring the quality of relationships
- Enables strategic planning of organisational priorities and strategies

Additionally, organisations must prioritise stakeholder engagement as an essential component of their corporate social responsibility (CSR) strategy. By involving stakeholders in CSR initiatives, companies can leverage their experience, resources and knowledge, thus ensuring that their CSR programs are aligned with the needs and expectations of their stakeholders.

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<sup>3</sup> Ibid.

## Short Summary

The WBO enterprise may rely on a temporary co-operative manager as the members' skills grow because specific management and managerial training may be needed, but each worker may develop leadership skills by valuing self-training and allowing members to work together to maximise their capabilities and achieve a shared goal.

WBOs are demanding in terms of decision-making responsibility at various stages. Experience, strong motivation, skills and a strong belief in the co-operative business model may not be enough if not accompanied by the development of a democratic, horizontal, group decision-making leadership model for and within the organisation to reach a consensus on how to proceed when several viable options exist. Adaptive leadership is a systemic vision that enables companies to face evolutionary challenges.

Besides, motivation to change the paradigm of doing business where ownership and profit maximisation are in a dominant position as the only true and right perspective to guarantee the free market. The perspective must change, not only due to the climatic and health emergencies of which we have clear and evident manifestations, but to lead back to an economy that restores more human lifestyles, respectful of workers' rights, of the human and physical environment, as well as of the interests of the various stakeholders in the reference business context. In this sense stakeholder engagement is crucial for the success of any organisation. Adopting a democratic organisational structure and placing a strong emphasis on corporate social responsibility and organisational democracy are important steps towards achieving this success. It is essential for organisations to understand the needs and expectations of their internal and external stakeholders in order to establish and maintain positive relationships with them. By involving stakeholders in decision-making processes and actively listening to their feedback, organisations can promote transparency and accountability and build trust with their stakeholders. Ultimately, this can lead to improved business outcomes.

## Tips

### Unit 1

- Real organisations are suggested to be used to exemplify organisational structures.

### Unit 2

#### Tip 1

- Why decision-making is an important leadership skill because it helps managers to..?
- Improve workplace productivity
- Establish a trusting relationship with employees
- Create action plans in emergency situations

#### Tip 2

When choosing a group decision-making technique, it will be useful to ask yourself these questions first:

- Are you trying to generate ideas or reach a specific conclusion?
- How many people will be involved in the group?
- Is it likely that some members will dominate the others or that participants will hesitate to express their opinions?
- Does everyone have to agree with the decision?
- Can the group meet in person or via teleconference or web conference?
- What is the problem to be solved or the choice to be made?

### Unit 3

This topic could raise heated discussions amongst learners, and to avoid the risk of polarised positions we recommend drawing a horizontal line on a blackboard and indicating the two poles, e.g.: Growth ↔ Degrowth.

When such discussions emerge, explain the rule of the two poles, take for example the two opposite positions, try to isolate the basic concepts

expressed and ask the learners themselves to place their own instances on the line.

Generally this request comes back as a series of questions: is my thinking, aware of the limits, coherent and logical? Did I use the right words to express my thoughts? Have I thought about the consequences of the proposals I have made? Have I listened to the reasons of the other?

This type of visualisation should avoid hasty thoughts and chatter, requiring a deeper reflection on the ideas and principles that should guide doing business in a more responsible way to make this world better.

## Training Activities

### Activity 1

**Duration: 30 minutes**

1. Review organisational structure types presented in this unit and reflect on which type your organisation fits in considering the benefits and challenges you observe explaining how you utilise these benefits and overcome challenges cultivated from this structure.

### Activity 2

**Duration: 30 minutes**

After watching the video in the link below, try to answer the questions they ask the candidate in relation to your work context:

<https://www.youtube.com/watch?v=Fj8TzmUzkFc>

Q1. Tell me about yourself.

Q2. What are the most important skills and qualities needed to be a great leader?

Q3. Why do you think you are suitable for this leadership position?

Q4. Tell me about a time when you made a quick decision with limited information.

Q5. Tell me about a time when you handled a crisis.

Q6. What will you dislike the most about being a leader?

Q7. What's the first thing you will do in this leadership position?

### Activity 3

**Duration: 1 hour**

Roleplaying on the case of an **Energy Community Cooperative Project, called ILLUMIA**, in a suburban and rather infamous district of the city, with full-blown cases of drug dealing and a high rate of unemployment.

The photovoltaic panels will be placed on the civil protection building, which includes a series of complexes shared with the Fire Brigade and other public offices. The rooms that house the systems are well soundproofed and located in an area of the entire complex that is quite distant from the public reception offices.

The group of promoters is made up of architects, engineers, social workers, technicians who have received the patronage of the Municipality, consisting in the acceleration of the authorization procedures of the plant and its clearance, after the final testing. The installation work will last 18 months, and the already completed executive planning will be presented and discussed with the citizens. In addition to the promoters and representatives of the Municipality, the Committee of Citizens of the District, representatives of the orders of architects and engineers, contractors, an environmental association and one against architectural barriers present in the complex took part in the consultation meeting.

The proposed **timeline** for this activity is as follows:

- Presentation of the task to be carried out in plenary (5 minutes)
- Role Playing of the meeting for ILLUMIA project presentation and its realisation through a participatory approach (40 minutes)
  - Participants are shared in 5 groups of interest: (1) citizens and inhabitants of the district; (2) experts and professionals (architects, engineers and social workers); (3) contractors and associated companies; (4) public administration officers; (5) project promoters.

The **material required** for roleplaying: more sheets of flipchart on a free wall of the classroom, markers and camera. A box to collect the "anonymous messages" received at the Town Hall on the Energy Community Project.

### **Role Playing: Step-by-step instructions:**

The representatives of the various stakeholders must be grouped together and distinguishable by a small board that identifies their role, arranged like an arena in front of the sheets of the flipchart where the positions of the 5 stakeholder groups with respect to the project will be transcribed.

### **Step 1: Presentation of roleplaying**

This activity refers to a methodology widely used in the field of environmental co-planning, the European Awareness Scenario Workshop, which provides for the comparison between various groups of interest for the participatory planning of a work that impacts on multiple stakeholders.

### **Step 2:** Energy Community Project presentation

The participants are divided into 5 groups, and that of the Promoters will be the first to speak with the presentation of the Energy Community project. Please note: the project must be invented on the spot, training creative thinking.

### **Step 3:** Initiation of exchange with stakeholders

Each group will be able to take a few minutes to reflect among themselves, always taking into consideration who they represent, and in rotation they will express their doubts, their requests for clarification or modification of the project, arguing the reasons, possibly with validated data.

The trainer plays the role of facilitator and moderator of the debate, transcribing in summary the positions that emerge during the discussion on 5 different sheets, one for each group.

### **Closing of the activity**

The last 10 minutes of the simulation are dedicated to the conclusions which are formalised through a simple roadmap on possible solutions to combine the different interests expressed by the stakeholders.

On the flip chart, the facilitator will draw a three column matrix indicating: what needs to be done (what); who has to do it and with whom; (who, with whom); the time for applying the solutions found (when). At the end the sheets will be photographed and shared as a result of the work done.

## Self-evaluation exercises

- 1) Organisational structure and culture can foster creativity and innovation: True / False
- 2) Flat organisations are between hierarchy and holocracy: True / False
- 3) Transparency in decision-making process is a barrier to organisational democracy: True / False
- 4) Becoming a democratic organisation takes time and effort: True / False
- 5) Stakeholder engagement is integral to democratic organisations: True / False
- 6) The essential elements of the decision-making model are 6: true/false
- 7) The decision is the choice to undertake an action, among several considered alternatives (options), by an individual or a group (decision-maker): true/false
- 8) Individual beliefs, context, society, stress can influence the decision-making process: true/false
- 9) There is an absolute correct leadership style: true/false
- 10) The leadership style most suited to social enterprise is the democratic one: true/false
- 11) There is a style that encourages your team to grow: true/false
- 12) If you find it difficult to lead your team consciously using the current method, you cannot integrate the different modes and be inspired to develop your own personal approach: true/false
- 13) From what perspective can we analyse and map the stakeholders of our entrepreneurial initiative?

A. Giving priority to the financiers of the project, without whom the initiative could not be carried out

B Classifying the various stakeholders according to their ideological orientation

C Classifying the various stakeholders according to the degree of interest and influence on the project

D Prioritising workers and industry experts who know what needs to be done to make the project happen

14) Which one of the below is not a barrier to successful stakeholder engagement for organisational democracy?

A Opposing priorities

B Transparency

C Poor communication

D Lack of trust

E Resistance to stakeholder input

Correct answers: 1) True, 2) false 3) False 4) True 5) True 6) False 7) True 8) True

9) False, 10) True 11) True 12) False 13) C 14) B

## References

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Video lessons (1 and 2 ) on leadership and decision making on you tube:

[https://www.youtube.com/watch?v=\\_TB6Zz97iow](https://www.youtube.com/watch?v=_TB6Zz97iow)

Video lessons (3 and 4 ) on leadership and decision making on you tube:

<https://www.youtube.com/watch?v=--rcXp-19kg>