

# Stakeholder Analysis

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Natural Capital - Galvanising Change (JHI-D5.3)

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## Introduction

In common with other projects in the RESAS programme, Natural Capital - Galvanising Change (D5.3) follows a Responsible Research and Innovation approach to co-produce research with stakeholders and publics, emphasising openness, transparency, diversity, inclusiveness and adapting the research as far as possible to changing contexts and needs (Owen et al., 2012). Broadly speaking, there are two reasons for this (Reed, 2008). First, the pragmatic argument is that working with stakeholders can facilitate more relevant research than is more likely to yield beneficial impacts in a given context. By engaging relevant stakeholders in the research from the outset, D5.3 will be able to consider the range of individuals, groups and organisations that might benefit from the research, whether directly or indirectly, and increase the likelihood that the project delivers tangible benefits that are relevant across as many of these groups as possible, rather than just benefiting formal project partners and 'easy to reach' groups. Second, there is the normative argument that the research team *should* engage stakeholders in a project that seeks to shape the delivery of outcomes from natural capital policies and facilitate high-integrity ecosystem markets in Scotland.

There is evidence that decisions about who engages in research can have a strong bearing on the legitimacy of decisions and the likelihood that those decisions are actually implemented and deliver benefits rather than unintended negative consequences (de Vente et al., 2016). This finding is because decisions benefit from more comprehensive information inputs and ownership over outcomes (de Vente et al., 2016; Reed, 2018a). As such, the goal is to enable broad participation from relevant publics and stakeholders in D5.3 research. For definitions of publics, stakeholders, participation and impact, see Box 1.

Based on this approach, engagement with publics and stakeholders in D5.3 will be guided by a stakeholder analysis to systematically assess the relative interest, influence and impacts associated with different organisations and groups who are affected by, or have the capacity to affect, decisions pertaining natural capital policy and ecosystem markets in Scotland.

This report starts by explaining stakeholder analysis and the methods used to analyse stakeholders for D5.3, followed by the presentation of results from the analysis.

### Box 1: Definitions – stakeholders, publics, participation and impact

A **stakeholder** is any person, organisation or group that is affected by or who can affect a decision, action or issue (Freeman, 1984). In D5.3, we are primarily interested in those who have a stake in natural capital and ecosystem markets in Scotland.

The **public** may have an interest in this research, however we only consider members of the public in D5.3 where they take on roles as stakeholders, for example through their use of the natural environment as recreationalists or water utility customers. Although everyone may be considered a member of the public in certain contexts, it is important to recognise that there are differences between individuals, which can be used to group them e.g. backgrounds, affiliations, gender etc. Rather than thinking of the “general public” as a single entity, D5.3 considers the interests, influence and benefits or negative impacts experience by different ‘publics’ who may engage with the research.

**Participation** is a process where stakeholders and publics (e.g. individuals, groups and organisations) choose to take an active role in making decisions that affect them (Reed, 2008). An easy way to understand this is in terms of knowledge flows (Rowe and Frewer, 2005):

- Communication or dissemination is process where knowledge is imparted *from* researchers *to* stakeholders
- Consultation happens when knowledge flows *from* stakeholders *to* researchers
- Participation happens when there is a *two-way* flow of knowledge *between* stakeholders and researchers

Research **impact** can be defined as “perceptible and demonstrable benefits to individuals, groups, organisations and society (including human and non-human entities in the present and future) that could not have been possible without new knowledge arising from research” (Reed et al., 2021).

## Stakeholder analysis

Stakeholder analysis is a collection of methods that enable researchers to understand which individuals, groups and organisations have a stake in the issues they are researching. The outputs of a stakeholder analysis are typically used by researchers to prioritise (or deprioritise) stakeholders for engagement, and to tailor their engagement approach to the needs and priorities of each group effectively. Historically, stakeholder analysis was rarely conducted as part of the research cycle, even in participatory projects, leading to unintentional biases in engagement that had the potential to undermine the legitimacy of co-produced research outputs (Reed et al., 2009). By conducting a formal stakeholder analysis in the first year of D5.3, the goal is to systematically identify all relevant stakeholders, including so-called 'hard-to-reach' groups and those who may be negatively affected by the research. In doing so, it may be possible to avoid or ameliorate the worst negative consequences and derive more benefits for more groups.

Stakeholder analysis typically considers the relative interest and influence of different groups to categorise or prioritise stakeholders for inclusion in decision-making processes. These two key criteria are typically evaluated via an interest-influence matrix, leading to a classification of stakeholders as "key players", "context setters", "subjects" and "the crowd". However, as these terms imply, stakeholder analysis using interest-influence matrices has often been used to prioritise key players and context setters for engagement, at the expense of subjects and the crowd, potentially exacerbating existing power discrepancies and further marginalising important groups who have limited influence (Reed and Curzon, 2015). In addition, potentially important information is often lost about the reasons why different groups are categorised as they are, as the analysis only records the consensus that is reached when a group ultimately decides how to categorise a stakeholder. For these reasons, D5.3 has used the 3i's approach (interest, influence, impact) (Reed et al., 2018b) which adds a third criterion, impact. This approach has the potential to identify important missing stakeholders, who are neither interested nor influential, but who may be significantly impacted (either positively or negatively).

## Methods

An online workshop was facilitated on 5<sup>th</sup> May 2022 to collect data for the stakeholder analysis with the D5.3 management team, consisting of researchers and key Scottish Government stakeholders. These participants then continued to input to the analysis, filling gaps where possible, completing the data collection phase by 20<sup>th</sup> May 2022.

The analysis asked three questions:

1. **Interest:** Who is likely to be interested in our research?
2. **Influence:** Who has power to block or facilitate impacts from our research?
3. **Impact:** Is there anyone else who might directly benefit from or be negatively impacted by our research (including those with limited interest or influence)?

For each stakeholder, participants could also add additional information they felt might be relevant. Participants were asked specifically to consider 'hard-to-reach'

groups that may have been missed from the analysis. They were also invited to suggest categories within which stakeholders could be grouped. Where organisations had more than one stake, the primary stake for the purposes of the project was used, for example RSPB develops nature-based solutions projects, some of which supply carbon offsets, but given the breadth of their interests across the natural capital policy agenda and their primary functions, they are classified in D5.3 as an environmental NGO, rather than a project developer/offset provider.

The following boundaries were established for the analysis:

- The focus of the analysis was primarily Scotland, but included international and UK stakeholders where these entities operated in or were relevant to natural capital and ecosystem markets in Scotland.
  - As a Scottish Government funded project, only Scottish Government departments and agencies were included, with JNCC's Ecosystem Markets Policy Coordination Group included to provide a link to relevant departments and agencies across the rest of the UK.
  - The exception was the Environment Agencies Natural Environment Investment Readiness Fund, which is funding the development of new ecosystem markets that will operate in Scotland, and is collaborating with Scottish Government on the design of its own investment readiness fund to ensure complementarity.
- The analysis included UK voluntary (not compliance) carbon and biodiversity markets, as compliance markets were covered by relevant policy stakeholders
- The analysis included regional stakeholders only within Scotland (unless they were looking to expand into Scotland)
- As there are currently only two domestic carbon markets with UKAS accredited standards, approved for use in the UK Environmental Reporting Guidelines, the Woodland Carbon Code and the Peatland Code, more stakeholders were identified in these more mature markets compared to emerging markets. Nevertheless, the analysis sought to ensure a breadth of inclusion across emerging as well as established markets, and linked issues of public policy, for example land acquisition and land reform.

## Results

Over 200 stakeholder organisations and groups were identified across 11 main categories in the analysis (Figure 1). Table 1 provides an overview of each category including examples of organisations and groups in each category and sub-category. Due to the sensitivity of some of the information collected about some stakeholder organisations, only summary information is presented here, with the full stakeholder analysis available to the project team for internal research purposes. Categories with significant numbers of stakeholders included (in descending order): nature-based solutions project developers and offset/inset providers (22 stakeholders); environmental/sustainability NGOs, thinktanks and representative organisations (19); and landowner/manager NGOs, thinktanks and representative organisations (15). Although fewer than ten organisations or groups were identified in a number of categories, these include important stakeholders, for example Scottish Government departments and agencies (of which only a limited number have direct interests in natural capital and ecosystem markets). Some categories with apparently limited

numbers of stakeholders include groups rather than organisations, where there are a limited number of representative organisations (e.g. tenant farmers).

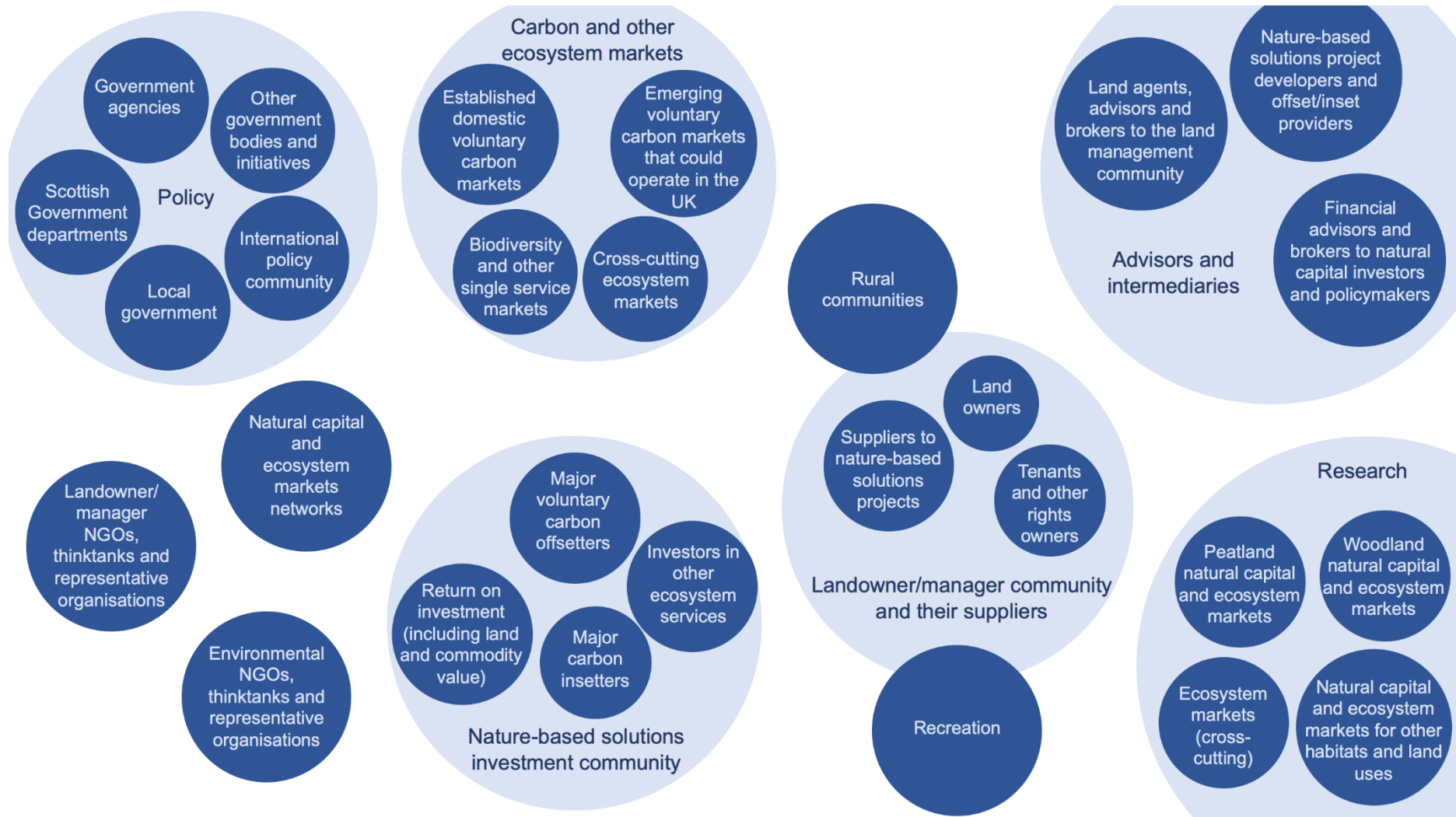
To ensure representative engagement across the full range of stakeholder interests in D5.3, it will be important to adapt engagement strategies to the unique interests of each category of stakeholder. Table 1 summarises the main interests of each stakeholder category. In addition to tailoring engagement to the interests of each group, the analysis also provides useful information about the direct benefits or negative impacts likely to be experienced by these stakeholders, and in some cases, their likely influence over the capacity for the project to generate impact. By referring to this analysis, and where available, the confidential information available to the team about individual stakeholders, it will be possible to:

- Stratify samples for interviews and focus groups that represent a cross-section of stakeholder interests;
- Design engagement strategies to facilitate stakeholder participation in the research that are tailored to the interests and needs of different stakeholder groups, and the likely timing of their interest in the project (e.g. before or after there are key findings);
- Engage key stakeholders in the co-production of a project impact plan that can provide benefits for the widest possible range of stakeholders; and
- Supplement the project's stakeholder advisory panel and invitations to project workshops and other events to ensure a cross-section of stakeholders have the opportunity to feed into the project, ensuring transparency, diversity and inclusiveness, and enabling the project to adapt the research as far as possible to changing contexts and needs.

## Conclusion

This report provides the first stakeholder analysis that focuses specifically on natural capital and ecosystem markets in Scotland. The purpose of the analysis is to inform stakeholder engagement and social science within D5.3, and it is hoped that by referring to the results of this analysis, it will be possible to conduct research that adheres to responsible research and innovation principles, and generates impacts for a wide cross-section of stakeholders.

Finally, it should be noted that all methods for identifying stakeholders provide a snap-shot in time, and stakeholders and their interests, influence and impact are typically dynamic. For example, stakeholders may form alliances to either promote or defeat a particular outcome and stakeholder analysis can be used to identify where such alliances are likely to arise. Stakeholder analyses thus need to be revisited and updated periodically to ensure that the needs and priorities of all stakeholders continue to be captured, which will integrate in our research planning.



**Figure 1:** Stakeholders in natural capital and ecosystem markets in Scotland



**Table 1:** Categories and sub-categories of stakeholders emerging from the D5.3 stakeholder analysis, showing the nature of their stake and the number of organisations or groups identified within each category.

<b>Stakeholder Category</b>	<b>Description</b>	<b>Example organisations/groups</b>	<b>Nature of their stake in D5.3</b>	<b>Number of organisations/groups identified</b>
<b>Policy</b>				
Scottish Government departments and teams	Teams and groups within Scottish Government responsible for aspects of natural capital and ecosystem markets policy and regulation	<ul style="list-style-type: none"> <li>• Natural Capital Co-ordination Group</li> <li>• Land Use Transformation Portfolio/Board</li> <li>• RESAS</li> </ul>	As funders and primary users of research outputs, these groups are interested in shaping the design and execution of the project to ensure it provide outputs that can be used in policy.	6
Government agencies	Government agencies and other bodies with statutory powers responsible for natural capital policy implementation	<ul style="list-style-type: none"> <li>• NatureScot</li> <li>• National Park Authorities</li> <li>• Scottish Forestry/Forestry &amp; Land Scotland</li> </ul>	These organisations also have a strong interest in shaping the design and execution of the research to ensure outputs can be used in policy implementation, but each has a more sectoral or location-specific context in which they are likely to use the research.	5
Local government	Local councils and planning authorities with interests in natural capital	<ul style="list-style-type: none"> <li>• Local Planning authorities</li> <li>• Local Councils with interests in natural capital</li> <li>• Local government association COSLA</li> </ul>	Interested in using research outputs, for example to inform planning decisions, or fund green infrastructure and other nature-based solutions projects	3
Other government bodies and initiatives	A range of other cross-UK bodies and Scottish and UK policy initiatives are working on natural capital and ecosystem markets	<ul style="list-style-type: none"> <li>• UK Ecosystem Markets Policy Oversight Group (connecting Scottish Government with Defra, Welsh and Northern Irish policy teams)</li> </ul>	Interested in applying research findings in the rest of the UK or in other sectoral contexts, to enhance natural capital policy and/or practice. Able to share insights from these contexts that may enrich the research.	8

		<ul style="list-style-type: none"> <li>• Committee on Climate Change (CCC)</li> <li>• Scottish Enterprise</li> </ul>		
International policy community	International organisations and task forces that either engage with or shape policy	<ul style="list-style-type: none"> <li>• Task Force on Nature-Related Financial Disclosures (TNFD)</li> <li>• The Global Ethical Finance Initiative (GEFI)</li> <li>• Global Peatlands Initiative</li> </ul>	Some of these organisations and task forces may have the power to extend or limit the reach of the impact arising from the research beyond the UK, depending on its alignment with their goals.	8
<b>Carbon and other ecosystem markets</b>				
Established domestic voluntary carbon markets	UK carbon offsetting schemes accredited to relevant ISO standards by UKAS	<ul style="list-style-type: none"> <li>• Woodland Carbon Code</li> <li>• Peatland Code</li> </ul>	Both Codes are interested in how the research might be able to help them increase the supply of projects coming to market, and successfully blend private finance with public funding. They also have a stake in the development of policy frameworks to facilitate high-integrity ecosystem markets, to ensure new codes and standards do not bring carbon markets into disrepute	2
Emerging voluntary carbon markets that could operate in the UK	New codes, standards and schemes are being developed or adapted for use in the UK to provide guarantees to buyers and sellers that carbon benefits are additional and verifiable	<ul style="list-style-type: none"> <li>• Wilder Carbon (Kent Wildlife Trust)</li> <li>• Regenerate's Hadrian Bond (applying Verra's VM0042 soil carbon methodology)</li> <li>• Agroforestry Code consortium (including Scottish Forestry/WCC and Soil Association)</li> </ul>	These groups are interested in the development of policy frameworks that could restrict or facilitate their development and market share, enabling them to learn from international experience as they develop their own products for the UK market.	8

Biodiversity and other single service markets	Codes, standards and schemes are being developed for biodiversity and other single ecosystem services	<ul style="list-style-type: none"> <li>• Nature Restoration Fund (Scottish Government)</li> <li>• Habitat Banking (e.g. from Environment Bank)</li> <li>• Blue Impact Fund</li> </ul>	As above, but with a particular interest in how policy frameworks and other codes and standards might facilitate or limit stacking of payments for multiple services between different codes.	4
Cross-cutting ecosystem markets	Schemes and companies that are creating markets for multiple services, for example via re-wilding, sometimes integrating projects that use the codes and standards above	<ul style="list-style-type: none"> <li>• Landscape Enterprise Networks</li> <li>• Riverwoods</li> <li>• Highland Rewilding</li> </ul>	Interested in how policy frameworks might facilitate or limit their current activities, and enable them to expand their currently limited operations.	11
<b>Advisors and intermediaries</b>				
Land agents, advisors and brokers to the land management community	Companies and individuals providing expert advice and diagnostic services to landowners and managers	<ul style="list-style-type: none"> <li>• Savills</li> <li>• Trinity Agtech</li> <li>• Farm Advisory Service</li> </ul>	Interested in gaining market insights and skills that could enable their clients to access ecosystem markets and blended finance mechanisms.	15
Nature-based solutions project developers and offset/inset providers	Companies that work with landowners to make changes to land use or management that can deliver ecosystem services to the specifications of buyers, often via codes and standards	<ul style="list-style-type: none"> <li>• Forest Carbon Ltd</li> <li>• The Habitat People</li> <li>• BX Group</li> </ul>	Interested in policy frameworks and mechanisms that can increase both supply and demand across ecosystem markets.	22
Financial advisors and brokers to natural capital	Companies offering advice to investors and policymakers on the design of new financial	<ul style="list-style-type: none"> <li>• Finance Earth</li> <li>• Palladium</li> <li>• Green Finance Institute</li> </ul>	Interested in helping shape policies and regulation in collaboration with the research team, and	5

investors and policymakers	products and services, and blended finance mechanisms to de-risk investment and maximise gains for both investors and the environment		contributing to the research both as participants and beneficiaries.	
<b>Nature-based solutions investment community</b>				
Return on investment (including land and commodity value)	Companies interested in investing in natural capital or ecosystem services for return on investment	<ul style="list-style-type: none"> <li>Federated Hermes International</li> <li>Aviva</li> <li>Nature Capital</li> </ul>	Interested in policy mechanisms and other innovations that can de-risk investments.	6
Major voluntary carbon offsetters	Companies with a history of or interest in offsetting their emissions	<ul style="list-style-type: none"> <li>Sainsbury's</li> <li>Disney</li> <li>Gatwick airport</li> </ul>	Interested in mechanisms to increase supply of high quality offsets in UK markets, from both existing and emerging markets.	4
Major carbon insetters	Companies with a history of or interest in insetting emissions, including decarbonising their loan books	<ul style="list-style-type: none"> <li>McDonalds</li> <li>Nestle</li> <li>Lloyds Bank</li> </ul>	Although interested in carbon codes/standards with registries on which they can retire credits, many of these companies are prepared to do their own monitoring, reporting and verification for their investors/stakeholders, so less directly interested in the research.	6
Investors in other ecosystem services	Companies interested in paying for biodiversity, water quality and flood risk alleviation outcomes from land management interventions	<ul style="list-style-type: none"> <li>Flood re-insurance industry</li> <li>Scottish Water</li> <li>We Mean Business</li> </ul>	Interested in findings related to stacking of payments for multiple ecosystem services, policy and finance mechanisms that could generate returns from these services or evidence that investment in nature-based solutions can reduce their exposure to risk.	6
<b>Landowner/manager community and their suppliers</b>				

Landowners	Owner occupier farmers, private estates, environmental NGOs, government/crown and other institutional landowners	<ul style="list-style-type: none"> <li>• Crown Estate</li> <li>• National Trust for Scotland</li> <li>• Investment firms</li> </ul>	Interested in how natural capital and ecosystem markets might affect land values, the value of their natural capital and potential to exploit existing and future ecosystem markets on their holdings.	7
Tenants and other rights owners	Those with rights to use or manage land owned by others	<ul style="list-style-type: none"> <li>• Tenant farmers</li> <li>• Crofters</li> <li>• Sporting interests</li> </ul>	Interested in benefit sharing arrangements with landowners entering into contracts to deliver natural capital and ecosystem service outcomes, and concerned about potential increases in rental values.	6
Suppliers to nature-based solutions projects	Companies supplying landowners and managers delivering services to ecosystem markets	<ul style="list-style-type: none"> <li>• Woodland creation/management contractors</li> <li>• Peatland restoration contractors</li> <li>• Producers of organic amendments such as biochar producers</li> </ul>	Interested in potential increase in demand for their products and services arising from ecosystem markets.	7
<b>Landowner/manager community and their suppliers</b>				
Landowner/manager NGOs, thinktanks and representative organisations	Organisations representing the interests of landowners and managers	<ul style="list-style-type: none"> <li>• NFU Scotland</li> <li>• Community Land Scotland</li> <li>• Scottish Land and Estates</li> </ul>	Keen to enable their landowning members to benefit from natural capital and ecosystem markets, and build knowledge and skills amongst members based on findings from the research.	15
<b>Environmental/sustainability NGOs, thinktanks and representative organisations</b>				
Environmental and sustainability NGOs, thinktanks and representative organisations	Organisations with conservation or climate goals	<ul style="list-style-type: none"> <li>• Rewilding Britain</li> <li>• RSPB</li> <li>• Broadway Initiative</li> </ul>	Interested in potential to generate new sources of funding to reach their goals but concerned about potential negative unintended consequences of ecosystem	19

			markets for the natural environment and greenwashing.	
<b>Natural capital and ecosystem markets networks</b>				
Natural capital and ecosystem markets networks	Networks of individuals and organisations with interests in natural capital and ecosystem services	<ul style="list-style-type: none"> <li>• Scottish Nature Finance Pioneers</li> <li>• Regional Land Use Partnerships</li> <li>• Ecosystem Knowledge Network</li> </ul>	Keen to enable their members to learn new insights from the research, and help shape and facilitate the work through their networks where relevant.	7
<b>Rural communities</b>				
Rural communities	Organisations representing the interests of rural communities	<ul style="list-style-type: none"> <li>• Scottish Rural Action</li> <li>• Scottish Crofters Federation</li> <li>• Rural Youth Project</li> </ul>	Concerned about potential negative unintended consequences of ecosystem markets and keen to ensure communities receive direct benefits.	7
<b>Recreation</b>				
Recreation	Groups that pursue recreational activities in the natural environment	<ul style="list-style-type: none"> <li>• Shooting associations</li> <li>• Cycling clubs</li> <li>• Hiking clubs</li> </ul>	Limited direct interest in the research, but interested in some of the outcomes (e.g. biodiversity) and negative unintended consequences (e.g. aesthetic impact of afforestation).	7
<b>Research</b>				
Peatland natural capital and ecosystem markets	Research institutes and universities with strong research capabilities in peatland natural capital and ecosystem markets	<ul style="list-style-type: none"> <li>• University of Leeds</li> <li>• Aberystwyth University</li> <li>• UKCEH</li> </ul>	Interest in contributing evidence and insights to the research and building on its outputs.	7
Woodland natural capital and ecosystem markets	Research institutes and universities with strong research capabilities in woodland natural capital and ecosystem markets	<ul style="list-style-type: none"> <li>• Bangor University</li> <li>• University of Aberdeen</li> <li>• Forest Research</li> </ul>	As above	3

Natural capital and ecosystem markets for other habitats and land uses	Research institutes and universities with strong research capabilities in natural capital and ecosystem markets for other habitats and land uses	<ul style="list-style-type: none"> <li>• Rothamstead</li> <li>• James Hutton Institute</li> </ul>	As above	2
Ecosystem markets (cross-cutting)	Research institutes and universities with strong cross-cutting ecosystem markets research capabilities	<ul style="list-style-type: none"> <li>• University of Edinburgh</li> <li>• Thriving Natural Capital Challenge Centre (SRUC)</li> <li>• University of the Highlands and Islands</li> </ul>	As above	4

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